Title: If you believe the dividend is the catalyst, there is a clear logical choice you should make
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Reminder of the Dividend Process

Whether or not the upcoming split in the form of a dividend is the catalyst that sends the GameStop rocket to the moon is subject to debate.

I personally have doubts, but acknowledge the possibility.

This post is about what it means for you *just in case that is the outcome*, and this is an exercise in logical reasoning. First, a reminder of the dividend process.

Here is the documentation directly from Computershare as to where and how they'd direct their dividend, in any format, cash or otherwise: https://www.computershare.com/us/Documents/TA_Overview_WhitePaper.pdf

On page 7, in the right hand column, in the 2nd paragraph:

>“Transfer agents generally act as an issuer’s paying agent for dividends. \[1\] **The issuer provides all dividend funds to the transfer agent for disbursing**. \[2.a\] **The transfer agent disburses dividends to registered shareholders** either by electronic funds transfer or check. \[2.b\] **It disburses the dividends electronically to DTC**, \[3\] **which in turn forwards the funds electronically to the brokers or other financial intermediaries \[4\] for distribution to beneficial shareholders**. If it is a stock rather than a cash dividend, the transfer agent will generally issue shares in book-entry form and send statements to the shareholders. Issuance in paper certificate form is still an option but rare in today’s environment. Paying agents may also make other distributions on the issuer’s behalf, such as paying out interest to bondholders.”

To recap:

1. GameStop gives shares to Computershare
2. Computershare gives shares to all registered holders, including the DTC nominee, Cede & Co.
3. Cede & Co. gives shares to brokers
4. Brokers give shares to beneficial shareholders

This is not a matter of speculation. This is clearly documented. Brokers do not request anything from GameStop. GameStop gives out nothing to any party other than their transfer agent, Computershare, and most importantly Computershare gives nothing directly to any beneficial shareholders, only to registered shareholders, which includes directly registered shareholders (DRS).

Conceptual Framework - the Mechanics

So now let's get to the topic at hand: the moon. What is it that causes the meteoric rise in share price?

The theory that this dividend would lead to this outcome is rooted in the notion that the shorts must provide the shares to cover the dividend. Here's an example:

There are 100 shares of a company in total. Overselling the float through naked short selling has resulted in a total of 200 shares in circulation, 100 extra. 50 of those were then directly registered. Then the company decides to do a 2:1 split in the form of a dividend, where they will issue another 100 shares. Here's what happens:

1. The company gives 100 shares to their transfer agent

2. The transfer agent distributes 50 shares to DRS and 50 to the DTC
3. The DTC allocates 50 shares to brokers
4. Brokers must collectively allocate 150 shares using the 50 they've received

Needless to say, that's not enough. Under this theory, the short sellers are forced to buy shares on the open market so that they can deliver those missing 100, and they will close positions until they have acquired a sufficient number of shares to make good on the dividend. This buying frenzy causes the price to skyrocket.

Again, I don't necessarily think this will happen in this manner (it could, but I think this is just one possibility), but let's continue to assume that this is what will occur.

Here's where the logical choice comes in.

Follow the Shares

Under this theory, the forced buying would occur because the shares were oversold. It has nothing to do with whether or not shares have been directly registered. Consider if 0 shares are DRS:

1. The company gives 100 shares to their transfer agent
2. The transfer agent distributes 100 shares to the DTC (and 0 to DRS)
3. The DTC allocates 100 shares to brokers
4. Brokers must collectively allocate 200 shares using the 100 they've received

The same 100 share shortfall exists. What about 75 DRS?

1. The company gives 100 shares to their transfer agent
2. The transfer agent distributes 75 shares to DRS and 25 to the DTC
3. The DTC allocates 25 shares to brokers
4. Brokers must collectively allocate 125 shares using the 25 they've received

In any case, whether shares are directly registered or not, the share shortfall is identical.

The difference: **if you DRS you are not part of that shortfall.** You receive the additional shares, in step 2.

This means, *for every share you DRS, you move from the 100 shortfall group into the guaranteed receipt group.*

What Happens with the Shortfall?

The shortfall is it. The big show. This is the forced buying, and it's being done to cover the dividend. Let's take a step back though and remember one thing:

The purpose of the forced buying is to acquire shares in order to distribute. Before they are acquired, they physically cannot be distributed.

Read that again.

They cannot be distributed.

Those unfortunate beneficial shareholders who did not receive the dividend from the few that were allocated to the broker (the unfortunate 100) are now going into the process with the exact same number of shares they had before.

Those that DRS are going into it with more. It is still happening, and they already received the dividend.

While those beneficial shareholders are set to receive their dividends, it wouldn't all happen at once, it would happen as those positions are closed. This means that they may not get them until much later, depending on the luck of the draw and where they fall in line. When this is? Who knows. Maybe in a day, maybe after a week, or a month. We don't know. But beneficial shareholders will be waiting for however long that is.

The Bottom Line

Under this theory, the forced buying happens regardless.

The question is whether or not any investor would like to take the chance at being among those unfortunate beneficial shareholders who are sidelined, or to guarantee receipt of additional shares directly from Computershare.

The only logical decision is to *DRS* *at least 1 share to guarantee you have more shares than you had the day before*. You can keep the rest in a brokerage for whatever purposes or whatever reasons, but logic says it's happening with or without beneficial shareholders, and registered shareholders are reserving their seat on the rocket, with their number of shares 100% definitively increasing.

TLDR: If the dividend results in the moment every ape has been waiting for, you only improve your position and your odds with DRS. It's in your best interest to directly register at least 1. Do whatever you want with the rest...this rocket is taking off with or without them.