

# THE EVERYTHING SHORT



BY U/ATOBITT



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*TL;DR- Citadel and friends have shorted the treasury bond market to oblivion using the repo market. Citadel owns a company called Palafox Trading and uses them to EXCLUSIVELY short & trade treasury securities. Palafox manages one fund for Citadel - the Citadel Global Fixed Income Master Fund LTD. Total assets over \$123 BILLION and 80% are owned by offshore investors in the Cayman Islands. Their reverse repo agreements are ENTIRELY rehypothecated and they CANNOT pay off their own repo agreements until someone pays them, first. The ENTIRE global financial economy is modeled after a fractional reserve system that is beginning to experience THE MOTHER OF ALL MARGIN CALLS.*

*THIS is why the DTC and FICC are requiring an increase in SLR deposits. The madness has officially come full circle.*

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My fellow apes,

After writing [Citadel Has No Clothes](#), I couldn't shake one MAJOR issue: *why do they have a balance sheet full of financial derivatives instead*

*of physical shares? Even Melvin keeps their derivative exposure to roughly 20%...(*[whalewisdom.com](http://whalewisdom.com)*, Melvin Capital 13F - 2020)*

The concept of a hedging instrument is to protect against price fluctuations. Hopefully you get it right and make a good prediction, but to have a portfolio with literally 80% derivatives.... absolute INSANITY.. it's the complete OPPOSITE of what should happen.. so WHAT is going on?

Let's break this into 4 parts:

1. ***Repurchase & Reverse Repurchase agreements***
2. ***Treasury Bonds***
3. ***Palafox Trading***
4. ***Short-seller Endgame***

Ok, 4 easy steps... as simple as possible.

### ***Step 1: Repurchase & Reverse Repurchase agreements.***

*WTF are they?*

A Repurchase Agreement is much like a loan. If you have a big juicy banana worth \$1,000,000 and need some quick cash, a repo agreement might be right for you. Just take that banana to a pawn shop and pawn it for a few days, borrow some cash, and buy your banana back later (plus a few tendies in interest). This creates a liability for you because you have to buy it back, unless you want to default and lose your big, beautiful banana. Regardless, you either buy it back or lose it. A reverse repo is how the *pawn shop* would account for this transaction.

*Why do they matter?*

Repos and reverse repos are the *LIFEBLOOD* of global financial liquidity. They allow for SUPER FAST conversions from securities to cash. The repo agreement I just described is happening daily with hedge funds and commercial banks. *EDIT: Inserting the quote from George Gammon: according to his calculations, the estimated total amount of repos are \$4 TRILLION, DAILY.* The NY Fed, alone, submitted [\\$40.354 BILLION](#) for repo agreements on (3/29). This amount represents the ONE DAY REPO due on 3/30. So yeah, SUPER short term loans- usually a few days. It's probably not a surprise that back in 2008 the go-to choice of collateral for repo agreements was mortgage backed securities..

[Lehman Brothers](#) went bankrupt because they fraudulently classified repo agreements as sales. You can do your own research on this, but I'll give you the quick n' dirty:

Lehman would go to a bank and ask for cash. The bank would ask for collateral in return and Lehman would offer mortgage backed securities (MBS). *It's great having so many mortgages on your balance sheet, but WTF good does it do if you have to wait 30 YEARS for the cash....* So Lehman gave their collateral to the bank and recorded these loans as *sales* instead of payables, with no intention of buying them back. This *EXTREMELY* overstated their revenue. When the market started realizing how sh\*tty these "AAA" securities actually were (thanks to Michael BRRRRRRRRy & friends), they were no longer accepted as collateral for repo loans. We all know what happened next.

The interest rate in 2008 on repos started climbing as the cost of borrowing money went through the roof. This happens because **the collateral is no longer attractive compared to cash**. My favorite bedtime story is how the Fed stepped in and bought all of the mean, toxic assets to save the US economy.. They literally paid Fannie & Freddie over [\\$190 billion in bailouts..](#)



A few years later, [MF Global](#) would suffer the same fate when their European repo exposure triggered a massive margin call. Their foreign exposure to repo agreements was nearly **4.5x** their total equity.. Both Lehman and MF Global found themselves in a major liquidity conundrum and were forced into bankruptcy. Not to mention the other losses that were incurred by other financial institutions... check this list for [bailout totals](#).

But.... did you know this happened AGAIN in 2019?







"but don't say it's QE.."

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### ***Step 2: Treasury Bonds***

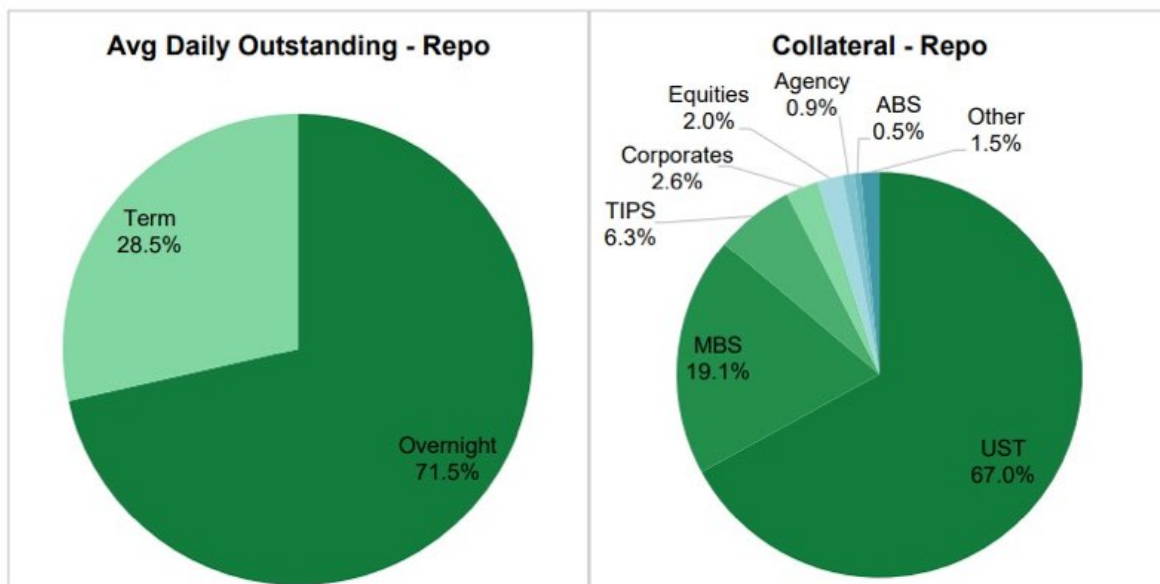
Ever heard of the bond market? Well it's the redheaded step-brother of the STONK market.

The US government sells you a treasury bond for \$1,000 and promises to pay you interest depending on how long you hold it. Might be 1%, might be 3%; might be 3 months, might be 10 years. Regardless, the point is that purchasing the US Treasury bond, in conjunction with mortgage backed securities, allowed the fed to keep pumping unlimited liquid tendies into the repo market. Surely, liquidity won't be an issue anymore, right?

Now... take the repo scenario from the Lehman Brothers story, but instead of using ONLY mortgage backed securities, add in the US Treasury bond: primarily the 10-year. Note that MBS are still prevalent at 19.1% of all repo transactions, but the US Treasury bond now represents a whopping 67%.



## Repo



For now, just know that the US Treasury has replaced the MBS as the dominant source of liquidity in the repo market.

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### ***Step 3: Palafox Trading***

Ever heard of Palafox Trading? Me either. It's pretty much meant to be that way.

Palafox Trading is a market maker for repurchase agreements. Initially, they appear to be an innocent trading company, but their financial statements revealed a little secret:

## Notes to Statement of Financial Condition

(Expressed in U.S. dollars in thousands)

### NOTE 1

#### Organization

Palafox Trading LLC (the "Company"), a Delaware limited liability company, is registered with the U.S. Securities and Exchange Commission ("SEC") as a broker and dealer, and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"), a member of the Securities Investor Protection Corporation, and a clearing member of the Fixed Income Clearing Corporation ("FICC") and LCH RepoClear ("LCH"). The Company is a netting member and sponsoring member of the Government Securities Division of FICC.

Citadel Global Fixed Income Master Fund Ltd. ("GFIL") is the sole member of the Company. As of December 31, 2020, Citadel Kensington Global Strategies Fund Ltd. through its holding company KGSF Offshore Holdings Ltd.; Citadel Wellington LLC; Citadel Kensington Global Strategies Fund II Ltd.; Citadel Global Fixed Income Fund Ltd. through its holding company GFID Offshore Holdings Ltd.; and Citadel Global Fixed Income Fund LLC were the shareholders and ultimate beneficiaries of GFIL.

The Company acts as an intermediary for GFIL in certain repurchase and reverse repurchase agreement transactions.

Citadel Advisors LLC ("CALC") is responsible for managing all investment and other activities for the Company. CALC is a registered investment adviser with the SEC pursuant to the Investment Advisers Act of 1940.

Citadel Enterprise Americas LLC ("CEAMER") and Citadel Americas LLC ("HFAMER"), both affiliates, provide administrative and investment-related services to the Company.

Northern Trust Hedge Fund Services LLC ("NTHFS") is responsible for providing certain middle and back office administrative and operational services to the Company. The services contract between the Company and NTHFS is currently effective through June 30, 2021.

### NOTE 2

#### Summary of Significant Accounting Policies

The accompanying financial statement has been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

#### Use of Estimates

The preparation of the financial statement in accordance with GAAP requires CALC to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statement. Actual results could differ significantly from those estimates.

#### Cash

The Company defines cash on the statement of financial condition as liquid amounts on deposit. Cash is held at various global financial institutions.

#### Cash Segregated Under Federal Regulation

Restricted cash of \$50 has been segregated in a special reserve bank account for the benefit of customers under SEC Rule 15c3-3.

#### Foreign Currency Translation

The functional currency of the Company is the U.S. dollar. The Company may hold assets and liabilities denominated in foreign currencies. The fair value of assets and liabilities is translated into U.S. dollars using spot currency rates on the date of valuation.

#### Offsetting Financial Instruments

Financial assets and liabilities, as well as cash collateral received and posted, are offset by counterparty when there exists a legally enforceable right to offset the recognized amounts and when certain other criteria are met in accordance with applicable accounting guidance on offsetting. As a result, the net exposure to each counterparty is reported as either an asset or liability on the statement of financial condition, where applicable.

#### Transfers of Financial Assets

In general, transfers of financial assets are accounted for as sales when the Company has relinquished control over the transferred assets. For transfers of financial assets that are not accounted for as sales, in which the transferor retains control of the financial assets, the financial assets remain on the statement of financial condition and the transfer is accounted for as a collateralized financing. Securities purchased under agreements to resell ("reverse repurchase agreements") and securities sold under agreements to repurchase ("repurchase agreements") are treated as collateralized financings (see Note 3).

Reverse repurchase and repurchase agreements are recorded at the amounts of cash paid or received, plus accrued interest, on the statement of financial condition. Reverse repurchase agreements and repurchase agreements with the same counterparty are reported on a net basis when there exists a legally enforceable right to offset the recognized amounts and when certain other criteria are met in accordance with applicable accounting guidance on offsetting.

#### Valuation of Financial Instruments

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The accounting guidance for fair value measurements and disclosures establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input, individually or in the aggregate, that is significant to the fair value measurement. The three levels of the fair value hierarchy are described below.

#### Basis of Fair Value Measurement

<b>Level 1</b>	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
<b>Level 2</b>	Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly; and
<b>Level 3</b>	Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Are you KIDDING ME?... I should have known...  
 OF COURSE Citadel has their own private repo market..  
 Who else is in this cesspool?!

# Notes to Statement of Financials

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*(Expressed in U.S. dollars in thousands)*

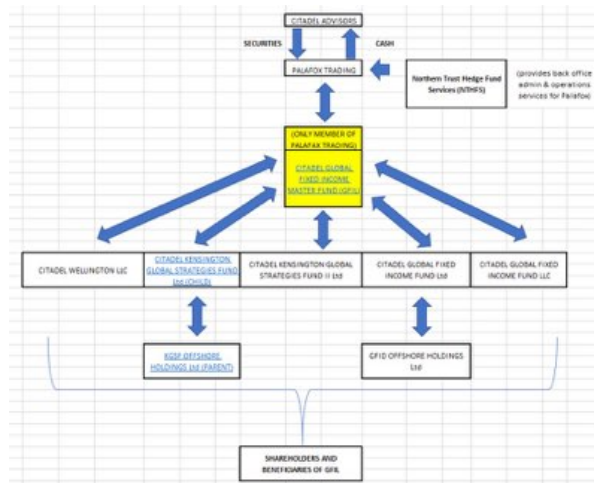
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The Company acts as an intermediary for GFIL in certain repurchase and reverse repurchase agreement transactions.



I made this using the financial statement listed above, showing all beneficiaries of the GFIL

Everything rolls into the [Citadel Global Fixed Income Master Fund](#)... This controls **\$123,218,147,399** (THAT'S BILLION) in assets under management... I know offshore accounts are technically legal for hedge funds.... but when you look at the itemized holdings of these funds on Citadel's most recent [form ADV](#), it gives me chills..  
[Form ADV](#) page 105-106....



11. Current gross asset value of the *private fund*:

\$ 123,218,147,399

#### Ownership

12. Minimum investment commitment required of an investor in the *private fund*:

\$ 0

NOTE: Report the amount routinely required of investors who are not your *related persons* (even if different from the a fund).

13. Approximate number of the *private fund*'s beneficial owners:

4

14. What is the approximate percentage of the *private fund* beneficially owned by you and your *related persons*:

0%

15. (a) What is the approximate percentage of the *private fund* beneficially owned (in the aggregate) by funds of funds:

100%

(b) If the private fund qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the of the fund limited to *qualified clients*?

16. What is the approximate percentage of the *private fund* beneficially owned by non-United States persons:

80%

Ok... ok.... let me get this straight....

1. The repo market provides IMMEDIATE liquidity to hedge funds and other financial institutions
2. After the MBS collapse in 2008, the US Treasury replaced it as the liquid asset of choice
3. Citadel owns 100% of Palafox Trading which is a market maker for repo agreements
4. This market maker provides liquidity to the Global Fixed Income Master Fund LTD (GFIL) through Citadel Advisors
5. 80% of its \$123,218,147,399 in assets under management belong to entities in the Cayman Islands

Ok.....I tore the [bermuda, paradise, and panama papers](#) apart and found that all of these funds boil down to just a few managers, but can't pin anything on them for money laundering... However, if there EVER were a case for it, I'd be extremely suspicious of this one...

The level of shade on all this is INCREDIBLE... There should be NO ROOM for a investment pool as big as Citadel to hide this sh\*t.... absolutely ridiculous..

The fact that there is so much foreign influence over our bond & repo market, which controls the liquidity of our country, is VERY concerning..

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#### ***Step 4: Short-seller Endgame***

Alright, I know this is a lot to take in..

I've been writing this post for a week, so reading it all at one time is probably going to make your head explode.. But now we can finally start putting all of this together.

Ok, remember how I explained that the repo rate started to rise in '08 because **the collateral was no longer attractive compared to cash? That means there wasn't enough liquidity in the system.** Well this time the OPPOSITE effect is happening. Ever since March 2020, the short-term lending rate (repo rate) has nearly dropped to **0.0%....**

## Secured Overnight Financing Rate (SOFR)

3/30/2021

DATE	RATE (%)	VOLUME (\$Billions)
3/29/2021	0.01	858

Historical Search

## Broad General Collateral Rate (BGCR)

3/30/2021

DATE	RATE (%)	VOLUME (\$Billions)
3/29/2021	0.01	348

Historical Search

## Tri-Party General Collateral Rate (TGCR)

3/30/2021

DATE	RATE (%)	VOLUME (\$Billions)
3/29/2021	0.01	329

Historical Search

<https://www.newyorkfed.org/markets/treasury-repo-reference-rates>

So the fed is printing free money, the repo market is lending free money, and there's basically NO difference between the collateral that's being lent and the cash that's being received.. With all this free money going around, it's no wonder why the price of the 10 year treasury has been declining.



In fact, hedge funds are SO confident that the 10 year treasury will continue to decline, that they've **SHORTED THE 10-YEAR BOND MARKET**. I'm not talking about speculative shorting, I mean shorting it to oblivion like they've shorted stocks.

Don't believe me?

Hedge funds like Citadel Advisors must first locate the treasury bond in order to swap them for cash in the repo market. It's extremely difficult to do this with the fed because they're tied up in government BS, so they locate a lender in the market. These consist of other commercial banks and hedge funds.

**NOTE: I MADE A COMMENT ABOUT BLACKROCK SUPPLYING TREASURY BONDS AND THIS IS NOT TRUE. UPON FURTHER REVIEW ( CREDIT [u/dontfightthevol](#) ) THESE BONDS CONSIST OF MBS AND CORPORATE BONDS. WHILE THE US TREASURY DEPARTMENT IS INVOLVED, THEY ARE NOT SUPPLYING TREASURY BONDS.**

So financial institutions keep treasuries on reserve for hedgies like Citadel to short. Citadel comes along and asks for the bond, they throw it into Palafox Trading and collect their cash. So what happens when they need to pay for their repo agreement? Surely to GOD there are enough bonds floating around, right? **Not unless hedge funds like Citadel have shorted more bonds than there are available.**

Here's the evidence.

There have been 3 instances over the past year where the repo rate dipped below the "failure" rate of -3.0%. On March 4th 2021, the repo rate hit -4.25% which means that investors were willing to PAY someone **4.25%** interest to lend THEIR OWN MONEY in exchange for a 10 year treasury bond.

This is a major signal of a squeeze in the treasury market. It's MAJOR desperation to find bonds. With the federal reserve purchasing them

monthly from the open market, it leaves room for a shortage when the repo call hits. If commercial banks and hedge funds haven't purchased more treasuries since first lending them out, short sellers simply cannot cover unless they go into the market and PAY the bond holder for their bond. It's literally the same story as all of the heavily shorted stocks.

Still not convinced?

At the end of 2020, Palafox Trading listed **\$31,257,102,000 (BILLION)** in GROSS repo agreements. **\$30,576,918,000 (BILLION)** were directly related to repurchasing treasury bonds....

## Notes to Statement of Financial Condition

(Expressed in U.S. dollars in thousands)

### LIABILITIES AS OF DECEMBER 31, 2020

	Repurchase Agreements
Included in the statement of financial condition	
Gross amounts	\$ 31,257,102
Amounts offset	(15,290,565)
<b>Net amounts</b>	<b>15,966,537</b>
Amounts not offset	
Counterparty netting	—
Financial instruments, at fair value	(15,960,081)
<b>Total</b>	<b>\$ 6,456</b>

In the tables above:

- Gross amounts and net amounts include all instruments, irrespective of whether there is a legally enforceable master netting agreement or similar arrangement in place. These amounts also include financing interest receivables and payables related to these transactions.
- Amounts offset, counterparty netting, and financial instruments, at fair value, relate to master netting agreements or similar arrangements which have been determined by the Company to be legally enforceable in the event of default.
- Amounts are reported on a net basis in the statement of financial condition when subject to a legally enforceable master netting agreement or similar arrangement and when certain other criteria are met in accordance with applicable accounting guidance on offsetting.
- Financial instruments not offset in the statement of financial condition include the fair value of securities purchased or sold under the agreements to resell or repurchase, respectively, accrued coupon interest and cash collateral, where applicable. These amounts are limited to the net amount by counterparty reported on the statement of financial condition and therefore any over-collateralization of these positions is not included.

#### Collateralized Transactions—Maturities and Collateral Pledged

The following table presents gross obligations for repurchase agreements by remaining contractual maturity as of December 31, 2020.

	Repurchase Agreements
Overnight and open	\$ 24,805,127
2-30 days	5,630,000
31-90 days	820,250
<b>Total</b>	<b>31,255,377</b>
Financing interest payable	1,725
<b>Gross amount presented in the offsetting table above</b>	<b>\$ 31,257,102</b>

The following table presents gross obligations for repurchase agreements by class of collateral pledged as of December 31, 2020.

	Repurchase Agreements
U.S. government securities	\$ 30,576,918
Residential mortgage-backed securities	678,459
<b>Total</b>	<b>31,255,377</b>
Financing interest payable	1,725
<b>Gross amount presented in the offsetting table above</b>	<b>\$ 31,257,102</b>

### NOTE 4

#### Transactions with Related Parties

##### Expenses

The Company reimburses CEAMER, HFAMER, and their affiliates for direct and allocable administrative, general and operating expenses paid by these entities, on behalf of the Company. As of December 31, 2020, the Company had a receivable from HFAMER of \$14 and a payable to CEAMER of \$421, which is included in receivable from affiliates and payable to affiliates, respectively, on the statement of financial condition.

##### Reverse Repurchase and Repurchase Agreements

During 2020, the Company entered into reverse repurchase and repurchase agreements with GFIL. The following table presents information about reverse repurchase and repurchase agreements with GFIL as of December 31, 2020.

	Reverse Repurchase Agreements	Repurchase Agreements
Gross contract value	\$ 23,689,613	\$ 7,595,406
Financing interest receivable/payable	1,681	2
Amounts offset in the statement of financial condition	(7,595,408)	(7,595,408)
<b>Net amounts</b>	<b>\$ 16,095,886</b>	<b>\$ —</b>
Fair value of securities collateral received/pledged	\$ 23,664,068	\$ 7,628,717

In the table above, the fair value of the collateral pledged and received includes accrued coupon interest.

As of December 31, 2020, GFIL paid cash collateral to the Company of \$264,808 related to reverse repurchase and repurchase agreements. The amount is included in payable to affiliates on the statement of financial condition. As of December 31, 2020, interest payable to GFIL of \$19 is included in payable to affiliates on the statement of financial condition.

Additionally, in relation to repurchase and reverse repurchase transactions during the year, the Company earned and incurred charges relating to failed delivery or receipt of securities with GFIL. As of December 31, 2020, the Company had a receivable from GFIL of \$170 and a payable to GFIL of \$132 related to fails charges, which is included in receivable from affiliates and payable to affiliates on the statement of financial condition.

The Company is compensated for financing services provided to GFIL, based on a comparable profits model in accordance with applicable transfer pricing regulations under the Internal Revenue Code. The Company receives payment for such fees monthly and recognizes such fees over time in the period when the service is provided. As of December 31, 2020, the Company had a receivable from GFIL of \$1,359, which is included in receivable from affiliates on the statement of financial condition. As of December 31, 2020, the Company did not have any transaction price allocated to unsatisfied or partially satisfied performance obligations.

##### Miscellaneous Related Party Transactions

The Company participates in a variety of operating and administrative transactions with related parties and affiliates. Because of these relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions among unrelated parties and such differences could be material.

<https://sec.report/CIK/0001284170>

But what about their Reverse Repurchase agreements? Don't they have assets to BUY treasury bonds? SURE.. Take a look..

**ASSETS AS OF DECEMBER 31, 2020**

	Reverse Repurchase Agreements
Included in the statement of financial condition	
Gross amounts	\$ 31,386,451
Amounts offset	(15,290,565)
Net amounts	16,095,886
Amounts not offset	
Counterparty netting	—
Financial instruments, at fair value	(16,095,886)
Total	\$ —

<https://sec.report/CIK/0001284170>

Se tHeRe? I tOld yOu ThEy HaD iT cOvErEd..

Yeaaaah... now read the fine print.

Reverse repurchase and repurchase agreements are collateralized primarily by receiving or pledging securities, respectively. Typically, the Company has rights of rehypothecation with respect to the securities collateral received under reverse repurchase agreements. As of December 31, 2020, substantially all securities collateral received under reverse repurchase agreements has been delivered or repledged in connection with repurchase agreements. Also, the counterparty generally has rights of rehypothecation with respect to the securities collateral received from the Company under repurchase agreements.

The Company monitors the fair value of underlying securities in comparison to the related receivable or payable, including accrued interest, and as necessary, transfers or requests additional collateral as provided under the applicable agreement to ensure transactions are adequately collateralized. Based on these collateral arrangements, CALC determined there are no expected credit losses for collateralized financings.

The following table presents information about reverse repurchase agreements and repurchase agreements as of December 31, 2020.

Fair value of securities collateral received for reverse repurchase agreements	\$31,392,643
Fair value of securities collateral pledged for repurchase agreements	31,295,308
Net cash collateral pledged to FICC	30,421
Net cash collateral received from GFIL	264,808

I know the totals are slightly different than the balance above, but they're both from 2020. It's just how they are presented. Check for yourself.

<https://sec.report/CIK/0001284170>

So no, they don't have it covered. Why? Because our POS financial system allows for rehypothecation, that's why. It's a big fancy word for

using amounts owed to you as collateral for another transaction. In the event that the party defaults, **SO DO YOU**.

This means that the securities which Palafox is waiting to receive, have **ALREADY** been pledged to pay off the bonds they currently **OWE** to someone else.

Does this sound familiar? Promising to repay something with something you don't already have? Basically you need to wait on Ted, to repay Steve, to repay Jan, to repay Mark, to repay you, so you can repay Fred, so Fred can.... Yeah, REAAAAL secure..

OH, and by the way, the problem is getting **WORSE**.

Here's Palafox's financial statements in **2018**:

PALAFox TRADING LLC

## Statement of Financial Condition

(Expressed in U.S. dollars in thousands)

### ASSETS

	As of December 31, 2018
Assets:	
Cash	\$ 141,657
Securities purchased under agreements to resell	5,107,993
Receivable from brokers, dealers, and clearing organizations	43,347
Receivable from affiliate	21,155
Other assets	286
<b>Total assets</b>	<b>\$ 5,314,438</b>

### LIABILITIES AND MEMBER'S CAPITAL

Liabilities:	
Securities sold under agreements to repurchase	\$ 5,145,299
Payable to brokers, dealers, and clearing organization	36,804
Payable to affiliates	242
Other liabilities	76
<b>Total liabilities</b>	<b>5,182,421</b>
Member's capital	132,017
<b>Total liabilities and member's capital</b>	<b>\$ 5,314,438</b>

<https://sec.report/CIK/0001284170>

**And 2019:**

PALAFox TRADING LLC

## Statement of Financial Condition

(Expressed in U.S. dollars in thousands)

### ASSETS

	As of December 31, 2019
Assets:	
Cash	\$ 165,844
Cash segregated under federal regulation	50
Securities purchased under agreements to resell	7,739,032
Receivable from brokers, dealers, clearing organizations, and custodian	111,158
Receivable from affiliate	421
Other assets	259
<b>Total assets</b>	<b>\$ 8,016,764</b>

### LIABILITIES AND MEMBER'S CAPITAL

Liabilities:	
Securities sold under agreements to repurchase	\$ 7,783,495
Payable to affiliates	50,952
Other liabilities	107
<b>Total liabilities</b>	<b>7,834,554</b>
Member's capital	182,210
<b>Total liabilities and member's capital</b>	<b>\$ 8,016,764</b>

<https://sec.report/CIK/0001284170>

The amount in **2020** is STILL +100% greater than 2019, AFTER netting (which is even more bullsh\*t).



## Statement of Financial Condition

(Expressed in U.S. dollars in thousands)

### ASSETS

	As of December 31, 2020
<b>Assets:</b>	
Cash	\$ 56,011
Cash segregated under federal regulation	50
Securities purchased under agreements to resell	16,095,886
Receivable from brokers, dealers, clearing organizations, and custodian	315,459
Receivable from affiliates	1,543
Other assets	208
<b>Total assets</b>	<b>\$ 16,469,157</b>

### LIABILITIES AND MEMBER'S CAPITAL

<b>Liabilities:</b>	
Securities sold under agreements to repurchase	\$ 15,966,537
Payable to affiliates	265,380
Payable to clearing organization	54,218
Other liabilities	211
<b>Total liabilities</b>	<b>\$ 16,286,346</b>
 Member's capital	 182,811
<b>Total liabilities and member's capital</b>	<b>\$ 16,469,157</b>

<https://sec.report/CIK/0001284170>

All of this made me wonder what the FICC's balance is for treasury deposits... For those of you that don't know, the FICC is a branch of the DTCC that deals with government securities.

Just like the updated DTC rule for supplemental liquidity deposits being calculated throughout the day, the FICC also calculates this amount as it relates to treasury securities multiple times throughout the day.

Would you be surprised that the FICC has \$47,000,000,000 (BILLION) just in DEPOSITS for unsettled treasury bonds? **\$47,000,000,000!?!?!?**

# CAN YOU IMAGINE HOW ASTRONOMICAL THE ACTUAL MARGIN MUST BE?!

## FIXED INCOME CLEARING CORPORATION

### STATEMENTS OF FINANCIAL CONDITION

(In thousands, except share data)	As of December 31,	
	2020	2019
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 300,549	\$ 277,811
Accounts receivable - net of allowance for credit losses	24,360	13,330
Clearing Fund	47,005,609	32,960,513
Other Participants' assets	1,142	1,340
Other current assets	89	11,954
Total current assets	47,331,749	33,264,948
NON-CURRENT ASSETS:		
Premises and equipment - net of accumulated depreciation	639	659
Intangible assets - net of accumulated amortization	52,796	45,385
Total non-current assets	53,435	46,044
<b>TOTAL ASSETS</b>	<b>\$ 47,385,184</b>	<b>\$ 33,310,992</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 16,821	\$ 10,074
Clearing Fund	47,005,609	32,960,513
Payable to Participants	1,142	1,340
Other current liabilities	2,358	—
Total current liabilities	47,025,930	32,971,927
OTHER NON-CURRENT LIABILITIES:		
Other non-current liabilities	21,140	19,081
Total liabilities	47,047,070	32,991,008
COMMITMENTS AND CONTINGENCIES (Note 2)		
<b>SHAREHOLDER'S EQUITY</b>		
Common stock, \$0.50 par value - 105,000 shares authorized;		
20,400 shares issued and outstanding	10	10
Additional paid-in capital	86,617	86,617
Retained earnings	251,487	233,357
Total shareholder's equity	338,114	319,984
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>\$ 47,385,184</b>	<b>\$ 33,310,992</b>

There is TOO much evidence, from TOO many separate events, pointing to the imminent default of something big. That's all this is going to take. When Ted can't repay Steve, it means the panic has already started. Just look at how easy it was for the repo rate to spike overnight in 2019..

We are already starting to see the consequences of the SLR update with Archegos, Nomura, and Credit Suisse. This is just a taste of what's to come.. and now we know the bond market represents an even BIGGER catalyst in triggering this event.. and it's happening already.

With that being said, things finally started to make sense... Citadel doesn't NEED shares if their investment strategy to go short on EVERYTHING instead of going long. Why bother owning shares? Financial institutions and other asset managers simply lend them to you when you need to pony up a margin call for stocks and bonds..

Their HFT systems allow them to manipulate the market in their favor so there's NO way they could fail.... unless.... a bunch of degenerates all decided to ignore taking profits...

But that would NEVER happen, right?

...wrong...

we just like the stonks

DIAMOND.F\*CKING.HANDS

***This is not financial advice***

**“When I was a boy in Bulgaria....”**

VLAD TENEV, CEO OF ROBINHOOD