



**EQUITY  
INCENTIVES  
LIMITED**

# Enterprise management incentives (EMI)

Appendix: qualifying trades

September 2003

# Appendix

## Excluded activities for EMI purposes

The following activities are excluded activities. A company which includes these as a substantial part of its trade (substantial can be taken as comprising 20% or more of the trade) would be a non-qualifying company:

- dealing in land, in commodities or futures, or in shares, securities or other financial instruments
- dealing in goods otherwise than in the course of an ordinary trade of wholesale or retail distribution
- banking, insurance, money lending, debt factoring, hire-purchase financing or other financial activities
- (most) leasing activities or receiving royalties or licence fees provided that if, in broad terms, the royalty/licence fee relates to a relevant intangible asset created by the trading company or the parent company or a qualifying subsidiary of the company; the company will not be disqualified simply by reason of receiving such income
- providing legal or accountancy services
- property development
- farming or market gardening
- holding, managing or occupying woodlands, any other forestry activities or timber production
- operating or managing hotels or comparable establishments, or managing property used as a hotel or comparable establishment
- operating or managing nursing homes or residential care homes, or managing property used as a nursing home or residential care home.

In addition to the main excluded activities:

- R&D counts as carrying on a qualifying trade if a qualifying trade will derive from it, but preparing to carry on R&D does not count as preparing to carry on a qualifying trade
- the provision of facilities for another business which carries on a non-qualifying trade can be an excluded activity.

## Who are we?

Equity Incentives has substantial experience in all aspects of employee benefits, including equity incentives. The Managing Director, Graeme Nuttall, is a member of the HM Treasury advisory group which helped the Inland Revenue introduce EMI and the Share Incentive Plan. He drafted a private member's Bill which was enacted as the Employee Share Schemes Act 2002. Through membership of the **Global reward plan group** we implement international share schemes.

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**This document is intended as a general guide on complex subjects. It is not intended as a comprehensive review. It should not be relied upon as a substitute for advice in a particular circumstance.**

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