

Title: Smooth brain question: who did SHFs lent shares from and why wouldn't these people be corrupt?

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Hello everyone, good morning/evening/whatever,

Im a smooth brain. So sorry if this is a smooth brain question. So we know shorting works like that you lent a share for a specific amount of time and hope that the price falls before you have to buy the share back to give it back. But who did shf lent these shares from?

I honestly have no idea about markets and anything financial and my only investment experiences is with gme lol, but couldn't the people who lent shf the shares just say like „hey SHF, if you maybe you know send some money maybe we could forget this thing that you still owe me some shares ;) *wink wink*“ and then Shf don't have to buy shares from the market?

I already feel dumb for asking this but I guess spreading knowledge is useful anyways so please explain like I'm a smooth brain and have no idea about anything market related.

TLDR: why wouldn't people/institutions/whatever who lent SHF shares for short positions just like kinda cancel the short position without closing, like just saying „it's fine you don't have to pay the shares back“ with the incentive that they could get payed by shfs?