

Title: Dividend Disbursement for Direct Registered Share Hodlers ■■

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Once the dividend record date is set, the stock exchanges or the Financial Industry Regulatory Authority (FINRA) fix the "ex-dividend date," normally two business days before the dividend record date. Holders who purchase a stock on its ex-dividend date or after – with the trade settling post-record date – will not receive that dividend payment; the seller will receive it instead. Holders who acquire stock before the ex-dividend date will be entitled to receive the dividend.

Transfer agents generally act as an issuer's paying agent for dividends. The issuer provides all dividend funds to the transfer agent for disbursing. The transfer agent disburses dividends to registered shareholders either by electronic funds transfer or check. It disburses the dividends electronically to DTC, which in turn forwards the funds electronically to the brokers or other financial intermediaries for distribution to beneficial shareholders. If it is a stock rather than a cash dividend, the transfer agent will generally issue shares in book-entry form and send statements to the shareholders. Issuance in paper certificate form is still an option but rare in today's environment. Paying agents may also make other distributions on the issuer's behalf, such as paying out interest to bondholders.

For international shareholders, certain transfer agents offer the option to make dividend payments in the shareholder's local currency. These international currency exchange payments add convenience for international shareholders who would otherwise receive payments in US dollars and may have difficulty cashing checks. They also help reduce the amount of time it takes to deliver payments to the shareholder's home country.

Dividends

Dividends are payments representing a portion of a company's profits paid to shareholders out of the company's current or retained earnings. In addition, capital dividends may also be paid out of return on capital. Dividends may be paid on an ad hoc, annual, semiannual, quarterly or monthly basis. Dividends must be declared by the board of directors each time the dividends are paid. Dividends may be paid in cash or in equity (shares of stock).

When a company declares the dividend, it sets both a "payable date," the date that holders are paid the dividend, and a "dividend record date," the date when stockholders must be on the company's books as a shareholder to receive the dividend.