

Title: Liquidation Process Discussion - Part II

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Yesterday I posted the following for discussion:

[Liquidation Process for Failed

Margin](https://www.reddit.com/r/DDintoGME/comments/pjrrdy/liquidation_process_for_failed_margin/)

The reason I posed the discussion on DDintoGME is because people here like to explore and expand on ideas to get to the bottom of things... and this is a tough question, because no one really knows how this will play out. I think the overall community sentiment (call it hive mind) ~~believes~~ has faith margin leads to tendies -- and big picture, it absolutely does -- that is a cascade that will happen robotically as SHFs, then Banks, then Citadel, all ~~fail~~ bend over, and open their purses as they get liquidated into nothing. I'm trying to think like a MM, Bank, SHF... to understand how they view what's currently happening. This should give us a window into what's to come...

The reason I asked this questions, is because *I'm not so sure margin will go the way we hope* (the end result may be tendies for all, but it may not be swift,). And I think that's the case because *everyone in line to implement it, is motivated to not do so*. Think about Banks, who call margin... they are on the hook for liabilities (overflow of short positions) past what liquidation of SHFs can provide them... So if SHFs are so beyond fukt, that it spills into the banks to the point they are fukt... then it behooves them (the banks) to not margin (liquidate) SHFs, at least not in the way normal margin goes, because it's their own death, to do so. It betters their situation to play this game to unwind as best they can, the mess (even if they are stuck, delay is better than death)... or if they know they will collapse from the collapse of their margin on SHFs... then they simply won't call in the margin, and will work to propagate these shenanigans further...

I ~~believe~~ suspect this is the reason we haven't seen margin play out as expected. It's why Citadel and 72 jumped in to save Melvin... everyone in line to be fukt by the shorts are finished, as soon as margin happens. That's a lot of powerful people all aligned in a common goal, to delay ~~forever~~ as long as possible, the inevitable. That is to say... no one in line to call margin, wants margin to happen.

So who will enforce it?

Difficult question... worth discussion.

A further point, related... when we look at the demise of Archegos, from our vantage point it appears banks temporarily got together to plan out an exist strategy (true to this discussion... margin seemed, at first, to not have gone the robotic fast liquidation route), but Goldman (correct me if I'm wrong) and MS jumped out of their positions abandoning the plan leaving Credit Suisse and Normura to get rekt. Will this happen with GME... I suppose that depends on how spread the mess is. Can someone escape without destroying themselves in the process? I guess that might be a good thing for us...

[speculation/opinion] So far it appears everyone on the wrong side of this mess... is cooperating, to keep the mess compiling.

Maybe Gamestop has an Ace up their sleeve to stop this self licking ice cream cone.

Appreciate any thoughts and discussion on this... you guys rock.