

Title: The Anatomy of the MOASS - Part 1/3: The Key Market Concepts that Make the MOASS Possible and Other Important Terminology

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Linked Post:

Body:

>Disclaimer: Not Financial Advice, I am not a Financial Advisor

[.](https://preview.redd.it/f9nhhit3yo971.jpg)

## # BEFORE READING

### IMPORTANT LINKS FOR NEW MEMBERS TO r/superstonk

\* [APE Security Protocol (how to secure and protect yourself

online)](https://www.reddit.com/r/Superstonk/comments/nsgv3d/apc\_security\_protocols/)

\* [DD Beginners Guide Page](https://www.reddit.com/r/Superstonk/comments/njwv6n/the\_gme\_masters\_guide\_a\_dd\_campaign\_for\_apcs/?utm\_medium=android\_app&utm\_source=share)

\* [Wiki](https://www.reddit.com/r/Superstonk/wiki/index)

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\* Translations: I have had a few of my DDs translated at this point, and figured I would note that, if you do wish to translate it into another language, feel free to send me a link to your post after it is finished and I will link it at the top and do my best to distribute to the broader audience Leave a comment if you have any questions

\* If you prefer Chat or do not meet karma requirements, you can hit me up on chat as well

## # SERIES PREFACE

>WIP portions will be linked in the future, but I have included the high-level frame of what will be covered (subject to change)

## ## Part 1 - The Key Market Concepts that Make The MOASS Possible and Other Important Terminology - YOU ARE HERE

\* Stock/Securities Concepts

\* Trade Positions

\* Market Participants

\* Important Market/Trade Mechanics

\* MOASS Breakdown of "How"

>This Part overlaps a lot with content in The [MOASS Thesis Summary DD](https://www.reddit.com/r/Superstonk/comments/nletnn/gme\_the\_mother\_of\_all\_short\_squeezes\_moass\_thesis/?utm\_source=share&utm\_medium=web2x&context=3) (The MOASS Summary goes into a little more depth on the GME Thesis so it may be a good read if you have not checked it out in the DD Beginners Guide Menu), but includes some refinements

## ## Part 2 (WIP) - MOASS Mechanics, Landscape, Atmosphere, and Tactics: What "Normal" Looks Like in the Months/Weeks Leading to MOASS

\* Tactics

\* MSM Propaganda

- \* Community Infiltration
- \* Price Manipulation
- \* Steganography
- \* Mechanics
- \* Loopholes
- \* Patterns and Cycles
- \* What does Normal Look Like (Expectations to set)
- \* Price Movement
- \* MSM Content
- \* Shill Activity

## ## Part 3 (WIP) - MOASS Mindset and Ways to Navigate

- \* Think Critically
- \* Understand "Why" You Believe in Your Thesis and the Basics "How" the Thesis is Possible
- \* Don't be afraid to ask questions to become learned

## # INTRODUCTION / INTENTION OF POST - PART 1

Part 1 of this DD series is intended to break down the main market concepts that make the MOASS possible. These are all Fundamental Concepts that are not unique to GME.

These terms are key to understanding the MOASS Thesis and speculated value of a GME investment. Hyperlinks to [Investopedia](<https://www.investopedia.com/>), "the world's leading source of financial content on the web", have been included for most market terms and concepts and it is recommended to check them out if they are not clear. We will be breaking down some of the more complex terms and concepts within the post and framing them within the context of GME.

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## # 1 - STOCKS CONCEPTS

### ## 1.1 - Shares/Stock

[Shares](<https://www.investopedia.com/ask/answers/difference-between-shares-and-stocks/#shares>) are the smallest unit of a Companies

[Stock](<https://www.investopedia.com/ask/answers/difference-between-shares-and-stocks/#stocks>)

\* Stocks and Shares are often used interchangeably

\* Technically "shares" would represent how many of a specific company's stock, where buying multiple "stocks" would mean that shares of multiple company's were bought

\* ex. I bought 2 stocks; 10 shares of GME, and 60 shares of CHWY

\* There are different [classes of shares](<https://www.investopedia.com/terms/c/class.asp>) that are distinguished on their voting rights, sales charges, and other factors

\* Classes of shares have relatively complex dynamics, but I will not go further into them here, as it is not as relevant to GME

### ## 1.2 - Counterfeit Synthetic Shares

Counterfeit [Synthetic Shares](<https://www.investopedia.com/terms/s/synthetic.asp>) are the financial instruments that get produced through [Naked

Shorting](<https://www.investopedia.com/terms/n/nakedshorting.asp>)

\* Not to be confused with [synthetic

options](<https://www.investopedia.com/articles/optioninvestor/08/synthetic-options.asp>) positions which are legal/legitimate trade strategies that "simulate" the profits/losses as if the trader actually held those shares, or legitimate Synthetic shares produced by legal shorting that produce a synthetic long off of a borrowed long (the long would exist twice)

\* Synthetic shares entitle the owner to all of the same rights as an investor owning a non-synthetic share

\* Cases where there is an excessive amount of synthetic shares point to the possibility that a stock is being abused or manipulated

\* Cannot be easily measured due to limited public transparency at the Market Maker and Prime Broker level

\* A great read on Counterfeiting [<https://web.archive.org/web/20210131014127/http://counterfeitingstock.com/CS2.0/CounterfeitingStock.html>](<https://web.archive.org/web/20210131014127/http://counterfeitingstock.com/CS2.0/CounterfeitingStock.html>)

### ## 1.3 - Outstanding Shares

The number of [Outstanding shares](<https://www.investopedia.com/terms/o/outstandingshares.asp>) encompasses the amount of issued shares held by all shareholders (both private and public)

- \* It is possible for there to be more shares outstanding through Naked shorting, which produces Synthetic shares
- \* The number of issued AND synthetic shares outstanding is very difficult to measure, as they are only recorded on the books of the market makers generating synthetic shares and the prime-brokers they trade through
- \* These parties are not incentivized to be transparent and actively obscure these numbers, as the practice of naked shorting excessively is fraudulent and illegal

## ## 1.4 - Restricted Shares

[Restricted shares](<https://www.investopedia.com/terms/r/restrictedstock.asp>) include the number of issued shares held by insiders of the company

- \* These shares are not publicly traded on the stock market

## ## 1.5 - The Float

[The Float](<https://www.investopedia.com/terms/f/floating-stock.asp>), or Floating Stock is the number of shares of stock that are available to be publicly traded (the number of [Outstanding shares](<https://www.investopedia.com/terms/o/outstandingshares.asp>) minus the amount of [Restricted shares](<https://www.investopedia.com/terms/r/restrictedstock.asp>) that are owned by insiders).

- \* In theory, the number of shares owned by [retail investors](<https://www.investopedia.com/terms/r/retailinvestor.asp>) and [institutional investors](<https://www.investopedia.com/terms/i/institutionalinvestor.asp>) should not exceed the float
- \* GME's float total is currently ~[56.89 Million](<https://finance.yahoo.com/quote/GME/key-statistics/>) shares (as of 6/10/21)

## # 1.6 - Shareholder Votes

[Shareholder Voting](<https://www.investopedia.com/terms/v/votingright.asp>) is a right extended to shareholders holding shares in the stock that entitle the owner to vote on corporate policies

- \* Examples of what votes are cast for
- \* Appointment of directors
- \* Executive compensation
- \* Dividend adjustments
- \* [Overvoting (info in the middle of this page)](<https://www.sec.gov/spotlight/proxyprocess/proxyvotingbrief.htm>)
- \* When there is an overvote (like GME on 6/9), the votes will be normalized to a number based on the amount of shares that are held by DTC
- \* The official 8K form cannot be officially submitted with an overvote
- \* When this happens, the SEC and Company are notified

## # 2 - TRADE POSITIONS

### ## 2.1 - Long Position - Buying/Selling Stock

When an investor buys a stock they are considered [long](<https://www.investopedia.com/terms/l/long.asp>) on it (this is the type of position most people associate with trading stocks)

- \* Not to be confused with a [long-term](<https://www.investopedia.com/terms/l/longterminvestments.asp>) investment
- \* In other words, holders of long positions have a **positive** number of shares

\* To [close](<https://www.investopedia.com/terms/c/closeposition.asp>) a long position the owner would sell their shares on the stock market

Basic flow of obtaining/closing a long position is:

1. Buy the stock
2. Hold it until the price of it increases to a desired amount
3. Sell it for a profit

## ## 2.2 - Short Position - Shorting/Covering Stock

When a short seller shorts a stock they hold a [short position](<https://www.investopedia.com/terms/s/short.asp>) on the stock, or owe the party they borrowed from however many shares they shorted

\* Not to be confused with a [short-term](<https://www.investopedia.com/terms/s/shortterminvestments.asp>) investment

\* Investors with short positions effectively are \*in debt\* or \*owe\* the number of shares that they have shorted and can be considered \*\*\*negative\*\*\* on the stock

\* To close that position, short-sellers must buy a number of shares equal to the size of their short position (buying to close a short position is known as [covering](<https://www.investopedia.com/terms/s/shortcovering.asp>))

\* Short positions must be reported to regulators (unlike naked short sales)

Basic flow of obtaining/closing a short position:

1. Borrow a share owned by a lender
2. Sell the stock that was borrowed
3. Gaining the cash based on the price it was at the time it was "shorted"
4. Pay interest as a percentage of the stock's value
5. Since this is a percentage the cost of interest increases if the stock's value increases
6. Hold the position until the price has dropped to a desired price
7. Buy the stock on the open market
8. Ideally the stock is bought back at a lower price than originally borrowed for so the investor can pocket the difference
9. Return the share back to the lender

## ## 2.3 - Naked Short Position - Naked Shorting/Covering Stock

[Naked Shorting](<https://www.investopedia.com/terms/n/nakedshorting.asp>) effectively allows a Short Seller, working with a market maker, to short a stock using a without having a borrowed share like normal short selling

\* Naked short sales do NOT have to be reported the same way as normal "Short Sales" and can be "hidden"

\* Failures to Deliver the shares that were "fake-borrowed" to the buyer are one of the main ways to find evidence of naked shorting

\* Due to a loophole and lack of oversight by regulation, Naked short selling can be used to manipulate the price of certain stocks

\* This type of trade illegal outside of specific situations involving Market Makers

\* Naked shorting was targeted for tighter regulation during the financial crisis of 2008 but enforcement has unfortunately not been effective in preventing it from manipulating the market

Basic flow of obtaining/closing a naked short position (kind of complex and involves two specific parties for 2 initial trades called a married put)

1. A Short Seller "A" buys 100 shares from a Market Maker "Z" who can technically sell them without locating them

1. Market Maker is Naked Shorting the stock, and the Short Seller is receiving 100 synthetic shares

2. Short Seller "A" now buys a [Put Option](<https://www.investopedia.com/terms/p/putoption.asp>) (1 options contract is worth 100 shares) from Market Maker "Z" who is the [writer](<https://www.investopedia.com/terms/w/writing-an-option.asp>) of the put (Writing a put does not require the writer to have the shares on hand)

1. Writing/selling a put nets +100 shares to the Market Maker, which results in the -100 shares that were naked shorted to be neutralized, so the Market Maker now is at a neutral position (Market Makers generally try to remain net 0 on trades)

2. Short Seller "A" now has 100 shares that can be short sold (they "borrowing" the synthetic shares the Market Maker effectively printed out of thin air), and one put contract that they can make money on as long as the price goes down

3. The steps of the short seller are basically the same as a normal short sale now (2.2 steps 2-8), however, interest from the Short seller does not need to be paid to a lender (no one is formally lending it)

1. The premium from the put being purchased from the Market Maker is how they benefit

2. Short Seller "A" now has a short position that they can cover simply by buying 100 shares, which would cancel out the synthetic short position

### # 3 - MARKET PARTICIPANTS

#### ## 3.1 - Retail Investors

\* Retail Investors, also known as individual investors, are your average investors (not a company or organization)

\* Referred to as the "Dumb Money" by Wall Street and the "professional" financial community

\* Reddit communities

\* u/DeepFuckingValue (@TheRoaringKitty on Twitter)

#### ## 3.2 - Institutional Investors

[Institutional Investors](<https://www.investopedia.com/terms/i/institutionalinvestor.asp>) are organizations that invest on individuals' behalf

\* Examples of Institutional Investors

\* Endowment Funds

\* Commercial Banks

\* Mutual Funds

\* Hedge funds

\* Pension funds

\* Insurance companies

Notable institutional Investors involved in the GME Saga so far

\* RC Ventures LLC (LONG)

\* To Apes: Ryan "Buckle Up" Cohen, AKA GameStop Chairman, AKA Bringer of SHF Tears ■

\* To SHFs and Market Manipulators: [Doom](<https://youtu.be/-kWeB4IJ7sA>)

\* BlackRock (Long)

\* Vanguard Group (Long)

\* Fidelity (Long) - May not have an active position on GME Specifically

\* Melvin Capital (Short)

\* Citadel Advisors (Short)

\* Point72 (Short)

#### ## 3.3 - Market Makers

[Market Makers](<https://www.investopedia.com/terms/m/marketmaker.asp>) can be Hedge Funds, Brokers, or Prime Brokers, who, rather than investing and holding long or short positions, they profit by ensuring there is [liquidity](<https://www.investopedia.com/terms/l/liquidity.asp>) in the market buy simultaneously submitting buy AND sell orders close to the current price (they play both sides of the market and must

always have shares to buy and sell)

- \* Market Makers ensure that if some another investor wants to buy or sell shares near the current price of a stock, there is a corresponding buyer/seller on the other side of the trade offering to trade (for availability essentially)
- \* They will normally offer to buy at an amount that is a bit lower (generally fractions of a percent away) than the last price a share was sold for, or sell at a price that was a bit higher than the last price a share was sold for
- \* Ex. Lets say current share price is \$200\$; A Market Maker might have a buy order for 100 shares at \$199.75, and have sell orders for 100 shares at \$200.25, so assuming both of those trades execute, they net \$50 on those 100 shares ( $\$0.50 \times 100$  shares)
- \* Generally, Market Makers intend to remain Net Neutral on their positions, making money based on volume traded, rather than holding positions long enough for them to increase or decrease
- \* They employ [High Frequency Trading](<https://www.investopedia.com/terms/h/high-frequency-trading.asp>) systems (computers) and algorithms to facilitate trading
- \* When you buy and sell stock those trades are often trading between you and a market maker
- \* Market makers get "special rules" that enable them to keep liquidity in the market when there is low liquidity
- \* Naked shorting is one of the options Market Makers have when navigating a trade that other investors do not have

#### **\*\*Notable Market Makers\*\***

- \* Shitadel Securities
- \* While part of "Shitadel" this organization is separate from the Hedge Fund (Shitadel Advisors)
- \* Virtu Financial
- \* Credit Suisse Securities
- \* Deutsche Bank Securities
- \* Goldman Sachs and Company

#### **## 3.4 - Prime Brokers (Broker Dealers) and Brokers**

A [**Prime**]-**Broker**](<https://www.investopedia.com/terms/p/primebrokerage.asp>) is a bundled group of services that investment banks and other financial institutions offer to hedge funds and other large investment clients that need to be able to borrow securities or cash in order to engage in [netting](<https://www.investopedia.com/terms/n/netting.asp>) to achieve [absolute returns](<https://www.investopedia.com/terms/a/absolutereturn.asp>)

- \* [Broker](<https://www.investopedia.com/terms/b/broker.asp>) vs [Prime-Broker](<https://www.investopedia.com/terms/p/primebrokerage.asp>)
- \* A broker is an individual or entity that facilitates the purchase or sale of securities, such as the buying or selling of stocks and bonds for an investment account. A prime broker is a large institution that provides a multitude of services, from cash management to securities lending to risk management for other large institutions.
- \* While Brokers often route trades through [Market Makers](<https://www.investopedia.com/terms/m/marketmaker.asp>), MMs also through and receive margin from Prime Brokers
- \* The Prime Broker is who would Margin Call Shitadel if their short position gets too large or they bleed too much capital
- \* Retail investors trade through and receive margin from Brokers (not Prime Brokers)

#### **# 3.5 - Clearing Houses**

[Clearinghouses](<https://www.investopedia.com/terms/c/clearinghouse.asp>) are intermediaries between buyers and sellers

- \* Finalize transactions
- \* Regulates delivery of assets

- \* Reports on trading data

### # 3.6 - MSM (Mainstream Media)

Though not a traditional market participant (as in they are not trade/financial entities) the [MSM]([https://www.investopedia.com/terms/m/media\\_effect.asp](https://www.investopedia.com/terms/m/media_effect.asp)) is worth noting due to its role in influencing the financial atmosphere and landscape

- \* The MSM (specifically the Financial Media in this case) overall is motivated through sponsors and through ratings
- \* They often cover topics based on what their sponsors want them to cover, and/or those that are more likely to draw many viewers
- \* The Financial Mainstream media comes in many forms
- \* News Articles
- \* Blogs
- \* Television
- \* Newspaper

## # 4 - IMPORTANT MARKET/TRADE MECHANICS

### ## 4.1 - Failures to Deliver (FTD)

[FTDs](<https://www.investopedia.com/terms/f/failuretodeliiver.asp>) occur when a buyer of a stock ends up not having the money to purchase the stock that they traded for OR, \*\*when a short seller does not own the stock at the time of settlement\*\*

- \* FTDs are one of the main check-balances to naked shorting, so very high amounts of Failures to Deliver are indicative of this
- \* Spoiler: GME has tons of FTDs reported
- \* FTDs are supposed to be covered within a specific time period in order to avoid violation of regulatory rules

**\*\*Cycles\*\***

>Our understanding regarding the "rules" of T+21 and T+35 Cycles was constructed in [The SECs Key Points About Regulation SHO](<https://www.sec.gov/investor/pubs/regsho.htm>)

#### T+21 Cycle

When there are Failures to Delivery that are not satisfied by the required time period (T+4 for Short Sales and T+6 for Long Sales, a Market Maker must satisfy the FTD within 13 days following the T+4/6

- \* If it was for a long sale that Failed to Deliver, T+6 (7 Days including the trade day) plus another 13 consecutive days (14 Days including the failed settlement day), amounts to 21 days (this is where the T+21 Cycle comes From)

#### T+35 Cycle

If a FTD passes through T+21, there is a maximum time of 35 calendar days after the initial trade date that the firm clearing the trade must pre-borrow (purchase) the share to satisfy the FTD

- \* In theory, to avoid breaking the rules, Failures to Deliver must be satisfied some time within 35 Calendar Days of the trade date

### ## 4.2 - Margin

- \* [Margin](<https://www.investopedia.com/terms/m/margin.asp>) is basically credit that that an investor can use to buy more stock



- \* When you buy on margin you must stake the assets you have already purchased with your own cash as collateral
- \* The amount of Margin you can have depends on the value of your collateral
- \* The value of your collateral and cash but meet the margin requirements in order to continue to buy on margin
- \* Keep in mind the value of your collateral can change if the price goes up or down and if the value of your collateral/cash drops below the margin requirement you will received a [Margin Call](https://www.investopedia.com/terms/m/margincall.asp) Another way to think about it:

1. Imagine I have \$1,000 in stock
2. You obtain a personal loan for another \$1000
3. To get the credit you stake your \$1000 in stock (if you default it goes to the lender to cover your debt)
4. You buy \$1000 more stock with that loan (you now own \$2000 in stocks, half in cash half on margin)
5. You will pay interest on the \$1000 on margin but if your investment makes more money than the interest then you are still profiting
6. If your investment turns bad (lets say the price of your stock falls 50% and you are left with \$1000) your lender can forcibly close out your positions (everything you bought in cash and staked as collateral along with what you bought on margin so that they can get the \$1000 they loaned you back)

#### ## 4.3 - Margin Call

- \* A Margin Call is a notice indicating you have a specific amount of time to deposit enough of your own funds to meet your margin requirement (if you cannot meet the requirement the lender is entitled to sell all of your holdings to recover what you borrowed)

#### \*\*Margin Examples:\*\*

>This is a slightly complicated scenario that can be a little hard to follow. Give it a few reads if it doesn't make sense the first time, but basically, Margin is a credit line that you can use to buy more assets (effectively a loan backed by collateral and cash in your own account). If you buy assets with it, you have to pay back what you borrowed, whether the value of your investment goes up or down (if the investment goes up in value, you make more than you normally would, but if the investment goes down in value, you lose more than you otherwise would have without margin).

>

>This gets even more (or less maybe) complicated when you have short positions AND long positions, like most institutional investors. To have short positions, I still need to have margin, but I do not need to use it to buy stocks, It can act as a buffer if I have a short position on a stock that is increasing in value (with a short position, if the price of something I short goes up, I am losing money), and if it gets too high, it can run against my margin line, causing a margin call.

#### \*\*GAIN: Long Positions\*\*

1. Imagine I have \$1000 in stock XXX (let's say 10 shares worth \$100 each)
2. My broker may lend me margin credit line equal to the value of my assets (so \$1000 in margin), and let's say they give me a margin requirement of \$800, meaning that the value of my non-margin assets (the ones I bought with my money) must be above \$800 in order to keep using margin (so as long as stock XXX stays above \$80 a share, then I will not get a margin call for being below the requirement)
3. I then choose to use the margin, buying 10 more shares of stock XXX for \$100 each, so I now have 20 shares of stock XXX, valued at 100\$ a piece
4. If the price of stock XXX goes up to %25 per share, and I sell all 20 shares, I just profited \$500 (+\$25 on 20 shares)
1. In this case, closing the position clears me from the margin debt, as I am no longer using it in an open position
2. If I had not used margin, I would have only walked away with \$250 in profit (\$25 per share on 10 shares), but instead I made \$500, and paid back the credit, plus a little bit of interest.
5. Yay.

#### \*\*LOSS: Long Positions\*\*

1. Imagine I have \$1000 in stock XXX (let's say 10 shares worth \$100 each)
2. My broker may lend me margin credit line equal to the value of my assets (so \$1000 in margin), and let's say they give me a margin requirement of \$800, meaning that the value of my non-margin assets (the ones I bought with my money) must be above \$800 in order to keep using margin (so as long as stock XXX stays above \$80 a share, then I will not get a margin call for being below the requirement)
3. I then choose to use the margin, buying 10 more shares of stock XXX for \$100 each, so I now have 20 shares of stock XXX, valued at 100\$ a piece
4. If the price of stock XXX goes down %25, bringing the value per share down to \$75 a share, the value of my total position is now \$1500, and the value of my non-margin assets is \$750, which is below the margin requirement (keep in mind, I borrowed \$1000, so that is still the amount I have to pay back)
5. My lender will give me a margin call, indicating I have two business days to deposit 50\$ into my account in order to meet the margin requirement
  1. If I have the cash to deposit the extra \$50 would take my assets to \$800 (\$750 in stock XXX + 50\$ cash)
  1. If the price of stock XXX recovered to above \$80 per share, it could also satisfy the requirement
  2. If I do not have the cash to deposit, then I am in trouble, as after two days, they are allowed to liquidate (sell) the assets I bought with my own money, as well as the assets I bought on margin
    1. Let's say this happens, all my borrowed assets are sold first to cover my \$1000 loan (since the price of stock XXX was only \$750, it only covers \$750 of my \$1000 margin line)
    2. I now have \$750 left in assets of Stock X, but I still owe money from margin, so my lender is entitled to sell \$250 worth of my shares in order to get their full \$1000 back
    3. I am now left with \$500 total (\$750 in 10 shares of stock XXX - \$250)
6. Not Yay

**\*\*LOSS: Short and Long Positions\*\***

**\*\*THIS IS THE RELEVANT ONE TO GME\*\***

1. Imagine I have \$1000 in stock XXX (let's say 10 shares worth \$100 each)
2. My broker may lend me margin credit line equal to the value of my assets (so \$1000 in margin), and let's say they give me a margin requirement of \$800, meaning that the value of my non-margin assets (the ones I bought with my money) must be above \$800 in order to keep using margin
3. Instead of using the margin to buy more, I instead short 10 shares of stock YYY which is at \$50 a share currently (giving me \$500 in extra cash), which I use to buy 5 more shares of stock X
  1. I am now long 15 shares of stock XXX valued at \$1500 and short 10 shares of stock YYY valued at -\$500 (negative \$500) for a net value of \$1000
  2. No margin is actively committed to open positions, and I am still using my \$1000
  4. Now, let's say a short squeeze happens involving stock Y, causing the price to skyrocket to \$200 per share
    1. My short position is now -\$2000 (10 shares of -\$200 each)
  5. My net account value is now -\$500 (\$1500 - \$2000) which is now using my margin, and because my account's value is no longer above \$800, I no longer meet margin requirements so I get a margin call
  6. If I cannot balance my account, the lender will liquidate my \$1500 in stock XXX in order to pay the -\$2000 I owe, leaving me with -\$500 left in debt
    1. I have now defaulted, as I cannot pay the \$500
  7. Now that I have defaulted, the lender who gave me margin owns my short positions, meaning they are now short whatever was left
    1. The lender can now navigate the short positions however they want (they can hold them and hope the price goes down, and cover to close them, or they can close them immediately, costing them the whole \$500 I still owed)
8. GUH!

#### **## 4.4 - Margin Calls Who Calls Who**

Margin calls happen at levels 1-4 when the cell to the left cannot meet margin requirements

- \* Broker Margin Calls Retail Traders
- \* Prime Brokers Margin Call Brokers, Hedge Funds, and Market Makers

- \* The NSCC Margin Calls Prime Brokers
- \* Defaults roll up left to right
- \* If Retail Trader defaults, Broker must take on their leftover positions
- \* If Broker, Hedge Fund, or Market Maker defaults, the Prime Broker must take on their leftover positions
- \* If Prime Broker Defaults, the NSCC must take on Position
- \* If the NSCC Defaults, the Fed must take on the position

Level 1	Level 2	Level 3	Level 4	Level 4
Retail Trader	Broker	Prime Broker	NSCC (DTCC)	Fed (JPOW)
x	Market Maker	Prime Broker	NSCC (DTCC)	Fed (JPOW)
x	Hedge Fund	Prime Broker	NSCC (DTCC)	Fed (JPOW)

## ## 4.5 - Short Squeeze

A [Short Squeeze](<https://www.investopedia.com/terms/s/shortsqueeze.asp>) is a market event that occurs when there is a large short position on a stock whose price rapidly increases higher than expected, normally due to a catalyst

- \* During the short squeeze, the losses of those who have short positions continue to increase higher it goes
- \* Since they **\*\*owe\*\*** shares, the cost to cover their position increases depending on how high the price goes (there is theoretically no limit on how high a stock can go)
- \* As market participants who are short on the stock buy to cover, supply decreases and demand increases, causing the price to increase even more rapidly
- \* While short sellers are scrambling to cover their positions, the rapid price change may entice investors who are not short on the stock to buy it in order to make a quick profit
- \* Again, lowering supply and increasing demand

# TL;DR

>Obligatory TL;DR (Closest thing to one is section 5)

## # 5 - MOASS Breakdown of "How"

The main point of the post is to read and understand section V, but here is section IV to act as a TL;DR

1. Toxic Market Participants have built up massive [short positions](<https://www.investopedia.com/terms/s/short.asp>) made through [Naked Shorting](<https://www.investopedia.com/terms/n/nakedshorting.asp>)
2. Retail caught on to this strategy and discovered it can backfire if the company being shorted does not go bankrupt, especially if shares are bought and held indefinitely
3. Rules and regulations have implemented by the DTCC and its subsidiaries have been geared towards preventing market collapse, as well as to minimize the ability to perform illegal trades (naked shorting)
4. The SEC is also doing more to enforce compliance with the "rules"
5. The manipulators are at the mercy of a vicious trade cycle (T+21/35 FTD Cycle) that is forcing those with naked short positions to perform actions to [cover](<https://www.investopedia.com/terms/s/shortcovering.asp>) (buy back shares that are short), or risk regulatory consequences
6. This act of rapid covering drives up the price, making it more expensive to cover during the next cycle if the share price continues to increase week over week
7. Eventually, the prices of GME will get so high that prime brokers will have no choice but to [Margin Call](<https://www.investopedia.com/terms/m/margincall.asp>) these participants which most likely will not be meetable due to the nature of [Short Squeezes](<https://www.investopedia.com/terms/s/shortsqueeze.asp>), causing them to default and be forcibly liquidated
8. The [Prime-Brokers](<https://www.investopedia.com/terms/p/primebrokerage.asp>) will then take on the position, and if the Prime Brokers cannot cover them and also defaults, the NSCC will be next to attempt to

settle all positions left over based on their [Recovery and Wind-down Plan (p42)]([https://www.dtcc.com/~media/Files/Downloads/legal/policy-and-compliance/NSCC\\_Disclosure\\_Framework.pdf](https://www.dtcc.com/~media/Files/Downloads/legal/policy-and-compliance/NSCC_Disclosure_Framework.pdf))

9. If NSCC cannot afford to close everything with the money reserved for this type of situation, they the Fed must navigate the remaining positions (potentially via printing money/bailout)

# Stay Tuned for Parts 2 and 3

Part 2 (WIP) - MOASS Mechanics, Landscape, Atmosphere, and Tactics: What "Normal" Looks Like in the Months/Weeks Leading to MOASS

- \* Tactics
- \* MSM Propaganda
- \* Community Infiltration
- \* Price Manipulation
- \* Steganography
- \* Mechanics
- \* Loopholes
- \* Patterns and Cycles
- \* What does Normal Look Like (Expectations to set)
- \* Price Movement
- \* MSM Content
- \* Shill Activity

Part 3 (WIP) - MOASS Mindset and Ways to Navigate

- \* Think Critically
- \* Understand "Why" You Believe in Your Thesis and the Basics "How" the Thesis is Possible
- \* Don't be afraid to ask questions to become learned
- \* FUD