

Title: The mechanics of "NFT as Share" as (poorly) translated from GameStop S-3ASR legalese (8th Dec. 2020)

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https://www.reddit.com/r/TheGloryHodl/comments/ren4a4/the_mechanics_of_nft_as_share_as_poorly/

Hi!

I'm a_hopeless_rmntic

you might know me from

****Investigative Work: Why GAMESTOP - "I am the exchange now is not a meme"*****

[https://np.reddit.com/r/Superstonk/comments/ob5jni/investigative_work_why_gamestop_i_am_the_exchange/?sort=new](https://www.reddit.com/r/Superstonk/comments/ob5jni/investigative_work_why_gamestop_i_am_the_exchange/?sort=new)

****Did you Know?*****

While GameStop's charter authorizes up to 300 million common shares the charter also authorizes up to *5 million preferred stock* (pg.6)

<https://preview.redd.it/rrelvix5i3581.png?width=829&format=png&auto=webp&s=40de3b99c9b9249dc7806d945f3a06638911805c>

****preferred stock (pg.7 top):****

while there has been no issuance of this preferred stock thus far this preferred stock, which can be distributed in one or more series and *can also be any certificate or designation* (erc-721) and would have preference over common stock with respect to payment of dividends and the distribution of assets in the event 'we wind up our affairs' (read: leave the stock market)

<https://preview.redd.it/u1w1cb2ii3581.png?width=839&format=png&auto=webp&s=964b0ec5808531cd6dec983430aff7d4758b1a7>

****Authorized but unissued shares (pg.7 middle)****

these preferred stock are available for issuance without stockholder approval, they maybe utilized for a host of many reasons but may also hinder and make difficult takeovers etc.

<https://preview.redd.it/r54elniji3581.png?width=834&format=png&auto=webp&s=82b54b8fc4bac2d86faf63260280e192a13d3ddc>

****depository shares (pg.7 bottom):****

these preferred stock can be fractionalized into 'depository shares' (erc-721 fractionals) without discretion on how fractionalized each preferred stock can be meaning: 1 of 5 million preferred shares can be fractionalized into 100 pieces turning 5 million preferred stock into 500 million depository shares or fractionalized 168.039094736842 times so that 5 million shares turns into 840,195,473.68421 million depository shares.

[https://twitter.com/Luke4_21/status/1467517479685697542](<https://preview.redd.it/9g5djpgli3581.png?width=598&format=png&auto=webp&s=76bf59afe8bc6b643ba93d9dd51ffd4f77aecb4e>)

each of these depository shares will be paired with a depository receipt (gasless web3 smart contract, so

LRC).

any preferred stock fractionalized and represented by depository shares along with their paired receipts will be deposited under a separate deposit agreement with a trusted 3rd party bank or trust company which we will refer to as our 'preferred stock depository'. could this be ComputerShare? (see footnote at bottom)

con't

a depository receipt will serve as evidence of depository share ownership (pg.8 top)

<https://preview.redd.it/ovpf5honi3581.png?width=837&format;=png&auto;=webp&s;=284b2ab4ed83424b0ca22ef133542e626dd39bd6>

****Dividends and other dist. (pg.8 middle)****

all cash dividends and other cash distributions in respect of preferred stock, their fractional depository receipts fall under the purview of the preferred stock depository. any of the preferred stock series in their fractionalized depository shares form will be held by the preferred stock depository and be standing by for the next series distribution and their receipt holders.

if there is a non-cash distribution where the dividend is instead property the preferred stock depository will distribute to the receipt holders of depository shares. if in the event the number of receipt holders makes such a distribution impossible by the discernment of the preferred stock depository it will be, with clearance from GameStop, for the preferred stock depository to convert the property to cash through sale to then distribute the cash equally amongst receipt holders.

whether there is a cash or property distribution GameStop and or the preferred stock depository will note the reduction of equity for tax purposes *(that means you'll be responsible for the tax but don't worry ComputerShare saves the day down below)* furthermore if there is more rights or establishments due to depository share holders the preferred stock depository will be obligated under the deposit agreement.

if the preferred stock is converted into another class or type of security other than fractional depository shares those alternate class/type securities will not earn dividend nor cash distributions.

<https://preview.redd.it/xroo17hpi3581.png?width=846&format;=png&auto;=webp&s;=99a63e85ebe4c22e92fd56dfe4c102f267fa128f>

****redemption of depository shares (pg. 8 bottom)****

GameStop may callback in whole or in part preferred stock and in doing so may be required to buy back depository shares. the preferred stock depository will buy the shares, if the amount that needs to be bought back is less than an entire series the preferred stock depository will buy back pro rata

at time of the redemption/callback preferred stock and their depository shares will no longer earn or be entitled to dividends, property or cash.

<https://preview.redd.it/xt2kh78ri3581.png?width=837&format;=png&auto;=webp&s;=91ef69ba9b48dcc8151e1d8b9e3bf352c45bf162>

...

****conversion and exchange of preferred stock (pg.9 bottom)****

GameStop will may offer a method of converting depository receipts into common stock. *the question will be how many receipts to common stock? what is the rate of exchange? 7-4-1?*

if there is a remainder from the conversion the remainder will get new depository receipts issued, no fractional shares of common stock will be distributed and so if the holder doesn't desire the fractional

returned they will be paid out and the remainder will be redeemed.

<https://preview.redd.it/6ecbq5qsi3581.png?width=842&format=png&auto=webp&s=9fc2d38499c719526e3acfc3ee9f1b56ccfd0235>

Source: pages 6-9 (nice, simulation)

SEC <https://sec.report/Document/0001193125-20-312781/>

GameStop <https://news.gamestop.com/node/18346/html>

Ryan Cohen is a master at 4d chess, I'm only in the 9th chamber (I bomb atomically! Wu!)

the 5 mil preferred stock is *the nft*

the nft fractionals is *the depositary share*

the depositary share is held at *the preferred stock depository*

the preferred stock depository is *GameStop's Cede&Co;*.

GameStop will *sell the depository receipts which are by virtue erc 721 smart contracts*

via their web3 store (front-end, LRCdex is the back-end), you can also swap LRC or ETH for it via LRCdex

LRC recently supports nft erc 721 and erc 1155 (multi-token standard) this mean game coins and gme tokens (gme stablecoin?) can be 'wrapped' with the nft (it's okay, it's layer-2 so there's no gas penalty to wrapping and unwrapping as I understand it).

[[u/letsbeatthestreet/](https://www.reddit.com/u/letsbeatthestreet/)](<https://www.reddit.com/u/letsbeatthestreet/>) has written on this at length

<https://preview.redd.it/mdnhxi7vi3581.png?width=693&format=png&auto=webp&s=4634bedd42861b87883fc047e90f1b626b29d19a>

<https://medium.loopring.io/loopring-quarterly-update-2021-q3-bd083d94ca17>

so LRCdex is the back-end

GameStop web store/mobile app is the front-end and the preferred stock depository, ComputerShare has to do all the book-keeping

one final footnote about ComputerShare:

We all remember this

[4th Nov. 2021 Lead Arranger and Admin Agent is Wells Fargo](<https://preview.redd.it/07ryqomwi3581.jpg?width=1095&format=pjpg&auto=webp&s=652001e375b53505dfc8e5725f9caa9fbfd872b7>)

Well, 1st Nov. 2021

4 days prior to Wells Fargo being lead arranger and admin for GameStop's new 500 mil ABL facility Wells Fargo completed the sale of it's corp trust business to ComputerShare.

<https://preview.redd.it/fxytl1t0j3581.jpg?width=904&format=pjpg&auto=webp&s=9579dae8f851d4802bc65d685f4d99a084e12808>

<https://preview.redd.it/0qcf1wd2j3581.jpg?width=884&format=pjpg&auto=webp&s=808bd21d074a9cd96826a9586268bc31a0bf6c5c>

This acquisition grants ComputerShare the ability to swap 'like kind' (crypto swap, crypto is an asset until 2023, then it's a security but it's still not money) property while not incurring a taxable event for the swapping parties, 1031 is irs tax code.

\#NOTE:EDIT

it was brought to my attention by conway yen that with a simple search anyone can find that 1031 exchange is nearly strictly used to for real estate properties. this means computershare will not swap under 1031 however this doesn't change the below, please keep reading.

\~\~strikethrough isn't working?\~\~

<https://preview.redd.it/aioqhp64j3581.jpg?width=884&format=pjpg&auto=webp&s=e48f3aee6eb3a43b0092342cd38169d1233c5989>

<https://twitter.com/yourboyvic/status/1466116319892312064>

[u/_cansir](https://www.reddit.com/u/_cansir/) was brilliant in getting this clip, it confirms digital asset swap is happening at ComputerShare now that they have license for 1031 apes can swap without creating a new taxable event, yeet!

****ComputerShare has the ability to distribute digital assets to the registered shareholders. From, AMA w/ CS****

<https://preview.redd.it/tq4iqag5j3581.png?width=623&format=png&auto=webp&s=739a1ae92c73f62507d7162451ccaca6a266f5eb>

[https://np.reddit.com/r/Superstonk/comments/r7djcl/computershare_has_the_ability_to_distribute/?utm_source=share&utm_medium=web2x&context=3](https://www.reddit.com/r/Superstonk/comments/r7djcl/computershare_has_the_ability_to_distribute/?utm_source=share&utm_medium=web2x&context=3)

what do you think? full retard? discuss