

OMB APPROVAL

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Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 25

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549
 Form 19b-4

File No.* SR - 2013 - * 030

Amendment No. (req. for Amendments *)

Filing by C2 Options Exchange, Incorporated

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *



Amendment *



Withdrawal



Section 19(b)(2) *



Section 19(b)(3)(A) *



Section 19(b)(3)(B) *



Rule

☐ 19b-4(f)(1)

☐ 19b-4(f)(4)

☒ 19b-4(f)(2)

☐ 19b-4(f)(5)

☐ 19b-4(f)(3)

☐ 19b-4(f)(6)

Pilot



Extension of Time Period
for Commission Action *



Date Expires *

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1)



Section 806(e)(2)



Security-Based Swap Submission pursuant
to the Securities Exchange Act of 1934

Section 3C(b)(2)



Exhibit 2 Sent As Paper Document



Exhibit 3 Sent As Paper Document



Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

The Exchange proposes to amend its Fees Schedule.

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Megan R.

Last Name * Malone

Title * Attorney

E-mail * malone@cboe.com

Telephone * (312) 786-7304

Fax

(312) 786-7919

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date 08/01/2013

By Megan R. Malone

(Name *)

Attorney

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Megan R. Malone, malone@cboe.com

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information *

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Exhibit Sent As Paper Document

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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

Exhibit Sent As Paper Document

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

Add Remove View

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

Add Remove View

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

Item 1. Text of the Proposed Rule Change

(a) C2 Options Exchange, Incorporated (the “Exchange” or “C2”) proposes to amend its Fees Schedule. The text of the proposed rule change is in Exhibit 5.

(b) Not applicable.

(c) Not applicable.

Item 2. Procedures of the Self-Regulatory Organization

(a) The Exchange’s General Counsel pursuant to delegated authority approved the proposed rule change on July 31, 2013.

(b) Please refer questions and comments on the proposed rule change to Joanne Moffic-Silver, (312) 786-7462, or Megan R. Malone, (312) 786-7304, C2 Options Exchange, Incorporated, 400 South LaSalle, Chicago, Illinois 60605.

Item 3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

The Exchange proposes to amend its Fees Schedule.¹ More specifically, the Exchange is proposing to make changes to the section “Regulatory Fees.” Currently under the Exchange’s Regulatory Fees, the Exchange charges a \$100 session fee to registered persons at the Exchange for a continuing education (“CE”) requirement that is outlined in Exchange Rule 9.3A.² The Exchange is now proposing to add a \$60 session fee for those individuals that only have the Proprietary Trader (“Series 56”) registration.

¹ See Exchange Rule 2.21, which states, “fee payable by Participants shall be fixed from time to time by the Exchange.”

² See Exchange Rules Chapter 9 which states, “The rules contained in CBOE Chapter IX, as such rules may be in effect from time to time, shall apply to C2 and are hereby incorporated into this Chapter.” See also, Securities Exchange Act Release No. 61152 (December 10, 2009), 74 FR 66699, 66709-10 (December 16, 2009) (In the Matter of the Application of C2 Options Exchange, Incorporated for Registration as a National

Exchange Rule 3.4 requires Permit Holders that are individuals (“PHIs”) and associated persons of Permit Holders to take a qualification examination to register with the Exchange.³ In addition, Exchange Rule 3.4.03 requires each person in an associated person status to satisfy the CE requirements set forth in Rule 9.3A. Exchange Rule 9.3A requires all PHIs to complete the Regulatory Element of the CE program beginning with the occurrence of “their second registration anniversary date and every three years thereafter or as otherwise prescribed by the Exchange.”⁴ Recently, the Exchange amended Rule 9.3A to enumerate the different CE programs offered by the Exchange including the S501 Series 56 Proprietary Trader Continuing Education Program (“S501”).⁵ The Exchange is now proposing to outline the necessary fees associated with the Regulatory Element of the S501.

Securities Exchange Findings, Opinion, and Order of the Commission (File No. 10-191). In the Order, the Commission granted C2’s request for exemption, pursuant to Section 36 of the Securities Exchange Act of 1934 (the “Act”), from the rule filing requirements of Section 19(b) of the Act with respect to the rules that C2 proposed to incorporate by reference. The exemption was conditioned upon C2 providing written notice to its members whenever CBOE proposes to change a rule that C2 has incorporated by reference. In the Order, the Commission stated its belief that “this exemption is appropriate in the public interest and consistent with the protection of investors because it will promote more efficient use of Commission and SRO resources by avoiding duplicative rule filings based on simultaneous changes to identical rules sought by more than one SRO.” C2 satisfied this requirement with respect to the recently amended 9.3A by posting a copy of the CBOE rule filing (SR-CBOE-2013-076) on C2’s rule filing website at the same time the CBOE rule filing was posted to the CBOE rule filing website. The C2 rule filing website is located at: <http://www.c2exchange.com/Legal/RuleFilings.aspx>. By posting CBOE rule filings to C2’s rule filing website that amend C2’s rule by reference, the Exchange provides its members with notice of the proposed rule change so that they have an opportunity to comment on it.

³ See Exchange Rule 3.4(a)(1).

⁴ See Exchange Rule 9.3A(a).

⁵ See Securities Exchange Act Release No. 34-70027 (July 23, 2013) (SR-CBOE-2013-076) (immediately effective rule change to specify the different CE requirements for registered persons based upon their registration with the Exchange).

The Exchange has determined that these changes are necessary to administer the Series 56 CE program. Specifically, the \$60 session fee will be used to fund the CE program administered to PHIs that have a Series 56 registration⁶ and are required to complete the S501. The \$60 session fee is less than the \$100 session fee (currently in the Exchange's fee schedule) for the S101 General Program for Series 7 registered persons ("S101") as the Series 7 examination is a more comprehensive examination, and, thus, the CE is more comprehensive as well. Thus, the Exchange believes the \$60 fee is reasonable and proportional fee based upon the programming of the CE. In addition, the \$60 fee will only be used for the administration of the CE versus the S101 which utilizes the \$100 fee for both development and administration. The costs associated with the development costs of the S501 are included in the examination fee.

Because the S501 CE element is separate and different from the CE already administered, the proposed change would put PHIs and associated persons of Permit Holders on notice of the associated fees. The proposed fee would allow the Exchange to fund the S501 which is more tailored to the Series 56 registration. Also, the Exchange believes other exchanges will be assessing the same fee for this CE program. The proposed changes are to take effect on August 19, 2013.

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.⁷

⁶ Both individuals that have successfully passed the Series 56 examination and individuals that have had the examination waived by the Exchange are required to take the S501.

⁷ 15 U.S.C. 78f(b).

Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁸ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitation transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁹ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the proposed rule change is equitable and not unfairly discriminatory as it is allocated to all individuals with a Series 56 registration which is required under Exchange Rule 3.4(a)(1). In addition, the fee is reasonable as it lower than the previously assessed CE fee because the S501 is more limited than the S101, and the fee is only intended to recoup the costs of the administration of the program. Also, the Exchange believes other exchanges will be assessing the same fee for this CE program. The Exchange believes the proposed rule change will protect investors and the public interest by covering the administration of the program and allow the Exchange to tailor a CE fee for the Series 56. This allows the Exchange to better prevent fraudulent and manipulative acts and practices because the CE will properly educate PHIs in the topics of securities laws and other rules and help them to comply with those laws and rules.

⁸ 15 U.S.C. 78f(b)(5).

⁹ Id.

Finally, the Exchange also believes the proposed rule change is consistent with Section 6(b)(1) of the Act,¹⁰ which provides that the Exchange be organized and have the capacity to be able to carry out the purposes of the Act and to enforce compliance by the individuals with a Series 56 registration with the Act, the rules and regulations thereunder, and the rules of the Exchange. The proposed rule change is designed to fund the administration of the S501, and, more specifically, to help more closely cover the costs of educating individuals that hold a Series 56 registration. Thus, the proposed changes will help the Exchange to enforce compliance of its Permit Holders with the Act and Exchange rules.

Item 4. Self-Regulatory Organization's Statement on Burden on Competition

C2 does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. In particular, the proposed rule change will not impose any burden on intermarket competition as it will merely serve to aid the Exchange in fulfilling its obligations as a Self-Regulatory Organization by further funding the administration of the new CE. The proposed rule change will not impose any burden on intramarket competition as all PHIs and associated persons of Permit Holders are required to pass a qualification exam as outline in Rule 3.4(a)(1) and fulfill a CE requirement as outlined in Rule 9.3A. In addition, the Exchange believes other exchanges will be assessing the same fee for this CE program.

¹⁰ 15 U.S.C. 78f(b)(1).

Item 5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange neither solicited nor received comments on the proposed rule change.

Item 6. Extension of Time Period for Commission Action

Not applicable.

Item 7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

(a) The proposed rule change is filed for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act¹¹ and Rule 19b-4(f)(2)¹² thereunder.

(b) The Exchange designates that the proposed rule change establishes or changes a due, fee, or other charge imposed by the Exchange, which renders the proposed rule change effective upon filing with the Securities and Exchange Commission (the "Commission"). At any time within 60 days of the filing of this proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

(c) Not applicable.

(d) Not applicable.

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(2).

Item 8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is not based on a rule either of another self-regulatory organization or of the Commission.

Item 9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

Item 10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

Item 11. Exhibits

Exhibit 1. Completed Notice of Proposed Rule Change for publication in the Federal Register.

Exhibit 5. Proposed rule text if not included under Item 1(a).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-C2-2013-030]

[Insert date]

Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the Fees Schedule

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on [insert date], C2 Options Exchange, Incorporated (the “Exchange” or “C2”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend its Fees Schedule. The text of the proposed rule change is available on the Exchange’s website (<http://www.c2exchange.com/Legal/>), at the Exchange’s Office of the Secretary, and at the Commission’s Public Reference Room.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend its Fees Schedule.³ More specifically, the Exchange is proposing to make changes to the section "Regulatory Fees." Currently under the Exchange's Regulatory Fees, the Exchange charges a \$100 session fee to registered persons at the Exchange for a continuing education ("CE") requirement that is outlined in Exchange Rule 9.3A.⁴ The Exchange is now proposing to add a \$60 session fee for those individuals that only have the Proprietary Trader ("Series 56") registration.

Exchange Rule 3.4 requires Permit Holders that are individuals ("PHIs") and associated persons of Permit Holders to take a qualification examination to register with the Exchange.⁵ In addition, Exchange Rule 3.4.03 requires each person in an associated person status to satisfy the CE requirements set forth in Rule 9.3A. Exchange Rule 9.3A

³ See Exchange Rule 2.21, which states, "fee payable by Participants shall be fixed from time to time by the Exchange."

⁴ See Exchange Rules Chapter 9 which states, "The rules contained in CBOE Chapter IX, as such rules may be in effect from time to time, shall apply to C2 and are hereby incorporated into this Chapter." See also, Securities Exchange Act Release No. 61152 (December 10, 2009), 74 FR 66699, 66709-10 (December 16, 2009) (In the Matter of the Application of C2 Options Exchange, Incorporated for Registration as a National Securities Exchange Findings, Opinion, and Order of the Commission (File No. 10-191). In the Order, the Commission granted C2's request for exemption, pursuant to Section 36 of the Securities Exchange Act of 1934 (the "Act"), from the rule filing requirements of Section 19(b) of the Act with respect to the rules that C2 proposed to incorporate by reference. The exemption was conditioned upon C2 providing written notice to its members whenever CBOE proposes to change a rule that C2 has incorporated by reference. In the Order, the Commission stated its belief that "this exemption is appropriate in the public interest and consistent with the protection of investors because it will promote more efficient use of Commission and SRO resources by avoiding duplicative rule filings based on simultaneous changes to identical rules sought by more than one SRO." C2 satisfied this requirement with respect to the recently amended 9.3A by posting a copy of the CBOE rule filing (SR-CBOE-2013-076) on C2's rule filing website at the same time the CBOE rule filing was posted to the CBOE rule filing website. The C2 rule filing website is located at: <http://www.c2exchange.com/Legal/RuleFilings.aspx>. By posting CBOE rule filings to C2's rule filing website that amend C2's rule by reference, the Exchange provides its members with notice of the proposed rule change so that they have an opportunity to comment on it.

⁵ See Exchange Rule 3.4(a)(1).

requires all PHIs to complete the Regulatory Element of the CE program beginning with the occurrence of “their second registration anniversary date and every three years thereafter or as otherwise prescribed by the Exchange.”⁶ Recently, the Exchange amended Rule 9.3A to enumerate the different CE programs offered by the Exchange including the S501 Series 56 Proprietary Trader Continuing Education Program (“S501”).⁷ The Exchange is now proposing to outline the necessary fees associated with the Regulatory Element of the S501.

The Exchange has determined that these changes are necessary to administer the Series 56 CE program. Specifically, the \$60 session fee will be used to fund the CE program administered to PHIs that have a Series 56 registration⁸ and are required to complete the S501. The \$60 session fee is less than the \$100 session fee (currently in the Exchange’s fee schedule) for the S101 General Program for Series 7 registered persons (“S101”) as the Series 7 examination is a more comprehensive examination, and, thus, the CE is more comprehensive as well. Thus, the Exchange believes the \$60 fee is reasonable and proportional fee based upon the programming of the CE. In addition, the \$60 fee will only be used for the administration of the CE versus the S101 which utilizes the \$100 fee for both development and administration. The costs associated with the development costs of the S501 are included in the examination fee.

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⁶ See Exchange Rule 9.3A(a).

⁷ See Securities Exchange Act Release No. 34-70027 (July 23, 2013) (SR-CBOE-2013-076) (immediately effective rule change to specify the different CE requirements for registered persons based upon their registration with the Exchange).

⁸ Both individuals that have successfully passed the Series 56 examination and individuals that have had the examination waived by the Exchange are required to take the S501.

Holders on notice of the associated fees. The proposed fee would allow the Exchange to fund the S501 which is more tailored to the Series 56 registration. Also, the Exchange believes other exchanges will be assessing the same fee for this CE program. The proposed changes are to take effect on August 19, 2013.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.⁹ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁰ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitation transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹¹ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the proposed rule change is equitable and not unfairly discriminatory as it is allocated to all individuals with a Series 56 registration which is required under Exchange Rule 3.4(a)(1). In addition, the fee is reasonable as it lower than the previously assessed CE fee because the S501 is more limited than the S101, and the fee is only

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ Id.

intended to recoup the costs of the administration of the program. Also, the Exchange believes other exchanges will be assessing the same fee for this CE program. The Exchange believes the proposed rule change will protect investors and the public interest by covering the administration of the program and allow the Exchange to tailor a CE fee for the Series 56. This allows the Exchange to better prevent fraudulent and manipulative acts and practices because the CE will properly educate PHIs in the topics of securities laws and other rules and help them to comply with those laws and rules.

Finally, the Exchange also believes the proposed rule change is consistent with Section 6(b)(1) of the Act,¹² which provides that the Exchange be organized and have the capacity to be able to carry out the purposes of the Act and to enforce compliance by the individuals with a Series 56 registration with the Act, the rules and regulations thereunder, and the rules of the Exchange. The proposed rule change is designed to fund the administration of the S501, and, more specifically, to help more closely cover the costs of educating individuals that hold a Series 56 registration. Thus, the proposed changes will help the Exchange to enforce compliance of its Permit Holders with the Act and Exchange rules.

B. Self-Regulatory Organization's Statement on Burden on Competition

C2 does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. In particular, the proposed rule change will not impose any burden on intermarket competition as it will merely serve to aid the Exchange in fulfilling its obligations as a Self-Regulatory Organization by further funding the administration of the new CE. The proposed rule change will not impose any burden on intramarket competition as all PHIs

¹² 15 U.S.C. 78f(b)(1).

and associated persons of Permit Holders are required to pass a qualification exam as outline in Rule 3.4(a)(1) and fulfill a CE requirement as outlined in Rule 9.3A. In addition, the Exchange believes other exchanges will be assessing the same fee for this CE program.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange neither solicited nor received comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹³ and paragraph (f) of Rule 19b-4¹⁴ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f).

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-C2-2013-030 on the subject line.

Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-C2-2013-030. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All

submissions should refer to File Number SR-C2-2013-030 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁵

Secretary

¹⁵ 17 CFR 200.30-3(a)(12).



C2 OPTIONS EXCHANGE, INCORPORATED
FEES SCHEDULE
[MAY 1] AUGUST 1, 2013

1. Transaction Fees

A) The following rates apply to simple, non-complex orders in all multiply-listed index, ETF and ETN options classes. Listed rates are per contract.

	Maker	Maker (Mini-options)	Taker Fee	Taker Fee (Mini-options)
Public Customer	(\$.37)*	(\$.04)*	\$.44	\$.04
C2 Market-Maker	(\$.40)*	(\$.04)*	\$.45	\$.05
All Other Origins (Professional Customer, Firm, Broker/Dealer, non-C2 Market-Maker, JBO, etc.)	(\$.35)*	(\$.03)*	\$.45	\$.04
Trades on the Open	(\$0.00)	(\$0.00)	\$0.00	\$0.00

* Rebates do not apply to orders that trade with Public Customer complex orders. In such a circumstance, there will be no fee or rebate.

B) Fees for simple, non-complex orders in equity options classes will be calculated based on the following formula. Fees are calculated on a per-contract basis. The maximum fee will be \$0.85 per contract (\$0.085 for mini-options).**

Fee = (C2 BBO Market Width at time of execution) x (Market Participant Rate) x 50*

* For mini-options, the multiplier will be 5 instead of 50.

BBO Market Width: Displayed C2 Ask Price – Displayed C2 Bid Price

Market Participant Rate:

Market Participant	Rate
C2 Market-Maker*	30%
Public Customer (Maker)	40%
All other origins	50%

* C2 Market-Makers will not be assessed a fee for Maker trades with any non-Public Customer market participants.

C2 OPTIONS EXCHANGE, INCORPORATED
FEES SCHEDULE
[MAY 1] AUGUST 1, 2013

Public Customer Taker Rebate

A rebate (in lieu of a fee) will be provided for simple, non-complex Public Customer orders in all equity options classes that remove liquidity (i.e. takers) based upon the following formula. Rebates are calculated on a per-contract basis. The maximum rebate will be capped at \$0.75 per contract (\$0.075 for mini-options).**

Rebate = (C2 BBO Market Width at time of execution) x (Order Size Multiplier) x 50*

*For mini options, the multiplier will be 5 instead of 50.

Order Size Multiplier:

Number of contracts in order	Multiplier
1-10	36%
11-99	30%
100-250	20%
251+	0%

Multiple orders from the same executing firm for itself or for a CMTA or correspondent firm in the same series on the same side of the market that are received by the Exchange within 500 milliseconds will be aggregated for purposes of determining the order quantity.

There will be no fee or rebate for trades on the open. If an execution occurs when there is no Displayed C2 Ask Price, the maximum fee and/or rebate will apply.

** For the BAC, MBI, BBRY, DELL and JCP equity options classes, the maximum fee will be \$0.55 per contract and the maximum rebate will be \$0.45 per contract.

C) The following rates apply to complex orders in multiply-listed index, ETF and ETN options classes. For transactions in which simple, non-complex orders execute against a complex order, each component of the complex order will be assessed the complex order fees listed in this Section 1C of this Fees Schedule, while the simple, non-complex orders will be assessed the transaction fees listed in Section 1A of this Fees Schedule. For transactions in which a complex order executes against another complex order, each component of the complex order will be assessed the complex order fees listed in this Section 1C of this Fees Schedule.

For executions that occur within the Complex Order Auction (“COA”) against auction responses, the incoming/auctioned order is considered maker, and auction responses are considered taker. Listed rates are per contract.

	Maker Fee/(Rebate)	Maker Fee/(Rebate) (Mini-options)	Taker Fee/(Rebate)	Taker Fee/(Rebate) (Mini-options)
Public Customer	(\$.35)*	(\$.03)*	(\$.35)*	(\$.03)*
C2 Market-Maker	\$.10	\$.01	\$.35	\$.03
All Other Origins (Professional Customer, Firm, Broker/Dealer, non- C2 Market-Maker, JBO, etc.)	\$.20	\$.02	\$.35	\$.03

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Trades on the Open	\$0.00	\$0.00	\$0.00	\$0.00
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* The rebate will only apply to Public Customer complex orders that trade with non-Public Customer complex orders. In other circumstances, there will be no Maker or Taker fee or rebate.

D) For all complex order transactions in equity options classes, all components of such transactions (including simple, non-complex orders and/or quotes that execute against a complex order) will be assessed no fee (or rebate).

2. Linkage Routing

\$0.50 per routed contract in addition to applicable C2 taker fee (excluding Public Customer orders in equity options classes). For Public Customer orders in equity options classes, C2 shall pass through the actual transaction fee assessed by the exchange(s) to which the order was routed.

3. Access Fees

Type of Permit	Cost per Month
Market-Maker Permit	\$5,000
Electronic Access Permit	\$1,000

Market-Maker Permit- Entitles the holder to act as a Market-Maker. This permit provides an appointment credit of 1.0, a quoting and order entry bandwidth allowance, up to three logins and Trading Permit Holder status. The quoting bandwidth allowance for a Market-Maker Permit is equivalent to a maximum of 195,000,000 quotes over the course of a trading day. Because C2 intends to cease listing of SPXPM following the closing of trading on Friday, February 15, 2013, for any Market-Maker Permit used in February 2013 solely to act as a Market-Maker in SPXPM, C2 will credit back to the Market-Maker a pro-rated amount (corresponding to the portion of the month during which SPXPM is not listed on C2) of the Market-Maker Permit cost.

Electronic Access Permit- Entitles the holder to access to the Exchange. Holders must be broker-dealers registered with the Exchange and are allowed to submit orders to the Exchange. The EAP provides an order entry bandwidth allowance, up to three logins and Trading Permit Holder status.

Access fees are non-refundable and are assessed through the integrated billing system during the first week of the following month. If a Trading Permit is issued during a calendar month after the first trading day of the month, the access fee for the Trading Permit for that calendar month is prorated based on the remaining trading days in the calendar month. Trading Permits will be renewed automatically for the next month unless the Trading Permit Holder submits written notification to the Registration Services Department by the 25th day of the prior month (or the preceding business day if the 25th is not a business day) to cancel the Trading Permit effective at or prior to the end of the applicable month. If cancellation of a Trading Permit is effective prior to the end of the applicable month, and the cancelling Trading Permit Holder later requests issuance of the same type of Trading Permit for the remainder of that month, the Exchange may issue the same type of Trading Permit (provided that a Trading Permit is available) but will not impose the additional prorated access fee for that month.

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4. Supplemental Bandwidth Packet Fees

Type of Bandwidth Packet	Cost per Month
Market-Maker Quoting and Order Entry	\$1,000
Order Entry	\$1,000

The Quoting and Order Entry Bandwidth Packet (available to Market-Makers) provides bandwidth equivalent to 1/5th of a Market-Maker Permit.

The Order Entry Bandwidth Packet (available to Electronic Access Permit Holders) provides bandwidth equivalent to one Electronic Access Permit.

Bandwidth packet fees are non-refundable and are assessed through the integrated billing system during the first week of the following month. If a bandwidth packet is issued during a calendar month after the first trading day of the month, the bandwidth packet fee for that calendar month is prorated based on the remaining trading days in the calendar month. Bandwidth packets will be renewed automatically for the next month unless the Trading Permit Holder submits written notification to the Registration Services Department by the last business day of the prior month to cancel the bandwidth packet effective at or prior to the end of the applicable month.

5. Sponsored User Fees

Registration Fee*	\$2,500 (one-time)
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* This fee is a one-time fee payable by a Trading Permit Holder for the registration of each of its Sponsored Users. The Sponsored User Program is governed by C2 Rule 3.15.

6. Sales Value Fee

The Sales Value Fee is assessed by C2 to each Trading Permit Holder for sales of securities in the following circumstances: (i) when a sale in option securities occurs with respect to which C2 is obligated to pay a fee to the SEC under Section 31 of the Exchange Act, and (ii) when a sell order in option securities is routed for execution at a market other than on C2, resulting in a covered sale on that market and an obligation of the routing broker providing Routing Services for C2, as described in C2 Rule 636, to pay the related sales fee of that market. To the extent there may be any excess monies collected under this Section 6, C2 may retain those monies to help fund its general operating expenses. The Exchange may reimburse its routing broker for all Section 31-related fees incurred by the routing broker in connection with the Routing Services it provides. The sales transactions to which the Fee applies are sales of options (other than options on a security index). The Sales Value Fee is collected indirectly from Trading Permit Holders through their clearing firms by OCC on behalf of C2 with respect to options sales and options exercises. The amount of the Sales Value Fee is calculated as described below.

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Calculation of Fee for Options Sales and Options Exercises: The Sales Value Fee is equal to (i) the Section 31 fee rate multiplied by (ii) the Trading Permit Holder's aggregate dollar amount of covered sales resulting from options transactions occurring on the Exchange during any computational period.

7. Application-Related Fees

- A) Application fee: \$5,000 for organizations; \$3,000 for sole-proprietors.*
- B) Joint Account- \$1,000.*
- C) Engage in Customer Business- \$3,000.*
- D) Associated Person- \$500.*
- E) Renewal- \$2,500 for organizations; \$500 for sole-proprietors. **
- F) Exam- \$500.
- G) Statutory Disqualification- \$5,000.
- H) Rule 19h-1 Change in Status - \$1,650.
- I) Fingerprint- \$60.
- J) Permit Transfer Fee- \$500.

* These fees are not applicable to CBOE Permit Holders in connection with obtaining an initial C2 Trading Permit.

** These fees are waived for a six-month period beginning April 1, 2012.

8. Regulatory Fees

- A) Firm Designated Examining Authority Fee \$0.40 per \$1,000 of gross revenue
(subject to a monthly minimum fee of \$1,000 for clearing firms and \$275 for non-clearing firms)
– As reported on quarterly FOCUS Report, Form X-17A-5. Excludes commodity commission revenue.

B) Web CRDSM Fees:

The following fees will be collected and retained by FINRA via the Web CRDSM registration system for the registration of associated persons of Exchange Trading Permit Holders that are not also FINRA members:

i) GENERAL REGISTRATION FEES:

- \$100 FINRA Non-Member Processing Fee*
- \$110 FINRA Disclosure Processing Fee** (U-4, U-5, Form BD and amendments)
- \$45 FINRA Annual System Processing Fee assessed only during Renewals

* For all Initial, Transfer, Relicense, and Dual Registration Form U-4 filings. This fee will also be generated upon refiling to Web CRDSM of C2 – only registered individuals.

** For all registration, transfer, or termination filings with new or amended disclosure information or that require certification as well as any amendment to disclosure information.

ii) FINGERPRINT PROCESSING FEES:

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\$44.50	per paper card Initial Submission
\$30.00	per paper card Second Submission
\$44.50	per paper card Third Submission
\$29.50	per electronic initial submission
\$15.00	per electronic second submission
\$29.50	per electronic third submission
\$30	per card submitted by Trading Permit Holders on behalf of their associated persons who have had their prints processed through a self-regulatory organization (“SRO”) other than FINRA.

iii) CONTINUING EDUCATION FEES:

There shall be a session fee for each individual who is required to complete the Regulatory Element of the Continuing Education Requirements pursuant to Rule 9.3A.

\$60 For individuals with a Series 56 Registration

\$100 For individuals with all other Registrations

C) Communication Review Fee

- i) Regular review – 1) for printed material reviewed, \$150 per submission, plus \$25 for each page reviewed in excess of 5 pages; and 2) for video and audio media reviewed, \$150 per submission, plus \$25 per minute for each minute of tape reviewed in excess of 5 minutes.
- ii) Expedited review – 1) for printed material reviewed, \$1,000 per submission, plus \$50 for each page reviewed in excess of 5 pages; and 2) for video and audio media reviewed, \$1,000 per submission, plus \$50 per minute for each minute of tape reviewed in excess of 5 minutes.

Expedited review will be completed within five business days, not including the date the item is received by the Exchange, unless a shorter or longer period is agreed to by the Exchange. The Exchange may, in its sole discretion, refuse requests for expedited review.

D) [Continuing Education Fee

There shall be a session fee of \$100.00 assessed as to each individual who is required to complete the Regulatory Element of the Continuing Education Requirements pursuant to Rule 9.3A.

E)] Options Regulatory Fee

\$.002 per contract*

*The Options Regulatory Fee is assessed to each Permit Holder for all options transactions executed or cleared by the Permit Holder that are cleared by The Options Clearing Corporation (OCC) in the customer range, regardless of the exchange on which the transaction occurs. The fee is collected indirectly from Permit Holders through their clearing firms by OCC on behalf of C2.

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9. Exchange Data Reports

Report Type and Cost	Description	Notes
C Level \$0.00	Standard reports regularly generated and run by the Exchange and made available on a daily, weekly or monthly basis (for example, Monthly LP Scorecard, Daily Firm Report, etc.) that do not require historical data generation, customization beyond a standard format (PDF, HTML, etc.) or distribution frequency (daily, weekly, monthly, etc.), or specialized development.	
B Level \$0.00	Initial report requests (or enhancements to existing subscriptions) that require less than one (1) man-hour to develop and/or generate.	Fees will be estimated in advance and such estimates will be provided to the requester. If the estimate changes once creation of the report begins, a revised estimate will be provided to the requester. Subscriptions to such reports will be provided at a cost of \$100 per month for monthly reports and \$200 per month for daily or weekly reports.
A Level \$100 for first 5 man-hours, \$100 per hour for each additional man-hour	Initial report requests (or enhancements to existing subscriptions) that require one (1) or more man-hours to develop and/or generate.	

10. Connectivity Charges

Assessed to TPHs and non-TPHs

Fee	Cost per Month
Network Access Port (1 Gbps)*	\$500
Network Access Port (10 Gbps)*	\$1,000
CMI Login ID	\$500
FIX Login ID	\$500

*C2 market participants can elect to connect to C2's trading system via either a 1 Gigabit Ethernet or a 10 Gigabit Ethernet Network Access Port. Regardless of which is chosen, the Network Access Port Fee is assessed for each port that provides direct access to C2's trading system.

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11. Facility Fees

A) PULSe Workstation

1. Workstation	\$350/month (per Permit Holder workstation for the first 10)* \$100/month (per each additional Permit Holder workstation) \$350/month (per non-Permit Holder workstation)**
2. Away-Market Routing	\$0.02 (per executed contract or share equivalent)
3. Away-Market Routing Intermediary	\$0.02/\$0.03 (per executed contract or share equivalent)***
4. C2 Routing	\$0.02/\$0.03 (per executed contract or share equivalent)****

* This fee is waived for the first month for the first new user of a TPH.

** This fee is waived for the first month for the first new user of a non-TPH. If two or more Permit Holders make a PULSe workstation available to the same non-broker-dealer customer or to the same non-Permit Holder broker-dealer, the non-Permit Holder workstation fee payable by each Permit Holder will be reduced to \$250 per month per workstation.

*** This fee is payable by a Routing Intermediary and only applicable for away-market routing from any PULSe workstation for which it serves as the Routing Intermediary. The fee is \$0.02 per contract or share equivalent for the first 1 million contracts or share equivalent executed in a month for executions on all away markets aggregated across all such PULSe workstations, and \$0.03 per contract or share equivalent for each additional contract or share equivalent executed in the same month on all away markets.

**** This fee is payable by a TPH and only applicable for routing to C2 from non-TPH PULSe workstations made available by the TPH. The fee is \$0.02 per contract or share equivalent for the first 1 million contracts or share equivalent executed in a month on C2 that originate from non-TPH PULSe workstations made available by the TPH, and \$0.03 per contract or share equivalent for each additional contract or share equivalent executed on C2 in the same month from non-TPH PULSe workstations made available by the TPH.