



## Equity Splits

If a firm thinks that the price of a single share is priced too high it may split its shares. During a share split each share outstanding is doubled or greater. This does not occur by releasing more shares from treasury or unreleased pools of shares. Shares outstanding are simply multiplied for each share. The control and ownership percentages remain the same. The ratio and occurrence of shares splits are both decided by shares. The capitalization of shares does not change from a share split. The market value is simply divided by more shares. The result is that share prices are divided by the new amount of shares. If the shares double prices before the split are halved, if tripled prices are cut to a third.