



To: C2 Trading Permit Holders and Trading Permit Holder Applicants  
 Date: October 13, 2010  
 Re: C2 Launch Information

The C2 exchange will commence trading on Friday, October 29, 2010. This circular details information about the launch, as well as clarifications of certain other items previously announced in Information Circular C2-IC10-02.

**1) What will be the rollout schedule for C2?**

*The first options class listed for trading will be Ford Motor Company (F), which will be the only class on the first trading day. Thereafter, rollout of additional classes is expected on Tuesdays and Thursdays, excluding expiration week. The second rollout day will be for AT&T Inc. (T), Merck & Co., Inc. (MRK), McDonalds Corporation (MCD), Texas Instruments Inc. (TXN) and Xerox Corporation (XRX). The third rollout day will be for the S&P 500 Depository Receipts Exchange Traded Fund (SPY) only. The fourth rollout day will be for the Powershares QQQ Trust (QQQ) and the iShares Russell 2000 Index Exchange Traded Fund (IWM). C2 will announce further rollouts as events progress. Users are reminded that C2 will not be listing all available series for each options class initially, but will instead list only those series that have reasonable levels of volume and/or open interest. As part of the rollout schedule, C2 will publish the available series for each class, as well as any series additions as the rollout progresses.*

**2) What will be the C2 trading hours?**

*C2 will follow standard trading hours, which are 9:30 A.M. EST (8:30 AM CST) until 4:00 PM EST (3:00 PM CST) for all equity options, and 9:30 A.M. EST (8:30 AM CST) until 4:15 PM EST (3:15 PM CST) for most Exchange Traded Fund (ETF) options. For more information, please see <http://www.cboe.com/publish/OETFClose/ETFCloseTimes.xls>.*

**3) What will be the transaction fee schedule for C2?**

*Subject to regulatory approval, C2 will utilize the following fee schedule for all non-proprietary, penny pilot equity and ETF options classes.*

	<b>Credit for Adding Liquidity</b>	<b>Fee for Removing Liquidity</b>
<b>C2 Market Maker</b>	\$ .15	\$ .25
<b>Public Customer</b>	\$ .00	\$ .15
<b>All Other Origins (Professional Customer, Firm, Broker/Dealer, non-C2 Market Maker, etc.)</b>	\$ .10	\$ .40

**4) What is the access structure for C2?**

*There will initially be only two types of access permits for use on C2. The permit fees noted below are only applicable for access to non-proprietary classes. C2 will not assess these fees for the month of October 2010.*

*Market Maker Permit (MMP) – Gives the holder the ability to stream quotes and submit Market-Maker orders into the C2 trade engine. The cost of this permit will be \$5,000/mo.*

*Electronic Access Permit (EAP) – Gives the holder the ability to submit agency and qualifying proprietary orders into the C2 trade engine. The cost of this permit will be \$1,000/mo.*

*Additionally, C2 will offer two kinds of bandwidth packets for use to supplement the standard bandwidth allocation contained in each access permit. Each Quoting and Order Entry (QOE) Bandwidth Packet, providing bandwidth equivalent to 1/5<sup>th</sup> of a C2 MMP, will cost \$1,000/mo, and each Order Entry (OE) Bandwidth Packet, providing bandwidth equivalent to one C2 EAP, will cost \$1,000/mo. All of these fees are subject to regulatory approval. C2 will not initially offer a discounted pricing curve for OE bandwidth packets as was stated in Information Circular C2-IC10-02.*

**5) What is the process to acquire an Access Permit?**

*The issuance of Access Permits requires a registration process from each C2 participant. In order to receive one or more access permits and/or bandwidth packets, the C2 participant must complete the C2 Trading Permits & Bandwidth Packets form located at <http://www.cboe.org/C2>.*

**6) What is the procedure for C2 Market Makers to select option class appointments?**

*Market Makers will be able to select and remove option class appointments online at <https://appointments.c2exchange.com>. Access to the C2 appointment system will require the use of an RSA Token Code. C2 Market Makers must complete a C2 Appointment System Access Request form and send the completed form to [mqa@cboe.com](mailto:mqa@cboe.com). Once received, a member of the MQA Department will contact the C2 Market Maker with further instructions. The C2 Appointment System Access Request form can be found at <http://www.cboe.org/members/GeneralInfo/appointments.aspx>. Users are reminded that each C2 Market Maker Permit will entitle the holder to an appointment credit of 1.0. Each option class on C2 will have a specific class cost (for example: Apple, Inc. (AAPL) may cost .001) and the user may add class appointments up to the full amount of their credit. At launch, C2 intends to set all class costs for penny pilot equity and ETF option classes at .001, so that one market maker permit will be sufficient for appointments, if desired, in all penny pilot equity and ETF option classes on C2. C2 may amend the class costs at a future date, but no such change would occur prior to the end of the 4th quarter 2010. C2 Trading Permit Holders will be informed in advance of any such changes.*

**7) Will clearing firms need to submit a separate guarantee for trading permit holders on C2 if they already guarantee an applicant trading permit holder on CBOE?**

*Clearing firms will need to submit a separate guarantee for C2. Each Market-Maker acronym must be guaranteed using a Market-Maker Letter of Guarantee form which specifically identifies*



**16) Will there be a C2 website?**

Yes, at <http://www.cboe.com/C2>.

**17) Who are the designated contact persons for questions regarding C2?**

<i>Connectivity</i>	-	<i>Matt Danaher</i>	<i>(312) 786-8810</i>	<a href="mailto:danaher@cboe.com">danaher@cboe.com</a>
<i>Finance/Billing</i>	-	<i>Brian Killian</i>	<i>(312) 786-7044</i>	<a href="mailto:killianb@cboe.com">killianb@cboe.com</a>
<i>Registration</i>	-	<i>Stan Leimer</i>	<i>(312) 786-7299</i>	<a href="mailto:leimer@cboe.com">leimer@cboe.com</a>
<i>Market Maker Appt</i>	-	<i>Allison Kile</i>	<i>(312) 786-7210</i>	<a href="mailto:kilea@cboe.com">kilea@cboe.com</a>
<i>Trading Operations</i>	-	<i>Anthony Montesano</i>	<i>(312) 786-7365</i>	<a href="mailto:montesan@cboe.com">montesan@cboe.com</a>
<i>Regulation</i>	-	<i>Karen Christiansen</i>	<i>(312) 786-8186</i>	<a href="mailto:christia@cboe.com">christia@cboe.com</a>
<i>Legal</i>	-	<i>Angelo Evangelou</i>	<i>(312) 786-7464</i>	<a href="mailto:evangelou@cboe.com">evangelou@cboe.com</a>
<i>Planning</i>	-	<i>Eric Frait</i>	<i>(312) 786-7747</i>	<a href="mailto:frait@cboe.com">frait@cboe.com</a>
<i>C2 Op Center/Help Desk</i>	-	-	<i>(866) 728-2263</i>	<a href="mailto:helpdesk@cboe.com">helpdesk@cboe.com</a>