

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 14	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2016 - * 02	Amendment No. (req. for Amendments *)
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Filing by International Securities Exchange
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Correct and clarify the responsibilities and privileges of a Back-Up Primary Market Maker that takes the place of a Primary Market Maker when that PMM fails to have a quote in the system.

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Michael	Last Name * Sanocki
Title * Assistant General Counsel	
E-mail * msanocki@ise.com	
Telephone * (212) 897-8144	Fax <input type="text"/>

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date 01/06/2016	Secretary & General Counsel
By Michael Simon	<input type="text"/>
(Name *)	

Persona Not Validated - 1436897254872,

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) The International Securities Exchange, LLC (the “Exchange” or “ISE”) proposes to correct, and clarify, .03 of Supplementary Material to Rule 803, Obligations of Market Makers, which describes the responsibilities and privileges of a Back-Up Primary Market Maker (“Back-Up PMM”) that takes the place of a Primary Market Maker (“PMM”) when that PMM fails to have a quote in the system. This amendment will specify the PMM responsibilities and privileges that do not apply to Back-Up PMMs. The text of the proposed rule change is attached as Exhibit 5.

(b) Inapplicable.

(c) Inapplicable.

2. Procedures of the Self-Regulatory Organization

The Board of Directors of the Exchange approved this proposed rule change on June 1, 2015. This action constitutes the requisite approval under the Exchange’s Certificate of Formation, Operating Agreement, and Constitution.

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

(a) Purpose – The purpose of this proposed rule change is to make corrections to, and clarify, .03 of Supplementary Material to Rule 803, Obligations of Market Makers, which describes the responsibilities and privileges of a Back-Up PMM that takes the place of a PMM when that PMM fails to have a quote in the system. This amendment will specify the PMM responsibilities and privileges that do not apply to Back-Up PMMs.

In 2006, ISE adopted a rule change that permits Competitive Market Makers (“CMMs”) that are also PMMs on the Exchange to voluntarily act as Back-Up PMMs when the appointed PMM has technical difficulties that interrupt its participation in the market.¹ Then, in 2015, the Exchange amended the process by which a Back-Up PMM is chosen to replace a PMM that fails to have a quote in the System.²

In these situations, a Back-Up PMM assumes the responsibilities and privileges of a PMM under ISE rules with respect to any class in which the appointed PMM fails to have a quote in the ISE System, except that a CMM does not become subject to the PMM’s requirement in ISE Rule 804(e)(1) to enter continuous quotations in all of the series of all of the options classes to which it is appointed. Instead, under ISE Rule 804(e)(2), the CMM (or Back-Up PMM) is required to maintain continuous quotations in

¹ Securities Exchange Act Release No. 34-53419 (March 6, 2006), 71 FR 12758 (March 13, 2006) (SR-ISE-2005-50).

² Securities Exchange Act Release No. 34-76508 (November 30, 2015), 80 FR 74826 (November 30, 2015) (SR-ISE-2015-42).

that class or series for 60% of the time the options class is open for trading on the Exchange, provided, however, that a CMM (or Back-Up PMM) is required to maintain continuous quotations for 90% of the time the class is open for trading on the Exchange in any options class in which it receives preferenced orders.³ Additionally, while PMMs are required to quote LEAPS and adjusted series, a CMM that has been appointed as the Back-Up PMM is not subject to these requirements due to their initial status as a CMM.⁴

Currently, .03 to Supplementary Material to Rule 803 states that, when a PMM fails to have a quote in the System, a Back-Up PMM “assumes all of the responsibilities and privileges of a” PMM. Unlike the wording of this rule text, however, ISE’s practice has always been to hold CMMs that are appointed as Back-Up PMMs to the above standards/exceptions. ISE now proposes to amend .03 to Supplementary Material to Rule 803 to reflect ISE’s longstanding standards/exceptions applicable to a CMM that has been appointed as the Back-Up PMM in a particular class.

(b) Basis – The Exchange believes that its proposal is consistent with Section 6(b) of the Act⁵ in general, and furthers the objectives of Section 6(b)(5)⁶ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, 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.

The Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest, and would remove impediments to and perfect the mechanism of a free and open market, because it makes a correction and clarifies ISE’s rule text to more accurately reflect the responsibilities and privileges of a Back-Up PMM. This will provide members with a better understanding of their responsibilities and privileges when acting as a Back-Up PMM in situations where a PMM fails to have a quote in the System. Additionally, Back-Up PMMs that are CMMs are not held to the heightened standards of PMMs for continuous quoting, LEAPS, and adjusted series due to the difficulty associated with meeting the standards for each on a short-term basis. For example, for continuous quoting, when a Back-Up PMM assumes responsibility for quoting a series or class, a Back-Up PMM could have problems meeting the continuous quoting requirement during such a short period of time. Similarly, a CMM that is a Back-Up PMM is not required to quote LEAPS because of the difficulty in pricing these options due their 9 month or greater time to expiration. Also, for adjusted series, the effect corporate actions have on certain underlying equity prices makes pricing these options challenging.

³ See Rule 804(e)(2)(iii).

⁴ See .02 of Supplementary Material to Rule 804 (The CMM quoting obligation “does not include adjusted option series, nor series with a time to expiration of nine (9) months or greater for options on equities and exchange-traded funds or with a time to expiration of twelve (12) months or greater for index options.”)

⁵ 15 U.S.C. § 78f(b).

⁶ 15 U.S.C. § 78f(b)(5).

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

This proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act because ISE is correcting and clarifying its rule text to accurately reflect the responsibilities and privileges of a Back-Up PMM when a PMM fails to have a quote in the System.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

6. Extension of Time Period for Commission Action

N/A

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act⁷ and paragraph (f)(6) of Rule 19b-4 thereunder.⁸ The Exchange asserts that the proposed rule change: (1) will not significantly affect the protection of investors or the public interest; (2) will not impose any significant burden on competition; and (3) and will not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate. In addition, the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing, or such shorter time as designated by the Commission. Accordingly, the Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act⁹ and paragraph (f)(6) of Rule 19b-4 thereunder.¹⁰

The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act¹¹ and paragraph (f)(6) of Rule 19b-4 thereunder¹² because it does not raise any new, unique or substantive issues, but instead merely corrects its rule text to accurately reflect the current responsibilities and privileges of a Back-Up PMM when a

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4.

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4.

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(6).

PMM fails to have a quote in the System. 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.

8. Proposed Rule change Based on Rules of Another Self-Regulatory Organization or of the Commission

This proposed rule change is not based on the rules of another self-regulatory organization or of the Commission.

9. Exhibits

Exhibit 1 – Form of Notice of Proposed Rule Change for Publication in the Federal Register.

Exhibit 5 – Text of the Proposed Rule Change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-ISE-2016-02)

[Date]

Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Back-Up Primary Market Makers

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 January 6, 2016, the International Securities Exchange, LLC (the "Exchange" or the "ISE") filed with the Securities and Exchange 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 ISE proposes to correct, and clarify, .03 of Supplementary Material to Rule 803, Obligations of Market Makers, which describes the responsibilities and privileges of a Back-Up Primary Market Maker ("Back-Up PMM") that takes the place of a Primary Market Maker ("PMM") when that PMM fails to have a quote in the system. This amendment will specify the PMM responsibilities and privileges that do not apply to Back-Up PMMs. The text of the proposed rule change is available on the Exchange's

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Web site (<http://www.ise.com>), at the principal office of the Exchange, 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 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 these statements may be examined at the places specified in Item IV below. The self-regulatory organization 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of this proposed rule change is to make corrections to, and clarify, .03 of Supplementary Material to Rule 803, Obligations of Market Makers, which describes the responsibilities and privileges of a Back-Up PMM that takes the place of a PMM when that PMM fails to have a quote in the system. This amendment will specify the PMM responsibilities and privileges that do not apply to Back-Up PMMs.

In 2006, ISE adopted a rule change that permits Competitive Market Makers ("CMMs") that are also PMMs on the Exchange to voluntarily act as Back-Up PMMs when the appointed PMM has technical difficulties that interrupt its participation in the

market.³ Then, in 2015, the Exchange amended the process by which a Back-Up PMM is chosen to replace a PMM that fails to have a quote in the System.⁴

In these situations, a Back-Up PMM assumes the responsibilities and privileges of a PMM under ISE rules with respect to any class in which the appointed PMM fails to have a quote in the ISE System, except that a CMM does not become subject to the PMM's requirement in ISE Rule 804(e)(1) to enter continuous quotations in all of the series of all of the options classes to which it is appointed. Instead, under ISE Rule 804(e)(2), the CMM (or Back-Up PMM) is required to maintain continuous quotations in that class or series for 60% of the time the options class is open for trading on the Exchange, provided, however, that a CMM (or Back-Up PMM) is required to maintain continuous quotations for 90% of the time the class is open for trading on the Exchange in any options class in which it receives preferenced orders.⁵ Additionally, while PMMs are required to quote LEAPS and adjusted series, a CMM that has been appointed as the Back-Up PMM is not subject to these requirements due to their initial status as a CMM.⁶

Currently, .03 to Supplementary Material to Rule 803 states that, when a PMM fails to have a quote in the System, a Back-Up PMM “assumes all of the responsibilities and privileges of a” PMM. Unlike the wording of this rule text, however, ISE's practice has always been to hold CMMs that are appointed as Back-Up PMMs to the above

³ Securities Exchange Act Release No. 34-53419 (March 6, 2006), 71 FR 12758 (March 13, 2006) (SR-ISE-2005-50).

⁴ Securities Exchange Act Release No. 34-76508 (November 30, 2015), 80 FR 74826 (November 30, 2015) (SR-ISE-2015-42).

⁵ See Rule 804(e)(2)(iii).

⁶ See .02 of Supplementary Material to Rule 804 (The CMM quoting obligation “does not include adjusted option series, nor series with a time to expiration of nine (9) months or greater for options on equities and exchange-traded funds or with a time to expiration of twelve (12) months or greater for index options.”)

standards/exceptions. ISE now proposes to amend .03 to Supplementary Material to Rule 803 to reflect ISE's longstanding standards/exceptions applicable to a CMM that has been appointed as the Back-Up PMM in a particular class.

2. Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act⁷ in general, and furthers the objectives of Section 6(b)(5)⁸ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, 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.

The Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest, and would remove impediments to and perfect the mechanism of a free and open market, because it makes a correction and clarifies ISE's rule text to more accurately reflect the responsibilities and privileges of a Back-Up PMM. This will provide members with a better understanding of their responsibilities and privileges when acting as a Back-Up PMM in situations where a PMM fails to have a quote in the System. Additionally, Back-Up PMMs that are CMMs are not held to the heightened standards of PMMs for continuous quoting, LEAPS, and adjusted series due to the difficulty associated with meeting the standards for each on a short-term basis. For example, for continuous quoting, when a Back-Up PMM assumes responsibility for quoting a series or class, a Back-Up PMM could have problems meeting the continuous quoting requirement during such a short period of time. Similarly,

⁷ 15 U.S.C. § 78f(b).

⁸ 15 U.S.C. § 78f(b)(5).

a CMM that is a Back-Up PMM is not required to quote LEAPS because of the difficulty in pricing these options due their 9 month or greater time to expiration. Also, for adjusted series, the effect corporate actions have on certain underlying equity prices makes pricing these options challenging.

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

This proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act because ISE is correcting and clarifying its rule text to accurately reflect the responsibilities and privileges of a Back-Up PMM when a PMM fails to have a quote in the System.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

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

Because the foregoing proposed rule change does not significantly affect the protection of investors or the public interest, does not impose any significant burden on competition, and, by its terms, does not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁹ and Rule 19b-4(f)(6) thereunder.¹⁰ The Exchange provided the Commission with written notice of its intent to file the

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6).

proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing the proposed rule change, or such shorter time as designated by the Commission, as required by Rule 19b-4(f)(6).

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. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule 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:

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 No. SR-ISE-2016-02 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-ISE-2016-02. 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 Commissions 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. Copies of such filing also will be available for inspection and copying at the principal office of the ISE. 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-ISE-2016-02 and should be submitted by [insert date 21 days from the date of publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹¹

Secretary

¹¹ 17 CFR 200.30-3(a)(12).

Exhibit 5

Text of the Proposed Rule Change

Underlining indicates additions; [brackets] indicate deletions.

* * *

Rule 803. Obligations of Market Makers

* * *

Supplementary Material to Rule 803

* * *

.03 Any Member that is approved to act in the capacity of a Primary Market Maker or an “Alternative Primary Market Maker” may voluntarily act as a “Back-Up Primary Market Maker” in options series in which it is quoting as a Competitive Market Maker.

(a) A Back-Up Primary Market Maker assumes all of the responsibilities and privileges of a Primary Market Maker under the Rules with respect to any series in which the appointed Primary Market Maker fails to have a quote in the System[.] except that a Back-Up Primary Market Maker’s quoting obligations are the same as the quoting obligations for Competitive Market Makers as described in Rule 804(e)(2)(iii) and .02 of Supplementary Material to Rule 804.

* * *