

# Information Regarding Dividend Payments and Dividend Reinvestment Plans

*This guide is intended for participants outside of the U.S.*

## Dividend Payments

The purpose of this document is to provide information on a type of payment called a dividend, or a dividend equivalent right for certain stock plan benefits, that is distributed to shareholders by the issuer of the stock. If your company makes these types of payments for stock associated with your company's stock plan benefits, you may need to include this information when preparing taxes for your jurisdiction. This information is meant for Non-U.S. taxpayers only and should not be construed as legal, accounting, or tax advice. You should review your personal circumstances with your legal, accounting, or tax advisor. To learn more about equity compensation terms used in this document, [click here](#).

## What is a Dividend?

A dividend is a payment made by a company to its shareholders, usually out of its profits. If a company decides to make a distribution out of its earnings and profits (i.e., a dividend) to common shareholders, an amount is declared along with a payable date. Usually, this is determined quarterly after a company finalizes its income statement and the board of directors meets to review the financials.

There are four main types of dividends:

- **Ordinary dividends:** The most common type of dividend, ordinary dividends are paid in cash, most often quarterly but sometimes semi-annually or annually.
- **Stock dividends:** Companies that want to conserve their cash may pay dividends in the form of shares of stock.
- **Hybrid dividends:** These are a combination of cash and stock.
- **Special dividend:** Companies may also pay a special dividend when they have an unusually profitable quarter or year or in other unusual circumstances. This is an extra dividend of additional cash or stock beyond any regular dividend process.

*There are a number of other types of dividends beyond the four listed above that are beyond the scope of this document (e.g., dividends in-kind, scrip dividends and preferred dividends). Tax considerations may vary in respect of other dividend types.*

## **What is a dividend equivalent right?**

A dividend equivalent right is sometimes provided with respect to equity compensation granted to employees and other service providers under a company's stock compensation plan. A dividend equivalent right entitles the participant to receive credits equal to the cash or stock dividends or other distributions they would have received on shares of company stock had the shares been issued and outstanding on the dividend record date.

Dividend equivalents may be paid at the same time dividends are paid on actual shares or may be paid upon vesting, settlement, or payment of an underlying company stock award.

As it concerns stock plan benefits, dividend equivalent rights are more common with restricted stock units (RSUs), whereas dividends are more common for restricted stock awards (RSAs).

## **Who receives the dividend?**

When a company declares it will pay a dividend, the dividend is paid to anyone who is registered as an owner of the company's shares on the record date for the dividend (assuming owners hold until the ex-dividend date). In the U.S., registration is automatic and requires no special action when you purchase stock on the market or receive stock through a stock compensation plan [e.g., restricted stock awards (once granted), restricted stock units (once vested), Employee Stock Purchase Plans (after purchase), or stock options (after exercise)].

## **How are dividends paid?**

If a company declares a dividend on an equity compensation award, it can be paid through company payroll or automatically transferred to your stock plan account depending on your company election.

## Key dates to remember

Below are key dates associated with a dividend:

- **Declaration date:** The day the company announces its intention to pay a dividend.
- **Record date:** Shareholders who are registered owners of the company's stock on this date will receive the dividend. This date is determined by the company.
- **Ex-dividend date:** This date is determined by the rules of the stock exchange on which the stock is traded and reflects the issued dividend.
- **Payment date:** The date on which the dividend is actually paid to the stock owners of record. This date is determined by the company.

## What taxes does E\*TRADE from Morgan Stanley withhold on dividends?

Dividends paid by U.S. corporations are typically subject to required tax withholding before reinvestment takes place. The net dividend (after applicable taxes) is then reinvested via DRIP. If you have established eligibility for benefits under a tax treaty between your country and the U.S., the withholding tax rate will reflect the treaty rate. The tax withheld may not represent your full tax liability. If you have any questions regarding how to account for dividend payments from stock you acquired as part of your stock plan benefits, please consult your local tax advisor.

---

# DIVIDEND REINVESTMENT PLAN (DRIP)

## What is a dividend reinvestment plan (DRIP)?

Dividend reinvestment plans (DRIP) allow you to increase your investment in your company by investing dividends and return of capital payments from your company into more shares. Dividend reinvestment plans apply to virtually all cash distributions from a company's stock regardless of classification (e.g., return of capital). Interest payments and optional dividend events are not dividend reinvestment eligible.

---

# PARTICIPATION

## Who can participate in DRIP?

DRIP elections can cover dividends on company shares that are received based on participation in stock compensation plans and dividends on stock held in retail accounts. Your company determines whether DRIP is available to its participants, and if so, whether its participants are auto-enrolled by default.

---

## When and how can I enroll in DRIP?

You can enroll or unenroll in DRIP at any time; however, your election needs to be on file with E\*TRADE two (2) business days prior to the record date. You can change your election by going to the **My Account** tab within the **At Work** section of *etrade.com*, then scrolling to the bottom of the page, clicking on the **Reinvest Dividends** link under **Account Preferences** and following the instructions (see screenshot below).

Make your Dividend Election for account Stock Plan

Dividend Reinvestment Plan  
Automatically reinvest any dividends I receive in additional shares of my company's stock. The shares will be purchased at the prevailing price at market open on the dividend payable date and deposited into your brokerage account.

Deposit Dividend as Cash  
Dividends will be deposited into my brokerage account as cash.

Terms & Conditions  
By enrolling in the Dividend Reinvestment Program ("DRIP Program"), the account holder ("I, me or my") agree to the terms and conditions described below, in addition to those terms that govern my account as stated in the Customer Agreement.  
Enrollment in the DRIP Program is voluntary and makes no recommendation

I Accept the Terms & Conditions

If you would like to make dividend selections in your E\*TRADE Securities Retail Brokerage account, please use the online form [here](#).

Submit

Participants can also elect to reinvest dividends by contacting E\*TRADE through Secure Chat or by calling E\*TRADE Stock Plan Customer Service at 800-838-0908 or any of our toll-free numbers.

## Do I have to enroll for every dividend payment?

No, once the election is made, it will continue until it is changed by the account holder.

## Can I reinvest the cash from previous dividend payments?

No, the election is only for dividend payments on a go-forward basis.

# PURCHASING SHARES

## What share price applies?

The share price will be the average execution price throughout the trading day on the payment date, or if the payment date is a non-trading day, then the closing price of the prior trading day is used.

### **How will the number of shares I receive be determined?**

The number of shares is determined by dividing your cash dividends by the fair market value of the share when they are acquired through dividend reinvestment. This may include fractional shares, which may accumulate into whole shares through future dividend payments.

### **What are the fees to purchase shares?**

There are no fees to acquire shares through DRIP.

### **When will my shares be available for sale?**

Your dividend reinvestment shares will be deposited into your account and available upon settlement. This is typically one day from trade date.

### **Where will shares be deposited?**

Shares purchased under DRIP will be deposited into your linked brokerage account. Non-U.S. participants can view shares on the At Work section > Holdings tab> Other Holdings or Other Stock Plan Shares.

---

## **SELLING SHARES**

### **How do I sell shares purchased through DRIP?**

Non-U.S. participants can sell shares, including fractional shares, acquired through DRIP by contacting E\*TRADE Stock Plan Customer Service at one of our toll-free numbers or online\*.

### **Are there any restrictions on when I can sell my shares acquired through DRIP?**

Restrictions are applicable to all participants that must adhere to company-imposed restrictions, including but not limited to, blackout periods.

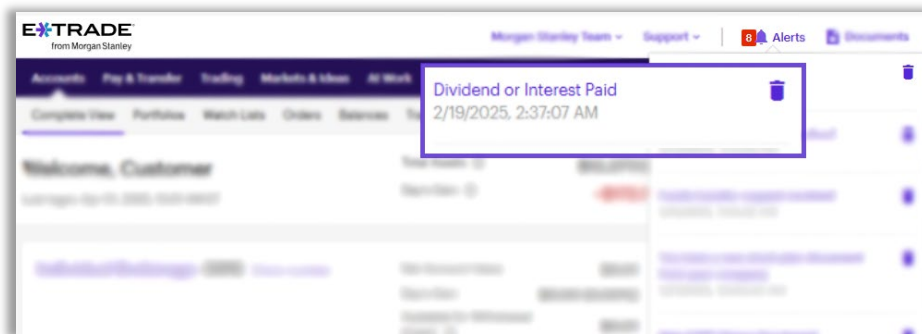
*\*Non-U.S. participants MAY be able to sell shares online if the shares have been deposited into the Other Stock Plan Shares found on the Holdings tab within the At Work section on etrade.com.*

### What are the fees to sell shares acquired through DRIP?

The standard commission for selling dividend shares can be found [on our website](#).

### Where can I find information about dividends that were received?

The details of the transaction, including any tax related information, can be found in the other holdings section of your Stock Plan account, as well as the following month's statement via the transaction ledger. Non-U.S. participants will also receive a Form 1042-S. Other holdings can be found on the Holdings tab on etrade.com (Holdings > Other Holdings). Statements and tax documents can be found in the Documents tab on etrade.com (Accounts > Documents > Documents & Statements).



*For illustrative purposes only*

### How dividends can affect cost basis

Depending on the type of dividend, the effect on its cost basis can vary. Cash dividends do not lower the cost basis of an investment, either when you actually receive cash or when you use the proceeds to purchase new shares. However, reinvested dividend distribution amounts can increase cost basis, making it important to account for such increase in your cost basis the year in which such dividend was received to avoid being taxed twice on such dividend amounts. Stock dividends usually don't have tax implications, including on basis, until you sell the shares.

## Have Questions?

Contact us 24 hours a day, weekdays, via your country's toll-free number by visiting [etrade.com/contact](https://etrade.com/contact).

Equity securities may fluctuate in response to news on companies, industries, market conditions and the general economic environment. Companies cannot assure or guarantee a certain rate of return or dividend yield; they can increase, decrease or totally eliminate their dividends without notice.

Employee stock plan solutions are offered by E\*TRADE Financial Corporate Services, Inc., Solium Capital LLC, Solium Plan Managers LLC and Morgan Stanley Smith Barney LLC ("MSSB"), which is part of Morgan Stanley at Work.

Morgan Stanley at Work services and stock plan accounts are provided by wholly owned subsidiaries of Morgan Stanley.

Morgan Stanley at Work stock plan accounts were previously referred to as Shareworks, StockPlan Connect or E\*TRADE stock plan accounts, as applicable.

In connection with stock plan solutions offered by Morgan Stanley at Work, securities products and services are offered by MSSB, Member [SIPC](#).

E\*TRADE from Morgan Stanley is a registered trademark of MSSB.

All entities are separate but affiliated subsidiaries of Morgan Stanley.

Content and services available to non-US participants may be different than those available to US participants.

The laws, regulations, and rulings addressed by the products, services, and publications offered by Morgan Stanley and its affiliates are subject to various interpretations and frequent change. Morgan Stanley and its affiliates do not warrant these products, services, and publications against different interpretations or subsequent changes of laws, regulations, and rulings. Morgan Stanley and its affiliates do not provide legal, accounting, or tax advice. Always consult your own legal, accounting, and tax advisors.

© 2026 Morgan Stanley. All rights reserved.