

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-74252; File No. SR-C2-2015-002)

February 11, 2015

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 February 2, 2015, 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 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.

¹ 15 U.S.C. 78s(b)(1).

² 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 making certain amendments to the PULSe Workstation (“PULSe”) fees. By way of background, the Exchange charges a fee of \$400 per month per Permit Holder workstation for the first 10 users and \$100 per month for all subsequent users. Permit Holders may also make the functionality available to their customers, which may include non-broker dealer public customers and non-Permit Holder broker dealers (referred to herein as “non-Permit Holders”). For such non-Permit Holder workstations, the Exchange charges a fee of \$400 per month per workstation.

The Exchange first proposes to clarify and make explicit that the PULSe fees are assessed on a “per login ID” basis. Currently, the Fees Schedule states that the monthly fee for PULSe Permit Holder workstations is “\$400/month (per Permit Holder workstation for the first 10)” and “\$100/month (per each additional Permit Holder workstation)” and for PULSe non-Permit Holder workstations “\$400/month (per non-Permit Holder workstation).” The Exchange believes the current language, and the use of the term “workstation”, may be confusing to market participants. As such, the Exchange seeks to make clear in the Fees Schedule that the PULSe fees are assessed per login Id [sic]. The Exchange notes that this proposed change is merely a clarification and that no substantive changes are being made to how PULSe fees are assessed.

Next, the Exchange proposes to provide that the \$400 per month, per login ID fee will be applicable to the first 15 login IDs (instead of the first 10). The Exchange expended significant resources developing PULSe, and seeks to recoup more of those costs.

Finally, the Exchange seeks to remove outdated [sic] language from the PULSE section of the Fees Schedule. Currently, the Fees Schedule provides that the PULSE Workstation fee is waived for the first month for the first new user of a Permit Holder and non-Permit Holder, respectively. Additionally, the Fees Schedule provides that the fee is waived for the first two months for all new users between August 1, 2014 and December 31, 2014, and that the fee is waived for the month of August 2014 for all users that became new users in July 2014. As the above referenced waiver periods have since passed, the Exchange no longer believes this language is necessary to maintain in the Fees Schedule. The Exchange notes that the fee will continue to be waived for the first month of the first new user of a Permit Holder or non-Permit Holder.

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.³ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁴ 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

³ 15 U.S.C. 78f(b).

⁴ 15 U.S.C. 78f(b)(5).

Section 6(b)(4) of the Act,⁵ which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities.

In particular, the Exchange always strives for clarity in its rules and Fees Schedule, so that market participants may best understand how rules and fees apply. The Exchange believes that the proposed clarifications and removal of outdated language in the Fees Schedule will make the Fees Schedule easier to read and alleviate potential confusion. The alleviation of potential confusion will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest.

The Exchange believes assessing the \$400 per month, per login ID fee to the first 15 login IDs (instead of the first 10) is reasonable because the Exchange expended significant resources developing PULSe and desires to recoup more of those costs. The Exchange believes this proposed rule change is equitable and not unfairly discriminatory because all Permit Holders who desire to use PULSe will be subject to this change.

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

The Exchange 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. The proposed changes to alleviate confusion are not intended for competitive reasons and only apply to C2. Additionally, the Exchange does not believe the proposed change to assess the PULSe login Id [sic] fee to the first 15 login Ids [sic] of a Permit Holder will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed change applies

⁵ 15 U.S.C. 78f(b)(4).

to all Permit Holders. The Exchange believes this proposal will not cause an unnecessary burden on intermarket competition because the proposed change was not motivated by intermarket competition. To the extent that the proposed changes make C2 a more attractive marketplace for market participants at other exchanges, such market participants are welcome to become C2 market participants.

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 Act⁶ and paragraph (f) of Rule 19b-4⁷ 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:

⁶ 15 U.S.C. 78s(b)(3)(A).

⁷ 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-C2-2015-002 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-C2-2015-002. 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-C2-2015-002 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.⁸

Brent J. Fields
Secretary

⁸ 17 CFR 200.30-3(a)(12).