

Title: Share dividend, a squeeze, and what the DTC *theoretically* has to do - an attempt to clarify the basics

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A discussion about how a share dividend may hasten the MOASS seems to get gummed up with other arguments like DRS vs broker name, NFT marketplace, etc. Not that those are unimportant, but please clarify and correct the process below, a simple perfect world scenario about a ~~short~~ stock ^{^([edited])} dividend and what shfs & DTCC ^{^should} do. (check the math too, please).

****THE SETUP****

****1 - Company A has 100 shares on its books.****

* Company A knows 40 of those shares are owned & registered (insiders & DRS)

* 60 shares are thus out in the marketplace. The float.

****2 - Shorts have sold short (Xeroxed) 10 shares for every real float share they borrowed - 10:1****

* So $10 \times \text{float} = 600$ shares (540 photocopied) borrowed, sold, and owned by other parties

****THE STOCK DIVIDEND****

****3 - Company A initiates a share dividend, giving shareholders 1 share for every share they own.****

* Company A's official issuance then doubles, going to 200.

* Insiders/DRS now account for 80 of that: 40 original registered + 40 (share dividend of 1)

* Official leftover float is 120: 60 original float + 60 (share dividend of 1)

****THE PROCESS and THE MATH****

****4 - DTCC gets those 120 official shares from Company A to distribute as share dividend****

****5 - Problem is, shorts/brokers/someone needs 1080 more shares.****

* 600 shares they borrowed to sell short

* 600 (share dividend of 1) shares they must distribute to the holders of the shares they sold short

* So, $1200 - 120(\text{registered \& distributed}) = 1080$ shares**

THE SQUEEZE

****6 - Ensuing mad scramble for shares to either close their positions or provide shares to their lenders - MOASS****

****Aren't step 5-6 the crux of the MOASS thesis?**** 120 shares available, 1080 needed to close. Shorts must close their positions. This basic process was discussed well before DRS was a thing *(not knocking DRS, relax. That will be the next post.).*

****TLDR**** \- Isn't this how the stock dividend may hasten this Black Swan, once-in-a-lifetime event called The MOASS? ^{^((for now assuming no f*ckery actually ensues))}^{^()} Because, on paper at least, the shorts must close and they have more obligations than there are shares.