

13TH ANNUAL CEP AND SILICON VALLEY NASPP SYMPOSIUM

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SANTA CLARA UNIVERSITY • CERTIFIED EQUITY PROFESSIONAL INSTITUTE • SILICON VALLEY CHAPTER-NASPP

Game Day Program Updates GPS | Global Stock Plans Revisited

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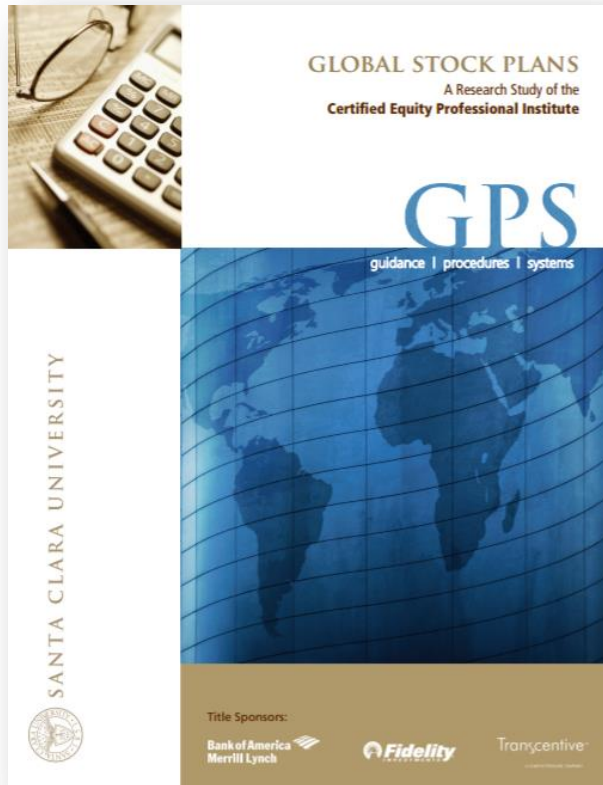
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Newly Updated!

GPS Global Stock Plans Publication



- Addresses the key concepts and challenges associated with awarding equity compensation to non-US employees of US-headquartered, publicly-traded companies
- Focuses on awards with time-based vesting such as nonqualified stock options, restricted stock, and restricted stock units



Agenda

- Step up to the Plate - Design of Plans
- Rules of the Game - Legal Issues
- Game Day - Grant Process
- Base Hit - Transactions
- Hit a Home Run - Tax & Payroll Issues
- A Ballpark Figure - Accounting
- Out of Left Field - Others
- Touch Base - Next Steps



Step Up to the Plate - Design of Plans

- US vs. Non-US Employee Characteristics
- Due Diligence
- Design Flexibility
- Team Approach



Rules of the Game - Legal Issues

- Securities Law
- Employee Trading Restrictions
- Labor Law
 - updated for age discrimination
 - works council notification vs. consultation
- Exchange Control and Foreign Ownership Limitations
- Employee Communications
- Data Privacy – updated for EU privacy changes



Game Day - Grant Process

- Grant Size
- Administration
- Legal Issues
 - Updated for use of equity side letter
- Terms of the Awards
- Award Agreements
 - Updated for global/country appendix approach
 - Manage mobile employees
 - Updated for NICs pass through
 - Updated for share issuance/sale restrictions for legal reasons
 - Subscription agreement – segregation of accounts



Game Day - Grant Process

- Employee Communications and Acceptance
 - Tax Implications
 - Electronic Acceptance
 - Part of US plan prospectus
 - Employee exchange control reporting



Base Hit - Transactions

- Stock Option – Administration
- Restricted Stock and RSU – Administration
- Internal Controls
 - Updated to reflect sale of share restrictions for securities/exchange control (e.g., China, Italy)
 - Updated to take into account trustee or bank account restrictions
- US Stock Plan Brokerage Account for Non-US Employees



Hit a Home Run - Tax and Payroll Issues

- Point of Taxability
- Administration
 - Updated to reflect an end of year reporting assessment
- Tax Withholding
 - Sell-to-Cover
 - Withhold-to-Cover
 - Updated to ensure employee consent to withholding method obtained where necessary
- Tax Reporting



Hit a Home Run - Tax and Payroll Issues

- Coordination with Payroll
- Implementation Strategy
- Dividend & Dividend Equivalents
- Mobile Employees



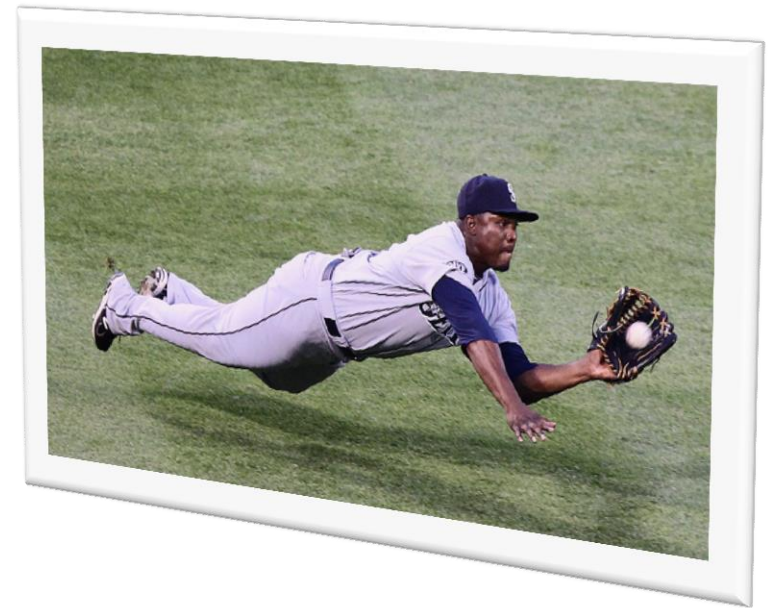
A Ballpark Figure - Accounting

- Option-Pricing Model
- Forfeiture Rate – Now Reflects ASU 2016-09
- Modifications
- Tax Accounting
- IFRS 2



Out of Left Field - Others

- Corporate Tax Deductions
- Changes to the Equity Plan



Touch Base - Next Steps

- Implementing a Plan
- Maintaining a Plan
- Resources – How to Keep on Top of Changes
 - Legal
 - Tax
 - Qualified Awards



Questions



Thank you!

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