



TRUSTprocessor Add-On Module Overview:

Corporate Actions

FUNCTION:

The Corporate Actions Module creates transactions for all accounts holding a particular asset to account for a stock split, spin-off or merger.

For stock splits, you specify

- the split ratio,
- date,
- transaction code
- transaction description lines

The system creates transactions to adjust the units for every tax lot held by every account. Purchase dates and book values are not changed.

For spin-offs, you specify

- the old and new asset IDs
- the number of new shares you get for each old share
- the percent of the book value to transfer to the new shares
- the date
- transaction codes for the transfer in and book value adjustments
- transaction description lines

The system creates transactions to transfer in the new shares, retaining the original purchase date with a book value calculated as a percentage of the original book value. It also creates transactions to reduce the book value of the old shares by the same amount. These two transactions are created for every tax lot held by every account.

(continued on reverse)

TRUSTprocessor Add-On Module Overview: Corporate Actions

FUNCTION continued:

For mergers, you specify

- the old and new asset IDs
- the number of new shares you get for each old share
- a cash consideration (if applicable)
- the date
- transaction codes for the transfer in/out and cash consideration
- transaction description lines

The system creates transactions to transfer in the new shares, retaining the original purchase date and original book value. It also creates transactions to transfer out the old shares. A cash consideration transaction is created if the amount entered was not zero. These transactions are created for every tax lot held by every account.

BENEFITS:

The Corporate Actions Module adds value to the core system by ...

- saving time by creating transactions needed to properly account for corporate actions.
- eliminating the opportunity for human input error by automating the transaction creation.
- providing functionality for both publicly-traded securities and private funds (such as a common fund or pooled income fund).

COMPLEMENTARY MODULES:

- Transaction Import – will need to be supplemented by this module in order to properly transfer book value and purchase date information to the new assets.
- ADP Proxy Mailing Service – provides access to a website (through Xcitek) to research corporate action information. This is especially useful for determining the percent of book value allocated to the new security for a spin-off. This service is complimentary for ADP Proxy Mailing clients who have not had a separate agreement with Xcitek within the past 12 months.