

Title: Change the Game
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****BYOB: Be your own broker.** *Kinda***

After reading the [House of Cards](https://www.reddit.com/r/Superstonk/comments/mvk5dv/a_house_of_cards_part_1/) by /u/atobitt I wanted to dig deeper into this whole relationship with how shares are held by the DTC and owned by Cede & Co. If you are not aware, you never ****own**** the shares you purchase. They are owed by Cede & Co and ***you*** are granted beneficial ownership rights to the shares on the DTC's registry. OR more correctly, your brokerage (Fidelity, TDA, Vanguard, etc) are the beneficial owner and they grant you the rights to the share in ***their*** registry. It is a complicated web of many layers and you have very little right to the shares in the event of market fuckery.

Basically. Naked short selling is facilitated and made possible by exactly one group: The Depository Trust Company (DTC).

****The DTC is the only one that knows the true extent of naked shorting.****

They ***should*** have records accurately depicting every single share, who owns them, who borrowed them, who sold them.. etc.. including counterfeit, phantom, naked and other fake shares. But they are likely sitting on top of a web of records that even they cannot unwind right now.

Thanks to the DTC, GameStop's ownership is a complete mess. There are potentially dozens of claims of ownership for each and every share of GameStop. Cede & Co owns ***some*** shares and the DTC assigns beneficial owners to those shares. Having multiple people laying claim to a share isn't a problem ****yet****. It is possible for this to go on for years and years and indeed this is a problem that has plagued companies for decades. The problem comes when many owners, the entire outstanding share count several times over wants to sell or transfer the shares. Then there is a scramble to unravel the web and the shit truly hits the fan. Under the current system they use shares to cover other shares without the beneficial owner of those shares knowing. It's literally a ponzi scheme, a house of cards as Atobitt said.

From the ****GameStop Annual Meeting**** documents, we know that GameStop is prepared to remove their shares from the DTC and create their own registry. This would be ***the catalyst*** that would absolutely send the DTC into a tailspin and unwind all the naked shorts.

This is how the system works:

<https://preview.redd.it/a7ijpghweeb71.png?width=1500&format=png&auto=webp&s=5c457f1d97732c605b79aa9f5bde7e156f6a25e4>

1. GameStop issues shares at the formation of their company or perhaps with an at the market offering.
2. These shares go to their transfer company (ATM shares may go to a different broker).
3. Initial investors, founders, board of directors, etc are issued shares as direct owners.
4. Excess shares are sent to the DTC for sale.
5. The DTC registers the owner of ****all**** of these shares as Cede & Co.
6. Some shares are transferred to Brokers, they become the ****Beneficial Owner**** of the shares on behalf of investors.
7. Investors put in buy and sell orders into the Brokers.
8. The Brokers make purchases using intermediaries, market makers, payment for order flow.. etc.
9. The Intermediaries direct the purchases and sales through to an exchange such as NYSE, Dark Pools.. etc.
10. The purchases are confirmed back at the brokerages who updates records with the DTC.
11. The brokerages write in their books that the actual beneficial owner is the investor that purchased

them.

There are several other connections not shown, such as between the DTC and Intermediaries, DTC and Exchanges, Transfer Agent and Intermediaries and Exchanges. This is all just ****overly simplified****.

****What GameStop wants to do:****

- * Cut out the middleman.
- * Remove the shares from the DTC.
- * Close all shorts.
- * Prevent counterfeits.

It's simple. GameStop has already issued threats that it wants to remove its shares from the DTC and form its own (or find another) depository clearing company. They want to cut out the middle man to prevent naked short selling, to end it, to eradicate it. This could be a blockchain, NFT system or some other book based system.

****We have the ability to make this happen NOW!**** (Though no real urgency to do this, go at your own pace.)

The DTC has a program called: "Direct Registration System" (DRS) <https://www.dtcc.com/settlement-and-asset-services/securities-processing/direct-registration-system>

This system allows an Investor to transfer their shares to the Transfer Agent and become the ****Registered Owner****. The shares will no longer be under the influence of the DTC. The shares will no longer be owned by Cede & Co. Brokerages will no longer have the ability to lend out your shares. You become the defacto owner of the shares, no ifs-and-or-buts.

The official transfer agent for GameStop is called ****ComputerShare**** (<https://www.computershare.com/>)(<https://www.computershare.com/>). You can verify this on GameStop's investor relations website or by reading the Annual Meeting documents. With ComputerShare you can either purchase shares ****OR**** you can transfer your shares to ComputerShare and have them released from the DTC through the DRS. Either way they are out of the direct control of the DTC.

On ComputerShare, you can buy and sell your shares directly. ComputerShare will buy and sell on listed exchanges and then transfer them to or from the DTC using the DRS system. ComputerShare is not an advanced brokerage like Fidelity. You cannot easily interact with the exchanges, you **~~cannot set limit orders~~**, you cannot set stop losses.. etc. It takes several days for ComputerShare to buy shares and they will provide them at whatever price they are available for at the time ****they**** make the purchase. **~~If** you want to sell your shares, they will make the sale by the end of the day at whatever price the market is currently dictating (IE: market orders only).~~

****UPDATE: COMPUTERSHARE DOES INDEED OFFER PROMPT EXECUTION OF SELL REQUESTS AND THEY DO IN FACT HAVE LIMIT SALES AVAILABLE FOR GAMESTOP!****

****ComputerShare is NOT good for day trading or getting in and out of positions quickly.**** IE, during a squeeze you may not get the best price and you may not sell what you want to when you want to. It is however perfect for holding for Warren Buffet's preferred timeframe: ***Forever.***

I want everyone to think logically about this for a second here.

If ****every single**** APE held their shares with ComputerShare, the squeeze would be immediate and it would be unstoppable. In theory apes own the float, in theory apes own the entire outstanding share count. ****No one excepting the DTC knows this for sure.**** If everyone owned direct, GameStop would know 100% how many shares are out there. Right now GameStop is as in the dark about the actual numbers as every single one of us is. They do not know for certain.

Think about this: If the DTC is in control of all the shares and gets to decide ****who**** owns the shares, they

will always be in control. When MOASS (or a dividend) happens, there will be disputes over who owns shares, who has loaned shares who has fake shares.. etc. This will fall back on the DTC and then Brokers to try and dig themselves out of this paperwork ownership puzzle. There will be halts, there will be freezes and it will be hard to unwind.

Meanwhile. The direct owners KNOW they are the only owners of their shares. They have a direct unbroken line between themselves and GameStop. If GameStop pulls out of the DTC, the direct owners will be the first shareholders to be moved to the new depository. If GameStop is no longer traded on the exchanges, the direct owners will be the only ones with available shares to trade through the new system. When GameStop issues a dividend, direct owners will get it ****first**** without any cash equivalents being involved. ****You want to be a direct owner when non-cash dividends are issued.****

The fine print and disclaimer:

****I can't tell you to move your shares. I can't tell you to transfer. There are many downsides to being a direct owner in that it is very cumbersome and you cannot instantly buy and sell your shares. It takes time. However if you do transfer your shares, or purchase new shares using ComputerShare, I can say you will not be disappointed. You cut out the DTC, you cut out your broker that may be lending your shares or cooking their own books. You will know 100% that your shares are real and you are the sole owner. By taking your shares over to the transfer agent, you are essentially lowering the free trading float. If you plan on holding forever or are not going to sell (paperhand) out of kneejerk reaction, there is literally no reason not to be a direct owner.****

I am not a financial advisor and this is not financial advice. I may have a few things wrong here, always check the comments for wrinkle brain replies.

Don't just buy and hodl.

Buy, hodl and ****own**** your company.

Lastly. /u/MommaP123 has put together a [step by step guide on how to transfer your shares to Computer Share](https://www.reddit.com/r/Superstonk/comments/oix5zk/step_by_step_method_for_direct_registering_shares/). I recommend checking it out!