



EQUITY
INCENTIVES
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Designing international share plans

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Designing international share plans

Introduction

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, consultants?
- 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? Is it 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 for share plans)?
- What shareholders' permissions exist?



Who are we?

Equity Incentives has substantial experience in all aspects of employee benefits, including equity incentives. As a member of the HM Treasury advisory group, our managing director, Graeme Nuttall, helped HM Revenue and Customs develop and introduce the tax advantaged share incentive plan (or SIP) and the enterprise management incentives arrangement. He

also drafted the Employees' Share Schemes Bill, a successful private member's bill enacted as The Employees Share Schemes Act 2002 that increased the tax effectiveness and democracy of SIPs.

Through the European Legal Alliance and other strategic relationships, we advise on implementing share plans in Europe and worldwide.

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A list of the names of the directors and their professional qualifications is open to inspection at the registered office.

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