

Entering a Spin-Off Corporate Action

The Spin-Off Wizard is a tool in PortfolioCenter that can help you quickly and accurately enter transactions in your portfolios to handle corporate activities when a company is divested or split into two or more separate companies. The benefit of using the Spin-Off Wizard is that cost basis and trade lot information is carried over from the original company into the positions of the resulting companies. This document shows you how to enter appropriate settings for the Spin-Off Wizard when one company is split into two.

Wizard Settings



On the Web

Before entering the transactions, it is best to check your custodial interfaces and ensure the transactions were blocked. For more information about recognizing these transactions, see [Identifying Corporate Action Transactions in the Interface](#).

- 1 Research the information for the corporate activity. If it is a widely held company check our [Corporate Actions Center](#)

If you do not find the document on our site, start researching the information. For more information about researching corporate activity information and the kinds of information you need, see [Tips for Researching Corporate Action Data](#).

- 2 Once you have all the information for the spin-off, click the Transaction Writer tab.
- 3 Click the **New List** button to create a new list.
- 4 In the Transaction List Information window, name the list after the spin-off, and then click the **Create List** button.



- 5 Inside the list details, click the **Run Wizard** button to select the wizard.



- 6 Select Spin-Off Wizard, and then click **OK**.

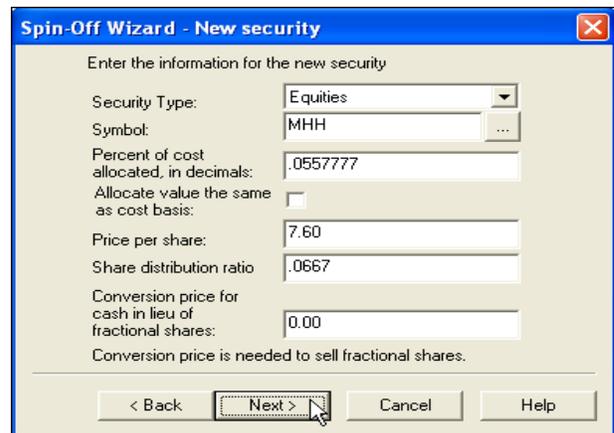


- 7 Enter the information for the parent security:
 - ◆ Spin-off date – date the transaction took place. All resulting transactions occur on this date.
 - ◆ Security type (usually equities)
 - ◆ Symbol – symbol of the parent company
 - ◆ Price per share – price of the parent company on the day of exchange
 - ◆ Any notes (usually a description of the spin-off.)



- 8 Click **Next**.

- 9 Enter the information for the newly created security:
 - ◆ Security type (usually equities)
 - ◆ New symbol
 - ◆ Percent of cost basis allocated to the new security, in decimals. This under should always be less than 1.
 - ◆ Price per share of the new security on the first day of trading.
 - ◆ Share distribution ratio, or how many shares of the new security the client receives for each share of the parent company.



- ◆ Conversion price for cash in lieu - if you leave this blank, a sell for \$0.00 is created to remove the fractional share. If you enter a number here, a sell for the price entered is generated for the fractional share.

- 10 Click Next.



On the Web

There are several ways to handle the Cash in Lieu for fractional shares. See [Methods for Handling Cash in Lieu for Fractional Shares](#).

- Select all portfolios, and then click **Finish**.

NOTE: Selecting “all portfolios” only generates transactions for portfolios in the database that held the original security on the trade date.



Expected Transactions

	Status	Account Number	Portfolio	Activity	Symbol
1	Pending	999-0308	Alexander, Jenna	Credit	IGTE
2	Pending	999-0308	Alexander, Jenna	Credit	IGTE
3	Pending	999-0308	Alexander, Jenna	Credit	IGTE
4	Pending	999-0308	Alexander, Jenna	Credit	MHH
5	Pending	999-0308	Alexander, Jenna	Credit	MHH
6	Pending	999-0308	Alexander, Jenna	Credit	MHH
7	Pending	999-0308	Alexander, Jenna	Debit Sec	IGTE
8	Pending	999-0308	Alexander, Jenna	Sell	MHH
9	Pending	999-0314	Williams, Carole	Credit	IGTE
10	Pending	999-0314	Williams, Carole	Credit	MHH

Security Type	Equities
Activity	Credit Security
Account Number	999-0308
Portfolio	Alexander, Jenna
Symbol	IGTE
Security Description	iGate Corporation
Credit Date	09/30/2008
Shares	500.00
Long or Short Positio	Long
Total Market Value	4,009.04
Original Trade Date	12/22/2004

Check the transactions in the blotter that were created after the merger/exchange. Transactions you should see after the merger/exchange:

- Debit security transactions for all portfolios that hold the parent security.
- Credit securities for all open trade lots of the parent company, with adjusted cost basis.
- Credit securities for the resulting company. There should be one credit for each open trade lot of the parent security.
- Sell of any fractional shares of the new company for cash in lieu. If you entered \$0.01 for the cash in lieu price, you’ll see sells for fractional shares of \$0.00. See [Methods for Handling Cash in Lieu for Fractional Shares](#) for more information about handling cash in lieu for fractional shares.

If all transactions exist as you expect them to appear, Close the details of the list and post the transactions.

You have two ways of posting the list from the transaction lists view:

- Select the list, and then click the **Post List** button located at the bottom right of the window.
- Right-click the list and select **Post List** from the menu.

