Whose Name Is on the Share

JOSH SOLOMON · KNOWN QUANTITY LLC · NOVEMBER 2026

> This essay is about what you actually have when a stock shows up in your brokerage account, and what changes if you register the shares in your own name instead. I am not a lawyer, a broker or a financial adviser. The essay draws on the statutes, the regulators' own pages and the record of broker failures, and it says where each claim comes from. Nothing here is advice, and nothing here tells you to buy, sell, hold or move anything.

Words worth knowing

The words this essay leans on, each explained twice: first in plain English, then in one line for the expert.

Street name

Your shares are listed under someone else's name, and that someone keeps a list saying they are yours. Like a coat check: the coat is on their rack, and you hold the ticket.

> FOR THE EXPERT registration in the name of a nominee, in many cases Cede & Co. for the Depository Trust Company, with the broker's records showing the customer as beneficial owner.

Registered owner

The name written in the company's own book of owners.

> FOR THE EXPERT the holder of record on the issuer's securityholder register, kept by its transfer agent.

Beneficial owner

The person who gets the benefits of a share (the price changes, the dividends, a say in the vote) without being the name in the company's book.

> FOR THE EXPERT under UCC Article 8, an entitlement holder with a security entitlement against a securities intermediary.

Transfer agent

The company's bookkeeper for who owns its shares.

> FOR THE EXPERT the agent that maintains the issuer's register and records transfers of registered ownership.

Cede & Co.

DTC is the central warehouse where brokers keep shares. Cede & Co. is the name the warehouse puts on a company's book for the shares deposited with it.

> FOR THE EXPERT the Depository Trust Company; Cede & Co. is its nominee and, per the SEC, "the sole registered owner of securities deposited at DTC."

Direct registration

A way to put your own name in the company's book without a paper certificate.

> FOR THE EXPERT book-entry registered ownership on the issuer's register, moved to and from brokers through DTC's Direct Registration System.

Security entitlement

The legal name for what you have at a broker: a bundle of rights against the broker, plus a share of the pool of stock the broker holds for its customers.

> FOR THE EXPERT "the rights and property interest of an entitlement holder with respect to a financial asset specified in Part 5" of UCC Article 8, section 8-102(a)(17).

Securities lending

Letting someone else use your shares for a while in return for collateral and a promise to give them back.

> FOR THE EXPERT while a loan is open the lender may lose the vote and receives a payment in place of any dividend, per the SEC's margin bulletin.

Margin account

An account where the broker lends you money and your shares stand behind the loan.

> FOR THE EXPERT under SEC Rule 15c3-3, the possession-or-control requirement covers fully paid securities and "excess margin securities," meaning margin securities worth more than 140 percent of the customer's debit balances.

Fails to deliver

A trade where the seller's side did not hand over the shares on time.

> FOR THE EXPERT per the SEC, failures to deliver "may result from either a short or a long sale."

SIPC

A fund that steps in when a member brokerage firm fails and customer property is missing. It does not cover prices going down.

> FOR THE EXPERT the Securities Investor Protection Corporation; its limit is $500,000 per customer, including $250,000 for cash.

Proxy

Your vote at a company's meeting, sent in without attending.

> FOR THE EXPERT for shares at DTC, the SEC says "DTC executes an 'omnibus proxy'" for each meeting, which passes the vote to its participants, and customers give voting instructions to their broker.

The sentence I started with

I came to this essay with one sentence in my head: if your shares sit at a broker, you only hold an IOU.

I believed it, and I wanted to help spread it. Before repeating it, I checked it against the law it is about.

The sentence turns out to be partly right, partly a shortcut and partly wrong. An ordinary investor deserves to know which part is which.

Three names on one share

Open your brokerage app and it says you own 100 shares of some company. Now ask a different question. If the company opened its own book of owners, whose name would be there?

Probably not yours. The SEC's older page for investors says that in street name the security is "registered in the name of your brokerage firm on the issuer's books." That is the simple version. The 2023 bulletin from the SEC and FINRA, the brokerage industry's regulator, gives the fuller one: in many cases the "actual registered owner" is Cede & Co., the nominee of the Depository Trust Company, or DTC, where brokers keep shares. The SEC's 2010 review of the voting system says the "vast majority of investors in shares issued by U.S. companies today are beneficial owners," meaning owners who are not the name on the book.

So for shares kept at the depository there are three books. The company's book says Cede & Co. The depository's book says your broker. Your broker's book says you. The SEC describes that last link this way: "your firm will keep records showing you as the real or 'beneficial' owner," but "you will not be listed directly on the issuer's books."

The SEC's 2010 review also says the system "was not designed to assign particular shares" to a particular investor. As I read that, there are no 100 shares anywhere with your name on them. There is a pool, and a list of who has a claim on how much of it. None of this is hidden or illegal. But it is not what the word "own" suggests on a phone screen.

What the law says you have

The law that governs this is Article 8 of the Uniform Commercial Code, a model law that the states enact, sometimes with changes. The text quoted here is the model text. It does not call what you have a share. It calls it a "security entitlement," and it calls you an "entitlement holder."

It gives you property. Section 8-503 says the stock a broker holds to cover its customers' entitlements is held "for the entitlement holders," that those holdings "are not property of the securities intermediary, and are not subject to claims of creditors of the securities intermediary," with an exception I come to below.

Your interest is "a pro rata property interest," meaning a proportional one, in that pool. A plain unsecured IOU gives you nothing like that.

It gives the broker duties. Section 8-504 says the broker "shall promptly obtain and thereafter maintain" enough of the stock to cover everything it has credited to customers. Other sections require it to pass along payments it receives from the company, to exercise rights as you direct, and to act at your direction to change your holding "into another available form of holding for which the entitlement holder is eligible." As I read it, that last duty, in section 8-508, is the legal basis for asking a broker to move shares into your own name.

Now the other side. The same section 8-503 says your property interest "may be enforced against the securities intermediary only by exercise of" those rights against the broker. Only. The company's register does not show you. Computershare, a transfer agent, puts it this way: "The issuer has very little visibility of beneficial investors." As I read it, everything you have runs through one firm.

And the exception. Section 8-511 covers a creditor of the broker that holds a security interest in the stock. If there is not enough stock to go around, "the claims of entitlement holders, other than the creditor, have priority over the claim of the creditor." But if that creditor has control of the stock, the order flips and the creditor comes first. Section 8-504 says the broker may not grant that kind of interest in customer stock, except "to the extent otherwise agreed by its entitlement holder." As I understand it, a margin agreement is the usual place a customer agrees.

So is it an IOU? As I read the text, in law it is more than one. In shape it resembles one: a firm's promise, backed by a pool, enforceable only through that firm.

Where the IOU is closest to real

There are two places where the word fits best.

The first is a margin account. The SEC's bulletin on margin says some margin accounts "allow the brokerage firm to lend out securities in the account to a third-party, at any time without notice or compensation to the account holder," if a margin loan is outstanding. While shares are lent out, "you may lose the voting rights associated with those shares," and in place of the dividend you receive "a payment" that "may be taxed differently." FINRA's rules require a customer's written authorization before a firm lends margin securities. The SEC's customer protection rule, Rule 15c3-3, requires a broker to keep "physical possession or control of all fully-paid securities and excess margin securities." Excess margin securities are those worth more than 140 percent of what the customer owes. As I read that definition, in a margin account with a loan outstanding, shares worth up to 140 percent of the debt sit outside the requirement and can be lent or pledged under the margin agreement.

The second is a fully paid securities lending program, in which a customer lends shares owned outright to the broker under a written agreement that sets out the compensation. The rule requires collateral that "fully secures the loan of securities" and "a prominent notice that the provisions of the SIPA may not protect the lender," and that the collateral "may constitute the only source of satisfaction" if the broker fails to return the shares. SIPA is the law behind the safety net for brokerage customers. While the loan is open, what the customer holds is the broker's promise to return the shares, and the collateral. That is the nearest thing here to a literal IOU, though a secured one.

On February 4, 2025, FINRA announced a $3.2 million fine against one clearing firm, Apex Clearing, over such a program. According to FINRA's release, it found that from January 2019 through June 2023 the firm entered into securities loans with certain customers without reasonable grounds to believe the loans were appropriate for them, "because those customers did not receive a loan fee for lending their shares." The firm "consented to the entry of FINRA's findings without admitting or denying the charges" and agreed to certify that it had fixed the problems. I mention it because FINRA's release lists the risks those customers took on, including "loss of Securities Investor Protection Corporation protection on the securities for the duration of the loan" and "loss of voting rights."

In a plain cash account with no margin loan and no lending program, the rule says the broker must keep fully paid shares in its possession or control. The IOU gets thinner. It does not disappear, because of that word "only."

What happens when a broker fails

This is the test. If a brokerage account were only an unsecured IOU, a failed broker's customers would stand in line with its other unsecured creditors. What have they actually received?

Lehman Brothers' U.S. brokerage went into liquidation in September 2008. SIPC, the fund that protects brokerage customers, calls it "the largest securities brokerage liquidation in U.S. history." SIPC's history says the trustee moved "more than 110,000 customer accounts, containing more than $92 billion in customer assets, within weeks." At the end, SIPC reported that customers "received $106 billion, fully satisfying the 111,000 customer claims." Unsecured general creditors, the people holding ordinary IOUs, got "a 41.2841 percent recovery." That gap is what customer status was worth.

The Federal Reserve Bank of New York's account adds the cost in time. For one group, prime brokerage accounts, "it ended up taking about five years to resolve these claims." The post describes that business as "providing financing and custodial services to hedge funds," so these were not ordinary retail accounts. They "were ultimately made whole," the authors write. Whole, five years later.

MF Global failed in 2011. SIPC says its securities and commodities customers "have had all of their assets returned," after "more than four years of recovery efforts."

Madoff is the other kind of case. SIPC's history records that he confessed "to the largest Ponzi scheme in history." It says customers with larger claims have received "over 70.704% of the net amount entrusted." That is a share of what they put in, not of what their statements said.

So the record, as I read it, is this. In the two large failures checked here, SIPC reports that customer claims were paid in full, though for some it took years. In the fraud, larger customers have not been made whole. SIPC's own protection has a ceiling: $500,000 per customer, including $250,000 for cash. In none of the three did I find brokerage customers treated like ordinary unsecured creditors. Three cases are not a law, and I cannot tell you the next failure will look like the last ones.

The vote

The chain shows in one more place. The SEC's review says stock loan agreements "typically transfer to the borrower the right to vote the borrowed securities," and that a broker "may receive voting instructions for more securities than it is entitled to vote." In one common fix, "the broker-dealer adjusts its vote count prior to casting its vote with the issuer."

How often that happens is argued over, and I could not open the studies people cite. The mechanism is the SEC's own description. In street name, your vote is an instruction to your broker, counted inside a total the broker may adjust.

Putting your own name in the book

The other way to hold is direct registration. The SEC describes it as having "your security registered in your name on the books of the issuer without the need for a physical certificate." For shares already at a broker, the move is requested through the broker, which sends them to the company's transfer agent. After that the company's book shows your name for those shares, and the statement comes from the transfer agent.

Here the people who favor direct registration are on their firmest ground. I count four things it gives a holder that street name does not.

Your name is on the register. You are the registered owner, not a customer of one. As I read it, the "only" in section 8-503 is about holdings through an intermediary, and it does not describe a holder who is on the company's own list.

The vote and the mail come to you. The SEC says a registered holder receives reports, "dividends, proxies, and other communications directly from the company." Computershare says "Registered shareholders receive a proxy and can cast their vote directly at the issuer's shareholder meetings." As I read it, no broker's total stands in between.

The shares are outside the lending pool. Computershare's page says: "Computershare does not lend out registered shares as these shares are owned by the registered holder." That is one transfer agent speaking about itself. The 2023 bulletin says something similar about paper certificates, that a broker-dealer "will not be able to borrow your securities you own in certificate form." I did not find a regulator's page saying it in those words about directly registered shares. As I understand the structure, with no broker holding the shares there is no margin loan against them and no broker lending program for them to be in.

The shares are outside a broker's failure. Shares on the company's register are not in a broker's accounts, so as I understand it there would be no claim to file for them and no trustee to wait for. The other side of that: SIPC protects customers of its member brokerage firms, so as I understand it SIPC is not what protects a registered holding. The register is. Computershare says that if it became insolvent "the register would be taken on by a successor agent," and that it "does not hold the shares as an intermediary on the shareholder's behalf." Again, that is the firm describing itself.

None of the four is a claim about a stock's price. Whether registration in large numbers affects short selling or price is disputed, and this essay does not take it up.

What you give up is convenience, and that cost is real.

Selling can be clumsier. FINRA says you "might be able to place sales orders through the issuer (or its transfer agent)," which then uses a broker-dealer to execute them, and that transfer agents "typically don't maintain cash accounts for investors." Computershare, which told the SEC it is transfer agent for 60 percent of U.S. publicly traded companies, says it "charges a nominal fee" to trade. The alternative is to have a broker pull the shares back before selling, which adds a step.

Retirement accounts are harder. Computershare says it "does not provide IRA services," and warns of "unfavorable tax consequences" if shares leave an IRA for a person's own name. On cost, FINRA says issuers and transfer agents "typically don't charge fees for direct registration," but "you might be charged for transferring securities from one form of ownership to another."

One detail. The Direct Registration System is itself a DTC service, so even the move out of street name runs through the depository and a broker that belongs to it. Computershare told the SEC that such a move, once started, "can take several days for completion."

The people who did it

Starting in 2021, holders of one company did this in large numbers. GameStop's quarterly report for October 30, 2021 said 5.2 million of its shares were "directly registered with our transfer agent." The company split its stock four for one in July 2022, so by my arithmetic that is 20.8 million in today's shares. Its amended annual report gave about 75.3 million shares as of March 20, 2024, about 25 percent

of its outstanding shares, "held by registered holders with our transfer agent," against about 230.6 million held by Cede & Co. The wording of the filings differs, so the numbers may not measure exactly the same thing.

The count has come down since: about 69.5 million, or 16 percent, as of March 19, 2025, and about 66.2 million, or 15 percent, as of March 18, 2026, against about 382.4 million held by Cede & Co. The percentage fell further than the count because the company has more shares outstanding. The filings do not say why the count fell, and I will not guess. I have held GameStop securities; see the disclosure at the end.

One of the voices those holders cite is Dr. Susanne Trimbath. A reference site kept by direct registration advocates points readers to her account of how the system began. Her publisher's biography says she holds a Ph.D. in economics from New York University. In a 2014 letter to the SEC she described herself as the "former head of DTC's Transfer Agent Services," so by her own account she has worked inside the system this essay describes. Her book is *Naked, Short and Greedy: Wall Street's Failure to Deliver*. In a March 2020 article about it, the journalist Lucy Komisar quotes her saying that Regulation SHO, the SEC's short selling rule, "has no real teeth for enforcement," and that she compared fails to deliver "to a game of musical chairs, or as I called it 'musical shares.'" The same article reports, in Komisar's words, that she said investors who want to avoid being what she calls "UnShareholders" "should have shares registered in their names." The IOU sentence at the top of this essay is my own shorthand. I did not find her using it, and I do not attribute it to her.

How much harm fails to deliver do is disputed, and she is on one side of that dispute. The SEC staff's report on the January 2021 events said staff "did observe spikes in fails to deliver in GME," but that GameStop "did not experience persistent fails to deliver at the individual clearing member level," meaning at the firms that settle trades, and it called fails "an imperfect measure of naked short selling." That is a staff report, not a finding of the Commission. A study by three finance professors, as described in a 2014 university release, concluded that the collapse of four large financial firms in 2008 "was not triggered by unsettled stock trades." I cite both as other readings of the same question, not as replies to her. As I read them, she and the staff describe the same pipes and disagree about how much leaks. I am not qualified to settle that.

The strongest case against my view

I started out wanting to help the people who urge others to register their shares directly. Here is the best argument that my starting sentence was wrong.

First, the law. Charles Mooney, a law professor emeritus at the University of Pennsylvania, said in slides for a January 2025 meeting of the Association of American Law Schools that the 1994 rewrite of Article 8 "preserved and even enhanced, and did not abrogate, property rights of entitlement holders," and that the pooled assets "are not property of the intermediary and are not subject to claims of the intermediary's

general creditors." A white paper from SIFMA, a securities industry trade group, and other associations says "you own your securities the same way you own the cash in your bank account." On that reading, "IOU" is not a shortcut. It is an error, and the Lehman result fits that reading.

Second, the layers: possession or control of fully paid shares, pooled stock that is not open to the broker's general creditors, and SIPC behind that up to its limits. In the failures checked here, those layers held.

Third, the costs. Direct registration can be clumsier to sell and awkward in an IRA. Those costs are certain, and the failure they guard against is rare in the record I found.

Fourth, a register is also a list. As I count them, direct registration takes two record keepers out of the chain. It does not remove the need to trust one.

Fifth, the regulators. The SEC page lists two drawbacks of street name: a possible delay in dividends, and no mail directly from the company. It does not list losing your shares.

I take all five seriously. My reply is narrow. It is property. But it is property you can reach only through one firm, in a pool, with exceptions you may have agreed to. And the trade groups' own comparison is a bank deposit, which as I understand it is a debt the bank owes you. That is closer to my starting sentence than it sounds.

Where I land

"You only hold an IOU" is too strong. I am not going to repeat it that way.

Here is the sentence I would put in its place. A share at a broker is a property claim that runs through a chain of record keepers. It is more than an IOU, and it is less than your name in the company's book.

Both halves matter. In the failures checked here, the chain held for customers in the end, and the price of leaving it is real. What direct registration gives is also real: your name on the register, the vote and the mail sent to you, and shares that sit outside a broker's lending and outside a broker's failure. For shares on margin or in a lending program, the claim is thinner than the app makes it look, and the required disclosures say so. How those weigh against each other depends on things only you know.

What I am sure of is smaller, and I think it is enough. People should know whose name is on the share. The SEC's page says many brokerage firms put shares in street name automatically unless told otherwise, and it does not take long to ask.

Questions worth asking

These are questions, not recommendations. The answers differ by firm.

For your broker:

1. Is my account a cash account or a margin account? If margin, which of my shares can you lend or pledge right now?
2. Am I enrolled in a fully paid securities lending program? When did I agree, what am I paid, and how do I leave it?
3. If my shares are on loan on a record date (the day that decides who gets to vote or receive a dividend), do I still vote? Do I get the dividend or a payment in place of it, and how is that taxed?
4. What do you charge to move shares to the transfer agent, and how long does it take? What do you charge to bring them back?
5. Can shares in my IRA be directly registered through you? If not, what happens for tax purposes if I take them out?
6. Do you carry coverage above SIPC's limits, and what exactly does it cover?

For the company's transfer agent:

1. What does it cost to hold shares with you, to sell, and to transfer out?
2. What kinds of sell orders do you take, when are they executed, and are there limits on the prices I can set?
3. How long does it take to get cash after a sale, and how is it sent?
4. What is the difference between shares held in book-entry form and shares held in your purchase plan, and where is each kept?
5. If I lose access to my account, or I die, what do my heirs need to prove ownership?
6. What protects my holding if your own records or your firm fail?

Sources and a note on method

Every source below was reopened on November 15, 2026, and each quotation was checked against the page that day, except where the last paragraph of this note says a page could not be opened.

How the three ways to hold work, with their stated pros and cons: SEC, "Holding Your Securities: Get the Facts" (page modified March 4, 2003); SEC and FINRA, Investor Bulletin "Holding Your Securities" (July 12, 2023); FINRA, "Know the Facts About Direct Registered Shares" (July 12, 2023); DTCC's Direct Registration System page.

The chain and the vote: SEC, Concept Release on the U.S. Proxy System, Release No. 34-62495 (2010), of which the first third opened. DTC's description of DRS as its own service: SEC Release No. 34-106552, File No. SR-DTC-2026-012 (September 30, 2026), a notice of a proposed rule change. That proposal is not discussed in the essay because the SEC's page for the filing showed no decision on it.

The law: Uniform Commercial Code sections 8-102, 8-503, 8-504, 8-505, 8-506, 8-508 and 8-511, read at Cornell's Legal Information Institute. That is the model text; a state's enacted version can differ and none was compared. SEC Rule 15c3-3 (17 CFR 240.15c3-3), also read at Cornell, and FINRA Rule 4330 on finra.org. SEC Investor Bulletin "Understanding Margin Accounts" (June 10, 2021). FINRA news release on Apex Clearing (February 4, 2025).

Broker failures: SIPC, "What SIPC Protects" and "History and Track Record"; SIPC news releases of June 7, 2013 and September 28, 2022 (Lehman Brothers Inc.) and February 9, 2016 (MF Global Inc.); Denison, Fleming and Sarkar, "Customer and Employee Losses in Lehman's Bankruptcy," Federal Reserve Bank of New York, *Liberty Street Economics* (January 16, 2019).

Fails to deliver and voting: SEC, "Key Points About Regulation SHO"; SEC staff, "Staff Report on Equity and Options Market Structure Conditions in Early 2021" (October 14, 2021), which states that it gives the views of Commission staff and is not a statement of the Commission; University at Buffalo release (July 29, 2014) on a paper by Fotak, Raman and Yadav then forthcoming in the *Journal of Financial Economics*.

GameStop: all figures are from the company's filings as read on the SEC's EDGAR site: Form 10-Q for the quarter ended October 30, 2021; Form 10-Q for the quarter ended July 30, 2022 (the stock split); Form 10-K/A for the fiscal year ended February 3, 2024; Form 10-K for the fiscal year ended February 1, 2025; Form 10-K for the fiscal year ended January 31, 2026. The 20.8 million figure is 5.2 million multiplied by four.

Dr. Trimbath: her comment letter to the SEC, File No. SR-DTC-2013-11 (March 19, 2014); the publisher's listing for *Naked, Short and Greedy* (Spiramus Press); Lucy Komisar, "Phantom shares on Wall Street threaten U.S. companies, investors" (March 26, 2020), which is where both quotations of her and the report of her view on registration come from; WhyDRS.org, "History of DRS".

The case against: Charles W. Mooney, Jr., "Misinformation in the State Legislatures: The Baseless Attack on UCC Article 8," slides, Association of American Law Schools annual meeting (January 8, 2025); SIFMA and other associations, "White Paper on Securities Ownership." Computershare's page "Becoming a registered shareholder in US-listed companies" and its letter to the SEC of July 27, 2026. Computershare's statements are a company describing its own service, not a regulator's.

What could not be opened on November 15, 2026: the current SEC page for "Holding Your Securities" (the 2003 copy and the 2023 bulletin stand in for it); the government's own copy of Rule 15c3-3; the Uniform Law Commission's site, the official comments to Article 8 and the text of the Securities Investor Protection Act; the text of Dr. Trimbath's book, her posts and her recorded talks; the studies of how often over-voting happens, which is why no figure for it appears here; and the full Fotak, Raman and Yadav paper. Nothing in the essay rests on those.

Disclosure: I have held GameStop securities. I may hold positions in companies mentioned here. Nothing in this essay is a recommendation to buy, sell, hold or transfer any security.

I used AI to research and draft this, under my direction, with an instruction to grade every claim by its source and to argue against my starting view. The pages were read through a tool that returns quotations in short pieces, so the quotations here are short on purpose and each should be read as a phrase from its source, not a full sentence. The draft went to a second pass by the same AI, told to read as a securities lawyer, a brokerage compliance officer, a defamation lawyer and a new investor. It found about forty sentences that claimed more than their sources. A third pass, by a separate AI session that did not write the draft, reopened every source on November 15, 2026 and read the essay again as those readers and as Dr. Trimbath would. It found more. The largest: the draft quoted FINRA on a delay in selling where FINRA's sentence is about buying through a company plan; it presented two quotations of Dr. Trimbath as passages from her book where the article they come from only quotes her; it gave an over-voting figure from a study that could only be traced at two removes, which is now cut; and it stated something about the Madoff case that no official page opened that day said in those words. Those are corrected here. The same pass moved the GameStop figures onto the SEC's own copies of the filings and added the case for direct registration at the strength the sources support. None of these reviewers is a lawyer, and an AI checking an AI is a second look, not an independent audit.