

BISX QUESTION AND ANSWERS

What is a stock split and how does it work on BISX?

1. What is a Stock split?

A stock split is a corporate action undertaken by a company where their existing shares are divided into multiple shares. That is, the amount of outstanding shares increases by a specified multiple. However, the total dollar value of the shares remains the same compared to pre-split amounts, because no real value has been added as a result of the split.

- An example of this would be ABC Company splitting their stock 2-for-1. If before this split, you owned 100 shares worth \$10 each, for a total value of \$1000 then after the transaction, you would own 200 shares worth \$5 each for a total value of \$1000.

On the Effective Split Date, your 100 shares of ABC Corporation would be retired and replaced with 200 new shares in ABC Corporation.

2. Who authorizes a Stock Split?

A company must adhere to its Memorandum and Articles of Association when authorizing a stock split. With some companies the Directors of the company are empowered to make this determination, while in other companies shareholders authorize a stock split through a majority vote at a general meeting of shareholders.

3. What are the dates to remember with Stock Splits?

There are four important dates to remember with regards to stock splits, they are:

- a. **The Announcement Date:** The date the Company discloses its intention to perform a stock-split to the public.
- b. **The Record Date:** The date determined by the Company when shareholders become entitled to receive shares pursuant to the stock split. Shareholders do not receive shares on this date.
- c. **The Trading Date (Ex-Split Date):** The date when trading will begin using the split-adjusted basis for the new stock on BISX.
- d. **The Effective Split Date:** The date the shareholder register is updated with the split-adjusted share holdings by shareowners and, thereafter, notices are mailed to shareholders advising them of their holdings.

4. What happens if I am a shareholder on the Record Date but sell my shares before the Effective Split Date?

If a shareholder is a holder of record on the record date, that shareholder is entitled to receive the new shares for the stock split. However, if this same shareholder sells their shares prior to when shares begin trading on the split adjusted basis on the Exchange, this seller will be transferring the entitlement to the additional shares to the buyer. The seller will receive full value for the shares sold and the buyer will receive the benefit of the stock split on the Effective Split Date.

5. Can I trade my entitlement to these new shares?

Currently, entitlements are not traded separately. Before the Effective Split Date the new shares do not actually exist, therefore, the entitlement to any new shares will transfer with the existing shares.

6. When does trading begin using the split-adjusted price?

Trading on BISX using the split-adjusted price will begin two trading days before the Effective Split Date, this date is referred to as the Trading Date (Ex-Split Date).

7. Why does trading begin at the split-adjusted price on the Trading Date?

Once a trade occurs on BISX there is a three day period before the delivery of money and securities takes place to settle the trade, this is referred to as the Settlement Date. Therefore, the Trading Date (Ex-Split Date) is set two days before the Effective Split Date, so that settlement after the Effective Split Date will occur using the new split-adjusted price.

- An example of this would be ABC Company splitting their stock 2-for-1 with an Effective Split Date of Friday, December 14, 2007. The Trading Date (Ex-Split Date) would be Wednesday, December 12, 2007.
- A trade that occurred on Wednesday, December 12, 2007, would not settle until Monday, December 17, 2007, which is after the Effective Split Date, therefore, settlement would need to be in accordance with the new split-adjusted price.

8. A complete example of a stock split from beginning to end:

On Thursday, November 1, 2007 ABC Corporation announces a 2-for-1 stock split.

The Company sets a record date of Friday, November 30 2007.

The Effective Split Date of the shares is set by the Company to be Friday, December 14, 2007.

On December 11 (three days before the Effective Split Date), the shares close on the Exchange at a price of \$24.50. Consequently, on December 12, the Trading Date (two days before the Effective Split Date), the shares will begin trading on BISX at a price of \$12.25.

At the end of the trading day on December 14, the shareholder register is updated to reflect the stock split entitlements that came into existence on the Record Date, inclusive of any transactions that took place in the interim prior to the Effective Split Date.

- If John Smith owned 50 shares on November 30, and sold 20 shares on December 2 leaving him with 30 shares, then at the end of trading on December 14, he will be mailed a confirmation noting that he now holds 60 shares. Which is his original 50 minus the 20 he sold, leaving him 30, which are subject to the 2-for-1 stock split?

9. What should I do if I still have more questions?

If you still have more questions about the stock split and how your holdings may be affected, you should contact the Company's Registrar and Transfer Agent (RTA). For the upcoming FOCOL stock split the Company's RTA is Colina Financial Advisors Limited (CFAL Ltd.), and they can be contacted at 242-502-7000. Additionally, investors should contact their Broker with any questions about stock splits or other securities related issues.