

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-59441; File No. 10-191)

February 24, 2009

C2 Options Exchange, Incorporated; Notice of Filing of Application for Registration as a National Securities Exchange under Section 6 of the Securities Exchange Act of 1934

On January 21, 2009, C2 Options Exchange, Incorporated (“C2”) submitted to the Securities and Exchange Commission (“Commission”) a Form 1 application under the Securities Exchange Act of 1934 (“Exchange Act”), seeking registration as a national securities exchange under Section 6 of the Exchange Act. The Commission is publishing this notice to solicit comments on C2’s Form 1. The Commission will take these comments into consideration in making its determination about whether to grant C2’s request to be registered as a national securities exchange. The Commission shall grant such registration if it finds that the requirements of the Exchange Act and the rules and regulations thereunder with respect to C2 are satisfied.¹

C2’s Form 1 provides detailed information on its proposed structure and how it proposes to satisfy the requirements of the Exchange Act. In particular, C2 would be owned by its parent company, the Chicago Board Options Exchange, Incorporated (“CBOE”), but would operate as a separate self-regulatory organization under its own exchange license. The incorporator of C2 would appoint C2’s initial Board of Directors, which would be comprised of the same individuals who are then serving as the board of directors of CBOE. As specified in the proposed Certificate of Incorporation, shortly after trading commences, C2 would undertake a petition process by which Trading Permit Holders could elect Representative Directors to the Board.

¹ 15 U.S.C. 78s(a).

Access to C2 would be available through trading permits. All CBOE members in good standing would be eligible to receive a C2 trading permit upon completion of a streamlined application process, while non-CBOE members could apply for a C2 trading permit in a manner similar to the current process for firms applying for membership on CBOE.

C2 would operate an all-electronic marketplace for the trading of listed options and would not maintain a physical trading floor. Liquidity on C2 would be derived from orders to buy and orders to sell submitted electronically by trading permit holders or their sponsored participants from remote locations, as well as from market makers, which would have certain affirmative and negative market making obligations.

C2's Form 1 is available at the Commission's Public Reference Room and www.sec.gov. Interested persons are invited to submit written data, views, and arguments concerning C2's Form 1, including whether C2's application is consistent with the Exchange Act. Among other things, the Commission requests comments on C2's proposed governance and Board composition. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/other.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number 10-191 on the subject line.

Paper comments:

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

All submissions should refer to File Number 10-191. 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/other.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to C2's Form 1 filed with the Commission, and all written communications relating to the application 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 inspection and copying 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. 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 10-191 and should be submitted on or before [insert date 45 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²

Florence E. Harmon
Deputy Secretary

² 17 CFR 200.30-3(a)(71)(i).