



Shopify Stock Announces 10-for-1 Stock Split

Description

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) joined the latest trend of large tech companies when it announced a potential 10-for-1 stock split in the coming months.

What happened?

Shopify stock announced on Monday it would seek approval to split its shares. Shareholders of record as of June 22, 2022, will receive nine more shares on June 28, 2022. The e-commerce company saw shares rise to all-time highs of \$2,228 last year, only to lose more than half of its value in the beginning of 2022.

This led to other tech companies in a similar position to announce a stock split. Companies such as **Amazon** and **Alphabet** also announced stock splits earlier this year. The reason is simple. With shares so high, they're out of reach for many investors. By making shares more affordable, Shopify stock should be able to increase its market value once more.

So what?

It wasn't the only announcement that came with the stock split, however. Another announcement that needs approval is for a new class of "founder shares" for founder and CEO Tobi Lütke.

These shares would give Lütke 40% of total voting power attached to Shopify stock shares. However, it is not transferrable and only applies to Lütke for as long as he is working either as an executive or on the board of directors.

Now what?

Shares of Shopify stock were up 2% in pre-market trading after [falling 13% last week](#). While the stock isn't trading at 52-week lows, it remains on the low end compared to the four-digit share price it

enjoyed earlier this year.

The big question is whether or not to buy Shopify stock before or after it splits. If you look at Amazon and Alphabet, these companies saw shares rise after the announcement. Why? A split is a sign that the company is doing well in general. And that remains true for Shopify. It's merely that shares have become so high as to be quite volatile for current and potential investors. A stock split removes that volatility and allows investors to join in and remain confident about their current investment.

With shares still so low, it might be a [good time to consider](#) upping your stake in Shopify stock to retain as many shares as you can when the stock splits in June.

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