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Author: Classic-Reach
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Let's say I borrow a bar of gold (that represents institutional ownership of GME shares). My intention is to lend it out (earn money on premiums writing options that will expire worthless), get my gold (shares) back, and return them to the institution.

If the person I lend it to does the same thing I do, and so does that person, now the risk of me not getting my gold bar back is very high. Three people have to not lose my bar of gold. Then I have to be able to afford to give it back to the person I borrowed from originally, rather than having to lend it out again myself for some reason. Because the risk is so high, I'm earning money and borrowing fees from the people downstream from me, so to speak. The guy borrowing it from the guy borrowing it from the guy borrowing it is paying a lot of money! Which means I'm making tons of money as I find it surprisingly easy to squeeze the next guy for higher and higher premiums as liquidity drops and gold becomes more rare, but *none of that will help me if I lose the bar of gold.*

Now, I'm trustworthy, which is why I was given the option of borrowing the gold, but the guy I handed it to is not as trustworthy as I am, I have even less control over who *he* lends it to. The guy who actually has the gold could be the most untrustworthy person in the lot and have made promises of very high borrowing fees that he can't actually even deliver on. It's a bad rehypothecation chain and I'm not even earning a cut of the highest borrow fees in the chain, despite having the highest risk.

And this is why Jenga blocks are a good metaphor. It's stable until it's not, then it *really* isn't.