

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-68422; File No. SR-C2-2012-042)

December 13, 2012

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”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 6, 2012, C2 Options Exchange, Incorporated (“Exchange” or “C2”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. 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 Web site (<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 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.

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<sup>1</sup> 15 U.S.C.78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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 the WebCRD<sup>SM</sup> fees listed on its Fees Schedule. Such fees are collected and retained by the Financial Industry Regulatory Authority, Inc. ("FINRA") via the WebCRD<sup>SM</sup> registration system for the registration of associated persons of Exchange Trading Permit Holder ("TPH") and TPH organizations that are not also FINRA members. The Exchange merely lists such fees on its Fees Schedule. FINRA recently filed a proposed rule change to increase a number of these fees (the "FINRA Fee Change").<sup>3</sup> The FINRA Fee Change increases the FINRA Non-Member Processing Fee from \$85 to \$100, the FINRA Annual System Processing Fee Assessed only during Renewals from \$30 to \$45, and the FINRA Disclosure Processing Fee from \$95 to \$110. The FINRA Fee Change also applies the FINRA Disclosure Processing Fee (which already applied to Form U-4 and U-5 filings and their amendments) to Form BD filings and corresponding amendments.

The FINRA Fee Change also amended FINRA's Fingerprint Processing Fees. In 2012, FINRA only offered one set of fees (\$27.50 for the initial submission, \$13.00 for the second submission, and \$27.50 for the third submission). For 2013, FINRA is offering two sets of fees. For fingerprints submitted on paper card, the fees will be \$44.50 per initial submission, \$30.00 per second submission, and \$44.50 per third submission. For fingerprints submitted electronically, the fees will be \$29.50 per initial submission, \$15.00 per second submission, and

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<sup>3</sup> See Securities Exchange Act Release No. 67247 (June 25, 2012) 77 FR 38866 (June 29, 2012) (SR-FINRA-2012-030). These new fees and fee amounts are discussed in FINRA Regulatory Notice 12-32, available at <http://www.finra.org/Industry/Regulation/Notices/2012/P127240>, and are listed in the listing of FINRA's 2013 Regulatory Fees, available on the FINRA website at <http://www.finra.org/Industry/Compliance/Registration/CRD/FilingGuidance/P197266>.

\$29.50 per third submission. The FINRA Fee Change also increases from \$13.00 to \$30.00 the fingerprint processing fee for those submitted by TPHs or TPH organizations on behalf of their associated persons who had had their prints processed through a self-regulatory organization other than FINRA.

The proposed fee changes are to be added to the Fees Schedule for January 1, 2013 (while they are not to be implemented until January 2, 2013 (according to the FINRA Fee Change), the Exchange prefers to update its Fees Schedule as of the first day of a given month; moreover, January 1, 2013 is a national holiday and the Exchange is closed, so January 2, 2013 is the first business day on which the proposed fee changes would be effective regardless).

## 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>4</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(4) of the Act<sup>5</sup>, which provides that Exchange rules may provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities. The proposed fee changes are reasonable from the Exchange's position because the amounts are those provided by FINRA, and the Exchange does not collect or retain these fees. The proposed fee changes are equitable and not unfairly discriminatory from the Exchange's position because the Exchange will not be collecting or retaining these fees, and therefore will not be in a position to apply them in an inequitable or unfairly discriminatory manner.

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<sup>4</sup> 15 U.S.C. 78f(b).

<sup>5</sup> 15 U.S.C. 78f(b)(4).

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.

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)<sup>6</sup> of the Act and paragraph (f) of Rule 19b-4<sup>7</sup> 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.

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:

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](mailto:rule-comments@sec.gov). Please include File Number SR-C2-2012-042 on the subject line.

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<sup>6</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>7</sup> 17 C.F.R. 240.19b-4(f).

Paper comments:

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

All submissions should refer to File Number SR-C2-2012-042. 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, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such 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 publicly available. All submissions should refer

to File Number SR-C2-2012-042 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.<sup>8</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>8</sup> 17 CFR 200.30-3(a)(12).