Put anomalies: 127 Million synthetic shares. By: u/dejf2

Put Anomalies PT1 — Were 127 MILLION+ SYNTHETIC SHARES created since January, or is this data 'nothing to worry about'? Why were 1.094 MILLION worthless PUTS traded on March3&4? Was it linked to the open interest? Findings of a 2-week market-data-driven and white paper investigation.

DD

Tl;Dr: Not this time. You won't regret the time spent on this. There is also an ELIA at the bottom.

Disclaimer:

The aim of the post is to display some options trading data that I believe many of us haven't seen. It is to contextualize abnormal options trading activity on GME and dispel some myths about the put open interest.

BY NO MEANS DO I INTEND TO MAKE CONCRETE STATEMENTS ABOUT WHAT THIS DATA MEANS.

I am an ape with a research & writing background, not a financial or markets one. I am good at getting to and presenting data. Courtesy of ape's donations, I am now working full-time on investigating and writing about GME.

I am asking for your input as to what we are actually looking at, how it works, and what the implications are. I am asking for the SEC, FINRA, and the relevant US Attorneys to tell us what this data means, and to what tune GME retail investors have been defrauded.

Throwback time:

- I am the guy which has been tracking deep-ITM call anomalies and reported the findings to the SEC, which you can find posts about here:

The SI% is fake. I found 44,000,000 million shorts that had their FTDs reset since January 1st using DEEP ITM CALLS. (OPEN PDF)

DEEP ITM Calls Activity PT2 - April 1stUpdate on me contacting SEC about the 44m FTDs; Proposal for a 'The Game Did Not Stop' Project (OPEN PDF)

- The above data seems very damning in light of the SEC Risk Alert paper which describes such anomalies to be evidence of Fail-to-Delivers being reset in order to circumvent the law and regulations regarding short selling.

5th of April

Now, it is the belief of some apes that on the 5th of April, there was no deep-ITM call activity due to my widely-read posts on the 31st March and 1st of April.

That is not my belief, because that would just be too hilarious to be true. If only Kenny saw how I lived.

However, the fact remains that in the week after those posts, that activity was lacking. However, new Open Interest opened up on random worthless puts again. That caught my attention and piqued my interest.

Here are the results of my almost 3-week investigation.

Observation 1: GME has some of the highest put Open Interests across all stocks

For the JULY 16 expiry, only S-P-Y has higher open puts. For January 2022 expiry, it is rubbing shoulders in terms of open put interest with stocks that have 2-5bn shares outstanding, compared to GME's 70m.

Showing 1 to 25 of 1,845 entries (filtered from 26,639 total entries) Search:

Symbol	Spot Price	Price Chg	Expiration Date	ATM IV	ATM IV % Chg	Total Volume	Total Open Interest	Total Change	Call Open Interest	Call Change	Put Open Interest	Put Change
SPY	415.80	-0.1%	16-Jul-21	15.4	-0.8%	7,665	625,120	+14,657	227,336	+5,700	397,784	+8,957
GME	155.30	-2.0%	16-Jul-21					+2,462	64,073	+749	378,838	+1,713
EFA	78.67	+0.2%	16-Jul-21					+84	16,930	+84	305,650	0
SLV	24.42	-1.1%	16-Jul-21					+7,963	543,594	+5,994	241,427	+1,969
AAPL	133.85	+0.3%	16-Jul-21				140	+5,263	267,220	+371	202,920	+4,892
PBR	8.49	+1.9%	16-Jul-21	45.5	+1.7		1,948	+322	256,270	+294	185,678	+28
AAL	20.83	-0.9%	16-Jul-21	49.5	-1.4%		239,935	+2,873	82,268	+1,127	157,667	+1,746
EEM	54.08	+0.1%	16-Jul-21	18.3	-1.2%	54	188,779	+916	55,279	+35	133,500	+881
GLD	167.40	-0.4%	16-Jul-21	14.2	-3.1%	612	241,185	+5,310	128,053	+2,640	113,132	+2,670
AAPL	133.97	+0.4%	21-Jan-22	29.8	-0.5%	2,179	1,826,761	+7,025	993,295	+593	833,466	+6,432
TSLA	742.49	-0.2%	21-Jan-22	67.7	+0.3%	708	1,164,200	+147	506,177	-116	658,023	+263
SPY	415.85	-0.1%	21-Jan-22	17.5	+0.1%	1,009	968,930	+2,014	327,799	+1,209	641,131	+805
AAL	20.92	-0.4%	21-Jan-22	50.0	-0.3%	1,665	869,440	+11,887	265,721	+697	603,719	+11,190
BAC	38.49	-0.6%	21-Jan-22	28.3	+0.1%	2,875	1,145,226	-92	610,453	-164	534,773	+72
EEM	54.18	+0.3%	21-Jan-22	20.7	+1.5%	25	741,557	+3,443	232,894	+450	508,663	+2,993
XLF	34.95	-0.5%	21-Jan-22	20.4	+0.1%	156	826,937	+1,496	348,607	+775	478,330	+721
NIO	39.13	+0.6%	21-Jan-22	69.6	+0.3%	1,727	889,974	+726	412,627	+185	477,347	+541
GE	13.41	+0.4%	21-Jan-22	36.5	-0.5%	1,438	1,409,613	+657	944,899	-275	464,714	+932
SLV	24.38	-1.3%	21-Jan-22	31.8	-2.1%	13,715	1,283,373	-1,598	896,409	-1,672	386,964	+74
PBR	8.44	+1.3%	21-Jan-22	48.0	+7.2%	131	719,719	+5,689	364,726	+69	354,993	+5,620
F	11.93	+1.7%	21-Jan-22	40.6	+1.0%	2,271	1,121,644	+2,101	767,198	+1,794	354,446	+307
GDX	36.48	-0.9%	21-Jan-22	32.3	-0.3%	1,112	739,211	+632	413,467	+368	325,744	+264
BABA	233.72	+1.9%	21-Jan-22	35.3	-0.7%	664	756,634	+1,464	435,799	+912	320,835	+552
AMD	80.36	-1.5%	21-Jan-22	42.0	+1.0%	543	629,189	+4,441	314,429	+237	314,760	+4,204
WFC	43.30	+0.1%	21-Jan-22	30.8	-0.1%	323	915,646	+1,726	606,759	+1,597	308,887	+129
T	31.57	+4.8%	21-Jan-22	17.7	-5.1%	14,024	695,767	+4,359	414,394	+1,684	281,373	+2,675
C	70.08	-0.8%	21-Jan-22	28.6	-1.5%	1,507	543,432	-358	266,138	-861	277,294	+503
NOK	4.20	-0.2%	21-Jan-22	36.9	-2.9%	816	1,358,071	+2,129	1,083,797	+2,005	274,274	+124
XLE	47.15	-1.1%	21-Jan-22	31.3	+2.5%	410	631,708	+4,949	362,895	+2,742	268,813	+2,207
IWM	222.99	+0.2%	21-Jan-22	22.4	-0.4%	344	414,124	+794	148,052	+266	266,072	+528
GME	155.56	-1.9%	21-Jan-22	120.6	-1.6%	498	287,019	+378	36,373	+255	250,646	+123
VALE	19.18	-1.2%	21-Jan-22	36.2	+10.5%	500	539,261	+1,216	289,306	+1,216	249,955	0
UBER	55.83	+0.1%	21-Jan-22	43.9	-0.5%	565	632,977	+3,373	393,902	+1,483	239,075	+1,890
CCL	27.58	+0.9%	21-Jan-22	52.4	-0.5%	747	675,283	-172	436,397	+441	238,886	-613

Highest put open interest for any stock for 16 JULY expiry

In terms of open Put Interest, GME rubs shoulders with SPY, AAPL, and other stocks stocks that have upwards of a billion shares outstanding. I.e.: UBER (1.86bn), NOK (5.64bn), C (2.09bn) - to GME's 70m. Therefore, we can observe that:

1) GME has abnormally high put open interest on some expiries such as 21JAN2022, JUL16 (top2), 16APR

2) Over 50% of that open interest is in questionable, seemingly worthless puts (on other stocks these puts are allocated around the spot price)

Observation 2: Majority of that Put Open Interest is in seemingly worthless deep out of money puts, mainly around $0.5 puts.

July 16

Puts for July 16, 2021

Contract Name	Last Trade Date	Strike	Last Price	Bid	Ask	Change	% Change	Volume	Open Interest	Implied Volatility
GME210716P00000500	2021-04-26 12:05PM EDT	0.50	0.01	0.00	0.01	0.00	-	14	148,332	412.50%
GME210716P00001000	2021-04-23 3:48PM EDT	1.00	0.01	0.00	0.01	0.00	-	166	30,279	350.00%
GME210716P00001500	2021-04-23 3:54PM EDT	1.50	0.01	0.00	0.01	0.00	-	56	5,351	325.00%
GME210716P00002000	2021-04-26 9:58AM EDT	2.00	0.01	0.01	0.02	0.00	-	57	9,036	331.25%
GME210716P00002500	2021-04-26 9:42AM EDT	2.50	0.01	0.00	0.01	-0.01	-50.00%	47	4,452	281.25%
GME210716P00003000	2021-04-23 3:46PM EDT	3.00	0.01	0.01	0.02	-0.01	-50.00%	6	3,734	293.75%
GME210716P00003500	2021-04-22 12:42PM EDT	3.50	0.02	0.01	0.03	0.00	-	1	2,014	290.63%
GME210716P00004000	2021-04-23 3:29PM EDT	4.00	0.01	0.01	0.03	-0.01	-50.00%	1	6,449	278.13%
GME210716P00004500	2021-04-26 9:48AM EDT	4.50	0.02	0.01	0.03	-0.01	-33.33%	15	1,465	268.75%
GME210716P00005000	2021-04-26 11:06AM EDT	5.00	0.03	0.02	0.03	0.00	-	6	18,402	265.63%
GME210716P00005500	2021-04-20 11:50AM EDT	5.50	0.04	0.02	0.06	0.00	-	6	3,617	270.31%
GME210716P00006000	2021-04-26 11:42AM EDT	6.00	0.04	0.02	0.05	+0.01	+33.33%	1	7,288	259.38%
GME210716P00007000	2021-04-26 12:07PM EDT	7.00	0.05	0.01	0.07	+0.03	+150.00%	276	6,649	250.00%
GME210716P00008000	2021-04-23 12:19PM EDT	8.00	0.06	0.03	0.08	-0.03	-33.33%	10	2,742	246.88%
GME210716P00009000	2021-04-23 10:59AM EDT	9.00	0.08	0.06	0.11	0.00	-	5	1,555	248.44%
GME210716P00010000	2021-04-26 12:35PM EDT	10.00	0.13	0.12	0.13	+0.03	+30.00%	15	13,848	250.00%

21-Jan-22	286,427

286,427 puts AND calls open for January 21, 2022.

STRIKE IV GRAPHS | CALL TRADES | PUT TRADES | PERFORMANCE TRACKING

Toggle View: Call Details • Put Details

Strike			Put Details						
Date	Days to Expiration	Strike	Bid Price	Ask Price	Midpt % Chg	Open Interest	Trade Count	Trade Volume	IV
19-Apr-2021	277	0.50	0.01	0.02	0.0%	122,618	20	691	253.5
16-Apr-2021	280	0.50	0.01	0.02	0.0%	122,618	28	2,204	245.8
15-Apr-2021	281	0.50	0.01	0.02	0.0%	123,530	17	331	245.8
14-Apr-2021	282	0.50	0.01	0.02	0.0%	123,280	33	886	245.8
13-Apr-2021	283	0.50	0.01	0.02	0.0%	123,403	22	199	245.8
12-Apr-2021	284	0.50	0.01	0.02	0.0%	123,445	47	990	245.8
9-Apr-2021	287	0.50	0.01	0.02	-40.0%	122,616	91	1,976	246.0
8-Apr-2021	288	0.50	0.02	0.03	0.0%	121,507	25	233	262.9
7-Apr-2021	289	0.50	0.02	0.03	+25.0%	121,532	18	73	263.0

Strike			Put Details						
Date	Days to Expiration	Strike	Bid Price	Ask Price	Midpt % Chg	Open Interest	Trade Count	Trade Volume	IV
19-Apr-2021	277	1.00	0.01	0.02	0.0%	26,906	10	216	216.0
16-Apr-2021	280	1.00	0.01	0.02	0.0%	26,906	22	436	211.4

Strike			Put Details						
Date	Days to Expiration	Strike	Bid Price	Ask Price	Midpt % Chg	Open Interest	Trade Count	Trade Volume	IV
19-Apr-2021	277	1.50	0.01	0.03	-42.9%	3,485	4	21	194.3

Strike			Put Details						
Date	Days to Expiration	Strike	Bid Price	Ask Price	Midpt % Chg	Open Interest	Trade Count	Trade Volume	IV
19-Apr-2021	277	2.00	0.05	0.07	-7.7%	11,635	5	32	210.0

57.4% of ALL open call AND put $GME contracts

expiring 21st January 2022 are worthless $0.50, $1, and $2 puts.

Why is this interesting?

These puts are the most worthless items in the GME options market.

They are the right to sell 100 shares of GME at the strike price. Therefore, buying a $1 put is equivalent to betting that you will profit from selling shares at $1, i.e. betting that the price will be lower than ($1 — premium for buying the put).

It is one of the four corners of the options spectrum. It is the worthless corner. Other three corners are far more valuable.

1. The corresponding strike price calls $0.5—$10 calls are 'deep-in-the-money' — meaning the stock price exceeded the strike price, in these cases, by a factor of over 20x. For this reason, they are pretty much priced at (share price — strike price) as the likelihood of them being in the money is pretty much at 100%. They are very valuable.
2. There are deep-out-of money calls ($800c), but with recent volatility, reaching those prices does not seem impossible for long-dated July, Nov and leap calls. They have time value and volatility premiums that represent the likelihood of the price reaching $800 by the expiry date. None of these deep-OTM calls trade at sub—$0.05 premiums like the deep OTM puts do.
3. High strike price puts ($800p) represent the right to sell shares at $800, which is approximately 4-5x the current share price. Therefore, the price for these is close to ($800 — share price), they are very valuable.

All other strike prices for calls and puts are points along those scales. **The deep OTM puts we are looking at are at the most worthless end of the scale.** They in many cases trade at $0.01 premium per share, or $1 per put contract.

This seems insignificant, but when we look at the share numbers tied to these transactions — we MUST ask — **why would somebody do something so 'insignificant' SO MUCH?**

Additional proof to the worthlessness of these puts as well as the thesis that the holder of these puts is obtaining them for a gain other than financial:

On Feb 5, the following puts expired:

$0.5p - **22,163 OI expiring - 27,010 total** volume since creation

$1p - **15,281 OI expiring - 19,531 total** volume since creation

$1.5p - **6,951 OI expiring - 9,704 total** volume since creation

$2p - **4,793 OI expiring - 6,549 total** volume since creation

$2.5p - **4,671 OI expiring - 4,754 total** volume since creation

On Feb 12, the following puts expired:

$0.5p - **35,153 OI expiring - 43,835 total volume** since creation

$1p - **15,802 OI expiring - 22000 total volume** since creation

In many of these cases, the party who initially buys the put holds it until it expires worthless.

Options are the casino of the stock market. The options represent bets.

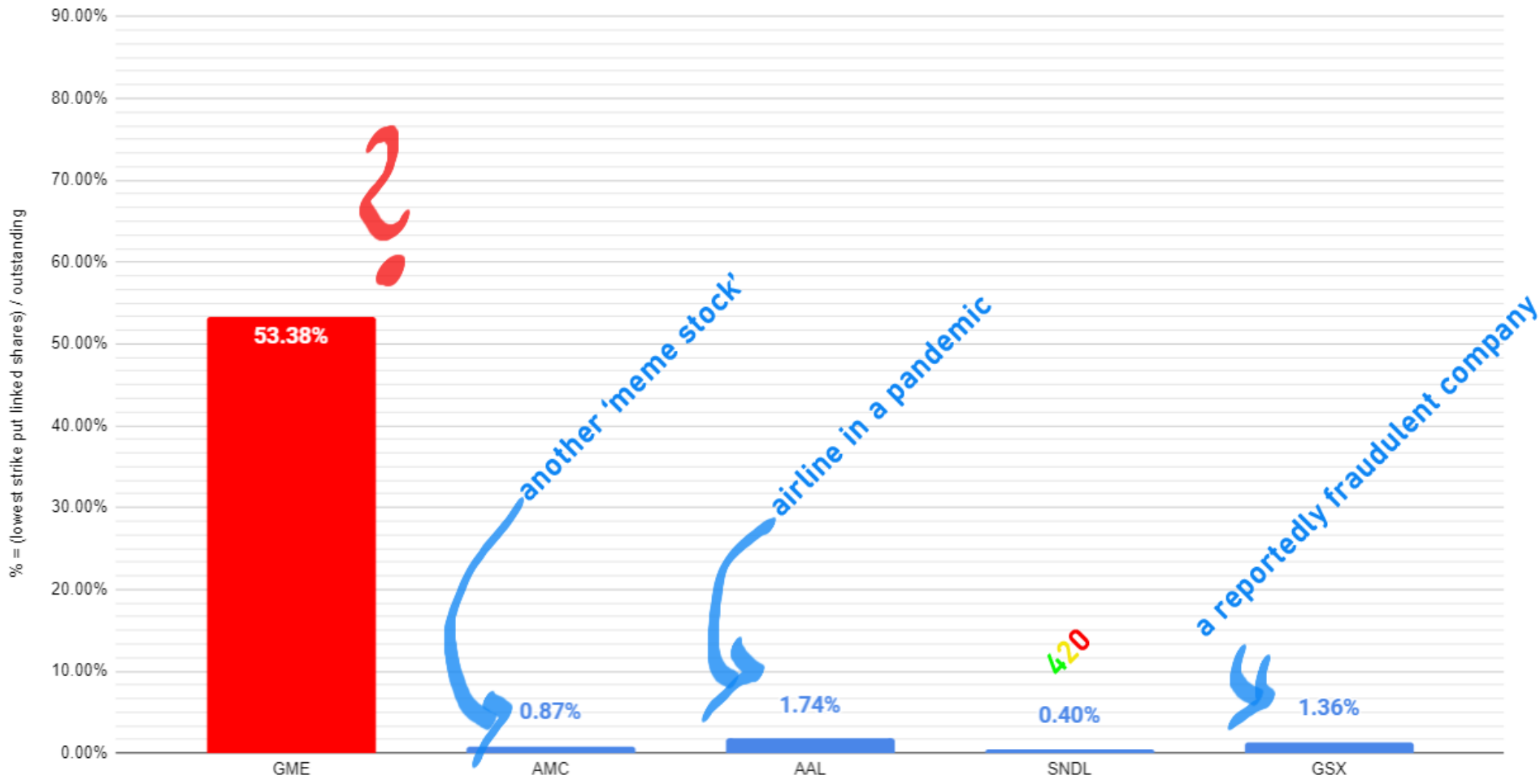
What incentive is there to make such worthless bets over and over again at crazy volume?

Or maybe the question we should be asking is:

Why would somebody NEED to be writing these puts?

Observation 2b) Other stocks do not have such high open interest on the lowest strike price puts.

Here is a comparison of the Put Open Interest for GME against 4 other stocks. I have added the **total Put Open Interest** for the **LOWEST STRIKE PRICE PUT** for **EVERY EXPIRY**. I have then multiplied it by 100, for the maximum of theoretical shares linked to each contract, and divided it by the **TOTAL OUTSTANDING SHARES** for each of the stocks.



Not one of the other surveyed stocks even touched 2% compared to GME's 53.38%. This is completely ignoring the facts that not one of those stocks is priced higher than $27, to GME's current $160s. Many of the other stock's strikes started at $10 and $15 for some expiries, which means that in some cases, the lowest put strike price available was above 50% of the current share price, while in the case of GME, most of these puts were placed at $0.5 and $1 strike prices, which were 0.31%-0.62% of the share price.

If every one of those put contracts SOMEHOW corresponded to 100 shares, the total amount would constitute 53.38% of GME's outstanding shares. And those are just the lowest strike prices. Can phantom shares be created in this way?

We have a sniff of a clue in this paper:

Welborn, J. (2007): MARRIED PUTS, REVERSE CONVERSIONS AND ABUSE OF THE OPTIONS MARKET MAKER EXCEPTION ON THE CHICAGO STOCK EXCHANGE

p1: *In hard-to-borrow securities, short sellers are illegally "renting" the options market maker's exception from the locate requirement in order to obtain share entitlements and put options that they then sell and exercise for profit. In a married put, a short seller purchases put options from an options market maker who then [naked] shorts the same amount of stock back to the short seller as a hedge. If the stock sold is not a threshold security, then the options market maker may fail and never deliver. A married put can be disguised as a market-neutral reverse conversion. Married puts in Overstock executed, in part, on the CHX exchange indicate several layers of fraudulent, manipulative and criminal activity:*

1. Engaging in securities fraud by knowingly failing to deliver securities

2. Mis-marking intentionally short sales as long.

3. Engaging in market making activity that is not bona fide.

4. Failing to comply with Regulation SHO close-out requirements ("rolling the fails")

5. Agreeing in advance not to demand delivery through buy-ins (i.e., criminal collusion)

p6:

Options Market Maker ("OMM")	Short Seller ("SS")
[Naked] shorts N shares of OSTK to SS	Buys N "shares" of ABC stock from OMM
Sells ("writes") puts for $5 on N shares of OSTK	Buys puts for $5 on N shares of OSTK

Married Put mechanism per Wellborn paper

p7: *The outcome of the married put is that the actual naked shorting occurs on the books of the options market maker. Regulation SHO says that, at T+13, the options market maker need not locate and deliver the "shares" he sold. Options market makers face no penalties for failing to deliver. Similarly, the short seller has no incentive to buy-in the market maker, as that would create upward price pressure on the stock—just the opposite of what a holder of a real or synthetic short position would want. Even if that were not true, it is common knowledge that buy-ins are rare. In a 2003 SEC Interpretive Release, the Commission expressed concern about "the manipulative sale of securities underlying a married put as part of a scheme to drive the market price down and later profit by purchasing the securities at a depressed price." With increased scrutiny on married puts, anecdotal evidence suggests that they are being masked within market neutral trades known as reverse conversions. Classically, conversions and reverse conversions were riskless arbitrage transactions that converted common stock into options (and vice versa).*

p9: "Those trades could be done to generate new "bullets" with which to depress the share price. It is also possible that the married puts are being used to roll failed positions."

p9-10: "*In May 2007, the American Stock Exchange disciplined SBA Trading for abusing the options market maker exception through the use of fraudulent use of married puts and reverse conversions. It is a **FACT** that the Arensteins engaged in fraudulent options market making on this stock. This course of conduct enabled Respondents to maintain impermissible short positions in a number of Reg SHO threshold securities for extended periods of time."*

My comments: The GME case is different from the one discussed in the Wellborn paper. Throughout the paper, the married puts cited are described and implied to be in-the-money puts. On GME, we can observe incredible out-of-the-money put anomalies.

However, not every tactic of the 2021 Abusive Short Seller will be described in papers from 1999-2013 that most of current GME DD is based on.

We will never have all the answers presented to us, though.

However, from this paper and the SEC Risk Alert about deep-ITM calls, we can be CERTAIN that both calls and puts will show anomalies somewhere if fraudulent activity surrounding maintaining illegal short positions, creating phantom shares, and rolling failed buy-in obligations is taking place on a stock.
This is just where I found the anomalies on GME.
It shouldn't be my job as a retail investor to have to determine exactly how these anomalies link to and explain that activity, that is a job for the SEC, FINRA, the United States Attorney for the Southern District of New York, as well as probably Chicago and Philadelphia.
This is just the data I found.

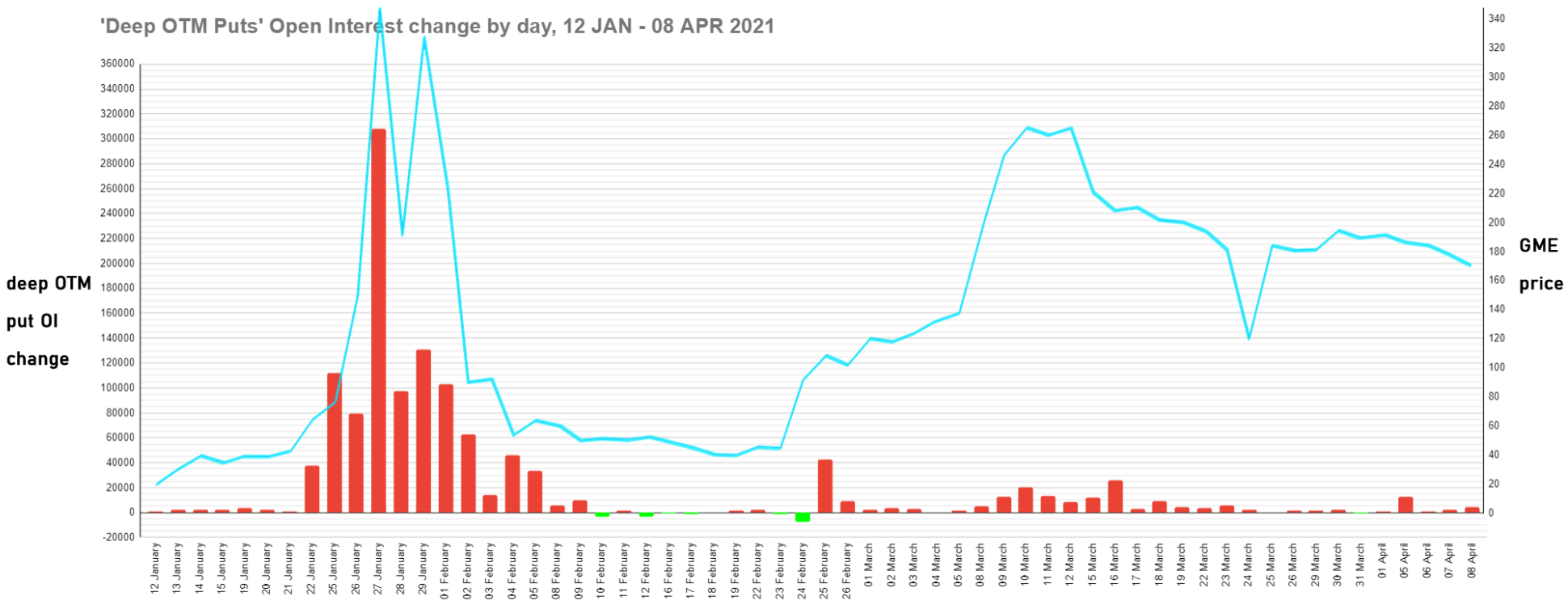
GME Phenomena relevant to the Wellborn Paper

1. Abnormally High Put Open Interest on seemingly worthless puts

MYTH:

The Abnormally High Put Open Interest on $GME **is a remnant of (possibly naked) shorting in 2020 and early 2021 (pre-January squeeze).**
Implication: Yes, there was naked shorting on GME, but it is possible this was covered in the January rally.

FACT: These puts were almost exclusively opened DURING and AFTER the January rally.



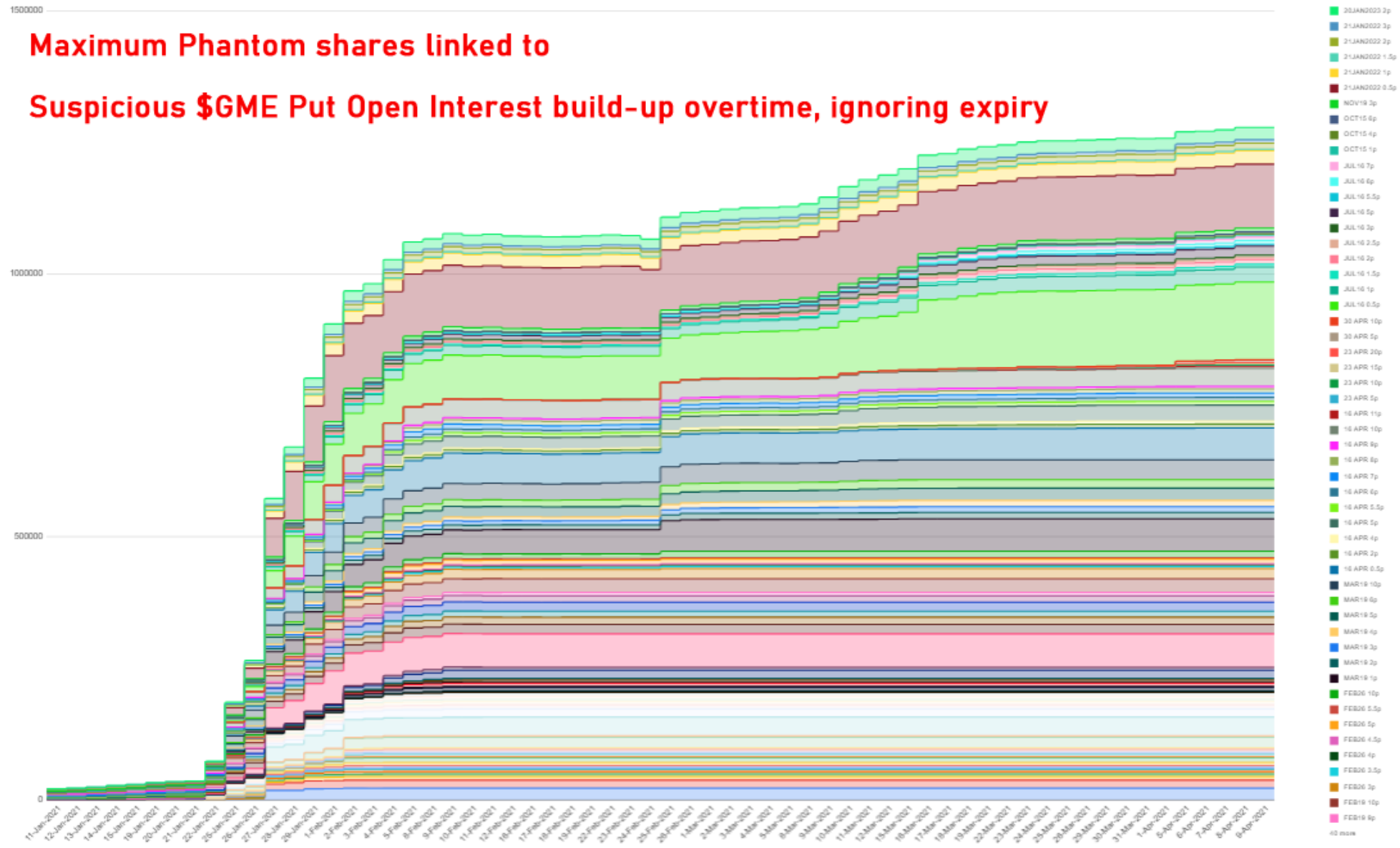
The above graph is the **net change in open put interest** on all the puts that I suspect of having been manipulated.
If the abnormally high put open interest was accepted as a remnant of pre-January naked shorting, wouldn't this chart make that proof of naked shorting happening on GME heavily during the January spike, and also preceding the mid-March drop?
A 1990 paper that I paid $25 for may hold a clue:
"Our results indicate that securities with high levels of short interest tend to have higher betas and traded options and convertible securities associated with them. ***Changes in the open interest of options are positively related to changes in short interest.*** *To examine this, we looked at coincidental changes of the open interest in firm options and changes in a firm's short interest. Table 5 reports the aggregate simultaneous increases and decreases in short interest and open option interest based on the expiration cycle. The statistical results are easily significant at the 0.01 level and indicate that* ***short interest and option open interest tend to move together***. Tests performed on individual years also were significant for each year. The short interest changes tend to be positively associated with changes in the open interest of options.**"** - Brent, Morse & Stice (1990) — "Short Interest: Explanations and Tests" (Journal of Financial and Quantitative Analysis, Vol 25, No 2, June 1990)

In this fashion, there have been 90+ strike price & expiry date combinations used since January 2021 to perform this suspicious activity. They are:

FEB 5 0.5p FEB12 10p 16 APR 9p FEB 5 1p FEB12 15p 16 APR 10p FEB 5 1.5p FEB19 1p 16 APR 11p FEB 5 2p FEB19 2p 23 APR 5p FEB 5 2.5p FEB19 3p 23 APR 10p FEB 5 3p FEB19 4p 23 APR 15p FEB 5 3.5p FEB19 5p 23 APR 20p FEB 5 4p FEB19 6p 30 APR 5p FEB 5 4.5p FEB19 9p JUL16 0.5p FEB 5 5p FEB19 10p JUL16 1p FEB 5 5.5p FEB26 3p JUL16 1.5p FEB 5 6p FEB26 3.5p JUL16 2p FEB 5 7p FEB26 4p JUL16 2.5p FEB 5 8p FEB26 4.5p JUL16 3p FEB 5 9p FEB26 5p JUL16 5p FEB 5 10p FEB26 5.5p JUL16 5.5p FEB 5 11p FEB26 10p JUL16 6p FEB12 0.5p MAR19 1p JUL16 7p FEB12 1p MAR19 2p OCT15 1p FEB12 1.5p MAR19 3p OCT15 4p FEB12 2p MAR19 4p OCT15 6p FEB12 2.5p MAR19 5p NOV19 3p FEB12 3p MAR19 6p 21JAN2022 0.5p FEB12 3.5p MAR19 10p 21JAN2022 1p FEB12 4p 16 APR 0.5p 21JAN2022 1.5p FEB12 4.5p 16 APR 2p 21JAN2022 2p FEB12 5p 16 APR 4p 21JAN2022 3p FEB12 5.5p 16 APR 5p 20JAN2023 2p FEB12 6p 16 APR 5.5p FEB12 7p 16 APR 6p FEB12 8p 16 APR 7p FEB12 9p 16 APR 8p

The following graph is the build up of Open Interest on these puts over time.

This is the total puts opened since January, ignoring expiry. It assumes 100 phantom shares were indeed created for each of these suspicious put contracts. **Of course, market mechanics and the level of callousness of the naked shorter dictate that in reality, that number can be anywhere between 1 and 100, and as of now, we have no way of determining which. My suspicion is on the same side of 50 that yours is on, but there will be more data in a second to explain why.**



If it is indeed true that between 1 and 100 phantom shares were created corresponding to every put, then between 1,277,520 and 127,752,000 phantom shares of GME have been created between 11th of January and 9th of April.

Full sheet:

What else is new?

2. Out-of-this-world Put Trading Volume 3 & 4th March

Going back through all these suspicious expiries, something else cropped up. On a range of them, several days had spikes of **trading volumes that far exceeded the put open interest**.

Exceeded how far?

As far as **232,364 traded volume to 1,155 open interest**. The equivalent of total open interest changed hands every few seconds in blocks of 500. This happened to a range of puts:

5 APR $5 puts ... 232,364 traded in 750 trades? 1115 open interest?

Strike			Put Details						
Date	Days to Expiration	Strike	Bid Price	Ask Price	Midpt % Chg	Open Interest	Trade Count	Trade Volume	IV
9-Mar-2021	31	5.00	0.04	0.05	-10.0%	1,406	54	226	400.0
8-Mar-2021	32	5.00	0.04	0.06	+42.9%	1,270	55	470	400.0
5-Mar-2021	35	5.00	0.02	0.05	-53.3%	1,247	34	324	390.6
4-Mar-2021	36	5.00	0.05	0.10	+150.0%	1,155	750	232,364	400.0
3-Mar-2021	37	5.00	0.02	0.04	-50.0%	1,256	164	46,206	374.9
2-Mar-2021	38	5.00	0.05	0.07	+9.1%	758	8	21	394.5
1-Mar-2021	39	5.00	0.05	0.06	-35.3%	770	23	66	387.0
26-Feb-2021	42	5.00	0.07	0.10	-10.5%	740	55	346	386.5
25-Feb-2021	43	5.00	0.09	0.10	0.0%	665	157	817	394.8

26 MAR $5 puts ... 191,631 „anomaly" the next day

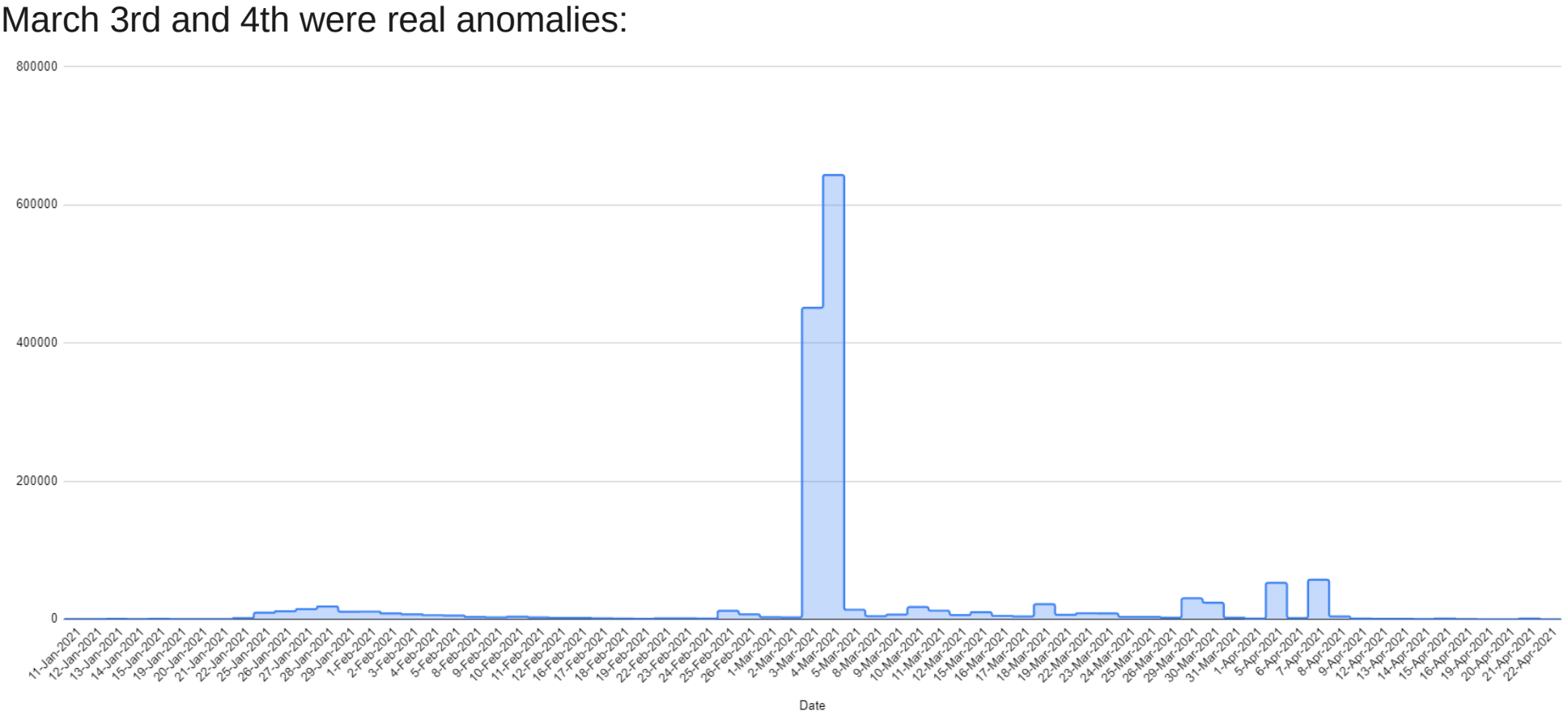
Strike			Put Details						
Date	Days to Expiration	Strike	Bid Price	Ask Price	Midpt % Chg	Open Interest	Trade Count	Trade Volume	IV
15-Mar-2021	11	5.00	0.01	0.02	-40.0%	16,448	161	3,373	400.0
12-Mar-2021	14	5.00	0.02	0.03	0.0%	14,079	122	899	400.0
11-Mar-2021	15	5.00	0.02	0.03	-28.6%	13,657	204	3,248	400.0
10-Mar-2021	16	5.00	0.03	0.04	+40.0%	11,673	380	5,123	400.0
9-Mar-2021	17	5.00	0.02	0.03	0.0%	8,194	127	2,031	400.0
8-Mar-2021	18	5.00	0.02	0.03	0.0%	6,806	105	884	400.0
5-Mar-2021	21	5.00	0.02	0.03	0.0%	6,932	76	724	400.0
4-Mar-2021	22	5.00	0.02	0.03	-28.6%	6,897	787	191,631	400.0
3-Mar-2021	23	5.00	0.03	0.04	+16.7%	5,510	56	340	400.0
2-Mar-2021	24	5.00	0.02	0.04	-14.3%	5,400	74	551	400.0
1-Mar-2021	25	5.00	0.03	0.04	-56.2%	5,151	91	570	400.0

01 APR $5 put – almost 60x OI traded

Strike			Put Details						
Date	Days to Expiration	Strike	Bid Price	Ask Price	Midpt % Chg	Open Interest	Trade Count	Trade Volume	IV
18-Mar-2021	14	5.00	0.01	0.02	-40.0%	7,243	46	905	400.0
17-Mar-2021	15	5.00	0.02	0.03	0.0%	7,253	48	618	400.0
16-Mar-2021	16	5.00	0.02	0.03	0.0%	6,847	101	742	400.0
15-Mar-2021	17	5.00	0.02	0.03	-37.5%	6,545	136	2,000	400.0
12-Mar-2021	20	5.00	0.03	0.05	-11.1%	5,176	127	647	400.0
11-Mar-2021	21	5.00	0.04	0.05	-18.2%	4,824	143	1,412	400.0
10-Mar-2021	22	5.00	0.05	0.06	+22.2%	3,955	303	2,216	400.0
9-Mar-2021	23	5.00	0.04	0.05	+28.6%	2,593	112	536	400.0
8-Mar-2021	24	5.00	0.03	0.04	-22.2%	2,303	107	1,116	400.0
5-Mar-2021	27	5.00	0.04	0.05	+28.6%	1,433	78	647	400.0
4-Mar-2021	28	5.00	0.03	0.04	-22.2%	1,263	237	60,693	400.0
3-Mar-2021	29	5.00	0.04	0.05	-40.0%	570	19	64	400.0
2-Mar-2021	30	5.00	0.07	0.08	+36.4%	557	66	220	400.0
1-Mar-2021	31	5.00	0.03	0.08	-47.6%	379	61	213	399.8
26-Feb-2021	34	5.00	0.09	0.12	0.0%	239	69	258	400.0

This activity crops up on some other days, but not to this level.

March 3rd and 4th were real anomalies:



Options Trading volume suspicious on grounds of volume far exceeding Open Interest, 11JAN-8APR

How out of the ordinary is this?

Between MAR 3 & 4, a total of 1,676,236 contracts changed hands, both calls and puts.

This activity constituted 1,094,004 — or 65.26% of the options trading activity on GME for those two days.

The next day, March 5th, there were only 388,638 contracts traded in total, even though it was a Friday.

All of this volume on March 3 & 4 happened across these strikes:

9 APR 5p, MAR19 4p 26 MAR 5p, 1 APR 5p, JUL16 2p, JUL16 2.5p, 16 APR 1p, 16 APR 1.5p, 16 APR 2p , 16 APR 2.5p, 16 APR 3p, 16 APR 3.5p, 16 APR 4p

So what the hell is this?

I'll tell you what it is not:

It is not any HFT, algo trading, scalping or **any way to make money.** One look at the transactions on the 9 APR $5 puts proves that:

1,256 9 APR $5 put contracts were open after the trading session on 4-MAR-2021

But 232,364 5 APR $5 puts traded during the session of 4-MAR-2021:

STRIKE IV GRAPHS | CALL TRADES | PUT TRADES | PERFORMANCE TRACKING

09-Apr-21 5.00 Put Trade Summary — IV: +6.7% Stock: +6.4%

Market Data

3-Mar-2021 Close				4-Mar-2021 Market			
Bid IV	Bid	Ask	Ask IV	Bid IV	Bid	Ask	Ask IV
359.5	0.02	0.04	390.2	400.0	0.05	0.10	400.0

Detailed Trade Data - 4-Mar-2021

	Trade			Market Price			Volatility			
Time	Qty	Price	$ Notional	Bid	Ask	Side	Volatility	Hedge	Exchange	Condition
2:50:11 pm	322	0.05	1610	0.04	0.05	Ask	400.0	130.18	EMERALD	AutoExecution
2:50:11 pm	178	0.05	890	0.04	0.05	Ask	400.0	130.18	EMERALD	AutoExecution
2:50:04 pm	178	0.05	890	0.05	0.07	Bid	400.0	130.39	EMERALD	AutoExecution
2:50:04 pm	322	0.05	1610	0.05	0.07	Bid	400.0	130.39	EMERALD	AutoExecution
2:49:57 pm	500	0.05	2500	0.05	0.07	Bid	400.0	130.21	EMERALD	AutoExecution
2:49:51 pm	500	0.05	2500	0.04	0.05	Ask	400.0	129.38	EMERALD	AutoExecution
2:49:47 pm	322	0.05	1610	0.04	0.05	Ask	400.0	130.07	EMERALD	AutoExecution
2:49:47 pm	178	0.05	890	0.04	0.05	Ask	400.0	130.07	EMERALD	AutoExecution
2:49:38 pm	178	0.05	890	0.05	0.07	Bid	400.0	129.37	EMERALD	AutoExecution
2:49:38 pm	322	0.05	1610	0.05	0.07	Bid	400.0	129.37	EMERALD	AutoExecution

Summary - 4-Mar-2021

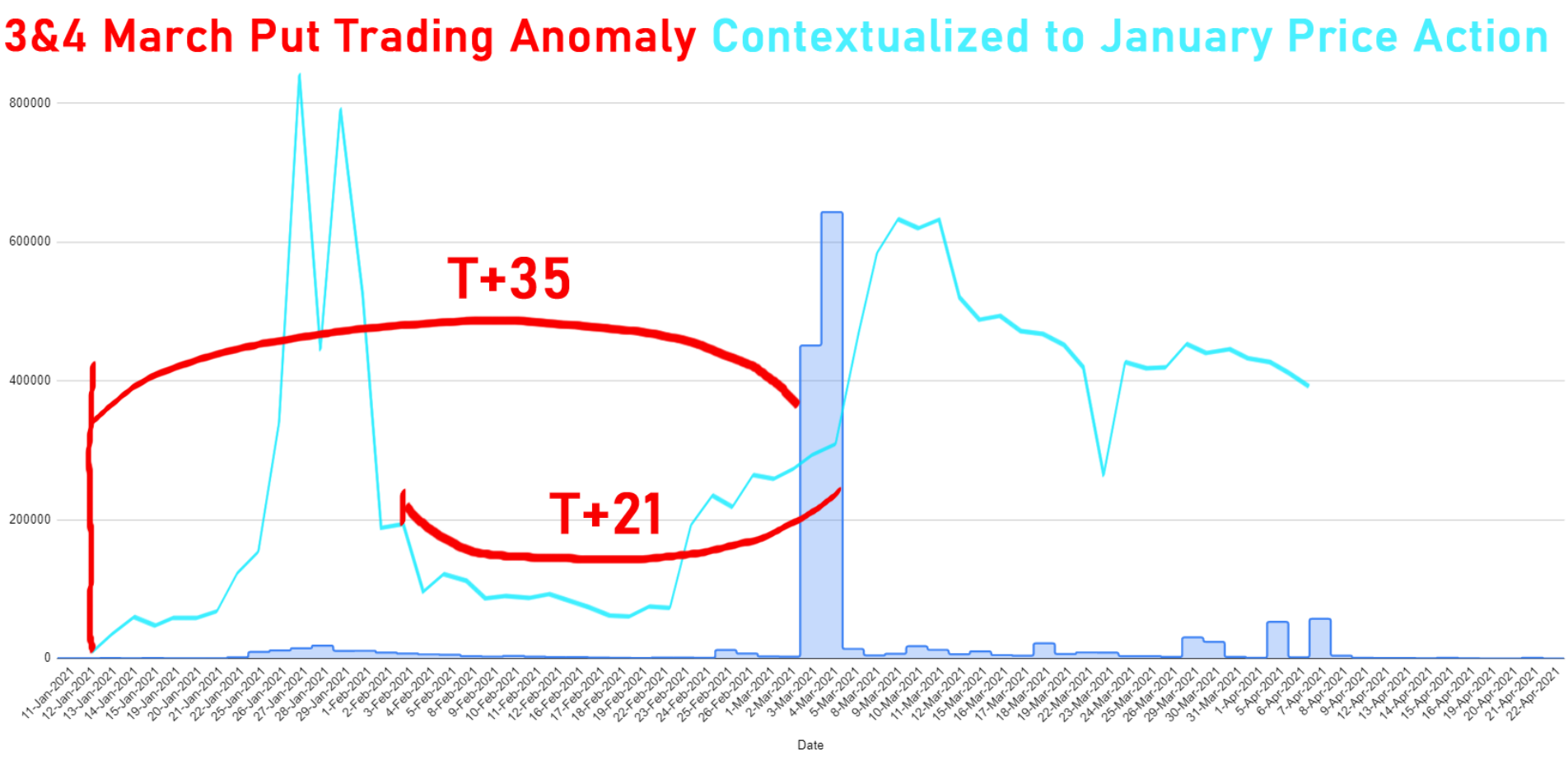
Trades				Price				Volatility			
Total	Volume	$ Notional	Open Int	VWAP	High	Low	Last	VWAV	High	Low	Last
750	232,364	1,157,330	1,256	0.05	0.09	0.03	0.05	399.74	400.0	372.7	400.0

CLOSE

— 230,009 traded between 13:56:14 and 14:51:40

— 229,997 traded at the same price, of $5 per contract.

Similar is true on other strikes with this unusual volume. **There was no profit opportunity here. The benefit had to be a regulatory / loophole one.** Why else would somebody generate "worthless" activity that exceeds the average option trading volume a couple times? Is this another way to reset FTD and buy-in obligations, like the deep-ITM calls? I believe contextualizing these spikes within the timeline helps us understand what they can be:



A hint, perhaps.

The Weird Coincidence

It is a good thing that composing this DD took a few days longer than planned. While watching some brainless TV, a lightbulb moment launched me from my seat.

What if I were to compare my two charts, and take the:

The Max Amount of Phantom Shares related to Open Interest up to MARCH 2nd…

And compare it to the Volume of the March 3 and 4th Put Volume spike.

A	**New Put Open Interest JAN-2nd March x 100**	109677200
B	**Suspicious Put Trading Volume 3rd & 4th March x 100**	**109402700**
	A / B =	0.9974972009

Those two numbers fit within each other almost perfectly.

So now, let's get the SEC to tell us why this data is nothing to worry about.

Because as a retail investor in GME, I am mortified.

The possibility that there are 127 million phantom shares on top of the rightful 70 million, does not fill me with confidence in the US stock market.

Gary, pls fix.

ELIA ATTEMPT as requested:

1. Interestingly, **GME has abnormally high number of puts open out of all stocks**. It has more puts open than stocks that have billions and billions of shares.
2. Interestingly, **most of those puts are placed on "worthless" puts** - around $0.5-10 strike prices, meaning bets that you will profit from selling shares of GME at $0.5-10. **Nonsensical bet to make. Let alone to make a million of these bets**.
3. Most interestingly, **those bets, hundreds of thousands of these puts, were primarily made during the January price run-up**, which makes them even more non-sensical.
4. There are proven incidents of married puts being used to mislabel or enable transaction that naked shorted a stock - creating phantom shares. **They worked differently than they seem to do here**. I can't say if this is the same thing.
5. All I know, is that there were **1,277m of these puts opened since January**, and most of the time, they haven't been traded. The party who creates/purchases these new puts has an incentive to hold them, other than financial. **It is my suspicion that each one of those puts corresponds to between 1 and 100 synthetic shares of GME being created**.
6. Interestingly, **on 3&4th of March, 1,094m puts were traded on strike prices that had 1000-6000 open interest**, making it highly suspicious. GME would get maximum 500-800k option trading volume across two hot days. 3&4 of March, they get 1.6m+, with 65% of it being this seemingly nonsensical activity. **All of the puts traded at the same price, offering no profit opportunity**. None of those puts remained open at the end of the day. It is my suspicion that **somehow they are being used to reset FTD and buy-in obligations**, in a similar fashion to the deep-itm calls.
7. **The number of puts opened from 11 Jan until the 2nd of March, the day before the trading spike was 1,096m. Those two numbers fit within each other to 99.75%.**

What a curious story.

Courtesy of the ape's donations, I am researching and writing about GME full-time. You can find all of my published pieces in my profile, as well as a link to support the project, which one-day will become a book combining the timeline of empirical DD intertwined with my own personal story. I sold a car to average down, so that half should be interesting, too.

If you have relevant knowledge and want to help, please use this formula to make your suggestions:

1. Link a source to any factual claims, publications, DDs, or data you reference while making your point.
2. Please mark all of the following in **bold**.**— Speculation / Theory:**

— My personal opinion:

— Relevant DD / working theory / publication

— Relevant data

We are a generation of skim readers and 7-second attention spans, please mark the boundaries where quoting turns to speculation! For example:

Speculation: *It could be X or Y, bla bla, bla. You can read about X in* ***this DD*** *(link).* ***My personal opinion*** *is that it's more likely Y because so and so."*

This is extremely important. This is my full-time activity now and I'd hate to introduce confusion to the community, and I'd hate for the comments on my posts to do that. Feel free to comment whatever you like, but PLEASE, if you want to engage in discussion about what this data means, use the above formula. You will be helping big and small apes alike, and that is what we are all here for, isn't it?