Title: If DRS is the way, why as the number of DRS’d shares increase does the stock price decrease?
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TLDR: Roughly 3k of cash creates $6.6k worth of buying pressure with options because brokers delta hedge. Shareholders are buying shares more than they are buying call options, thus reducing the amount of buying pressure and making it easier to push the price down.

At the end of October we saw that 5.2 million shares were DRS’d. The trimmed average currently shows 8.7 million as of Jan 31st. That works out to 3.5 million shares over 92 days, or 38,000 shares DRS per day on average. The current remaining shares in the float is 38 million. To lock the float it will take 1,000 days, or 2.7 years. This is part of the reason why the stock continues to drop, shorts have 2.7 years to work with to try and pressure us out.

Options, because they are a form of leverage, can create more buying pressure for less dollars. Take a look at the June 17 2022 95 strike call options. The last price is $31.15 dollars. So for the right to buy 100 shares at 95, it’ll cost you $3,115 dollars. 100 shares bought outright at the current price of 100 is $10,000 dollars. So you can effectively get 3 times as much exposure to Gamestop shares than you could compared to buying the stock outright ($3,115 / 100 = 31 shares).

Now take a look at the delta. It’s .66. This means that when you buy an option the broker who sells it to you will delta hedge at .66. This means they will buy 66 shares. 66 shares at the current market price of 100 will cost the broker $6,600 dollars. You just doubled the amount of buying pressure compared to if you just bought the stock outright.

This is why I think the price is dropping so much, because options cause more buying pressure than buying the stock outright, and investors seem to be buying more stock than options. This is fine if we believe Gamestop is going to issue an NFT to shareholders and potentially fuck over short sellers, but it doesn't make it any less painful!