

Title: YES - WE WILL GET PAID. The FED *WILL* Underwrite [read: BAILOUT] the DTC, NSCC, OCC, and any other DFMU (Designated Financial Market Utility).

Author: sir_poops

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tl;dr:

→ the DFMUs (DTCC, OCC, NSCC, etc.) will NOT run out of currency

→ **DFMU's are considered 'systemically important'; backstopped by the FED**

→ **Brace yourself for the inevitable** *'better sell now while they still have monies'* **FUD.**

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Greetings all - following up from my earlier post I wanted to expand on the roles I think the FED and the various DFMUs (DTC, OCC, etc.) will play out when our rocket launches!

Typed this up with the following goals in mind:

- * Educate apes on what DFMUs are,
- * Offer context on how the FED and other regulators view DFMUs,
- * Offer evidence I believe demonstrates the FED will bailout DFMUs,
- * Diffuse the potential FUD vector of, "you better sell now before they run out of currency",
- * Give something back to the community that's given me so much.

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...so to get started...

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You probably are already familiar with the DTCC, [The Depository Trust & Clearing Corporation](<https://www.investopedia.com/terms/d/dtcc.asp>), [Cede and Company](https://en.wikipedia.org/wiki/Cede_and_Company), and the NSCC, [The National Securities Clearing Corporation](<https://www.investopedia.com/terms/n/nscc.asp>).

What you may not be as familiar with is all the above entities are considered [Designated Financial Market Utilities](https://www.federalreserve.gov/paymentsystems/designated_fmu_about.htm) (DFMUs) by the Federal Reserve in addition to a few others who (I personally believe) will become relevant as our saga plays out, most notably the OCC - [the Options Clearing Corporation](<https://www.investopedia.com/terms/o/occ.asp>).

The reason DFMUs matter is the [Financial Stability Oversight Council](<https://home.treasury.gov/policy-issues/financial-markets-financial-institutions-and-fiscal-service/fsoc>) (established by Dodd-Frank) considers these entities to be *"systemically important"* as *"a failure or a ***disruption to the functioning of an FMU could create, or increase, the risk of significant liquidity or credit problems*** *spreading among financial institutions or markets and thereby threaten the stability of the U.S. financial system..."*, *emphasis added.

The practical impact is if a DFMU, say the DTCC or OCC, fails \[read: runs out of currency\] to provide final

settlement \[read: payment\], the FED will backstop them and supply them with whatever liquidity is needed...this last bit is the money printer going brrrrr at speeds not previously thought possible.

[Joseph Wang](https://fedguy.com/), a former FED insider, confirmed as much recently.

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Thus if an ape wisely asks, **"what happens when/if the DTC goes broke"**, the simple answer is **"the Federal Reserve will supply them with the required liquidity to settle their obligations"**.

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→ A Quick Review:

1. GME Moons
2. DTC / OCC / etc. exhausts liquidity; teeters on the precipice of failure
3. FED creates Bank Reserves, deposits newly created reserves into DTC / OCC / etc. accounts at the FED
4. DTC / OCC / etc. uses newly created Bank Reserves (brrrrrrrrrrrr!) to pay apes
5. tendies enjoyed

(For those banking nerds out there DFMUs have accounts directly with the FED meaning the FED can conjure up their only product:Bank Reserves,*** a wholesale currency not spendable by us real apes in the 'real' economy, and deposit the newly minted Bank Reserves onto the Balance Sheet(s) of the failing DFMUs. In turn, the DFMUs can use this newly created liquidity to pay out apes by transferring into the commercial bank system \[i.e. your bank/brokerage account\] in return for apes' GME shares. If apes want a more in-depth explanation of exactly how this works let me know, but for purposes of this thread I think this captures the salient points.)***

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I believe there are two important takeaways from this:

1. ****While other factors may constrain a ceiling on how high GME can moon, DFMUs going broke is NOT one of them.****
2. ****Help apes avoid falling prey to the** "omggggg must sellz now b4 they go broke lmaooooo!11!"****
****psych FUD once MOASS kicks off.****

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Lastly for our option degens: the Options Clearing Corporation (OCC) is the central counterpart for all options in the US. As such the OCC, backed by the FED and as a designated systemically important entity, will be backstopped by an unlimited amount of newly-issued-FED-Bank-Reserves.

****One should also note while the FED can issue bank reserves en mass, it cannot issue GME shares in mass. Fundamentally banks,***even the FED****, are constrained if they are on the hook to deliver something they are unable to create, and the FED cannot create GME shares.****

Therefore should a situation arise where option owners exercise their options for GME shares in excess of option market makers' ability supply, the option market makers will fail and their obligation will roll up to the OCC.

This in turn will force the OCC, and then the FED, to use the only option at their disposal to source the GME shares: raise the bid to *****whatever***** level is required to acquire the necessary amount of

shares...effectively pitting the FEDs money printer directly against diamond hands.

****Remember Heath Ledger's Joker's line in the Dark Knight?***

"This is what happens when an unstoppable force meets an immovable object."*...think that.

It will be quite a sight to see, I think.

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****→ Questions / Answers****

"I've DRS'd my shares, do I need to do anything with this?"*

****→ No, you're already out of the system and the shares you own are not an IOU.** Should you decide to show mercy and sell one of your many shares for \$69,420.69 via CS, you can do without worrying about actually getting paid when the trade goes through as the FED will underwrite the relevant DFMU.**

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"I've got some shares still in a broker for \[reasons\], do I need to do anything with this?"*

****→ Probably not. Leaving shares in a broker exposes you to broker counter-party risk** \[i.e. are 'real' shares in your account or IOUs\] which is outside the scope of this DD. However, **I would GUESS the ultimate settlement of your IOUs → real GME shares will be guaranteed by the relevant DFMU (NSCC, I think?), which is in turn underwritten by the FED.** DRS elegantly solves this but for those apes where DRS is not feasible, it is a net plus DFMUs are designated as systematically important.**

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"I'm an international ape and I got some shares still in a broker for \[reasons\], do I need to do anything with this?"*

****→ UNKNOWN.** I lack the knowledge to offer insight here.**

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"Okay...so you're saying the FED will basically bail out GME holders. Yeah, not buying it."*

****→ It's not so much the FED is bailing out GME holders as it is bailing out the existing system.****

GME mooning will NOT happen in a vacuum and the fallout from a squeeze will resonate throughout the entire system as 'normal' market participants \[read: the public\] are at first shocked by the perfidy of the sophisticated \[mayo\] players and fecklessness of regulators they trusted.

As markets spasms, gasps, and collapses under the weight of Marge's calls the public's shock will become anger and then fury as their retirement plans, dreams and evaporate. The wealth illusion created through the asset bubbles in RE, equities, digital assets, etc. will evaporate and the financial security once held by many will be abruptly ripped away. Politicians, fielding enraged calls from constituents demanding answers, will publically call on the FED to do whatever can be done to stop the hemorrhaging - and more importantly - placate an enraged public who'll be on the verge of calling for blood.

THIS is the backdrop of what I assume will COMPELL the FED to act. It is NOT the FEDs desire to do right by GME holders - far from it - it's the FEDs desire to maintain their credibility, backed by terrified politicians

desperate to shift blame from themselves and placate a newly impoverished electorate, that will compel them to act.

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"What does 'supplying liquidity' mean in ape speak?"

It means, at least in theory, the FED will allow the DFMUs to continue to raise their bid price to whatever level is required to crack diamond hands, even if such a bid would exceed the assets of \[whatever] DFMU.

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Closing remarks - this is not financial advice and my opinions are my own.