

Title: "GME 4:1 Stock Split (in the form of a dividend!) | Everything you need to know!" by OP u/goldielips  
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[Credit: u/VPlasmaTune](<https://preview.redd.it/5wxg4uk7x7a91.png?width=551&format=png&auto=webp&s=7b06e6ce9eb7b322302f7a7559721b1b6f21dc2a>)

# The long awaited 4:1 GME Stock Split (in the form of a dividend!) has been announced!

We are pinning this thread for easy access to information as people come to the sub to find out what's happening. Special thank you to u/platinumsparkles for all the help putting this together!

Looking for the DRS / Computershare megathread? [Check it out here!]([https://www.reddit.com/r/Superstonk/comments/vp01of/drscomputershare\\_megathread\\_072022/](https://www.reddit.com/r/Superstonk/comments/vp01of/drscomputershare_megathread_072022/))

Let's start with a TLDR, \*straight from\* \*\*\*GameStop\*\*\*:

\*\*On July 6, 2022, GameStop Corp. (the "Company") issued a press release announcing that its Board of Directors had approved and declared a four-for-one stock split in the form of a stock dividend. Each Company stockholder of record at the close of business on July 18, 2022 will receive three additional shares of the Company's Class A common stock for each then-held share of Class A common stock, to be distributed after the close of trading on July 21, 2022.\*\*

[GameStop Announces Four-for-One Stock Split | Gamestop Corp. (gcs-web.com)](<https://gamestop.gcs-web.com/news-releases/news-release-details/gamestop-announces-four-one-stock-split>)

\*\*Official SEC Links:\*\*

[8-K Official Filing](<https://www.sec.gov/ix?doc=/Archives/edgar/data/1326380/000132638022000100/gme-20220706.htm>)

[Official Press Release](<https://www.sec.gov/Archives/edgar/data/1326380/000132638022000100/a991-stocksplittannouncement.htm>)

[Credit: u/dckdstryr](<https://preview.redd.it/04id0hw9x7a91.png?width=747&format=png&auto=webp&s=cfcecc1e71d9fb567b38019d0636d6ec1bc800f8>)

# FAQ | Let's clear up some questions!

\*\*What's the difference between a stock split and a stock dividend?\*\*

A stock dividend means dividend which is paid in the form of additional shares whereas stock split is a division of issued shares in the ratio as decided by the Company. In the Stock dividend, additional shares are given to shareholders whereas in stock split, already issued shares are split in an agreed ratio. No additional shares are allotted.

<https://preview.redd.it/9d7xr08y38a91.jpg?width=955&format;=jpg&auto;=webp&s;=551014bad0620c194ac1202eb18ac0dd22e5fe06>

Sources:

[<https://www.educba.com/stock-dividend-vs-stock-split/>](<https://www.educba.com/stock-dividend-vs-stock-split/>)

[<https://www.principlesofaccounting.com/chapter-14/splits-and-dividends/>](<https://www.principlesofaccounting.com/chapter-14/splits-and-dividends/>)

**\*\*What does this all mean?\*\***

Gamestop has announced they will be doing a stock dividend. After the dividend, there will be four shares for every one pre-dividend share. (So it is called a “4-for-1 split.”) In other words, if you have one share, you will get 3 additional ones.

[1 share will now equal 4 shares](<https://preview.redd.it/q1iatnkgx7a91.png?width=946&format;=png&auto;=webp&s;=9ca7b0fe06c58bf5754710a86f565c4ffea11129>)

**\*\*What will happen to the share price?\*\***

If the stock was at \$135 per share, after the split, each share will be \$33.75, because the company's net assets didn't increase, only the number of outstanding shares.

If you own \$1,000 worth of GME on the 21st you will still own \$1,000 worth of GME on the 22nd.

<https://preview.redd.it/u4wsvtmjx7a91.png?width=791&format;=png&auto;=webp&s;=2bac1cebd82426b386e3145d8deb756496ccc6ec>

[Credit: u/Vjmastajay](<https://preview.redd.it/otbberikx7a91.png?width=577&format;=png&auto;=webp&s;=843156904a6ebc4a2009af127670e96b2d7be6a6>)

**\*\*What do you have to do?\*\***

Nothing! You can BUY & HODL, DRS, the usual. When a stock split or stock dividend occurs, your account will receive the additional shares on the ex-dividend date. The cost basis and gain/loss information for the shares will be updated on the evening of the ex-dividend date. No action is required for shareholders to receive shares as part of the event.

**\*\*When do I need to buy to receive the dividend?\*\***

You can buy stock any time. Stock dividends work differently than cash dividends. For stock dividends, the record date doesn't really matter.

The ex-date or ex-dividend date is the trading date on (and after) which the dividend is not owed to a new buyer of the stock.

July 21st is the date on which GME will actually distribute the three additional shares in its stock dividend. That happens officially after the stock market closes, so any trades that occur earlier that day are still governed by the pre-split stock price.

Ex-Dividend Date is July 22nd.

You can buy any time because the exchanges have splits covered – there is absolutely no danger of an investor missing out on the split shares, no matter when he or she buys shares that will split.

This explains the Tesla split really well:

[Tesla's Stock Split: Here's What It'll Look Like When It Happens](<https://www.fool.com/investing/2020/08/26/teslas-stock-split-heres-what-itll-look-like/>)

**\*\*Edit:** If you are buying directly from Computershare, first you initiate your buy order, then it will take 3 days for your cash to settle before they execute the order. You'd have to initiate the purchase on the 18th in CS so that it will execute by the 21st.\*\*

**\*\*What about transfers?\*\***

This will vary by brokerage, and you should contact your individual brokerage to find out.

Fidelity Agents have stated you can transfer shares until the 18th, and then again on the 22nd.

If you have shares in transit on the way to Computershare, if Computershare receives them by the 21st, the dividend shares will show up in Computershare. Otherwise, the shares will show up in your old broker since that's where you'd still be on record as owning shares. Your broker should be the one to initiate the transfer, however this is something you should confirm with them.

**\*\*What about the shorts?\*\***

The same math works for them. If someone spends \$1,000 shorting GME they will still be short \$1,000 worth of GME on market open.

While shorts would be required to pay a cash dividend, a stock dividend works pretty much the same for all investors regardless of whether you're short or long.

Basically, they will not be required to purchase anything unless they need to close due to other circumstances, such as the price going up too fast, cost to borrow being too expensive, margin calls etc.

Source: [Does It Matter That GameStop's Split Will Be a Stock Dividend?](<https://www.fool.com/investing/2022/04/12/does-it-matter-that-gamestops-split-will-be-a-stoc/#:~:text=A%20short-seller%20who%20shorted%2010%20shares%20will%20have,retained%20earnings%20account%20--%20and%20not%20much%20else.>)

**\*\*Let's check in with the shorts (that we know of):\*\***

<https://preview.redd.it/xs7l2bxox7a91.png?width=856&format=png&auto=webp&s=c29f03201f40587e3d7e8ed208fbae515a2f408a>

[Fintel: Shares Available](https://preview.redd.it/euumthv628a91.png?width=717&format=png&auto=webp&s=40a742c2eb9c3080259224820ee98f3e8686bc2d)

[Fintel: Cost to Borrow](https://preview.redd.it/40wcwjaa28a91.png?width=713&format=png&auto=webp&s=d310e9c9d73edfeb3480cd66d636a4faa7af47e4)

[Since 5/24/22, Fidelity has had 0 shares available](https://preview.redd.it/d5w30vhc28a91.png?width=494&format=png&auto=webp&s=97566d60079cf419289e3f73dce88c230767c614)

[Record Breaking Short Utilization](https://preview.redd.it/2w8n93nf28a91.png?width=680&format=png&auto=webp&s=21646fc08de3aced06b6517715b050bc426937c5)

**\*\*Is this game over for the shorts?\*\***

First, **\*\*let's elaborate on the points above and clear up some misinformation\*\*** that's been spreading.

The information below **\*\*ONLY applies to\*\* CASH\*\* dividends\*\***

**\*Investors short a stock are never entitled to its dividends, and that includes those short a stock on its dividend record date. Rather, short sellers owe any declared dividend payments to the shares' lenders.\***

Shorts **\*\*do not owe\*\*** declared dividend payments to the shares' lenders for dividend stock splits.

**\*\*Back to how this hurts the shorts:\*\***

**\*\*\*"Not accepting that stock splits add value is a recipe for losing money."\*\*\*** Historically, stock splits have impacted shareholder sentiment and have fostered short-term rallies. This has been seen with several tech giants, including Tesla, Amazon, NVIDIA, and Apple.

**\*\*In the specific case of GameStop, the stock split should be a potential short-term catalyst for increased buying volume. In turn, this will pressure short sellers to cover their margins.\*\***

Source: [GameStop Stock: What You Need to Know About the 4-for-1 Split](https://www.thestreet.com/mestocks/gme/gamestop-stock-what-you-need-to-know-about-the-4-for-1-split)

**\*\*More reasons why this is good for GME holders:\*\***

Stock splits can improve trading liquidity and make the stock seem more affordable.

In a stock split the number of outstanding shares increases and the price per share decreases proportionally, while the market capitalization and the value of the company do not change.

Here's an example of how Apple shareholders benefited when this was done in 2020:

<https://preview.redd.it/e2bjh655y7a91.png?width=926&format=png&auto=webp&s=2e98459db3fd50ae011c7e45374ad82b39010be9>

Source: [This Recent Stock Split Has Already Delivered a 42% Return for Investors](https://www.fool.com/investing/2022/04/01/this-recent-stock-split-has-already-delivered-a-42/)

**\*\*Has this been done before?\*\***

Another recent example of what happens with a stock split dividend is Tesla, back when 10% short interest was *\*high\**.

<https://preview.redd.it/roxz3787y7a91.png?width=775&format=png&auto=webp&s=e87f4ac0e0035bd1283ad80f170c429298d38b24>

The above picture depicts Tesla's post-split performance. As is evident, the stock clocked in gains of over 300 percent between the announcement of a stock split and the receipt of additional shares, with the stock rising from \$350 to \$2,210. After undergoing this 5-to-1 split, the stock price was adjusted to \$442. However, Tesla shares maintained their upward trajectory even after the consummation of this move, with the stock recording an all-time high of \$1,243.49 in November 2021, equating to \$6,217 in pre-stock split price terms. This entire journey consists of gains of 1,776.11 percent.

Credit to u/Cataclysmic98 for their post going through this:

[A comparative look at Tesla's stock split. Spoiler Alert - This Could Be HUGE!]([https://www.reddit.com/r/Superstonk/comments/vt5q45/gamestop\\_has\\_announced\\_a\\_41\\_stock\\_split\\_in\\_the/](https://www.reddit.com/r/Superstonk/comments/vt5q45/gamestop_has_announced_a_41_stock_split_in_the/))

**\*\*What are the tax implications?\*\***

A customer who acquires additional shares through a stock dividend or split reduces the per-share cost basis and defers taxation until the stock is sold. Unless the stock is sold, you would not report the stock dividend on your tax return.

Source: [<https://www.irs.gov/pub/irs-pdf/p550.pdf>](<https://www.irs.gov/pub/irs-pdf/p550.pdf>) (page 21)

**\*\*What happens to the DRSbot share count?\*\***

**\*\*TLDR:\*\*** u/Roid\_Rage\_Smurf has a plan. Check out his post with the details here:

**\*\*DRSBOT splividivisplividend and stuff...\*\***  
]([https://www.reddit.com/r/Superstonk/comments/vtonvj/drsbot\\_splividivisplividend\\_and\\_stuff/](https://www.reddit.com/r/Superstonk/comments/vtonvj/drsbot_splividivisplividend_and_stuff/))

**\*\*What's going on with Fidelity not allowing DRS?\*\***

There were reported issues of Fidelity no longer allowing transfers to ComputerShare until after the split. This was a temporary issue and is now resolved. You are still able to transfer from Fidelity to ComputerShare until 7/18. If you are told you cannot do this before 7/18, **\*\*ask to speak to a corporate compliance officer.\*\***

**\*\*Will DRS shares have priority to receive the dividend first?\*\***

Potentially, since ComputerShare is the transfer agent responsible for distributing the stock dividends. However, when this will be reflected in accounts is still to be determined, so we can't say 'yes' for sure.

Different brokerage companies have their own procedures for handling their accounting records for stock

splits. Even though the additional shares are to be distributed after market close on 7/21, you may not see them reflected in your account then. It is reasonable to expect that by 7/22, your account will be credited with the correct number of post-split shares.

**\*\*Do fractional shares receive dividends?\*\***

Potentially, this is up to the issuer.

Sources:

[Do Fractional Shares Pay Dividends?](<https://thepoorinvestor.eu/fractional-shares-dividends/>)

[How Do Fractional Shares Work?](<https://www.nasdaq.com/articles/how-do-fractional-shares-work-2020-09-09>)

# MORE HYPE!

**\*\*Marketplace is launching any day now!\*\***

[Credit: u/Peter\\_Rodrigues1986](<https://preview.redd.it/aqelzvay7a91.png?width=867&format;=png&auto;=webp&s;=c634719df3a96cdfdaa4cb25780309715c9df5d9>)

**\*\*Catch up here!\*\***

[GameStop NFT Marketplace & Wallet Megathread]([https://www.reddit.com/r/Superstonk/comments/vluysg/gamestop\\_nft\\_marketplace\\_wallet\\_megathread/](https://www.reddit.com/r/Superstonk/comments/vluysg/gamestop_nft_marketplace_wallet_megathread/)) (Credit to u/bah2o)

**\*\*How could the stock dividend tie to the marketplace launch?\*\***

Check out this speculation post from u/knutolee

[GameStop timed the 4-to-1 stock dividend perfectly with the launch of the NFT marketplace to deliver a reason for the imminent stock jump]([https://www.reddit.com/r/Superstonk/comments/vtatsr/gamestop\\_time\\_d\\_the\\_4to1\\_stock\\_dividend\\_perfectly/](https://www.reddit.com/r/Superstonk/comments/vtatsr/gamestop_time_d_the_4to1_stock_dividend_perfectly/))

# What Happens Next?

Well, it's anyone's guess really and I would encourage you to ask questions and suggest possibilities in the comments below. We've had close to 2 years of DD (Due Diligence) that suggest something we call the MOASS (Mother of All Short Squeezes) is in sight. LFG.

[Credit: u/No\\_Pie\\_2109](<https://preview.redd.it/nn81Inpey7a91.png?width=568&format;=png&auto;=webp&s;=d12615a162219aeadeb2805c5cc5b886d8285475>)