

CORPORATE ACTIONS FAQs

What if corporate action data is not available in the Corporate Actions Center?

When corporate action activities occur, such as a merger or a spin-off, check our [Corporate Action Center](#) for guidance and instructions for entering the transactions appropriately. As a courtesy to our clients, we provide step-by-step instructions for any action affecting widely-held securities—ones held by at least five percent of advisor accounts that have assets at Schwab.

However, we cannot create instructions for every corporate action occurring in the market. In the event you are looking for a corporate action that you cannot find on our website, you can gather the information needed and enter the transactions yourself. For tips and suggestions for researching the data, see [Tips for Researching Corporate Action Data](#).

What do I do if the corporate action occurred several months ago?

Normally, for widely held or common securities, information for past actions is more complete and readily available than recent activity. We archive all documents we prepare for the widely held securities on our website for use at any time. See the [Corporate Action Center](#) for a complete list. However, if the activity is for a rarely held security and it occurred several months ago, the information can be difficult to find. We recommend addressing corporate activity transactions no more than a week after the activity took place.

What if cash in lieu has not yet been published?

Cash in lieu prices are typically the last piece of information available. In most cases, it tends to be days before the price is available. You have three options to handle the data while waiting for the information: do nothing, post the transactions from the interface, or create sells for \$0.00 and then edit them later. We highly recommend creating sells for \$0.00 to reconcile the data, as well as a reminder to enter the data later. See [Methods for Handling Cash in Lieu for Fractional Shares](#) for more information about each of these methods, the pros and cons of each method, and steps or instructions for using each method.

How do I handle partial cash/partial share distributions?

Use the Cash Proceeds settings on the Merger/Exchange wizard to appropriately handle the cash portion of the transaction. Generally speaking, these transactions are considered to be a taxable event and should be evaluated by a tax professional to ensure the transactions are generated correctly. See [Entering a Merger/Exchange](#) for more information about using these settings and for examples of the transactions generated.



Important

Custodians should be used as the source of record for client's tax reporting. Even if cost basis is reconciled in PortfolioCenter, unrealized and realized gain/loss figures from the database should only be used as estimates. All reports displaying cost basis information should contain a disclaimer directing the client to the custodian's 1099 for tax reporting.

What if there are special elections and the elections are different for some accounts?

There can be specific elections for each account. You or your client must decide which scenario or election you will exercise. You can run the wizards for specific clients or sets of clients based on the elections they select. Be sure to verify that the choice you and/or your client made is still available after the execution date before entering the transactions using the Merger/Exchange Wizard.

How do I determine the share exchange ratio?

As long as you know the number of shares the client has prior to the exchange and how many shares they should have of the new company after the activity, you can calculate the exchange ratio. Take the number after the activity and divide it by the number before the activity.

How do I determine the cost basis allocation ratio?

The number usually cannot be calculated without private information. If you cannot find the number on the company's website, contact the investor relations center for the company to ask for that information.

How do I determine the split ratio if it downloads as 0?

The split ratio can be computed by dividing the number of shares after the activity by the number of shares before the activity. For example, let's say you have a 3 for 2 split. The ratio is computed by dividing 3 (number of shares after the split) by 2 (number of shares before the split) for a ratio of 1.5.

If you are unsure of the number of shares to calculate the ratio, use the interface reconciliation report. To find the new shares, look under the quantity column. To find the number of existing shares, look under the PortfolioCenter Quantity column. Divide the number in the quantity column by the number in the PortfolioCenter quantity column.

If I don't post the transactions in the interface, my accounts won't reconcile. Is that OK?

Reconciling all accounts daily is very important. Generally, we recommend that you correct all unreconciled accounts before continuing to the next day. If you are entering a corporate action transaction and are missing the cash in lieu price, you can still enter the exchange or spin-off transactions by creating sells of fractional shares for \$0.00, and then edit them later. For more specific information about each transaction type, see [Entering a Merger/Exchange](#) or [Entering a Spin-Off](#).

What happens if I post from the interface and don't use the spin-off or merger/exchange wizard?

Position balances will be correct and should reconcile. Keep in mind, though, that the transactions in the interface files are lacking important cost basis and trade lot information, especially if you prepare tax reporting or report this information to your clients. Posting the transactions in the interface might show reconciled accounts, but these key factors will be missing.

What if I already posted the transactions from the interface? Can I still use the merger/exchange or spin-off wizards?

If you have posted the transactions from the interface, you can still use the wizards, but you must first cancel or unpost and block the transactions from the interface.

I'm not 100% certain my ratios are correct. How can I confirm them?

Having accurate information when running the wizards is important. Be sure to get the most accurate information possible. However, if you use the wrong information, you can always unpost the transactions from the transaction list and re-run the wizard in transaction writer with the correct information.

What do I do with the transactions we blocked in the interface?

Leave the transactions blocked indefinitely. You created more accurate transactions using the transaction writer.

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