



GUIDE TO GOING GLOBAL GLOBAL EQUITY STOCK OPTIONS

2015





GUIDE TO GOING GLOBAL

GLOBAL EQUITY STOCK OPTIONS

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GUIDE TO GOING GLOBAL GLOBAL EQUITY STOCK OPTIONS

INTRODUCTION

Welcome to the updated edition of DLA Piper's *Guide to Going Global – Global Equity, Stock Options*

GUIDE TO GOING GLOBAL SERIES

Many companies today aim to scale their businesses globally and into multiple countries simultaneously. In order to help clients meet this challenge, we have created a handy set of global guides that cover the basics companies need to know. The *Guide to Going Global* series reviews business-relevant corporate, employment, intellectual property and technology, and tax laws in key jurisdictions around the world.

STOCK OPTIONS

Our philosophy for providing services to our clients can best be described as a partnership. We strive to provide our clients with a solutions-oriented approach to address their current and future legal needs. Specifically, we analyze each project from a risk and cost-benefit standpoint. We also advise our clients of current best practices and keep them apprised of any legal, cultural, and business changes that may affect their programs. We hope that you find the information in this guide useful for the implementation of your company's equity compensation programs. In preparing the guide, we have made several assumptions about the stock awards that may or may not be applicable to your company. The assumptions include: (i) the local entity is a wholly-owned subsidiary of the issuing company; and (ii) the participants are employees of the local entity or the issuing company.

In addition, you should be aware that the information provided in the guide is presented in a general format and is not a comprehensive summary of all the tax and regulatory issues that may be applicable to your company's specific circumstances (i.e., plan design, corporate governance, tax practices and administration). Furthermore, the laws and regulations applicable to stock awards are constantly changing. These changes may not be incorporated into this version of the guide. With these factors in mind, it is important that you do not consider this guide to be legal advice and do not rely solely on the information provided when implementing an equity award plan abroad. We would be pleased to help you review all pertinent information and can assist you in developing a comprehensive strategy to offer an equity award plan globally.

We hope that you find this guide valuable and we welcome your feedback.

This publication is provided to you as a courtesy, and it does not establish a client relationship between DLA Piper and you, or any other person or entity that receives it.

This is a general reference document and should not be relied upon as legal advice. The application and effect of any law or regulation upon a particular situation can vary depending upon the specific facts and circumstances, and so you should consult with a lawyer regarding the impact of any of these regimes in any particular instance.

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ARGENTINA

SECURITIES

As long as: (i) the offer is not advertised or publicized; (ii) the stock is not traded in Argentina; (iii) the offer is limited to employees; and (iv) the offer is intended to compensate employees and not to raise capital, no securities law requirements apply.

FOREIGN EXCHANGE

The outbound flow of funds for the purchase of shares is prohibited by the Central Bank.

For inbound funds, if an employee repatriates more than a designated amount from the sale of foreign shares to Argentina, a percentage of such funds must be placed in a non-interest-bearing account for a fixed period of time.

TAX

EMPLOYEE

The employee is taxed on the spread upon exercise (including personal assets tax, if applicable).

The employee is not subject to tax when the shares are sold.

EMPLOYER

WITHHOLDING & REPORTING: Tax withholding and reporting are required upon exercise.

DEDUCTION: Although an Argentine subsidiary's reimbursement of the parent company for the cost of the option benefits (e.g., the spread) may enable the subsidiary to deduct such cost from its income taxes, any such reimbursement is prohibited due to foreign exchange restrictions. Reimbursement also may implicate certain labor law issues.

SOCIAL INSURANCE

Social insurance contributions are generally payable by the employee and employer when an option is exercised.

DATA PROTECTION

Obtaining an employee's written consent for the processing and transfer of his or her personal data is the most common approach to comply with certain aspects of data protection requirements. The employer is also required to register any database that includes an employee's personal data with the Argentine privacy authorities.

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NETHERLANDS

NEW ZEALAND

NORWAY

PHILIPPINES

POLAND

PORTUGAL

RUSSIA

SAUDI ARABIA

SINGAPORE

SLOVAK REPUBLIC

SOUTH AFRICA

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LABOR

Benefits received from an option may be considered part of the employment relationship and included in a severance payment if options are repeatedly granted to an employee. Upon involuntary termination of employment, an employee may be entitled to continued vesting and other rights with respect to his or her option. In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment, and that the plan and any awards under it are discretionary.

COMMUNICATIONS

Although plan materials are not required to be translated into Spanish, translation is required for any government filings and is recommended to ensure that employees understand the terms of their awards. Award materials should be addressed to individual employees in order to avoid securities law requirements.



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AUSTRALIA

SECURITIES

The grant of stock options may trigger registration and disclosure requirements unless an exemption applies or specific relief is obtained.

FOREIGN EXCHANGE

Aside from reporting requirements applicable to transfers in excess of AU\$10,000, there generally are no foreign exchange control requirements applicable to options.

TAX

EMPLOYEE

Generally, an employee is taxed on the spread upon exercise.

However, the specific terms of an option may cause it to be a “qualifying right,” which enables an employee to obtain preferential tax treatment by electing to accelerate taxation upon grant.

Options are generally subject to tax at grant unless subject to real risk of forfeiture (e.g., vesting conditions), in which case the options are taxed upon earlier of vesting, termination of employment or seven years from grant.

New tax rules apply to stock options granted after July 1, 2015 such that generally, an employee is taxed on the spread upon exercise. However, earlier taxation may apply in the case of termination of employment.

Also, beneficial tax treatment will be available for “start-up” companies meeting certain requirements including group assets of less than A\$50m).

Upon sale, only 50 percent of the capital gain is taxed if the shares are held for at least 12 months.

EMPLOYER

WITHHOLDING & REPORTING: Tax withholding is not required unless employee does not provide employee tax identification number.

The employer is required to report income received by an employee from an option and the employee is required to report such income on his or her annual tax return. Option benefits received by employees in some Australian states may be included in the determination of employer payroll tax.

DEDUCTION: Reimbursement of the parent company for the cost of the option benefits (e.g., the spread), pursuant to a written agreement, should enable the subsidiary to deduct such cost from its income taxes.



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SOCIAL INSURANCE

A Medicare tax is payable when an option is taxed. An additional surcharge also may be imposed.

DATA PROTECTION

Obtaining an employee's written consent for the processing and transfer of his or her personal data is the most common approach to comply with certain aspects of data protection requirements. The employer is required to ensure that an employee's tax identification and other personal data are used only in the manner agreed upon in writing by the employee.

LABOR

Upon involuntary termination of employment, an employee may be entitled to continued vesting and other rights with respect to his or her option. In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment, and that the plan and any awards under it are discretionary.

COMMUNICATIONS

TRANSLATION: There are no translation requirements. Any filing with the government must be in English.

ELECTRONIC COMMUNICATION: It may be permissible to execute award agreements electronically.



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AUSTRIA

SECURITIES

The EU Prospectus Directive has been implemented into Austrian law. Even if options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (e.g., the 150-person exemption).

FOREIGN EXCHANGE

Reporting to the Austrian National Bank is required under certain circumstances.

TAX

EMPLOYEE

The employee is taxed on the spread upon exercise.

Shares acquired before January 1, 2011: shares held more than 12 months generally are not taxable; shares held less than 12 months are taxable upon sale.

Shares acquired on or after January 1, 2011: shares are taxable upon sale.

EMPLOYER

WITHHOLDING & REPORTING: Tax withholding and reporting are required upon exercise.

DEDUCTION: Reimbursement of the parent company for the cost of the benefit (e.g., the spread) pursuant to a written reimbursement agreement should enable the subsidiary to deduct such cost from its income taxes.

TAX-FAVORED

Preferential tax treatment may apply if certain requirements are satisfied.

SOCIAL INSURANCE

Social insurance contributions are payable on the spread and are subject to a cap. Withholding is required.

DATA PROTECTION

Obtaining an employee's written consent for the processing and transfer of his or her personal data is the most common approach to comply with certain aspects of data protection requirements. The employer is also required to register any database that includes an employee's personal data with the Austrian privacy authorities. The transfer of personal data outside the EU requires employee consent, as well as prior notice and registration with the Austrian Data Protection Register.



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LABOR

Benefits received from an option may be considered part of the employment relationship and included in a severance payment if options are regularly granted to an employee. Upon involuntary termination of employment, an employee may be entitled to continued vesting and other rights with respect to his or her option. In order to reduce the risk of claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment, and that the plan and any awards under it are discretionary. In addition, anti-discrimination rules need to be considered when awarding options.

If the Austrian employer has a works council, prior notice should be given before an offer is made.

COMMUNICATIONS

Although plan materials are not required to be translated, translation is required for any government filing and is recommended to ensure that employees understand the terms of their awards.



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BELGIUM

SECURITIES

The EU Prospectus Directive has been implemented into Belgian law. Even if options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (e.g., the 150-person exemption).

FOREIGN EXCHANGE

Options are not subject to any foreign exchange restrictions.

TAX

EMPLOYEE

The value of the option on the “offer” date (i.e., the date that the employee received written materials concerning the option) is subject to tax. If the employee accepts the option in writing within 60 days of the offer date, the option will be recognized and taxed on the 60th day after the offer date. If, however, the employee does not accept the option within 60 days of the offer date, the option will be considered an offer to purchase company stock at a discount – and subject to tax at exercise.

The shares are not taxed upon sale.

EMPLOYER

WITHHOLDING & REPORTING: Generally, withholding requirements apply if: (i) the parent company is reimbursed by the subsidiary for the cost of the option benefits; or (ii) the subsidiary is involved with the delivery of the option or underlying shares.

Reporting is required for options accepted within 60 days of the offer date or if the withholding obligations are triggered.

DEDUCTION: In situations where the subsidiary reimburses the parent company for the cost of the option benefits, a deduction is allowed. A written reimbursement agreement is recommended. Reimbursement may result in income tax and social insurance withholding.

SOCIAL INSURANCE

Generally, the spread is not subject to social insurance contributions.



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DATA PROTECTION

Obtaining an employee's written consent for the processing and transfer of his or her personal data is the most common approach to comply with certain aspects of data protection requirements. The employer is also required to register any database that includes an employee's personal data with the Belgian privacy authorities. The transfer of personal data outside the EU requires employee consent, as well as prior notice and registration with the Belgian Privacy Commission.

LABOR

In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment, and that the plan and any awards under it are discretionary. In addition, anti-discrimination rules need to be considered when awarding options.

COMMUNICATIONS

TRANSLATION: Although it is not legally required, employee communications should be provided in the local language: French for the Walloon region, Dutch for the Flemish region, and French or Dutch for the Brussels region. Any filing with the government may be required in French or Dutch.

ELECTRONIC COMMUNICATION: In some circumstances, it may be acceptable for award agreements to be electronically executed.



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BRAZIL

SECURITIES

The grant of options generally is not subject to securities law requirements.

FOREIGN EXCHANGE

Subject to certain foreign exchange requirements, employees may exercise options by sending funds abroad.

TAX

EMPLOYEE

Generally, the employee is taxed when the shares are sold.

Proceeds from the sale of shares that exceed a monthly exclusion are taxed as a capital gain.

EMPLOYER

WITHHOLDING & REPORTING: Tax withholding and reporting by the employer generally are not required.

DEDUCTION: If options are offered to all employees in Brazil and the subsidiary reimburses the parent company for the cost of option benefits, the subsidiary should be able to deduct such cost from its income taxes. However, reimbursement requires prior foreign exchange approval and could cause options to be deemed employment income subject to social insurance contributions.

SOCIAL INSURANCE

Although options generally are not subject to social insurance contributions, regularly granting options or reimbursement of option costs could result in the options being deemed employment income subject to such contributions.


DATA PROTECTION

Obtaining employee consent for the processing and transfer of personal data is recommended.



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LABOR

Benefits received from an option may be considered part of the employment relationship and included in a severance payment if such benefits are regularly offered. Upon involuntary termination of employment, an employee may assert that he or she is entitled to continued vesting and other rights with respect to his or her option. In order to reduce the risk of claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment, and that the plan and any awards under it are discretionary.

COMMUNICATIONS

Although plan materials are not required to be translated, translation is required for any government filing and is recommended to ensure that employees understand the terms of their awards.



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CANADA

SECURITIES

In most instances, there should be no federal securities restrictions applicable to the offer of stock options due to applicable exemptions. However, provincial requirements apply in certain circumstances.

FOREIGN EXCHANGE

Options generally are not subject to any foreign exchange requirements.

TAX

EMPLOYEE

The employee is taxed on the spread upon exercise. 50 percent of the spread may be deducted from the taxable amount if certain requirements are met.

Upon the sale of shares, generally only 50 percent of any gain is taxable.

EMPLOYER

WITHHOLDING & REPORTING: Generally withholding and reporting are required.

DEDUCTION: Even if the subsidiary reimburses the parent company for the cost of the option benefits (e.g., the spread) pursuant to a written reimbursement agreement, it is unable to deduct such cost from its income taxes.

SOCIAL INSURANCE

Generally, social insurance contributions, which are based on an employee's compensation and are subject to a cap, are payable on the spread when an option is exercised.


DATA PROTECTION

Obtaining an employee's written consent for the processing and transfer of his or her personal data is the most common approach to comply with certain aspects of data privacy requirements. Additional provincial compliance measures may be necessary.



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LABOR

Offering stock options may trigger certain employer obligations and employee claims. For instance, benefits received from an option may be considered part of the employment relationship and included in the calculation of a severance payment. Upon involuntary termination of employment, an employee may assert that he or she is entitled to continued vesting and other rights with respect to his or her option. In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment, and that the plan and any awards under it are discretionary.

COMMUNICATIONS


TRANSLATION: Unless an employee in Quebec waives his or her right to receive plan materials in French, such materials must be translated into French.

ELECTRONIC COMMUNICATION: It should be feasible for an employee to execute his or her award agreement electronically.



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CHILE

SECURITIES

As long as the offer of options constitutes a private offer, generally no affirmative securities law requirements are implicated.

FOREIGN EXCHANGE

Any investment in excess of US\$10,000 by a Chilean resident in shares of a foreign company is subject to reporting requirements. For cumulative investments in excess of US\$5,000,000, additional reporting requirements apply.

TAX

EMPLOYEE

The employee generally is taxed on the spread upon exercise.

Any gain upon the sale of shares is also subject to tax.

EMPLOYER

WITHHOLDING & REPORTING: If the subsidiary deducts the cost of the option benefits, withholding and reporting are required.

DEDUCTION: Reimbursement of the parent company for the cost of the option benefits (e.g., the spread) and inclusion of such benefits in the employee's compensation should enable the subsidiary to deduct such cost from its income taxes. Reimbursement will trigger employer tax withholding.

SOCIAL INSURANCE

Generally, the spread is subject to social insurance contributions, subject to applicable contribution ceilings.


DATA PROTECTION

Obtaining employee consent for the processing and transfer of personal data is recommended. Such consent should be in Spanish.



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LABOR

Offering stock options may trigger certain employer obligations and employee claims. For instance, benefits received from an option may be considered part of the employment relationship and included in a severance payment if such benefits are routinely offered. Upon involuntary termination of employment, an employee may assert that he or she is entitled to continued vesting and other rights with respect to his or her option. In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment, and that the plan and any awards under it are discretionary.

COMMUNICATIONS

The Labor Authority has asserted that plan materials should be translated; however, translation is not legally required. Government filings and any employee consent authorizing the cross-border transfer of personal data must be in Spanish.



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CHINA

SECURITIES

Approval from the China Securities Regulatory Commission (“CSRC”) for the offer of stock awards technically is required. However, the CSRC has informally stated that the offer of options is not subject to securities law requirements. Since the CSRC’s guidance is informal and non-binding, a company offering stock options should nonetheless consider measures to reduce the risk (e.g., mandate cashless exercise) in the event such an offer is deemed subject to CSRC approval.

FOREIGN EXCHANGE

Approval from the State Administration of Foreign Exchange (“SAFE”) generally is required for foreign currency transactions. As part of this approval, the parent company or subsidiary may be required to open a foreign exchange account with an approved Chinese bank to process the receipt and transfer of funds related to the stock awards. Periodic reporting requirements apply. The applicable SAFE requirements vary by region and are subject to change.

TAX

EMPLOYEE

The employee is taxed on the spread at exercise.

Capital gains tax is imposed upon the proceeds from the sale of shares.

EMPLOYER

WITHHOLDING & REPORTING: Withholding and reporting are required on the spread upon exercise.

DEDUCTION: In principle, the option benefits should be deductible from the subsidiary’s income taxes based on reimbursement of the parent company for the cost of the option benefits. However, exchange control approvals generally are required.

TAX-FAVORED

Generally, a public company that offers stock options is required to submit applicable documents translated into Chinese to its local tax authorities in accordance with the requirements of Circular 35, which permits employees to enjoy favorable tax treatment in connection with their options. The documents that must be submitted vary by region, but typically include: the plan, award agreement, grant notice, exercise notice and exercise adjustment notice. In some provinces, private companies are not subject to the document submission requirements.

SOCIAL INSURANCE

Social insurance contributions may be imposed on the spread.



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DATA PROTECTION

Obtaining employee consent for the processing and transfer of personal data is recommended.

LABOR

The payment of wages is restricted to cash and employers are prohibited from paying wages in the form of negotiable securities. Provided that options are not characterized as wages, this restriction should not be problematic. In addition to the concern about wages, benefits received from an option may be considered part of the employment relationship and may be included in a severance payment. Recent labor legislation may provide employees with greater rights to option benefits. In order to reduce the risk of entitlement claims, the award agreement signed by an employee should provide, among other things, that the award of an option is not employment compensation, that vesting of an option ceases upon termination of employment and that the plan and any awards under it are discretionary.

COMMUNICATIONS

Any filing with the government must be translated.



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CZECH REPUBLIC

SECURITIES

The EU Prospectus Directive has been implemented into Czech law. Even if options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (e.g., the 150-person exemption).

FOREIGN EXCHANGE

Any sale proceeds must be repatriated. With approval, the employee may hold the funds abroad. Residents must notify the Czech National Bank no later than 15 days following the opening of an offshore account. A report disclosing the account balance must be filed by January 31 of each year. The Czech National Bank must be notified when a resident receives or sells shares in a foreign entity if the transaction is not executed by a licensed broker.

TAX

EMPLOYEE

The spread is taxable upon exercise.

Upon the sale of shares, the gain is taxable except under certain circumstances.

EMPLOYER

WITHHOLDING & REPORTING: If the subsidiary deducts the cost of the option benefits (e.g., the spread), withholding and reporting are required.

DEDUCTION: A tax deduction is allowed if the subsidiary reimburses the parent company for the cost of the option benefits.

SOCIAL INSURANCE

Social security and health insurance tax generally is not imposed, provided that: (i) the Czech employer is not responsible for the cost of the plan (i.e., there are no reimbursement of costs); and (ii) the shares of the Czech employer are not included in the plan.

DATA PROTECTION

Written consent from the employee is required to process and transfer personal data. Before the employer can process or transfer the employees' personal information, registration with and approval from the authorities are required.



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LABOR

Option benefits may be considered part of the employment relationship and included in a severance payment if options are repeatedly granted to an employee. In order to reduce the risk of employee entitlement claims, the award agreement signed by an employee should provide, among other things, that the award of an option is not employment compensation, that vesting of an option ceases upon termination of employment, and that the plan and any awards under it are discretionary.

COMMUNICATIONS

Although not required, translation of documents is recommended. Any filing with the government is required to be translated.



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DENMARK

SECURITIES

The EU Prospectus Directive has been implemented into Danish law. Even if options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (e.g., the 150-person exemption).

FOREIGN EXCHANGE

The tax authorities must be notified by residents of foreign exchange transactions and foreign accounts.

TAX

EMPLOYEE

The spread is taxable upon exercise.

Any gain from the sale of shares is subject to tax.

EMPLOYER

WITHHOLDING & REPORTING: Reporting is required. There are no withholding requirements.

DEDUCTION: A local tax deduction is allowed if the subsidiary reimburses the parent company for the cost of the option plan and treasury shares are issued.

SOCIAL INSURANCE

The spread is subject to social insurance upon exercise.

DATA PROTECTION

Obtaining employee consent for the processing and transfer of personal data is recommended.



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LABOR

Under local law, an employee has unwaivable rights to options (whether vested or unvested) in the event that his or her employment is terminated by the company, except in the case of misconduct. In addition, employees may have a right to any options awarded to similar employees in the same tax year following the termination. Employers must provide employees with a translated summary of their rights concerning options. In addition, anti-discrimination rules need to be considered when awarding options.

COMMUNICATIONS

Employers must provide a summary of the employee's rights under the 2004 Stock Option Act. Government filings must be translated.



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ECUADOR

SECURITIES

Options generally are not subject to any securities restrictions.

FOREIGN EXCHANGE

Options generally are not subject to any foreign exchange restrictions.

TAX

EMPLOYEE

The spread is taxable at exercise.

The gain from the sale of shares is taxable.

EMPLOYER

WITHHOLDING & REPORTING: In the event an employee pays the exercise price from within Ecuador, withholding is required.

DEDUCTION: A local tax deduction may be allowed if the subsidiary reimburses the parent company for the cost of the option benefits.

SOCIAL INSURANCE

The spread is not subject to social insurance contributions.

DATA PROTECTION

Obtaining employee consent is recommended for the processing and transfer of personal data.



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LABOR

Although it is not common, option benefits may be considered part of the employment relationship and may be included in a severance payment if options are repeatedly granted to an employee. In order to reduce the risk of claims, the award agreement signed by an employee should provide, among other things, that the award of an option is not employment compensation, that vesting of an option ceases upon termination of employment and that the plan and any awards under it are discretionary.

COMMUNICATIONS

Although not required, translation of the plan documents is recommended. Any filings with the government are required to be translated.



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EGYPT

SECURITIES

In order to avoid securities law requirements, the subsidiary should not administer the option plan and the underlying shares must not be listed on the Cairo or Alexandria Stock Exchanges.

FOREIGN EXCHANGE

An Egyptian bank must handle any transfer of funds.

TAX

EMPLOYEE

If the parent company is reimbursed by the subsidiary for the cost of the option benefits, an employee generally is taxed on the spread at exercise. If there is no reimbursement, any tax on the spread generally is deferred until the shares are sold.

Upon the sale of shares, any gain is also subject to tax.

EMPLOYER

WITHHOLDING & REPORTING: Withholding and reporting requirements generally apply.

DEDUCTION: It is uncertain whether the subsidiary may claim a local tax deduction.

SOCIAL INSURANCE

The spread is not subject to social insurance obligations.

DATA PROTECTION

Employers are advised to make disclosures to employees about processing personal data. Obtaining employee consent is recommended for the processing and transfer of personal data.



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LABOR

Although it is not common, option benefits may be considered part of the employment relationship and may be included in a severance payment if options are repeatedly granted to an employee. In order to reduce the risk of employee entitlement claims, the award agreement signed by an employee should provide, among other things, that the award of an option is not employment compensation, that vesting of an option ceases upon termination of employment and that the plan and any awards under it are discretionary.

COMMUNICATIONS

Although not required, it is recommended that plan documents be translated. Any filings with the government are required to be translated.



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FINLAND

SECURITIES

The EU Prospectus Directive has been implemented into Finnish law. Even if options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (e.g., the 150-person exemption).

FOREIGN EXCHANGE

Options are not subject to any foreign exchange restrictions.

TAX

EMPLOYEE

The spread is taxable at exercise.

The gain from the sale of shares is subject to tax. Underlying shares may be subject to a wealth tax.

EMPLOYER

WITHHOLDING & REPORTING: Withholding and reporting requirements apply.

DEDUCTION: An employer may be able to claim a tax deduction for the cost of option benefits if it reimburses the parent company pursuant to a written agreement.

SOCIAL INSURANCE

The spread is subject to health insurance premiums.


DATA PROTECTION

In order to comply with certain aspects of the data protection requirements, obtaining consent for the processing and transfer of personal data is recommended.



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LABOR

Option benefits may be considered part of the employment relationship and may be included in a severance payment if options are repeatedly granted to an employee. For instance, in recent cases concerning unlawful termination, Finnish courts have ruled in favor of employees to include the value of option awards in damages. In order to reduce the risk of employee entitlement claims, the award agreement signed by an employee should provide, among other things, that the award of an option is not employment compensation, that vesting of an option ceases upon termination of employment and that the plan and any awards under it are discretionary. In addition, anti-discrimination rules need to be considered when awarding options.

COMMUNICATIONS

Although not required, translation of plan documents is recommended.



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FRANCE

SECURITIES

The EU Prospectus Directive has been implemented into French law. As a general rule, non-transferable options are not considered transferable securities subject to the Prospectus Directive. Even if options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (e.g., the 150-person exemption).

FOREIGN EXCHANGE

Under certain circumstances, employees must declare the transfer of currency to or from France.

TAX

EMPLOYEE

The spread on non-tax-favored options generally is taxable upon exercise.

The gain received when the shares are sold is taxable and is subject to exemptions based upon other gains for the tax year.

EMPLOYER

WITHHOLDING & REPORTING: Reporting requirements apply. Tax-favored options are subject to additional reporting requirements. Although social insurance is subject to withholding requirements, income tax is not.

DEDUCTION: An employer may be able to claim a tax deduction for the cost of option benefits if it reimburses the parent company and the parent company uses treasury shares. The deduction is limited to the difference between the exercise price paid and the purchase price paid by the company to reacquire the shares.

TAX-FAVORED

A tax-favored program through which the taxable event is deferred until the sale of the shares and the tax rates are reduced is available. The tax-favored program requires specific modifications to the stock plan, including exercise price restrictions, closed grant periods, and a four-year shareholding requirement.

SOCIAL INSURANCE

The spread on non-tax-favored options is subject to uncapped social insurance contributions.



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DATA PROTECTION

Obtaining employee consent for the processing and transfer of personal data is recommended. Employers are also advised to make disclosures to employees about data processing activities. The Commission Nationale de L'Informatique et des Libertés (“CNIL”) must be notified of any databases that include employees’ personal information.

LABOR

Option benefits may be considered part of the employment relationship and may be included in a severance payment if options are repeatedly granted to an employee. For instance, in recent cases concerning unlawful termination, Finnish courts have ruled in favor of employees to include the value of option awards in damages. In order to reduce the risk of employee entitlement claims, the award agreement signed by an employee should provide, among other things, that the award of an option is not employment compensation, that vesting of an option ceases upon termination of employment, and that the plan and any awards under it are discretionary. In addition, anti-discrimination rules need to be considered when awarding options.

COMMUNICATIONS


TRANSLATION: Translation is recommended. Any filings with the government are required to be translated.

ELECTRONIC COMMUNICATION: It should be valid for an employee to execute the award agreement electronically.



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GERMANY

SECURITIES

The EU Prospectus Directive has been implemented into German law. Generally, options are considered transferable securities. Accordingly, unless an offer of options is otherwise exempt (e.g., the 150-person exemption), a prospectus is required.

FOREIGN EXCHANGE

Reporting may be required for certain bank transactions.

TAX

EMPLOYEE

The spread is taxable at exercise subject to a possible exemption.

The sale of shares is subject to tax unless acquired before January 1, 2009 and other conditions are met.

EMPLOYER

WITHHOLDING & REPORTING: Withholding and reporting requirements apply.

DEDUCTION: Reimbursement of the parent company for the cost of the benefit (e.g., the spread) pursuant to a written agreement should enable the subsidiary to deduct such cost from its income tax.

SOCIAL INSURANCE

The spread is subject to social insurance obligations, up to a cap.

DATA PROTECTION

Obtaining employee consent for the processing and transfer of personal data is recommended. The consent must be easily discernible in appearance (e.g., in an alternate font or typeface) if it is given in conjunction with other declarations. Employers are required to register their databases.


LABOR

Option benefits may be considered part of the employment relationship and may be included in a severance payment if options are regularly granted to an employee. In order to reduce the risk of employee entitlement claims, the award agreement signed by an employee should provide,



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GLOBAL EQUITY STOCK OPTIONS

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among other things, that the award of an option is not employment compensation, that vesting of an option ceases upon termination of employment, and that the plan and any awards under it are discretionary. If one exists, the German works council should be notified in advance of the offering's terms and conditions. In addition, anti-discrimination rules need to be considered when awarding stock options.

COMMUNICATIONS


TRANSLATION: Although not required, it is recommended that documents regarding option plans be translated. Any filings with the government are required to be translated.

ELECTRONIC COMMUNICATION: It should be valid for an employee to execute the award agreement electronically.



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GREECE

SECURITIES

The EU Prospectus Directive has been implemented into Greek law. Even if options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (e.g., the 150-person exemption).

FOREIGN EXCHANGE

Reporting may be required in connection with foreign exchange transactions.

TAX

EMPLOYEE

The spread is taxable upon exercise.

Tax is imposed upon sale.

EMPLOYER

WITHHOLDING & REPORTING: If the subsidiary takes a local tax deduction for reimbursing the parent company for the cost of the option benefits, employer withholding and reporting are required.

DEDUCTION: A local tax deduction is allowed if the subsidiary reimburses the parent company for the cost of the option benefits.

TAX-FAVORED

Options granted by Greek-listed companies may be eligible for preferential tax treatment.

SOCIAL INSURANCE

Typically, the spread is subject to social insurance.


DATA PROTECTION

Obtaining employee consent for the processing and transfer of personal data is recommended. The transfer of personal data requires approval from the data protection authorities. The authorities also require employers to register their data processing activities. However, if these activities are strictly employment-related and the employees have prior notification, registration is not required.



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LABOR

Option benefits may be considered part of the employment relationship and may be included in a severance payment if options are repeatedly granted to an employee. In order to reduce the risk of employee entitlement claims, the award agreement signed by an employee should provide, among other things, that the award of an option is not employment compensation, that vesting of an option ceases upon termination of employment and that the plan and any awards under it are discretionary. In addition, anti-discrimination rules need to be considered when awarding options.

COMMUNICATIONS

TRANSLATION: Translation is not required so long as the employees acknowledge that they understand the grant materials. Any filings with the government are required to be translated.

ELECTRONIC COMMUNICATION: It should be valid for an employee to execute the award agreement electronically.



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HONG KONG

SECURITIES

Securities restrictions should not apply provided that: (i) the offer is only made to employees; (ii) the vesting period is at least six months; and (iii) employees are not permitted to transfer the options.

FOREIGN EXCHANGE

Option plans generally are not subject to any foreign exchange restrictions.

TAX

EMPLOYEE

The spread is taxable upon exercise.

Shares are not subject to tax upon sale.

EMPLOYER

WITHHOLDING & REPORTING: There are no withholding requirements.

Option benefits must be reported annually with the employee's salary.

DEDUCTION: If the subsidiary reimburses the parent company, it may be able to deduct from its taxes the cost of option benefits.

SOCIAL INSURANCE

The spread is not subject to social insurance.

DATA PROTECTION

Registration and notification for the processing and transfer of personal data are required. To comply with certain aspects of existing data protection requirements, it is recommended that employee consent be obtained for the transfer of personal data outside of Hong Kong.





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LABOR

Option benefits may be considered part of the employment relationship and may be included in a severance payment if options are repeatedly granted to an employee. In order to reduce the risk of employee entitlement claims, the award agreement signed by an employee should provide, among other things, that the award of an option is not employment compensation, that vesting of an option ceases upon termination of employment, and that the plan and any awards under it are discretionary. The Occupational Retirement Schemes Ordinance may apply in cases where greater benefits upon death or retirement are allowed under the option plan.

COMMUNICATIONS

Although not required, it is recommended that plan documents be translated.



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HUNGARY

SECURITIES

The EU Prospectus Directive has been implemented into Hungarian law. As a general rule, non-transferable options are not considered a security subject to the Prospectus Directive. Even if options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (e.g., the 150-person exemption).

FOREIGN EXCHANGE

Options generally are not subject to any foreign exchange restrictions.

TAX

EMPLOYEE

The spread is taxable at exercise.

Proceeds from the sale of shares are subject to tax.

EMPLOYER

WITHHOLDING & REPORTING: Withholding and reporting requirements may apply if the subsidiary reimburses the parent company for the cost of the option benefits (e.g., the spread).

DEDUCTION: Reimbursement of the parent company for the cost of the option benefits (e.g., the spread) should enable the subsidiary to deduct such cost from its income taxes.

TAX-FAVORED

Favorable tax treatment may be available for options if certain requirements are satisfied.

SOCIAL INSURANCE

Generally, the employee must pay social insurance on the spread at exercise.

DATA PROTECTION

Employee consent is generally required for the processing and transfer of personal data.



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LABOR

To decrease the likelihood of employee entitlement claims, employees should expressly agree in writing that: (i) participation in the option plan is discretionary; and (ii) termination of employment will result in the loss of unvested rights. In addition, anti-discrimination rules need to be considered when awarding options.

COMMUNICATIONS


TRANSLATION: Although it is not legally required, it is recommended that documents regarding employee option plans be translated.

ELECTRONIC COMMUNICATION: It is generally acceptable for award agreements to be electronically executed.



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INDIA

SECURITIES

There generally are no affirmative securities requirements associated with the grant of stock options.

FOREIGN EXCHANGE

An employee may transfer an unlimited amount of funds abroad to purchase shares in the foreign company as long as the conditions of the “general permission” are satisfied. Alternatively, the options may be subject to mandatory full cashless exercise or Reserve Bank approval may be obtained. Annual reporting is also required.

Generally, sale proceeds must be repatriated within 90 days of the transaction.

TAX

EMPLOYEE

The spread is taxable at exercise. However, this amount must be determined in accordance with the fair market value of the shares as determined by a licensed Indian Merchant Banker.

Proceeds from the sale of shares are subject to tax.

EMPLOYER

WITHHOLDING & REPORTING: Withholding and reporting requirements apply.

DEDUCTION: A deduction may be available if the Indian subsidiary reimburses the parent-issuer for the costs of the award, but exchange control approval is required.

TAX-FAVORED

Tax-favored programs are no longer available.

SOCIAL INSURANCE

Social insurance generally is not applicable to option benefits.


DATA PROTECTION

Obtaining employee consent for the processing and transfer of personal data is recommended.



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LABOR

Although unlikely, in order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment and that the plan and any awards under it are discretionary. Option plan benefits could possibly be characterized as salary for damages calculations in the event of unlawful termination.

COMMUNICATIONS

There are no translation requirements. Any filing with the government must be in English.



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INDONESIA

SECURITIES

A registration statement is required if the value of shares underlying options granted within a 12-month period is IDR1 billion or more and either: (i) shares are sold to over 50 Indonesians worldwide; or (ii) the offer is made to more than 100 Indonesians worldwide.

FOREIGN EXCHANGE

Although options generally are not subject to any foreign exchange requirements, routine reporting is required on foreign exchange transactions.

TAX

EMPLOYEE

If the parent company is reimbursed by the subsidiary for the cost of the option benefits, an employee is taxed on the spread at exercise.

If there is no reimbursement, any tax on the spread is deferred until the shares are sold.

Any gain upon sale is subject to capital gains tax.

EMPLOYER

WITHHOLDING & REPORTING: Tax withholding and reporting generally are required if the subsidiary takes a local tax deduction for reimbursing the parent company and the benefits from the option are considered part of base salary.

DEDUCTION: Reimbursement of the parent company for the cost of the option benefits (e.g., the spread) in accordance with a written agreement should enable the subsidiary to deduct such cost from its income taxes.

SOCIAL INSURANCE

Unless the parent company is reimbursed by the subsidiary for option benefits, which are routinely granted, such benefits generally are not subject to social insurance contributions.

DATA PROTECTION

Obtaining employee consent for the processing and transfer of personal data is recommended.





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LABOR

Offering stock options may trigger certain employer obligations and employee claims. For instance, benefits received from an option may be considered part of the employment relationship and included in a severance payment if such benefits are routinely offered. Upon involuntary termination of employment, an employee may assert that he or she is entitled to continued vesting and other rights with respect to his or her option. In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment and that the plan and any awards under it are discretionary.

COMMUNICATIONS

Although not legally required, it is recommended that documents regarding option plans be translated. Any filing with the government must be translated.



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IRELAND

SECURITIES

The EU Prospectus Directive has been implemented into Irish law. As a general rule, non-transferable options are not considered a security subject to the Prospectus Directive. Even if options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (e.g., the 150-person exemption).

Under the provisions of the Irish Companies Law, directors may be subject to additional reporting requirements.

FOREIGN EXCHANGE

Options are not subject to any specific foreign exchange restrictions.

TAX

EMPLOYEE

The spread is taxable at exercise.

The proceeds from the sale of the shares are taxable, although some exemptions apply.

EMPLOYER

WITHHOLDING & REPORTING: Reporting is required.

DEDUCTION: If the subsidiary reimburses the parent company for the cost of the option benefits pursuant to a written agreement, it may be able to deduct such cost from its income taxes.

TAX FAVORED

Tax-favored treatment may be available.

SOCIAL INSURANCE

Social insurances are imposed on the spread.

DATA PROTECTION

In order to comply with certain aspects of data protection requirements, employee consent for the processing and transfer of personal data is recommended.

Registration with the Data Protection Commissioner may be required.





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LABOR

Option benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should expressly agree in writing that: (i) participation in the option plan is discretionary; and (ii) termination of employment will result in the loss of unvested rights. In addition, anti-discrimination rules need to be considered when awarding options.

COMMUNICATIONS

TRANSLATION: Translation is not required. Any government filings must be in English.

ELECTRONIC COMMUNICATION: It should be valid for an employee to execute the award agreement electronically.



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ISRAEL

SECURITIES

Options generally are subject to securities restrictions. However, in most cases, exemptions are available.

FOREIGN EXCHANGE

Options are not subject to any specific foreign exchange restrictions.

TAX

EMPLOYEE

Tax is imposed at the time the shares are sold, generally based upon the difference between the sale price and the exercise price.

EMPLOYER

WITHHOLDING & REPORTING: Withholding and reporting are required.

DEDUCTION: A tax deduction may be available for approved trustee plan if a written recharge agreement is in place.

TAX-FAVORED

Under Section 102 trustee plans, preferential tax rates may apply.

Options must be held by a local trustee for a two-year period from the grant date.

SOCIAL INSURANCE

Portions of the taxable amount are subject to social insurance contributions, depending on whether granted through an approved trustee plan.

DATA PROTECTION

Employee consent for the processing and transfer of personal data is recommended. In certain situations, the employer may be required to register its database with the data protection authorities.



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LABOR

Although not common, option benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should expressly agree in writing that: (i) participation in the option plan is discretionary; and (ii) termination of employment will result in the loss of unvested rights. The chances of an employee making a successful claim are also reduced if the award is contingent upon, for instance, the performance of the employee or the company.

COMMUNICATIONS

Translation of plan-related materials may be required to satisfy securities requirements, if applicable. Any government filings are required to be translated.



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ITALY

SECURITIES

The EU Prospectus Directive is effective in Italy. Generally, non-transferable options are considered a security subject to the Prospectus Directive. Accordingly, unless an offer of options is otherwise exempt (e.g., the 150-person exemption), a prospectus is required. Unless the full cashless exercise method is required, an Italian financial intermediary must be engaged to advise optionees on their rights under the plan.

FOREIGN EXCHANGE

Reporting may be required for shares held outside of Italy.

TAX

EMPLOYEE

The spread is taxable at exercise.

The gain at sale is taxed as capital gain subject to annual exemption if certain conditions are met.

EMPLOYER

WITHHOLDING & REPORTING: Withholding and reporting are required.

DEDUCTION: If the parent company is reimbursed by the subsidiary for the cost of the option benefits (e.g., the spread) pursuant to a written agreement, the subsidiary should be able to deduct such cost from its income taxes.

SOCIAL INSURANCE

Social insurance contributions generally are not imposed on the spread.

DATA PROTECTION

In order to comply with certain aspects of existing data privacy requirements, it is recommended that an employee consent to the processing and transfer of personal data. Typically, no employee's personal information can be processed or transferred until the employer registers with Italy's data protection authorities.



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LABOR

Option benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should agree in writing that: (i) participation in the option plan is discretionary; and (ii) termination of employment will result in the loss of unvested rights. In addition, anti-discrimination rules need to be considered when awarding options.

COMMUNICATIONS

Although not required, it is recommended that all documents regarding option plans be translated. Any government filings are required to be translated.



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JAPAN

SECURITIES

Offers to employees of wholly and directly owned first and second tier subsidiaries (i.e., with no more than one subsidiary between the parent and the Japanese employer) are not subject to securities requirements.

In all other cases, securities filing requirements may be triggered depending on the number of offerees and the aggregate value of the shares. Offers to fewer than 50 employees generally are not subject to filing requirements. For offers to 50 or more employees with a share value between ¥10,000,000 and ¥100,000,000, a Form 6 is required. For offers in excess of ¥100,000,000 and either: (i) to 50 or more employees; or (ii) where the company is a reporting company (i.e., has previously filed a Form 7), a Form 7-2 is required. A reporting company is required to file a Form 8 and a Form 10 annually.

FOREIGN EXCHANGE

There are reporting requirements for securities purchases in excess of ¥30,000,000 and ¥100,000,000.

TAX

EMPLOYEE

The spread is taxed upon exercise.

The gain upon the sale of the shares is taxable.

EMPLOYER

WITHHOLDING & REPORTING: The withholding and reporting requirements are unclear. Generally, withholding and reporting requirements apply if: (i) the subsidiary is involved in the operation of the plan; and/or (ii) the plan costs are reimbursed to the parent company.

DEDUCTION: A deduction may be permitted if the shares required by employees are purchased by the subsidiary from the open market.

No deduction is permitted for the option benefits received by the officers and directors of the Japanese subsidiary.

SOCIAL INSURANCE

The spread is not subject to social insurance contributions, as long as the options are not deemed part of the employee's salary.



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DATA PROTECTION

Obtaining employee consent for the processing and transfer of personal data is recommended.

LABOR

Although not common, option benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should agree in writing that: (i) participation in the option plan is discretionary; and (ii) termination of employment will result in the loss of invested rights. In addition, employers should prepare documents concerning the option plan separately from employment contracts and work rules.

COMMUNICATIONS

Although not legally required, it is recommended that documents regarding employee option plans be translated. Any government filings are required to be translated.



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MEXICO

SECURITIES

The offer of options generally is exempt from affirmative securities requirements.

FOREIGN EXCHANGE

Option plans are not subject to any specific foreign exchange restrictions.

TAX

EMPLOYEE

The spread is taxed at exercise.

The gain from the sale of the shares is taxable.

EMPLOYER

WITHHOLDING & REPORTING: Tax withholding and reporting generally are not required unless the Mexican subsidiary reimburses the parent company for the cost of the option benefits.

DEDUCTION: A local tax deduction generally is allowed if the subsidiary reimburses the parent company for the cost of the option benefits under a written agreement. However, reimbursement may trigger withholding and reporting requirements for the subsidiary.

SOCIAL INSURANCE

The spread likely is subject to social insurance contributions if the Mexican subsidiary reimburses the parent company for the cost of the option benefits.

DATA PROTECTION

Mexico has enacted a comprehensive federal data protection law. Employee consent for the processing and transfer of personal data is required.



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LABOR

Although not common, option benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should expressly agree in writing that: (i) participation in the option plan is discretionary; and (ii) termination of employment will result in the loss of unvested rights.

COMMUNICATIONS

TRANSLATION: Although it is not legally required, it is recommended that documents regarding employee option plans be translated. Any government filings are required to be translated.

ELECTRONIC COMMUNICATION: It should be valid for an employee to execute the award agreement electronically.



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THE NETHERLANDS

SECURITIES

The EU Prospectus Directive has been implemented into Dutch law. Even if options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (e.g., the 150-person exemption).

FOREIGN EXCHANGE

Reporting may be required to the Central Bank for transfer of funds.

TAX

EMPLOYEE

Options that first vested on or after January 1, 2005 are subject to tax on the spread upon exercise.

Generally, there is no tax upon the sale of shares. However, an annual investment tax may apply.

EMPLOYER

WITHHOLDING & REPORTING: Withholding and reporting requirements apply.

DEDUCTION: A local tax deduction is no longer allowed.

SOCIAL INSURANCE

Social insurance contributions are imposed on option benefits to the extent an employee's income does not exceed a wage ceiling.

DATA PROTECTION

In order to comply with certain aspects of existing data protection requirements, it is recommended that employee consent be obtained for the processing and transfer of personal data. The employer also is required to register any database that includes an employee's personal data with the Dutch data protection authorities.

LABOR

In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment and that the plan and any awards under it are discretionary. In addition, anti-discrimination rules need to be considered when awarding options.

If the Dutch employer has a works council, it may be necessary to notify the works council prior to an award. The approval of a works council may be needed to terminate a plan.



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COMMUNICATIONS

TRANSLATION: Although plan materials are not required to be translated, translation is required for any government filing and is recommended to ensure that employees understand the terms of their awards.


ELECTRONIC COMMUNICATION: It is generally acceptable for award agreements to be electronically executed.



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NEW ZEALAND

SECURITIES

Offers of options are exempt from prospectus requirements as long as: (i) certain notice and reporting requirements are satisfied; (ii) certain annual reporting requirements are satisfied; and (iii) certain grant materials, including annual reports, plan documents and financial statements, are provided to offerees. Alternative exemptions are also available under certain circumstances.

FOREIGN EXCHANGE

Options generally are not subject to any foreign exchange restrictions.

TAX

EMPLOYEE

The spread is taxable upon exercise.

Generally, there is no tax on sale of shares.

EMPLOYER

WITHHOLDING & REPORTING: Withholding and reporting are not required.

DEDUCTION: A New Zealand subsidiary's reimbursement of the parent company for the cost of the option benefits (e.g., the spread) pursuant to a written agreement should enable the subsidiary to deduct such cost from its income taxes. If the parent company is reimbursed, the subsidiary must abide by the New Zealand Companies Act 1993.

SOCIAL INSURANCE

Social insurance contributions general are not applicable to option benefits.


DATA PROTECTION

Obtaining employee consent for the processing and transfer of personal data is required before the transfer of personal data abroad.



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LABOR

In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment, and that the plan and any awards under it are discretionary. An employer should review employment agreements and the Holidays Act 2003 to evaluate whether option benefits are “salary” for employment law reasons or “gross earnings” for calculating holiday pay.


COMMUNICATIONS

There are no translation requirements. Any filing with the government must be in English.



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NORWAY

SECURITIES

As part of the European Economic Area, the EU Prospectus Directive has been implemented into Norwegian law. Even if options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (e.g., the 150-person exemption).

FOREIGN EXCHANGE

Except for certain large currency transactions, there are no specific foreign exchange requirements.

TAX

EMPLOYEE

The spread is taxed upon exercise.

The gain upon the sale of shares is taxed.

The shares also may be subject to annual wealth tax.

EMPLOYER

WITHHOLDING & REPORTING: Withholding and reporting are required.

DEDUCTION: Reimbursement of the parent company for the cost of the option benefits, pursuant to a written agreement, should enable the subsidiary to deduct such cost from its income taxes.

SOCIAL INSURANCE

The spread is subject to social insurance contributions at exercise.


DATA PROTECTION

In order to comply with certain aspects of existing data protection requirements, it is recommended that employee consent be obtained for the processing and transfer of personal data. Registration of any databases that contain an employee's personal data is required.



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LABOR

In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment and that the plan and any awards under it are discretionary. In addition, anti-discrimination rules need to be considered when awarding options.


COMMUNICATIONS

Although it is not legally required, it is recommended that documents regarding employee option plans be translated. Any filings with the government are required to be in Norwegian.



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PHILIPPINES

SECURITIES

Securities restrictions typically apply; however, exemptions for employee stock plans are available.

If a request for exemption is submitted to the Philippines Securities Authority, and an exemption fee is paid, the offer of an option is exempt from securities registration requirements.

Alternatively, a grant-specific notice may be filed for offerings to fewer than 20 employees.

FOREIGN EXCHANGE

Except for investments abroad in excess of certain designated amounts, which must be approved annually, there are no specific foreign exchange requirements applicable to stock options.

TAX

EMPLOYEE

The spread is taxable at exercise.

If the subsidiary reimburses the parent company for the cost of the option benefits, it is required to pay a fringe benefit tax on any such benefits received by non-rank-and-file employees.

The gain upon the sale of shares is taxed.

EMPLOYER

WITHHOLDING & REPORTING: Withholding and reporting generally are not required unless the subsidiary reimburses the parent company for the cost of the benefits.

DEDUCTION: A Philippine subsidiary's reimbursement of the parent company for the cost of the benefits (e.g., the spread), pursuant to a written agreement and compliance with withholding requirements, should enable the subsidiary to deduct such cost from its income taxes.

SOCIAL INSURANCE

Unless the parent company is reimbursed by the subsidiary for option benefits, such benefits generally are not subject to social insurance contributions.

DATA PROTECTION

Obtaining employee consent for the processing and transfer of personal data is recommended.






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LABOR

In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment, and that the plan and any awards under it are discretionary.

COMMUNICATIONS

Although not legally required, it is recommended that documents regarding employee option plans be translated. Any filing with the government must be translated.



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POLAND

SECURITIES

The EU Prospectus Directive has been implemented into Polish law. Generally, options are considered transferable securities. Accordingly, unless an offer of options is otherwise exempt (e.g., the 150-person exemption) a prospectus is required.

FOREIGN EXCHANGE

Reporting requirements may apply to currency transactions.

TAX

EMPLOYEE

The spread is taxable at exercise.

The gain upon the sale of shares is taxed.

EMPLOYER

WITHHOLDING & REPORTING: Withholding and reporting are required if the subsidiary reimburses the parent company for the cost of the option benefits or the benefits are deemed part of the local employment relationship.

DEDUCTION: The subsidiary should be able to deduct the cost of the option benefits (e.g., the spread) from its income taxes if such benefits are deemed to be part of an employee's remuneration and the subsidiary reimburses the parent company for such remuneration.

SOCIAL INSURANCE

Unless the subsidiary is involved in the offer of options or reimburses the parent company, the benefits from options generally are not subject to social insurance contributions.

DATA PROTECTION

In order to comply with certain aspects of existing data protection requirements, employee consent is required for the processing and transfer of personal data. The employer may have to register any database that contains an employee's personal data with the Polish data protection authorities.



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LABOR

Although uncommon, in order to reduce the risk of employee claims, employees should expressly agree in writing that: (i) participation in the option plan is discretionary; and (ii) termination of employment will result in the loss of unvested rights. In addition, anti-discrimination rules need to be considered when awarding options.

COMMUNICATIONS


Although not legally required, it is recommended that documents regarding employee option plans be translated. Any filing with the government must be translated.



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PORTUGAL

SECURITIES

The EU Prospectus Directive has been implemented into Portuguese law. Even if options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (e.g., the 150-person exemption).

FOREIGN EXCHANGE

Minor reporting requirements may apply.

TAX

EMPLOYEE

The spread is taxed upon exercise.

The gain from the sale of shares is taxed.

EMPLOYER

WITHHOLDING & REPORTING: Tax withholding generally is not required.

Reporting requirements may apply.

DEDUCTION: Reimbursement of the parent company by the subsidiary for the cost of the option benefits (e.g., the spread) should enable the subsidiary to deduct such cost from its income taxes.

SOCIAL INSURANCE

The benefits from options are not likely to be subject to social insurance contributions.


DATA PROTECTION

In order to comply with certain aspects of existing data protection requirements, it is recommended that employee consent be obtained for the processing and transfer of personal data. Generally, the employer also is required to register any database that includes an employee's personal data with the Portuguese data protection authorities. The transfer of personal data abroad requires approval from Portugal's data protection authorities.



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LABOR

To decrease the likelihood of claims for employee entitlements, in the option agreement evidencing the grant employees should expressly agree that: (i) participation in the option plan is discretionary; and (ii) termination of employment will result in the loss of unvested rights. In addition, anti-discrimination rules need to be considered when awarding options.

COMMUNICATIONS

TRANSLATION: Although not legally required, it is recommended that documents regarding employee option plans be translated. Any filing with the government must be translated.

ELECTRONIC COMMUNICATION: In most circumstances, it is acceptable for award agreements to be electronically executed.



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RUSSIA

SECURITIES

Stock Awards are subject to securities law restrictions and currently there is no clear path to compliance for non-Russian issuers.

FOREIGN EXCHANGE

Russian residents generally are allowed to remit foreign currency to purchase shares of foreign corporations. Provided certain restrictions and reporting requirements are met, employees generally may hold foreign currency in banks located outside of Russia.

TAX

EMPLOYEE

The spread generally is taxed upon exercise.

Tax is imposed upon the sale of shares.

EMPLOYER

WITHHOLDING & REPORTING: Employers generally must comply with reporting and withholding requirements on any income paid to Russian taxpayers.

DEDUCTION: Generally, the subsidiary will not be able to deduct the cost of the option benefits (e.g., the spread) from its income taxes.

SOCIAL INSURANCE

Unless the offer of options is deemed to be an employment benefit, options generally are not subject to social insurance contributions.

DATA PROTECTION

Obtaining employee consent for processing and transferring personal data is required.






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LABOR

Although uncommon, in order to reduce the risk of employee claims, employees should expressly agree in writing that: (i) participation in the option plan is discretionary; and (ii) termination of employment will result in the loss of unvested rights.

COMMUNICATIONS

Although not legally required, it is recommended that documents regarding employee option plans be translated. Any filing with the government must be translated.



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SAUDI ARABIA

SECURITIES

Any securities offer, including the grant of an option, may be subject to securities law requirements. In many cases, exemptions to such requirements are available if filings are made with local securities authorities.

FOREIGN EXCHANGE

In general, option plans are not subject to any specific foreign exchange restrictions.

TAX

EMPLOYEE

There is no tax imposed on option benefits.

EMPLOYER

WITHHOLDING & REPORTING: Withholding and reporting are not required.

DEDUCTION: A subsidiary typically is unable to deduct the cost of the benefit (e.g., the spread) from its income taxes.

SOCIAL INSURANCE

Generally, the spread is unlikely to be subject to social insurance contributions.

DATA PROTECTION

Obtaining employee consent for the processing and transfer of personal data is recommended.

LABOR

Although unlikely, in order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment and that the plan and any awards under it are discretionary. Option benefits could possibly be characterized as salary for damages calculations in the event of unlawful termination.

COMMUNICATIONS

Although not legally required, it is recommended that documents regarding employee option plans be translated. Any filing with the government must be translated.



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SINGAPORE

SECURITIES

Offers of options are generally exempt from securities registration requirements.

FOREIGN EXCHANGE

Options are not subject to any specific foreign exchange restrictions

TAX

EMPLOYEE

The spread generally is taxed upon exercise.

No tax is imposed upon the sale of shares.

EMPLOYER

WITHHOLDING & REPORTING: Tax withholding is not required.

The employer is required to report income received by an employee from an option.

DEDUCTION: The subsidiary should be able to deduct the cost of the option benefits from its income taxes if: (i) treasury shares are used, if the cost of the benefits (e.g., the spread) are treated as an expense by the subsidiary for the production of income; and (ii) the subsidiary reimburses the parent company for such benefits.

TAX-FAVORED: Preferential tax treatment (tax exemptions and deferrals) may be available for employees under tax-favored programs.

SOCIAL INSURANCE

Options generally are not subject to social insurance contributions.


DATA PROTECTION

Obtaining employee consent for the processing and transfer of personal data is recommended.



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LABOR

In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment, and that the plan and any awards under it are discretionary. Option plan benefits could possibly be characterized as salary for damages calculations in the event of unlawful termination.

COMMUNICATIONS

There are no translation requirements. Any filing with the government must be in English.



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SLOVAK REPUBLIC

SECURITIES

The EU Prospectus Directive has been implemented into Slovak law. As a general rule, non-transferable options are not considered securities subject to the Prospectus Directive. Even if options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (e.g., the 150-person exemption).

FOREIGN EXCHANGE

Generally, there are no specific foreign exchange restrictions. Reporting obligations may apply under certain circumstances.

TAX

EMPLOYEE

Options granted before January 1, 2010 are taxed at vesting on the difference between the fair market value and the exercise price.

Options granted on or after January 1, 2010 are taxed on the spread at exercise.

Upon the sale of shares, tax is payable on the gain less the fair market value at vesting.

EMPLOYER

WITHHOLDING & REPORTING: Withholding and reporting generally are required.

DEDUCTION: A Slovak subsidiary's reimbursement of the parent company for the cost of the option benefits (e.g., the spread) pursuant to a written agreement should enable the subsidiary to deduct such cost from its income taxes.

SOCIAL INSURANCE

Option benefits generally are subject to social insurance contributions and employee health insurance contributions.

DATA PROTECTION

It is recommended that employee consent be obtained for the processing and transfer of personal data. Generally, the employer also is required to register any database that includes an employee's personal data with the Slovak data protection authorities. The transfer of personal data outside the EU may require approval from Slovak data protection authorities.






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LABOR

Although uncommon, in order to reduce the risk of employee claims, employees should expressly agree in writing that: (i) participation in the option plan is discretionary; and (ii) termination of employment will result in the loss of unvested rights. In addition, anti-discrimination rules need to be considered when awarding options.

COMMUNICATIONS

TRANSLATION: Although not legally required, it is recommended that documents regarding employee option plans be translated. Any filing with the government must be translated.


ELECTRONIC COMMUNICATION: In some circumstances, it may be acceptable for award agreements to be electronically executed.



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SOUTH AFRICA

SECURITIES

Public offers of securities are subject to prospectus requirements but exemptions are available under certain circumstances.

FOREIGN EXCHANGE

A tax clearance certificate from the Exchange Control Department of the South African Reserve Bank is required for the purchase of shares overseas.

The approval of the Exchange Control Department of the South African Reserve Bank is necessary for employees that exceed their offshore investment allowance limit of ZAR4,000,000. This limit is the aggregate of all amounts transferred out of South Africa by the employee at any time. Approval is required whether or not the employees intend to use a cashless exercise method.

TAX

EMPLOYEE

The spread is taxable upon exercise.

The gain on the sale of shares generally is taxed.

EMPLOYER

WITHHOLDING & REPORTING: Withholding and reporting are required.

DEDUCTION: If the subsidiary reimburses the parent company for the cost of offering the options, subject to South African Reserve Bank approval, a tax deduction will be available.

SOCIAL INSURANCE

The spread generally is subject to social insurance contributions.

DATA PROTECTION

Obtaining employee consent for the processing and transfer of personal data is recommended.






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LABOR

In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment and that the plan and any awards under it are discretionary.


COMMUNICATIONS

Although not legally required, it is recommended that documents regarding employee option plans be translated. Any government filings must be translated.



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SOUTH KOREA

SECURITIES

As long as options are only offered to employees, there are no specific securities restrictions.

FOREIGN EXCHANGE

Transfer of funds outside of Korea to purchase shares must be “confirmed” by a Korean foreign exchange bank.

Proceeds from the sale of shares must be repatriated to Korea.

TAX

EMPLOYEE

The spread is taxed at exercise.

The gain upon the sale of the shares generally is taxable.

EMPLOYER

WITHHOLDING & REPORTING: Unless the parent company is reimbursed by the subsidiary for the cost of option benefits, withholding and reporting of income tax generally are not required.

However, withholding and reporting of social insurance contributions are required regardless of reimbursement.

DEDUCTION: If the subsidiary reimburses the parent company for the cost of offering the options and other conditions are satisfied including exchange control approval for such reimbursement, a tax deduction is available.

SOCIAL INSURANCE

The spread generally is subject to social insurance contributions upon exercise.


DATA PROTECTION

Obtaining employee consent for the processing and transfer of personal data is recommended.



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LABOR

Although not common, option benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should agree in writing that: (i) participation in the option plan is discretionary; and (ii) termination of employment will result in the loss of unvested rights. In addition, anti-discrimination rules need to be considered when awarding options.


COMMUNICATIONS

Although not legally required, it is recommended that the plan documents be translated. Any government filings are required to be translated.



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SPAIN

SECURITIES

The EU Prospectus Directive has been implemented into Spanish law. As a general rule, non-transferable options are not considered securities subject to the Prospectus Directive. Even if options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (e.g., the 150-person exemption).

FOREIGN EXCHANGE

Residents are required to declare their foreign securities interests annually (solely for statistical and administrative purposes).

TAX

EMPLOYEE

The spread is taxed at exercise subject to certain exemptions.

The gain from the sale of the shares is taxable.

EMPLOYER

WITHHOLDING & REPORTING: Generally, withholding requirements apply.

DEDUCTION: Reimbursement of the parent company for the cost of the option benefits (e.g., the spread), pursuant to a written agreement, should enable the subsidiary to deduct such cost from its income taxes.

TAX-FAVORED: Tax exemptions are available subject to specific criteria such as shareholding periods, ownership limitations and irregular grants.

SOCIAL INSURANCE

The spread at exercise is subject to social insurance contributions subject to a ceiling and exemptions.


DATA PROTECTION

Obtaining employee consent for the processing and collection of personal data is recommended. In addition, the employer must register its database with the data protection authorities.



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LABOR

Spanish labor courts have ruled favorably for employee claims for option benefits. To reduce the risk of claims, employees should agree in writing that: (i) participation in the option plan is discretionary; and (ii) termination of employment will result in the loss of unvested rights. In addition, anti-discrimination rules need to be considered when awarding options.

COMMUNICATIONS

TRANSLATION: Although not legally required, it is recommended that documents regarding employee option plans be translated. Any government and legal filings are required to be translated.

ELECTRONIC COMMUNICATION: In some circumstances, it may be acceptable for award agreements to be electronically executed.



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SWEDEN

SECURITIES

The EU Prospectus Directive has been implemented into Swedish law. As a general rule, non-transferable options are not considered securities subject to the Prospectus Directive. Even if options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (e.g., the 150-person exemption).

FOREIGN EXCHANGE

Options are not subject to any specific foreign exchange restrictions.

TAX

EMPLOYEE

The spread is taxed at exercise.

The gain from the sale of the shares is taxable.

EMPLOYER

WITHHOLDING & REPORTING: Withholding and reporting are required.

DEDUCTION: Reimbursement of the parent company by the subsidiary for the cost of the benefit (e.g., the spread) should enable the subsidiary to deduct such cost from its income taxes.

SOCIAL INSURANCE

The spread is subject to social insurance contributions upon exercise.


DATA PROTECTION

Obtaining employee consent for the processing and transfer of personal data is a means to comply with certain aspects of the data protection requirements.



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LABOR

Option benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should agree in writing that: (i) participation in the option plan is discretionary; and (ii) termination of employment will result in the loss of unvested rights. In addition, anti-discrimination rules need to be considered when awarding stock options.


COMMUNICATIONS

The translation of option plan documents is not required, unless requested by an employee. Any government filings are required to be translated.



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SWITZERLAND

SECURITIES

There generally are no specific securities requirements so long as options are awarded only to employees and the shares issued are not listed on a Swiss exchange.

FOREIGN EXCHANGE

Options are not subject to any specific foreign exchange restrictions.

TAX

EMPLOYEE

Options generally are taxed at exercise, pursuant to Swiss federal tax law.

There generally is no tax on the sale of shares but wealth tax may apply.

EMPLOYER

WITHHOLDING & REPORTING: The employer must withhold and report for employees with B permits.

Reporting is required on an annual salary statement for employees with C permits and residents.

DEDUCTION: Reimbursement of the parent company by the subsidiary for the cost of the option benefits (e.g., the spread) pursuant to a written agreement should enable the subsidiary to deduct such cost from its income taxes.

SOCIAL INSURANCE

The spread is subject to social insurance.


DATA PROTECTION

Obtaining written consent from employees is recommended prior to transferring any personal information to the parent company or a third-party administrator.



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LABOR

Although not common, option benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should expressly agree in writing that: (i) participation in the option plan is discretionary; and (ii) termination of employment will result in the loss of unvested rights.


COMMUNICATIONS

Although it is not legally required, it is recommended that documents regarding employee option plans be translated. Any filings with the government are required to be translated.



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TAIWAN

SECURITIES

Options are not subject to specific securities restrictions.

FOREIGN EXCHANGE

Reporting is required for currency transactions exceeding certain thresholds.

TAX

EMPLOYEE

The spread is taxed upon exercise.

The gain from the sale of the shares is not taxable but is included in calculations of Alternative Minimum Tax.

EMPLOYER

WITHHOLDING & REPORTING: Reporting generally is required.

DEDUCTION: Reimbursement of the parent company by the subsidiary for the cost of the option benefits (e.g., the spread) pursuant to a written agreement should enable the subsidiary to deduct such cost from its income taxes.

SOCIAL INSURANCE

Options generally are not subject to social insurance contributions.


DATA PROTECTION

Government approval is required before processing any personal data. In order to transfer personal data abroad, employers must obtain approval from a sector-specific government agency. It is recommended that employee consent be obtained prior to the processing and transfer of personal data.



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LABOR

Although not common, option benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should agree in writing that: (i) participation in the option plan is discretionary; and (ii) termination of employment will result in the loss of unvested rights.

COMMUNICATIONS

Although not legally required, it is recommended that documents regarding employee option plans be translated (especially for employees who are not fluent in English). Any filings with the government are required to be translated.



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THAILAND

SECURITIES

Non-Thai companies, wishing to grant stock awards to employees or directors in Thailand must report certain details of the grant (e.g., the plan terms and conditions) to the Thai SEC.

FOREIGN EXCHANGE

Certain monetary restrictions apply to remittances for the purchase of shares in overseas companies. Authorized bank or dealer is required to remit funds overseas.

Certain repatriation requirements apply.

TAX

EMPLOYEE

is the spread generally is taxed upon exercise.

The gain from the sale of the shares is taxable if repatriated by a Thai tax resident.

EMPLOYER

WITHHOLDING & REPORTING: Unless the subsidiary reimburses the parent company for the cost of the option benefits, withholding and reporting generally are not required.

DEDUCTION: Tax deduction likely is available if Thai subsidiary reimburses parent for costs of the award and certain other requirements are met.

SOCIAL INSURANCE

Options generally are not subject to social insurance contributions.


DATA PROTECTION

Obtaining employee consent for the processing and transfer of personal data is recommended.



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LABOR

Although not common, option benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should expressly agree in writing that: (i) participation in the option plan is discretionary, and (ii) termination of employment will result in the loss of unvested rights.

COMMUNICATIONS

Although not legally required, it is recommended that documents regarding employee option plans be translated. Any filings with the government are required to be translated.



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TURKEY

SECURITIES

There are no specific securities requirements as long as the offer is not a public offer and the underlying shares are not listed on the Turkish Stock Exchange.

FOREIGN EXCHANGE

Turkish residents must purchase foreign shares through intermediary banks that are approved under Turkish Capital Markets Law. Employees must, therefore, remit funds to purchase shares through an approved bank when they exercise their options. These exchange control restrictions generally do not apply if the cashless method of exercise is used.

TAX

EMPLOYEE

The spread generally is taxed upon exercise.

The gain from the sale of shares generally is not taxable.

EMPLOYER

WITHHOLDING & REPORTING: There are no withholding and reporting requirements.

DEDUCTION: It is unclear whether the subsidiary can take a deduction for the cost of option benefits if it reimburses the parent company.

SOCIAL INSURANCE

Options generally are not subject to social insurance contributions.


DATA PROTECTION

Obtaining employee consent for the processing and transfer of personal data is recommended.



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LABOR

In order to reduce the risk of employee claims, employees should expressly agree in writing that: (i) participation in the option plan is discretionary; and (ii) termination of employment will result in the loss of unvested rights. In addition, anti-discrimination rules need to be considered when awarding options.


COMMUNICATIONS

As long as the documents regarding employee option plans are not intended to be part of the employment contracts, translation of such documents is not required. Any government filings must be translated to Turkish.



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UNITED KINGDOM

SECURITIES

The EU Prospectus Directive has been implemented into British law. As a general rule, non-transferable options are not considered transferrable securities subject to the Prospectus Directive. Even if options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (e.g., the 150-person exemption).

FOREIGN EXCHANGE

Options are not subject to any specific foreign exchange restrictions.

TAX

EMPLOYEE

The spread generally is taxed at exercise.

The gain from the sale of the shares is taxable, subject to an annual exclusion.

EMPLOYER

WITHHOLDING & REPORTING: Withholding is required for options if shares are deemed “readily convertible assets.”

Registration and annual reporting is required.

DEDUCTION: A local tax deduction generally is allowed.

TAX-FAVORED

Tax-favored programs are available for options.

SOCIAL INSURANCE

National Insurance Contributions (“NICs”) are due on the spread at exercise if shares are deemed “readily convertible assets.”

Through an approved Joint Election or other contractual arrangement, the employer NICs obligation may be transferred from the employer to the employee.


DATA PROTECTION

In order to comply with certain aspects of the restrictions on the transfer of personal data, employee consent to the processing and transfer of personal data is recommended. Employers must register their data processing activities.



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LABOR

Option benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should agree in writing that: (i) participation in the option plan is discretionary; and (ii) termination of employment will result in the loss of unvested rights. In addition, anti-discrimination rules need to be considered when awarding options.

COMMUNICATIONS

TRANSLATION: Employee communications are not subject to any specific legal requirements.

ELECTRONIC COMMUNICATION: In some circumstances, it may be acceptable for award agreements to be electronically executed.



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SECURITIES

As long as the award options are not deemed to be a public offer, securities requirements generally do not apply. Awards addressed to individual employees should not be deemed public offers.

FOREIGN EXCHANGE

Foreign exchange restrictions may limit the employees' ability to exercise and hold shares.

TAX

EMPLOYEE

Generally, the spread is taxed upon exercise. However, if the options are not granted on a regular basis it is arguable that they are extraordinary benefits and therefore that the spread is not taxable.

The gain from the sale of the shares is taxable.

EMPLOYER

WITHHOLDING & REPORTING: Withholding and reporting requirements do not apply.

DEDUCTION: Because of foreign exchange restrictions, reimbursement of the parent company and a related tax deduction are not likely to be available.

SOCIAL INSURANCE

The spread is not subject to social insurance.

DATA PROTECTION

Obtaining employee consent for the processing and transfer of personal data is recommended.

LABOR

Although not common, option benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should expressly agree in writing that: (i) participation in the option plan is discretionary; and (ii) termination of employment will result in the loss of unvested rights.

COMMUNICATIONS

Although not legally required, it is recommended that documents regarding employee option plans be translated. Any filings with the government are required to be translated.



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VIETNAM

SECURITIES

Generally, no specific restrictions apply to the grant of employee stock awards by overseas issuers.

FOREIGN EXCHANGE

Approval by the State Bank of Vietnam (the “SBV”) is required to transfer funds to exercise an option. However, the SBV has thus far only granted approval to option plans using the cashless method of exercise, since Vietnamese employees are forbidden from owning shares of a foreign issuer. Unless approval to hold foreign currency abroad is obtained, employees must repatriate any gain from the sale of shares abroad.

TAX

EMPLOYEE

The spread generally is taxed at exercise.

Tax generally is imposed upon sale.

EMPLOYER

WITHHOLDING & REPORTING: Employers generally are required to withhold and report.

DEDUCTION: Because of foreign exchange restrictions, reimbursement of the parent company and a related tax deduction are not likely to be available.

SOCIAL INSURANCE

The spread generally is not subject to social insurance contributions.

DATA PROTECTION

Obtaining employee consent for the processing and transfer of personal data is recommended.

LABOR

Although not common, option benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. In order to minimize the risk of claims, employees should expressly agree in writing that: (i) participation in the option plan is discretionary; and (ii) termination of employment will result in the loss of unvested rights.

COMMUNICATIONS

Although not legally required, it is recommended that documents regarding employee option plans be translated. Any filings with the government are required to be translated.





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CONTACT INFORMATION

FOR MORE INFORMATION

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