

Title: DRS and Imminent Share Recall Clarification

Author: disoriented_llama

Created 2021-09-20 21:58:08 UTC

Permalink: /r/TheGloryHodl/comments/ps4u2b/drs_and_imminent_share_recall_clarification/

Url: /r/Superstonk/comments/pradzr/drs_and_imminent_share_recall_clarification/

Is_self: False

I'm seeing a lot of you talking about GameStop potentially recalling shares after the entire float is registered on CS and how it would skyrocket our beautiful shiny rocket into Andromeda. Share recall would knock the fuck out of short sellers, as they would be forced to close their positions, and there would be no real shares to close out with. I think we all know what would happen next ■■■■■■

While this scenario is pretty much the dream come true, I'm afraid this assumption is **a little off.** I got caught up in the hype in some comment section as well. Before you call me a shill, bear (bull?) with me.

Here's how recalling company's shares work: the lender of the shares requests the borrower to return the shares, this is done automatically these days. Interactive Brokers has a [special system for it](https://www.interactivebrokers.com/en/software/twsHelp/usersguidebook/specializedorderentry/returns_recalls_returns.htm), the DTCC has [Stock Loan Recall Messaging](https://www.dtcc.com/settlement-and-asset-services/settlement/stock-loan-recalls), etc - you get the idea.

*Oh wait, the *lender* of the shares initiates the recall? Not Papa Cohen?*

Yup. [Source](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2831261)

Furthermore, the recall procedures are regulated through Securities Lending Agreements between the lender and the borrower. Thus, the practices may differ depending on the broker that lends the shares (Source: Jeremy Meade, RMA Best Practices for Recalls and Buy-Ins). If the borrower disagrees with the recall or its terms, he can start a dispute and potentially prolong the process (same sauce)

I know, I know. You don't like this. Me neither. Bull with me.

So GameStop cannot initiate the stock recall on its own, right? But can they ask the lender to initiate it?

Yup! It actually happened last year. [Check this article.](https://www.wsj.com/articles/how-investing-giants-gave-away-voting-power-ahead-of-a-shareholder-fight-11591793863)

[Kinda](https://preview.redd.it/4na0obc4i8o61.png?width=640&format=png&auto=webp&s=5580ac3a99520ed49fe0c07925a5ed3712be9233)

In this case, the attempt was not successful, as Fidelity, Blackrock, Vanguard, State Street Corp and others decided to keep the shares on loan.

Would it be successful now? What about in the event where the entire float is registered and the presence of synthetic shares and naked shorts becomes obvious even to a 2 year old? Truth be told, I have no idea, and I think at this point no one does. I'm trying to learn with an open mind.

Okay - so the Share Recall might be a little difficult, what's next? If no Recall, then rocket ain't launching? Apes not strong together anymore?

Nah! This story is far from complete, even though we both know the ending (hint: it involves a certain MOASS)

Even in the event a share recall doesn't happen, the positive effects of DRS alone might give this stock enough momentum to launch like we've never seen before. It could be the effect of forcing dark pool volume down, the effect of reducing the amount of shares able to be lent out, maybe it's the fact that

suspicion turns to fact when the entirety of the float is registered. I want to make it entirely clear here, I'm ****NOT**** advocating against DRS. I wholeheartedly believe it's what will finally push us over the edge. But the simplicity of

DRS float -> Gamestop triggers (*request, remember right?) share recall -> ■■ SQUEEZE ■■

Is likely a *****whole***** lot more complex, and I don't want people to lose hope in the event the whole float gets registered and the boosters to this rocket have barely been turned on instead of fully engaged. We've all seen the incomprehensible amount of fuckery used thus far to prevent takeoff, ****EXPECT**** it to continue. But at the same time, ****PREPARE FOR FUCKING LAUNCH THIS BABY IS ABOUT TO BLOW ■■■■■****

Final Thoughts

Guys, I know that this post might be a tad bit disappointing for some of you. However, as I mentioned in the disclaimer, ****I urge everybody to do their own research and poke holes in stuff you see here.**** Why? ****Because I might be fucking wrong!**** Maybe registering the entire float ****WILL**** trigger a share recall and thus MOASS. I'm one guy trying to comb through an entire barrel of legal sludge all by myself... And if I'm wrong about all this, ****please correct me!****

****I think that skepticism, being level-headed and grounded in fact, is good for us. Peer-review is a fundamental part of any academic research****

Anyways,

Position: XXX

■ ■■■■■■■■