

Ex-Dividend Dates

When a company listed on the ASX announces a dividend, it will usually include in the announcement two dates:

The Record Date

This is the date used to determine who is entitled to a dividend. Shareholders on the register on the record date are eligible for the dividend.

The Payment Date

This is the date on which the dividend is paid to shareholders on the register on the record date. Most investors will have elected to be paid their dividend by direct credit to their bank account, so the payment goes into their account that day. Any shareholder who elects payment by cheque (if the company still allows it) will receive the cheque in the mail some days later then have to deposit the cheque in their bank account and wait for it to be cleared.

Ex-Dividend Date

Most companies do not announce the ex-dividend date. However, this is probably the most important date. The ex-dividend date is the first date on which the shares trade on the ASX without entitlement to the dividend. This is the key date if an investor is looking to buy shares with the dividend attached (called Cum-Dividend) or if a shareholder is looking to capture the dividend before selling their shareholding in the company after becoming entitled to the dividend (called Ex-Dividend).

The current rule is that ex-dividend dates are two business days before the record date.

Something important to keep in mind is that there used to be a greater delay between the ex-dividend date and the record date, but it has recently been shortened to two business days. I noticed that some companies were trading ex-dividend earlier than I expected. I had not seen the new rule announced anywhere and it took a bit of searching to find it on the ASX website. I understand that the time has been shortened as part of an ongoing world trend to faster settlement of trades as a way to reduce systemic risk. It therefore behoves us as investors to be awake to possible changes in the rules on these matters. This information is correct when I wrote this article in early 2015.

To read more of my work

Previous Articles

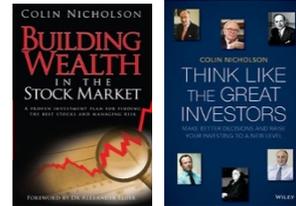
All my previous articles for the free website are now on the *Educational Articles* page on the Free Resources menu. They are now listed alphabetically by title with a brief description of their contents.

Books

I have written two books, both of which are available for purchase from the **Buy Books** menu:

BUILDING WEALTH IN THE STOCK MARKET – A proven investment plan for finding the best stocks and managing risk

THINK LIKE THE GREAT INVESTORS – Make better decisions and raise your investing to a new level



Members Website

Follow my thinking on my own investments, disclosure of my portfolio as I go, weekly market scans, weekly market charts and analysis plus many more articles about investing and analysis

I am one of the very few investors who publishes their investment results each year, which I have done since 2000 – see the Investment Returns page on the About Colin menu on the website