Title: Pulling the Curtain - Connecting the dots between Dividend, Germany, Pillow Stock and Tesla
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I labelled this as speculation because it's a purely logical explanation model of what is going on. But, in my humble opinion it's a good explanation model of what's going on. I don't presume to know everything, so hopefully somebody can take this wrinkle and run it through their wrinkle for even more insight. Not financial advice. Let's get started:

Let's say you are a custodian for all German shares. For calculation purposes, let's just say the Germans only had 100 shares pre-split. Which means that the custodian's balance of GME at the DSCC is +100 shares.

Forward Stock Split: The balance is x4 and they now have 400 shares

Dividend Stock Split: The DSCC sends you your balance x3, the balance increases to 400

Both end up with the same result in your account. Now, what could cause the balance to not line up with the split?

Let's say that after close every day, you swap the 100 GME for equivalent value in Tesla stock, and in the morning you swap your equivalent value in Tesla back for 100 GME. This is a swap agreement, which is kind of a repo, or re-purchase agreement. It's technically not loaning the shares. There is no apparent risk, because exchange is not open so the price don't change. The custodian is basically just collecting a premium for zero risk. But the balance in the account updates. So when the exchange is closed your balance is 0.

Forward Stock Split: The shares is multiplied by 400, so the swap is all good

Dividend Stock Split: Your balance is 0, so you get 0 shares

Fortunately, the guy you swapped with would get the shares though? Right?

Let's call the other side of the Swap agreement for… something solid… Castle. Now Castle is short GME by -100. So he swaps every day with the German custodian in order to report -100 +100 = 0 share balance of GME. This way he doesn't have to report that he is short. Ingenious, but it does cost a fee to not show to the world how short he is.

But, his balance is also 0, so he didn't get any shares. Now the Germans are calling every day saying what the fuck is this Tesla shit, even Elon doesn't want that stock, give me back the GameStop shares. But, Castle has 0 shares because on the balance of the DSCC account the short position cancelled the long position, which means they have to get 400 shares to give back 400 to the Germans.

The easy way is of course to just put -400 on the books and pass those shares back. But, you can't just manufacture a position without a corresponding trade. That would break the whole thing open to scrutiny. So, they have to buy 400 shares to cover their swap. Now, they don't have money to do that, and the liquidity being low, the stock would run up too quickly. So they run it up and short it back down for a reason, driving it down allows them to sell and buy - the insane volume in these periods is shares being created to deliver back and short positions opened.

So ultimately, to get back to the equilibrium they want to sell 400 shares and buy 400 shares. The 400 shares they buy now get returned to the swap so they can get their Tesla shares back (or any other in-kind security). To do this, running the stock up and then shorting it back down is beneficial. A short position opened at $45 is much better than a short position at $40.

Retail is still not a welcome addition to this party. We buy the shares they sell short and sit on them, which means that at the end of the day they are down 600 shares short in order to get 400 shares to return back. 200 of those shares were snapped up by some guy sticking bananas up their ass. This means they now need to make more swap positions to cover the new shorts they created. You want the answer to why they hate retail? This is it right here.

The swaps contain multiple stocks though. This is why the basket stocks are running at the same time. Because they run every time a swap is reset. And then all of them run.

Lastly, this is also why Dividend Splits is a corporate action that requires closing of swaps. But they are so far down the hole on GME they can't close all the swaps. So they had to do it over time instead of all at once. It's the survival strategy. In the end, they will have done the dividend split correctly, given enough time. If only they had enough time. Tesla, the other side of the swap, is also doing a split - so they had to replace Tesla with some pumped chinese IPOs instead. But the problem is not over, when Pillow stock announces a Spin Off the countdown clock is starting and the swaps have to be redone again when they are not even finished with the new cycle. Tick. Tock. Hedgies are still fucked. You should still DRS. But at least now you have a good explanation of what is happening and how it all ties together.

This has been Sam, thanks for listening.