

Title: Academic Critique On Gary Gensler Meme Report

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Created 2022-02-15 17:48:13 UTC

Permalink: /r/DDintoGME/comments/st8pnj/academic_critique_on_gary_gensler_meme_report/

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On October 18, 2021, Gary Gensler released his long awaited meme report that concluded the January "Sneeze" was primarily caused by FOMO retail traders and not shorts covering or a gamma squeeze.

The linked academic paper disputes this conclusion. They claim that the Gensler Meme report downplayed the role of some shorts covering and a gamma squeeze. Ultimately they conclude that they do not have enough information to determine how many shorts were covered, who covered, and how many still exist.

[https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4030179](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4030179)

(Published on January 28, 2022)

Overall I find the report to be similar to Gensler's Meme report. It leaves an ambiguous conclusion to January's events. However I do find the report very useful for giving an accurate timeline of events and many useful definitions of the mechanics involved.

<https://imgur.com/a/TGzrPc2>

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****tldr,****

142. In this report, we show that additional data has come to light which suggest that GameStop's shares may have been subject to a short squeeze and gamma squeeze.

143. First, by extending the sample and considering securities lending transactions, we find evidence suggesting that a nontrivial fraction of the trading volume in GameStop's stock consisted of purchases by short sellers covering their positions.

144. Second, we show that staff's analysis of a gamma squeeze can be extended to include delta-hedging by put and call options market makers to better approximate the contribution of options positions to the increase in GameStop's share price.

145. We reiterate that without access to the sort of nonpublic, deanonymized data available to the Commission and its staff, we are unable to pin down the magnitude of any short or gamma squeeze in GameStop's shares, much less identify the actors involved in or responsible for the rapid volatility.

146. We hope that our analysis can helpfully guide the Commission and its staff in identifying additional data which might shed light on the extent to which the increase in GameStop's share price may have been the product of a short squeeze and gamma squeeze. We are ready and willing to provide any assistance to the Commission and staff in that effort.