

Title: A note on DOOMPs and Counting T+x+35c cycles

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Sup guys!

I don't want to take too long jotting this down but want to get out ahead of potential expectations tomorrow. I have in the past spoken with u/bobsmith808 and u/zinko83 on the outcomes of exactly what happens when these replicating baskets expire and for the most part I agree on their theories surrounding these events.

I do however want outline some potential pitfalls because this deferred settlement territory can get rather murky as many have found out in the past, and I think if we have a standardized method for measuring these events it will benefit all DD focused on this moving forward.

So let's take a look at the settlement periods we look at on GME and when they actually come due.

T+2

<https://preview.redd.it/zaqcpjxtsnk81.png?width=1476&format;=png&auto;=webp&s;=0e96a0ce089f454bc6ad4eec9263937cb1e81af7>

T+3

<https://preview.redd.it/9chnpbnetnk81.png?width=1461&format;=png&auto;=webp&s;=d6b980be9de8f0afcc99c50d1e8cf37e288dba5f>

T+5 (commonly called T+6 because of the 6th morning settlement)

[an additional T+3 can be added on to the end of this if the FTD is cash-settled hence the T+9+35c that you hear so often.](<https://preview.redd.it/1klmq0eztnk81.png?width=1776&format;=png&auto;=webp&s;=c63814f3e5db165dadba392ad76b5526a3a510e1>)

Reg T or 35c

[Note the first calendar day begins when the trade is marked long on the final day of T+2V3V5](<https://preview.redd.it/m7jr6h2sunk81.png?width=1887&format;=png&auto;=webp&s;=36030c65e8700c005ad38a2329a965a8db7e62da>)

So lets look at some examples that are currently pertinent

A lot of people are talking about DOOMPs which are hedges for replicating baskets as can be found here in u/Zinko83's DD [Volatility, Variance, Dispersion, Oh my!](https://www.reddit.com/r/Superstonk/comments/qmtt6q/volatility_variance_dispersion_oh_my/) . These OTM puts that expired were primarily bought during the peaks of the sneeze last January in order to hedge the massive amount of IV GME had at the time.

<https://preview.redd.it/sef9zyxfwnk81.png?width=1175&format;=png&auto;=webp&s;=41101d7e3651758b06885436999f450597153349>

So what happens when these are closed ?

Well nothing per say, but if the swap is still open then it has to be re-hedged which we see occur in January of this year using Jan 20 2023 puts this year.

<https://preview.redd.it/6iw4f23wwnk81.png?width=1604&format;=png&auto;=webp&s;=2d3e5bbd05f5230bb786a7a290dc3428ccf98889>

So if all hedging and share purchasing on GME requires the creation of synthetic shares then that will create FTDs so and this distinction seemed important to me because it should tell us if swaps were closed on Jan 21^(st) or if they were simply moved forward.

So if they simply re-hedged the swaps on Jan 21^(st) buying new baskets of DOOMPs relative to the current IV at the time then Jan 21^(st) would be the T day.

[So FTDs created on Jan 21st for a T+2+35c settlement cycle would be due on Feb 28th](<https://preview.redd.it/c9g4mxi6ynk81.png?width=2459&format;=png&auto;=webp&s;=959f135d14c76eac5f5b95f209e6fadafa914cb2>)

Here is where it gets tricky but tells us a whole lot about their current position.

If the FTDs due were from the close of swaps on Jan 21st. CME doesn't settle trades till 6pm market time. So since the market is closed our T day moves forward to Jan 24th. Which looks like this.

[So FTDs created on Jan 24th for a T+2+35c settlement cycle would be due on Mar 1st](<https://preview.redd.it/obxutzkvyk81.png?width=2453&format;=png&auto;=webp&s;=c9e851651ae57db15273f7dd5fa3ad506171ac3a>)

Normally I wouldn't care to correct this misinterpretation but I think this is important for distinguishing what specific event is creating the FTDs and to clear up confusion as to what FTDs to expect tomorrow.

For a bonus ETF FTDs (cash-settled) if creation was used during this same time frame will be due on

Jan 21 ----> March 9

Jan 24 ----> March 10

Lastly because Jan 26th was the GEX exposure settlement for Jan 21 (Jan 21 T+2) the FTDs for that day will be due on:

T+2+35c Jan 26 ----> March 3rd

T+9+35c Jan 26 ----> March 14th

I hope this clears things up for those interested in DOOMPs or writing DD regarding T+x cycles.

Thanks,

Gherkinit

For more information you can check out my livestream M-F during market hours.

(<https://www.youtube.com/c/PickleFinancial>)(<https://www.youtube.com/c/PickleFinancial>)

****Disclaimer****

** Although my profession is day trading, I in no way endorse day-trading of GME not only does it present significant risk, it can delay the squeeze. If you are one of the people that use this information to day trade this stock, I hope you sell at resistance then it turns around and gaps up to \$500.* ■

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