Title: Mechanism for cancelling out a repurchased synthetic/naked share
Author: odddiv
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Ok, so I've been doing some digging and I need some help from the more wrinkled.

Countless times I've seen posting stating that during MOASS shorts must cover - this is pretty straightforward, and very true. Data from the hiccup in January showed that more than the float had been sold short, and data since then has shown that shorts did not cover - and indeed the short position was significantly worse than even what was reported at the time and that ongoing price manipulation has worsened things over time. None of this is in dispute.

Another premise is that since retail owns the float multiple times over, SHFs must buy back each share multiple times over in order to cover. And here's my question: what mechanism exists within the current market rules and framework to cancel out a naked sold share? When the SHF/MM buys back a share that had been naked sold - what happens to it? There have been countless posts on how "it cancels out" or it "ceases to exist" - but nothing explaining how. SEC, FINRA, DTCC - everyone acknowledges that naked shorting has occurred in the past (not specifically around GME, but in general) and is technically illegal; but I can find nothing on how those shares are cancelled out or removed from circulation after creation. Logically it makes sense that they would be - but what I'm trying to find is the rule and mechanism that performs that task.

So - can any wrinkle-brains out there help point me in the right direction?