Title: ELI5 what happens to shares sold short?
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Created 2022-02-16 00:20:27 UTC
Permalink: /r/GME/comments/stht05/eli5_what_happens_to_shares_sold_short/
Url: https://www.reddit.com/r/GME/comments/stht05/eli5_what_happens_to_shares_sold_short/

So, I am not too bright. I have listened to the Doctor T interview a bunch of times, and something jumped out at me. When a share is sold short, someone comes and borrows a share from person A with a promise to give it back some time in the future. Then the short, sells the share as soon as possible to person B since they think they will be able to buy back the share they need to give back at a lower price some time before they have to give it back. Let's say in this example, the short actually buys the share and gives it back in the time they agreed to. Person A has their share back, but what does person B have? And how does this affect their rights as an owner/investor of the company they love? Does anyone need to eventually cover this synthetic share? Or can shorts only cover a short position with a real share? And how can a broker tell the difference between a real share and a synthetic share? And if brokers can actually tell the difference between a real and synthetic share then how come the SEC doesn't force brokers to disclose when you are buying a real or a synthetic share? When I buy a share in a company I love, I expect to buy a real share, if there is a difference between a real and a synthetic share then it should be disclosed at the time of purchase. If I buy a Toyota Camry, that's what I expect to get, and not a Honda Accord. Whoever sold me the car can't just say "a car is a car." I guess my real question is can a broker really tell if a share is real or synthetic, and why the fuck doesn't anyone make it a requirement to disclose what type of share you are buying. When I say "a company I love" I mean GameStop, when I say "share" I mean GME, and when I say "shorts" I mean people I have fundamental differences with and deeply mistrust.