

Title: Dave Lauer's Note on "Glitches"

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Hey there,

I catch flack a lot (both IRL and here) for referring to buggy market data as "glitches". I'm not complaining, I understand why - these anomalies clearly stand out and rightfully should be noticed - but I wanted to share my perspective on their root cause, and provide some context on them, their importance, and my history fighting this battle.

Am I someone who is too quick to label something a "glitch?" Do I just throw the term around recklessly? Are these serious technology problems that I'm minimizing? Let's see ...

<https://preview.redd.it/ny8q7r6ehtc71.png?width=620&format;=png&auto;=webp&s;=4ef78a9a06406e16cd4fde57d3829b25adf4b9a6>

If only there was some way to travel back in time, and find out my long-standing stance on "glitches." Here's, the intro to [my statement](<https://www.sec.gov/comments/4-652/4652-32.pdf>) on the SEC's Technology Roundtable in 2012:

<https://preview.redd.it/gmhypvdhtc71.png?width=839&format;=png&auto;=webp&s;=ed25b22fb1d14157d45447d3d602d8ed5d25df74>

So .... in black and white from nearly a decade ago ... the [first opportunity](<https://www.sec.gov/comments/4-652/4652-32.pdf>) I ever had to testify before, and present to the SEC- way back in 2012 - I accused the industry of doing EXACTLY this: Minimizing the import of - and mischaracterizing - technology glitches!

I hadn't thought of these comments in a while which is why I'm sharing them now, but look at the difference between what I label a "glitch" on Reddit (generally speaking, I'm talking about poorly processed market data on broker or data provider platforms, and have never used the term to refer to actual market operations or data dissemination) and what the industry has attempted to label a "glitch" (Knight Capital's \$440M "[glitch](<https://www.henricodolfing.com/2019/06/project-failure-case-study-knight-capital.html>)" when their software spammed the market, the [failure](<https://money.cnn.com/2016/04/04/investing/bats-ipo-embarrassment-exchange/index.html>) of BATS to IPO on their own exchange, Nasdaq's [failure](<https://www.cbsnews.com/news/facebook-ipo-trading-glitch-sullies-nasdaq/>) to successfully IPO Facebook, etc).

Now, if you're interested in building SOLUTIONS like I am, take a look at my [full statement](<https://www.sec.gov/comments/4-652/4652-32.pdf>) outlining better tech design and development, and a system I proposed to the SEC in order to monitor trading algorithms and conduct credible surveillance of market manipulation.

It's terrible that the platforms most retail investors have access to have these kind of display or data processing problems. I believe, however, there's a big difference between serious market infrastructure problems, and poorly designed charting / market data processing systems on websites. But know that when I call something a glitch, what I mean is that either trades that were supposed to be filtered out were not, resulting in the display of trades that look like they occurred outside of the NBBO, or to a market data system that messed up processing data and is showing data out-of-order. There have been times where I've offered to take a look at our raw data to see if we see the same problems in it, and every time I have not seen the same problems. That's how I define a glitch. And they are a persistent and pernicious problem.

<https://preview.redd.it/lwr6rd4ghtc71.png?width=628&format;=png&auto;=webp&s;=b4315b8fd061d908e93e61c9381ade9881301e6e>

Now, real quick, on to a broader point - when I try to explain how things work, I'm only trying to help focus attention on the real problems, and away from issues that, in my opinion, are either not real issues or are red herrings.

I believe:

- \* There are serious problems with shorting, short sale marking violations, FTDs piling up or being deferred through warehousing and options trades;
- \* Payment for order flow and retail internalization are bad for markets - a massive conflict of interest that prevents brokers from getting best execution, and which artificially widens spreads across the entire market;
- \* Market manipulation exists, I've seen it with layering and spoofing on exchanges when analyzing data in unique and proprietary ways;
- \* There are conflicts-of-interest nearly EVERYWHERE you look on Wall St....
- \* I could go on.

I've been fighting to change a lot of this for a while now, and I'm excited that there is such popular interest and attention to all these issues. I also believe that together we can make change happen, and that this movement is in its early stages. As many of you know I am [building something new, something exciting]([https://www.reddit.com/r/UrvinFinance/comments/oo3qb8/crowdfunding\\_access\\_is\\_open/](https://www.reddit.com/r/UrvinFinance/comments/oo3qb8/crowdfunding_access_is_open/)) \- that I don't want to talk too much about here out of respect for sub rules - but in many respects this project will cure many of the shortcomings I've seen and will help empower apes and all retail investors with accurate, clean, reliable information - which, in my view, is the bedrock for prosperity.