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Kyndryl – the IBM spin-off



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IBM is a household name. It seems like it has always been there – one of the titans of US business boasting a proud 110-year history.

However, with an exciting world of new social media and Fintech stocks to invest in, IBM has started to be viewed as old economy stock. Many believe that this perception has been the cause of stagnation in the performance of their stock.

Shaking this perception is what appears to be one of the driving forces behind IBM's decision to split into two publicly traded companies.

The legacy IT infrastructure services unit is now a separate company called Kyndryl (NYSE: KD). This company is responsible for providing technical support to more than 4,500 clients of the company, spread across 115 countries.

The company's cloud computing and artificial intelligence business has retained the brand and name of IBM.

What does this mean for shareholders?

With its long history and the fact that it employs so many people here in the UK, IBM has always been popular with UK investors.

Each holder of IBM common stock, as of 25 October 2021, the record date for distribution, received one share of Kyndryl common stock for every five shares of IBM common stock held.

This distribution of stock was effective as of 3 November 2021 and had no impact on the number of IBM shares held by shareholders, which remained unchanged by this distribution.

We are advised that these new Kyndryl shares have been issued into new shareholding accounts, which for now are managed by the transfer agent (equivalent to a UK share registrar) Computershare.

Even if the IBM shares were held in certificated form, all Kyndryl shares have been issued as book-entry shares,

which means that they are held electronically and no share certificates will be issued to shareholders.

How will this impact executors attending to IBM shares?

Going forward, those attending to the administration of IBM shares need to be aware that there will be a further US shareholding in Kyndryl.

Medallion Signature Guarantees will be required for each shareholding account. In addition, depending on the value, executors may be required to submit an application for US estate tax clearance to the Internal Revenue Service (IRS).

Therefore, executors dealing with IBM shares will need to analyse if any Kyndryl shares should also be included in a clearance application to the IRS.

If you require assistance in attending to the administration of IBM, Kyndryl or any North American investments or assets, please feel free to contact our [International Probate & Estates](#) team and we would be delighted to help.