Title: Will brokers/institutions DRS their shares to mitigate stock dividend risk?
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Created 2022-04-02 16:46:46 UTC
Permalink: /r/DDintoGME/comments/tun9kx/will_brokersinstitutions_drs_their_shares_to/
Url: https://www.reddit.com/r/DDintoGME/comments/tun9kx/will_brokersinstitutions_drs_their_shares_to/

This is a comment I made in SS in response to the PSA Fidelity posted yesterday about the stock split. I thought it was important to share here.

This is assuming Fidelity (or any broker) holds every single share that they have allocated to every single brokerage account holding GME at ex-dividend date. And, that this number is exactly what they have recorded with the DTC. The problem is the number of shares DTC (Cede & Co.) has directly registered with Computershare. We know the insider share count (11,701,654) and the DRS count (+9M). The remaining 55M are likely to be held under Cede & Co. There is no evidence that institutions have DRSed their shares. Otherwise, the DRS count would be much higher than 9M. This implies that institutions hold their shares through brokers -> DTC -> Cede & Co. Gamestop will issue a stock dividend only to registered shareholders with CS at ex-dividend date: 76M*Split Ratio. Cede & Co. (DTC) will receive 55M*Split Ratio. DTC will only be able to allocate the stock dividends they receive from CS to the brokers per the number of shares the brokers have registered with DTC. Do you think there are more than 55M shares in circulation? What happens if there are 100M, 200M street name shares in existence? Big big problem. DTC will not be able to allocate more than 55M*Stock Ratio to brokers. Brokers will not receive enough shares from DTC to allocate the stock dividend to all of their beneficiary shareholders. Or, if a cash equivalent is covered in broker TOS, that could be 3x, 5x, 7x. If whomever the brokers lent their shares to are unable to pay these multiples, the broker is on the hook to make good on the cash equivalent. This poses significant risk and liability.

Will brokers DRS their shares prior to ex-dividend date to mitigate the above risk? This would create a race to DRS and fill up the total current stock issuance (76M) in Computershare.

Another question: will institutions DRS their shares prior to ex-dividend date to mitigate the above risk? This would add 23M shares to the DRS count pushing it to 44M shares taken out of circulation or 58% of total issued GME shares. If this happens, Cede & Co. would have a maximum of 32M shares registered with CS and only be able to allocate 32M*Split Ratio to brokers for the stock dividend to allocate to their beneficiary accounts. Additionally, there would only be 32M shares in street name circulation. Taking 23M shares out of circulation by institutions DRSing would put extreme stress on share lending and the ability of MMs and SHFs to manipulate the stock. This would put massive upside pressure on the stock price.

Please poke holes in this theory.