

Title: The recently popular stock basket options are liable to have the underlying stocks to be constantly changed.

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This is in regards to the popular theory of stock baskets. Stocks that were once tied to \$GME may no longer be tied, looking at you zombie stocks, and stocks that once weren't tied may now be tied, looking at you "meme" stocks. Notice how zombie stocks correlated with \$GME in January/ February but no longer do, while "meme" stocks didn't correlate with \$GME before January but now do.

Patrick Boyle briefly touches on this in a [less than one minute video.](<https://www.youtube.com/watch?v=39X3pnrwNa8>)

>... And almost all of their trades were short term. Banks sold the funds basket options whose payoff is tied to the performance of a portfolio of stocks. They then allowed the fund to constantly change the portfolio.

Here is the article he is referencing. Renaissance Technologies (the Medallion Fund) agrees to pay taxes on [stock basket options.](<https://www.nytimes.com/2021/09/02/business/renaissance-irs-robert-mercero-james-simons.html>) Having trouble added link to highlighted text, but in the article:

>These instruments involved baskets of stocks put together by a bank. But Medallion didn't buy the actual basket of stocks; it instead bought an option on that basket and sometimes gave the banks instructions on how to trade those stocks. Basket options have been criticized for having allowed hedge funds to borrow money more easily and allowing them to make bigger and potentially riskier trades.

I'm just kind of throwing this out into the ether right now hoping it reaches the right person who can make more of it. I'll do some more digging next week and do a more thorough write up if I find more and it appears relevant.

Edit: I'm not implying or suggesting to by any of these other stocks. This just gives an explanation as to why stock A followed GME in January and doesn't now, while stock B didn't follow GME before January, but does now. It's because they can swap stocks in and out of these portfolios.