

Title: SEC responds to my DTCC questions

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tl;dr - a no-content response to my enquiry about the stock dividend was received from the SEC.

Email exchange below.

Dear XXXXXX:

Thank you for contacting the U.S. Securities and Exchange Commission (SEC).

We appreciate the opportunity to review your concerns. As you may know, on July 6, 2022, GameStop Corp announced a 4-for-1 stock split in the form of a stock dividend, effective as of July 21, 2022, for stockholders of record on July 18, 2022. As explained at [<https://www.investor.gov/introduction-investing/investing-basics/glossary/stock-split>](<https://www.investor.gov/introduction-investing/investing-basics/glossary/stock-split>), a stock split results in an increase in the number of shares of a corporation's stock without a change in the shareholders' equity. Companies often split shares of their stock to make them more affordable to investors. Unlike issuing new shares, a stock split does not dilute the ownership interests of existing shareholders. For example, if you own 100 shares of a company that trades at \$100 per share and the company declares a two-for-one stock split, you will own 200 shares at \$50 per share immediately after the split. If the company pays a dividend, your dividends paid per share also will fall proportionately.

As explained on the GameStop website, GameStop has already distributed the shares of common stock required for the stock dividend to its transfer agent, which has confirmed it subsequently distributed the appropriate number of shares of common stock to DTCC for allocation to brokerage firms and other participants. Tax information related to the GameStop stock split, including the share and share price accounting, can be found at [<https://news.gamestop.com/static-files/1764b8e4-0e1d-41a6-b502-8c5ab7604dc8>](<https://news.gamestop.com/static-files/1764b8e4-0e1d-41a6-b502-8c5ab7604dc8>).

Thank you for contacting the SEC.

Sincerely,

Office of Investor Education and Advocacy U.S. Securities and Exchange Commission (800) 732-0330 [[www.sec.gov](http://www.sec.gov)](<http://www.sec.gov>)[[www.investor.gov](http://www.investor.gov)](<http://www.investor.gov>)[[www.twitter.com/SEC\\_Investor\\_Ed](https://twitter.com/SEC_Investor_Ed)]([https://twitter.com/SEC\\_Investor\\_Ed](https://twitter.com/SEC_Investor_Ed))

File Attachment: Correspondent Name: XXXXXX Create Date: 2022-08-20 13:29:22 Origin: Web File #: HO::\~01248685\~::HODescription: I contacted my broker and then the UK regulatory agency to see what my UK broker was instructed to do for the recent corporate action by Gamestop. Background: Gamestop Issued a four for one stock dividend. Please see the Official SEC filing. \[<https://www.sec.gov/ix?doc=/Archives/edgar/data/1326380/000132638022000100/gme-20220706.htm>](<https://www.sec.gov/ix?doc=/Archives/edgar/data/1326380/000132638022000100/gme-20220706.htm>)\] IG's Helpdesk tells me it was instructed to do a stock split, and applied this to the GME shares held in my ISA account. A stock split is not the same as a stock dividend. Please can you investigate whether the DTC filed this as stock dividend which should be processed as function code FC-06, ISO event code DVSE. Or was it filed as a forward stock split, function code FC-02, ISO event code SPLF. From the IG Helpdesk response, they tell me it was done as a stock split and hence FC-02 ISO SPLF must have been used. In the event this has been filed as a forward stock split (FC-02) then this is incorrect and I have been defrauded in the manner of the DTC not issuing the stock that was issued by Gamestop - GME. Please see quote from Gamestop: "GameStop has already distributed the shares of common stock required for the stock dividend to its transfer agent, which has confirmed it subsequently distributed the appropriate number of shares of common stock to DTC for allocation to brokerage firms and other participants." Official Gamestop statement. \[<https://news.gamestop.com/stock-split/?n>](<https://news.gamestop.com/stock-split/?n>)\] They did not issue a four to one forward split. In this case it is important as there is suspected substantial

shorting of GME shares and a share dividend would have a different impact on any such positions to a stock split, and hence the actions taken by the DTC and the broker IG are critical.

Next stage: Because of the confusion around this, I asked the UK regulatory agency to investigate. They replied to my query with the following response. "While the below shares an insight from consideration of this matter by other FCA-regulated firms, I should note that because the actions described in your LETTER/EMAIL/WEBFORM are by U.S.-based firms, the FCA has no regulatory oversight of the matters you've described. That said, it may be helpful to note that we know from our contact with some other UK-authorised firms that a number of UK-holders of Gamestop shares had similar concerns. Our engagement with UK-authorised firms in relation to these complaints suggests that some confusion arose following the 6 July press release about a "4-for-1 stock split in the form of a stock dividend" and a subsequent clarification, both issued by GameStop. The confusion focused on how the corporate action was to be reflected at the depository: a stock dividend with the issuance of new shares or a stock split. One FCA-authorised firm advised us that it had engaged with its custodian to verify what had occurred. The custodian confirmed that the corporate action was indeed processed as a stock split at the DTCC and had informed all its eligible customers that the correct allocation of the split shares had been assigned to their accounts." i.e. they confirm that the corporate action was as FC-02. This is clearly incorrect, and I would appreciate you investigating the DTCC and correcting the mistake. Please provide an acknowledgement of this email, and an update on their response when you have it.