

## Quote Stuffing 120210

It has been two weeks since my report to the PHLX that OSX options are being actively attacked by abusive quote stuffers. Despite notice from the PHLX that the firms involved had been notified the activity continues. On Friday Feb 10, 2012, there were over 4.6 million useless quotes on OSX options at the PHLX.

Under2	Cnts2	Hi2	HiTime2	SumOfAll2	Average2
OSX	50,764	124	14:01:13	4,606,683	91
SPXU	11,122	295	10:05:50	2,198,359	198

The second most active underlying was SPXU where again the PHLX chattered almost 2.2 Million quotes like these on the SPXU Feb 14 Calls.

10:05:49.025	NQEX	0.00	0	National	BBO	PHIL	0.05	229
10:05:49.025	NQEX	0.00	0	National	BBO	AMEX	0.05	206
10:05:49.025	NQEX	0.00	0	National	BBO	PHIL	0.05	229
10:05:49.025	NQEX	0.00	0	National	BBO	AMEX	0.05	206
10:05:49.025	NQEX	0.00	0	National	BBO	PHIL	0.05	229
10:05:49.025	NQEX	0.00	0	National	BBO	AMEX	0.05	206
10:05:49.025	NQEX	0.00	0	National	BBO	PHIL	0.05	229
10:05:49.025	NQEX	0.00	0	National	BBO	AMEX	0.05	206
10:05:49.050	NQEX	0.00	0	National	BBO	PHIL	0.05	229
10:05:49.050	NQEX	0.00	0	National	BBO	AMEX	0.05	206
10:05:49.050	NQEX	0.00	0	National	BBO	PHIL	0.05	229
10:05:49.050	NQEX	0.00	0	National	BBO	AMEX	0.05	206
10:05:49.075	NQEX	0.00	0	National	BBO	PHIL	0.05	229

The reckless activity of ALGN options has been reduced.

Quote Stuffing in the options market must be stopped.

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## Quote Stuffing 120130.

On Jan 27, 2012, the option quote activity in OSX and ALGN accounted for 3% of the total BBO activity for the day.

Under2	Cnts2	Hi2	HiTime2	SumOfAll2	Average2
OSX	413,411	129	9:59:34	31,582,225	76
ALGN	53,856	144	11:00:58	3,524,690	65

The PHLX is the only exchange where OSX is traded. In this example the quote chatter on the OSX June 155 Call is to maintain a \$4 bid/ask spreads.

09:48:03.550	PHIL	82.70	10	National	BBO	PHIL	86.70	10
09:48:03.550	PHIL	82.80	10	National	BBO	PHIL	86.70	10
09:48:03.550	PHIL	82.70	10	National	BBO	PHIL	86.70	10
09:48:03.575	PHIL	82.80	10	National	BBO	PHIL	86.70	10
09:48:03.575	PHIL	82.70	10	National	BBO	PHIL	86.70	10
09:48:03.600	PHIL	82.80	10	National	BBO	PHIL	86.70	10
09:48:03.600	PHIL	82.70	10	National	BBO	PHIL	86.70	10
09:48:03.625	PHIL	82.80	10	National	BBO	PHIL	86.70	10
09:48:03.625	PHIL	82.70	10	National	BBO	PHIL	86.70	10
09:48:03.625	PHIL	82.80	10	National	BBO	PHIL	86.70	10

Though the 3.5 Million quotes on ALGN is a huge number, it is over shadowed by the 31.5 Million quotes on OSX. This is one of the highest quote counts that I have seen since starting the quote stuffing research.

The ALGN activity is a combination effort by the PSE, AMEX and CBOE, as can be seen in this snapshot of the ALGN March 17 Call.

11:00:56.875	PACF	7.10	5	National	BBO	AMEX	9.40	42
11:00:56.875	AMEX	7.00	60	National	BBO	PACF	9.30	1
11:00:56.875	CBOE	7.00	57	National	BBO	PACF	9.30	1
11:00:56.875	PACF	7.10	5	National	BBO	AMEX	9.40	43
11:00:56.875	PACF	7.10	5	National	BBO	CBOE	9.40	30
11:00:56.875	AMEX	7.00	60	National	BBO	PACF	9.30	1
11:00:56.900	CBOE	7.00	57	National	BBO	PACF	9.30	1
11:00:56.900	PACF	7.10	5	National	BBO	AMEX	9.40	43
11:00:56.900	PACF	7.10	5	National	BBO	CBOE	9.40	30
11:00:56.925	PACF	7.10	5	National	BBO	AMEX	9.40	43
11:00:56.925	CBOE	7.00	57	National	BBO	PACF	9.30	1
11:00:56.925	PACF	7.10	5	National	BBO	CBOE	9.40	30
11:00:56.950	PACF	7.10	5	National	BBO	AMEX	9.40	43
11:00:56.950	CBOE	7.00	57	National	BBO	AMEX	9.40	43
11:00:56.975	PACF	7.10	5	National	BBO	AMEX	9.40	43
11:00:56.975	AMEX	7.00	60	National	BBO	PACF	9.30	1
11:00:56.975	CBOE	7.00	57	National	BBO	PACF	9.30	1
11:00:57.000	PACF	7.10	5	National	BBO	CBOE	9.40	30
11:00:57.000	PACF	7.10	5	National	BBO	AMEX	9.40	43

The Exchanges and FINRA assure me that they have very sophisticated tools that allow them to test for the same information that I am reporting. If this is the case, why can't they stop the activity? For the whole week, ALGN and OSX gave plenty of warning that there was a problem.

On 01/26/2012, the two accounted for 3.02 % of the total option BBO quotes.

1,395				3.02%	
Under2	Cnts2	Hi2	HiTime2	SumOfAll2	Average2
ALGN	419,801	152	9:49:37	28,778,831	69
OSX	133,753	111	10:29:09	6,904,970	52

On 01/25/2012 the two were at 2.21 % of the total option BBO quotes.

1,486				2.21%	
Under2	Cnts2	Hi2	HiTime2	SumOfAll2	Average2
ALGN	248,056	153	12:46:31	16,555,644	67
OSX	230,308	108	10:00:07	11,974,366	52

On 01/24/2012, ALGN was over 6 Million and OSX was 11<sup>th</sup> on the overall highest quote count list.

Under2	Cnts2	Hi2	HiTime2	SumOfAll2	Average2
ALGN	93,049	147	9:37:00	6,094,968	66
AA	5,087	290	12:52:38	826,374	162
LBJ	9,013	122	11:04:24	569,486	63
OSG	4,160	243	10:08:53	350,843	84
SPY	4,162	226	10:34:05	286,211	69
AAPL	4,136	684	15:59:34	285,327	69
SHLD	4,553	169	9:38:31	284,383	62
FFIV	4,699	1,662	10:25:32	281,711	60
SVU	1,412	261	9:45:22	228,699	162
ASEI	2,290	165	9:54:27	178,725	78
OSX	2,894	61	15:45:01	146,213	51

On 01/23/2012.

Under2	Cnts2	Hi2	HiTime2	SumOfAll2	Average2
ALGN	51,261	130	9:56:52	3,108,047	61
OSG	16,489	257	12:26:43	1,436,780	87
SVU	2,839	256	12:02:25	476,146	168
LBJ	7,243	116	10:46:47	450,517	62
AAPL	2,420	999	11:20:59	199,000	82
SPY	2,856	219	11:10:09	195,427	68
AA	1,013	273	9:45:40	179,930	178
MWIV	2,615	90	10:14:08	164,774	63
ETE	1,871	245	10:33:04	145,391	78
GOOG	2,008	669	11:37:31	125,693	63
AAMRQ	1,923	117	9:44:08	121,460	63
ISRG	1,636	337	9:49:23	98,500	60
OSX	1,653	70	12:44:12	83,897	51

As of 1:00 today (01/30/2012) the two are again the hardest hit for the day.

1,278					
Under2	Cnts2	Hi2	HiTime2	SumOfAll2	Average2
OSX	44,361	134	10:03:26	3,893,237	88
ALGN	15,293	148	9:40:00	993,251	65

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