



Management Tips for the Equity Plans Dept

Here are four important items to complete any time of the year.

Many times these important tasks are placed on the back-burner and yet these are really time-savers and will prevent liability.

1. Audit your software - your options and award tracking database. Run the Audit Report. Run the Data Check and Valuation Check. Run the Security Check. Because your employees are regular people, they do a lot of complex things – change locations, change tax jurisdictions, get married, get divorced, change employment status, leave the company, or go on a leave of absence. The “people” part of the data can be the most challenging. You must have the people and related personnel data absolutely correct in order for your grants, transactions and reporting to be accurate.

2. Read and update your SOX compliance documentation. Your auditors may set up a preliminary audit in the Fall to get this part of the audit out of the way before the big year-end audit hits.

3. Make your Option Plan and ESPP more beneficial to the employees. Write down several changes to your Equity Plans that could make your Plans more beneficial to the employees, may allow for less administrative burden, and may present a cost-savings. Present your suggestions to your manager and the Executive Team.

4. Prevent liability issues. Ensure that the administrators who are performing the tasks and running the reports are educated on the many regulations that affect equity compensation. It is imperative to have knowledgeable persons working in this department. We have all read the news reports about the SEC indictments for the persons responsible for the options back-dating issues, insider trading, and the taxation irregularities for non-US and mobile employees. Don't be caught in a scandal! Get the expertise from educated equity professionals who understand how to apply the laws and regulations. Prevent a scandal! Prevent an indictment!

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