

Title: Cross posting this for exposure "not mine".

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Linked Post Content:

Hello all! I have written many DD's about Direct Registering Shares including:

* [Dispelling the FUD surrounding ComputerShare / Direct Registration System (DRS)](https://old.reddit.com/r/Superstonk/comments/p3owe8/dispelling_the_fud_surrounding_computershare/) (August 2021)

* [Why I'm moving my shares to Computershare](https://www.reddit.com/r/Superstonk/comments/ob0m9w/why_im_moving_my_shares_to_computershare/) (Opinion / June 2021)

* [Gamestop Shareholder List - The Final Catalyst](https://www.reddit.com/r/Superstonk/comments/nptiio/gamestop_shareholder_list_the_final_catalyst/) (June 2021)

* [ComputerShare's Positive Price Impact and Tracking Batch Orders](https://www.reddit.com/r/Superstonk/comments/ptu49w/computershares_positive_price_impact_and_tracking/) (Sept 2021)

I believe I have a good understanding about the Direct Registration System (DRS) and want to expand on the DD I had written previously. I believe despite DRS being widely discussed and popular there are still a few unanswered or unexplained questions that get brought up regularly due to confusion about DRS.

****Lets talk about it.****

I am aiming to answer the following commonly asked questions:

* If DRS works, why is the price going down?

* How does locking the float do anything?

* How do you ****know**** it will do ***anything***?

Compartmentalized Information

I think we need a little bit of background information on how everything is laid out and how information is known by various parties in this whole market system. For this purpose I have prepared this graphic:

[Compartmentalized information graphic](<https://preview.redd.it/mtuezvbx1zp81.png?width=1000&format;=png&auto;=webp&s;=8bcf498828bae8e46249da587b40213505cf1ecc>)

****DTCC**** \- The DTCC knows almost everything about what is going on. They are the ***only*** organization that has any awareness of how much shorting is going on, what is naked short, where the shorts are, who is failing to deliver... etc. This whole fraudulent system is completely facilitated by the DTCC. They have all the data, information and they let no one know anything.

****Brokers**** \- They only know about their own client's holdings and what is available in public filings. They do not know what other brokers hold nor the whole extent of everything. All brokers combined may have more shares than outstanding, but as long as they are not aware of the other broker's holdings, they have no reason to believe anything is wrong.

****Shorting Hedge Funds**** \- Likewise they do not have all the information about what is going on in the system. However they have developed ways to get information from Brokers and Companies to form a more complete picture. Using things like Payment for Order Flow they spend money intercepting data from Brokers. This gives them huge power to understand and know where things stand, where market sentiment is and how things are moving. They use planted consultants, hire former employees and other tactics to get a complete picture.

****Shitty Consulting Groups**** \- They get hired by bad actors to get insider information, sway company decisions and then consultants ultimately get paid by Shorting Hedge Funds by hiring the consultants that have acted in the shorting hedge fund's best interests. Consultants are hired to consult on their consulting

(provide insider information).

****SEC**** \- They are supposed to be an oversight body, but they are purposefully kept in the dark about everything. They have limited power and due to revolving door policies their employees are not incentivized to do any work. They rely upon the required filings and whistleblowers to provide information, but their information and investigations are usually very delayed. If they find something it takes years to unwind it and ultimately leads to small insignificant fines.

****Transfer Agent / Computershare**** \- They hold ****the**** book. The transfer agent holds the legal book outlining where the shares are and who they belong to. This book of ownership is the strongest legal form of ownership. If you have shares held on their book you are an owner of the company, full stop. They have extremely limited knowledge though of what is going on outside of their own book.

They know:

- * How many shares were issued.

- * Who owns them (direct registered, insiders, institutions) or are they beneficially owned by Cede & Co / DTCC.

That's about it. They have very very limited knowledge about who owns shares in the brokers. They do get some of this data once per year when they request **non-objecting beneficial owner** lists from the DTCC during annual shareholder meetings. This information is however, highly manipulated to prevent overvoting of shares.

The transfer agent knows how many shares are direct registered and the DTCC is also aware of this number. Brokers and Shorting Hedge Funds ****do not**** know how many shares are directly registered (more on this later, obviously).

****The Company / GameStop**** \- They know what their transfer agent knows. Ultimately very little. Lots of people were asking why the company doesn't just come out and say their shares are being manipulated through naked shorting. They cannot make that claim, they do not have the evidence. The only people that know that for sure are the DTCC and the shorting hedge funds that engage in it.

Hopefully this paints a picture. Information is compartmentalized from everyone. It is a system purposefully built to keep information separated and non-public. That is why data providers make a lot of money to provide real time data. That is why a shorting hedge fund is willing to pay hundreds of millions of dollars for payment for order flow. It gives them the data they need to make money. If everyone had the data, no one would be able to manipulate the system.

Direct Share Registration happens in a vacuum.

It doesn't matter how many shares are direct registered. Only the DTCC, Transfer Agent and Company know how many shares are registered. The Brokers are in the dark. The Shorting Hedge Funds have limited knowledge. Even the SEC has virtually no idea.

It doesn't matter if the float is 1% locked or if it is 99% locked. The effect of direct registering is exactly the same, negligible. (Please keep reading).

That is why Direct Registration was not doing anything. That's why despite the best of efforts and intentions direct share registration was doing nothing. The price was sinking with even more aggressive shorting to try and play the narrative that direct registration does nothing. This was the FUD that has been pushed for the last 4-6 months:

>If DRS works, why is the price going down?

****ENTER GAMESTOP****

That was. Until GameStop filed form 10-Q on December 8, 2021 and included the following line:

>As of October 30, 2021, 5.2 million shares of our Class A common stock were directly registered with our transfer agent, ComputerShare.

Suddenly, everyone was aware of how many shares were direct registered. Filing the 10Q with the SEC created a factual known and public data point for the number of shares direct registered. There was suddenly no denying that shares were being direct registered.

The stock was however, still going down.

This is where we were met with the FUD:

- * If Direct Registering works, why is the price *still* going down?
- * It's only 5.2 million shares, it will never be enough.
- * You'll never hit 10 million shares, it will take years!

Then GameStop filed form 10-K on March 17, 2022 with the following line:

>As of January 29, 2022, 8.9 million shares of our Class A common stock were directly registered with our transfer agent, ComputerShare.

****Boom.****

Suddenly there were two very public and factual data points. This was enough for everyone in the dark to see how many direct registered shares there are and the trend and forecast for where these numbers are headed.

- * It allowed Short Hedge Funds to calculate how fucked they are.
- * It allowed the Brokers to calculate how many shares may exist outside of their own brokerage based on their own customer accounts and other trends.
- * It allowed the SEC to get an idea of who holds what shares based on the information in the public filings.

Direct Registered Shares *would* not have done anything prior to being 100% registered, UNTIL GameStop released the numbers in their SEC filings. Now that everyone knows these numbers we suddenly see borrow rates going up, Brokers are suddenly more aware of how many shares are actually available. The claim that there was a good faith belief they could locate shares to short was suddenly growing narrower and narrower.

****GAME ON****

Thanks to the efforts of /u/Roid_Rage_Smurf (DRSBOT), /u/jonpro03 ([Computershared.net](http://computershared.net/)) and /u/StopFuckingWithMe (CS Account High Scores) we now can calculate the number of direct registered shares to a high degree of accuracy. The current number is without a doubt, above 10M.

How do you know its going to do anything?

The Volkswagen Squeeze

I absolutely hate that I am about to mention the Volkswagen squeeze. It is the *'ole reliable'* trope, *'we're here'*... but history does repeat. Let's take a quick cursory overview of what happened with Volkswagen.

- * Porsche purchased a 42.6% stake in Volkswagen.
- * They also purchased 31.5% in ****ITM**** call options totaling a combined ownership of 74.1%. (Yes, that 741).

This mere act of purchasing these shares and call options did not cause Volkswagen to squeeze, in fact it looks like the price dropped during the purchasing period. This purchase effectively happened in a vacuum, just like direct share registration. It was not until Porsche ****announced publically**** that they had

acquired the high percentage of ownership that the shit hit the fan.

With public filings, it was known that Porsche effectively owned 74.1% and another institution owned 20%. At that exact moment everyone was publicly aware that the float was only ~6%. Through other public filings, it was reported that the stock was 12.8% short. Since 12.8% is greater than 6% suddenly there was a rush on the stock. Short sellers calculated that they were fuk. This would not have happened had the data not been made public.

Side quest: Ryan Cohen and BBBY

Similarly Ryan Cohen buying 10% of BBBY did not cause the price to increase. The price actually was somewhat flat and even dropped around the times he purchased. It was not until he filed and announced publicly he had purchased that the price spiked.

Applying the same idea to GameStop.

Through filings and other data we know approximately how this may apply to GameStop. (I am using numbers from [Computershared.net](http://computershared.net/))

Category	Shares
:- :-	
Issued Shares	76.3M
Institutional	~13.7M
Mutual Funds	~7.9M
ETFs	~6.6M
Insiders	~12.7M
Direct Registered	~10.5M
ITM Call Options	???

Remaining shares: ~24.9M "Reported" Short shares: ~15M (according to Ortex)

Right now 15M < 24.9M shares so an immediate short squeeze isn't guaranteed. The odds of a squeeze however will increase more and more with one of the following things happening.

- * Direct register another ~10M shares & report those direct registered shares in a public form with the SEC.
- * A large investor or institution buys ~10M ITM call options and files their purchase publicly.
- * Institutions / insiders increase their positions by ~10M shares and report their purchase publicly.
- * Short sellers increase their short position by 10M more shares OR the actual short numbers are revealed to be much higher to the public.

Again. The key to all of this is the information being made available publicly. Back room deals made in dark pools or even buying on lit markets will not do anything unless you can file and report that you are an owner of the stock. This is why institutions, holders of over 5% stock and GameStop reporting their direct registered numbers is so important and powerful.

If there is a factual and known public data point showing that shorts exceed the remaining shares then everyone will be aware. All parties will know that the shorting hedgies r fuk and they will be exposed. There will be FOMO buying, there will be panic and the price will start to squeeze. Demand will exceed the supply.

This is a mathematical certainty.

Where does direct registering go from here?

Up. We go up.

In the past ~10 days or so we have seen a third wave in direct registration. We have also seen large positive sentiment on UUSB and an increase in YOLO options. Information on how to Direct Register has been spreading to more and more investors. Shout out to
<https://www.drsgme.org/> and /u/millertime1216.

I believe it is possible we could see a huge spike in direct registered shares and we could definitely add another 10M shares to the DRS count in the next 4-6 months.

Wave #1: DRS Finally Gains Traction
Wave #2: Fidelity accidentally says they have 10M shares to lend.
Wave #3: Increased price action, new interest in stock (FOMO).

Here is a graph thanks to [Computershare.net](<http://computershare.net/>):

[DRS Graph from Computershare.net](<https://preview.redd.it/5iu4w1ou1zp81.png?width=1000&format=png&auto=webp&s=2d8460e6a5dfd5069c81fee9a53917d91191af5>)

This is a waiting game, MOASS is a certainty. DRS your shares. ■■

****TL;DR:**** Direct registering locks up shares so that the DTCC cannot touch them, but direct registration happens in a vacuum. All of the various parties are in the dark about the actual number of shares direct registered. That was until GameStop announced the direct registered numbers in their public filings. By doing this, it allowed every party to calculate the situation more accurately. We saw the borrow fee increase as a result. It can be shown that with public filings, stock movements can occur with the new information, such as what happened in the 2008 Volkswagen squeeze (old reliable). Direct registering shares is finally having a direct impact due to the publicly available information. Price increases, insider buy ins, FOMO, options and UUSB are all having an increase on direct share registration. MOASS is a mathematical certainty.

OBLIGATORY. This is not financial advice. I may be wrong, please let me know if I have anything wrong in the comments below.

EDIT #1: I want to elaborate on something regarding the additional 10M shares DRS'ed to enter short squeeze territory. This assumes that no one, including institutions, insiders and mutual funds intend to sell. That's just my baseline where you start to threaten to squeeze through certainty. For even greater certainty, you would need to register the whole subsection of float, which is another 25M shares. This would lock all the floating shares, but would still leave the ability for insiders, institutions or mutual funds to sell which would hinder a squeeze. You would then need to DRS an additional 15M shares (the number of shares sold short) to effectively lock in a squeeze and prevent it from being overly impacted by institutions, insiders and mutual funds.

My squeeze table would look something like this:

# of DRS Shares	Impact
:- :-	
10M	Increasing borrow rates. (We are here)
20M	Float = Short shares (Squeeze territory)
35M	Float = 0 (Zero liquidity)
50M	Float = -15M (equal to 2x shares short)

Once you start to hit that 35M level of shares DRS, you are eating into mutual funds and institution's shares. They will not allow that to continue and would hopefully have recalled any lent out shares well before that point.