

### 110816 – Quote Stuffing – ISE resolves SCIF issue from yesterday.

The problem with the 12 SCIF option symbols started back up today around noon. With the help of Interactive Brokers, the ISE was able to identify the problem and stop it at 14:35:16. It appears that this problem was in fact a run away computer problem. The Quote Stuffing numbers were still very skewed for the day as the 12 SCIF options managed to generate 35.3 Million quotes in the 4+ hours. The ISE has assured me that they are interested in finding and stopping any unusual quote problems.

The next most significant problem at the ISE was on the option symbol OMC Sept 45 Call which was hit 58 seconds for a total of 18,051 quotes.

12:01:54.000	ISEX	0.35	1560	National	BBO	AMEX	0.50	341
12:01:54.000	ISEX	0.35	1575	National	BBO	AMEX	0.50	341
12:01:54.000	ISEX	0.35	1560	National	BBO	AMEX	0.50	341
12:01:54.000	ISEX	0.35	1575	National	BBO	AMEX	0.50	341
12:01:54.000	ISEX	0.35	1560	National	BBO	AMEX	0.50	341
12:01:54.000	ISEX	0.35	1575	National	BBO	AMEX	0.50	341
12:01:54.000	ISEX	0.35	1560	National	BBO	AMEX	0.50	341
12:01:54.000	ISEX	0.35	1575	National	BBO	AMEX	0.50	341
12:01:54.000	ISEX	0.35	1560	National	BBO	AMEX	0.50	341
12:01:54.000	ISEX	0.35	1575	National	BBO	AMEX	0.50	341
12:01:54.000	ISEX	0.35	1560	National	BBO	AMEX	0.50	341
12:01:54.000	ISEX	0.35	1575	National	BBO	AMEX	0.50	341
12:01:54.000	ISEX	0.35	1560	National	BBO	AMEX	0.50	341
12:01:54.000	ISEX	0.35	1575	National	BBO	AMEX	0.50	341
12:01:54.000	ISEX	0.35	1560	National	BBO	AMEX	0.50	341
12:01:54.000	ISEX	0.35	1575	National	BBO	AMEX	0.50	341
12:01:54.000	ISEX	0.35	1560	National	BBO	AMEX	0.50	341
12:01:54.025	ISEX	0.35	1575	National	BBO	AMEX	0.50	341
12:01:54.025	ISEX	0.35	1560	National	BBO	AMEX	0.50	341
12:01:54.025	ISEX	0.35	1575	National	BBO	AMEX	0.50	341

This table was generated to identify the most active ISE quote stuffing issues. As expected it picked up the 12 SCIF problems and the OMC option listed above. But the problem with doing research using the BBO is that the scans only give a list to then manually check time and sales. Typically the quote stuffing activity is only on one side of the quote so the other stable side is also charged with activity as in the case of the ACAS and PDCO attacks which were actually PHLX problems.

Underlying	Option	# >= Filter	Highest	HiTime	SumOfAll	Average
ACAS	2011Nov19 P 8.00	2	1,435	14:38:56	1,596	798
SCIF	2011Aug20 C 12.00	6,496	1,015	14:10:08	3,157,773	486
SCIF	2011Sep17 P 16.00	6,497	1,013	14:10:08	3,156,503	486
SCIF	2011Aug20 P 16.00	6,496	1,012	14:10:08	3,158,401	486
SCIF	2011Sep17 C 12.00	6,497	1,012	14:10:08	3,156,667	486
SCIF	2011Aug20 C 13.00	5,935	1,008	14:10:08	2,844,612	479
SCIF	2011Sep17 P 15.00	6,497	1,008	13:31:27	3,156,256	486
SCIF	2011Oct22 C 12.00	6,496	1,007	14:10:08	3,158,712	486
SCIF	2011Aug20 P 15.00	6,496	1,006	14:10:08	3,158,320	486
SCIF	2011Oct22 P 15.00	6,497	1,006	14:10:08	3,157,662	486
SCIF	2011Oct22 P 16.00	6,497	1,005	14:10:08	3,158,175	486
PDCO	2011Aug20 C 28.00	3	1,003	9:31:48	1,308	436
SCIF	2011Oct22 C 13.00	5,864	999	13:31:27	2,822,944	481
SCIF	2011Sep17 C 13.00	2,858	950	14:26:51	1,283,530	449
OMC	2011Sep17 C 45.00	58	858	12:01:55	18,051	311

Here the ACAS Nov 8 Put is being attacked by the PHLX.

14:38:55.000	ISEX	0.69	187	National	BBO	PHIL	0.74	146
14:38:55.000	ISEX	0.69	187	National	BBO	PHIL	0.74	161
14:38:55.000	ISEX	0.69	187	National	BBO	PHIL	0.74	56
14:38:55.000	ISEX	0.69	187	National	BBO	PHIL	0.74	161
14:38:55.000	ISEX	0.69	187	National	BBO	PHIL	0.74	10
14:38:55.000	ISEX	0.69	187	National	BBO	ISEX	0.75	308
14:38:55.000	ISEX	0.69	187	National	BBO	PHIL	0.74	151
14:38:55.000	ISEX	0.69	187	National	BBO	ISEX	0.75	308
14:38:55.000	ISEX	0.69	187	National	BBO	PHIL	0.74	46
14:38:55.000	ISEX	0.69	187	National	BBO	PHIL	0.74	56
14:38:55.000	ISEX	0.69	187	National	BBO	PHIL	0.74	10
14:38:55.000	ISEX	0.69	187	National	BBO	PHIL	0.74	161
14:38:55.000	ISEX	0.69	187	National	BBO	PHIL	0.74	10
14:38:55.000	ISEX	0.69	187	National	BBO	PHIL	0.74	161
14:38:55.000	ISEX	0.69	187	National	BBO	PHIL	0.74	10
14:38:55.000	ISEX	0.69	187	National	BBO	PHIL	0.74	56
14:38:55.000	ISEX	0.69	187	National	BBO	PHIL	0.74	10
14:38:55.000	ISEX	0.69	187	National	BBO	PHIL	0.74	161

And this one shows the PDCO Aug 28 Call being attacked by the PHLX with the ISE the stable bid and the CBOE the stable ask.

09:31:47.000	ISEX	1.15	53	National	BBO	CBOE	1.60	36
09:31:47.000	ISEX	1.15	53	National	BBO	PHIL	1.60	46
09:31:47.025	ISEX	1.15	53	National	BBO	CBOE	1.60	36
09:31:47.025	ISEX	1.15	53	National	BBO	PHIL	1.60	46
09:31:47.025	ISEX	1.15	53	National	BBO	CBOE	1.60	36
09:31:47.025	ISEX	1.15	53	National	BBO	PHIL	1.60	46
09:31:47.025	ISEX	1.15	53	National	BBO	CBOE	1.60	36
09:31:47.025	ISEX	1.15	53	National	BBO	PHIL	1.60	46
09:31:47.025	ISEX	1.15	53	National	BBO	CBOE	1.60	36
09:31:47.025	ISEX	1.15	53	National	BBO	PHIL	1.60	46
09:31:47.025	ISEX	1.15	53	National	BBO	CBOE	1.60	36
09:31:47.025	ISEX	1.15	53	National	BBO	PHIL	1.60	46
09:31:47.025	ISEX	1.15	53	National	BBO	CBOE	1.60	36
09:31:47.025	ISEX	1.15	53	National	BBO	PHIL	1.60	46
09:31:47.025	ISEX	1.15	53	National	BBO	CBOE	1.60	36
09:31:47.025	ISEX	1.15	53	National	BBO	PHIL	1.60	46
09:31:47.050	ISEX	1.15	53	National	BBO	CBOE	1.60	36
09:31:47.050	ISEX	1.15	53	National	BBO	PHIL	1.60	46
09:31:47.050	ISEX	1.15	53	National	BBO	CBOE	1.60	36
09:31:47.050	ISEX	1.15	53	National	BBO	PHIL	1.60	46

The quote stuffing activity at the PHLX was down in comparison to the past at 3.8 Million unnecessary quotes. This is still a large number, but it certainly is a step in the right direction. A large portion of the PHLX activity was centered around the stock MWN where there were 158 option symbols attacked a total of 12,099 times resulting in 1,694,171 unnecessary quotes

Quote Stuffing in the options market must be stopped.