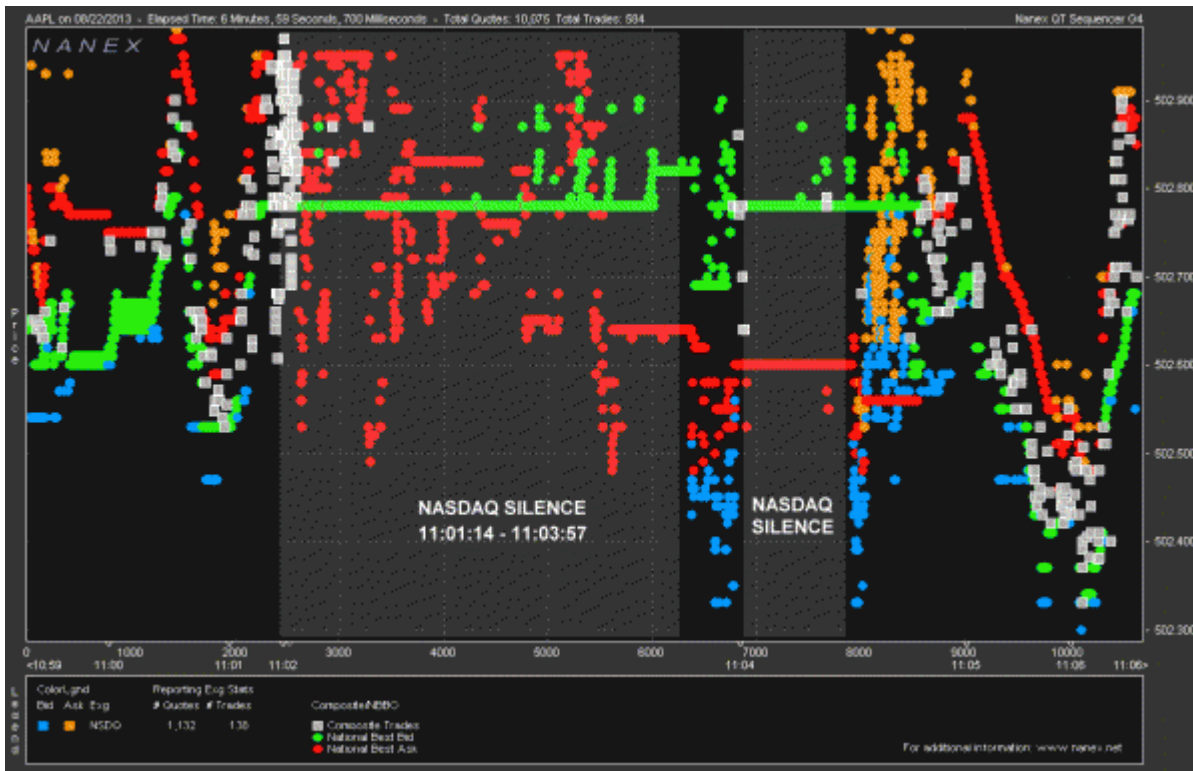


It Was AAPL After All

As we [pointed out first](#), the Nasdaq outage can be directly and indirectly traced to action in Apple stock from mere minutes (when it suddenly dropped to under \$500) to just over an hour before the Tape C halt was announced. And while the plunge below \$500 may have been the proximal cause for the lock up that crippled the Nasdaq in a historic three hour episode of unprecedented humiliation, Nanex, which also uncovered the real quote-stuffing reason behind the May 2010 flash crash (and which the SEC tried to pin squarely on Waddell and Reed) has just disclosed that Nasdaq was already demonstrating explicit “glitches” in the trading of Apple well ahead of the 12:21 pm trading halt.

Whereas we previously showed [three charts](#) demonstrating the chaos that broke out in AAPL moments before the NASDAQ officially halted Tape C trading, the chart below courtesy of Nanex shows two periods of distinct Nasdaq silence between 11:01 am and 11:04 am and a second block a few seconds later, in which there a combined three minute outage for the NASDAQ in AAPL trades, and when the Best Bid had locked up (as [would happen again after 3 pm only this time with the Best Ask](#)), letting the Best Ask run loose and once again make a mockery of the NBB0. Curiously while the Best Bid only was locked during the first “radio silent” period, both the Best Bid and Best Ask were locked in the seconds just following 11:04 am when NASDAQ was once again “offline” in AAPL trading.



Incidentally, all of the above took place during the first market break today when [as we also reported](#), BATS declared self help against NYSE Arca, for the second time in one hour, starting at 10:49 am and revoking self-help at 11:13 am. During this interval Nasdaq has a 3 minute radio silence in AAPL trades.

Summarizing:

- BATS “self-helps” against NYSE Arca for [the first time between 10:19am and 10:26 am](#)
- BATS “self-helps” against NYSE Arca for [the second time between 10:49 am and 11:13 am](#)
- During this interval NASDAQ has two periods of trading radio silence, when the Best Bid, and then both Best Bid and Best Ask, are locked.
- About an hour later, AAPL slides on no news and breaches the \$500 support level just around noon.
- At 12:09 NASDAQ [advises](#) that it is “currently experiencing issues with quote submission to the UTP SIP.”
- At 12:14 NASDAQ [advises](#) it is halting trading in all

Tape C securities.

- NASDAQ reopens at 3:25 pm; moments later [NASDAQ declares self-help against NYSE Arca](#) (as does BATS – for the third time).
- At the same time, whether or not due to NYSE Arca or not, AAPL's Best Ask is [once again locked](#) and is showing well below the Best Bid: i.e., a broken market.

So, for the third time today we ask: what was it about Apple's locked Bid and/or Ask that caused the NASDAQ freak out, and was all the Tape C trouble at the NASDAQ purely a function of a locked order originating at NYSE Arca?

We doubt, however, that NASDAQ will answer. Doing so just might expose someone who would have otherwise lost millions due to the exchange glitches, either at Nasdaq or NYSE Arca, had trades not been unwound and had the exchange not gone offline. Instead the NASDAQ will choose to cop out, and blame everything on a glitch, [as it just did](#) moments ago.

Still, as much as we would like to believe that today's epic market failure was merely a "glitch" the sequence of events above shows that at the very least the initial problem originated not at the NASDAQ but at Arca, and that AAPL had a very instrumental role to play in the cascade of events that resulted in the NASDAQ's historic 3+ hour halt.

And, one wonders, just what was the role of Carl Icahn's tweet in all of this...