UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 21-MD-2989-ALTONAGA/TORRES

In re:

JANUARY 2021 SHORT SQUEEZE
TRADING LITIGATION

______________________________________/

This Document Relates to:

ALL ANTITRUST ACTIONS

DEFENDANT CITADEL SECURITIES LLC'S NOTICE
OF SUPPLEMENTAL AUTHORITY IN SUPPORT OF DEFENDANTS'
MOTION TO DISMISS THE ANTITRUST TRANCHE COMPLAINT

Defendant Citadel Securities LLC respectfully submits this supplement to Defendants' Motion to Dismiss the Antitrust Tranche Complaint ("Motion to Dismiss," ECF No. 408). On October 14, 2021, the Securities & Exchange Commission ("SEC") released the Staff Report on Equity and Options Market Structure Conditions in Early 2021 ("Report"), attached as Ex. A.[1]

In the Report, the SEC reviewed the causes of the January 2021 trading restrictions. Although the SEC noted "[o]ne narrative" that "attributed the broker-dealer trading restrictions to pressure from hedge funds and their commercial partners," the SEC instead concluded: "A number of clearing brokers experienced intraday margin calls from a clearinghouse. In reaction, some broker-dealers decided to restrict trading in a limited number of individual stocks in a way that some investors may not have anticipated." Report at 32-33, 43; *see also id.* at 3 ("volatility combined with settlement risks led some firms to temporarily restrict trading."); *id.* at 31 ("The risk management mechanism of these clearing agencies effectively led others in the transaction chain—such as retail broker dealers—to pause and manage risk exposure that arose as the rate of transactions accelerated."); *id.* at 32 ("some broker dealers restricted activities in a limited number of individual stocks in reaction to margin calls and capital charges imposed by NSCC.").

The Report pertains to the previously-filed Motion to Dismiss but was not available at the time the Motion was briefed. *See, e.g.*, *Girard v. Aztec RV Resort, Inc.*, No. 10-CV-62298, 2011 WL 4345443, at *3 (S.D. Fla. Sept. 16, 2011) ("[A] party may file a supplement when, through no fault of the filing party, certain relevant materials were not in the party's possession at the time that the party filed its motion, response, or reply"). The Report pertains to, inter alia:

(1) Plaintiffs' argument that "Government investigations are indicative of anticompetitive collusion" and specifically that it is "indicative of collusion" that the SEC is "investigating the events concerning the January 28, 2021 trading restrictions" (Opp., ECF No. 413 at 18 & n.20); Report §§ 3.5, 3.6, 4; and

(2) Defendants' argument that "the enforcement of Plaintiffs' claims would create . . . conflict between the Exchange Act and the Sherman Act . . . because the SEC is currently investigating the January 2021 short squeeze events" (ECF No. 408 at 37); *see generally*, Report.

[1] The Court may take judicial notice of the Report because it is a public record, the accuracy of which cannot reasonably be questioned. *See Capece v. DTCC*, No. 05-CV-80498, 2005 WL 4050118, at *5 (S.D. Fla. Oct. 11, 2005) (taking judicial notice of SEC release at dismissal stage).

Dated: October 26, 2021

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on October 26, 2021, I electronically filed the foregoing document with the Clerk of the Court using CM/ECF. I further certify that the foregoing document is being served this day on all counsel of record via transmission of Notices of Electronic Filing generated by CM/ECF or in some other authorized manner for those counsel or parties who are not authorized to receive Notices of Electronic Filing.

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