Title: SEC report debunked
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I've seen a lot of people saying that the SEC's GME report says shorts have covered. I'll explain why that's impossible and misleading.

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This is the disclaimer on page 1, stating that this report is the view of some SEC staff and not the entire SEC.

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"By the end of January 2021, some funds had closed out their short positions in meme stocks, realizing significant losses. 62"

Spoken like facts, right? Well, let's see source 62 they cite for this claim.

Melvin Capital, hedge fund targeted by Reddit board,
closes out of GameStop short position," CNBC (January 27, 2021), available at

https://www.cnbc.com/2021/01/27/hedge-fund-targeted-by-reddit-board-melvin-capitalclosed-out-of-gamestop-short-position-tuesday.html

That's their source, a Melvin spokesperson saying to CNBC that they covered and suffered losses. Shorts covered? Sure, If you believe them, like the SEC apparently does.

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"In seeking to answer this question, staff observed that during some discrete periods, GME had sharp price increases concurrently with known major short sellers covering their short positions after incurring significant losses."

No source or data given to back up these claims. Would have loved some evidence here. None given. So, you once again have to take the SEC at their word, which may all have come from yet another CNBC article of shorts saying they have covered.

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"Figure 6 shows that the run-up in GME stock price coincided with buying by those with short positions."

Here is the famous chart, where they show shorts covering, except...

"This figure shows the total buy volume during half-hour intervals from January 19 to February 5, 2021, of traders identified as having a large short position in GME, along with total buy volume and the value-weighted average stock price, using data from CAT.
We identify traders with large short positions by first calculating traders' average inventory positions as of January 15, 2021, and isolating the Firm Designated IDs ("FDIDs") with an average negative position, excluding market makers and high
frequency traders (i.e., identified as traders that offset their trades within a day). We then isolate the FDIDs with negative inventories below (i.e., more negative than) the median
as our sample of heavily shorted traders. We then identify the buy trades initiated by these FDIDs over the next two weeks (January 19 – February 5). Note that since the CAT sample only begins on December 24,

2020, we are not able to include FDIDs'
inventory positions accumulated prior to this date."

So...You know those 70M shorts? the ones that this whole thing is about? Well, those aren't included in this chart, because the SEC is only showing shorts that were opened after 24 DEC 2020. In other words, those original 70M shorts that were opened before that date are not included, for whatever reason.

"Note that since the CAT sample only begins on December 24, 2020, we are not able to include FDIDs' inventory positions accumulated prior to this date."

They have the CAT data, they can see ALL trades, but they conveniently left it out. Perhaps the SEC can explain why they chose to leave out such vital information? I would have loved hard CAT data showing shorts covered, then we could put this all to rest, but if the SEC doesn't even have it, and their main sources to their claims of shorts covering are CNBC articles, then I'm not convinced.

On other points, consider that the shorts were in a 'race' to buy those 70M shares to cover. This would have not been possible as the majority of the buy pressure was retail, as well as MM's hedging from the gamma squeeze, which alone is around 15-20M shares, so the shorts would have needed that same majority to all sell at the same time to let the shorts cover. This is very unlikely as retail continued to buy throughout as it became worldwide news. The shorts could not have covered, even if they wanted to. It was mathematically impossible once the FOMO bought up all the shares they needed and beat them to it.

If someone can post this to the other subs, I would appreciate it. I cannot due to requirements.

Disclaimer: I am not a financial advisor. This is not financial advice. I own GME.