



Introduction to Corporate Actions

“Corporate actions until recently has been treated as the ugly stepchild”

An introductory course providing a detailed understanding of corporate actions, what they are, where they originate and why they happen. Critical factors and alternative choices for the investors as well as the relevant calculations and the critical time scales involved are included. The course covers a wide variety of corporate actions with examples and difference in practices taken from many different global markets

Overview of corporate actions

- Definition
- Purpose
- Links to trade and position management

Fundamental concepts

- Classification of events
- Issuer’s objectives
- How events are initiated
- Sources of information
- Impact of the event
- Responsibilities of corporate action operations department
- Major processing steps
- Major risks
- Key dates
- Cum and Ex trading
- Execution of special trades

Corporate action ‘lifecycle’

- Characteristics
- Similarities and differences
- Mandatory events
- Mandatory with option events
- Voluntary events
- Multi-stage events
- Issuer notices

Corporate action event types – In-depth focus on numerous events, including:

- Cash dividends
- Stock dividends
- Optional dividends
- Dividend reinvestment plans (DRIPS)

- Fixed rate/floating rate coupon payments
- Capital repayments
- Bonus issues
- Stock splits and consolidations
- Share buy-backs
- Odd-lot offers
- Bond conversions
- Early/partial/voluntary redemptions
- Rights issues
- Takeovers
- Poison pills
- Chewable pills

Event type characteristics

- How each event type is expressed
- Whether the event is scheduled or announced by the issuer
- Is there a benefit to the holder?
- Effects on the holders securities/cash positions

Tax on income events

- Tax implications on the payment and receipt of income
 - Withholding tax (WHT)
 - Domestic
 - Double taxation treaties (DTT)

Key corporate actions challenges

- Mounting transaction volume and complexity
- Advance event notification
- Data capture
- Timely processing
- Tax implications
- Changing regulations
- Best practice

Corporate action problems

- Operational error
- Market inefficiencies
- Payment delays
- Client pressure
- Costs

Corporate actions risks

- People
- Processes
- Technology
- Events