Title: Gensler and Berkovitz: Bad Boys For Life
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[TLDR](https://youtu.be/3Yd4GG3bed0)

Yesterday morning a few of Gary Gensler's remarks in front of the Securities Industry and Financial Markets Association (SIFMA) went totally unheard due to TLDR headlines that cherrypicked certain portions like:

> "U.S. SECURITIES AND EXCHANGE COMMISSION CHAIR GARY GENSLER SAYS AGENCY CONSIDERING RULES TO FACILITATE GREATER COMPETITION, EFFICIENCY IN EQUITY TRADING… GENSLER SAYS RULES MAY SHRINK 'TICK SIZES,' REEVALUATE BEST BID AND OFFER COMPONENTS" - [Walter Bloomberg - November 2nd, 2021](https://twitter.com/deitaone/status/1455531605565583362?s=21)

While remaining silent on other portions like this:

> "…the security-based swaps market, while not large compared to the fixed income and equity markets, was at the core of the 2008 financial crisis. This market remains relevant today, as the collapse in March of Archegos Capital Management reminded us." - [Gary Gensler - November 2nd, 2021](https://www.sec.gov/news/speech/gensler-sifma-110221)

This:

> "In the security-based swaps market, we have projects that will strengthen transparency to the official sector and to the public. Next Monday, security-based swaps dealers will have to start posting trades to swap data depositories, providing transparency to regulators. Then, data about these individual security-based swap transactions will be available to the public in February." - [Gary Gensler - November 2nd, 2021](https://www.sec.gov/news/speech/gensler-sifma-110221)

And this:

> "Moreover, I've asked staff to complete other unfinished Dodd-Frank mandates with respect to short selling and securities lending." - [Gary Gensler - November 2nd, 2021](https://www.sec.gov/news/speech/gensler-sifma-110221)

Wow, so Gary Gensler just:

1. Compared Archegos and their use of derivatives to the 2008 financial crisis
2. Told us the public will be gaining more insight into the hidden drivers of the securities markets starting in February 2022 (interesting timing) and
3. Reaffirmed the SEC's intent to move forward with the proposal of rules and regulations outlined in the never-implemented from Section 929X of Dodd-Frank

Hol-ee-fuk.

Then on the heels of Walter's SIFMA-related tweets came this opaque headline:

> "*HEDGE FUND MOVES SAID TO FOLLOW LOSSES IN BOND MARKET" - [Walter Bloomberg - November 2nd, 2021](https://twitter.com/deitaone/status/1455600308466372610?s=21)

Which became even more interesting to consider during after hours trading on November 2nd, 2021 when "meme" stocks began to mysteriously roar back with the only explanation being that Bed Bath and Beyond announced a share repurchase plan.

No way.

Remember the massive volume candles on November 1st, 2021 that u/Suspicious-Singer243 associated with January 22nd, 2022 puts in their post [here](https://www.reddit.com/r/Superstonk/comments/qkh6vz/did_you_see_that_massive_volume_candle_at_1117/)?

And maybe you also read my recent post about bond trading strategies that pointed out the 12mil+ GME put options expiring January 21st, 2022 [here](https://www.reddit.com/r/Superstonk/comments/qj4pt4/loanonly_credit_default_swaps_chinese_hedging/)?

Hypothesis:

On September 28th, 2021 the SEC formally [announced](https://www.sec.gov/news/press-release/2021-198) Dan Berkovitz as their new General Counsel.

So who is Dan Berkovitz and why is this a big deal? As suggested by a since-deleted user who published a [post](https://www.reddit.com/r/Superstonk/comments/plpxay/so_one_of_the_good_guys_at_cftc_talks_out_about/) titled ‘*So one of the "Good Guys" at CFTC talks out about better regulating family offices in April and now he's leaving after 25 years*’ - Dan is and has been a dedicated civil servant. 25 years is a long time to work anywhere. So why did this user suggest Berkovitz might not be a good guy through their use of “air quotes” in their post title? I’m not sure… but I was immediately intrigued and began looking into Berkovitz’s track record.

Low and behold, as alluded to in my original comment [here](https://www.reddit.com/r/Superstonk/comments/plpxay/so_one_of_the_good_guys_at_cftc_talks_out_about/hcchqyt/), Dan seems to be an Ape-like baller considering he authored 13 letters of dissent between 2019 and 2020. Sounds like he was trying his best, albeit in vain, to represent public interest. If you’re feeling skeptical check out the statement he published on April 1st, 2021:

> “The collapse of Archegos Capital Management and the billions of dollars in losses to investors and other market participants is a vivid demonstration of the havoc that errant large investment vehicles called “family offices” can wreak on our financial markets.” - [Dan Berkovitz - April 1st, 2021](https://www.cftc.gov/PressRoom/SpeechesTestimony/berkovitzstatement040121)

And TLDR summaries for each of his letters of dissent [here](https://www.reddit.com/r/Superstonk/comments/plpxay/so_one_of_the_good_guys_at_cftc_talks_out_about/hcdar9i/), [here](https://www.reddit.com/r/Superstonk/comments/plpxay/so_one_of_the_good_guys_at_cftc_talks_out_about/hcddwrp/) and [here](https://www.reddit.com/r/Superstonk/comments/plpxay/so_one_of_the_good_guys_at_cftc_talks_out_about/hcddzho/).

So now we’ve got Gensler talking about never-implemented Dodd-Frank rules from Section 929X, a new General Counsel in Berkovitz at the SEC who has been outspoken in his contempt for specific rule rollbacks and regulatory gaps that have allowed family offices like Archegos to behave recklessly and… ■

Senator Elizabeth Warren who recently proposed the “*[Stop Wallstreet Looting Act of 2021](https://www.warren.senate.gov/imo/media/doc/2021%20Stop%20Wall%20Street%20Looting%20Act%20One%20Pager.pdf)*” on October 20th, 2021 which, in addition to many other important changes, would:

> “**Require Risk Retention.** Reinstates the Dodd-Frank provision that requires arrangers of corporate debt securitization to retain some of the risk.” - [Elizabeth Warren - October 20th, 2021](https://www.warren.senate.gov/imo/media/doc/2021%20Stop%20Wall%20Street%20Looting%20Act%20One%20Pager.pdf)

So what’s the Dodd-Frank provision in relation to?

> “The bill, as written, would again apply the risk-retention standards introduced in the Dodd-Frank Act of 2010 and applied to U.S. CLOs between 2015 and 2018 by federal regulators. A U.S. appeals court in

February 2018 overturned the regulations stemming from a 2014 lawsuit filed by the LSTA against the Federal Reserve and the Securities and Exchange Commission.” - [S+P Global - October 28th, 2021](https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/senate-bill-proposes-return-of-risk-retention-for-us-clos-67323351)

If you haven’t already recognized I’m pointing out a very important common theme - **systematic deregulation of Dodd-Frank era rules over the past 4 years** - which paved the way for financial crimes on par and probably exceeding 2008, TBD. So it should come as no surprise that those who have benefited the most from deregulation, like the special interest group comprised of financial institutions called the *Loan Syndications and Trading Association* (LSTA), fervently oppose Warren’s proposed changes:

> “While the Warren bill has long odds of gaining any traction, the LSTA stated, "it will be important to vigorously advocate" the industry's long-held opposition to risk-retention standards on CLO managers.” - [S+P Global - October 28th, 2021](https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/senate-bill-proposes-return-of-risk-retention-for-us-clos-67323351)

Kind of weird that the LSTA [postponed](https://www.reddit.com/r/Superstonk/comments/pkk4s3/curious_postponement_of_the_2021_lsta_conference/) their 2021 conference despite the [record CLO and leveraged loan activity](https://twitter.com/lcdnews/status/1454465629952614401?s=20) that has taken place this year, right?

All this crazy circumstantial evidence reminds me of my own [theory](https://www.reddit.com/r/Superstonk/comments/q12t4g/credit_suisse_greensill_archegos_evergrande_and/) that Credit Suisse, Greensill and Archegos were orchestrating a tax-advantaged “shadow CLO market,” now being made public thanks to the transition from LIBOR to SOFR, as evidenced by the record Reverse Repo amounts (related fo SOFR) that are catalogued by this subreddit on a daily basis.

Conclusion

Gensler and Berkovitz might not be the smooth-headed and mustachioed Batman and Robin heroes people were expecting I’ve become more confidant than ever they’re the ones people need most at this point in time. While I fully expect some jaded comments about bureaucracy and criticism of Elizabeth Warren please keep in mind I’m simply looking at the available facts in attempt to anticipate future actions and behaviors.

We ain’t… goin’ nowhere… ■

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Just a Retail Investor, not a financial advisor.