

Title: So it was never revealed which stock had idiosyncratic risk, but the new Treasury annual financial stability report talks about it and immediately references GameStop in the next sentence.

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The maximum backtesting deficiency, or margin breach, at DTCC's FICC clearing services fell for the twelve months ended March 31, 2021 as market volatility observed in the first quarter of 2020 rolled off (**Chart 3.6.1.2**). In contrast, NSCC reported a backtesting deficiency of \$1.1 billion on January 22, 2021, the largest since public disclosure began in the third quarter of 2015. In its quarterly Principles for Financial Market Infrastructures (PFMI) disclosure, NSCC attributed the backtesting deficiency mainly to a single security exhibiting idiosyncratic risk.

During the week of January 25, 2021, NSCC observed unusually high volumes and volatility in **GameStop** Corp. and other securities that had been popularized on internet message boards. Activity in these "meme stocks" was concentrated in certain clearing members primarily serving retail investors. On January 27, 2021, NSCC made intraday margin calls to 36 clearing members totaling \$6.9 billion, bringing the total required margin across all members to \$26 billion. Of the \$6.9 billion, \$2.1 billion were intraday mark-to-market calls, while the remaining \$4.8 billion was an excess capital premium charge.<sup>9</sup> The capital premium charge is intended to discourage clearing members from taking on more risk in their portfolios at NSCC than their capital levels can reasonably support. Because clearing members' ratios of excess risk versus capital were not driven by individual clearing member actions, but by extreme volatility in individual cleared equities, NSCC waived the capital premium charge for all clearing members.

### 3.6.1.2 Maximum Uncovered Exposure for DTCC

