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December 9, 2011

Via Email and First Class mail

Ms. Elizabeth M. Murphy – Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Re: Letter from Christopher Nagy, TD Ameritrade, Dated November 11, 2011 Commenting on SR-C2-2011-032

Dear Ms. Murphy:

On November 11, 2011, TD Ameritrade ("TD Ameritrade") submitted a comment letter on the above-referenced proposal (the "Comment Letter"), which was filed on October 26, 2011 and raised the Maker rebates and Taker fees for straight one-sided orders in all multiply-listed, equity and ETF options classes on C2 Options Exchange, Incorporated ("C2" or the "Exchange") (such proposal to be known as the "C2 Filing").[1] This letter responds to the Comment Letter.

In the Comment Letter, TD Ameritrade references Commission Release No. 34-65330 (the "BOX Release")[2] regarding SR-BX-2011-046 (the "BOX Filing"), in which the Commission temporarily suspended the BOX Filing and instituted proceedings to determine whether to approve or disapprove the BOX Filing. TD Ameritrade references language in the BOX Release as supporting TD Ameritrade's opposition to the C2 filing. More specifically, TD Ameritrade focuses on the Commission statement that "one reason for abrogation was 'with respect to the net fee differential that it would place on BOX Options Participants that respond to a PIP auction.'" TD Ameritrade further links that Commission statement to the percentage that the net fee in the BOX Filing makes up of the quoted spread. However, it seems TD Ameritrade misunderstands the Commission's rationale for objecting to the BOX Filing.

In the BOX Filing, the proposed fee changes created a large disparity between the fees being paid by the initiator of an order being executed via a PIP auction (an electronic crossing mechanism) and the fees being paid by the responder(s) to such auction. The C2 Filing at hand, however, does not involve fees related to crossing mechanisms, and, more importantly, does not create the kind of disparity to which the Commission objected. The C2 Filing merely amends C2's standard transaction fees.

1 <u>See</u> Securities Exchange Act Release No. 65668 (November 2, 2011), 76 FR 69313 (November 8, 2011) (SR-C2-2011-032).

2 <u>See</u> Securities Exchange Act Release No. 65330 (September 13, 2011), (SR-BX-2011-046).

More to the point, the amounts of the Taker fees to which TD Ameritrade objects are not unique in the options industry, as the Exchange pointed out in the C2 Filing. The C2 Filing increased Taker fees to $0.44 per contract for orders originating from public customers, and $0.45 per contract for all other market participants. The NASDAQ Stock Market LLC's Options Market ("NOM") and NYSE Arca, Inc. ("NYSE Arca"), for example, both charge a standard Taker fee of $0.45 per contract for all market participants.[3] As such, the Taker fees to which TD Ameritrade objects are entirely non-unique and merely place the Exchange's Taker fees on par with those of other exchanges.

The C2 Filing, and the fees in question here, became effective on November 1, 2011. Since that time, no other market participants have expressed to C2 any concern with the fees.

Thank you for your time and attention to this matter. Should you have any questions or comments regarding this letter, please feel free to contact me.

Sincerely,

Jeff Dritz

[redacted]

3 See NOM Fees, page 1 and NYSE Arca Fees, page 3 (both fees apply to Penny Pilot options, as do the C2 fees in question).