



SECURITY-BASED-SWAPS OR SUSQUEHANNA-BE-SCARED

How Susquehanna has just proven swap theory

by u/JustBeingPunny

SBS - Security-Based-Swaps or Susquehanna-Be-Scared? How Susquehanna has just proven the swap theory... - April 6, 2022

Due Diligence

TL;DR: Susquehanna's recent 13/G filing shows over 3 million shares in GME. However, the footnote states that this ownership 'includes options to buy 2,957,000 Shares'. You can't unless you're engaged in security based swaps or other derivatives...and I'm here to try and prove it.

Let me be clear..'options to buy' doesn't necessarily mean traditional options...

[u/Criand](#) - I think your little dog tittays are gonna be jacked to fuck.

The initial filing

Susquehanna have been on a bit of a rager recently, reporting over \$2 TRILLION in assets from SPY Calls and more. However, their GME filing flew a bit under the radar and if it wasn't for [u/DIAMONDHandsHotchy](#), I'd have missed it.

Filing link

CUSIP No: 36467W109

(1)	Names of Reporting Persons Susquehanna Investment Group	_____
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)	_____
(a)	<input type="checkbox"/>	_____
(b)	<input type="checkbox"/>	_____
(3)	SEC Use Only	_____
(4)	Citizenship or Place of Organization Pennsylvania	_____
(5)	Sole Voting Power 16,601 (1)	_____
Number of Shares Beneficially Owned by Each Reporting Person With	(6)	Shared Voting Power 3,056,239 (1)
	(7)	Sole Dispositive Power 16,601 (1)
	(8)	Shared Dispositive Power 3,056,239 (1)
(9)	Aggregate Amount Beneficially Owned by Each Reporting Person 3,056,239 (1)	_____
(10)	Check box if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) <input type="checkbox"/>	_____
(11)	Percent of Class Represented by Amount in Row (9) 4.0%	_____
(12)	Type of Reporting Person (See Instructions) BD, PN	_____

(1) G1 Execution Services, LLC, Susquehanna Investment Group and Susquehanna Securities, LLC are affiliated independent broker-dealers which, together with Susquehanna Fundamental Investments, LLC, may be deemed a group. For purposes of this report, we have indicated that each reporting person has sole voting and dispositive power with respect to the shares beneficially owned by it and that the reporting persons have shared voting and dispositive power with respect to all shares beneficially owned by all of the reporting persons. Each of the reporting persons disclaims beneficial ownership of shares owned directly by another reporting person.

HOWEVER : Let's understand exactly how they have this.

Item 4. Ownership

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

The information required by Items 4(a) - (c) is set forth in Rows 5 - 11 of the cover page for each Reporting Person hereto and is incorporated herein by reference for each such Reporting Person.

The number of Shares reported as beneficially owned by Susquehanna Investment Group includes options to buy 7,300 Shares. The number of Shares reported as beneficially owned by Susquehanna Securities, LLC includes options to buy 2,957,000 Shares.

The Company's Quarterly Report on Form 10-Q, filed on December 8, 2021, indicates that there were 76,350,781 Shares outstanding as of December 1, 2021.

Item 5. Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following:

So two things to pick apart here :

1: Includes the option to buy 2,957,000 shares.

2: The purpose of the filing was to report that they have ceased to be the beneficial owner of more than 5% of GME. (So they were previously?!)

So far I haven't explained much...but hold fire, I'll get back to it. First, I wanted to just highlight the filing but now, I want to dig on the purpose of an 13G/A Filing.

The purpose of a 13G/A filing

Okay straight off the bat, the A stands for 'amendment'. Nice and easy so far?

I won't get too far into the history, but simply put -

Schedule 13G form is an alternative filing for the Schedule 13D form and is used to report a party's ownership of stock which exceeds 5% of a company's total stock issue. Schedule 13G is a shorter version of Schedule 13D with fewer reporting requirements. Schedule 13G can be filed in lieu of the SEC Schedule 13D form as long as the filer meets one of several exemptions.

Takeaway - Susquehanna previously beneficially owned more than 5% of GameStop via 'options to buy'. So why did they make an amendment filing?

You must continue to make appropriate amendments so long as you continue to manage more than 5% of any class of an issuer's voting shares. If you fall below the 5% threshold, you must make one (final) amendment notifying the SEC of this.

Where it gets GOOD...

The main question - How the f*ck do they beneficially own over 3,000,000 shares? It's been theorised that it's swaps...and it is. Let me show you...

Let me remind you that the purpose of a 13/G (or 13/D) form is **to report beneficial ownership, whether directly or indirectly**. With all the DRS talk by now, we should all be aware that being a beneficial owner can also mean **NOT YOUR SHARES**.

A person may generally file a short-form statement on Schedule 13G in lieu of a Schedule 13D if the person qualifies as either:

- a “qualified institutional investor” (under Rule 13d-1(b)); (has to report within 45 days at the end of the year)
- a “passive investor” (under Rule 13d-1(c)); (has to report within 10 days of acquiring)
- or an “exempt investor” (under Rule 13d-1(d)) ((has to report within 45 days at the end of the year)

We can work out what Susquehanna is based up on the time they reported the filing and the definitions. They're either an 'exempt investor' or a 'qualified institutional investor;...

I'll save the time - They fall under 'qualified institutional investor - as they are defined as a broker or dealer registered under the Securities Act.

A person that qualifies as a “qualified institutional investor” (see “Who qualifies as an ‘institutional investor’ under Section 13 of the Exchange Act?”) will need to file a Schedule 13G within 45 days after the end of the calendar year (i.e., February 14th) in which the person

GME / GameStop Corp. / SUSQUEHANNA SECURITIES, LLC - SC 13G/A Passive Investment - GameStop Corp. - SC 13G/A - February 14, 2022

Security GME / GameStop Corp.

LEI 549300505KLOET039L77

Form Type SC 13G/A

File Date 2022-02-14

THE KEY PART

Section 766 of the Dodd-Frank Act (“Section 766”) also amended Section 13(d)(1) by providing the SEC with the authority to require beneficial ownership reporting of security-based swaps (“SBSs”)

READ THAT OVER AND OVER... NOW HERE IS THE QUESTION...

Must a holder of more than 5% of derivative securities in an issuer make a filing on Schedule 13D or Schedule 13G?

Yes. Under the SEC's current rules, holders of SBSs may be subject to beneficial ownership reporting requirements where an SBS "confers voting and/or investment power (or a person otherwise acquires such power based on the purchase or sale of [an SBS]), grants a right to acquire an equity security, or is used with the purpose or effect of divesting or preventing the vesting of beneficial ownership as part of a plan or scheme to evade the reporting requirements. Under Rule 13d-3(a), where an SBS provides a person with "exclusive or shared . . . voting and/or investment power over an equity security through a contractual term of the SBS or otherwise," the person is considered a beneficial owner of the equity security.

BONUS - U.S. courts have also held that holders of other forms of derivative contracts, in addition to SBSs, will constitute beneficial ownership for purposes of Section 13(d) or 13(g). **SPICY.**

So...Can we realistically discern that this is proof of Security based swaps? I think the evidence is pretty damning if you ask me....

Case Study

Okay...stick with me. I understand we're getting bogged down in text. This one, is worth the read for sure....

In *CSX Corporation v. The Children's Investment Fund Management (UK) LLP et al.*, the District Court **ruled that holders of cash-settled equity total return equity swaps ("TRSs") held by short counterparties "would be deemed to beneficially own those shares for purposes of [the] Williams Act's disclosure requirement."**

In *CSX Corporation*, CSX Corporation, a U.S. publicly held railroad company, claimed that funds associated with two hedge funds, The Children's Investment Fund ("TCI") and 3G Capital Partners Ltd., violated Section 13(d) when they failed to timely disclose the formation of a group, and that TCI violated Section 13(d) when it acquired a significant amount of CSX Corporation's outstanding equity prior to launching a takeover attempt of CSX Corporation.

In making such determination that TCI was a beneficial owner of the TRSs, the District Court noted that the definition of beneficial ownership under Rule 13d-3(a) is very broad "as is appropriate to its object of ensuring disclosure 'from all . . . persons who have the ability [even] to influence control'.

OF COURSE THIS HAS HAPPENED BEFORE.

Conclusion

We have always suspected that SHFs were engaged in swaps. This is more evidence and pieces to the puzzle that indeed shows this to be true.

Furthermore - why be a beneficial owner when you can directly own your stock? DRS your shares people.

My sauce and reference - [the sauce](#)

Love you all.

Punny out.

