Title: COMPUTERSHARE IS THE ONLY PLACE YOU HAVE COMPANY VOTING RIGHTS. Every FTD held by a SHF has a corresponding FTR (failure to receive) semi-randomly assigned to a broker. FTRs are NOT granted voting rights, and EVERY SINGLE BROKER HAS FTRs! Yes even that one! Bonus: DRS from broker>direct buying!
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Note: I can't post in the StonkSub yet, please feel free to link to this post, copy and paste, whatever works best. Please tag me or send me a link so I can respond to people's questions.

Preface that I am not a financial expert and none of this should be regarded as advice. You need to decide for yourself whether having voting rights with the company you have invested in is more important than having shares at your preferred broker(s). The green crayons make an excellent salad as long as you crumble them up first.

TA;CIB;WM? (Too Ape; Crayons In Brain; Wut Mean?): All brokers have a mix of real shares and IOUs called FTRs. FTRs are NOT granted voting rights, so each broker only has as many votes as they have actual shares. It is also mathematically impossible for any broker, even Fidelity, to have zero FTRs.

Bonus: DRSing from a broker is more helpful than buying directly from ComputerShare. Direct buys remove shares from the DTCC, DRS requests remove shares from the DTCC *and* from that broker. A broker running out of real shares can force massive buy-ins to cover FTDs. (Full DD on this forthcoming soon.)

First, full credit to u/semicollider for finding this document and writing a DD on it. He got the puzzle and put most of the pieces together, I just connected a couple of the larger chunks. His DD and the document linked here:

https://www.reddit.com/r/GME/comments/ry3uvd/shorts_must_close_heres_how_they_buyin/

https://www.researchgate.net/publication/228260887_Naked_Short_Sales_and_Fails_to_Deliver_An_Overview_of_Clearing_and_Settlement_Procedures_for_Stock_Trades_in_the_US

Brief summary (my words): Whenever a SHF fails to deliver (FTD), a corresponding Failure To Receive (FTR) is generated. During settlement the NSCC uses an algorithm to randomly assign real shares and FTRs to everyone who bought shares that day (buyers being the brokers, not the brokers' individual customers). There are levels of priority for which broker gets real shares, including the age of the transaction and whether that broker has requested that any previous FTRs be filled, but otherwise they are distributed fairly evenly (this whole process is what the next DD will be about).

For now, the important thing to know is this particular sentence from the paper linked above:

"However shareholder voting rights are distorted because FTR holders (participants with stock IOUs from the NSCC) do not receive the usual voting rights that they would had the stock been delivered."

This means that each broker has only as many voting rights as they have actual real shares. Every FTR a broker holds is a vote that one of their customers will not be able to cast. Furthermore, we know that EVERY broker has to have at least some FTRs, because GameStop could not have had 100% voter turnout if even a single broker had 100% real shares (I know it was actually like 99.56% turnout, but those missing ~350,000 shares were probably just from a few very small brokers with a handful of lazy voters - it was almost definitely not one of the major brokers).

Say there were only two brokers that anyone, including insiders and institutions, could use, and each one had 50% of the real shares (~36m each). Now say Broker A has lots of FTRs, but Broker B has only real shares. In order for GameStop to receive 100% turnout, Broker B must also have 100% turnout. Even a single nonvoter at Broker B drops the percentage, no matter how many votes Broker A has, because the votes are already allocated to the brokers. Votes from Broker A can't be shifted to Broker B.

The only way for GameStop to have 100% turnout is for every single one of the dozens or hundreds of reporting brokers to have had more votes received than they actually had shares to vote with.

Additionally, this means that being at a shitty broker means that you are being *royally* screwed when it comes to vote counts. It was assumed that PFOF brokers were delaying DRS requests because they didn't want to buy the real shares, but it turns out that they *can't* just buy real shares, they have to wait for the NSCC algorithm to allocate shares to them. If they had to delay for weeks, it means that it took weeks for those shares to pile up, meaning they probably had close to *ZERO* real shares at some point. Fidelity probably always had shares to DRS because they regularly request that some of their FTRs be filled (again, we know for a fact they can't be filling all of them). Fidelity's level of pushback probably corresponds to how close DRS requests are to depleting even their massive stockpile of real shares.

Now say Broker A is all PFOF brokers, and Broker B is all non-PFOF like Fidelity. Each broker still has ~36million real shares, but Broker B only has as as many FTRs as shares, while Broker A has billions of them. Broker B will have run out of votes to cast once half of its "shareholding" customers has voted. How will Broker B allocate the votes it does have? If they have 75% turnout, will they multiply each voter's total by 2/3 to give them all an equal allocation of the real votes available? Will they accept the first 50% of voters and ignore the rest? Will they allocate votes only to the customers whose votes benefit Broker B's own investment strategy? We don't know. And Broker A has to split 36million votes billions of ways, so no matter how they do it, it's basically like most of their customers never voted at all.

ComputerShare is the only place your vote can count 100%, and it may count *significantly* less than 100% at most brokers. DRS is the way.

So I talked about what the next DD will cover that I may as well include a summary of that too (or I may just edit it into this one later). When a broker requests that their FTR be filled, it bumps them to the top of the NSCC's share allocation algorithm, but those shares still have to come from the pool of shares traded during the 2 days following the FTR fill request - if a broker asks for 3million FTRs to be filled, the next two days have to have at least 3million real shares traded for the algorithm to fill the request. The holders of the FTDs know that the request has been made, so they probably usually only put as many real shares into circulation as they have obligations to fill. If the FTR fulfilment requests are not completed in those 2 days, it triggers a forced buy-in of FTDs for the balance, starting with the oldest FTD (regardless of when the FTR being filled is from). It doesn't just trigger a buy in for as many shares were requested, though, it triggers a buy in for EVERY SINGLE FTD FROM THAT OLDEST DATE, NO MATTER WHO HOLDS IT. If a broker asks for 300,000 FTRs to be filled, but the algorithm only finds 299,999 real shares in those 2 days, and the date of the oldest FTD has 3million FTDs, ALL THREE MILLION OF THOSE FTDS HAVE TO BE COVERED. This is why all the PFOF brokers can't just request that some of their FTRs be filled when they get a DRS request: Doing so starts the countdown on a mini FTD covering nuclear bomb. And Fidelity is already siphoning a good portion of the real shares available in daily trading for themselves - the system can't handle much more demand without an increase in overall volume, overall real shares within that volume, AND the brokers would each have to have individual volume sufficient to fill whatever amount they requested. This is why direct buying through ComputerShare may actually be the *least* effective way to lock the float. ComputerShare doesn't take FTRs, so the SHFs know they have to fill those batch orders with 100% real shares, and probably have a reserve of them specifically for that purpose (I don't know if ComputerShare orders are part of the NSCC algorithm process, but the SHFs can feed real shares into the order either way). Shares leave the DTCC (as long as they are Book - remember to convert your Plan shares!), but they just come straight from the pool of real shares the SHFs have. DRSing from a broker also removes a real share from the DTCC, but takes it *from that broker's pool instead*. DRS from Fidelity is usually fast and uncomplicated because they actually have shares to send, and transfers from another

broker to Fidelity are fast because the broker can just send FTRs and leave Fidelity to deal with the DRS (usually more shares are transferred than end up DRSed anyway). Even Fidelity could run out eventually if enough were sent, though, and the shadier brokers probably barely have a pool to pull from at all. If enough shares are DRSed from those brokers, and they run out of ways to stall the process, they will have to enter an FTR fulfilment request of their own. Enough FTR fulfilment requests, and the daily volume won't be enough to fill them, and a FTD buy-in will be triggered. There's a good chance that that was what caused the 30+% after hours run this past week. **AND THAT WAS PROBABLY ONLY A SINGLE DAY'S WORTH OF FTDS**.

Buying from a broker and then DRSing may be more complicated and take longer, but it is also shaking the SHFs' control of the system, and could break it entirely.