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)

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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 trades[45] (though it does on options[46]). 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/rgr5HLlEYc

@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