

Title: I need help dispelling some personal FUD, or maybe clear up some stuff about DRS/FUDelity.

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Guys I have a question regarding CS and FUDelity. I want the security of CS but was told they're not great and use fidelity and others as a broker. The thing with fudelity is that they might autosell or be liable for the IOUs of shares they have

first part of the FUD

per CS's own documentation:

1. CS will execute your market order same day as long as its between 9am and 3pm est
2. limit orders are batch orders and come with several caveats. it sells "based on trading volume and availability" (their words), it will automatically cancel your limit if the price is not at the limit at the time of executions, so during major price volatility if you put in for 100k sale as its at 101k, but price drops to 99k due to volatility, your limit order could potentially execute at a time the limit price is lower than your request, and it WILL cancel your order.
3. no orders over 1mil, thats PER TRANSACTION so if you have 100 shares in CS and GME hits 1millie, you have to place 100 individual orders.
4. CS uses alternative brokers and thus you arent getting immediate action when you place any order, there is a delay, unlike a broker.
5. since CS is not a broker, there has been NO TEST to prove that a limit order or high value order would be processed quickly in a MOASS situation, and CS itself was swamped with DRS requests and actually slowed down/stopped their paper orders because of it. This means they dont have the infrastructure (yet) to handle mass panic selling during MOASS events.
6. going into 5 again, there have been immediate limit test orders but these were during NORMAL MARKET CONDITIONS and not indicative of panic selling
7. any sell you make will be given to you by check, not account balance, so re-buyins are not possible if all of that is in your risk profile, go for it

I asked this: Is there any chance of fidelity defaulting or selling my shit early and just giving my cost basis

was responded with by a different guy: Fidelity has 4.2 trillion AUM

The risk of them defaulting is minuscule

And if that happens (Fidelity defaulting) we have MUCH bigger things to worry about

Basically by the time an entity like Fidelity would default the whole economy would be up in flames and nothing would matter at that point. It is highly unlikely MOASS would get to that point.

As far as them fucking retail over, again Fidelity specifically is their own clearing house so they don't "take orders from above" and I don't see a situation where they would fuck over millions of retail just to save 3 hedge funds that they have no monetary attachment too

Fidelity DOES make money lending shares to said SHFs but again, they have no incentive to ruin their relationship with other clients just to save the cash flow from lending shares
After all is said and done other hedge funds will rise to take the place of Citadel etc after they blow tf up
Fidelity has no incentive to bend over backwards and fuck retail JUST for Kenny G
There will always be another Kenny
If you lose the trust of retail that sentiment/reputation will last a VERY long time

op added : catching up as I was working out.

I have 10 of my shares DRS'd for very real world concerns. For one, it helps lock the float but at the risk of everything mentioned above. DRS dries up liquidity and forces MM's to hedge or generate synthetics from synthetics, which puts a heavy burden on their margin requirements and piles FTDs. DRS is helpful, yes, but at the cost of YOU being unable to capitalize on peak MOASS.

Also, DRS, while cool, wont do shit until 70% or higher is locked. no Squeeze in history was caused by DRS, it was always other factors. For example, while 72% of VW was DRS'd at the time of the squeeze, Porche had actually placed AND exercised their entire floats worth of call options to buy the company outright, triggering their squeeze due to call demand. The overstock squeeze was their NFT dividend (which theyre in legal hell for now). etc. theres no real proof DRS did anything as it was always another trigger

DRS is good in the event of a synthetic share wipe. This happened to a diamond company, which was a penny stock. The TLDR was the entire company was fraud, and everyone who bought a share that didnt DRS had their account just be emptied of their shares at the broker level in the morning. This sets a precedent that its possible this could occur to GME.

however, some differences. diamond company was a penny stock and a fraud company from the start, so only low level investors were harmed. The brokers were sued by said investors as, rightfully, they had to be compensated for shares. There was a settlement, but for a mere fraction of the value they had invested
GME is not a penny stock and is held in numerous retirement funds, ETFs, and held by big boys like Vanguard and Blackrock. If a share wipe occurs, there is no end to the lawsuits at EVERY level. The possibility of a share wipe is low, but it could be a "final straw" play, so DRS helps you recover some of the asset value.

As with everything in the market: diversify. Have several brokers and your shares in numerous places.
Fidelity + CS is a good combo. If you feel the need you can choose other major brokers who dont suck citadel's cock for pfof

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Another thing people don't realize, MMs are allowed to make naked shares. They need to buy them back to remain neutral. That means they only need to buy back the synthetics they made, they do NOT need your DRS'd shares. DRS shares are martyr shares

Sorry to wall of text

So if a float has 10 shares and they, to provide liquidity, make 1 synthetic share the float is now 11. They need 1 share, real or fake, to close that synthetic share they made.

sorry for the wall of text. I just don't wanna get ruggged (fidelity) but also don't wanna potentially baghold (CS)

I was 100% drs before I saw all that.