



news on share based rewards international share plans

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International share plans

More and more companies, private as well as quoted, are extending their share plans internationally. However, it can be a complex procedure, and many issues will need to be taken into account.

- Tax advantages in one jurisdiction will not exist in other jurisdictions
- There are strict regulations governing share plans in many territories, e.g. the requirement to issue a prospectus, shareholder permissions
- There may be a need to increase or reduce the level or type of award to correspond with local expectations.

A number of facts should be established before any company makes a decision about an international share plan, and before starting on the complex design stage of a particular share plan.

Information on participants and existing remuneration arrangements

- Who are the participants – employees, freelancers?
- How many participants are there likely to be?
- What jurisdictions do participants work in?
- Are the participants familiar with share plans?
- Are participants full-time or part-time?
- How often do employees transfer between jurisdictions?
- How much do salaries and benefits differ between territories?

Information on company/group

- Where are, if at all, group companies listed?
- What types of shares are available?
- Is the group identity global or regional?
- Who are the companies' major competitors?
- What are the competitors doing in terms of equity incentives and other rewards and remuneration?
- What HR, payroll and data processing resources are available in each territory?

- How independent are group companies?
- Do employees have access to electronic communication systems?

Information on proposed plan

- What is the purpose of the plan? E.g. ownership, participation, recruitment, retention or motivation?
- What are the proposed levels of benefit in relation to existing remuneration?
- Does the company want short, medium or long-term results?
- Will the plan involve discounts to market value?
- Are there any particular local requirements or concerns about equity incentives (e.g. recent local adverse publicity)?
- What shareholders' permissions exist?

Global Reward Plan Group

Equity Incentives has direct experience of extending share plans overseas for both UK public and private companies and of assisting overseas companies to provide equity incentives to UK and other European personnel. We do this through the Global Reward Plan Group (GRPG), an established network of law firms which provides a co-ordinated specialist global advice service on all legal and tax aspects of establishing and maintaining global and regional reward plans. For further information please contact: Graeme Nuttall, European Regional Co-ordinator for the Global Reward Plan Group Tel: +44 (0) 20 7861 4717; E-mail: gjn@ffwlaw.com.

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