

Title: GameStop's stock split. Authorized shares versus issued shares. A look at Tesla's stock split by share dividend. Benefits of DRS and the implications to a short sq.

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> **TL;DR:** GameStop's 14A Proxy statement has set a date of April 8th as record date to vote at the upcoming AGM in June. *This is not the record date for the share split.* The stock split will cause major issues for all market participants short on GME, make the stock more affordable for FOMO, and allow the option players to get in with cheaper calls with less capital required to execute (which contributes to the intensity of the squeeze as evidenced in Jan last year). The stock split does not dilute the total value of your investment in GameStop. The details of the share split are still pending, and will include specifics around the ratio the shares are to be split (eg 7:1), record date, distribution date, and ex-dividend date. DRS helps coil the spring and can contribute to the intensity of a short squeeze.

On April 12th the 14A Proxy Statement Notice of 2022 Annual Meeting of Stockholders to be held on June [x], 2022 was released:

> "We are asking our stockholders to approve an amendment to our Third Amended and Restated Certificate of Incorporation (the "Existing Charter"), to ***increase the number of authorized shares of our common stock to 1,000,000,000***, and correspondingly increase the number of authorized shares of all classes of our stock to 1,005,000,000 in order to implement a stock split of our common stock in the form of a stock dividend (the "Stock Split") and provide flexibility for future corporate needs. Our Existing Charter currently authorizes the issuance of 300,000,000 shares of common stock and 5,000,000 shares of preferred stock*.

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> "The primary purpose of increasing the number of authorized shares of our common stock is to facilitate the potential Stock Split***. Our Board intends to approve the Stock Split, subject to and contingent upon stockholder approval and the effectiveness of the Authorized Shares Amendment."

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> "A proportional increase in our authorized but unissued shares of common stock as a result of the Authorized Shares Amendment would also have the additional benefit of enabling the Board to issue additional shares of common stock in its discretion from time to time for general corporate purposes. *The corporate purposes for which our Board may issue additional shares of common stock include future acquisitions, capital-raising*** or financing transactions involving common stock, convertible securities or other equity securities, stock splits, stock dividends and current or future equity compensation plans."

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> "Except for*** shares of common stock reserved for grants pursuant to our ***equity compensation plans*** and shares of common stock expected to be distributed to stockholders to effect the ***planned Stock Split***, we ***do not currently have any other plans***, agreements, commitments or understandings with respect to the issuance of the additional shares (or the currently authorized but unissued shares) of common stock, nor do we currently have any plans, arrangements, commitments or understandings with respect to the issuance of any shares of preferred stock."

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> "The availability of additional ***authorized but unissued shares*** of common stock may enable our Board to ***render it more difficult, or discourage an attempt to obtain control of, the Company,*** which may adversely affect the market price of our common stock."

THE BOARD UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE APPROVAL OF THE AUTHORIZED SHARES AMENDMENT.

Full statement: [*<https://investor.gamestop.com/sec-filings/sec-filing/pre-14a/0001193125-22-101866>](htt

Increasing the amount of authorized stock outstanding:

Capital stock is the total amount of stock, both common and preferred, that a public company has the *authorization to issue.* GameStop at this time has only common stock issued, of which 300M are currently *authorized* and only 75.9M are *outstanding / issued* at this time. GameStop is proposing to increase the amount of their *authorized* common stock by way of vote to the shareholders. The record date for shareholders to be able to vote on this is April 8th, 2021.

Increases in the total capital stock *outstanding / issued* may negatively impact existing shareholders since it usually results in share dilution. That means each existing share represents a smaller percentage of ownership, making the shares less valuable as the company's earnings are divided by the new, larger number of shares to determine the company's earnings per share (EPS). Earnings per share is a company's profit divided by the *outstanding / issued* shares of its common stock.

Despite possible dilution of shares, increases in capital stock can ultimately be beneficial for investors. The increase in capital for the company raised by selling additional shares of stock can finance additional company growth. If the company invests the additional capital successfully, then the ultimate gains in stock price payouts realized by investors may be more than sufficient to compensate for the dilution of their shares. ***GameStop's stock split in the form of share dividend will result in an increase to their outstanding / issued shares. However, the outstanding / issued shares will be allocated (percentage ownership) proportionately to existing shareholders, thus will not dilute existing shareholder's value.***

Important terms related to the stock split

****Record Date:**** The date on which all GME stockholders are identified to determine who will receive the stock dividend, as of the close of market. This means that if you held shares as of the close of market on the record date, you will be entitled to receive the stock dividend shares.

****Distribution Date:**** The date on which the additional shares will be distributed to stockholders of record date.

****Ex-Dividend Date:**** The date GME stock is expected to begin trading at the lower, split-adjusted price.

****The following is a sample frequently asked questions summary from Nvidia's stock split in the form of a stock dividend:****

[*https://s22.q4cdn.com/364334381/files/doc_downloads/doc_faq/06/21/NVIDIA-2021-Stock-Split-FAQ.pdf](https://s22.q4cdn.com/364334381/files/doc_downloads/doc_faq/06/21/NVIDIA-2021-Stock-Split-FAQ.pdf)

Stock splits in the form of a stock dividend

****Gamestop is doing a stock split**** \- ***not to be confused with*** **a standard declared dividend** (e.g. declared dividend where extra stock or cash must be credited per share to the shareholder, and where the shareholder value ends up higher). A declared dividend would have to come from GameStop's capital account - meaning that the value would have to be debited from retained earnings (which GameStop does not have a lot of room to play with). What we are dealing with now is a ***stock split*** (by form of stock dividend) that adds shares to your holdings but ***keeps the*** ***same*** ***equivalent total dollar value***. A stand alone dividend (not a stock split) paid results in your having the same amount of shares as you did before, PLUS extra cash or shares resulting in a *higher net dollar value*.

In the stock split by form of stock dividend, additional shares are given to shareholders whereas in a traditional (forward) stock split already issued shares are split into an agreed ratio. No additional shares

are allotted in a traditional stock split, and no changes to capital account reporting are made.

With a stock split by way of stock dividend, this means extra shares are allocated to shareholders - and this means that naked shorts need to come up with however many shares the stock split ratio is geared to. For example, if the stock split by form of dividend is 7:1, then a shareholder will end up with a total of 7 shares for every one share owned. This presents a challenge for counterfeit / synthetic / naked shorts, as they need to come up with the additional 'x' shares by the ex-dividend date of the stock split, or they need to close their naked short before then.

If a share has been leant out and then sold short, the lender owns the share (you own the share with your Broker, and your broker lends your share to Citadel) plus the buyer (me) who purchased the leant share (from Citadel) also owns a share. GameStop will only issue the 7:1 shares back for the original share, so the market participant that borrowed (Citadel) and sold the extra share now in existence will be on the line for the additional shares unless they cover and return the share to the lender before the ex-dividend date.

Tesla Stock Split by way of stock dividend August 2020:

Short interest and borrowing fees on Tesla were considered high at a reported 7.10% SI to float and a 0.30% borrowing fee. Note GameStop's *reported* SI and borrowing fees are *extensively* higher. Current Ortex data shows GameStop reported short interest is at 22.21%. Cost to borrow 8.72%.

<https://electrek.co/2020/08/20/tesla-tsla-surges-near-2000-stock-split-shorts-running/>

[Note: GameStop's Short Interest was over 100% in 2021 and over 20% today.](<https://preview.redd.it/zh76dbxez5t81.png?width=1003&format=png&auto=webp&s=566b81f5cfb4a5fd1f1e90f78f542c0da044bf76>)

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MOA\$\$:

If GameStop issues a crypto based dividend or token like an NFT to shareholders, and it is non-transferrable as cash or equivalent - then short positions are *forced* to buy back their short positions and CLOSE their positions in full. No just covering, no manipulation, and forced closure with lack of shares available equals true MOA\$\$\$. However, this is not a given and not something retail can control.

The **only** **way** **retail** **can control the \$GME narrative is through DRS. This means getting your eligible shares direct registered, and getting the word out beyond reddit to other GME holders to get more shares DRSD.**

When you DRS transfer your shares to CS, you have removed / withdrawn your shares from the DTC / Cede & Co. At the DTC your shares are registered in 'street name' on behalf of your broker. With DRS you have directly registered your shares into your name direct with GameStop and are thus preventing your shares from being manipulated by MMs and SHFs.

DRS coils the spring even tighter and can intensify a short squee\$. DRS of your shares removes the liquidity and helps prevent the SHFs from being able to 'reasonably' locate shares to be borrowed through the DTCC.

DRS ensures your dividends are efficiently credited to your account during the stock split. ComputerShare adds an extra layer of protection over shares held at a broker (www.computershare.com)(<http://www.computershare.com>). A broker could go bankrupt, might sell out your GME holdings, back out your trades or some other nefarious, corrupt or manipulative action to protect themselves and Wall Street as has been evidenced in the past.

The options:

(1) DRS shares to remove shares from the DTCC, reduce liquidity and the amount of shares that short market participants can manipulate, and *trigger margin calls* equals short squee\$e.

(2) H*old, then sell only what you need to during squee\$e resulting in not enough sold for Shorts to cover equals MOA\$\$.*

[WWW.DRSGME.ORG: What is Direct Registration of Shares \(\DRS\) & Why Should Everyone Do It? Why is GameStop an Extraordinary Investment?](<https://preview.redd.it/dkyifwunz5t81.png?width=1080&format=png&auto=webp&s=045aa5f65dc9fa8f1665214fbd21f2b847bbb473>)

We Own the Float:

Reddit DD theorizes and supports that retail owns the float multiple times over, with short interest likely between 300% and 1000%. **If this holds true at just a minimum of 200%, and retail holds and sells on average LESS THAN 50% of their shares - then short market participants can't fully close their positions and we should truly experience the 'Mother Of All Short Squee\$es' - MOA\$\$!*

Estimating Retail Share Ownership: Excludes Institutional, Insider or other types of ownership.

* <https://i.redd.it/zwtz4i3c65h71.png>

* Visit u/Get-It-Got profile page for an updates survey: "Fresh Google Consumer Surveying Suggests 830MM+ Shares Held; 95+ share avg.; 8.5 Million+ Investors --- U.S. NUMBERS ONLY."

>GameStop's recent 10k shows the weighted averaged diluted Common Shares outstanding for GME at 72.6 million. *Less*: Institutional Unknown: 28,413,271 \[includes illiquid Mutual Funds & Pensions: 8,004,284, ETFs: 6,588,016\], Insider: 12,716,820, Shareholder DRS total: 8,900,000. ***This represents a remaining float of only approximately 22.5 million shares. Ortex reported short interest is at 24.37%. Average cost to borrow 10.22%.***

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