

Twitter Thread by Alexis Goldstein

Alexis Goldstein

@alexisgoldstein



Some quick observations from today's @FSCDems second hearing on GameStop (with thanks to Chair @RepMaxineWaters for the opportunity to testify):

Many open questions remain — and policy makers should work to ensure there aren't data gaps as they investigate.

(THREAD)

/1

We need to know more about what the volume of over-the-counter options traded in \$GME was in the period of highest volatility. How much GameStop were the Wall Street titans trading? <https://t.co/tD2jvMMUCs>

One of my big outstanding Qs about \$GME is what was the footprint of institutional traders? What was the volume of over-the-counter options (traded only among big players, off-exchange)? Since they delta hedge them, it would have led to stock trades too pic.twitter.com/hOJDmg8gKn

— Alexis Goldstein (@alexisgoldstein) March 18, 2021

In the hearing, many Republicans implied in that ending payment for order flow (PFOF) would end zero commissions. But as I mentioned in my written testimony, there are brokerages like @public who ended PFOF but still offer commission free stock trades. /3

<https://t.co/dAaqinMuaR>

In the first House Financial Services Committee hearing on GameStop, Robinhood CEO Vlad Tenev was asked if he would voluntarily agree to pass payments for order flow on to Robinhood's customers.⁴² He declined, saying that it would end commission free trading. His hesitance may be rooted in the fact that from 2015-mid 2016, a staggering 80% of Robinhood's revenue came from PFOF.⁴³ While many other retail brokerages also take PFOF, Robinhood competitor Public decided to end its participation in PFOF in February,⁴⁴ while Fidelity has long declined to take PFOF on stock trades⁴⁵ (though it does on options⁴⁶). Both brokerages offer commission free trades.

- Republicans seemed to trust the @SEC_News to investigate many things, like best execution. So I hope they support a well-funded SEC!

- We don't know what amount of stock hedge funds are shorting, Bc it is not disclosed on the Form 13F /4



One quick win would be for @SecYellen to re-start the Hedge Fund working group at the Financial Stability Oversight Council. /5 <https://t.co/6jILdug9sR>

After a prompt from @RepChuyGarcia, @alexisgoldstein says the board of federal financial regulators, FSOC, should restart the working group to oversee hedge funds for their risks to volatility on the market pic.twitter.com/WahQa2GzzR

— AFR (@RealBankReform) March 17, 2021

If confirmed, Gary Gensler and the SEC should consider prohibiting forced arbitration clauses and class action bans, so investors have a choice of venue when they are victims of wrongdoing. /6 <https://t.co/rgr5HLIEYc>

@RepAdams asks @alexisgoldstein about forced arbitration "The SEC should take long overdue action to restore investor choice and make sure we're prohibiting forced arbitration and prohibiting class action bans"
pic.twitter.com/AVoWF4PfCL

— AFR (@RealBankReform) March 17, 2021