

THE 4 PHASES OF A CORPORATE SPIN OFF

Corporate spin offs are complex and it is important to enter into the process with a thoughtful plan. Addressing the key issues in the four phases detailed here will help ensure a smooth transition and a successful execution.

PHASE

1

PLANNING



Identify business objectives to be met by the spin off



Prepare and refine the spin off's business plan



Define the relationship the spin off company will have with the original or parent company



Set the spin off **effective date**

PHASE

2

PREPARATION

- ✓ Engage **third-party consultants** with multidisciplinary skills
- ✓ Identify key dates and tasks and **assign deadlines**
- ✓ Obtain a **legal review** of all separation documents
- ✓ Resolve any regulatory **noncompliance issues**
- ✓ Obtain federal **regulatory approvals**, if required
- ✓ Bring a **well-defined proposal** forward for board approval, if required
- ✓ Create financial **statements** and securities **notifications**
- ✓ Set **soft/final spin off** dates
- ✓ Review what records/data should be **sunset** or **retained** post-spin
- ✓ Identify systems/processes that need to be **mirrored and/or replaced** in the spin off:
Is there any duplication of services needed?

PHASE

3

EXECUTION



Go live with soft spin off, to test structure/assignments — not every spin off will have a soft spin



Confirm and sign legal documents, transfer stock, make payments



Confirm final spin off date



Submit new business filings



Sign **closing documents**



File **financial statements** and **securities notifications**

PHASE

4

POST-EXECUTION & ONGOING MANAGEMENT

- ✓ Verify the **final corporate structure** post-spin
- ✓ **Audit written documents** to ensure accuracy
- ✓ Parent company **sunsets records** it no longer needs
- ✓ Spin off makes its **data/records live**
- ✓ Verify all **spin off documents** have been filed
- ✓ Order **state-filed documents** to review accuracy
- ✓ Update/verify **Secretary of State filings/status**
business licenses and company records
- ✓ Monitor ongoing **compliance**

WHAT DRIVES THE COMPLEXITY?

NO TWO SPIN OFFS ARE THE SAME

Spin offs comprise numerous steps, often taking place in different jurisdictions and locations — this makes for a complicated process.

TIGHT DEADLINES

Documents have to be in on time or the entire process is jeopardized — navigating multiple people, departments, and organizations can be trying.

STRETCHED RESOURCES

Critical staff is drawn into the spin off process, leaving other tasks and responsibilities to potentially slip through the cracks.

For more information or help with a corporate spin off,

PLEASE CONTACT US AT

www.ctcorporation.com/corporate-spin-off

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