

Title: I think I found why did the DTCC performed a "Stock Split" instead of "Stock Dividend".

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By now, you all know that GameStop performed a Stock Split in the form of a Stock Dividend on July 22, 2022 which seems to be causing all sorts of *confusion*.

https://news.gamestop.com/news-releases/news-release-details/gamestop-announces-four-one-stock-split(https://preview.redd.it/13pb7ugyojf91.png?width=2254&format;=png&auto;=webp&s;=121f789d2ca12b076ba56ba442c8c6197dbd27ad)

A number of brokers have reportedly been informed by the DTCC to perform a simple **stock split** (where each position, long or short, is simply multiplied by 4). Apes know that isn't correct because our dividend shares (splividends) are supposed to have come from GameStop via ComputerShare.

u/Joddodd just posted [DTCC form for GME splividend from DnB](https://www.reddit.com/r/Superstonk/comments/wf9mos/dtcc_form_for_gme_splividend_from_dnb/) containing an interesting document identifying the Event Details for GameStop's stock split. Note that this document (with my red crayon) indicates the **Event** **Type** is **Stock Split** and that it's to be **Processed As** a **Stock Split**.

https://preview.redd.it/vaqn0370qjf91.jpg?width=791&format;=jpg&auto;=webp&s;=f70da420b5f42a9fd59397286eedf39d006be7a9

A bit of Google Searching finds these two documents:

1. [DTCC's DTC Corporate Actions Distributions Service Guide (June 30, 2022)](https://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Service-Guide-Distributions.pdf)
2. [DTCC's Corporate Actions Web User Guide (July 8, 2021)](https://www.dtcc.com/products/training/helpfiles/asset_services/corp_actions_browser/help/Corporate_Actions_Web.pdf)

DTCC's DTC Corporate Actions Distributions Service Guide (June 30, 2022) **[PDF]**(https://www.dtcc.com/products/training/helpfiles/asset_services/corp_actions_browser/help/Corporate_Actions_Web.pdf)

This document says it covers various distribution events and lists **stock splits** separate from **stock dividends**.

[DTCC's DTC Corporate Actions Distributions Service Guide pg 13](https://preview.redd.it/ndms631wqjf91.png?width=2364&format;=png&auto;=webp&s;=3f3cdf42e0b29313e7d01a4fb63ebae41c87c115)

Similarly, the **Stock Distributions** section has **Stock Dividends** separate from **Stock Splits**:

[DTCC's DTC Corporate Actions Distributions Service Guide pg 33](https://preview.redd.it/drxeupeerjf91.png?width=2616&format;=png&auto;=webp&s;=d14024595a3c8a8c2dca0105fdf6a065a73f8c82)

[DTCC's DTC Corporate Actions Distributions Service Guide pg 34](https://preview.redd.it/k0b82n7irjf91.png?width=2462&format;=png&auto;=webp&s;=5649a016f246e8f69ad758de9d14053df26afa5f)

DTCC's Corporate Actions Web User Guide (July 8, 2021) **[PDF]**(https://www.dtcc.com/products/training/helpfiles/asset_services/corp_actions_browser/help/Corporate_Actions_Web.pdf)

This document is basically the DTCC's instruction manual for their web site and there's a Stock Distributions column with event types including **stock splits** separate from **stock dividends**:

[DTCC's Corporate Actions Web User Guide - Announcements pg 55](https://preview.redd.it/ar0mlwk3tjf91.png?width=2280&format;=png&auto;=webp&s;=4d6c29f9b89bf99642b690246072ca5a1b43416a)

|f **stock splits** ***and*** **stock dividends** ***are two different types of distributions at the DTCC, why did DnB receive a form from the DTCC to perform a stock split when GameStop very clearly issued a stock dividend???

****Fails****. Specifically, "failed deliver orders (DOs)". According to the DTCC's own documentation, "Due Bill Fail Tracking does not monitor stock splits". "Fails sometimes result in buyers not receiving a dividend ... to which they are entitled." ■

[DTCC's DTC Corporate Actions Distributions Service Guide pg 37](https://preview.redd.it/e1rg8rffvjf91.png?width=1814&format;=png&auto;=webp&s;=8bf717ea31a45421d44f31b4c2e2c2948fc0b66c)

[DTCC's Corporate Actions Web User Guide - Distributions pg 183](https://preview.redd.it/6cgxi3ukvjf91.png?width=1948&format;=png&auto;=webp&s;=bf8f485d14b781a388becfd66a43db28ab22d512)

[DTCC's Corporate Actions Web User Guide - Distributions pg 187](https://preview.redd.it/9nrseg0tvjf91.png?width=1874&format;=png&auto;=webp&s;=9840987758a0e029259eea14fc45f103733ea78a)

So, by the DTCC's own *publicly available* documentation, if the DTCC performed a stock dividend, fails would show up all over the place *and they can't have that suddenly happen.* By ~~switching~~ ****processing**** the dividend as a ****stock split****, the due bill fail tracking system doesn't activate and *no due bill fails appear*. As the Due Bill Fail Tracking system also doesn't generate stock dividend adjustments for stock loans and CNS deliveries, well... that's just bonus lack of transparency.

****QOTDs:****

1. Did GameStop/ComputerShare properly enter a Stock Dividend into the DTCC's system and then the DTCC changed the execution (Processed As) to a Stock Split?
2. *Or (less likely),* did GameStop/ComputerShare erroneously enter a Stock Split into the DTCC's system when they meant to enter a Stock Dividend?

If GameStop/ComputerShare properly entered a Stock Dividend, but then the DTCC instructed brokers to perform a Stock Split... ■■

■■

EDIT 1: u/JustBeingPunny and I seem to be thinking the same thing at almost the same time. See Punny's Post [Why the DTCC processed it as a 'stock split', how they helped short sellers and how they created new dividend distribution rules 2 WEEKS before the GME stock dividend.](https://www.reddit.com/r/Superstonk/comments/wfff5l/why_the_dtcc_processed_it_as_a_stock_split_how/) (Punny came first.)

EDIT 2: Some comments are noting the distinction between Stock Split \[[Investopedia](https://www.investopedia.com/terms/s/stocksplit.asp)\] vs Stock Dividend \[[Investopedia](https://www.investopedia.com/terms/s/stockdividend.asp)\]. Please note the [GameStop filing](https://news.gamestop.com/news-releases/news-release-details/gamestop-announces-four-one-stock-split):

>... a four-for-one ****split**** of the Company's Class A common stock in the form of a ****stock dividend****. Company stockholders of record at the close of business on July 18, 2022 will receive a ****dividend**** of three additional shares of the Company's Class A common stock for each then-held share of Class A common stock. The ****stock dividend**** will be distributed after the close of trading on July 21, 2022. Trading will begin on a stock split-adjusted basis on July 22, 2022.

Where in the DnB documentation do you see ****stock dividend****? ■ I don't see either dividend or stock dividend anywhere. All I see is ****stock split****. ■

There are TWO FIELDS circled in red crayon: ****Event Type**** and ****Processed As****. The DnB form lists ****Stock Split**** for both fields.

I **suspect** the ****Processed As**** field should say ****Stock Dividend****. If the form had Processed As: Stock Dividend, then it would indicate GameStop did a Distribution (Event Type: Stock Split) Processed As: ****Stock Dividend**** which would be in line with the GameStop filing. Could use a more knowledgeable ape to confirm.