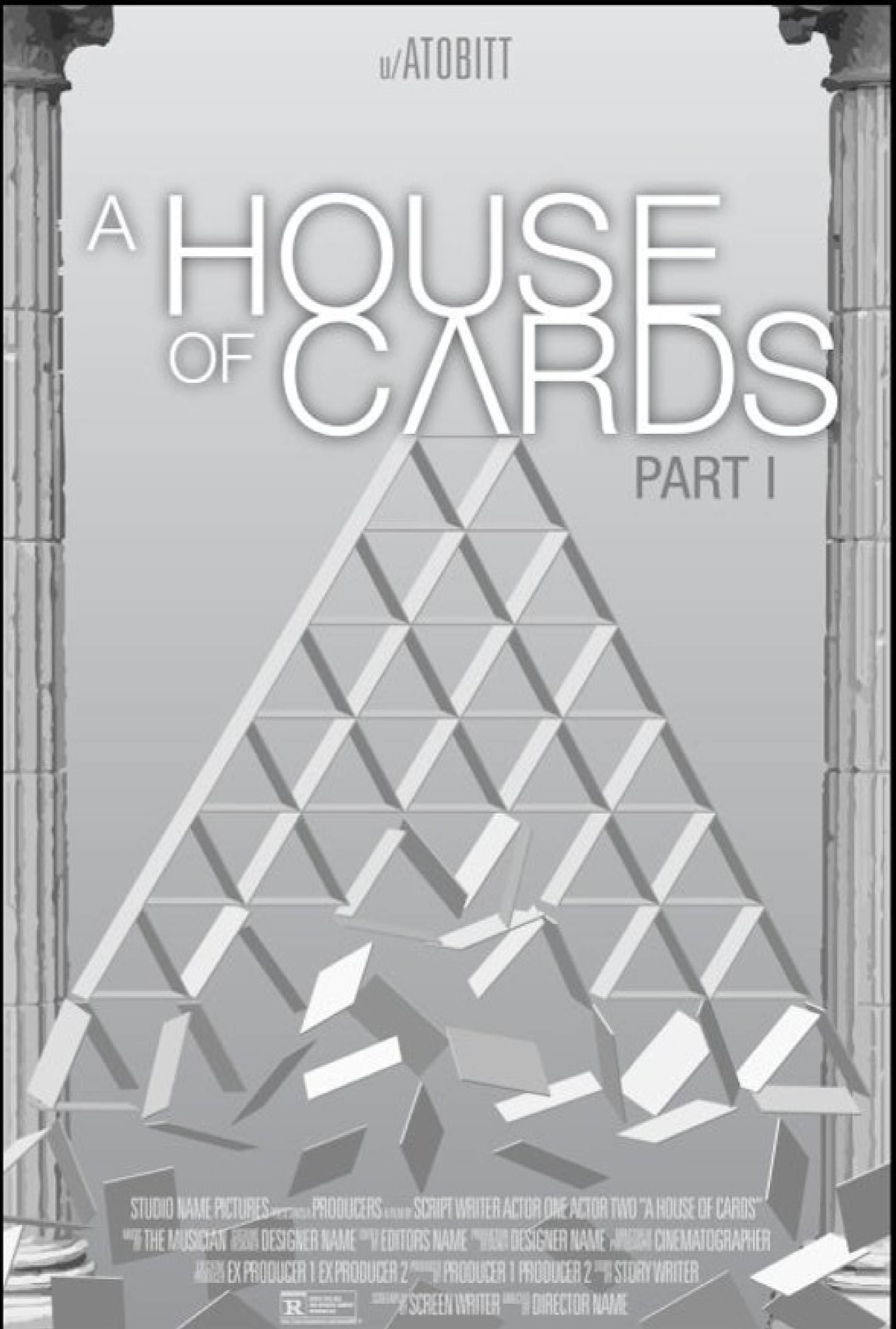

u/ATOBITT
A HOUSE OF CARDS
PART I
STUDIO NAME PICTURES PRODUCERS SCRIPT WRITER ACTOR ONE ACTOR TWO "A HOUSE OF CARDS"
THE MUSICIAN DESIGNER NAME EDITORS NAME DESIGNER NAME CINEMATOGRAPHER
EX PRODUCER 1 EX PRODUCER 2 PRODUCER 1 PRODUCER 2 STORY WRITER
R
SCREEN WRITER DIRECTOR NAME

A HOUSE OF CARDS PART 1

PUBLISHED APRIL 22, 2021

U/ATOBITT

TL;DR- **The DTC has been taken over by big money. They transitioned from a manual to a computerized ledger system in the 80s, and it played a significant role in the 1987 market crash. In 2003, several issuers with the DTC wanted to remove their securities from the DTC's deposit account because the DTC's participants were naked short selling their securities. Turns out, they were right. The DTC and it's participants have created a market-sized naked short selling scheme. All of this is made possible by the DTC's enrollee- Cede & Co.**

Andrew MoMoney - Live Coverage

I hit the image limit in this DD. Given this, and the fact that there's already SO MUCH info in this DD, I've decided to break it into AT LEAST 2 posts. So stay tuned.

Previous DD

1. Citadel Has No Clothes
2. BlackRock Bagholders, INC.
3. The EVERYTHING Short
4. Walkin' like a duck. Talkin' like a duck

---

*Holy SH*T!*

The events we are living through *RIGHT NOW* are the 50-year ripple effects of stock market evolution. From the birth of the DTC to the cesspool we currently find ourselves in, this DD will illustrate just how fragile the *House of Cards* has become.

We've been warned so many times... We've made the same mistakes *so. many. times.*

And we never seem to learn from them..

In case you've been living under a rock for the past few months, the DTCC has been proposing a boat load of rule changes to help better-monitor their participants' exposure. If you don't already know, the DTCC stands for Depository Trust & Clearing Corporation and is broken into the following (primary) subsidiaries:

1. Depository Trust Company (DTC) - *centralized clearing agency that makes sure grandma gets her stonks and the broker receives grandma's tendies*

2. National Securities Clearing Corporation (NSCC) - *provides clearing, settlement, risk management, and central counterparty (CCP) services to its members for broker-to-broker trades*

3. Fixed Income Clearing Corporation (FICC) - *provides central counterparty (CCP) services to members that participate in the US government and mortgage-backed securities markets*

Brief history lesson: I promise it's relevant (this link provides all the info that follows).

The DTC was created in 1973. It stemmed from the need for a centralized clearing company. Trading during the 60s went through the roof and resulted in many brokers having to quit before the day was finished so they could manually record their mountain of transactions. All of this was done on paper and each share certificate was physically delivered. This obviously resulted in many failures to deliver (FTD) due to the risk of human error in record keeping. In 1974, the Continuous Net Settlement system was launched to clear and settle trades using a rudimentary internet platform.

In 1982, the DTC started using a Book-Entry Only (BEO) system to underwrite bonds. For the first time, there were no physical certificates that actually traded hands. Everything was now performed virtually through computers. Although this was advantageous for many reasons, it made it MUCH easier to commit a certain type of securities fraud- naked shorting.

One year later they adopted NYSE Rule 387 which meant most securities transactions had to be completed using this new BEO computer system. Needless to say, explosive growth took place for the next 5 years. Pretty soon, other securities started utilizing the BEO system. It paved the way for growth in mutual funds and government securities, and even allowed for same-day settlement. At the time, the BEO system was a tremendous achievement. However, we were destined to hit a brick wall after that much growth in such a short time.. By October 1987, that's exactly what happened.

"A number of explanations have been offered as to the cause of the crash... Among these are computer trading, derivative securities, illiquidity, trade and budget deficits, and overvaluation..".

If you're wondering where the birthplace of High Frequency Trading (HFT) came from, look no further. The same machines that automated the exhaustively manual reconciliation process were also to blame for amplifying the fire sale of 1987.

CAUSE #2: COMPUTER TRADING

Website, University of Melbourne:

In searching for the cause of the crash, many analysts blame the use of computer trading (also known as program trading) by large institutional investing companies. In program trading, computers were programmed to automatically order large stock trades when certain market trends prevailed. However, studies show that during the 1987 U.S. Crash, other stock markets which did not use program trading also crashed, some with losses even more severe than the U.S. market.

https://historynewsnetwork.org/article/895

The last sentence indicates a much more pervasive issue was at play, here. The fact that we still have trouble explaining the calculus is even more alarming. The effects were so pervasive that it was dubbed the 1st global financial crisis

Here's another great summary published by the NY Times: *"..***to be fair to the computers.. [they were].. programmed by fallible people and trusted by people who did not understand the computer programs' limitations. As computers came in, human judgement went out."** Damned if that didn't give me goosiebumps...

Here's an EXTREMELY relevant explanation from Bruce Bartlett on the role of derivatives:

> CAUSE #1: DERIVATIVE SECURITIES
>
> *Bruce Bartlett, senior fellow with the National Center for Policy Analysis of Dallas, Texas:*
>
> Initial blame for the 1987 crash centered on the interplay between stock markets and index options and futures markets. In the former people buy actual shares of stock; in the latter they are only purchasing rights to buy or sell stocks at particular prices. Thus options and futures are known as derivatives, because their value derives from changes in stock prices even though no actual shares are owned. The Brady Commission [also known as the Presidential Task Force on Market Mechanisms, which was appointed to investigate the causes of the crash], concluded that the failure of stock markets and derivatives markets to operate in sync was the major factor behind the crash.

Notice the last sentence? A major factor behind the crash was a disconnect between the price of stock and their corresponding derivatives. The value of any given stock should determine the derivative value of that stock. It shouldn't be the other way around. **This is an important concept to remember as it will be referenced throughout the post.**

In the off chance that the market DID tank, they hoped they could contain their losses with portfolio insurance. Another article from the NY times explains this in better detail.

Portfolio insurance would let them get out with minimal damage if markets ever began to fall. They would simply sell ever-increasing numbers of futures contracts, a process known as dynamic hedging.

The short position in futures contracts would then offset the losses caused by falls in the stocks they owned.

Portfolio insurance did not start the widespread selling of stocks in 1987. But it made sure that the process got out of hand. As computers dictated that more and more futures be sold, the buyers of those futures not only insisted on sharply lower prices but also hedged their positions by selling the underlying stocks. That drove prices down further, and produced more sell orders from the computers. At the time, many people generally understood how portfolio insurance worked, but there was a belief that its very nature would assure that it could not cause panic. Everyone would know the selling was not coming from anyone with inside information, so others would be willing to step in and buy to take advantage of bargains. Or so it was believed.

But when the crash arrived, few understood much of anything, except that it was like nothing they had ever seen. Anyone who did step in with a buy order quickly regretted the decision.

A major disconnect occurred when these futures contracts were used to intentionally tank the value of the underlying stock. In a perfect world, organic growth would lead to an increase in value of the company (underlying stock). They could do this by selling more products, creating new technologies, breaking into new markets, etc. This would trigger an organic change in the derivative's value because investors would be (hopefully) more optimistic about the longevity of the company. It could go either way, but the point is still the same. This is the type of investing that most of us are familiar with: investing for a better future.

I don't want to spend too much time on the crash of 1987. I just want to identify the factors that contributed to the crash and the role of the DTC as they transitioned from a manual to an automatic ledger system. **The connection I really want to focus on is the ENORMOUS risk appetite these investors had. Think of how overconfident and greedy they must have been to put that much faith in a computer script.. either way, same problems still exist today.**

Finally, the comment by Bruce Bartlett regarding the mismatched investment strategies between stocks and options is crucial in painting the picture of today's market.

Now, let's do a super brief walkthrough of the main parties within the DTC before opening this **can of worms.**

I'm going to talk about three groups within the DTC- **issuers, participants, and Cede & Co.**

Issuers are companies that issue securities (stocks), while participants are the clearing houses, brokers, and other financial institutions that can utilize those securities. Cede & Co. is a subsidiary of the DTC which holds the share certificates.

Participants have MUCH more control over the securities that are deposited from the issuer. Even though the issuer created those shares, participants are in control when those shares hit the DTC's doorstep. The

DTC transfers those shares to a holding account *(Cede & Co.)* and the participant just has to ask "*May I haff some pwetty pwease wiff sugar on top?"*

Now, where's that can of worms?

Everything was relatively calm after the crash of 1987.... until we hit 2003..

deep breath

The DTC started receiving several requests from issuers to pull their securities from the DTC's depository. I don't think the DTC was prepared for this because they didn't have a written policy to address it, let alone an official rule. Here's the half-assed response from the DTC:

> including its book-entry transfer system. The securities are held by DTC in its nominee name for the benefit of its participants. DTC has stated that, in its opinion, these issuers have no legal or beneficial interest in the securities they are requesting to be withdrawn from DTC.

https://www.sec.gov/rules/sro/34-47978.htm (section II)

Realizing this situation was heating up, the DTC proposed SR-DTC-2003-02..

> DTC's proposed rule change provides that upon receipt of a withdrawal request from an issuer, DTC will take the following actions: (1) DTC will issue an Important Notice notifying its participants of the receipt of the withdrawal request from the issuer and reminding participants that they can utilize DTC's withdrawal procedures if they wish to withdraw their securities from DTC; and (2) DTC will process withdrawal requests submitted by participants in the ordinary course of business but will not effectuate withdrawals based upon a request from the issuer.

https://www.sec.gov/rules/sro/34-47978.htm#P19_6635

Honestly, they were better of WITHOUT the new proposal.

It became an even BIGGER deal when word got about the proposed rule change. Naturally, it triggered a TSUNAMI of comment letters against the DTC's proposal. There was obviously something going on to cause that level of concern. Why did *SO MANY* issuers want their deposits back?

...you ready for this sh*t?

As outlined in the DTC's opening remarks:

II. Description

Recently a number of issuers of securities have independently requested that DTC withdraw from the depository all securities issued by them.[4]

https://www.sec.gov/rules/sro/34-47978.htm#P19_6635

OK... see footnote 4.....

[4] As explained in further detail by many of the commenters opposing DTC's proposal, the issuers making these requests have alleged that their securities have been the target of manipulative short sellers.

https://www.sec.gov/rules/sro/34-47978.htm#P19_6635

UHHHHHHH WHAT!??! Yeah! I'd be pretty pissed, too! Have my shares deposited in a clearing company to take advantage of their computerized trades just to get kicked to the curb with NO WAY of getting my securities back... AND THEN find out that the big-d*ck "participants" at your fancy DTC party are literally short selling my shares without me knowing....?!

....This sound familiar, anyone??? IDK about y'all, but this "trust us with your shares" BS is starting to sound like a major con.

The DTC asked for feedback from all issuers and participants to gather a consensus before making a decision. All together, the DTC received 89 comment letters (a pretty big response). 47 of those letters opposed the rule change, while 35 were in favor.

To save space, I'm going to use smaller screenshots. Here are just a few of the opposition comments..

Dear Senator Lieberman:

My firm represents Flight Safety Technologies, Inc. ("FST") whose shares are traded on the NASD Over-The-Counter Bulletin Board ("OTCBB"). We are writing to enlist your support of our request to the SEC to conduct an investigation into naked shortselling of shares of small cap companies on the OTCBB.

FST is concerned that it, along with numerous other small-cap companies, has been the target of "naked shortselling". Naked shortselling occurs when a party sells shares of a company without making an affirmative determination that it can borrow shares to "cover" those that it has sold. The purpose of naked shortselling is to drive down the share price of the targeted company. In contrast to the national exchanges (NYSE, AMEX and NASDAQ), there are virtually no regulatory guidelines that apply to short sales of OTCBB traded small-cap companies.

I have attached a comment letter that we recently sent to the Securities and Exchange Commission. In our letter, we urge the SEC to (1) deny a requested rule change from the Depository Trust Company that would make it harder for a company such as FST to track and expose illegitimate short sales and (2) conduct an investigation into naked shortselling of small cap companies.

We would greatly appreciate it if you could contact the SEC, Division of Market Regulations, Margaret H. McFarland, Deputy Secretary, 450 5th Street, N.W., Washington, D.C. 20549, to urge it to vigorously investigate this growing and serious problem.

https://www.sec.gov/rules/sro/dtc200302/srdtc200302-89.pdf

And another:

From: Bob Rondeau [Bob@caesy.com]
Sent: Tuesday, May 20, 2003 10:49 AM
To: 'rule-comments@sec.gov'
Subject: DTC rules changes

Sirs,

As an investor who has been continually burned by an inefficient and poorly organized DTC as relates to naked short selling, I urge you to allow companies to continue to withdraw from the DTC at their discretion. The current climate of investing, fostered and perpetuated by the DTC is scandalous and ruinous for the individual investor. Confidence in the system is bankrupt...changes must be made....and fast.

Robert S. Rondeau

https://www.sec.gov/rules/sro/dtc200302/rsrondeau052003.txt

AAAAAAAAAAND another:

From: Michael Sondow [msondow@iciiu.org]
Sent: Friday, April 04, 2003 10:38 PM
To: rule-comments@sec.gov
Subject: SR-DTC-2003-02 - SEC: Proposed Rule on Restriction of Withdrawal of Stock Certificates from Depository Trust Corp to Shareholder Action

Dear SEC-

Regarding the proposed rule that would restrict the withdrawal of stock certificates from the DTC to shareholder action, rather than by company request:

This rule should not be passed because, by permitting the settlement of so-called "short" trades by traders not holding share certificates, the Depository Trust Corporation has shown itself to be incompetent to uphold the law and stop illegal naked short selling, if not complicit in such practices, and therefore a copmany's only protection from an attack on its stock by such criminal activity may be to withdraw unilaterally from the DTC settlement system.

If the SEC cannot prevent illegal short selling, and is unable to police and regulate the DTC to make certain rules are being followed, it must allow the companies whose shares are under attack to protect their investors by withdrawing those shares from the system - the DTC - where they are vulnerable to such attacks.

In the end, a free market will correct abuses. But if the SEC constrains the market, by regulating how and where a company may settle the trades of its shares, in a way that results in unfair practices by which individual investors are hurt, it is guilty of both denying the play of free market forces and of forcing investors and companies into an obligatory system of abuse.

In short, the proposed rule will foster further abuses and undermine the already decreased public confidence in the stock market.

Yours,
Michael Sondow
(A concerned private investor)

https://www.sec.gov/rules/sro/dtc200302/msondow040403.txt

Here are a few in favor*..*

*All of the comments I checked were participants and classified as market makers and other major financial institutions... go f*cking figure.*

April 23,2003

02.

Re: File No. SR-DTC-2003-0.3"Proposed Rule Change Concerning **Requests** for Withdrawal **of** Certificates by Issuers

Dear Mr. Katz:

UBS Warburg LLC **is** pleased to provide the Securities and **Exchange** Commission with comments on the above-referenced proposed **rule** change.

UBS Warburg LLC believes the proposed rule **change** is consistent with the securities industry's initiative toward straight-through processing and decertification.
Returning to physical securities is contrary to the recommendations of the Group of **Thirty'** and would engender operational and clearance risk that the securities industry and **the broader** economy can ill afford.

Accordingly, UBS Warburg LLC supports the Depository Trust Company's proposed rule change concerning requests for withdrawals of certificates by issuers. .

https://www.sec.gov/rules/sro/dtc200302/srdtc200302-82.pdf

Two

Merrill Lynch

9th Floor
Jersey City, New Jersey 07302
201 557 3495
FAX 201 557 1405
urk@ml.com

RECEIVED
APR 2 3 2003
OFFICE OF THE SECRETARY

Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-0609

Re: Proposed Rule Change by The Depository Trust Company Relating to Issuers Requests for Withdrawal of Certificates. [Release No. 34-47365; File No. SR-DTC-2003-02].

Dear Mr. Katz:

Merrill Lynch welcomes the opportunity to comment on the proposed **rule** filing by The Depository Trust Company (DTC) under which "DTC will only honor requests **for** withdrawal of certificates submitted **by** its participants and not by the issuer of the securities."

Merrill Lynch actively supports industry efforts to achieve Straight Through Processing (STP) in the clearance and settlement of **U.S.** securities. **A** significant building block of this effort is dematerialization -- eliminating the issuance, use, transfer and retention **of** physical securities. Achievement of STP and dematerialization will reduce risk and costs to investors and all market participants and create greater market efficiencies.

The industry recognizes the need to support registered ownership and DTC's Direct Registration Service **(DRS)** provides a vehicle in an effective and safe environment. DRS enables the electronic movement of securities between the transfer agents and the participants in DTC. The service offers registered shareowners a reliable alternative to physical certificates and eliminates the risks, delays and costs associated with completing **a** securities transaction in certificated form.

In recent months, a number of issuers have announced plans to withdraw their certificates from DTC and move to exclusively certificated ownership of their shares. These plans to perpetuate **a** physical certificate environment are contradictory to industry efforts to achieve STP and dematerialization. The investing public will be especially inconvenienced in that they will bear the burden **of** the extra effort required to complete securities transactions, the risk of **missed** market opportunities and the cost of replacing lost certificates.

Merrill Lynch fully supports DTC's **proposal.** We find it consistent with the industry's **STP** efforts and urge the Commission to adopt **the** proposed rule change.

https://www.sec.gov/rules/sro/dtc200302/srdtc200302-81.pdf

Three

RBC
Dain Rauscher

April 21, 2003

Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-0609

Re: File No. SR-DTC-2003-03; Request for Withdrawal of Certificates by Issues

Dear Mr. Katz:

We would like to take this opportunity to comment on the proposed rule filing by The Depository Trust Company (DTC) to honor requests for withdrawal of certificates submitted by its participants and not by the issuers of the securities.

RBC Dain Rauscher Inc., a broker-dealer, serves individual investors and small business owners through offices across the United States, and capital markets and correspondent clients in select U.S. and international markets. RBC Dain Rauscher believes we are well positioned to understand and meet the service needs of our customers in respect to the handling of their securities.

The industry goal is to achieve Straight Through Processing (STP) and ultimately migrate to T+1 settlement. Achievement of STP processing will reduce costs to customers, reduce settlement risk, and create greater market efficiencies. In connection with a study to determine obstacles to STP, a major effort was made to analyze all reasons by retail customers to hold physical certificates and to determine appropriate alternatives. The answer was that the Direct Registration System (DRS) was established to enable owners to be held directly on the books of the issuer, in lieu of receiving a physical certificate. DRS provided many of the benefits of STP while giving share owners the convenience of holding certificates without a brokerage intermediary.

At a board meeting held January 9, 2003, the Securities Industry Association (SIA) endorsed an initiative that focuses on eliminating physical certificates. Further supporting this initiative is AT&T's decision to dematerialize a recent corporate action event and request shareholders to exchange their certificates for book-entry ownership. The industry plan to dematerialize certificates is a significant building block toward STP and the plan must continue to evolve.

https://www.sec.gov/rules/sro/dtc200302/rbcdain042303.pdf

Here's the full list if you wanna dig on your own.

...I realize there are advantages to "paperless" securities transfers... However... It is EXACTLY what Michael Sondow said in his comment letter above.. ***We simply cannot trust the DTC to protect our interests when we don't have physical control of our assets***.**

Several other participants, including **Edward Jones, Ameritrade, Citibank,** and **Prudential** overwhelmingly favored this proposal.. How can someone NOT acknowledge that the absence of physical shares only makes it easier for these people to manipulate the market....?

This rule change would allow these 'participants' to continue doing this because it's extremely profitable to sell shares that don't exist, or have not been collateralized. Furthermore, it's a win-win for them because it forces issuers to keep their deposits in the holding account of the DTC...

Ever heard of the fractional reserve banking system?? Sounds A LOT like what the stock market has just become.

Want proof of market manipulation? Let's fact-check the claims from the opposition letters above. *I'm only reporting a few for the time period we discussed (2003ish). This is just to validate their claims that some sketchy sh*t is going on.*

1. UBS Securities (formerly UBS Warburg):

a. pg 559; SHORT SALE VIOLATION; 3/30/1999

b. pg 535; OVER REPORTING OF SHORT INTEREST POSITIONS; 5/1/1999 - 12/31/1999

c. PG 533; FAILURE TO REPORT SHORT SALE INDICATORS;INCORRECTLY REPORTING LONG SALE TRANSACTIONS AS SHORT SALES; 7/2/2002

2. Merrill Lynch (Professional Clearing Corp.):

a. pg 158; VIOLATION OF SHORT INTEREST REPORTING; 12/17/2001

3. RBC (Royal Bank of Canada):

a. pg 550; FAILURE TO REPORT SHORT SALE TRANSACTIONS WITH INDICATOR; 9/28/1999

b. pg 507; SHORT SALE VIOLATION; 11/21/1999

c. pg 426; FAILURE TO REPORT SHORT SALE MODIFIER; 1/21/2003

Ironically, I picked these 3 because they were the first going down the line.. I'm not sure how to be any more objective about this.. Their entire FINRA report is littered with short sale violations. Before anyone asks "how do you know they aren't ALL like that?" The answer is- I checked. If you get caught for a short sale violation, chances are you will ALWAYS get caught for short sale violations. Why? Because it's more profitable to do it and get caught, than it is to fix the problem.

Wanna know the 2nd worst part?

Several comment letters asked the DTC to investigate the claims of naked shorting **BEFORE** coming to a decision on the proposal.. I never saw a document where they followed up on those requests.....

NOW, wanna know the WORST part?

V. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular with the requirements of Section 17A(b)(3)(F) of the Act and the rules and regulations thereunder. IT IS THEREFORE

ORDERED, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-DTC-2003-02) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.[67]

Margaret H. McFarland
Deputy Secretary

https://www.sec.gov/rules/sro/34-47978.htm#P99_35478

The DTC passed that rule change....

They not only prevented the issuers from removing their deposits, they also turned a 'blind-eye' to their participants manipulative short selling, even when there's public evidence of them doing so...

....Those companies were being attacked with shares THEY put in the DTC, by institutions they can't even identify...

..Let's take a quick breath and recap:

The DTC started using a computerized ledger and was very successful through the 80's. This evolved into trading systems that were also computerized, but not as sophisticated as they hoped.. They played a major part in the 1987 crash, along with severely desynchronized derivatives trading.

In 2003, the DTC denied issuers the right to withdraw their deposits because those securities were in the control of participants, instead. When issuer A deposits stock into the DTC and participant B shorts those shares into the market, that's a form of rehypothecation. This is what so many issuers were trying to express in their comment letters. In addition, it hurts their company by driving down it's value. They felt robbed because the DTC was blatantly allowing it's participants to do this, and refused to give them back their shares..

It was critically important for me to paint that background.

..now then....

Remember when I mentioned the DTC's enrollee- Cede & Co.?

DTC or its nominee, Cede & Co.

https://www.sec.gov/rules/sro/34-47978.htm#P19_6635 (section II)

I'll admit it: I didn't think they were that relevant. I focused so much on the DTC that I didn't think to check into their enrollee...

..Wish I did....

You Don't Really Own Your Securities; Can Blockchains Fix That?

By Brian Patrick Eha   July 27, 2016, 3:29 p.m. EDT   9 Min Read

If blockchain technology accomplishes nothing else in the capital markets, it is at least drawing attention to an unsettling fact: In the United States, publicly traded stock does not exist in private hands.

It is not owned by the ostensible owners, who, by virtue of having purchased shares in this or that company, are led to believe they actually own the shares. Technically, all they own are IOUs. The true ownership lies elsewhere.

While private-company stock is still directly owned by shareholders, nearly all publicly traded equities and a majority of bonds are owned by a little-known partnership, Cede & Co., which is the nominee of the Depository Trust Co., a depository that holds securities for some 600 broker-dealers and banks. For each security, Cede & Co. owns a master certificate known as the "global security," which never leaves its vault. Transactions are recorded as debits and credits to DTC members' securities accounts, but the registered owner of the securities — Cede & Co. — remains the same.

https://www.americanbanker.com/news/you-dont-really-own-your-securities-can-blockchains-fix-that

That's right.... Cede & Co. hold a "master certificate" in their vault, which **NEVER** leaves. Instead, they issue an *IOU* for that master certificate..

Didn't we JUST finish talking about why this is such a major flaw in our system..? And that was almost 20 years ago...

Here comes the mind f*ck

Part 8: Illegal Naked Shorting Series: Who or What is Cede and What Role Does Cede Play in the Trading of Stocks?

POSTED *by* LARRY SMITH *on* JUL 1, 2019 · (0)

You Really Don't Own the Shares that Appear in Your Brokerage Account; They Belong to Cede

Most investors when they buy a publicly traded stock believe that they own a part of some company. They think that somewhere there is a stock certificate or some indication of ownership that has their name on it, but this is not the case. When you buy a "stock" you are actually purchasing a security that affords certain entitlement rights related to registered stock which actual owners hold. The registered shares of a private company are directly owned by shareholders. In contrast, the registered shares of nearly all publicly traded equities are owned by Cede & Co., which is the nominee of the Depository Trust Company (DTC). (A nominee is a company whose name is given as having title to a stock, but does not receive the financial benefits of ownership.) Cede is a subsidiary of the Depository Trust Company (DTC) which is a subsidiary of the Depository Trust and Clearing Corporation (DTCC) and the DTCC is a private company owned by elite Wall Street firms and money center banks. If you need background or a refresher on DTC and DTCC, click on this link. Effectively, elite Wall Street firms and money center banks, not institutions and individual investors, own almost all of the registered shares of publicly traded companies in the US.

https://smithonstocks.com/part-8-illegal-naked-shorting-series-who-or-what-is-cede-and-what-role-does-cede-play-in-the-trading-of-stocks/

benefits such as dividends and to vote on corporate governance issues. While you may think you are buying registered stock, you are actually buying a financial derivative related to that stock. Effectively, you are buying a financial derivative from brokers of a financial derivative they hold from Cede that is just a digital entry in your DTC account.

https://smithonstocks.com/part-8-illegal-naked-shorting-series-who-or-what-is-cede-and-what-role-does-cede-play-in-the-trading-of-stocks/

Now.....

You wanna know the BEST part???

I found a list of all the DTC participants that are responsible for this mess..

I've got your name, number, and I'm coming for you- ***ALL OF YOU***
to be continued.

DIAMOND.F*CKING.HANDS

“They (retail traders) exploited an opportunity around short selling and we will have to adapt.”

GABRIEL PLOTKIN, FOUNDER OF MELVIN CAPITAL