

Glossary of Terms Associated with Securities:

Acquisition Date – the date the shares are considered acquired for cost basis purposes.

Book Entry – a system of tracking ownership of securities where no certificate is given to investors.

Brokerage Firm – is a financial institution that facilitates the buying and selling of financial securities between a buyer and a seller.

Class Description – describes the class of security held. (i.e. Class A Common Stock, Class B Common stock, etc.)

Closing Balance – the number of shares held by you as of the date noted.

Chill (Chilled) – means the Depository Trust Company (DTC) places one or more restrictions on transactions regarding a given security.

Cost Basis – the original value of an asset for tax purposes, sales, stock splits, spinoffs and return of capital distributions.

CUSIP – a unique number assigned by the securities industry for a particular security.

Custodian – is a financial institution that holds customers securities for safekeeping so as to minimize the risk of their theft or loss. A Custodian can transfer, sell, purchase, etc. on the market. A custodian holds securities and other assets in electronic or physical form.

Date of Record (Record Date) – is the cut-off date established by a company in order to determine which shareholders are eligible to receive a dividend or distribution.

Depository Trust Company (DTC) – was established in 1973 and located in New York City. It is an organized limited purpose trust company and provides safekeeping through electronic recordkeeping of securities balances.

Direct Registration System (DRS) – a service offering by the DTC which provides registered shareholders of the issuer with the option of holding their assets (shares) on the books and records of the Transfer Agent in book-entry form instead of a physical stock certificate.

Dividend – the cash payment for each share owned by you on the record date.

Dividend Reinvestment Plan -- is an arrangement offered by companies to investors wishing to receive additional shares of company stock in lieu of cash dividend payments.

Due Diligence Letter – state unclaimed property statutes require holders to conduct due diligence, generally consisting of a first-class letter sent not more than 120 days or less than 60 days before their report is filed with the state's unclaimed property division. This letter provides proper notice to the apparent owner of abandoned or unclaimed property in an attempt to reestablish the account before remitting the property to a state's unclaimed property division.

Escheat (Escheatment) – return/delivery of monies or securities to the state in which the security holder was last known to reside, when no claim by the security holder has been made after a certain period of time fixed by state law.

Ex-Dividend date – for stocks is usually set one business day before the record date. If you purchase stock on its ex-dividend date or after, you will not receive the next dividend payment.

Fees – the amount paid to have the transaction processed and/or residual funds.

Fractional Shares – is a share of equity less than one full share.

Gain/Loss – the gain or loss is the difference between the gross amount of a sale of shares and their adjusted cost basis.

Gain/Loss Type – a short term capital gain/loss results from a sale of a share lot owned for one year or less. A long term capital gain/loss results from a sale of a share lot owned longer than one year.

Gross Amount – the amount of dividends paid or cash invested or proceeds from the sale of shares before deduction of fees and taxes.

Gross Dividend – the cash dividend payable to you on shares reinvested before the deduction of fees and taxes.

Holder Account Number – your unique account number for the account where your share holdings and transactions have been recorded.

Inactive Account – is also known as a dormant account. Each business has its own set of company standards for keeping your account active. Contact the business direct for information regarding these practices.

Liquidation (sale) of Shares – your assets have been converted into cash by selling them on the open market.

Liquidating Distribution – is a type of non-dividend distribution made by a corporation or a partnership to its shareholders during its partial or complete liquidations; these are not paid solely out of the profits of the corporation.

Market Value – the total value of the shares held by you, based on the applicable stock exchange closing price as of the statement date. This is equal to the closing balance multiplied by the price per share.

Merger – is an agreement that unites two existing companies into one new company. There are several types of mergers and many reasons why companies merge.

Mutual Fund – an investment program funded by shareholders that trades in diversified holdings and is professionally managed.

Net Amount – the amount of money you invested or received after deduction of fees, taxes and residual funds.

Net Dividend Reinvested – net cash dividend applied to purchase additional shares. This equals the gross dividend less any taxes and fees deducted.

Not DRS Eligible – not all shares are DRS eligible, non-transferrable.

Opening Balance – the number of shares held by you as of the date noted.

Over the Counter – is a security traded in some context other than on a formal exchange such as the New York Stock Exchange (NYSE), Toronto Stock Exchange or the NYSE MKT, formerly known as the American Stock Exchange (AMEX).

Payment Date (pay date) – the date on which a declared stock dividend is scheduled to be paid.

Purchase Date – the date the purchase occurred or the date as defined by your company plan document.

Price per Share – the closing price, on the applicable stock exchange of the share as of the statement date OR the price paid to you for a sale OR the price paid by you for other transactions.

Record Date – date on which a shareholder must own shares in order to be entitled to a dividend.

Reportable Sales Proceeds – the number of shares multiplied by the price per share, less any sales fees. Any other fees and/or taxes have not been deducted.

Securities & Exchange Commission (SEC) – is a U.S. government agency (federal) that oversees securities transactions, activities of financial professionals and mutual fund trading to prevent fraud and intentional deception.

Security – is a fungible, negotiable financial instrument that holds some type of monetary value. It represents an ownership position in a publicly traded corporation (via stock, mutual fund, etc.), a creditor relationship with a governmental body or a corporation, or rights to ownership represented by an option.

Security holder (Holder) – means the owner of any asset/security of a person, including common stock, preferred stock, debt obligations and any other security convertible into or evidencing the right to acquire any of the foregoing.

Share – is an indivisible unit of capital, expressing the ownership relationship between the company and the shareholder.

Shareholder – is any person, company or institution that owns at least one share of a company's stock.

Share Activity – between opening and closing balance dates as noted.

Share Class Conversion – is a designation applied to a specified type of security such as common stock or mutual fund units.

Spinoff – is the creation of an independent company through the sale or distribution of new shares of an existing business or division of a parent company.

Stock Split – is a corporate action in which a company divides its existing shares into multiple shares to boost the liquidity of the shares.

Stock – is a type of security that signifies ownership in a corporation and represents a claim on part of the corporation's assets and earnings.

Stock Certificate – is a physical piece of paper representing ownership in a company.

Taxes Withheld – taxes required by any governmental agencies to be withheld, including backup withholding at the federal and state levels.

Ticker Symbol – the symbol used on the stock exchange where this stock is traded.

Total Shares – the running total of shares activity for the time frame noted.

Transaction Date – the date on which the activity occurred or the purchase date as defined by your company plan document. This date may not coincide with the actual date the shares were credited to your account.

Transaction Description or Type of Activity – describes the type of transaction that was applied to your account (Dividend Purchase, Voluntary Purchase, Sale, etc.)

Transaction Shares – the number of shares (full and fractional) purchased, sold, deposited or issued for this transaction.

Transfer Agent – is a company utilized by companies to prepare and maintain documents and records relating to shareholder accounts (i.e. securities.) They focus on buying and selling records of securities within funds.

Type of Holding – the breakdown of how you hold shares.

Worthless Securities – have a market value of **zero**. Worthless securities can include stocks or bonds that are either publicly traded or privately held.

These definitions are for informational purposes only. It is neither a legal interpretation nor a statement of Kentucky Department of Treasury policy. If you have questions concerning the meaning or application of a particular law or rule, please consult with an attorney who specializes in securities law. If you have tax questions, please contact a tax advisor. Our office cannot provide legal or tax advice.