

Title: A MARKET STUDY: FTD History, MM Loophole, Married Puts, ETF Loophole, Real Cause of the 2008 Financial Crisis?, Bernie Madoff, Witching Dates, Witching Waves, Swaps, TSOs, and Predictions (since those always turn out so great) – 88 Pages of DD

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Permalink: /r/DDintoGME/comments/yw8kgu/a\_market\_study\_ftd\_history\_mm\_loophole\_married/

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My posts were getting removed because reddit didn't like some of the file sharing sites I tried to use to share the PDF of my DD. Hopefully this works now. Sorry for any reposts.

**\*\*My latest DD turned into an 88 page paper, but I hope someone will take the time to read it and find it helpful. None of this is financial advice.\*\***

I set out on the journey to research and write this paper because I had honestly gotten to a point where I was a bit confused after reading DD for nearly two years. There's a lot of great DD and I've learned a ton, but sometimes things seemed to contradict. Also, a lot of this is just honestly fucking confusing.

So I wanted to go back to the beginning, deep dive as much as possible, and try to lay everything out a little more clearly for myself. I feel like I learned a lot and I thought it was worth sharing. I apologize for the length. I wrote this paper with a general audience in mind, not necessarily for superstonk or Apes, so it may not read like your usual DD.

Here are links to the paper (these are all the same thing), hopefully these links are allowed:

[<https://anonymfile.com/9JRaW/a-market-study-1115.pdf>](<https://anonymfile.com/9JRaW/a-market-study-1115.pdf>)

This paper currently clocks in at over 21,000 words / over 125,000 characters. It's very long, but I tried to be as concise as possible while covering a lot of ground. I also tried to edit it as much as possible, but it's a lot.

My hope is that if you read this paper you'll have a strong or even stronger understanding of a lot of the DD that superstonk has covered. Maybe you'll grow a wrinkle or two. Most of this paper isn't new, but some parts are and it was important for me to piece together everything I could. There is more I'd like to add, but most of it is stuff I figured I could skip for this version. Please, let me know what I need to elaborate on or if you have anything I should add or look into. Or if you have a better paper title.

This has taken a lot of time, so if you're going to shit on me, please be gentle. Always just here to learn.

Also, go read Welborn's papers!

**\*\*NOT MEANT TO BE FUD\*\***

I'll be upfront at the risk of being called a shill that I do include what some might deem fud in this paper. I'm still all in on GME (and heavily DRSD) and I still fully believe in MOASS. At the same time there are things I will continue to research, but at the moment I'm clear in the paper that I don't believe in three theories or conspiracies going around right now. I elaborate a little more on why in the paper.

1. I don't believe the DTCC committed international securities fraud. I think the large naked short position in GME is hidden from the DTCC and SEC through ETFs. Fuck the SEC and DTCC though, they suck. I think the DTCC and SEC are aware of the problem, just not the extent or size of naked shorts in the market. I think naked shorters delivered naked dividends and were able to keep their naked short position hidden from everyone, including the SEC and DTCC.

2. I'm not so sure bullet swaps will lead to margin calls. Bullet swaps can't be used to hide naked shorts and are probably hedged using put options and settled in cash, so I don't believe they will lead to buying on GME.

3. I don't think FTX or any other Crypto Exchange's GME Tokenized Securities Offerings (TSOs) were used to hide naked shorts. Under current rules they can't be used for a locate and shares still need to be delivered at some point. I do think it's possible GME TSOs were used to hedge and protect from margin calls because naked shorters knew they were about to buy a bunch of shares and knew that a bunch of retail call options were about to expire in January 2021.

You may disagree on one or some of these and that's completely fine, I still think you can get something out of this paper, you can skip those parts if you want. There are like 35 other parts you can enjoy, like I said, it's fucking long. I'm not exactly happy about it either lol. I had to read way too many SEC filings and PHD papers.

\*\*So, I hope people will read this, maybe learn something, and if you find any flaws then please let me know. I'm going to continue working on this paper and adding to it.\*\* \*\*I'd also like to make a video version of this paper so if you have any thoughts before I set out on writing and making that then please let me know. Also, if there are any narrators who don't mind sharing their voice, let me know.\*\*

\*\*The super quick TL;DR of my paper:\*\*

I believe it's possible Bernie Madoff was naked shorting and using the options Market Maker exemption to do so. I think it's likely that the removal of the grandfather and options exemptions in 2008 may have been the true cause of the 2008 financial crisis. Today an ETF loophole can be used to hide naked shorts and seems to be the only way. I believe swaps and bullet swaps are all about leverage. I believe margin calls will most likely occur because of ETF FTDs, Futures Contracts expiring, and Options expiring. In other words buying pressure occurs around Witching Dates and Witching Windows. GME will most likely skyrocket around one of these witching dates. I believe GME will take off in Spring of 2023 around the March 17th witching date.

DRS, Hodl, and Time are the GME longs greatest allies. Grinding isn't always easy, sometimes it's a slog, but it's been fun with you all.

\*\*The\*\* \*\*TL;DR and TL;DRS\*\* \*\*from my paper:\*\*

\*\*TL;DR\*\*

- \* You can make a lot of money by naked shorting
- \* 4 crashes in the first 65 years of the 20th century (1901, 1907, 1929, 1962)
- \* In the last 50 years there have been 4 major crashes (1987, 2000, 2008, 2020), 1 mini-crash (1989), one of those crashes led to a global financial crisis (2008), a flash crash (2010), market fall and sell-offs (2011, 2015-2016), and a crypto crash (2018)
- \* Computers start to take over the stock market in the late 80s
- \* Toothless rules and risky commercial banks
- \* Bernie Madoff uses split-strike strategy starting in the late 80s
- \* Bernie Madoff says he falls into naked shorting in the early 90s
- \* Failures to Deliver are a small, but growing problem in 1993 (\$6 million in FTDs)
- \* 2000s crash, more FTDs (\$6 billion in 2003) and naked shorting out-cry finally leads to Reg SHO in 2005
- \* Reg SHO includes loopholes to allow naked shorting to continue
- \* One of those loopholes was the Grandfather rule which exempted FTDs in two cases:

1. Any FTDs that existed prior to Reg SHO (2005)
2. Any "positions established prior to a security becoming a threshold security"

- \* The other loophole is a Market Maker option exemption that leaders in the SEC called the 'Madoff Exemption' because of advice given by Madoff on the exemption
- \* 'Married Puts' are a way in which a Market Maker and Hedge Fund could conspire to naked short a company and hide the FTDs using options
- \* The Market Maker side of a married put looks like a reverse conversion
- \* The Hedge Fund side looks like a split-strike – Bernie Madoff said he made all of his money through split-strikes

- \* The peak of the market in October 2007 before the 2008 crash coincides with the requirement to close any grandfathered-in FTDs
- \* The SEC rushes to save financial institutions and Wall Street from naked shorting
- \* The largest dip in the 2008 crash coincides with the SEC closing the Reg SHO options exemption loophole
- \* Madoff was caught in 2008 and said he was the fall guy from prison
- \* Was the 2008 financial crisis actually caused by the loss of major naked shorting loopholes? It certainly didn't help
- \* Institutions found a new loophole using ETFs
- \* The Options market is never really the same after 2008 and the removal of the FTD option exemption
- \* The ETF market makes large gains after 2008
- \* Naked shorts are hidden in ETFs today either through creation and redemption by redeeming naked ETFs for synthetic shares or by moving naked shorts from ETF to ETF
- \* Shares are supposed to be delivered by T+2, Market Makers have until T+6
- \* FTDs, Threshold Securities and Threshold Lists means Market Makers really have until T+19 until they're forced to close a Fail-to-Deliver
- \* Shorters can create large amounts of leverage through swaps
- \* I don't believe bullet swaps are hiding naked shorts or will lead to margin calls – any swaps or bullet swaps at this point are most likely covered by dynamic margin and put options
- \* I don't believe the DTCC committed international securities fraud – shorters can hide their naked shorts from the SEC and DTCC. DTCC still sucks and is probably aware of the problem
- \* Naked shorts in GME are most likely hidden through naked ETFs and paired with futures contracts and options – futures contracts and options come due on witching dates
- \* Witching dates and something I call witching windows show a pretty consistent buying pattern on the GME chart
- \* I predict that GME's price will rise and peak in late November to early December.
- \* I predict that GME's price will fall until late January to early February.
- \* I predict that GME's price will fall to the lowest it's been in a long time in early March.
- \* I predict that GME's price will then skyrocket in Spring of 2023 (Mid-March to April)
- \* DRS is important – digital equivalent of security certificate ownership – can't naked short a DRS'd share
- \* Apes will hodl for extreme prices, jail time, and some will even hodl their GME forever
- \* Who would actually short GME now with such a devout crowd DRSing shares constantly?
- \* Short interest in GME follows the witching waves – short interest in GME is most likely spill over naked short positions and/or suppressing buying pressure that occurs from covering, rolling, and trying to close naked short positions
- \* SEC and DTCC aren't going to do anything – SEC probably had a hand in causing the 2008 financial crisis when they closed naked shorting exemptions
- \* I believe Tokenized Securities Offerings of GME were probably to hedge and buffer naked shorters margin – they knew there were a large amount of retail call options in January – they knew they were going to have to start buying large amounts of shares to roll, cover, try to close naked shorts – I think they could have used TSOs of GME to cook their books so they wouldn't get margin called
- \* In conclusion, GME is naked shorted, it's probably going to blow around a witching date – probably the March 17th witching date. Retail is going to hodl to insane prices.
- \* I predict MOASS in Spring of 2023
- \* DRS and hodl

\*\*TL;DRS:\*\*

- \* Late January to early February might be a good time to DRS cheap GME shares
- \* Early March to about March 14th, 2023 might be some of the cheapest times to DRS GME for a long time to come
- \* DRS and hodl – time is our greatest ally
- \* Maybe risk some money on GME call options expiring on April 21, 2023 or sometime after – if that's your thing, especially if I'm right about the price in February/March
- \* Stock market might look real spooky if you're a naked shorter of GME in March and April of 2023
- \* I think GME is going to skyrocket sometime in the second half of the March 2023 witching window – so sometime between March 17, 2023 to April 14, 2023

Three important charts from the paper:

<https://preview.redd.it/wroqurqlc60a1.png?width=1920&format;=png&auto;=webp&s;=973984717315fae170c8b148b9040c672cce2668>

<https://preview.redd.it/pafnszxl60a1.png?width=1920&format;=png&auto;=webp&s;=60a52e18dffeaaea0f7a173e9af6d84266e627e7>

<https://preview.redd.it/mejzxq5mc60a1.png?width=1920&format;=png&auto;=webp&s;=096b23b95f58fd10322281077775420c599e3e37>

P.S. Don't play Gods Unchained, shit is addictive and this DD would have been out sooner if it didn't exist. Or maybe do because it's also a lot of fun. There are also quite a few GME and DRSGME usernames on there.

**\*\*TL;DRS\*\***

My money is on MOASS in Spring 2023.

DRS, Hodl, and Time are our three best allies.