

Title: How much does it cost them to do short attacks? A lot- eventually.

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Is_self: False

This is a subtle question. The actual trades cost them almost nothing. However, their lenders (i.e. the brokers who lend the shares) have to set collateral or lending costs, or quantity, based on their likelihood and magnitude of potential harm. This is, at least part of the time, based on a calculation called Value At Risk. It determines their loss in the 1% likelihood worst-case scenarios. That calculation relies upon the standard deviations of prices and their size. When the SHF create a big drop, the VAR may actually go up, (especially once the price has risen again) because they just increased the standard deviation of the price. When VAR goes up, collateral requirements will have to rise or short positions must fall or lending must be otherwise restrained. That collateral might live at the DTCC, but then it must also be deposited at the broker, somehow. In other words, their short attacks are like a Chinese finger trap. They know this. That's why these large drops are rare. This is not financial or legal advice. I am an ape, I eat crayon. Sometimes, I eat physical copies of shares.

Edited for clarity.

<https://www.investopedia.com/terms/v/var.asp>

EDIT: One more point, increasing the STD Dev of returns also increases cost of options, and therefore, cost to hedge short positions; a cost potentially born by their counter-parties first, then SHF later.

EDIT again: Don't forget that dividends paid by any of the SHF short positions will have to be covered by the SHF.

Yet another EDIT: We are back at 198, but standard deviations are a kind of average. VAR measures movements and averages are skewed by outliers. Therefore, they are screwed a bit. No price improvement only VAR increase. This kills the crab.(Fuckers)