

Title: Brokerage TOS - How your broker can/will screw you in the event of a squeeze: The Legal Edition  
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TLDR at bottom:

I've seen a few posts on this calling out some specific shady brokers. Shout out to u/millertime1216 for his recent post taking a big steaming public shit in the raging dumpster inferno that is eToro. Hell, mention Robinhood and you'll instantly get a bazillion comments about how shitty they are and how they should go out of business. It's fair to say that if you retards learned anything from Jan '21, it was a white hot hate for brokerages that fuck you and rugpull your GME position. All my homies hate them, and if your homies don't, I hate them too.\`

Looking at the great retarded ape migration patterns of 2021 we saw some movements that reflected this newfound knowledge.

"Robinhood is garbage, it totally fucked us!" - Retards, est 2021

And en masse, retards fled Robinhood, leaving it a smoldering ruin of festering cat excrement, Vlad's used condoms, and the shattered dreams of millions.

But where did they turn? I remember seeing posts about some thing called direct registration back on the old sub for a hot minute... but those quickly got drowned out by "F1DELITY FUCKS BRO!" posts, with all the sincerity of a 24 year old super senior at a frat party convincing an 18 year old freshman girl to go to a quiet room upstairs so he can tell her how much he loves her.

And sad to say, I fell for the line, and let Fudality hook up with me, just like many others. In fairness, it was pretty good at the sweet nothings and the initial fuck was pretty solid. Made me feel loved, and taken care of. "I could never have gotten somebody on the phone with Robinhood!" I thought. "F1delity didn't turn off buying!" "Fudality has the collateral, the clearinghouses wont margin call them"

But at a certain point, the honeymoon wore off. I took off the drunk goggles, and realized I'd climbed in bed with a total loser that was a literal geyser of red flags.

And as always, the lines "the devil is in the details" and "check the fine print" turn out to not be unimportant side details only there for nerds going for 100% completion, but prophetic visions of the future, brought to you by the very people that intend to turn them into reality.

See, we learned a lot about how absolutely garbage Fudality is/was through extensive DD's. We learned about how them telling us they're not lending shares doesn't actually mean they're not lending shares. We learned about how they like to accidentally turn peoples cash accounts into margin accounts. We learned about how their business model is to make money through internalizing and lending peoples shares. There was some pretty rad DD. Shoutout to all the DD authors who are too numerous to count for taking a dump on Fudality. Actually, I should open up the praise here, because the field of people that deserve a "thanks!" is even bigger when you include all the other shitty brokers out there (spoiler: it's all of them. All of them are shitty. Think Fudality is bad? Yours is worse).

Because it turns out we didn't have to go that far to realize there might have been some red flags. One of the first tip offs should have been from the TOS, which started with something to the effect of "In the event of extraordinary market conditions, we'll do whatever the fuck we want and you can literally go fuck yourself with a cactus. Good luck suing us peasant."

Since then, their TOS has been updated numerous times, including those specific sub clauses. Without diving into the lawyer speak, the changes have been to the effect of "LMAO, seriously, are you still holding GME shares with us? We cannot stress enough how fucking retarded you are, and how happily we'll sell your positions for whatever the fuck price we want to, whenever the fuck we want, as defined by whatever the fuck 'extraordinary market conditions' we deem exist. And, (and we cannot stress enough how extremely important this is) that by accepting these terms of service, you're fucking signing off on this shit ROFL. You have to be the biggest fucking retards in the land. JFC we can't believe how fucking stupid you are."

During this time, we had a certified baddass and actual market regulatory expert Dr. Trimbath come tell us "holy fuck, you sure are exceptionally retarded. I actually cannot believe how retarded you are. They might not make buses that are short enough for you. Why don't you just fucking direct register your shares with GameStop's registered transfer agent Computershare you absolute muppets?"

Collectively, we were like "WHAAAAA??!?!?!" Frankly, I'm pretty sure I drooled on my keyboard. My memory during this period of mind blowing was frankly hazy and unreliable. I might have eaten a few crayons, because my poop wasn't the right color or consistency for a few days afterwards.

Anyway right after this, we had another fucking exodus of you retards fracture the already fractured set of GME related subreddits further because (shoutout to the 3rd sub that ends with ungle) some mods made some promises to Dr. Trimbath to convert her book to an audiobook as a way of thanking her for her expertise, and then proceeded to ghost her. This same sub started heavily pushing the idea of "infinity pool." It's difficult to tell if they were shills, or if they pulled a Simple Jack and went full retard. The result should have been the same though. Never go full retard.

See, the argument they presented was that the only shares that should be direct registered should be shares you intended to hold forever - so that you could drive the price up to infinity. This is pretty enticing. "You mean I can sell .1 shares for \$100 million dollars?" The people on that sub ate it the fuck up. And it infected and spread to other subs too. There are a variety of problems with this absolutely shit for brains argument, but one of the biggest, and most fundamental flaws in goes straight back to the broker TOS. See, they can sell your shares for whenever the fuck they want and give you whatever the fuck they deem appropriate compensation for it. And somehow, it didn't cross anybody (who bought into this dumbfuck theory) mind that "GME going to literally infinity and sucking all of the liquidity out of the entire worlds financial markets" MIGHT be considered an extraordinary event, and that they MIGHT decide to close your shares out sooner.

"Computershare only lets you sell for Blahblahblah" was pretty solid fud apparently.

Here are some facts and figures:

You're fucking retarded. You have shit for brains. So do I. Not a personal insult, just spitting some facts. Dumb as a fucking rock.

Anyway back to the main storyline. The main point of direct registration is to prove naked shorting is present and force the SEC's hand.

But the other point is to ensure that shares that you own aren't actually owned by somebody else, to do with as they please, where you're just the beneficial owner. It's to ensure that your shares are your shares, full stop, to sell whenever you want. It's pretty fucking cool. And it also means that nobody can rugpull your shares by selling them when they want, not when you want. Another cool feature is that it also prevents anybody from covertly borrowing them to short the stock of the company you fuckin love. It's rad as fuck. All my homies love direct registration.

So some absolute nitwits come along and start pushing this infinity pool shit. It's like a double whammy of stupid. Leave some of your shares with a broker who will lend them out and fuck you at the first sign of trouble, and simultaneously pull less shares out of the lending pool. Pretty less fucking cool when you put it like that. Throw in a healthy dose of pushing the dumb ass "I only need one share to become rich" idea that only serves to reduce buying pressure, and it's pretty clear this idea was dumber on balance than a Jersey Shore cast member at a physics conference. Here's a not so hilarious fact: every single X holder that have used the DRSbot combined makes up about 10k shares - or less than several individuals who have posted. But I bet they're a lot louder. And I bet there are a lot more of them who have jumped on the dumbfuck "infinity pool" bullshit and only direct registered 1-2 of their shares, and who will unfortunately be the ones who get screwed the hardest when the few shares they do have get rugged.

So where am I going with this?

Make your own decisions. But it's probably worthwhile to bear in mind that your broker (not with Fidelity? Doesn't matter. Your broker is probably worse. Are you with some Euro broker that offers you protections? Lmao okay good luck) can and will fuck you without the slightest remorse and leave you with no legal outs because you signed onto their shitty TOS by using them. If you're with a euro broker that offers you some consumer protections, here's how the phone call will go "Hey sorry the DTCC did a thing, we have a release of liabilities clause that says that if the DTCC does a thing, you can go fuck yourself. Yah, it's a bummer, but if you need any lube we can recommend you to the nearest lube store. TTYL."

This isn't a Fidelity thing. It's not a Vanguard, Schwab, TD, eToro, Robinhood, Tastytrades, IBKR, blahblahblah thing. It's a "your broker wants to make money off you, and the second an extraordinary market condition puts that at risk they'll fuck you faster than the Fed can print a dollar."

DRS is dope.

TLDR: Your broker almost certainly has a clause buried in their terms of service stating they can close any positions of yours they want to under extraordinary market conditions (as defined by them) and compensate you appropriately (also defined by them) with no legal repercussions. Keeping your shares at a broker will very likely get your shit kicked in during a "extraordinary market event" with no legal recourse. DRS is a pretty dope solution.