

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63851; File No. SR-C2-2011-004]

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

February 7, 2011.

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 1, 2011, 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 and II 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

C2 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/RuleFilings>), at the Exchange's Office of the Secretary, and at the Commission.

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 self-regulatory organization 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 those 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 parts of such statements.

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

1. Purpose

C2 proposes to amend its Fee Schedule to adopt separate transaction fees for five option classes. Specifically, classes C, BAC, XLF, F, and SPY maker-

taker fees will be structured as follows: public customers will pay a liquidity removing taker rate of \$.25 per contract and will not receive a maker rebate; C2 Market-Makers will pay a liquidity removing taker rate of \$.34 per contract and will receive a \$.25 per contract liquidity making rebate; and, all other users will pay a liquidity removing taker rate of \$.34 per contract and will receive a \$.10 per contract liquidity making rebate. There will be no taker fees or maker credits for trades executed as part of the open for these classes. The transaction fees for all other classes traded on C2 will remain the same. The change will be effective on February 1, 2011.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 ("Act"),³ in general, and furthers the objectives of Section 6(b)(4)⁴ of the Act in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among C2 Trading Permit Holders and other persons using Exchange facilities. The exchange believes that the proposed changes are reasonable, appropriate, and notes that they are designed to increase C2's competitive standing in the five specified option classes.

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 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

No written comments were solicited or received with respect to the proposed rule change.

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

The proposed rule change is designated by the Exchange as establishing or changing a due, fee, or other charge, thereby qualifying for effectiveness on filing pursuant to Section 19(b)(3)(A)(ii)⁵ of the Act and subparagraph (f)(2) of Rule 19b-4⁶ thereunder. At any time within 60 days of the filing of such 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. Please include File Number SR-C2-2011-004 on the subject line.

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-C2-2011-004. 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 Web site (<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 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of C2. 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-C2-2011-004 and should

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78f(b).

⁴ 15 U.S.C. 78f(b)(4).

⁵ 15 U.S.C. 78s(b)(3)(A)(ii).

⁶ 17 C.F.R. 240.19b-4(f)(2).

be submitted on or before March 3, 2011.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁷

Cathy H. Ahn,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63845; File No. SR-C2-2011-003]

Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Notice of Filing of a Proposed Rule Change Relating to Bylaw and Related Rule Changes

February 4, 2011.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act" or "Exchange Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on January 27, 2011, C2 Options Exchange, Incorporated ("C2") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I and II below, which Items have been prepared by C2. 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

C2 proposes to (i) amend its Bylaws and rules to eliminate its office of Vice Chairman of the Board, (ii) amend its Bylaws to provide that the Board of Directors may establish an Advisory Board, and (iii) amend its Bylaws to eliminate its Audit Committee.

The text of the proposed amendments to C2's Bylaws and the proposed amendments to C2's rules is available on C2's Web site at (<http://www.c2exchange.com/Legal>), at C2's Office of the Secretary, on the Commission's Web site at (<http://www.sec.gov>), 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, C2 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. C2 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of this proposed rule change is to eliminate the office of C2 Vice Chairman of the Board, to allow for a C2 Advisory Board, and to eliminate the C2 Audit Committee.

(a) Elimination of Office of Vice Chairman of the Board

Based on the Exchange's experience since its registration as a national securities exchange in December, 2009 and the launch of trading on the Exchange in October, 2010, the Exchange believes that it is no longer necessary to provide for an office of Vice Chairman of the Board (which is an office held by one of the Exchange's Industry Directors). It was originally contemplated that the Vice Chairman would take a lead role in facilitating communication between C2 and its Trading Permit Holders and in coordinating the activities of Trading Permit Holder committees. The Exchange now believes that C2 management is best able to take the lead role in this regard. The Exchange also believes that it will continue to be able to obtain input from Trading Permit Holders through, among other things, direct communication with individual Trading Permit Holders and the ability to establish Trading Permit Holder committees and an Advisory Board (as proposed by this rule filing).

The Exchange Bylaws will also continue to require that at least 30% of the directors on the C2 Board of Directors must be Industry Directors and that at least 20% of C2's directors must be Representative Directors. Representative Directors are Industry Directors nominated (or otherwise selected through a petition process) by the Industry-Director Subcommittee of the C2 Nominating and Governance Committee. The Industry-Director Subcommittee is composed of all of the Industry Directors serving on the Nominating and Governance Committee. C2 Trading Permit Holders may nominate alternative Representative Director candidates to those nominated by the Industry

Director Subcommittee, in which case a Run-off Election is held in which C2's Trading Permit Holders vote to determine which candidates will be elected to the C2 Board of Directors to serve as Representative Directors. Thus, the Exchange will continue to provide for the fair representation of C2 Trading Permit Holders in the selection of directors and the administration of the Exchange consistent with Section 6(b)(3) of the Act.³

The specific proposed C2 Bylaw and rule changes related to the elimination of the office of Vice Chairman of Board include the following changes:

Section 3.7 of the Bylaws, which describes the selection, the term, and roles of the Vice Chairman, is proposed to be deleted. The current roles of the Vice Chairman listed in Section 3.7 of the Bylaws (and how those roles will be performed going forward) are (i) Presiding over meetings of the Board of Directors in the event that the Chairman of the Board is absent or unable to do so (which will be addressed by Section 3.8(a) of the Bylaws to be re-numbered from Section 3.9(a), which is proposed to be amended to eliminate references to the Vice Chairman and which will continue to allow the Board to designate an Acting Chairman of the Board in the absence or inability to act of the Chairman, which could be the Lead Director or another director); (ii) unless otherwise provided in the rules or by Board resolution, appointing, subject to Board approval, the individuals to serve on Trading Permit Holder committees (which will be addressed by Section 4.1(b) of the Bylaws, which is proposed to be amended to vest this appointment authority, also subject to Board approval of such appointments, in the Chief Executive Officer or his or her designee); and (iii) exercising such other powers and performing such other duties as are delegated to the Vice Chairman by the Board (which is not an item that needs to be addressed since there are no such other powers of duties that the Board has delegated to the Vice Chairman).

Two additional current roles of the Vice Chairman are set forth in Section 5.3 of the Bylaws, which is also proposed to be deleted. Those roles are presiding at meetings of Trading Permit Holders and coordinating the activities of all Trading Permit Holder committees. The Exchange's expectation is that C2 management will perform these functions.

Section 2.3 of the Bylaws is proposed to be amended to delete the Vice Chairman as one of the parties that can

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78f(b)(3).