

Title: wealthsimple agent confirm dividend, but the email explanation of split got me confused. Need wrinkle ■ to confirm what I'm reading are just definitions and doesn't say they received shares from depository.

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Url: <https://www.reddit.com/gallery/wkccbj>

Thanks for reaching out, I'll be happy to help clarify!

What?

To recap, GME underwent a 4-for-1 stock split in which trading of the newly adjusted shares commenced on July 22nd, 2022. Wealthsimple processed this corporate action as a forward stock split in which eligible shareholders received an additional 3 shares of GME for every 1 share held. To add more context as to why it was processed as a stock split, the event was processed based on Canadian Tax treatment. The event is considered a stock split as there was only an increase in the number of shares and the distribution was **NOT** accompanied by a capitalization of retained earnings to be treated as a dividend.

Are my shares real?

Yes, I can assure you that the 3 added shares you received per 1 previously held share are real and were distributed to you by our clearing/brokerage. We are regulated by IIROC and are required to ensure that all fully paid securities are real and segregated for the clients (meaning we cannot use these shares for anything else other than holding them on behalf of the client).

Stock Split Versus Stock Dividend

A **forward stock split** is a corporate action that increases the number of shares in a company while decreasing the share price proportionately. A **stock dividend** is a distribution of shares to eligible shareholders. Furthermore, a stock dividend is a common way to implement a stock split. On the distribution date, holders of the company's common stock will receive three shares for each share they held as of the record date. The result will be a stock split where what was once one share is now four shares, and the trading price will be divided by four.

The reason why this event was processed as a stock split was that there was no capital increase or change on the company's retained earnings to treat the event as a stock dividend. The event was processed based on Canadian Tax treatment. The event is considered a stock split as there was only an increase in the number of shares and the distribution was **NOT** accompanied by a capitalization of retained earnings to be treated as a dividend.

As per the CRA, in a stock split, there is an increase in the number of shares accompanied by a proportional decrease in the legal paid-up capital per share so that neither the total amount of legal paid-up capital nor the total amount of surplus available for distribution as a dividend is altered. In a stock dividend, there is a distribution of shares accompanied by a capitalization of retained earnings or any other surplus account available for distribution as a dividend.

Google and Amazon underwent similar events, stock splits in the form of a dividend, and they were both processed the same way as this one.

Are my new shares tradeable?

This event was not tradeable at source meaning that the new shares you received were not subjected to location. You will create a tradeable sell when you wish to sell your shares and depending on the account type you have.

Where did my shares come from?

As mentioned above, I can assure you that the new updated shares you received are real and authentic. We are regulated by IIROC and are required to ensure that all fully paid securities are real and segregated for the clients (meaning we cannot use these shares for anything else other than holding them on behalf of the client). The legal flow for corporate actions goes from the issuing company's transfer agent to the depositories and then finally to the brokers.

Best,

The Wealthsimple Team

can you confirm that you've received the shares instead of just a regular split

Yes to confirm, the shares were distributed from DTC to our depository agent to us where we added them to client's accounts!

1:58 pm

