

## Tips for Researching Corporate Action Data

When corporate action activities occur, such as a split or reclassification of a security, check our Corporate Action Center at [Corporate Actions 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. Use this document as a guide for finding the information you need for the corporate action wizards.

## Resources for Information

Since all corporate actions are different, you might find that information for some companies is easier to find than others. Use the sources below as a starting place for your research:

- ◆ For widely held securities we put together instructions for entering the transactions using the wizards. A widely held security is one owned by at least five percent (5%) of advisor accounts at Schwab. Some examples of widely held securities are: Wendy's Restaurants, JP Morgan, Bank of America, and so on. These documents are archived and kept up to date on our website at [Corporate Actions Center](#).
- ◆ Check the websites of the companies involved. Most publicly held companies have an Investor's Information section on their website. This section will usually have a news section that gives you information such as share allocation/exchange ratios, cost basis allocation, split ratios, and, if available, cash in lieu for fractional share price.
- ◆ Financial information websites like Yahoo finance (<http://finance.yahoo.com/>) or the news section of Big Charts (<http://bigcharts.marketwatch.com/news/>). Both sites give you general information about the corporate activity and might link to additional information. You can also use websites for news services such as *The Wall Street Journal* On-Line Edition (<http://online.wsj.com/public/us>).
- ◆ Contact the asset custodian or broker/dealer. Most custodians and broker/dealers have a reorganization desk that can give you some of the information.

## Information Needed for Transaction Wizards

Now that you know where to look, let's discuss what you are looking for in your search. Each corporate action is different, but there is specific information you need to make the transactions generated by the Spin-off and Merger/Exchange wizards successful. The sections below discuss the pieces of information required for each transaction type.

### Information Requirements for a Merger/Exchange

A merger occurs when two or more companies merge into a single company. In some cases, the shares for each company are exchanged for shares of the new company. However, there are situations when the investor receives both shares of the new company and cash for the shares of the original security. At minimum, you'll need to find the following pieces of information for a merger or exchange:

<b>Information Needed</b>	<b>Description</b>
Merger/Exchange Date	The date the companies officially merge or exchange
Original Company	The name and symbol of the company before the merger or exchange; this symbol does not persist after the transaction.
Resulting Company	The name and symbol of the company after the merger. Sometimes, this is a new security or symbol that needs to be defined.
Original Company Price Per Share	The price of the parent company at the time of the merger or exchange. Most often, the transaction is assumed to occur at the open of the market, so it can be the previous day's closing price. This price is used to calculate market value for credit and debit transactions.
Share distribution ratio	The number of shares of the new company the investor receives in exchange for each share of the parent company the investor already owns.
Cash Proceeds	Whether or not cash is also exchanged in the transaction.
Fair Market Value	If cash is exchanged in addition to the share exchange, you need the fair market value of the security the day before the exchange. Typically, this number is not published, but you can calculate it by taking the average of the security's opening and closing price.
Cash distribution ratio	If cash is exchanged in addition to the share exchange, you also need the amount of cash exchanged for each share of the original security held.



#### **Tip**

In some cash/share exchange situations, the investor has options for the exchange. It is recommended that you validate the cash distribution and share distribution ratios the day of or any day after the transaction has taken place to ensure the numbers are correct.

Price for Cash in Lieu for Fractional Shares	The price at which the fractional shares generated because of the transaction are exchanged for cash (or sold).
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### On the Web

For more step-by-step instructions for entering Mergers/Exchanges, see [Entering a Merger/Exchange Using the Transaction Writer](#).

## Information Requirements for a Spin-Off

A spin-off occurs when a single company (Parent Company) is split into two or more companies. At minimum, you'll need to find the following pieces of information for a spin-off:

<b>Information Needed</b>	<b>Description</b>
Spin Off Date	The date the companies officially split apart
Parent Company	The name and symbol of the company before the split
Resulting Company or Companies	The name(s) and Symbol(s) of the companies after the split. Most commonly, there is only one new company after the split, but there can be more.
Parent Company Price Per Share	The price of the parent company at the time of the split. Most often, the transaction is assumed to occur at the open of the market, so it can be the previous day's closing price. This price is used to calculate market value for credit and debit transactions.
Percent of cost basis allocated	The percentage of the parent company's cost basis being allocated to the new company's or companies' positions. This number is less than 1.
Opening price per share of new company or companies	The price of the new company after the official spin-off. Most often, it is assumed that the transaction occurs at the open of the market, so it is usually the opening price of the new company on that day.
Share distribution ratio	The number of shares of the new company the investor receives for each share of the parent company the investor already owns.
Price for Cash in Lieu for Fractional Shares	The price at which the fractional shares generated because of the transaction are exchanged for cash (or sold).



### On the Web

For step-by-step instructions on using this information in the Spin-Off Wizard, see "Entering a Spin-Off Using the Transaction Writer" at <https://schwabpt.com/pdflibrary/open.asp?id=010932>.