

Option Quote Stuffing accounted for 3.56% of all of the BBO option quotes on Friday July 15, 2011. But a closer look at the data shows that 88% of this activity was caused by an attack on the GASX chain at the ISE.

TotCount	TotSumCount	TotAvgCount	NumOpt	NumUnder	HiHi	HiHiTime	TotOptQuotes	SumCount/OptQuote
193,175	47,942,181	248	8,161	1,045	1,642	13:12:41	1,347,605,067	3.56%

On Friday, the stock GASX had a total of 54 transactions accounting for 24,668 shares. There were no option trades for the day But the ISE felt it necessary to generate 42,222,659 option quotes on 22 of GASX option symbols.

Underlying	Option	# >= Filter	Highest	HiTime	SumOfAll	Average
GASX	2011Aug20 C 12.00	4,955	397	12:09:38	1,209,225	244
GASX	2011Aug20 C 13.00	5,287	535	11:12:03	1,327,034	251
GASX	2011Aug20 P 16.00	11,149	418	13:37:04	3,149,575	282
GASX	2011Aug20 P 17.00	8,526	425	13:36:46	2,209,497	259
GASX	2011Aug20 P 18.00	4,544	364	10:45:54	987,980	217
GASX	2011Aug20 P 19.00	5,090	535	10:52:03	1,229,852	242
GASX	2011Aug20 P 20.00	708	324	10:31:03	136,579	193
GASX	2011Dec17 C 13.00	13,973	681	11:21:15	3,765,068	269
GASX	2011Dec17 C 14.00	3,642	829	11:04:20	1,166,871	320
GASX	2011Dec17 P 13.00	17,284	842	11:04:20	4,887,522	283
GASX	2011Dec17 P 14.00	5,220	420	14:37:04	1,364,024	261
GASX	2011Dec17 P 15.00	5,899	468	10:54:03	1,407,482	239
GASX	2011Dec17 P 16.00	9,364	419	13:37:04	2,497,338	267
GASX	2011Dec17 P 17.00	4,933	408	10:51:02	1,145,713	232
GASX	2011Dec17 P 18.00	797	323	10:31:03	155,745	195
GASX	2011Jul16 P 18.00	586	295	15:10:35	120,020	205
GASX	2011Jul16 P 19.00	15,127	422	13:39:43	4,048,749	268
GASX	2011Jul16 P 20.00	4,503	403	11:51:16	1,109,611	246
GASX	2011Sep17 P 16.00	15,829	836	11:04:20	4,438,161	280
GASX	2011Sep17 P 17.00	10,473	689	11:21:18	2,707,221	258
GASX	2011Sep17 P 18.00	7,460	678	10:55:15	1,923,968	258
GASX	2011Sep17 P 19.00	4,332	534	11:12:07	1,235,424	285

That is 3.13% of the total 1.347,605,067 BBO quotes for the whole option market for the day!

Since there were no GASX option trades, what was the ISE trying to do with this flood of data. GASX data is transmitted on OPRA's line 17 (FT – GIKZZ).

The quote data looks normal for GASX July 19 Put until about 10:19:45. Then the ISE started flip-flopping a bid/ask of 0.00/5.00 and 0.20/5.20 at a rate of about 250 quotes per second for most of the day. The numbers changed to other numbers like 0.40/5.40 and 0.15/5.20 through out the day. The Dec 13 Put was similarly attacked starting around 10:52:11. I did not bother to check the details of the other symbols. It is bad enough that option market makers are now allowed to maintain \$5 wide quotes, but to then broadcast it over 4,000,000 times during the day is a waste of valuable resources.

Supporting data for above. I did not bother to check any other symbols...

10:19:45.600 ISEX	0.00	0 ISEX	5.00	10 eGASX	19.000 07/16/2011 P
10:19:45.675 ISEX	0.20	10 ISEX	5.20	10 eGASX	19.000 07/16/2011 P
10:19:45.700 ISEX	0.00	0 ISEX	5.00	10 eGASX	19.000 07/16/2011 P
10:19:45.750 ISEX	0.20	10 ISEX	5.20	10 eGASX	19.000 07/16/2011 P

10:20:02.200 ISEX	0.00	0 ISEX	5.00	10 eGASX	19.000 07/16/2011 P
10:20:02.200 ISEX	0.20	10 ISEX	5.20	10 eGASX	19.000 07/16/2011 P
10:20:02.225 ISEX	0.00	0 ISEX	5.00	10 eGASX	19.000 07/16/2011 P
10:20:02.250 ISEX	0.25	10 ISEX	5.20	10 eGASX	19.000 07/16/2011 P
10:21:02.550 ISEX	0.00	0 ISEX	5.00	10 eGASX	19.000 07/16/2011 P
10:21:02.575 ISEX	0.15	10 ISEX	5.10	10 eGASX	19.000 07/16/2011 P
10:22:04.250 ISEX	0.40	10 ISEX	5.40	10 eGASX	19.000 07/16/2011 P
10:22:04.275 ISEX	0.00	0 ISEX	5.00	10 eGASX	19.000 07/16/2011 P
10:22:04.275 ISEX	0.40	10 ISEX	5.40	10 eGASX	19.000 07/16/2011 P
10:22:04.300 ISEX	0.00	0 ISEX	5.00	10 eGASX	19.000 07/16/2011 P
10:22:04.300 ISEX	0.40	10 ISEX	5.40	10 eGASX	19.000 07/16/2011 P

10:52:11.150 ISEX	0.10	10 ISEX	5.10	10 eGASX	13.000 12/17/2011 P
10:52:11.175 ISEX	0.00	0 ISEX	5.00	10 eGASX	13.000 12/17/2011 P
10:52:11.175 ISEX	0.10	10 ISEX	5.10	10 eGASX	13.000 12/17/2011 P
10:52:11.225 ISEX	0.00	0 ISEX	5.00	10 eGASX	13.000 12/17/2011 P
10:52:11.225 ISEX	0.10	10 ISEX	5.10	10 eGASX	13.000 12/17/2011 P
10:52:11.250 ISEX	0.00	0 ISEX	5.00	10 eGASX	13.000 12/17/2011 P
10:52:11.250 ISEX	0.10	10 ISEX	5.10	10 eGASX	13.000 12/17/2011 P