

Santa Clara
University

Certified Equity Professional Institute

Welcome
3rd Annual CEP Symposium

Keeping Pace in the Fast Lane of Equity Compensation



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GPS

Guidance - Procedures - Systems


Carol Rutlen, Project Manager



Need for Guidance

- Major changes with SOX 404 and FAS 123R
 - Substantial impact on administration and audit of stock plans
- Stock administration database
 - Manual manipulation
 - Potential for operational and compliance breakdowns
- Option backdating
 - Indication of lacking controls in the industry

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Scope of the Project

- Industry feedback reflects broad and basic need
- Time critical
- Initial project to address option grants to US employees with time-based vesting
 - Subsequent projects will expand scope
- Format
 - Identification of risk
 - Discussion and examples
 - Appropriate controls to mitigate risk

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Project Benefits

- Collaborative industry guidance
- Identification of appropriate checks and balances
- Internal and external auditors
 - Better understand stock administration function
 - Focus on relevant issues and areas of risk
- More accurate 123R expense
- Improved administrative processes

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How You Can Support the Project

- Volunteer for the Steering Committee
- Share your experiences
- Participate in public comment
- Research project of the CEPI is sponsored by Fidelity

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Thank You

Emily Cervino
Director, CEPI
ecervino@scu.edu

Carol Rutlen
Project Manager
crutlen@rutlen.com

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