

Title: Addressing How Stock Split is Significant

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Alright guys,

I've seen a bunch of comments on how this stock split is hype, but unsure how it's so significant. I will try my best to explain why this jacks my tits and why GME might see ATHs. Sorry about text wall.

In the 8-K filed, they specifically say this stock split comes in the form of a dividend, so what does that actually mean?

Well, in this example, we will assume that you have 1 share of GME, the total float is 100,000 shares, and the price of GME is \$180. The announcement says each share holder will be given 2 shares for every 1 share they hold. As a result, you have 1 share and given 2 shares from GME which give you a total of 3 shares, but your total value of GME is \$180 (each share is worth 1/3). As a result, this does not change the market cap but the total float went from 100,000 shares to 300,000 shares (GME releases 200,000 shares to the DTCC to distribute).

Now imagine you have a short seller, and you've shorted the float over 100%....like maybe 140% cuz that was the last value I remember seeing back in January. Well, what happens in this case in the context of the example?

Well, GME is only going to release 200,000 shares, but SHF have shorted 140% of the total float. This means they sold short 140,000 shares, which means whoever is holding your shorted shares is owed a total of 280,000 shares. Well, now SHF are 80,000 shares in the red; they need to buy an additional 80,000 shares to cover the dividend from the 40,000 shares sold naked.

Now let's say an overstock situation happens....US courts pretty much ruled that dividends can be paid with cash value (don't blame me, blame the DOJ). Alright, well now SHF have to pay 1/3 the price per share so they need to pay \$60 per share (assuming price stays at \$180) X 80,000 shares so a total of \$4,800,000.

Putting this in context of the current situation with approximate numbers:

There are 63 million shares in the float. SHF have shorted 140% of the float and have not closed their short position. This gives us a total of 88.2 million shares sold short and some of these shorts are naked. Well, GME is going to give the DTCC 126 million shares to distribute, but SHF owe a total of 176.4 million shares, meaning they are 50.4 million shares in the red. They try to cover with cash. Well, \$60 X 50.4 makes your bill \$3,024 million or \$3.024 billion dollars. How can they pay for that? Citadel has a total of 1.1 billion dollars or something like that in the bank. They can't pay that. Marge call is income.

So someone will inevitably start talking about additional shorts. Well, let's talk out this situation as well. Let's say SHF hear this news and they're like "hell naw", we're going to bring this stock to 0 and short the living hell out of it. Well, this news was just announced and share holders are unlikely to be willing to sell. This means that likely they will only be able to sell naked shorts. Well, for every share they sell naked, they need to buy 2 additional shares for 1/3 the price. So in application, they need to pay back 2/3 the price of the short. So they short at 180, they need to buy 2 shares at \$60 to give to share holders making the shorts significantly less effective. But let's say they are able to get the price lower. Well, with a lower price, the returns are still relative meaning the lower the price, the less effective the short. Example: short at 180, you need to get the price below \$60 to come out positive. Short at 150, you need the price below \$50 for the price to come out positive.

So let's say they don't cover and let the stock run. Well, you already know every moment the stock runs, the closer margin comes.

Now add on top of this recent events:

1) RC buys 100,000 shares at \$90 meaning we will have a serious wall here

2) News is announced Thursday and if the price reached 210 (from \$155-\$210 options chain), an additional 2.6 million shares will be due. If these are synthetic, SHF are still shafted. Unlikely they will be able to suppress the price, but we shall see.

In conclusion, this move blows up anyone who is short and especially anyone who was dumb enough to naked short and not close.

**\*\*TLDR:\*\*** SHF have no choices hear. They short more, they lose. They let it run, they lose. They use cash cover for dividend shares, they lose.