Title: ■ $GME ■ Where We Were, Where We Are, and Where We Are Going: The Newfound Short Squeeze and its coming 'Gamma' Effect
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Linked Post Content:
Where We Were 1: The Visible Abuse (via ETFs like XRT)

[Chart comparison of XRT and GME for visibility of prior manipulation](https://preview.redd.it/jekw5tr1spg81.png?width=904&format;=png&auto;=webp&s;=511a65ceb5f384d13f1b46dfaa2282b3b37a854f)

Where We Were 2: **Synthetic Shares (Naked Shorting) led to the beginning of this 'MOASS'**

Shares are available to short raw stocks on an as-available basis and with a borrow fee. That borrow fee has been rapidly climbing for GME specifically, as a standalone short-sale of the raw shares.

[Ortex data](http://app.ortex.com/s/NYSE/GME/short-interest) shows that Days-to-Cover (for failures to deliver, or FTDS, which are some of the only evidence of naked short-selling) has risen to a record for GME. Also, you can graph 'cost to borrow' (CTB) and see that the borrow fee rose again fast - in similar fashion to last year's short sneeze (not a real squeeze because the buy-in process was illegally prevented via the removal of the buy button. Citadel & Melvin clearly lied to Congress and bought more time, and this is why Melvin and Citadel are now being criminally investigated by the DOJ. They simply delayed the short squeeze - but it can't be prevented as we are seeing today). With \[reported\] short interest for the raw GME shares, alone, you can see that we have similar conditions now for a historic short squeeze - and pronounced with a gamma effect.

Failures to deliver are actually due now, but hedge funds are using time delays as provided by reg-SHO (threshold list - check XRT which was added to that list)

ETFs, and not just XRT - but many of them - were being sold-short. These ETFs contain a fraction of GME shares, but when they were sold-short, that multiple of GME shares was shorted and applied to the books. Yet, 750% percent of the amount of XRT shares in the float, and nearly an order of magnitude above the shares outstanding, were shorted. This applied criminal-level of selling pressure on the ETFs specifically, and then through the multiple of GME ownership, applied selling pressure on the stock itself \[and in combination with the raw shorts on that ticker specifically, which as you've seen from the last three months was egregious and highly manipulative of the share price\]. This was illegal at those levels simply because naked shorting is illegal -it evidenced blanket-naked-shorting (where ETF creation shares that never existed were printed and then sold onto the market, and in combination with the standalone underlying shorts hidden in swaps and hidden in the options chain using deep ITM puts, all in combination with the 'reported' short interest that we can see with our very eyes). The usage of many ETFs to short created a fake paper trail of GME shares that never existed, and replicates those false-existences many times over. With these ETFs, it is now proven to be possible - and very real - that GME is shorted hundreds of percentages beyond the shares that exist for the company (this was the GameStop board of directors' reason for listing the total of DRS - Directly Registered Shares- with computershare.com on the routine earnings reports).

There is a process called 'locate' where the shares on the books can be fabricated if the 'locate' is identified. However, you can have an unlimited number of 'locates' for the one share, and that then can be shared again. Where the real GME shares are passed around and manipulated like a ragdoll.

With XRT added to the threshold list, there is a T+18 window where shares need to be paid back. If those shares never existed for the ETFs, then they'll never be able to be paid back. The demand, then, for the available shares, will be much higher than the supply of the shares for sale (that do exist) when the buy-ins are forced by the DTCC in auto-liquidation. (historic).

Not only did Citadel re-route 90%-95% of retail's orders to their off-exchange 'dark pool' market (as evidenced by the SEC's twitter), but hedge funds abused the share price specifically through naked shorting, and then they hired teams of PhDs, psychologists, and essentially the entire stock market mainstream-media outlets to mass-manipulate shareholders to sell - all to try to screw retail investors, in order for the fraudulent market makers and hedge funds to try to get away with the crime that they committed and trapped themselves in.

(*because these fraudulent participants were so confident that GameStop would become bankrupt in the same manner as all of the other innocent companies that perished at the hand of their same, tried-and-true, company-killer tactic - yet, given an anomaly of their scheme possibly failing in the unique case of GameStop- we can see how the entire market system would undergo a necessary change as a result of their impending worse-than-Archegos explosion, and in a manner that would cause a market shock that would then result in material change under our laws- and would thereby subsequently fix the broken and rigged system permanently*)

Where We Were 3: If someone sold an **ETF** **that has shares in it, then those shares were also sold onto the market through 'creation units' in a trust.**

ETF creations involve a financial company, known as a sponsor, which buys a basket of stocks that represent the holdings of the ETF. These shares are put into a trust, and the sponsor issues ETF shares that represent the value of the portfolio of these holdings. The ETF shares then trade on the open market.

The authorized participant acquires stock shares and places those shares in a trust, then uses them to form ETF creation units. These are bundles of stock varying from 10,000 to 600,000 shares, but 50,000 shares are what is commonly designated as one creation unit of a given ETF.

Then, the trust provides shares of the ETF, which are legal claims on the shares held in the trust (the ETFs represent tiny slivers of the creation units), to the authorized participant. Because this transaction is an in-kind trade—that is, securities are traded for securities—there are no tax implications. Once the authorized participant receives the ETF shares, they are sold to the public on the open market just like stock shares.

The goal of these 'meme-stock' ETFs, such as the XRT ETF, was to try to manipulate meme-stocks into bankruptcy. The original goal was to never have to make that exchange for creation units because, if the company is bankrupt, they never have to deliver upon the shares that were shorted and borrowed. Thus, the ETF 'creation units' of the raw shares would indeed have to be paid back on failures-to-deliver, in which the shares sitting in the trust have to be sold back into the market in order to justify the price of the ETF, in the case of arbitrage between the ETF value and the underlying. Thus, the case of having to pay back the ETF shares that were sold short would imply having to pay back the creation units of raw shares that were said to be short in the ledger.

Thus, if an ETF was sold short 750% of the float, you can expect that 750% of the stocks held in the creation units (in the trust) were sold onto the open market. We can assume with the equal chart price movements, and the fact that XRT is listed as owning GME - we can assume that the shares were indeed sold onto the market. But this allowed for creation of shares sold that never existed in the first place, and thereby applied real selling onto the market using printed GME shares (as replicated many times over through the creation units) that were never supposed to exist.

If the shares never existed in the first place, as we are realizing is occurring now, then when the ETF 'blows up', it creates a nasty paper trail of required paybacks that can never really be paid back. By the time it hits the DTCC's desk, they'd see millions and millions of GME shares that are required to be bought back on the open market. - required - and this means acute demand for the raw GME shares skyrockets above the available supply. The available supply of real shares would be very small compared to the demand in this case.

There is little to no legal oversight of raw, underlying securities inside these trust accounts. Therefore, even if the data shows that XRT is shorted 750% beyond the float, it could be much higher based on whether or not the trust even owns the shares at all.

When investors want to sell their ETF holdings, they can do so by one of two methods:

The first is to sell the shares on the open market. This is generally the option chosen by most individual investors. The second is to gather enough shares of the ETF to form a creation unit, then exchange the creation unit for the underlying securities. This option is generally only available to institutional investors due to the large number of shares required to form a creation unit. When these investors redeem their shares, the creation unit is destroyed, and the securities are turned over to the redeemer. The beauty of this option is in its tax implications for the portfolio.

ETF shares also can be handed back to the sponsor in return for the basket of stocks that these shares represent. In doing so, the ETF shares that are redeemed no longer trade on the secondary market.

Where We Are 1: **Melvin Capital Subpoenaed by DOJ in criminal probe:**

[Melvin Capital has received a criminal subpoena.](https://www.investopedia.com/department-of-justice-probing-short-sellers-5218273?utm_campaign=quote-yahoo&utm;_source=yahoo&utm;_medium=referral) Sources say Citadel Securities (the hedge fund associated with the dark-pool, bernie-madoff-payment-for-order-flow, market-maker Citadel) is also a subject of the criminal investigation into short-sellers and their widespread short-and-distort campaigns over the last decade.

Margin calls, which are already going into effect, will be followed by DTCC's auto-liquidations. The liquidations very well could resemble the collapse of Archegos, and have cascading 'shock' effects in the stock market.

Melvin Capital also through recent filings moved $4B of their funds offshore to the Cayman Islands.

Where We Are 2: Days-to-Cover (DTC) reaches Record: Likely the beginning of a historic Short Squeeze

Days to cover = current short interest ÷ average daily share volume

Additionally, a high days-to-cover ratio can often signal a potential short squeeze. This information can benefit a trader looking to make a quick profit by buying that company's shares ahead of the anticipated event actually coming to fruition.

Traders who short sell are motivated by a belief that the price of a security will fall, and shorting the stock allows them to profit from that decline in price. In practice, short selling involves borrowing shares from a broker, selling the shares on the open market, and then buying the shares back in order to return them to the broker.

The trader benefits if the price of the shares fall after the shares are borrowed and sold, as this allows the investor to repurchase the shares at a price lower than the amount for which the shares are sold. **The days to cover represent the total** **estimated** **amount of time for all short sellers active in the market with a particular security to** **buy back the shares** **that were lent to them by a brokerage.**

If a previously-lagging stock turns very bullish, the buying action of short sellers can result in extra upward momentum. The higher the days to cover, the more pronounced the effect of upward momentum may be, which could result in larger losses for short sellers who are not among the first to buy the shares required to close their positions.

[GME Days To Cover reaches historic levels, indicating a likely Short Squeeze](https://preview.redd.it/5dcimwxxrpg81.jpg?width=1920&format;=pjpg&auto;=webp&s;=e8c1ee37b1b86b3232dc060aaef132e51295f551)

Note that this is for the raw shares of the stock, and does not take into consideration criminal level short-selling of the ticker through ETF's that was ongoing. We have previously discussed how XRT, for example, was sold-short by 750% of the available float.

Where We Are 3: **Technicals**

[Consistently Rising Supports and Line-Break Price Breakout](https://preview.redd.it/nsqy6zvzrpg81.png?width=900&format;=png&auto;=webp&s;=e96c66d9115f448c11e08f452fae08aebcde9a44)

[Ascending Wedge, Rising Trendlines, and short-term SMA overcoming long-term SMA](https://preview.redd.it/dluuk03zrpg81.png?width=814&format;=png&auto;=webp&s;=507a01e835eeecfd0bc443460c40743f4160a986)

Where we Are Going: The Short Squeeze 'Gamma Effect':

A gamma squeeze is caused by large trading volumes in one direction in a short space of time. This causes the market maker to have to close out their positions leading to a large spike in the share price. Trade is heavily influenced by trader sentiments and world news.

A gamma squeeze is usually extreme, forcing investors to buy more stock due to open options in the underlying stock.

A gamma squeeze can happen when there’s widespread buying activity of short-dated call options for a particular stock. This can effectively create an upward spiral in which call buying triggers higher stock prices, *which results in more call buying and even higher stock prices, and so on and so forth.*

Gamma is an investment term associated with the “Greeks.” The Greeks are a set of terms that are used to describe various positions when trading options. Delta, for example, explains how the rate of changes of an options price corresponds to the change in the underlying stock’s price. Gamma is related to the delta, as it measures how the latter changes as a stock’s price shifts up or down.

TLDR; Conclusion:

We discussed $**XRT**, the 750% short interest, and the subsequent prior manipulation that occurred to $**GME**'s share price. We discussed where we were: how the underlying GME stock was over-shorted and resulted in a record days-to-cover (DTC) as shown, which indicates the beginning conditions of the newfound short squeeze. We then talked about where we are: we are seeing high levels of price increases now which is only beginning to apply pressure on short-sellers to close their positions. We see Melvin Capital (and possibly Citadel) get hit with Department of Justice (DOJ) subpoenas in their criminal investigation into market-wide, illicit, short-selling activities. We then talked about where we are from a technicals standpoint: bullish chart activity with rising supports, a line-break price breakout, and short term rising trendlines, a bullish ascending wedge, coupled with simple-moving-average breakouts. We then talked about where we are going: Gamma Effect on $**GME** stock, which causes short-sellers to have to close out their positions leading to a large spike in the share price. This effectively creates an upward spiral in which call buying triggers higher stock prices, which results in more call buying, and even higher stock prices.