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# Fractional Share Processing

## Product Overview

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## Overview

Trust Company of America will expand fractional share processing beyond traditional Mutual Funds and Money Markets to now include equities and ETFs. The products that are now eligible include: Common Stock (C), ETFs (ETF), Closed-end Mutual Funds (CM), Preferred Stock (P), WHFIT ETFs (WF), and WHFIT Stock (WS).

## How to Enroll

Contact your Relationship Manager to activate the fractional shares feature. Once activated, fractional shares will automatically be applied to your models/accounts as part of the normal trading process.

## Trading Fractional Shares

- Trades will not be systematically created by an Advisor for less than 1 full share.
- The trades that are sent to the market will only be for whole shares. This means that if an Advisor processes a model or does a block trade the system may create a trade on the blotter for the entire share balance (full and fractional), however once the trade is approved only the full shares will be sent to market.

## Trading: Buy Orders

- Buy orders will be aggregated (by model) and rounded down to the nearest full lot before being submitted for execution.
- Once filled, the shares will be allocated back to the underlying client accounts, with each client receiving their portion of the fractional shares purchased.

## Trading: Sell Orders

- The total number of shares eligible for sale will appear in the Trade Blotter. However only the full shares will be sent to the market.
- The fractional shares will remain in the model/client accounts. Advisors will need to contact their Relationship Manager to trade the fractional shares out of the model.
- The Relationship Manager will work with TCA's Trade Desk to sell the fractional shares and apply the proceeds back to the impacted client accounts.
  - Example: Advisor processes a model or block trade which results in 111.234 shares appearing on the blotter. Upon approval the full shares (111.0000) would be sent to market and the fractional shares (0.234) would remain in the model/accounts. The RM would need to notify Equity Trading to sell the fractional shares from the model/accounts.
- If an Advisor wants to sell out 100% of his position and that position is for a fractional share balance only, the Advisor should contact his Relationship Manager requesting the fractional shares be sold.

## **Transferring Shares via ACATS**

Fractional shares of equities/ETFs are not currently transferable via the ACATS process. When fulfilling a full ACATS out request, TCA will transfer the full equity/ETF shares and sell the fractional holdings. The resulting proceed will be sent to the recipient firm as part of the residual sweep process.