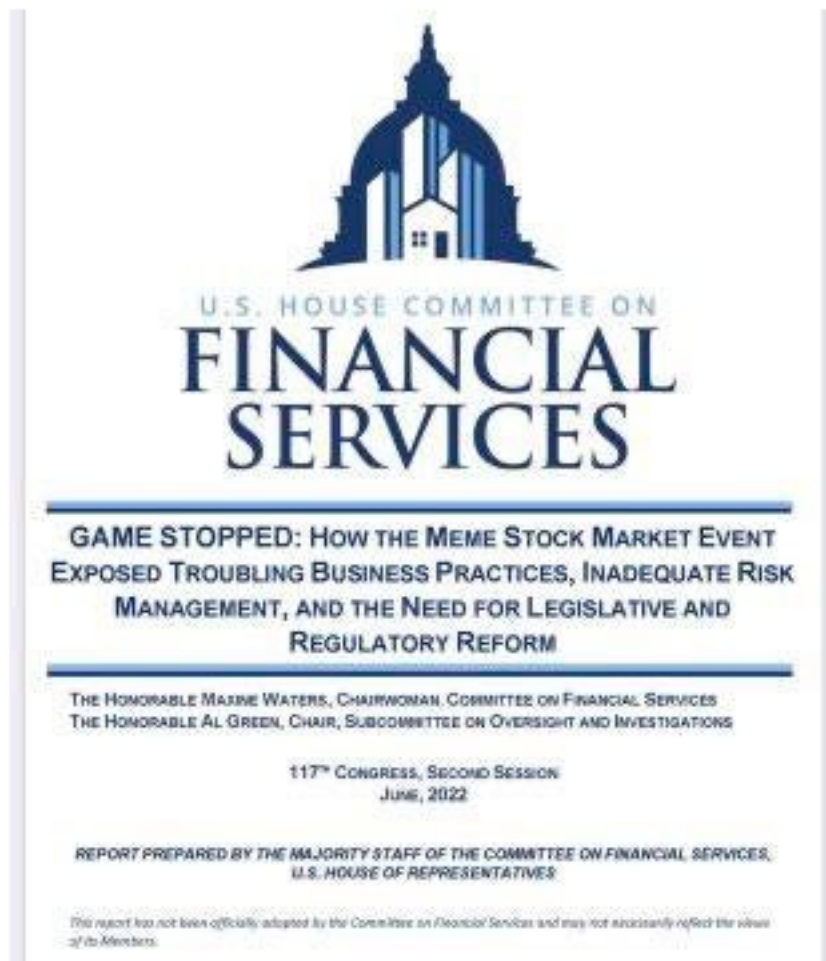


Title: June 24, 2022 - The U.S. House Committee on Financial Services (FSC) has finally released it!  
Game Stopped: How The "Meme Stock" Market Event Exposed Troubling Business Practices, Inadequate Risk Management, and The Need for Legislative and Regulatory Reform  
Author: DreamingBig  
Created 2022-06-24 14:04:22 UTC  
Permalink: /r/GME/comments/vjp7xc/june\_24\_2022\_the\_us\_house\_committee\_on\_financial/  
Url: <https://www.reddit.com/gallery/vjp7xc>



## I. EXECUTIVE SUMMARY

### I. Overview

GameStop Corporation (GME), AMC Entertainment Holdings, Inc. (AMC), and other “meme stocks” became extraordinarily popular on social media leading into January 2021. Institutional investors bet against these stocks, predicting they would fall in price, while retail traders took the other side of that bet, purchasing the stocks en masse.<sup>1</sup> This trading frenzy, collectively referred to in this report as the “Meme Stock Market Event,” drove historic market volatility, which reached a crescendo on January 28, 2021, when the gross market value of GME cleared in the stock market was 21,318% greater as compared to January 4, 2021.<sup>2</sup>

At the height of the Meme Stock Market Event, several stock trading platforms restricted trading on meme stocks as an emergency risk management tactic. Others suffered outages in their technology systems due to the order volume in their trading systems. These restrictions and outages placed downward pressure on meme stocks. The total dollar amount of GME held by Robinhood Markets, Inc. (Robinhood)<sup>3</sup> customers decreased from a peak of \$2.6 billion before the firm enacted trading restrictions on January 28, 2021, down to \$1.2 billion the next day. The total dollar amount of AMC held by Robinhood customers decreased from \$1.3 billion to \$411 million in the same time frame.<sup>4</sup> Ultimately, these trading restrictions and outages limited market access for ordinary retail investors and undermined confidence in market integrity.

The House Financial Services Committee (Committee) held a full Committee hearing shortly after the Meme Stock Market Event with key industry players, including the CEOs of Robinhood and Citadel Securities, and followed up with two more full Committee hearings, multiple pieces of legislation, and a full investigation of the Meme Stock Market Event.<sup>5</sup> The Committee’s thorough response to the Meme Stock Market Event uncovered structural

<sup>1</sup> As used in this report, the term “meme stock” refers to several stocks that surged in popularity due to social media discourse (See Appendix 2: Glossary for terms highlighted in this report).

<sup>2</sup> In this report, we refer to the volatility experienced in the pricing and trading of meme stocks during January and February of 2021, and the related actions taken by various broker-dealers, as the “Meme Stock Market Event.” DTCC, NSCC, Equity Clearing & Settlement Overview: Presentation to House Staff, at slide 3 (Jan. 17, 2021) (on file with the Committee).

<sup>3</sup> Robinhood Markets is the parent company of Robinhood Financial, Robinhood Securities, and Robinhood Crypto. As used in this report, “Robinhood” most often refers to Robinhood Markets. Occasionally, taken in context, “Robinhood” refers to Robinhood Markets and/or its affiliates in a collective sense.

<sup>4</sup> Email and attachments to email from Counsel for Robinhood to Committee staff (May 28, 2021) (on file with the Committee).

<sup>5</sup> House Committee on Financial Services, *Virtual Hearing: “Game Stop?” What’s Hot and What’s Not: Short Sellers, Social Media, and Retail Investors Call to Order* (Feb. 18, 2021); House Committee on Financial Services, *Virtual Hearing: “Game Stop?” What’s Hot and What’s Not: Short Sellers, Social Media, and Retail Investors Call to Order* (Mar. 17, 2021); House Committee on Financial Services, *Virtual Hearing: “Game Stop?” What’s Hot and What’s Not: Short Sellers, Social Media, and Retail Investors Call to Order* (May 26, 2021).