



# **Easy Options/ESPP Custom <sup>TM</sup>**

## **Users Guide**

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Please note that screenshots may represent previous versions of Stox.

## General Help

**Note** about a terminology used – product name is **Easy Options/ESPP Custom™**, but following terms will be used interchangeably: **Stox**, **Stox system** or simply **system**.

**Main screen** is your starting place. All the system activities can be reached from there. The navigation system is designed to provide the quickest way for you to perform tasks. Remember, whenever you are, your destination screen is as far as two clicks away!

There are **internet browser** style buttons for navigation through the system screens. Whatever task you are performing, system stores your position, and you can go **Back** and **Forward** through the task history. **Home** button brings you directly to the Main system screen. When the button label is white, you are either at the start or at the end of the task history.



**Figure 1 - Main Screen**

Together with these buttons, there are eight *intelligent* buttons for quick jumps to the most important system screens. This speeds up navigation even more. What makes them intelligent? Depending on your current position and task that you are performing, the system automatically tunes procedures that are connected with quick jump buttons. This means that you will jump directly to the related records in the destination database.

There are three setups for the quick jump buttons, first one for the Stock Options, second for an ESPP (Stock Purchases) and third for an Insider module (SEC16). Here is a list of activities connected with quick jump buttons:

**Employee** - go to the Employees Long Page screen,  
**Empl. List** - go to the list of Employee records,  
**Grant** - activates New Grants procedure, for granting new options,  
**Exercise** - activates New Exercises procedure, for creating new exercises,  
**Dispose** - activates New Option Dispositions procedure or New Purchase Disposition procedure, for disposing shares,  
**Opt. List** - go to the Grants List  
**Price** - go to the Prices list  
**Currency** - go to the Currencies list [ESPP]  
**Plan** - go to the Purchase Plans list [ESPP]  
**Contrib.** - go to the Contributions list [ESPP]  
**Purchase** - go to the Purchases list [ESPP]  
**Refunds** - go to the Purchase Refunds list [ESPP]  
**Transac.** - go to the Transactions list [SEC16]  
**Form** - go to the Forms list [SEC16]  
**Security** - go to the list of Security titles [SEC16]  
**Code** - go to the transaction Codes list [SEC16]  
**Reports** - shows list of reports related to the current database

Alternative way for starting system tasks is to click on big words *Easy*, *Options*, or *ESPP*, then select desired task from the drop-down list, and finally press the red **GoTo** label. Available tasks are grouped by system modules. Under *Options* you will find all Options' related tasks, under *ESPP* all tasks related to Stock Purchases, and *Easy* group contains common system tasks. For example, if you want to add new employee record you can do it in two ways – either press **Employees** button and then new record button, or press *Easy*, select 'Add employee' from the list and press **GoTo**.

Based on the **Preferences**, the system can log adding new records, modifying and deleting existing records. The System Activities Log is stored in the Logs table, and you can access it by pressing **Log** button. Each entry contains date and time, system database affected, and activity description.

## Toolbar icons



**Add new record** - button exists in the simple databases, where user can manually add new records.



**Undo** - press this button to undo changes you made in the current record.



**Delete record** - press this button to remove current record from the database. This will also remove all related records in other databases.



**FormView** - press this button to toggle view from records list to one record per page



**ListView** - press this button to view list of records



**Enter Find Mode** - press this button to enter find mode and specify search criteria. To perform a find, please press the **Enter** key, or press this button again.

**Note** that in the **Find Mode** buttons do not have their usual labels and it is not recommended to press buttons while you are in the Find Mode (except Back, Forward or Home button).



**Find All** - press this button to find all records



**Perform Find** - this button is placed on layouts with portals and it performs find in portal records only. You have to press **Enter Find Mode** button first and to specify search criteria.



**Summary** - this button jumps directly to the summary part, placed at the bottom of the screen, or it starts appropriate summary report.



**Print** - this button starts default report for the screen you are currently positioned on, or starts printing, if you are already on the report layout.



**Print Preview** – enables you to preview report before printing it on paper.



**E-mail Report** – sends current report by e-mail instead of printing it on paper.





**Jump Back** – press this button to close current report.



**System Tasks** - this button shows System Tasks screen for the current database (Import/Export records, Data Check and database specific system tasks can be run from there).



**Help** - this button starts help. System offers immediate help screens and external help. When an immediate help is activated, the system scrolls current window right and shows help text. To scroll back and hide help text, please press the **Jump Back** button 

Press the  button to start external help. The system opens and shows help contents related to your current activity from our online help depository at [stox.chat](http://stox.chat)

If there are no immediate help screens related to your current activity, the system starts external help.



You can browse through the records using the record navigation buttons: go to **first**, **previous**, **next** and **last** record, respectively.

System shows current record number and records count, as well as an information if you performed the find in database.

If the record data fields cannot be shown completely on the screen, you can scroll up and down to see all information, but you can also directly go to screen part by clicking on the appropriate **part** button, which is placed on the toolbar.

You can sort database records by clicking on some field labels. For screens that show records list, when the label is underlined, you can sort records by that field. For screens that show record cards, you have to consult help or try yourself.

Based on preferences (Reports' settings), the system can show company trading symbol on every screen (EZCS or ACME in this manual).

If particular system screen belongs to the Stock Options component of the system, appropriate **Options** sign is shown. Similar applies for an **ESPP** and **SEC16** (Insider module) signs. Common system screens do not have any sign, except company symbol.

At the bottom of the Main screen, there is a general-purpose text field called **To Do List**. Use this field to record important information, tasks, or notes. If your Stox window height is less than 768 pixels, please press **To Do** label to access the field/ scroll back up. You can use **Format-Text Color** menu to specify text color and emphasize list tasks.



## Passwords and Groups

System uses FileMaker Pro security scheme, with user groups and passwords, to protect your data and maintain system integrity.

There are three user groups defined: **StoxUser**, **StoxSuperuser**, and **StoxReport**. Each group has its own user created, respectively: **userstx**, **adminstx**, and **reportstx**.

**StoxUser** group is for standard Stox users. Default password: **userstx**

**StoxSuperuser** group is for system administrators. Administrators have greater privileges than ordinary users - they perform system tasks in order to maintain Stox integrity. Throughout this manual, administrator tasks or layouts are marked with **ADMIN** sign. Default password: **adminstx**

**StoxReport** group stands for users that can only run, view, and print reports in the system. From the main screen, such a user needs to press Reports button and then choose appropriate report to run.

Default password: **reportstx**

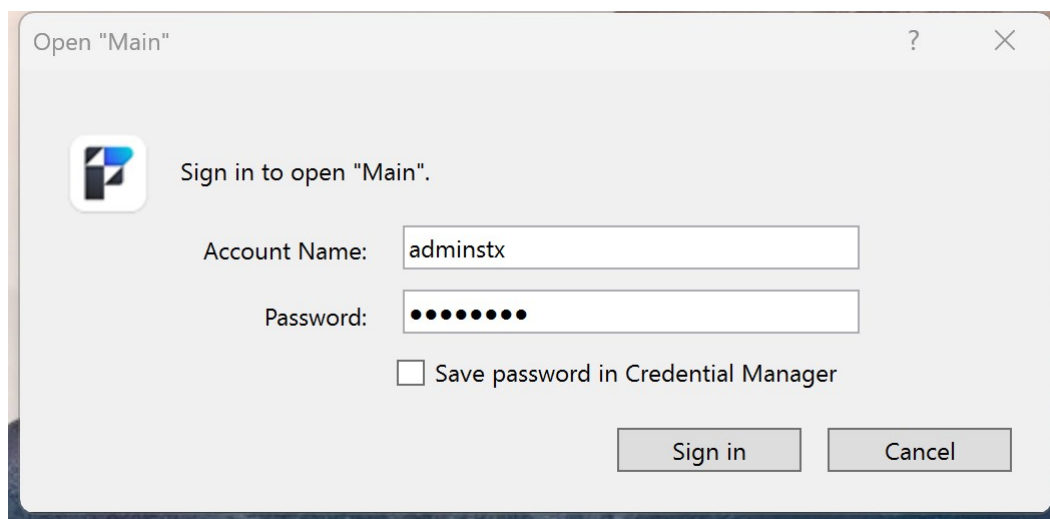


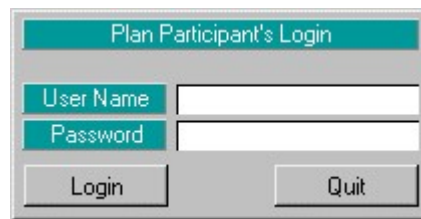
Figure 2 – Login dialog box

Upon start, the system requires username and a password for access. Please enter the password (you will see \* instead of a symbol you type) and press **OK**. If your password is recognized, the system shows the Main Screen.

Every database in the system is password protected. But, when you enter password for the first time, it is always passed to the other databases, whenever it is required.

Additionally, a fourth group exists - **StoxParticipant** group is for plan participants (optionees and/or employees). The system allows plan participants to login, browse its own records, run various reports, and perform certain “what-if” projections – for example, make test exercises.

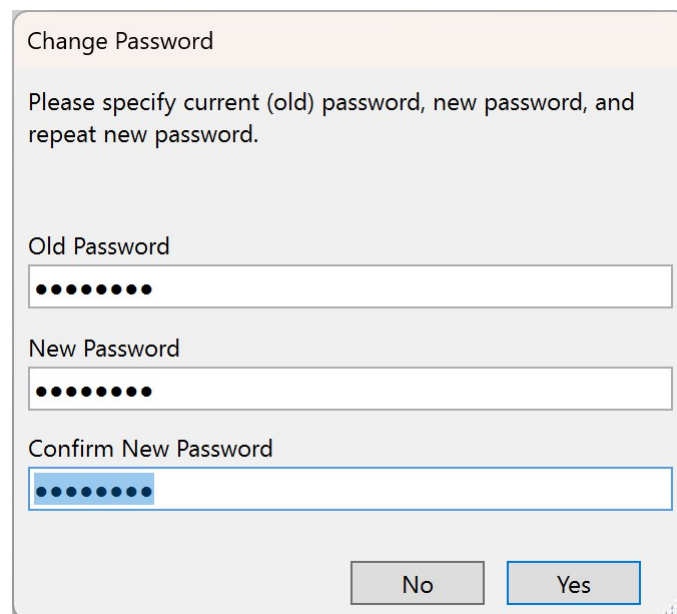
For *Plan Participants*, additional username and password combination is required to login and show their own Employee record. You can set up these fields at the Employees’ Long Page Layout (Web Username and Web Password). These credentials are initially used for our online plan participant portal <https://www.stoxempower.com>

A screenshot of a web form titled "Plan Participant's Login". It features two input fields: "User Name" and "Password", each with a teal label. Below these fields are two buttons: "Login" and "Quit".

**Figure 3 – Plan Participant’s Login**

It is strongly recommended to change default passwords and write and remember new ones. Without a password you cannot use the system. If you forget or lose your password, please contact us to help you to retrieve your data.

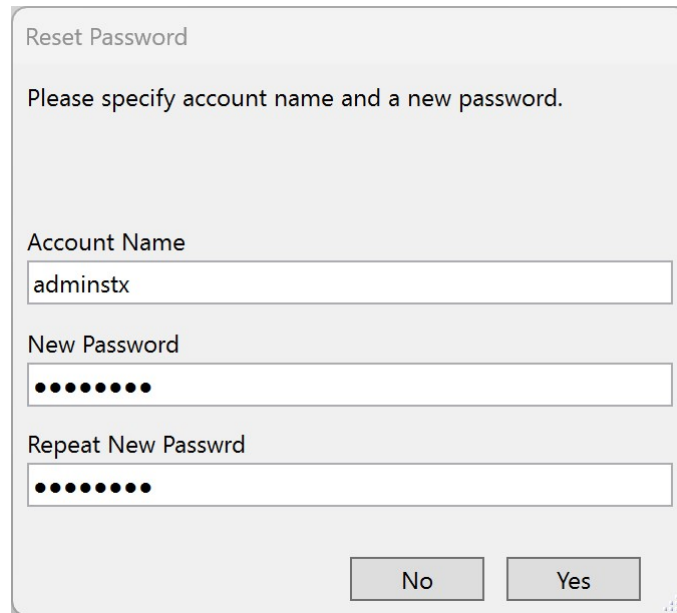
To change password, go to Maintenance screen and press **Proceed** at the **Change Password** panel.

A screenshot of a "Change Password" dialog box. It contains the instruction: "Please specify current (old) password, new password, and repeat new password." There are three input fields: "Old Password", "New Password", and "Confirm New Password", each with a masked password field (dots). At the bottom, there are "No" and "Yes" buttons.

**Figure 4 - Password Change**

The Maintenance screen holds two more password related panels.

If you are an administrator, you can use the **Reset Password** panel to reset password for specific username.



Reset Password

Please specify account name and a new password.

Account Name

adminstx

New Password

••••••••

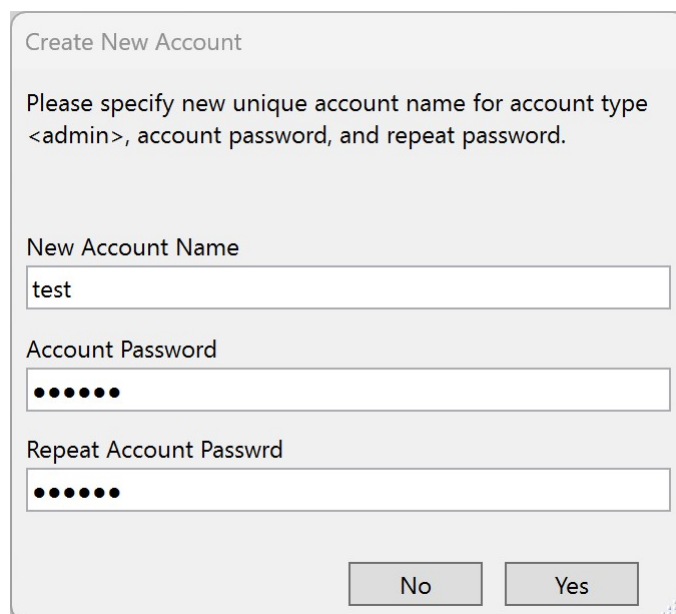
Repeat New Passwrd

••••••••

No Yes

Figure 5 - Password Reset

If you are an administrator, you can use the **Create Account** panel to create a new account username for one of existing account types: user, admin, or report. Please contact us for custom user types and roles.



Create New Account

Please specify new unique account name for account type <admin>, account password, and repeat password.

New Account Name

test

Account Password

••••••

Repeat Account Passwrd

••••••

No Yes

Figure 6 - Create Account

## Taxes

Taxes database holds the information about taxes: their names, rates, descriptions, yearly limits, and the states in which they apply.

Only some of these taxes can be found in the employee record. The only relation to this database is from the employee database; other databases (for entities that deal with taxes, like exercises and deferrals) maintain their own copy of tax info. The reason is that taxes can change, but the information about taxes already paid must remain.

System allows you to specify both **flat** and **scalable** taxes.

**Flat** means that the same tax rate is applied to the tax basis. **Tax Amount** is always calculated as: **Tax Basis \* Tax Rate / 100**

**Scalable** means that the tax rate is variable and depends on the tax basis amount. For scalable taxes you must specify **Base Amounts** and **Base Taxes**. The system allows you to specify up to five rates, base amounts and base taxes. **Tax Amount** is calculated as: **(Tax Basis – Base Amount) \* Tax Rate / 100 + Base Tax**

If the tax record has a flat rate you need to specify only the first **Tax Rate** and set first **Base Amount** and **Base Tax** fields to 0 or leave them both empty.

**Tax ID** is a primary key, automatically set. If you change this field, which is not recommended, please do not add leading spaces to the ID.

**Tax Name** must be unique.

**Tip:** For same taxes in different states, you can add state abbreviation after the tax name.

**Rate** is expressed in percent and is shown with trailing % sign. This rate will be applied to the tax basis in tax related calculations.

**Base Amount** and **Base Tax** fields (up to five values) are used for scalable taxes. If the tax has a flat tax rate, either specify 0 for the first Base Amount and Base Tax or leave them empty.


**Limit** field defines if tax has a yearly limit. When processing tax calculation, the system checks if employee's Year To Date (YTD) paid taxes amount has reached the limit. Empty limit field means there is no yearly limit for this tax.

You can click on **Tax Name** or **State** column labels to sort records by these fields.


The screenshot shows the FileMaker Pro interface for the 'Taxes' layout. The title bar reads 'FileMaker Pro - [Taxes.FP5]'. The menu bar includes File, Edit, View, Insert, Format, Records, Scripts, Window, and Help. The toolbar contains buttons for Back, Forward, Home, Employee, Emp. List, Grant, Exercise, Dispose, Opt. List, Price, and Reports. Below the toolbar, the word 'Taxes' is displayed in a large font. To the right of 'Taxes' are icons for new record, find, delete, and other functions, along with the text '#1 of 67 found'. The main area contains a table with the following data:

ID	Tax Name	State	Rate	Limit
1	Federal		27.500%	
2	Medicare		1.450%	
3	Social Security		6.200%	\$5,449.80
4	State - CA	CA	8.500%	
5	State - AK	AK	0.000%	
6	State - AZ	AZ	5.000%	
7	State - AR	AR	4.625%	
8	State - AL	AL	4.000%	
9	State - CO	CO	2.900%	
10	State - CT	CT	6.000%	
11	State - NY	NY	4.000%	
12	State - DE	DE	0.000%	
13	State - DC	DC	5.750%	
14	State - FL	FL	6.000%	
15	State - GA	GA	4.000%	
16	State - HI	HI	4.000%	

Figure 7 – Taxes List Layout


To **add** a new tax, press the **new record** button 


System will automatically assign Tax ID. You must enter Tax Name, State, annual tax Rate in percent, Base Amounts and Base Taxes, if the tax record holds scalable tax rates, and specify annual Limit (if exists).

To **delete** a tax, press the **delete record** button 

System deletes current tax record. Be aware that it is not recommended to delete tax records that store information about already used taxes.

If you modify the tax record, changes will affect all future tax related transactions. Tax information are stored within employee records. Please see Employees Data Entry Long Page Layout for more.

System shows **Taxes List** by default. To see complete **Tax Card**, which is required for scalable taxes, please press the **CardView** button 

To review taxes list again, press the **ListView** button 



The screenshot shows the FileMaker Pro interface for the 'Taxes' layout. The title bar indicates 'FileMaker Pro - [Taxes.FP5]'. The menu bar includes File, Edit, View, Insert, Format, Records, Scripts, Window, and Help. The toolbar contains buttons for Back, Forward, Home, Employee, Emp. List, Grant, Exercise, Dispose, Opt. List, Price, and Reports. The main content area is titled 'Taxes' and displays a list of tax cards. Each card has a 'Tax ID' field, a 'Name' field, a 'State' field, and a 'Limit' field. Below these fields is a table with columns for 'Rate', 'Base Amount', and 'Base Tax'. The 'Calc' button is located next to the 'Limit' field on each card.

	Rate	Base Amount	Base Tax
Tax ID 54	1 16.000%	\$0.00	\$0.00
Name Federal Canada	2 22.000%	\$32,183.00	\$5,149.00
State CN	3 26.000%	\$64,368.00	\$12,230.00
Limit	4 29.000%	\$104,648.00	\$22,703.00
	5		
Tax ID 55	1 10.000%	\$0.00	\$0.00
Name AB Prov.	2		
State AB	3		
Limit	4		
	5		
Tax ID 56	1 6.050%	\$0.00	\$0.00
Name BC Prov.	2 9.150%	\$31,653.00	\$1,915.00
State BC	3 11.700%	\$63,308.00	\$4,811.00
Limit	4 13.700%	\$72,685.00	\$5,909.00
	5 14.700%	\$88,260.00	\$8,042.00
Tax ID 57	1 10.900%	\$0.00	\$0.00
Name MB Prov.	2 14.900%	\$30,544.00	\$3,329.00
State MB	3 17.400%	\$65,000.00	\$8,463.00
Limit	4		
	5		

Figure 8 - Taxes CardView Layout

Press the **CALC** button on the tax card and the system will calculate **Base Taxes** according to specified **Rates** and **Base Amounts**.

**Example:** Tax rate is 25% for the first \$10,000.00 of tax basis, 30% for the next \$10,000 of tax basis, and 33% of the tax basis over \$20,000.00. Here is how we will specify required fields:

	Rate	Base Amount	Base Tax
1	25.000%	\$0.00	\$0.00
2	30.000%	\$10,000.00	\$2,500.00
3	33.000%	\$20,000.00	\$5,500.00
4			
5			

**Base Tax 2** is 25% of \$10,000 = \$2,500, and **Base Tax 3** is 30% of (\$20,000 - \$10,000) = 30% of \$10,000 + \$2,500 = \$5,500

Suppose that our **Tax Basis** is \$30,000. It is greater than largest **Base Amount** so we will apply 33% tax rate to the amount of  $(\$30,000 - \$20,000) = 33\% \text{ of } \$10,000 + \$5,500 = \$8,800$

If we had a flat rate of 25% our tax will be a straight calculation:  $25\% \text{ of } \$30,000 = \$7,500$ . Required fields will be:

	<b>Rate</b>	<b>Base Amount</b>	<b>Base Tax</b>
1	25.000%	\$0.00	\$0.00
2			
3			
4			
5			

## System Tasks

### Import Records ADMIN

First you have to choose how the program will treat records that you want to import, but they already exist in database. You can either overwrite existing data or skip these records.

Note that *exist* means that key fields from records to be imported are same as those stored in database. For Taxes database key field is **Tax Name**.

Then, you will be prompted to enter the import file name and type.

At the end, you have to select and match fields from records you want to import with fields in the database.

After the import, you can run the Import Status Report and find out if there were rejected imports. Report shows rejected records with reject reason. Use the content of this field to correct records you want to import. Then, run the import procedure once again, but this time only for those previously rejected records. This means you first need to remove successfully imported records from your import database and then start the import procedure for the second time. If you do not remove previously imported records, there is a chance to duplicate some records in your database. System does take a thorough check procedure while importing records, but it also depends on the content of your data whether this procedure will be completed successfully or not (error possibility is greater if you import incomplete records - without primary key field, for example).

## Export Records

You have to choose between Default and Custom export.

Default export order:

**Tax Name**  
**State**  
**Yearly Limit**  
**Rate 1..5** (percentage)  
**Base Amount 1..5**  
**Base Tax 1..5**  
**Yearly Limit**

If you choose custom export order, you can add or remove database fields from the export order list.

Before the system starts export procedure, you will be prompted to enter export file name and choose export file type.

## Setting Default Taxes ADMIN

There are up to seven different taxes employees can pay (see Employees Long Page, Section II). Here, you can choose tax IDs and set them as default, which defines if these taxes will appear, by default, on each new employee account.

**Note** that after you select taxes, you need to press the **Set as default** button, to store selected taxes as default. The system will test if there are same taxes selected more than once.



## Brokers

The Brokers database stores the information about brokers.

Employees may have brokers assigned, possibly distinct brokers for stock options and for stock purchases. If the options/purchases issuance type is set to Street Name or Same-Day Sale, broker's information is mandatory. Issuance types are set in the Employees database (Data Entry Long Page, section III).

**Broker ID** is a unique field (key field). You will select broker by this ID elsewhere in the program. It is not recommended to change the existing Broker ID because you will break relationships that other databases in the system have with the brokers database.

Other fields are not required, but you will certainly enter **Broker Name**, **Address**, **Phone/Fax** number, **E-mail** address, **Contact Person**, **DWAC** number.

Please note that if you enter phone/fax number as a number, program will automatically format it like (xxx) xxx-xxxx.


If you set **For Benefit of?** check box it will appear in the Confirmation of Exercise.


Related to the brokers' data are employees' account numbers, which are employees' identifications at the brokerage firms. These numbers can be entered in the Employees database (Data Entry Long Page, section III).

Broker ID	Broker Name	Contact Person	Address	Phone	Fax	E-mail	DWAC	For Benefit of?
My Broker	Winner Broker	Mike Miles	33 West 34th Street New York, NY 10001	(800) 555-4433	(808) 555-3344	winner@broker.net	-	<input checked="" type="checkbox"/>
Schwab	Broker Co., Inc.	Neil Smith	101 North Street San Francisco, CA 94104	(414) 555-1234	(404) 555-4321	neil@broker.com	-	<input checked="" type="checkbox"/>

Figure 9 – Brokers CardView Layout

You can click on **Broker ID** or **Broker Name** labels to sort records by these fields.

To **add** a new broker, press the **new record** button   
Broker ID is the only mandatory field, but you will most likely store other broker data as well.

To **delete** a broker, press the **delete record** button   
System deletes current broker record. It is not recommended to delete broker records that are already used in the system.

To review brokers list, press the **ListView** button 

## **System Tasks**

### **Import Records** ADMIN

First you have to choose how the program will treat records that you want to import, but they already exist in database. You can either overwrite existing data or skip these records.

Note that *exist* means that key fields from records to be imported are same as those stored in database. For Brokers database key field is **Broker ID**.

Then, you will be prompted to enter the import file name and type.

At the end you have to select and match fields from records you want to import with fields in the database.

After the import, you can run the Import Status Report and find out if there were rejected imports. Report shows rejected records with reject reason. Use the content of this field to correct records you want to import. Then, run the import procedure once again, but this time only for those previously rejected records. This means you first need to remove successfully imported records from your import database and then start the import procedure for the second time. If you do not remove previously imported records, there is a chance to duplicate some records in your database. System does take a thorough check procedure while importing records, but it also depends on the content of your data whether this procedure will be completed successfully or not (error possibility is greater if you import incomplete records - without primary key field, for example).

## **Export Records**

You have to choose between Default and Custom export.

Default export order:

**Broker ID**  
**Broker Name**  
**Contact Person**  
**Address**  
**Phone**  
**Fax**  
**E-mail address**  
**DWAC**

If you choose custom export order, you can add or remove database fields from the export order list.

Before the system starts the export procedure, you will be prompted to enter export file name and choose export file type.

## Currencies

The Currencies database stores a historical list of foreign currencies in use, along with their exchange rates, for each business day.

Contributions can be made in foreign currencies; purchases can be made by contributed funds in foreign currencies, and refunds can be made in foreign currencies.

You can specify default currency or leave **USD** as default.

Be aware that you can specify this only once, before processing any transactions that deal with exchange rates.

For foreign currencies exchange rates have to satisfy following formula:

**Default Currency Amount = Foreign Currency Amount / Exchange Rate**

For default currency you have to create only one record, containing an exchange rate of **1.000000**.


Day	Date	Currency	Exchange Rate
Fri	Dec 3, 1999	Euro	0.993550
Sat	Dec 4, 1999	Euro	0.985480
Sun	Dec 5, 1999	Euro	0.989500
Mon	Dec 6, 1999	Euro	0.993500
Tue	Dec 7, 1999	Euro	0.993500
We	Dec 8, 1999	Euro	0.993250
Thu	Dec 9, 1999	Euro	0.992150
Fri	Dec 10, 1999	Euro	0.991580
Sat	Dec 11, 1999	Euro	0.993560
Sun	Dec 12, 1999	Euro	0.993980
Mon	Dec 13, 1999	Euro	0.994000
Tue	Dec 14, 1999	Euro	0.993550
We	Dec 15, 1999	Euro	0.993698
Thu	Dec 16, 1999	Euro	0.993501
Fri	Dec 17, 1999	Euro	0.993455
Sat	Dec 18, 1999	Euro	0.993455


Figure 10 – Currencies List Layout


Each contribution / purchase / refund record specifies in which currency it is made, and which was the exchange rate at the time the record was created (or modified). The latter information is looked up from this table. Because of that, please update the currencies database regularly.

If you change the already stored exchange rate, be aware that it will produce inconsistency in database records that have used that exchange rate.

You can click on **Date** or **Currency** column label in order to sort records by those fields.

To **add** an exchange rate record, press the **new record** button . System automatically fills date according to the last currency record in the database. You can change it, if needed, and specify the currency from the drop-down list. If you want to add the exchange rate for currency that is not listed, please press the **Edit...** and add new currency to the list (in the separate row).

To **delete** exchange rate for specific currency, press the **delete record** button . It is not recommended to delete or modify exchange rate records that are already used in the system.

Press **FormView** button  to update currencies table with a same exchange rate. You have to select the Currency, enter the Exchange Rate, Beginning Date (From), Ending Date (To) and press the **Perform update** button. If you check the Working Days Only, dates that fall on Saturdays and Sundays will be omitted. ADMIN

## System Tasks

### Import Records ADMIN

First you have to choose how the program will treat records that you want to import, but they already exist in database. You can either overwrite existing data or skip these records.

Note that *exist* means that key fields from records to be imported are same as those stored in database. For Currencies database key field is **Date**.

Then, you will be prompted to enter the import file name and type.

At the end you have to select and match fields from records you want to import with fields in the database.

After the import, you can run the Import Status Report and find out if there were rejected imports. Report shows rejected records with reject reason. Use the content of this field to correct records you want to import. Then, run the import procedure once again, but this time only for those previously rejected records. This means you first need to remove successfully imported records from your import database and then start the import procedure for the second time. If you do not remove previously imported records, there is a chance to duplicate some records in your database. System does take a thorough check procedure while importing records, but it also depends on the content of your data whether this procedure will be completed successfully or not (error possibility is greater if you import incomplete records - without primary key field, for example).

## Export Records

You have to choose between Default and Custom export.

Default export order:

**Date**  
**Currency**  
**Exchange Rate**

Note that exchange rates conform to the following relation:

**Foreign Currency Amount = Default Currency Amount / Exchange Rate**

If you choose custom export order, you can add or remove database fields from the export order list.

Before the system starts the export procedure, you will be prompted to enter export file name and choose export file type.

## Prices

Prices database stores the information about fair values of the shares for each day in a year (that is, each working day, but you can enter values for non-working days).

The system allows you to store share's high, low and market value. Based on the Preferences, the system calculates actual Fair Market Value that will be used in transactions, as well as Exercise and Purchase values. You can choose between:

- High value entered,
- Low value entered,
- Average of high and low -  $(\text{high} + \text{low}) / 2$ ,
- Market value entered, or
- Other value, specified in Preferences.


The purpose of Market field is to allow you to store whatever price you want for the FMV, if it is different from options offered above. It is similar for Other price (from Preferences layout), with one major distinction – Other price will be applied for all dates. System always shows your current settings for FMV, Exercise and Purchase values right to the Help button (under the Company abbreviation).


For evidence purposes, you can also enter share volume (number of shares traded on that date).


**Tip:** Update prices database regularly (daily) to avoid missing prices when entering new grants, exercises, purchases, and other transactions that require share price.

If you change already stored price value, be aware that it will produce inconsistency in database records that have used that share price.

In order to sort price records by date, please click on **Date** column label.

To **add** a price record, press the **new record** button . System automatically fills date according to the last price record. You can change it, if needed, and specify share volume and high, low and market prices.

To **delete** a price record for specific date, press the **delete record** button . It is not recommended to delete price records that are already used in the system.

Press **FormView** button  to update prices table for a range of dates. You have to enter the High, Low and Market Value, Beginning Date (From), Ending Date (To), Share Volume, Price Increment and press the **Perform update** button. Starting from entered values for High, Low and Market price, system will increase values in succeeding dates for the amount specified as Price Increment. If the Price Increment is set to 0, the same values for High, Low and Market will be copied; negative increment will decrease

values. If you check the Working Days Only, dates that fall on Saturdays and Sundays will be omitted. **ADMIN**

Day	Date	Volume	High	Low	Market	FMV	Exercise	Purchase
We	Mar 1, 2000	3,600	\$14.6000	\$14.4000	\$14.5000	\$14.5000	\$14.6000	\$14.4000
Thu	Mar 2, 2000	3,600	\$14.5850	\$14.3850	\$14.4850	\$14.4850	\$14.5850	\$14.3850
Fri	Mar 3, 2000	3,600	\$14.5700	\$14.3700	\$14.4700	\$14.4700	\$14.5700	\$14.3700
Sat	Mar 4, 2000	3,600	\$14.5550	\$14.3550	\$14.4550	\$14.4550	\$14.5550	\$14.3550
Sun	Mar 5, 2000	3,600	\$14.5400	\$14.3400	\$14.4400	\$14.4400	\$14.5400	\$14.3400
Mon	Mar 6, 2000	3,600	\$14.5250	\$14.3250	\$14.4250	\$14.4250	\$14.5250	\$14.3250
Tue	Mar 7, 2000	3,600	\$14.5100	\$14.3100	\$14.4100	\$14.4100	\$14.5100	\$14.3100
We	Mar 8, 2000	3,600	\$14.4950	\$14.2950	\$14.3950	\$14.3950	\$14.4950	\$14.2950
Thu	Mar 9, 2000	3,600	\$14.4800	\$14.2800	\$14.3800	\$14.3800	\$14.4800	\$14.2800
Fri	Mar 10, 2000	3,600	\$14.4650	\$14.2650	\$14.3650	\$14.3650	\$14.4650	\$14.2650
Sat	Mar 11, 2000	3,600	\$14.4500	\$14.2500	\$14.3500	\$14.3500	\$14.4500	\$14.2500
Sun	Mar 12, 2000	3,600	\$14.4350	\$14.2350	\$14.3350	\$14.3350	\$14.4350	\$14.2350
Mon	Mar 13, 2000	3,600	\$14.4200	\$14.2200	\$14.3200	\$14.3200	\$14.4200	\$14.2200
Tue	Mar 14, 2000	3,600	\$14.4050	\$14.2050	\$14.3050	\$14.3050	\$14.4050	\$14.2050
We	Mar 15, 2000	3,600	\$14.3900	\$14.1900	\$14.2900	\$14.2900	\$14.3900	\$14.1900
Thu	Mar 16, 2000	3,600	\$14.3750	\$14.1750	\$14.2750	\$14.2750	\$14.3750	\$14.1750
Fri	Mar 17, 2000	3,600	\$14.3600	\$14.1600	\$14.2600	\$14.2600	\$14.3600	\$14.1600

Figure 11 – Prices List Layout

## System Tasks

### Import Records

First you have to choose how the program will treat records that you want to import, but they already exist in database. You can either overwrite existing data or skip these records.

Note that *exist* means that key fields from records to be imported are same as those stored in database. For Prices database key field is **Date**.

Then, you will be prompted to enter the import file name and type.

At the end you have to select and match fields from records you want to import with fields in the database.



After the import, you can run the Import Status Report and find out if there were rejected imports. Report shows rejected records with reject reason. Use the content of this field to correct records you want to import. Then, run the import procedure once again, but this time only for those previously rejected records. This means you first need to remove successfully imported records from your import database and then start the import procedure for the second time. If you do not remove previously imported records, there is a chance to duplicate some records in your database. System does take a thorough check procedure while importing records, but it also depends on the content of your data whether this procedure will be completed successfully or not (error possibility is greater if you import incomplete records - without primary key field, for example).

## **Export Records** ADMIN

You have to choose between Default and Custom export.

Default export order:

**Date**  
**High Value**  
**Low Value**  
**Market Value**  
**Share Volume**  
**Price (FMV)**  
**Exercise Value**  
**Purchase Value**

If you choose custom export order, you can add or remove database fields from the export order list.

Before the system starts export procedure, you will be prompted to enter export file name and choose export file type.

## Forecasts

Forecasts store basic valuation information -- volatility, interest rate, dividend yield, and post-vesting termination rate for up to 10 years. They are used in Option and Purchase valuations.

**Forecast name** is primary key (ID) and must be unique.


**Volatility, Dividend, Interest, post-vesting Termination rate** (FAS 123R), and unvested **Forfeiture rate** (FAS123R) store raw percentage (0-100%). Raw means the numbers entered are as published in the papers, i.e. percentages, not as continuously compound rates that are used in Black-Scholes formula.


**Pricing Model:** You can choose Black-Scholes Single Option, Black-Scholes Multiple Option, or Binomial valuation model approach (compliant with FAS 123R).

You can click on the **Forecast** label to sort records by forecast name.

Forecasts						
Forecast		Q1 bin		Year		
Pricing Model				Volatility		Dividend Yield
<input type="radio"/> Black-Scholes Single Option <input type="radio"/> Black-Scholes Multiple Option <input checked="" type="radio"/> Binomial				Interest Rate		PV Term.Rate
Notes				Forfeit. Rate		
based on year 1996						
		1		35.000%		3.000%
		2		35.000%		3.000%
		3		31.000%		3.000%
		4		31.000%		3.000%
		5		31.000%		3.000%
		6		31.000%		3.000%
		7		31.000%		3.000%
		8		31.000%		3.000%
		9		31.000%		3.000%
		10		31.000%		3.000%

Figure 12 – Forecasts CardView Layout

To **add** a new forecast, press the **new record** button .  
Forecast name is the mandatory field.

To **delete** a forecast, press the **delete record** button .  
It is not recommended to delete the forecast already used for option/purchase valuations.

If you modify forecast record, changes will affect all future valuation calculations that use this forecast and therefore produce inconsistency with previously valued options/purchases.

For the **Volatility** rate you may run **Prices Volatility** report and use **Annual Volatility** percentage calculated at the bottom of report.

For the post-vesting **Termination** rate, you may run **Post-vesting Terminations** report and use percentage calculated at the bottom of report. This is an additional input proposed by the FAS 123R.

For the unvested **Forfeiture** rate, you may run **Unvested Forfeitures** report and use percentage calculated at the bottom of report. This is an input for the FAS123R compliant Expense Allocation report.

For the variable valuation/accounting scenario, you need to include keyword “vv” in the forecast name. Also, you need to put date in a form of “mm/dd/yyyy” at the end of forecast name (see example screenshot). You need to create a forecast record on each valuation date. Please read more in the Option Valuation paragraphs of this guide.

To speed up data entry please do the following – enter data in the first row only, then press column label (header) and system will propagate (copy) data into all ten rows. Repeat for all columns. You can do this only with a new record (no data in rows 2 – 10).

## System Tasks

### Import Records ADMIN

First you have to choose how the program will treat records that you want to import, but they already exist in database. You can either overwrite existing data or skip these records.

Note that *exist* means that key fields from records to be imported are same as those stored in database. For Forecasts database key field is **Forecast Name**.

Then, you will be prompted to enter the import file name and type.

At the end you have to select and match fields from records you want to import with fields in the database.

After the import, you can run the Import Status Report and find out if there were rejected imports. Report shows rejected records with reject reason. Use the content of this field to correct records you want to import. Then, run the import procedure once again, but this time only for those previously rejected records. This means you first need to remove successfully imported records from your import database and then start the import procedure for the second time. If you do not remove previously imported records, there is a chance to duplicate some records in your database. System does take a thorough check procedure while importing records, but it also depends on the content of your data whether this procedure will be completed successfully or not (error possibility is greater if you import incomplete records - without primary key field, for example).

### Export Records

You have to choose between Default and Custom export.

Default export order:

**Forecast Name**  
**Notes**

Forecast data table (in percent, for 10 years):

**Volatility**  
**Dividend**  
**Interest Rate**

If you choose custom export order, you can add or remove database fields from the export order list.

Before the system starts the export procedure, you will be prompted to enter export file name and choose export file type.

## Vesting Schedules

This database stores vesting schedules.

Each option may have its own vesting schedule. A vesting schedule defines how shares vest. For example, an option for 1000 shares may be granted so that the shares vest in two years, 500 shares each year. So, there would be two vest periods, each for 500 shares (50% of the total number of shares). Also, three additional parameters are considered:

**1. Vest date** for each vesting period. This is determined by:

- a) the duration of the vest period (in months, weeks, or months + weeks combination); for example, 12 months, or 9 weeks.
- b) option base date. This may be either the grant date, or the hire date, or something else.

In the above example, if the option is granted on 2/1/97, if the grant date is the option base date, and if the duration of each vest period is 12 months, the first 500 shares would vest on 2/1/98, and the remaining 500 shares would vest on 2/1/99.

**2. Distribution** of exercisable shares during the vest period. This may be (usual) *on vest date* type. That means that the shares covered by the period are exercisable only on or after the vest date. But there may be other types -- for example, *monthly vesting*. That means that after each month within the vesting period a number of shares is exercisable, and that number equals the number of shares in the period divided by the number of months in the period. Here is a complete list of available vest types:

### On Vest Date

A vest type which ensures that all the shares assigned to a single period vest on the full vest date specified for that period.

### Annually

A vest type designed for use when a single period covers more than one year, and shares must vest on the same date each year. The number of months in each period is determined by measuring from its full vest date back to the full vest date of the previous period (or the vest base date if this is the first period) and is divided into 12-month increments. An equal number of shares vests at the end of each 12-month increment.

### Semi-Annually

A vest type that breaks period shares into 6-month increments. The number of increments in a given period is determined by the length of time between the full vest date of the previous period (or the vest base date if this is period 1) and the full vest date of this period. For instance, a period that covers 24 months of semiannual vesting has four

vesting events at 6, 12, 18, and 24 months measured from the full vest date of the previous period.

### Quarterly

A vest type that breaks period shares into 3-month increments. The number of increments in each period is determined by the length of time between the full vest date of the previous period (or the vest base date if this is period 1) and the full vest date of this period. For instance, a period that covers 12 months of quarterly vesting has four vesting events at 3, 6, 9, and 12 months measured from the full vest date of the previous period.

### Monthly

A vest type in which shares vest on the same date every month during a single period based on the full vest date of the previous period. For example, assume shares are calculated to vest monthly over a 12-month period. The previous period's full vest date, or the base date of this option, is 6/15/96. The full vest date of this period is 6/15/97. During this time, therefore, some number of shares will vest on the 15th of each month from July through June.

### Weekly

A vest type in which shares vest on the same day every week during a single period based on the full vest date of the previous period. For example, assume shares are calculated to vest weekly over a 3-month period. The previous period's full vest date, or the base date of this option, is 6/1/99 (Tuesday). The full vest date of this period is 9/1/98. During this time, therefore, some number of shares will vest every Tuesday.

### Daily

A vest type which causes shares to vest every day during a given period beginning on the day following the previous full vest date, or the base date, and ending on the full vest date of the period.

### Every nn Days/Weeks/Months

A vest type in which shares vest every nn days/weeks/months. You can specify number **nn** by editing or adding new lines in the Vest Types value list, which is shown when you go to the **Vest Type** field. It is important to follow the rule: line must start with the word **Every**, end with either **Days** or **Weeks** or **Months**, and in the middle you should specify number **nn** with leading and trailing blank symbol.

**3. Expiration date.** This is determined by:

- a) the number of months after which shares in the period *expire*, i.e., cannot be exercised if they have not been exercised already

b) expiration basis. This can be either *option date* or *vest date*. In the former case, all the shares expire after the date that equals the grant date plus the number of months specified in a), i.e. all the shares in all the vest periods expire at once. In the latter case, each period has its separate expiration date, and that is the vest date for that period plus the number of months specified in a).

You can place all these parameters in a *schedule*, and, when an option is granted, the user can specify the vest schedule, instead of individual vesting parameters. Moreover, a vesting schedule can be assigned to each option plan. When you select the plan under which an option is granted, scheduling parameters will be automatically calculated from the number of shares granted and the schedule assigned to the plan. In all cases, you have the freedom to further modify vesting parameters.

The screenshot displays the 'Vesting Schedules' CardView layout in FileMaker Pro. The interface includes a menu bar with 'File', 'Edit', 'View', 'Insert', 'Format', 'Records', 'Scripts', 'Window', and 'Help'. Below the menu is a toolbar with buttons for 'Back', 'Forward', 'Home', 'Employee', 'Emp. List', 'Grant', 'Exercise', 'Dispose', 'Opt. List', 'Price', and 'Reports'. The main title bar reads 'Vesting Schedules' with a search icon and a status bar indicating '#5 of 5 found'. The layout is divided into three sections, each representing a different vesting schedule.

**Card 1: 4yr 25% on vest**

Months	Percentage	Vest Type
1	12	25.00% On Vest Date
2	12	25.00% On Vest Date
3	12	25.00% On Vest Date
4	12	25.00% On Vest Date
5		
6		
7		
8		
9		
10		

**Card 2: 4yr combo**

Months	Percentage	Vest Type
1	6	12.50% On Vest Date
2	42	87.50% Monthly
3		
4		
5		
6		
7		
8		
9		
10		

**Card 3: 6 plus 9 weeks**

Months	Percentage	Vest Type
1	0.06	50.00% On Vest Date
2	0.09	50.00% Weekly
3		
4		
5		
6		
7		

Figure 13 – Vesting Schedules CardView Layout

**Vesting Name** is the primary key (ID) and the vesting schedule is recognized by its ID. **Description** describes the schedule. You are free to enter whatever you want here.

System accepts special keywords in the Description field.

Please place keyword **EOD** in the Description if you want system to calculate expiration date based on the Option Date; otherwise, it is calculated based on Vest From Date.

Please place keyword **ADJ** in the Description field if you want system to use Option Vesting Adjustments table when calculating number of shares vested as of date.

Please place keyword **DV** in the Description field if you want system to interpret vesting duration in days.

**Expires after Months:** number of months after which option shares expire.

**Vesting based on the option date:** True if Option Date is used as the base date for calculation of vest dates. False if hire date is used as the base. If none applies, you can set another base date when granting an option.

**Expiration based on the option date:** True if expiration is measured from Option Date, False if the expiration is measured starting from the vest date, for each vest period.

**Vesting Periods** (up to ten, all of these are copied verbatim, by default, to a new option):

**Months**, the duration of the period in months, weeks, days, or months + weeks / months + days combination;

**Percentage**, the percentage of total shares that are exercisable in the vesting period;

**Vest Type**, availability of shares during a vest period - you will specify one of the supported vest types here.

In order to allow months and weeks/days to define vesting periods, following numerical representation will be used:

**mm.ww**, where **mm** stands for number of months and **ww** for number of weeks.

Examples: 0.06 means 6 weeks; 0.12 means 12 weeks; 12 or 12.00 means 12 months; 2.03 means 2 months and 3 weeks.

As you can see, it is possible to use only months, only weeks, or months + weeks combination.

Week length always means seven (7) days.

Please **note** that this numerical representation is not an ordinary numbering system with a base of 10.


**Note:** If you specify keyword **DV** in the Description field system will use days, not weeks, like in following example: 0.100 means 100 days. This way it is possible to create a specific vesting schedule with per-day resolution.



Example: Your grant date is 4/4/2010, and 1/3 of shares vest immediately, 1/3 on 7/18/2010, and 1/3 on 7/18/2011. You will specify DV in the Description and use following vesting schedule:

**Months Percentage Availability**


0	33.333333	On Vest Date
0.105	33.333333	On Vest Date
12	33.333334	On Vest Date

To **add** a new vesting schedule, press the **new record** button 

To **delete** a vesting schedule, press the **delete record** button 

It is not recommended to delete the vesting schedule already used for in grant records.

If you modify the schedule record, changes will affect all future vesting calculations that use this schedule and therefore produce inconsistency with previous options state.

To review schedules list, press the **ListView** button 

Please note that vesting schedule record is used when creating new grants or modifying existing grants. After that, vesting parameters are stored in the grant record and used from there. Please read about **Vesting Details** for more information.

## System Tasks

### Import Records ADMIN

First you have to choose how the program will treat records that you want to import, but they already exist in database. You can either overwrite existing data or skip these records.

Note that *exist* means that key fields from records to be imported are same as those stored in database. For Vesting Schedules database key field is **Vesting Name**.

Then, you will be prompted to enter the import file name and type.

At the end you have to select and match fields from records you want to import with fields in the database.

After the import, you can run the Import Status Report and find out if there were rejected imports. Report shows rejected records with reject reason. Use the content of this field to correct records you want to import. Then, run the import procedure once again, but this

time only for those previously rejected records. This means you first need to remove successfully imported records from your import database and then start the import procedure for the second time. If you do not remove previously imported records, there is a chance to duplicate some records in your database. System does take a thorough check procedure while importing records, but it also depends on the content of your data whether this procedure will be completed successfully or not (error possibility is greater if you import incomplete records - without primary key field, for example).

## Export Records

You have to choose between Default and Custom export.

Default export order:

**Vesting Name**

**Description**

**Expires after** (in months)

**Vesting based on the option date?**

**Expiration based on the option date?**

Vesting data for up to 10 periods:

**Months**

**Percentage**

**Vest Type**

Fields with ? contain **1** for *Yes* or **0** for *No*.

If you choose custom export order, you can add or remove database fields from the export order list.

Before the system starts the export procedure, you will be prompted to enter export file name and choose export file type.

## Option Plans

Each grant is associated with a specific option plan. It determines how many shares are available for vesting, how the shares are vested, what vesting schedule is used, etc.

**Plan Name** is a primary key and must be unique. You will specify option plan by its name throughout the system. Do not change contents of this field after processing any transaction that requires option plan name.

**Expiration Date** is the last date that options can be granted from this plan.

**Vesting Schedule** specifies default vesting schedule, which will be used when granting new options.

**Shares Allocated** specifies maximal number of shares that can be granted under this plan.

**Fractions Handling** defines how a system treats share fractions. System can drop all fractions, leaving only the whole number of shares, keep all fractions, or keep one, two, three, or four decimal places in the shares number, dropping the rest. Every transaction that calculates share numbers consults contents of this field.

### Plan Properties

#### Vested Shares Only

*default:* checked

Uncheck this if employees are allowed to exercise unvested shares

#### Trade for Taxes

Indicates the default value for *Use Shares to Pay for Taxes* checkbox, available in the exercises. The selected checkbox enables that shares are used to pay for taxes, in the amount that equals the total tax amount divided by the fair value at the exercise date.

*default:* checked

**Example:** 100 shares are exercised at the option price of \$3.00 and fair value of \$5.00 at the exercise date. The gain is  $100 \times (\$5.00 - \$3.00) = \$200.00$ . The tax is, say, \$60.00. So, 20 shares are used to cover the taxes, ( $20 \times \$3.00 = \$60.00$ ) and 80 shares remain for the optionee.

#### SEC16 Qualified

Indicates treatment of certain transactions made by corporate insiders

*default:* checked

## Termination Schedule

### Grace Period

The number of days in *grace period* (post-termination exercisability) for 1:Voluntary, 2:Involuntary, 3:Disability, 4:Retirement, 5:Death  
*default*: 30 days

## Reloads

Some plans allow that an exercise generates (*reloads*) a new option.

This determines whether reloading is allowed in the first place:

### Reloading Allowed

*default*: false

The following determines the default value for the number of shares granted by a *reload* option. All the items default to false.

### Total Shares

The total number of shares exercised will be the default number of shares in the reload option

### Traded for Taxes

The number of shares traded to pay withholding taxes

### Swapped Shares

The optionee swaps a certain portion of total exercised shares (priced by the fair value on the exercise date) that is necessary to cover the cost of all the exercised shares at the option price.

**Example:** if shares are granted at the price \$1.00, and if 100 shares are exercised at the time the fair value is \$5.00, the total cost is \$100.00, so 20 exercised shares can be swapped to pay for the 100 shares the optionee is buying. So, 20 shares go back to the company, and the remaining 80 make the taxable gain of \$400.00. If an optionee elected to pay for the shares, he would give \$100.00 to the company (plus taxes), but he would have 100 instead of 80 shares. Now, this determines that the default number of shares granted by the reload option equals the number of shares swapped (20 in this example).

### Cash Swap

If the price for the option being exercised is \$n, if M shares are being exercised, and if the option value is \$m at the exercise date, by default  $M \cdot n / m$  shares will be granted by the reload option; example:  $n=2$ ,  $M=100$ ,  $m=3$

## Miscellaneous

### Return swapped shares

Unchecked treats swapped shares as retired, i.e., they do not return to option plan reserves. Checked makes them return.

*default:* unchecked

### Return traded shares

Unchecked treats traded shares as retired, i.e., they do not return to option plan reserves. Checked makes them return.

*default:* unchecked

### Return SAR Exercised

Checked treats total shares exercised as SARs as canceled and returns them to the plan's option pool. Unchecked: treats them as retired.


*default:* checked


## Option Types Allowed

You can specify which option types are allowed for grants you will make under this plan. For example, if you want to allow NQ (Non-Qualified) and ISO (Incentive) Stock Options, leave boxes for Restricted Stock Purchases and Discounted Stock Options unchecked.


In addition, you may further restrict the granting of specific option types to company employees only. For example, if you want to allow ISO grants only for employees, not all optionees, please mark appropriate check box under the Employee? label.

You can click on field labels (**Plan Name**, **Vesting Schedule**, **Expiration Date**, **Shares Allocated**) to sort records by those fields.

To **add** a new option plan, press the **new record** button 

To **delete** an option plan, press the **delete record** button   
It is forbidden to delete already used option plans.

If you modify the plan record, changes will affect all future transactions and therefore produce inconsistency with previous options state.

To review list of all option plans stored in the system, press the **ListView** button 

**FileMaker Pro - [Option Plans.FP3]**

File Edit Mode Select Format Script Window Help

Back Forward Home Employee Emp. List Grant Exercise Dispose Opt. List Price Reports ACME

**Option Plans** #1 of 3 records

Plan Name	Plan 99A	Exercise Vested Shares Only	<input checked="" type="checkbox"/>	Allow Reloading of Options	<input checked="" type="checkbox"/>
Vesting Schedule	4yr 25% on vest	Allow Trading Shares for Taxes	<input checked="" type="checkbox"/>	for Exercised Shares	<input type="checkbox"/>
Expiration Date	Jan 1, 2020	SEC16 Qualified Treatment	<input checked="" type="checkbox"/>	for Shares Traded for Taxes	<input checked="" type="checkbox"/>
Shares Allocated	200,000	Option Types Allowed	Employee?	for Swapped Shares	<input type="checkbox"/>
Fractions Handling	Drop	Non-Qualified Stock Option (NQ)	<input checked="" type="checkbox"/>	for Cash Swap	<input checked="" type="checkbox"/>
<b>Termination Grace Periods</b> 1. Voluntary 30 days 2. Involuntary 30 days 3. Disability 30 days 4. Retirement 30 days 5. Death 30 days		Incentive Stock Option (ISO)	<input checked="" type="checkbox"/>	Allow Returning Shares	<input type="checkbox"/>
		Restricted Stock Purchase (RSP)	<input checked="" type="checkbox"/>	Traded	<input type="checkbox"/>
		Discounted Stock Option (DSO)	<input checked="" type="checkbox"/>	Swapped	<input type="checkbox"/>
		NQ + Stock Appreciation Right	<input checked="" type="checkbox"/>	SAR exercised	<input checked="" type="checkbox"/>
		ISO + Stock Appreciation Right	<input checked="" type="checkbox"/>		

Plan Name	Plan 99B	Exercise Vested Shares Only	<input type="checkbox"/>	Allow Reloading of Options	<input type="checkbox"/>
Vesting Schedule	2yr combo (weekly)	Allow Trading Shares for Taxes	<input checked="" type="checkbox"/>	for Exercised Shares	<input type="checkbox"/>
Expiration Date	Jan 1, 2006	SEC16 Qualified Treatment	<input checked="" type="checkbox"/>	for Shares Traded for Taxes	<input type="checkbox"/>
Shares Allocated	100,000	Option Types Allowed	Employee?	for Swapped Shares	<input type="checkbox"/>
Fractions Handling	Drop	Non-Qualified Stock Option (NQ)	<input checked="" type="checkbox"/>	for Cash Swap	<input type="checkbox"/>
<b>Termination Grace Periods</b> 1. Voluntary 14 days 2. Involuntary 21 days 3. Disability 30 days 4. Retirement 30 days 5. Death 30 days		Incentive Stock Option (ISO)	<input checked="" type="checkbox"/>	Allow Returning Shares	<input type="checkbox"/>
		Restricted Stock Purchase (RSP)	<input checked="" type="checkbox"/>	Traded	<input type="checkbox"/>
		Discounted Stock Option (DSO)	<input checked="" type="checkbox"/>	Swapped	<input type="checkbox"/>
		NQ + Stock Appreciation Right	<input checked="" type="checkbox"/>	SAR exercised	<input checked="" type="checkbox"/>
		ISO + Stock Appreciation Right	<input checked="" type="checkbox"/>		

100 Browse

Figure 14 – Option Plans CardView Layout

## System Tasks

### Import Records ADMIN

You will be prompted to enter the import file name and type.

Then, you have to select and match fields from records you want to import with fields in the database.

After the import, you can run the Import Status Report and find out if there were rejected imports. Report shows rejected records with reject reason. Use the content of this field to correct records you want to import. Then, run the import procedure once again, but this time only for those previously rejected records. This means you first need to remove successfully imported records from your import database and then start the import procedure for the second time. If you do not remove previously imported records, there is a chance to duplicate some records in your database. System does take a thorough check

procedure while importing records, but it also depends on the content of your data whether this procedure will be completed successfully or not (error possibility is greater if you import incomplete records - without primary key field, for example).

## **Export Records**

You have to choose between Default and Custom export.

Default export order:

**Plan Name**  
**Expiration Date**  
**Vesting Schedule**  
**Shares Allocated**  
**Vested Shares Only?**  
**Trade for Taxes?**  
**SEC16 Qualified?**  
**Grace Voluntary (in days)**  
**Grace Involuntary (in days)**  
**Grace Disability (in days)**  
**Grace Retirement (in days)**  
**Grace Death (in days)**  
**Reloading Allowed?**  
**Reload Total Shares?**  
**Reload Traded for Taxes?**  
**Reload Swapped Shares?**  
**Reload Cash Swap?**  
**Return Swapped Shares?**  
**Return SAR Exercised?**  
**NQ Allowed?**  
**ISO Allowed?**  
**RSP Allowed?**  
**DSO Allowed?**  
**NQA Allowed?**  
**ISA Allowed?**  
**NQ Employee?**  
**ISO Employee?**  
**RSP Employee?**  
**DSO Employee?**  
**NQA Employee?**  
**ISA Employee?**  
**Fraction Handling**

Fields with ? contain **1** for *Yes* or **0** for *No*.

If you choose custom export order, you can add or remove database fields from the export order list.

Before the system starts the export procedure, you will be prompted to enter the export file name and choose export file type.

## Purchase Plans

A purchase plan stores vital information about company's stock purchase facilities: how many shares are allocated, how is the procedure to be administered, in terms of offering period parameters, returning extra funds, and limiting the number of purchasable shares.

### Main data

**Plan Name** is the primary key and must be unique. You will specify purchase plan by its name throughout the system. Do not change the contents of this field after processing any transaction that requires purchase plan name.

**Shares Allocated** specifies the number of shares in the plan. If, in a specific purchase, the number of shares being purchased + the number of shares that have been purchased before exceeds this number, that purchase will be *prorated*, which means that all the amounts of shares purchased will be cut down to avoid exceeding this limit, but in such a way that the cut-down is proportionally the same for all purchases.

**Example:** If 50,000 shares are being purchased in an offering and there are only 45,000 shares remaining, all purchases will be cut by 10% to comply with the limit and to do it in a fair way for all participants in the purchase period.

**Shares Purchased** - number of shares purchased under this plan.

**Shares Remaining** - number of shares remaining for purchase under this plan

**Expires** - the date after which no new offering or purchase period can begin

### Offering and purchase periods

An offering period is a period during which one or more purchases may occur, i.e., a period which typically comprises one or more purchasing periods.

A purchase period is a period between one purchase date and the next. During this time, payroll contributions are accumulated from each subscribed employee to be used to purchase shares on the purchase date.

An employee may subscribe to participate in the purchase, and they do so at the beginning of the offering period. The date the offering begins may be the same for all subscribed employees or may vary by individual subscription date. At the end of the offering, each subscribed employee must resubscribe for the next period.

**Offering Type** describes the type of the offering period. It can be *Fixed* or *Rolling*. If Fixed, it has a single *end date* for all the employees, i.e. after that date everyone must



resubscribe in order to participate further. If Rolling, each employee's offering period is individual and based on employee's subscription date; the offering period expires at <subscription date> + <period length>

This field must not be empty

*default:* Fixed

**Offering Duration** is the number of months in the offering period. (When will a period actually begin is specified in the database described after this one.)

This field must not be empty

*default:* 6 months

**Purchase Duration** is the (default) duration of a purchase period, in months.

This field must not be empty

*default:* 6 months

**Note** that both durations must be in a *whole* number of months.

### Price Basis

The point in ESPP is that employees can purchase shares at a favorable price. The basis for the price is either:

a) the *lower* of the two stock FMVs: one at the purchase date (i.e. at the end of the purchase period) or one at the subscription date (which will be lower if the company is doing well).

b) the price at the *end* of the purchase period

c) *other*

You have to select one of the allowed price basis from the drop down list (Lower, Purchase Date, Other)

For *Other* price basis you will have to specify the price for each purchase period.

**Discount Rate** is stored as a percentage, so it's a value between 0 and 100.

The price that participating employees will pay is <FMV as defined by Price Basis, or Other> \* (100-Discount Rate)/100

This field must not be empty. Discount rate is not allowed to be higher than 15%

*default:* 15%

### Limits

There may be limits applicable on a purchase: either that each employee has their own limit in terms of the number of shares that can be purchased or the amount of money that

can be used for a purchase, or that a company has a per-purchase limit that cannot be exceeded.

**Limit Type** describes the type of the limit. It is member of a value list [No Limit, Per Purchase All, Per Purchase Employee]

If *No Limit* then there is no limit per purchase.

If *Per Purchase All* then all employees that are purchasing have the same limit in shares, entered into field Share Limit For All.

If *Per Purchase Employee* then every employee has its own share limit, entered into field Share Limit in Employees database (Data Entry Long Page, Section III)

This field must not be empty

*default:* No Limit

#### **Share Limit For All**

This field is *required* if Limit Type is Per Purchase All, otherwise it is *ignored*, but should be 0

#### **Single Contribution Limit**

If a particular contribution is limited, it is entered here as an amount in the employee's purchasing currency.

**Company Limit Per Purchase** is a total number of shares the company may sell in a single purchase, if such limit exists

### **Refunds**

A transaction returning unused payroll contributions to the employee who contributed them. It can occur on several occasions:

a) an employee withdraws from the purchase plan. Any leftover contributions are refunded.

b) the contributed funds are greater than the amount needed for the purchase. The reasons could be numerous, starting from cases like the funds cannot buy a whole number of shares, through the case that the employee may have been imposed an individual limit that cannot be exceeded on a purchase, to situation where company limit is reached, and the purchases must be prorated.

However, in the above cases a refund must not necessarily occur. Instead, the excess monies can be carried forward to the next purchase. There should be defined several possible extra money handling policies:

- *none*: no extra money is refunded; all is carried forward to the next purchase
- *surplus after purchase*: only if the excess money is greater than the price of one share are these extra funds refunded.

**Example:** if \$305 is applied towards purchasing 20 shares at \$15 a share, the remaining \$5 remained only because they couldn't buy a whole share and will be carried forward to the next purchase.

**Example:** if the employee could have bought only 10 shares, \$155 remained, and this is considered a surplus and will be refunded.

- *all after purchase*: after each purchase, the remaining amount is refunded, no matter how large or small.

- *all after offering*: after each offering, the remaining amount is refunded, no matter how large or small.

**Refund Type** field stores your selection about refunding unused contributions. Select one of members of the value list [Surplus, All after Purchase, All after Offering, Never]

#### **Refund if No Purchasing**

If checked, when the user is selected for purchase, 0 shares will be purchased on his behalf, and all the money (contributions + carry forwards) for the current purchase period will be refunded.

*default:* Unchecked

#### **Miscellaneous**

##### **Check for \$25,000 Limit**

If checked, instructs the program to prevent individual *annual* purchases larger than \$25,000 to occur.

*default:* true


**Tip:** You can change this annual limit in the Preferences

**Fractions Handling** defines how a system treats share fractions. System can drop all fractions, leaving only the whole number of shares, keep all fractions, or keep one, two, three, or four decimal places in the shares number, dropping the rest. Every transaction that calculates share numbers consults the contents of this field.

At the end, there is a **Notes** field.

You can click on field labels (**Plan Name**, **Shares Allocated**, **Expiration Date**) to sort records by those fields.

**Figure 15 – Purchase Plans CardView Layout**


To **add** a new purchase plan, press the **new record** button 

You need at least one purchase period record. Also, do not remember to (re)subscribe employees for every new purchase plan.

To **delete** a purchase plan, press the **delete record** button 

It is forbidden to delete already used purchase plans.

If you modify plan record, changes will affect all future transactions and therefore produce inconsistency with previous purchase related records in the system.

To review list of all purchase plans stored in the system, press the **ListView** button 

## Purchase Periods

Zero or more purchase periods are assigned to a purchase plan. Definitions in a purchase period record will govern the purchase transactions for that period. The purpose of these records is to abstract all the common data for purchases occurring for a certain purchase period.

Press the **New** button to create a new purchase period.

Press the **Delete** button to erase selected purchase period. Note that you cannot delete purchase period if it is already used (i.e. purchases are made for that period)

Purchase period stores the information about both offering periods and purchase periods.

### Offering Begin Date

Nonempty if Offering Type is Fixed, empty if Rolling.

Here you specify the beginning date for the offering if the offering is Fixed. If the offering is Rolling, this date is ignored (but should be empty).

### Purchase Begin Date

The default value is either the offering begin date, if there were no previous Purchase Period records for this plan, or the ending date of the previous purchase for this plan plus one day.

This field must not be empty.

**Purchase Begin Date** and **Purchase Date** constitute the purchase period.

**Note:** the defaults are offered, but you have the freedom to override them, for whatever reason (like adjusting the dates to exclude weekends, etc.)

**Purchase Value** is the share price on the purchase date.

**Other Price** is *required* if Price Basis is set to *Other*, otherwise it is *ignored*

Every purchase period record has its unique **Period ID** (primary key field).

Throughout the system, whenever you need to select one purchase period, there will be a drop-down list containing period descriptions. Description is a text field that contains a line with basic information about the purchase period: <offering date> <purchase begin date> <purchase date>

### Default date scheme

**Example:** This is a sample data from a fictions set of records from this database, for a situation where an offering period last for 12 months and a purchase period for 6 months:

plan:	offering begin date:	purchase begin date:	purchase date:
Plan93	1/1/93	1/1/93	6 /30/93
Plan93	1/1/93	7/1/93	12/31/93
Plan93	1/1/94	1/1/94	6 /30/94
Plan93	1/1/94	7/1/94	12/31/94
Plan93	1/1/95	1/1/95	6 /30/95

Actual purchase begin/end dates might be adjusted for a day or two (to exclude weekends, for example).

For the offering period begin date: if the record is being made for the same plan as the previous record (which is by far the most frequent case), then it should be checked whether the offering period, as defined in the previous record, is over. It is over if its last purchase date is close to (zero or a couple of days away from) its expiration date.

If it is, the default date should be the last offering date + duration of the offering date in months, as defined in the plan.

For the purchase begin date: likewise. If the record begins a new offering, then this date should be equal to the offering begin date, else one day away from the last purchase date.

For the purchase date: it should be *purchase duration* months away from the purchase begin date, minus one day.

## System Tasks

### Recalculate Remaining Shares ADMIN

One of the purchase plan parameters is a number of **Shares Allocated**. This defines how many shares can be purchased under the plan. After every purchase, the system records the number of shares purchased and updates the number of shares remaining for further purchasing. In normal situations, you do not have to manually start the procedure that calculates shares purchased and remaining under the plans. But, if you doubt that there were some irregular situations, please press this button. You will be prompted to choose between recalculating the share balance for current or all purchase plans in the database.

### Import Plan/Period Records ADMIN

First you have to choose how the program will treat records that you want to import, but they already exist in database. You can either overwrite existing data or skip these records.

Note that *exist* means that key fields from records to be imported are same as those stored in database. For Purchase Plans database key field is Plan Name. For Purchase Periods database key field is Period ID, but you don't have to import IDs, because program will automatically create it during the import, based on the Purchase Plan, Offering Begin Date, Offering Date and Purchase Date (which make multi-fields record key).

Then, you will be prompted to enter the import file name and type.

At the end you have to select and match fields from records you want to import with fields in the database.

After the import, you can run the Import Status Report and find out if there were rejected imports. Report shows rejected records with reject reason. Use the content of this field to correct records you want to import. Then, run the import procedure once again, but this time only for those previously rejected records. This means you first need to remove successfully imported records from your import database and then start the import procedure for the second time. If you do not remove previously imported records, there is a chance to duplicate some records in your database. System does take a thorough check procedure while importing records, but it also depends of the content of your data whether this procedure will be completed successfully or not (error possibility is greater if you import incomplete records - without primary key field, for example).

## **Export Plan/Period Records**

You have to choose between Default and Custom export.

Default export order for purchase plan records:

**Plan Name**  
**Shares Allocated**  
**Expiration Date**  
**Offering Type** (in months)  
**Offering Duration** (in months)  
**Purchase Duration** (in months)  
**Discount Rate** (percentage)  
**Price Basis**  
**Limit Type**  
**Share Limit For All**  
**Single Contribution Limit**  
**Company Limit Per Purchase**  
**Check for \$25000 Limit?** (1 for Yes, 0 for No)  
**Refund on No Purchase Election**  
**Refund Type**  
**Fraction Handling**  
**Notes**

Default export order for purchase period records:

**Purchase Plan**  
**Offering Begin Date**  
**Purchase Begin Date**

**Purchase Date**  
**Purchase Value**  
**Other Price**

If you choose custom export order, you can add or remove database fields from the export order list.

Before the system starts export procedure, you will be prompted to enter export file name and choose export file type.



## Employees

Employees database stores employee related information. Term *employee* is used for Stock Purchases and term *optionee* for Options.

Every employee has its own unique **Employee ID**. ID is stored with every Option and Purchase related record throughout the system. Therefore, you cannot change Employee ID, except when there are no employee related records stored in the system.

**Tip:** You can use arbitrary text for ID, but it is recommended to limit text length as small as you can, because space for ID in reports is also limited.

**Required fields:** Apart from the **Employee ID** and **Email**, you have to enter data for **Purchase Currency** and **Type of Issuance** (see section III, Option/Purchase Information). These fields are required for Stock Purchases.

There are several layouts in the Employees database:

### 1. Employees Data Entry Long Page Layout

Shows complete employee record, activated by the **Employee** navigation button.

At the top, there is a basic employee card showing: **Employee ID**, **Social Security Number** (SSN), **Last, First** and **Middle Name**, and employee **status** (*active* or *terminated*, with termination reason shown). System shows employee's name in the form of: Last, First, Middle.

There is a space left for an employee **picture**. To add a picture, you have to copy desired bitmap to the clipboard, then right click on the picture field and select **Paste Picture** from the shown menu. Picture field is placed under the **6. Activities** button.

Press **Assignments** button to review, set or modify related assignment records.

Employee data are divided into five different categories.

#### I. Location and Status

Here you will store the employee's **Address**, **City**, **State**, **ZIP Code**, **Country**, **Phone** and **Fax** number, **E-mail** address, mark if an employee is a real *Employee* or only an *optionee* (only real employees may participate in the ESPP).

If employee, you may enter the **Hire Date**, **Job Title**, **Subsidiary**, **Location** and **Salary**.

It is recommended to enter phone/fax numbers as numbers, and they will be automatically formatted as (xxx) xxx-xxxx.

**Salary** is required if you engage default contribution amounts as a percentage of employee's salary (see Section III). For foreign employees, please convert their salaries into the domestic (default) currency.

## II. Taxes

Whenever the program processes the transaction that is taxable it will look here for the information about the taxes. Every employee can pay up to seven different taxes. You will specify taxes by selecting tax ID from the drop-down list. Relevant tax information will be shown: tax name, tax rate (percentage) and yearly limit (if exists). Press appropriate tax number (1..7) to review tax details.

You have to mark if the tax will be applied or not and enter the amount that is already paid (year-to-date). At the beginning of the fiscal YTD Paid amounts will be zeroed out and program will update these fields after the tax payments, but you need to update these fields for payments employees made themselves.

Back	Forward	Home	Employee	Emp. List	Grant	Exercise	Dispose	Opt. List	Price	Reports	ACME
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# Employees

Young, Tom, D.

#1 of 5 records

1. Location 2. Taxes 3. Options 4. Notes 5. Term. 6. Activities

Employee ID	AA001	Last Name	Young
SSN	123-45-6789	First Name	Tom
Employee active		Middle Name	D.



## I. Location and Status

Young, Tom, D.

Street Address	11 South Street			Employee?	<input checked="" type="checkbox"/>
				Hire Date	Jan 1, 1999
City	Santa Barbara			Job Title	s/w developer
State	CA	Phone	(555) 555-0001	Subsidiary	South
Zip Code	93101	Fax	(505) 555-0002	Location	CA2
Country		E-mail	tyoung@aol.com	Salary	\$4,567.00

## II. Taxes

Young, Tom, D.

	Tax	Tax Applies	Tax Rate	Yearly Limit	YTD Paid
1	▼ Federal	Yes <input checked="" type="checkbox"/>	27.5000%		
2	▼ Medicare	Yes <input checked="" type="checkbox"/>	1.4500%		\$1,355.17
3	▼ Social Security	Yes <input checked="" type="checkbox"/>	6.2000%	\$80,400.00	\$3,013.12
4	▼ State - CA	Yes <input checked="" type="checkbox"/>	8.5000%		
5	▼	<input type="checkbox"/>			
6	▼	<input type="checkbox"/>			
7	▼	<input type="checkbox"/>			

Figure 16 – Employees Data Entry LongPage Layout (parts I and II)

**Tip:** It is not recommended to change taxes that are already entered. The system does store employee's tax information in related records (whenever it is necessary), but because of the YTD amounts, it is better to add new tax to the list of employee's taxes and to deselect taxes you do not want to use any more. An exception should be when you are entering historical data (exercises, dispositions) – please take care about the tax rates used in order to store exact employees' tax information.

When creating a new employee account system will automatically add default taxes. Taxes can be marked as default in the taxes database.

### III. Option/Purchase Information

At the top there are Options related information: **Option Broker ID**, selected from the list and **Option Account** number, which is optionee's identifier in the Brokerage firm.

**Forbidden Exercises** field contains list of exercise types that are **not** allowed for the current employee. For example, if you want to forbid loan exercises simply enter **loan** in this field. Please use the following types: **sds**, **cash**, **sds-cash**, **swap**, **pyramid**, **loan**, and **sar**. Separate exercise types in the list with commas.

There are fields related to Insider Issues:

**Insider Type** (Director, Officer, Ten percent owner, Other insider or Not an Insider);  
**Owner Cik** and **Ccc** are required for the electronic form submission (xml file);  
**Include In Proxy?** check box, marked if you want insider to be included in proxy reports;  
**Last Purchase Date** and **Last Sale Date**.

There are four Insider related buttons. These buttons are active only if the employee is an insider.

**New Transaction** - press this button to create a new transaction for this insider.

**Transactions List** – press this button to show list of existing insider transactions. If there are no transaction records, press the Find All button.

**New Form** – press this button to fill new form for this insider.

**Forms List** – press this button to review existing insider forms. If there are no transaction records, press the Find All button.

Then, card shows Purchase related information:

**Purchase Broker ID**, selected from the list;  
**Purchase Account** number, which is employee's identifier in the Brokerage firm;

**Subscription Date**, you will enter date when the employee subscribed to the current Purchase Plan (field Subscribed will be set to Yes);

**Purchase Currency**, every employee must have currency specified (selected from the list and defined in the Currencies database);

**Default Contribution**, entered either as amount (in employee's currency) or as a percentage of salary. This contribution amount can be automatically applied when you create new contributions;

**No Purchase Election** check box, mark this if an employee chooses not to purchase when the next purchase occur. After the next purchase completes, all unused contributed amounts will be refunded;

**Share Limit**, if this employee's purchases are limited by shares number that limit is entered here. To engage this limit, you must set Limit type in the Plan parameters to **Per Purchase Employee**. When the system processes new purchases, if this share limit is exceeded refund or carry-forward contribution will be created for the amount that left over (this depends on the Plan parameters about left over amounts);

**Type of Issuance** for purchases is also mandatory (Same-Day Sale, Street Name, Employee);

**Offset Shares** and **IRS Value**, these fields store information about additional shares that employee acquired elsewhere. This information is required for calculating annual IRS value of shares.

III. Option / Purchase Information				Young, Tom, D.	
Option Account	OA001	Option Broker ID	My Broker		
Insider Issues		Forbidden Exercises			
Insider Type	Not an insider	Last Purchase Date			
Include in Proxy?	<input type="checkbox"/>	Last Sale Date			
New Transaction		Transactions List		New Form	
				Forms List	
Purchase Account	PA001	Purchase Broker ID	My Broker		
Subscribed?	<input type="radio"/> No <input checked="" type="radio"/> Yes	Purchase Currency	USD		
Subscription Date	Jun 1, 2000	Default Contribution	1.00	<input checked="" type="checkbox"/> %	
No Purchase Election	<input type="checkbox"/>	Share Limit			
Withdrawal Date		Type of Issuance	Street Name		
Refund		Withdraw		Offset Shares	
				1,500	
Resubscribe		Offset IRS Value		\$12,524.58	
Alternate Registration					
Alternate Name			Alternate Address		

Figure 17 - Employees Data Entry LongPage Layout (part III)

At the end, there are three buttons.

First is **Refund/Undo Refund** button, which instructs program to immediately create refunds for the current employee. Otherwise, refunds will be created after the next purchases. If you have previously made refunds, this button shows Undo Refund label, and, if pressed, refunds will be reversed.

The second button is **Withdraw/Undo** withdrawal. When pressed it will withdraw current employee from further participation in the purchase plan. Withdrawal date will be filled, either with "today" or with date specified as *default* date in the Preferences. If an employee is withdrawn, this button has Undo Withdrawal label, and it will reverse the withdrawal process.

Third button is **Resubscribe** button, enabled only if an employee was already subscribed but choose to withdraw. Pressing this button will simply mark this employee as a participant in the current purchase plan again and withdrawal date will be cleared.

If an employee has an **Alternate** Registration, alternate name and address are entered here. This registration data will be used instead of the employee's real name and address when appropriate documents are printed (certificates, acknowledgements, etc.)

#### IV. Notes

There are four **user** defined fields in the employee record. You can specify their labels on the system layout and then you can store your custom data here. Please see a discussion on user fields in the System Tasks chapter, later in this manual.

Also, there is a common purposed **Notes** field.

#### V. Termination/Leave of Absence

The termination part of the section shows basic termination fields, and a portal showing all employee's options that were canceled due to termination.

Fields in this section are read-only. The only way to change the termination status is to use buttons.

There are two buttons in this section:

**Terminate/Undo terminate** - This button has a label reading *Terminate* if the employee is not terminated, and *Undo* otherwise.

**Rehire** - button is *blocked* (bears a white label reading *Rehire*) if the employee is not terminated and is not blocked otherwise.

**Tip:** The distinction between undoing a termination and rehiring an employee is that in the former case all the options canceled due to termination are un-canceled, while

rehiring leaves all the option as they are, and only clears the termination fields (like undoing the termination does).

The second part of this section takes care about an LOA - an unpaid **Leave of Absence**, which usually occur not more than once for the entire employment period. It is defined by three characteristics:

**(1) Leave Start Date, Leave End Date** - the date range during which the LOA took place. The End Date may not be known initially.

**(2) Vest Stop - Start Date, Vest Stop - End Date.** Some companies may require that the vesting stops during the LOA. If this is the case, vesting schedules of existing employee's grants must be modified by inserting a non-vesting *gap* into it.

**Example:** if LOA started on 7/1/98 and ended on 9/1/98, this is a two-months gap. If the option originally vested on 1/1/97, 1/1/98, 1/1/99 and 1/1/2000, when LOA vest stop is considered, the option should vest on 1/1/97, 1/1/98, 3/1/99 and 3/1/2000.

**(3) Exercise Stop - Start Date, Exercise Stop - End Date.** Further restrictions may be that vested shares cannot be exercised during LOA.

Of the three, (1) is just for user's evidence. (3) is relevant for *options outstanding* calculation procedure, so that if the *as of date* is within the LOA range, 0 shares will be exercisable.

(2) has more complex provisions, however. It requires that the user can automatically modify all the options granted before LOA end date.

**Tip:** If you want to adjust vesting schedules, enter the range into these two fields. Then, press the **Adjust Vesting** button, which checks if the range is OK, and calls a procedure in Options database, which adjusts the grants. Then the script sets an internal flag in for this employee (Grants Adjusted) and, from now on, the button will perform *undo adjust* operation if pressed.

At the end, there is a **Clear** button, which clears the Leave of Absence related fields.

## VI. Options/Purchases Activities

Contains set of buttons that show current employee's related records in the various Options/ESPP databases:

**Options** - shows grants list for current optionee;

**Option Status** - executes grant status report that lists optionee's grants with basic option information;

**Exercises** - shows list of exercises for current optionee;

**Tax Deferrals** - shows list of tax deferral records related to the current optionee;

**Opt. Dispositions** - shows list of option dispositions for current optionee;

**Repurchases** - shows list of repurchase records related to the current optionee;

**Contributions** - shows list of contributions that current employee has made;

**Purchases** - shows list of stock purchases recorded for current employee;

**Pur. Dispositions** - shows list of purchase dispositions for current employee;

**Purch. Refunds** - shows list of purchase refund records related to the current employee

**Tip:** You can click on field labels to sort records by those fields.

IV. Notes / Custom Fields / Web						Young, Tom, D.
User Field 1		User Field 3				
User Field 2		User Field 4				
Notes				Web Username		
				Web Password		
V. Termination / Leave of Absence						Young, Tom, D.
<b>Termination</b>						
Terminated?	<input checked="" type="radio"/> No <input type="radio"/> Yes		Termination Date		Term. Reason	
Termination notes				<div>Terminate</div> <div>Rehire</div>		
Grants information						
<b>Leave of Absence</b>						
Leave Start Date		Leave End Date		On Leave	<input type="checkbox"/>	
Vest Stop: Start		Vest Stop: End		Vesting Stop	<input type="checkbox"/>	
Exercise Stop: Start		Exercise Stop: End		Exercise Stop	<input type="checkbox"/>	
Leave Notes						
					<div>Adjust Vesting</div> <div>Clear</div>	
VI. Option / Purchase Activities						Young, Tom, D.
Options	Exercises	Tax Deferrals	Opt. Dispositions	Repurchases		
Option Status	Contributions	Purchases	Pur. Dispositions	Purch. Refunds		

Figure 18 - Employees Data Entry LongPage Layout (parts IV, V and VI)

## 2. Employees List

The list of employees, activated by the **Emp. List** navigation button, shows all employee records in a *CardView* form. Basic employee data are presented on each card: Employee's **Name (Last, First, Middle)**, Social Security Number (**SSN**), **Employee ID**, **Hire Date**, **Job Title**, **Subsidiary**, **Location**, **Salary**, **User Field 1 to 4**, **Termination Info** with eventual Termination Date.

The fields in records are **not** modifiable, except in Find mode.

There are following buttons near each employee record:



**Details:** opens *Data entry long page* where information can be modified, and full details about the employee are shown


**Terminate:** opens up a screen where employee can be terminated

**Delete:** deletes employee record

Operations Terminate and Delete can be applied to all the employee records in the current found set. To do such, the user should select the "perform the above for ALL the records in the current set" check box placed beneath the two buttons.

**Tip:** You can click on field labels to sort records by those fields.

In addition to this layout, there is one more employee's list layout, which contains only employee Name, ID, SSN, Hire Date and Job Title. You can switch between *CardView* and *ListView* using the  and  buttons.

To **add** a new employee to the database, press the **new record** button  from one of the employee layouts.



The screenshot shows the FileMaker Pro interface for an 'Employees' database. The window title is 'FileMaker Pro - [Employees]'. The menu bar includes File, Edit, Mode, Select, Format, Script, Window, and Help. The toolbar contains buttons for Back, Forward, Home, Employee, Emp. List, Grant, Exercise, Dispose, Opt. List, Price, Reports, and a search icon. The main area is titled 'Employees' and shows a list of 5 records, with the second record selected. The selected record is for 'Young, Tom, D.' with Employee ID 'AA001', Hire Date 'Jan 1, 1999', Job Title 's/w developer', Subsidiary 'South', Location 'CA2', Salary '\$4,567.00', and Termination Date set to 'No'. To the right of the record list are buttons for 'Details', 'Grant Status', 'Terminate', and 'Delete'. Below these buttons is a checkbox labeled 'Perform the above for ALL the records in the current set'. The bottom of the window shows a status bar with a zoom level of 100% and a 'Browse' button.

Figure 19 – Employees CardView Layout

### 3. Terminating an Employee

Only a non-terminated employee can be terminated. When an employee is terminated, all his non-canceled options are canceled and unused purchase contributions are refunded. Canceled options have their **Last Exercise Date** field set according to the plan specifications (termination date + grace period).

Terminations can be individual or group terminations.

#### (1) Individual Termination

You have to specify the proposed **Termination Date**, choose **Termination Reason** from drop down list and enter the **Termination Notes**.

The screen also displays options and purchase information.

Non-canceled options are displayed in the portal, with information about Grant ID, Date, Type and Last Exercise Date. You may see grant details by pressing the Details button.

By default, the system marks ‘cancel records’ check-box next to Options list, and it will cancel related employee grants as a part of termination. If you do not want to cancel option records, then clear this checkbox.

The system will cancel all grant records, or only records granted as of termination date, depending on your selection. Expired grants before termination date will be left unchanged.

The second portal shows unused contributions that will be refunded upon termination. Unused contributions are contributions that current employee made, but those amounts are still not used for purchases and are subject of refund. Information shown are: Purchase Plan, Contribution Date, Amount and CF check box, marking if the contribution is carried forward.

**Termination**

You are about to terminate **Employee # AA003: Fisher, Anna, S..**

Termination Date: Mar 1, 2000    Term. Reason: Involuntary    Proceed    Abort

Termination notes: [Text Area]

**Options:**

Grant ID	Plan	Date	Type	Last Exer. Date	Details
Plan 99A - 3		May 1, 1999	NQ	Mar 31, 2000	

**Unused Contributions:**

Purchase Plan	Contribution Date	Amount	CF
1999	Dec 1, 1999	\$25.00	<input type="checkbox"/>
1999	Dec 11, 1999	\$10.00	<input type="checkbox"/>

**Figure 20 – Employee Termination Layout (individual termination)**

Press **Proceed** button to terminate the current employee. Termination parameters will be validated first. Note that if an employee has foreign purchase currency, you have to specify the exchange rate on the termination date. As a part of termination procedure, employee will be withdrawn from the purchase plan and purchase refunds will be created.

Press **Abort** button to cancel the termination procedure.

## **(2) Group Termination**

This operation can be initiated only from the Employees List, if you selected the **perform the above for ALL the records in the current set** check box.

Group termination is essentially the same as individual, same termination parameters are required, but these will be applied to all employees in the current found set. Note that if your found set contain previously terminated employee system will inform you about it and ask to remove such employee(s) from the found set.

## **4. Deleting an Employee**

In opposite to the termination, where employee data stay in the database, deleting an employee means its removal from all databases in the system. This is an irreversible process and therefore you have to be very cautious about it. Deleting an employee record also removes all records that are related to the current employee.

As with terminating, you can choose individual or group deletion.

## **5. Select an Employee**

Throughout the system you will have to select one employee in order to perform the desired operation. If you specify search criteria that results in finding more than one employee, you will be prompted to select one employee from the list. When you locate such an employee, please press the **Select** button to continue.

## **System Tasks**

### **Import Records** ADMIN

There are two types of employees import: Complete and Partial.

Complete import will create new records in the database. The following text fields are required in your import database: Employee ID (unique), Last Name and First Name. If you manage Stock Purchases, two additional fields are required: Purchase Currency and Type of Issuance.

Partial import means that you want to add/change data in existing employee records. Every record in the import file must contain an Employee ID and that ID must exist in the Employees database. Imported data will overwrite existing. Only non-empty fields will be imported. If you provide both Termination Date and Termination Reason system will ask you if you want to cancel grants/contributions as well. Answer Yes if you import termination data and employee grants are not already canceled.

You will be prompted to enter the import file name and type.

At the end, you have to select and match fields from records you want to import with fields in the database.

After the import, you can run the Import Status Report and find out if there were rejected imports. Report shows rejected records with reject reason. Use the content of this field to correct records you want to import. Then, run the import procedure once again, but this time only for those previously rejected records. This means you first need to remove successfully imported records from your import database and then start the import procedure for the second time. If you do not remove previously imported records, there is a chance to duplicate some records in your database. System does take a thorough check procedure while importing records, but it also depends on the content of your data whether this procedure will be completed successfully or not (error possibility is greater if you import incomplete records - without primary key field, for example).

### **Export Records**

You have to choose between Default and Custom export.

Default export order:

**Employee ID**  
**Last Name**  
**First Name**  
**Middle Name**  
**Social Security Number**

**Address1, Address2, Address3**

**City**

**State**

**Country**

**Zip code**

**Phone**

**Fax**

**E-mail address**

**Employee? (1 for Yes, 0 for No)**

**Hire Date**

**Job Title**

**Subsidiary**

**Location**

**Salary** (for foreign employees it is converted in default currency)

**Insider Type** (Director, Officer, Ten percent owner, Other insider, Not an insider)

**Include in Proxy?** (1 for Yes, 0 for No)

**Last Purchase Date**

**Last Sale Date**

**Option Broker ID**

**Option Account**

**Alternate Name**

**Alternate Address**

**No Purchase Election?** (1 for Yes, 0 for No)

**Subscription Date**

**Share Limit**

**Type of Issuance**

**Purchase Broker ID**

**Purchase Account**

**Purchase Currency**

**Default Contribution**

**Percentage of Salary?** (1 for Yes, 0 for No)

**Withdrawal Date**

**Offset Shares**

**Offset IRS Value**

**Termination Date**

**Termination Reason**

**Termination Notes**

**Leave Start Date**

**Leave End Date**

**Vest Stop Start Date**

**Vest Stop End Date**

**Exercise Stop Start Date**

**Exercise Stop End Date**

**Leave Notes**

**Custom Field 1**

**Custom Field 2**

**Custom Field 3**

**Custom Field 4**

**Notes**

Tax related fields (for up to seven employee's taxes):

**Tax ID**

**Tax Applies?** (1 for Yes, 0 for No)

**YTD Paid**

**WEB Username**

**WEB Password**

**Forbidden Exercises**

**Owner Cik**

**Owner Ccc**

If you choose custom export order, you can add or remove database fields from the export order list.

Before the system starts export procedure, you will be prompted to enter export file name and choose export file type.

## **Clear All New Grants/Contributions/Purchases Sessions** ADMIN

During the process of adding new grants/contributions/purchases, employees record stores special **Session ID**, which is cleared automatically when new grants/contributions/purchases are successfully saved. But, if that process is irregularly finished some employees may stay "locked" for further grants/contributions/purchases and only in that case you have to select this system operation.

## **Subscribing Employees For Current ESPP** ADMIN

When your company adopts new purchase plan, you have to (re)subscribe employees to the new plan. This means you have to enter new subscription date for employees that stay subscribed and to clear subscription date fields for employees that will no longer be subscribed. Typical procedure is: find employees that continue their subscription or subscribe for the first time (using various search criteria at the one of the Employee layouts), then jump to the System Tasks layout and enter subscription date for found employees (most likely it is offering begin date) and press **Proceed** button. Repeat this until you cover all employees. Note that you can use this procedure to actually unsubscribe desired employees - just leave the date field empty and press **Proceed**.

## **Erasing YTD Taxes Paid** ADMIN

Press **Proceed** button to erase all information about taxes paid year-to-date for all found employees. Use this procedure to zero-out employee's tax information at the beginning of the year.

## Custom Fields' Labels ADMIN

Here you can set labels for four custom fields. Please limit each label's text length so it fits predefined label width on the layouts.

**Note** that Custom Field 1 is placed on layouts for creating new grants, contributions, and purchases. Do have in mind this when assigning functions to custom fields.

**Example:** Let's name Custom Field 1 as Division field. Now, whenever you create new grants or contributions you can additionally filter out employees database by contents of Division field. This effectively means you will create new grants or contributions for employees that belong to the specified Division only.

## Blackouts ADMIN

Part V at the Employee LongPage Layout stores information about individual blackout periods. In order to set or clear blackout information for more than one employee at the same time, you need to:

- 1) select desired employees, by entering Find mode and specifying search criteria,
- 2) go to the System Tasks layout in the Employees database,
- 3) fill blackout information you want to set or clear – fill or clear desired fields and select check boxes next to the fields you want to modify. System will modify (set or clear) only fields that you mark.
- 4) press Proceed button.

According to information you enter, system may encounter two different situations:

1. employee record contains Leave of Absence information, or
2. employee record does not contain Leave of Absence information.

This is important for setting up Vest Stop dates, because the system has to Adjust Vesting data in employee's options. If employee record already has these dates set, system will perform an Undo Adjust operation first, and then new vest stop dates will be set and new vesting adjustments occur. If an error happens during this process, which means that individual vest stop dates are invalid, the system will show that employee record and ask if you want to continue with other employees (if such exist in the current found set).

**Note** It is very important to understand that you have full control of what fields will be modified (using checkboxes) and that setting and clearing Vest Stop dates is connected with adjustments in employee's options. For example, if you set Leave Start/End dates and mark only these two fields for modification please question yourself what will happen if there are employee records with already adjusted Vest Stop dates and if this will produce inconsistency in options database.

## Mask SSN ADMIN

If you select **Mask SSN** check-box system will show only last four digits in the SSN throughout the system and on all reports. Form used is: **###-##-1234**

## Assignments

Assignments database allows you to track any type of employee as-of-date assignments. With the Assignments database you can store and track all employee-related information that change from time to time. Therefore, it offers you expanded capabilities, as opposite to the general employee record where you store only current information.

For example, you can store information about department assignments. You will create a record by selecting assignment type from the drop-down list, then choose Employee ID, specify date, department code in the Condition field, and write down Description. Example screen shows that from 6/1/2009 employee AA001 belongs to department CA. When this employee changes department you will create a new assignment record with a new date and department code. In the Employees table you can store only the current (last) Department, and you can't have the history of all the departments particular employee has been assigned to.

Or, take the Hire Dates as new example. After you rehire an employee, you can store just last Hire Date in the Employees table, while in Assignments you can store all hire dates.

**Assignment Type** drop-down list holds all assignment types you can use. To expand the list press the Edit... and add new assignment type.

Select **Employee ID** from the drop-down list. The system will show employee name.

Specify assignment **Date**. This is 'from date' – until you specify newer date system will use current assignment status/condition.

Select appropriate **Condition** for the current assignment.

Use **Description** field to enter comments.

There is a **Condition Met** check box you can use as an additional attribute to your assignment record (depending on the assignment type).


You can click on **Assignment Type**, **Employee ID**, **Name**, **Date** or **Condition Met** column labels to sort records by these fields.


The screenshot shows a web-based interface for the 'Assignments' database. At the top, there's a title bar with the word 'Assignments' and several icons (new, save, delete, find, print). Below this is a toolbar with navigation buttons (back, forward, etc.) and a status indicator showing '#1 of 1 records'. The main area contains a table with the following columns: 'Assignment Type', 'Employee ID', 'Name', 'Date', 'Condition', 'Description', and 'Condition Met?'. The first row of data shows 'Department' as the assignment type, 'AA001' as the employee ID, 'Young, Tom, D.' as the name, '6/1/2009' as the date, 'CA' as the condition, an empty description field, and an unchecked 'Condition Met?' checkbox.

Assignment Type	Employee ID	Name	Date	Condition	Description	Condition Met?
Department	AA001	Young, Tom, D.	6/1/2009	CA		<input type="checkbox"/>

Figure 21 - Assignments



To **add** a new assignment, press the **new record** button 

To **delete** an assignment, press the **delete record** button 

System deletes current record. Be aware that it is not recommended to delete records that store information about assignment history.

If you modify assignment record, changes will have immediate effect.

## Contributions

The contributions database stores employees' contribution records.

In essence, a contribution is a record that tells how much has been taken from the employee for stock purchase purposes. During the offering period, employee's contributions are accumulated by the company and will be used toward purchasing company stock on the next purchase date. Purchase date is defined by the purchase period record and purchase price is calculated using the discount defined in the purchase plan data.

Note that there can be many contributions for a single purchase. The most common case is that an amount is contributed every month (as a deduction from employee's salary), but the total amount is applied only at the purchase date.

Some contributions are created automatically: when a purchase is made, if the remaining funds are to be carried forward, a new contribution is made, of type *carry forward*, equal to the amount that is carried forward. Such a *carry forward* contribution, as opposed to a *current* contribution, which is created by the user, is used together with the current contribution for the next purchase period to purchase shares.

Every contribution has its own **ID**, which is a primary key. It is created automatically, and you cannot change it. It is also used as a relationship with other stock purchase related databases.

### Entering New Contributions

System provides an easy way for you to record new contributions - *FastTrack* concept, which always creates a group of contributions. Creating a single contribution is just a special case of group contributions. But, unlike some other programs, *FastTrack* allows for each individual contribution in the group to be specifically tuned.

You can start entering new contributions by clicking on the **Contributions** button from the Main Screen, or by pressing the **New record** button, while browsing existing contribution records (*List View* or *Card View* layouts).

At the beginning, there are some default contribution parameters - you have to select **Purchase Plan** from the drop-down list, enter the **Contribution Date** and mark if new contributions are **Carry Forward** Contributions. After you select employees who contribute, you can **Apply Default Contribution Amounts**, specified in the Employees record, by clicking on the same button. For employees who contribute in foreign currencies, appropriate exchange rates must exist. Note that if an employee's default contribution is a percentage of a salary and that employee is a foreign one, salary is assumed to be in a domestic (default) currency. This means that salary will be first

converted back into the employee's purchase currency and then a percentage will be calculated and applied as a contribution.

Note that the system tests the existence of required exchange rates when you press either **Summary** or **Save** button.

Next, you have to select employees who contribute. You can enter new contributions in two ways:

a) First, you will find employees who contribute, by clicking on the **Find** button, entering find requests (Employee Name, ID, SSN, Subsidiary, Location, Job Title, Subscription Date), and performing the find in the Employees portal. Then, you will enter **Contribution Amount**, **Date**, **Exchange Rate** and **Notes** for found employees. Depending on the program preferences (button Preferences on the Main screen) additional find requests will add employees in the found set or create a new found set (previously unsaved contributions will be lost in this case). See help on Preferences layout.

**I. Default Contribution Parameters**

Purchase Plan: 1999 Contribution Date: Dec 11, 1999

Apply Default Contribution Amounts: ☐ Carry Forward Contributions?: ☐

**II. Employees Who Contribute**

Name	Fisher, Anna, S.	Contrib. Date	Dec 11, 1999	
Employee ID	A4003	SSN	202-11-4545	Exch. Rate
Subsidiary	Central	Location	CA1	Curr.
Job Title	secretary	Subs. Date	May 1, 1999	Amount
Notes				Prev. Amounts
				Total Amount

Amount: 100.00  
Prev. Amounts: \$  
Total Amount: \$100.65

Figure 22 – Entering New Contributions (a)

or

b) You will directly enter **Contribution Amount, Date, Exchange Rate** and **Notes** without filtering Employees portal first. If you choose this approach, be aware that you will have to scroll the portal very often, in order to manually find desired employees, and performance will be affected, especially if your employees database is large (more than 10000 accounts).

**FileMaker Pro - [Contributions.FP3]**

File Edit Mode Select Format Script Window Help

Back Forward Home Employee Emp. List Plan Contrib. Purchase Dispose Currency Reports ACME

**New Contributions** ESPP

**I. Default Contribution Parameters**

Purchase Plan: 1999 Contribution Date: Dec 11, 1999

Apply Default Contribution Amounts Carry Forward Contributions? ☐

Summary Save Clear Cancel

**II. Employees Who Contribute**

Name	Employee ID	SSN	Location	Job Title	Subs. Date	Contrib. Date	Exch. Rate	Curr.	Amount	Prev. Amounts	Total Amount
Smith, John, Z.	AA002	100-20-0555	CA1	chief of	May 1, 1999			USD			
Fisher, Anna, S.	AA003	202-11-4545	CA1	secretary	May 1, 1999	Dec 11, 1999	0.99356	Euro	100.00		\$100.65
Baker, Muriel, W.	AA004	808-32-1111	CA1	marketing	May 1, 1999			USD			

100 Browse

**Figure 23 – Entering New Contributions (b)**

Please use portal navigation buttons (four buttons: go to first, previous, next and last portal row) for scrolling through the employees portal.

**Note** that, at the beginning, the Employees portal shows all employees that can contribute (employees, subscribed, not terminated and not withdrawn), sorted by Name.

You can sort portal records by clicking on the field labels.

If you change **Contribution Date** program will not update **Exchange Rate** for foreign currencies automatically. In order to do so, you have to erase the existing exchange rate first and then change the Contribution Date.

You can press the button with the \$ sign and program will calculate and show previous dollar amount that selected employee has contributed before and is available for purchases.

**Note:** If you click outside the portal, the system scrolls up and shows first row. To go back to the last visited portal row, please press the portal label (Section II, Employees Who Contribute strap).

When you enter all new contributions, you can click on the **Summary** button if you just want to validate new contributions and see Summary Report, but without actually saving new contributions.

**Tip:** It is highly recommended to click on the **Summary** button before saving new contributions.

Press **Save** button to save new contributions to the database.

Program will first test validity of new contributions and then add them to the database. At the end, you can run New Contributions Summary Report (recommended).

Pressing the **Cancel** button will instruct the program to abandon the creation of new contributions.

**Clear** will initialize new contributions session once again (all new contributions entered but unsaved will be cleared and the employees portal will be restored to its beginning order).

### ***Working with existing contributions***

There are two layout types (views) you can use for browsing through existing contribution records.

**1. List View** shows list of contribution records, with basic record fields: Contribution ID, Employee Name, Plan Name, Contribution Date, Currency, Contributed Dollar Amount and three check boxes marking if a contribution is Carried Forward, Used for purchases or Refunded.

At the end, there is a summary part, showing Total number of Contributions, Total contributed Dollar Amount, Available Dollar Amount for new purchases and minimal, average, and maximal contributed dollar amount.

You can click on column labels (contribution **ID**, employee **Name**, **Plan Name**, contribution **Date**, **Currency** and **Amount**) to sort records by those fields.

2. *Card View* shows list of contribution cards. Every contribution card contains a complete contribution record and basic employee data.

At the end, there is a summary part, showing same information as on the *List View* layout.

The screenshot shows the FileMaker Pro interface for the 'Contributions' layout. The title bar reads 'FileMaker Pro - [Contributions.FP3]'. The menu bar includes File, Edit, Mode, Select, Format, Script, Window, and Help. The toolbar contains buttons for Back, Forward, Home, Employee, Emp. List, Plan, Refunds, Purchase, Dispose, Currency, Reports, and ACME. The main area displays three contribution cards, each with a light blue background and a white border. Each card contains the following fields:

Name	Employee ID	SSN	Location	Subs. Date	Purch. Plan	Contrib. Date	Exch. Rate	Currency	Amount	ID	Carry Forward?	Used?	Refund Date	Ref. Reason	Refunded?
Fisher, Anna, S.	AA003	202-11-4545	CA1	May 1, 1999	1999	Oct 1, 1999	0.922381	Euro	200.00	4	<input type="checkbox"/>	<input checked="" type="checkbox"/>			<input type="checkbox"/>
Baker, Muriel, W.	AA004	808-32-1111	CA1	May 1, 1999	1999	Oct 1, 1999	1.000000	USD	300.00	5	<input type="checkbox"/>	<input checked="" type="checkbox"/>			<input type="checkbox"/>
Young, Tom, D.	AA001	123-45-6789	CA2	May 1, 1999	1999	Dec 1, 1999	1.000000	USD	45.67	6	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>

Each card also has a 'Notes' field and a 'Refund Date' field. To the right of each card are 'Modify' and 'Delete' buttons. The status bar at the bottom shows '100' and a 'Browse' button.

Figure 24 – Contributions CardView Layout

Here is a complete list of fields in the contribution record:

**Contribution ID** is a primary key.

**Employee ID** is the ID of the employee who contributes.

**Purchase Plan** is the plan for which the funds are contributed.

**Contribution Date** is the date on which the contribution occurred. Only contributions made during a particular purchase period are accounted for that period. A Carry-Forward contribution is an exception, in that its date is the purchase date of the purchase that had occurred before the current purchase period.

**Currency** is the currency in which the amount is made. The default value is the **Purchase Currency** value specified in the employee record, since foreign employees will contribute in their home currency most of the time.

**Amount** is the amount contributed, in whatever currency is specified.

**Exchange Rate** specifies the rate on the contribution date. You can correct this value, while creating new contributions, if the Currency table is not up to date.

**Dollar Amount** - based on the contributed amount and the exchange rate, program calculates dollar equivalent of (possibly) foreign amount contributed. The calculated amount is rounded on two decimal places. This field is the only field considered for purchase calculations.

**Carry Forward** check box - if checked, indicates that this is a leftover from the previous purchase period. This may either be an automatic contribution (carry forward from the previous purchase), or a manually entered contribution of that kind, which the user may do if they are setting up the database for the first time.

**Used for Purchase** check box - becomes checked when funds are applied to the purchase.

**Refunded** check box - checked when amounts from this contribution are refunded.

If refunded **Refund Date** and **Refund Reason** are filled.

There are also “invisible” fields that the system fills when contribution is used for a purchase or when contribution is created automatically, as a carried-forward from a purchase. Both fields store information needed for undoing a purchase.

**Notes** field will be filled by system in a case of automatic contributions (carry forwards), indicating the origin of the contribution. For manual contributions, it is up to you to decide if you wish to put anything here.

All fields are **read-only**. In order to modify the contribution record, please press the appropriate button. Note that you can modify records only if it is not used for purchases and not refunded.

Press **Delete** button to delete current contribution record. Note that you can delete contribution if it is not used for the purchase, refunded, or created as carried forward from the purchase.

You can click on some field labels to sort records by those fields. Labels that respond on click are: Employee Name, Employee ID, Subsidiary, Location, Job Title, Subscription Date, Purchase Plan, Contribution Date, Contribution ID, Currency, Dollar Amount.

If the contribution is carried forward from the previous purchase period or has been used for the purchase or has been refunded, corresponding boxes are checked. Contribution amount is shown both in default (USD) and in the original currency (for employees who contribute in foreign currencies).

## **Modify contribution layout**

You can change contents of the following fields: Purchase Plan, Notes, Contribution Date, Exchange Rate, Amount, Carry Forward check box, Refund Date and Refund Reason.

If you specify the Refund Date system will create a refund record for the contribution amount and mark contribution refunded.

Press **Save** button to save changes.

Press **Cancel** to undo all modifications you have made. System will restore previous field contents.

Blue fields are read-only and cannot be modified.

**Notes** field can always be modified but be aware that it provides historical information for the carry-forward contributions, made automatically as a result of the leftover amount after the purchases.



Figure 25 – Modify Contribution Layout

Other white fields can be modified only if the current contribution is not used for the purchase or is not refunded.

## System Tasks

### Import Records ADMIN

You will be prompted to enter import file name and type.

Then, you have to select and match fields from records you want to import with fields in the database.

After the import, you can run the Import Status Report and find out if there were rejected imports. Report shows rejected records with reject reason. Use the content of this field to correct records you want to import. Then, run the import procedure once again, but this time only for those previously rejected records. This means you first need to remove successfully imported records from your import database and then start the import procedure for the second time. If you do not remove previously imported records, there is a chance to duplicate some records in your database. System does take a thorough check procedure while importing records, but it also depends on the content of your data whether this procedure will be completed successfully or not (error possibility is greater if you import incomplete records - without primary key field, for example).

### Export Records

You have to choose between default and custom export order.

Default export order:

**Contribution ID**  
**Employee ID**  
**Purchase Plan**  
**Contribution Date**  
**Currency**  
**Amount**  
**Exchange Rate**  
**Dollar Amount**  
**Carry Forward**  
**Notes**

If you choose custom export order, you can add or remove database fields from the export order list.

Before the system starts the export procedure, you will be prompted to enter export file name and choose export file type.

## Purchases

The purchases database holds the information about actual purchase transactions - one record for each participating employee in each purchase period.

Every purchase has its own **ID**, which is a primary key. It is created automatically, and you cannot change it. It is also used as a relationship with other stock purchase related databases.

### ***Entering New Purchases***

The system provides an easy way for you to record new purchases.

You can start entering new purchases by clicking on the **Purchases** button from the Main Screen, or by pressing the **New record** button, while browsing existing purchase records (*List View* or *Card View* layouts).

At the beginning, there are some purchase parameters. First, you have to select **Purchase Period** from the drop-down list. The program will show other period related information: Plan Name, Offering Begin Date, Purchase Begin Date and Purchase Date. Then, you need to enter **Same-Day Sale Date**, if it differs from the purchase date. There is also Currencies portal, which shows exchange rates on the purchase date. If it is empty or does not contain exchange rates for all the currency your employees use, you need to update the currencies database before processing new purchases.

Note that the system tests the existence of required purchase data when you press either **Summary** or **Save** button.

Next, you have to select employees who purchase. You can enter new purchases in two ways:

a) First, you will find employees who purchase, by clicking on the **Find** button, entering find requests (Employee Name, ID, SSN, Subsidiary, Location, Job Title, Subscription Date, Currency), and performing the find in the Employees portal. Then, you will mark **Purchasing** check box for found employees. Depending on the program preferences (button Preferences on the Main screen) additional find requests will add employees in the found set or create a new found set (previously unsaved purchases will be lost in this case). See help on the Preferences layout for more.

or

b) You will directly mark **Purchasing** check box without filtering Employees portal first. If you choose this approach be aware that you will have to scroll the portal very often, in order to manually find desired employees, and performance will be affected, especially if your employees database is large (more than 10000 accounts).

Figure 26 – Entering New Purchases

Please use portal navigation buttons (four buttons: go to first, previous, next and last portal row) for scrolling through the employees portal.

**Note** that, at the beginning, Employees portal shows all employees that can purchase (employees, subscribed, not terminated, not withdrawn and without No Purchase Election in the employee's record). Employees are sorted by Name.

You can sort portal records by clicking on the field labels.

**Note:** If you click outside the portal, the system scrolls up and shows first row. To go back to the last visited portal row, please press the portal label (Section II, Employees Who Purchase strap).

You can press **Mark All Eligible** button and program will automatically mark Purchasing check boxes for all employees found in the portal and eligible for purchases.

When you mark employees that purchase, you can click on the **Summary** button if you just want to validate new purchases and see Summary Report, but without actual saving new purchases.

**Tip:** It is highly recommended to click on the **Summary** button before saving new purchases.

Press **Save** button in order to save new purchases to the database. The program will first test the validity of new purchases and then add them to the database. For employees with same-day sale issuance type dispositions will be created automatically, but you will need to enter brokerage fee manually in the disposition record. According to the plan parameters, leftover amounts will be carried forward (new contributions made) or refunded.

At the end, you can run New Purchases Summary Report (recommended).

Pressing the **Cancel** button will instruct program to abandon creation of new purchases.

**Clear** will initialize new purchases session once again (all new purchases entered but unsaved will be cleared and the employees portal will be restored to its beginning order).

### ***Working with existing purchases***

There are two layout types (views) you can use for browsing through existing purchase records.

**1. List View** shows list of purchase records, with basic record fields: Purchase ID, Employee Name, Plan Name, Purchase Date and number of Shares purchased.

At the end, there is a summary part, showing Total number of Purchases and total, minima, average and maximal values for: Amount applied toward purchasing, number of Shares purchased, total Price of shares purchased, total Value of shares purchased (based on fair market value on purchase date), potential Gain realized (value minus price) and Leftover amount. There is also information about minimal, average and maximal Share Price for the purchase records in the current found set.

You can click on column labels (purchase **ID**, employee **Name**, **Plan Name**, **Purchase Date** and number of **Shares** purchased) to sort records by those fields.

2. *Card View* shows list of purchase cards. Every purchase card contains the complete purchase record and basic employee data.

At the end, there is a summary part, showing the same information as on the List View layout.

**FileMaker Pro - [Purchases.FP3]**

File Edit Mode Select Format Script Window Help

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**Purchases** #1 of 4 records

Name	Young, Tom, D.	Purch. Plan	1999
Employee ID	AA001	SSN	123-45-6789
Subsidiary	South	Location	CA2
Job Title	s/w developer	Subs. Date	May 1, 1999
Currency	USD	Exch. Rate	1.000000
Fair Value on Subscrip. Date	\$5.0000	Share Price	\$4.2500
Fair Value on Offering Date	\$5.0000	Previous Balance of Shares	0
Fair Value on Purchase Date	\$6.6000	Current Balance of Shares	58
Type of Issuance	Street Name	Shares Purchased	58
Same-Day Sale Date		Purchased Shares Price	\$246.50
Broker	My Broker	Purchased Shares Value	\$382.80
Account	PA001	Gain	\$136.30
Registration	Winner Broker	Leftover Amount	\$3.50
Address	33 West 34th Street New York NY 10001	Leftover Reason	Refund

Undo Purchase

Undo All Purchases  
(in the current found set)

Name	Smith, John, Z.	Purch. Plan	1999
Employee ID	AA002	SSN	100-20-0555
Subsidiary	Central	Location	CA1
Job Title	chief of	Subs. Date	May 1, 1999
Currency	USD	Exch. Rate	1.000000
Fair Value on Subscrip. Date	\$5.0000	Share Price	\$4.2500
Fair Value on Offering Date	\$5.0000	Previous Balance of Shares	0
Fair Value on Purchase Date	\$6.6000	Current Balance of Shares	117
Type of Issuance	Same-Day Sale	Shares Purchased	117
Same-Day Sale Date	Oct 31, 1999	Purchased Shares Price	\$497.25

Undo Purchase

Undo All Purchases  
(in the current found set)

100 Browse

**Figure 27 – Purchases CardView Layout**

Here is a complete list of fields in the purchase record:

**Purchase ID** is a primary key.

**Employee ID** is the ID of the employee who purchased.

**Purchase Plan** is the plan for which the funds are contributed

**Purchase Date** is the date on which the purchase occurred.

Purchase Date must be stored here, as it is an official document and should remain intact, even if the date in the Purchase Period record changes by mistake (which can't happen, changes are not allowed for periods that have any purchases processed).

Note that purchases are made for a specific purchase period. Both purchase plan and purchase date define Purchase Period, because every purchase period has its unique purchase date (you have selected desired period while entering new purchases).

**Subscription Date** is the subscription date for the offering period for this purchase. Must be made part of the record, since the employees change their subscription dates upon each new offering period.

**Contributed Amount** is the sum of all contribution amounts made during the purchase period (as defined by the Purchase Period record)

**Carried Forward Amount** is the amount carried forward (if any) from the previous purchase

**Total Amount** is the sum of the two above, and this sum is applied towards purchase of the shares.

**Example:** if the first purchase period is from 1/1/97 to 6/30/97, and total contributions for that period amount to \$305, and if share price is \$15, \$300 of \$305 will be applied towards purchasing  $\$300/\$15 = 20$  shares. The remaining \$5 can either be refunded (in which case a refund record is generated, and the company sends the employee a small check on \$5), or carried forward, which means it will be applied towards the next purchase. What exactly will happen depends on the plan parameters (section "refunds").

**Currency** and **Exchange Rate** fields are needed for refund purposes. If there is a leftover amount that has to be refunded, refunds are made in the employee's purchase currency.

**Fair Value on Subscription Date** is needed for calculating share purchase price (based on discount defined in the plan data)

**Fair Value on Offering Date** is needed for calculating annual IRS value of shares purchased.

**Fair Value on Purchase Date** is needed for calculating gain that can be realized by purchasing shares with discounted price.

**Share Price** is a function of Price Basis, Discount Rate, Other fields (in the plan), Price table and Subscription Date in the employee record. This is a price that an employee has paid.

**Previous Balance** of Shares is the number of shares that an employee has purchased before this purchase occurs.

**Tip:** Click on the label to recalculate.

**Current Balance** of Shares is the number of shares that an employee owns including this purchase record.

**Shares Purchased** is the number of shares purchased. It is calculated using the Total Amount and Share Price, unless it exceeded the limit, in which case this value is lower, i.e., compliant with the limit.

**Purchased Shares Price** is the actual amount paid for the shares.

**Purchased Shares Value** is the fair market value of the shares on the purchase date.

**Gain** is a difference between the Purchased Shares Value and Total Shares Price

**Leftover Amount** is the unused amount, difference between the Total Amount and Purchased Shares Price. It will be either carried forward, or refunded, depending on the plan.

**Leftover Reason** contains the description why some funds remained, if necessary. The reasons are various:

- exceeding the per-employee limit,
- not participating in the current purchase,
- exceeding the annual IRS Limit,
- exceeding the contribution limit

**Type of Issuance** determines how (to whom) the share certificates are to be issued. Can be one of the following: *Same-Day Sale*, *Street Name* or *Employee*

**Same Day Sale Date**, empty if Issuance Type is not *Same-Day Sale*. For *Same-Day Sale* this date is most likely equal to the purchase date, but you can specify a different one, for whatever reason, while entering new purchases.

**Broker** and **Account**: for *Same-Day Sale*, Purchase Broker ID and Account from the employee record, else empty

**Registration** and **Address**: for *Same-Day Sale* and *Street Name* issuance type, the registration and address are that of the broker, else copied from the employee record (alternate registration/address if non-empty, regular otherwise)



All record fields are **read-only** because you cannot modify purchase records at all. If you enter one or more purchase records by mistake, you have to undo purchases and then create new ones, with modified parameters.

Pressing the **Undo** Purchase button will erase current purchase record, free contributions that are used for purchase and delete related dispositions and contributions or refunds, made as a result of purchase.

Note that you can undo only the last purchase for current employee. In order to undo older purchase record, you have to undo all newer purchases, one by one.

**Undo All Purchases** will erase all purchases in the current found set, with same restriction as stated above. You will possibly use this option to undo all purchases that occurred on the same purchase date, which contain errors you need to correct.

You can click on some field labels to sort records by those fields.

Labels that respond on click are: Employee Name, Employee ID, Subsidiary, Location, Job Title, Subscription Date, Currency, Purchase Plan, Purchase Date, Purchase ID, Total Amount, Share Price, Previous Balance of Shares, Shares Purchased, Gain, Leftover Amount, Leftover Reason, Type of Issuance and Purchase Broker.

## **System Tasks**

### **Recalculate Shares Balance** ADMIN

Through Shares Balance fields (Previous and Current), every purchase record stores information about employee's purchase history under the current Purchase Plan and up-to Purchase Date. By pressing this button you will start a procedure that recalculates these balances and stores them in the corresponding fields.

Please start this procedure after the records import is completed.

### **Import Records** ADMIN

First, you have to choose if the program will automatically update contributions used for the purchase and create automatic dispositions, contributions or refunds, after the purchase is imported. This is a very important decision.

If you import only purchase records, then it is recommended to click **Update** button. But, if you are importing Contributions as well, you have to know if those contribution records also contain contributions made as a result of purchases. The same situation is for Purchase Dispositions and Purchase Refunds.

Then, you will be prompted to enter the import file name and type.

At the end, you have to select and match fields from records you want to import with fields in the database.

After the import, you can run the Import Status Report and find out if there were rejected imports. Report shows rejected records with reject reason. Use the content of this field to correct records you want to import. Then, run the import procedure once again, but this time only for those previously rejected records. This means you first need to remove successfully imported records from your import database and then start the import procedure for the second time. If you do not remove previously imported records, there is a chance to duplicate some records in your database. System does take a thorough check procedure while importing records, but it also depends on the content of your data whether this procedure will be completed successfully or not (error possibility is greater if you import incomplete records - without primary key field, for example).

Do not forget to recalculate Shares Balance after the import is completed.

## **Export Records**

You have to choose between default and custom export order.

Default export order:

**Purchase ID**  
**Employee ID**  
**Employee Name**  
**Purchase Period ID**  
**Purchase Plan**  
**Subscription Date**  
**Purchase Date**  
**Holding Date**  
**Price [Subscription Date]**  
**Price [Offering Date]**  
**Price [Purchase Date]**  
**Share Price**  
**Currency**  
**Exchange Rate**  
**Contributed Amount**  
**Carried Forward Amount**  
**Total Amount**  
**Shares**  
**Total Shares Value**  
**Gain**  
**Leftover Amount**  
**Leftover Reason**  
**Type of Issuance**

**Account**  
**Broker ID**  
**Registration**  
**Address**  
**Same Day Sale Date**

If you choose custom export order, you can add or remove database fields from the export order list.

Before the system starts the export procedure, you will be prompted to enter the export file name and choose export file type.

## Purchase Dispositions

When an employee sells or otherwise disposes of the shares acquired through the stock purchase plan, this is called a Purchase Disposition.

When this transfer occurs, this is reported to the company (either by the employee or some other way), and the company records this disposition -- because, under certain circumstances, it can qualify the company for tax deduction of some amount.

Purchase Dispositions are almost identical to Option Dispositions: the same disposition types are allowed (*Pending*, *Street Name*, *Sold*), can be Qualifying or Disqualifying (a disposition is *disqualifying* if the transfer occurs within the *holding period* (two+ years from the subscription date **and** one+ year from the purchase date), and *Sold* dispositions require information about broker, sale price, broker fee. There can be several dispositions for one purchase.

There are also automatic dispositions, for employees whose **Type of Issuance** in their employee record is either *Street Name* or *Same-Day Sale*, with one difference that the latter should not have the possibility to be modified.

Here is a detailed description:

An employee has in its Employee record in the Purchase section (section III on the Employees Long Page layout) defined the **Type of Issuance**: *Employee Name*, *Street Name*, or *Same-Day Sale*.

*Employee Name* means that the shares, when purchased, should be delivered directly to the employee.

*Street Name* means that the shares purchased are deposited in this employee's broker account.

*Same-Day Sale* means that the shares purchased are sold the same day the purchase occurs, by the employee's broker, on behalf of the employee.

Purchase parameters of relevance for dispositions are: purchase date, Same Day Sale date, and, of course, the number of shares purchased.

When a purchase record is created for an employee, whether a disposition record will be created or not and what it will be like depends on the **Issuance Type** field in the employee record.

1. If the issuance type is *Employee Name*, no automatic disposition record is created. When the employee disposes of (some of) the shares purchased, they will inform the

administrator, and the administrator will create a disposition record. The record contains the information about the purchase from which the shares originated, the date of transfer (disposal), the number of shares transferred (disposed of), and the type of transfer (disposal).

The number of shares may be equal or less to the number of shares purchased, minus the total number of shares disposed of by previous dispositions for the same purchase. In other words, there may be none, one, or more dispositions by an employee for one purchase, but the total number of shares disposed of must not exceed the total number of shares purchased, for a single purchase in consideration.

The disposition type may be Pending, Street Name, or Sold. It depends on whether the employee has only initiated the transfer process, or the shares have been actually sold. Types Pending and Street Name are usually later changed to Sold, after the administrator is notified accordingly.

In some cases, a disposition may be qualified, if it meets the holding period.

2. If issuance type is *Street Name*, an automatic disposition is created, of type Street Name, and with the transfer date equal to the purchase date (regardless of the Same Day Sale date specified, if any).

The number of shares disposed of equals the number of shares purchased. You may later modify this disposition, and change its type to Sold, specifying other necessary parameters. Furthermore, you have the freedom to change other parameters as well. In other words, such a disposition is treated like a *manual* disposition.

This disposition is never a qualifying one.

3. If issuance type is *Same-Day Sale*, an automatic disposition is created, of type Same-Day Sale, and with the transfer date equal to the SDS date as specified in the purchase record, usually equal to the purchase date, but may be a couple of days later as well.

The number of shares disposed of equals the number of shares purchased.

This disposition is never a qualifying one.

Every disposition has its own **ID**, which is a primary key. It is created automatically and you cannot change it. It is also used as a relationship with other stock purchase related databases.

## Entering New Purchase Dispositions

System provides an easy way for you to record new dispositions.

You can start entering new dispositions by clicking on the **Purch. Disposition** button from the Main Screen, or by pressing the **New record** button, while browsing existing disposition records.

**FileMaker Pro - [Purchase Dispositions.FP3]**

File Edit Mode Select Format Script Window Help

Back Forward Home Employee Plan Contrib. Purchase Refunds Price Currency Reports ACME

**New Purchase Dispositions** 1. Params 2. Purchases

Name: Baker, Muriel, W. ID: AA004 SSN: 808-32-1111 Find

**I. Disposition Parameters** Employee: Baker, Muriel, W. (AA004)

Type	Sold	Date	Feb 22, 2000	Change to:	Feb 22, 2000	Save Clear Cancel
Broker ID	My Broker	Sale Price	\$14.6200	Fee	\$20.00	
Notes						

**II. Eligible Purchases** Employee: Baker, Muriel, W. (AA004)

Purchase Plan	1999	Subscr. date	May 1, 1999	Disposed		Purch. Details
Issuance Type	Employee	Purch. date	Oct 31, 1999	Remaining	70	
Share Price	\$4.2500	Shares	70	Dispose	50	Disp. History

100 Browse

Figure 28 – Entering New Purchase Dispositions

First, you have to choose an employee who is disposing of shares. You may specify the employee's Name, ID or SSN and press Find button. If an employee cannot be found or more than one employee meets the search criteria, you will be prompted to change the criteria.

Then, you have to specify **Disposition Parameters**:

- **Type**, from drop down list (Pending, Street Name or Sold),

- **Date**, if different from offered please enter new date and press **Change to** button;  
**Tip:** If you want to reset the disposition date to *Today*, clear the input field and press the **Change to** button.
- select **Broker ID** from brokers list; This is used only for disqualifying, unconfirmed, Street Name dispositions,
- enter the **Sale Price** per share; by default, it is the fair value associated with the disposition date, but you can enter a different per-share price,
- enter the brokerage **Fee** - the total of brokerage fees or other costs connected with the sale of the shares. The employee is entitled to deduct this amount from W-2 income on a disqualifying disposition.
- fill the **Notes**, if necessary.

At the end, you will choose purchases and enter the number of shares to dispose.

**Eligible Purchases** show all purchases for selected employee (employee's name and ID are shown above the purchases portal).

*Purchase* related information are: Purchase Plan, Issuance Type, Subscription Date, Purchase Date, Shares Purchased and Share Price.

*Disposition* related information are: Shares Disposed already from shown purchase, Shares Remaining for disposition and, initially empty, red labeled, Dispose field. Here you will enter actual number of shares to dispose.

You can press **Purchase Details** button in order to review current purchase.

Pressing the **Disposition History** button will show list of dispositions already made from this purchase.

Press **Save** button to save new dispositions to the database. Program will first test validity of new dispositions and then add them to the database.

Pressing the **Cancel** button will instruct the program to abandon creation of new dispositions.

**Clear** will initialize new purchase dispositions session once again (all new dispositions entered but unsaved will be cleared).

**Note:** If you click outside the portal, the system scrolls up and shows first row. To go back to the last visited portal row, please press the portal label (Section II, Eligible Purchases strap).

## Dispositions List Layout

There is only one layout for browsing through the existing disposition records, showing a list of disposition cards.

Name, ID	Subsr. date	Purch. date	Issuance Type	Type	Date	Shares	Qualifying	Broker ID	Sale Price	Fee	Automatic
Young, Tom, D. AA001	May 1, 1999	Oct 31, 1999	Street Name	Street Name	Oct 31, 1999	58	No	My Broker	\$4.2500	\$0.00	Yes
Smith, John, Z. AA002	May 1, 1999	Oct 31, 1999	Same-Day Sale	Sold	Oct 31, 1999	117	No		\$4.2500	\$0.00	Yes
Fisher, Anna, S. AA003	May 1, 1999	Oct 31, 1999	Same-Day Sale	Sold	Oct 31, 1999	51	No		\$4.2500	\$0.00	Yes

Figure 29 – Purchase Dispositions List

Single card contains all purchase disposition fields:

Upper part of card shows purchase related information: **Employee ID** and **Name**, **Purchase Plan**, **Purchase Date** and purchase **Issuance Type**.

Lower three rows show disposition data: **Transfer Type** (Sold, Pending, Street Name or Qualified); **Disposition Date**; number of **Shares** disposed; **Broker ID**, **Sale Price** and brokerage **Fee**. If disposition is created automatically from purchase, field Automatic is checked. If disposition is qualified (disposition is made after the *holding period* - two+



years from the subscription date and one+ year from the purchase date), field Qualifying is checked.

At the end, there is a summary part, showing the total number of disposition records listed, total number of shares transferred and minimal, average and maximal Sale Price.

All fields except **Notes** are read-only.

You can click on some field labels to sort records by those fields.

Labels that respond on click are: Employee Name, Purchase Plan, Purchase Date, Issuance Type, Transfer Type, Date, Shares disposed, Qualifying, Broker ID, Sale Price and Automatic.

Press the **Modify** button if you want to modify current disposition data.

Press the **Delete** button if you want to erase the current disposition record. You cannot delete automatic dispositions, i.e., dispositions created as a result of purchases (with issuance type Street Name or Same-Day Sale).

### ***Modify disposition layout***

You can manually modify the following fields: Transfer Type, Disposition Date, Shares transferred, Broker ID, Sale Price per share, brokerage Fee and Notes, except for Automatic dispositions of type Sold. For this disposition type only Fee and Notes are modifiable.

**FileMaker Pro - [Purchase Dispositions.FP3]**

File Edit Mode Select Format Script Window Help

Back Forward Home Employee Plan Contrib. Purchase Refunds Price Currency Reports ACME

**Modify Purchase Disposition** ? ESPP

Name, ID	Smith, John, Z.	AA002	Purchase Plan	1999
Subsr. date	May 1, 1999	Purch. date	Oct 31, 1999	Issuance Type
Type	Sold	Date	Oct 31, 1999	Shares
Broker ID		Sale Price	\$4.2500	Fee
			\$0.00	Automatic
Notes	Automatically created for 'Same-Day Sale' purchases...			

Save Cancel

**Figure 30 – Modify Purchase Disposition**

Press the **Save** button to save changes you made in disposition record.

Press the **Cancel** button if you want to discard changes. System will restore previous field contents.

Blue fields are read-only and cannot be modified.

## ***System Tasks***

### **Import Records** ADMIN

You will be prompted to enter import file name and type.

Then, you have to select and match fields from records you want to import with fields in the database.

After the import, you can run the Import Status Report and find out if there were rejected imports. Report shows rejected records with reject reason. Use the content of this field to correct records you want to import. Then, run the import procedure once again, but this time only for those previously rejected records. This means you first need to remove successfully imported records from your import database and then start the import procedure for the second time. If you do not remove previously imported records, there is a chance to duplicate some records in your database. System does take a thorough check procedure while importing records, but it also depends on the content of your data whether this procedure will be completed successfully or not (error possibility is greater if you import incomplete records - without primary key field, for example).

Be aware that if you have imported purchases and choose automatic creation of dispositions, you may try to import records that already exist.

### **Export Records**

You have to choose between Default and Custom export.

Default export order:

**Disposition ID**

**Purchase ID** (origin of disposition)

**Plan Name**

**Employee ID**

**Automatic?**

**Shares Disposed**

**Disposition Date**

**Qualifying?**

**Transfer Type**

**Sale Price**

**Sale Cost**  
**Broker ID**  
**Notes**

Fields with ? contain **1** for *Yes* or **0** for *No*.

If you choose custom export order, you can add or remove database fields from the export order list.

Before the system starts the export procedure, you will be prompted to enter the export file name and choose export file type.

## Purchase Refunds

A refund may occur for one of three reasons:

1. *Purchase*: when originally contributed (and/or carried forward) amount is not entirely (or at all, see **No Purchase Election**) used for a purchase, but some left over, this amount may be refunded (if not carried forward, which is defined by the plan)
2. *Termination*: when the employee is terminated, the unused contributed + carried forward amount is refunded.
3. *Withdrawal*: when the employee withdraws from the purchase plan, the unused contributed + carried forward amount is refunded.

A refund means that the company writes a check on the specified amount payable to the employee.

You never directly create any of these records; they are created by the system when one of the above occurs.

There is only one layout in the refunds database, showing a list of refund cards.

Single card contains all the refund fields:

**Refund ID** is a primary key, created automatically.

**Employee ID** and **Name** specify the employee to whom the monies are refunded.

**Refund Date** is the date when the refund occurred.

Depending of the source for this refund one of the two following fields is filled:

**Purchase ID**, Null if the refund is not a result of a purchase.

**Contribution ID**, Null if the refund is not a result of a termination or withdrawal or no purchase election.

Note that you see only one of these fields exist in refund record.

**Purchase Plan** shows plan under which the refund occurs.

The three parameters determine the dollar amount: **currency**, **amount** in that currency, and the **exchange rate** for that currency. The procedure that fills these fields needs the Dollar Amount, the Currency, and the Exchange Rate, and determines the Refund Amount in the specified currency.

**Refund Reason** describes the origin for this refund. It is either Purchase, Termination or Withdrawal.

All fields are **read-only** except the **Date**, you can adjust it if needed.

You can click on some field labels to sort records by those fields. Labels that respond on click are: **Refund ID**, **Employee Name**, **Date**, **Amount**, **Purchase Plan** and **Refund Reason**.

The screenshot shows the FileMaker Pro interface for a database named 'Purchase Refunds.FP3'. The window has a menu bar (File, Edit, Mode, Select, Format, Script, Window, Help) and a toolbar with navigation buttons (Back, Forward, Home) and a tabbed interface with tabs for Employee, Emp. List, Plan, Contrib., Purchase, Dispose, Currency, Reports, and ACME. The main title is 'Purchase Refunds' with a status bar indicating '#1 of 4 records'. Below the title is a list of four refund records, each with fields for Refund ID, Employee, Amount, Date, Purchase ID, Plan, and Refund Reason. At the bottom is a 'Summary' section with fields for Total Refunds, Total Dollar Amount, and a range of values (min, avg, max) for the Dollar Amount.

Refund ID	Employee	Amount	Date	Purchase ID	Plan	Refund Reason
8	AA004 Baker, Muriel, W.	\$2.50	Oct 31, 1999	10	1999	Purchase Refund
7	AA003 Fisher, Anna, S.	\$0.08	Oct 31, 1999	9	1999	Purchase Refund
6	AA002 Smith, John, Z.	\$2.75	Oct 31, 1999	8	1999	Purchase Refund
5	AA001 Young, Tom, D.	\$3.50	Oct 31, 1999	7	1999	Purchase Refund

Summary	
Total Refunds	4
Total Dollar Amount	\$8.83
Period: from	Oct 31, 1999 to Oct 31, 1999
min	\$0.08
avg	\$2.21
max	\$3.50

Figure 31 – Purchase Refunds List

At the end, there is a summary part, showing the total number of refund records, total, minimal, average, and maximal refunded Dollar Amount, for the records in the current found set.

## **System Tasks**

### **Import Records** ADMIN

You will be prompted to enter the import file name and type.

Then, you have to select and match fields from records you want to import with fields in the database.

After the import, you can run the Import Status Report and find out if there were rejected imports. Report shows rejected records with reject reason. Use the content of this field to correct records you want to import. Then, run the import procedure once again, but this time only for those previously rejected records. This means you first need to remove successfully imported records from your import database and then start the import procedure for the second time. If you do not remove previously imported records, there is a chance to duplicate some records in your database. System does take a thorough check procedure while importing records, but it also depends on the content of your data whether this procedure will be completed successfully or not (error possibility is greater if you import incomplete records - without primary key field, for example).

Be aware that if you have imported purchases and choose automatic creation of refunds, you may try to import records that already exist.

### **Export Records**

You have to choose between Default and Custom export.

Default export order:

**Refund ID**  
**Employee ID**  
**Employee Name**  
**Refund Date**  
**Refund Reason**  
**Refunded Dollar Amount**  
**Currency**  
**Exchange Rate**  
**Refunded Amount** (in employee's currency)  
**Purchase ID** (if origin of this refund is a purchase)  
**Contribution ID** (if origin of this refund is a contribution)

If you choose custom export order, you can add or remove database fields from the export order list.

Before the system starts the export procedure, you will be prompted to enter the export file name and choose export file type.

## Purchase Valuations

Purchase Valuations database holds purchase valuation records. Unlike Option valuation records, these records are not bound to purchase records. Purchase valuation records can be made per offering, or per purchase; further, each employee or group of employees can have its purchase valuation record.

Purchase Valuation uses the Black-Scholes Single Valuation model. It also utilizes the Forecasts database, only that a purchase valuation record uses only one forecast.

There is only one layout in this database, showing valuation records in a *Form View*, which means that there is one record per screen.

Plan		1999	
Begin Date	5/1/1999	End Date	12/31/1999
Begin Value	\$5.0000	Discount	15.00%
Begin Price	\$4.2500	Valuation	\$1.3801
Contribution	\$1,500.00	Total Val.	\$487.18
Forecast	Q1		
Notes	sample 1		

Adjustments	
Purch. Dates	Contributions
10/31/1999	\$1,266.83

Figure 32 – Purchase Valuations

### Entering and Modifying Valuation records

- choose **Purchase Plan** from the drop-down list. For each plan there are Plan Name and Plan Info, the latter shows offering length and discount %, so you can fill some of the remaining fields without looking into the plan record,
- enter the **Begin Date**, which is valuation period begin date (usually subscription date),
- enter the **End Date**, which is valuation period end date,
- modify **Begin Value**, if needed. By default, this is the Fair Market Value at the beginning of the valuation period,
- enter the **Discount** percentage that applies on the share value,

- choose **Forecast** from the list. Note that the forecast selection between BS Single and BS Multiple does not apply for purchase -- it is always BS Single. For Forecast details click on the **Forecast** label,

- enter the estimated **Contribution** amount,

- fill in the **Notes**.

Based on the data you entered, the program calculates valuation and total valuation, according to the contribution amount.

### **Valuation Adjustments**

When the purchases occur, you will enter actual contributed amount for specific purchase date here. Adjustments are used for reporting purposes.

## ***System Tasks***

### **Import Records** ADMIN

You will be prompted to enter the import file name and type.

Then, you have to select and match fields from records you want to import with fields in the database.

After the import, you can run the Import Status Report and find out if there were rejected imports. Report shows rejected records with reject reason. Use the content of this field to correct records you want to import. Then, run the import procedure once again, but this time only for those previously rejected records. This means you first need to remove successfully imported records from your import database and then start the import procedure for the second time. If you do not remove previously imported records, there is a chance to duplicate some records in your database. System does take a thorough check procedure while importing records, but it also depends on the content of your data whether this procedure will be completed successfully or not (error possibility is greater if you import incomplete records - without primary key field, for example).



## Export Records

You have to choose between Default and Custom export.

Default export order:

**Purchase Valuation ID**  
**Purchase Plan**  
**Begin Date**  
**End Date**  
**Begin Value**  
**Begin Price**  
**Discount** (percentage)  
**Forecast**  
**Notes**  
**Contribution Amount** (predicted)  
**Valuation**  
**Total Valuation**

Adjustments (up to 8)

**Actual Purchase Date**  
**Actual Contribution Amount**

If you choose custom export order, you can add or remove database fields from the export order list.

Before the system starts the export procedure, you will be prompted to enter the export file name and choose export file type.

## Options

There are two separate databases in the system for options: Options and SCRATCH Options.

*Options* database stores definite option records.

*SCRATCH Options* database contains temporary option records, because it is used for entering new and modifying, canceling, or repricing existing records.

Terminology:

- terms *employee* and *optionee* will be used interchangeably
- terms *option* and *grant* will be used interchangeably
- the fields containing default, common option parameters will be called *Default* fields.
- The layout containing the default fields and the optionee matrix (portal) is named *New Grants*, while the screen in which you can modify the grant details is called *Grant Details*.
- A *session* is a process in which you specify default parameters, number of shares to grant for selected optionees and possibly modifying details of a particular grant. A session begins by jumping to *New Grants* screen by a means other than through **Back** and **Forward** layout navigation buttons.
- A *scratch* record is a record in SCRATCH Options database. They are called so because they can be modified and remodified, and perhaps never stored at all in the main (Options) database. A *scratch grant* is one such record. A *scratch* as a noun is used as a synonym for scratch grant.

## Option Types

System recognizes following types of options:

- NQ** (Non-Qualified Stock Option)
- ISO** (Incentive Stock Option)
- RSP** (Restricted Stock Purchase)
- DSO** (Discounted Stock Option)
- NQA** (NQ + Stock Appreciation Right)
- ISA** (ISO + Stock Appreciation Right)

## Granting New Options

System provides an easy way for you to record new options - *FastTrack* concept, which always creates a group of options. Creating a single option is just a special case of group options. But, unlike some other programs, *FastTrack* allows for each individual option in the group to be specifically tuned.

You can start creating new options by clicking on the **New Grants** button from the Main Screen, or by pressing the **New record** button, while browsing existing grant records.

The *FastTrack* options screen consists of default parameters for the option(s) to be created at the top of the screen, and a matrix (portal) of optionee records. The portal displays optionee records, with vital optionee information in this row that could be used for locating particular optionee such as name, ID, location, etc, and **Shares to Grant** input field in each row, accompanied by a **Details** button.

You will set the default grant parameters and enter nonzero **Shares to Grant** values for those optionees to receive grant. If you press **Details** button near a nonzero **Shares to Grant** field, you get a chance to modify the grant parameters for that optionee. Failing to do so will result in a grant that has default values.

The **Shares to Grant** fields are cleared every time you enter this screen via a dedicated button, but not if you reach it via **Back** or **Forward** button.

The grants for selected optionees, default or fine-tuned, will not be created until you press the **Save** button in the main screen. You can also have a chance to summarize information beforehand, but also to abort the creation.

You have the possibility to easily locate optionees for whom you want to issue grants.

Every grant record has its own unique **Grant ID** (Option ID). System composes Grant ID from **Grant ID Prefix** and a unique serial number. By default, Grant ID Prefix is set to Plan Name. You can freely modify this prefix.

There are three layouts related to the granting new options procedure: New Grants, Grant Details and ISO Limit.

**New Grants** displays default grant fields and the employee portal.

**Grant Details** is used for modifying a particular scratch grant.

**ISO Limit** layout is shown when you wish to inspect the vesting details for the grant (if of type ISO/ISA), and, if the grant violates the annual \$100,000 limit, to adjust it, and possibly to specify that a matching NQ grant should be created.

## New Grants Layout

This layout is a long page, with two sections:

1. Default Grant Parameters, or *Grant*, containing the default grant fields, and
2. Employees to Receive Grants, or *Grantees*, containing the employee portal.

The two sections fit in a 800x600 screen height wise, but can also be used by 640x480 users.

The toolbar contains two section buttons, **Enter Find Mode** and **Perform Find** for filtering *grantees*, portal navigation buttons, and regular three system buttons.

There is no vesting schedule shown, as it differs for each particular employee, as it depends on the number of shares to grant.

**I. Default Grant Parameters**

Grant Date	Mar 20, 2000	Option Plan	Plan 99A
Market Price	\$14.2150	Vest Schedule	4yr 25% on vest
Option Price	\$14.2150	Vest from Date	Mar 20, 2000
Option Type	NQ (Non-Qualified Stock Option)	SAR %	100
Enabled	<input checked="" type="checkbox"/>	Notes	
Blocked from			
Blocked till			
Custom Data		Grant ID Prefix	Plan 99A -

Buttons: Save, Check for ISO limit ☒, Summary, Clear, Cancel

**II. Employees to Receive Grants**

Name	Employee ID	Shares to Grant
Young, Tom, D.	AA001	<input type="text"/>
Smith, John, Z.	AA002	<input type="text"/>
Fisher, Anna, S.	AA003	<input type="text"/>

Buttons: Grant Details (next to each employee row)

Figure 33 – Granting New Options

**1. Default Grant Parameters** - You have to enter **Grant Date**, select **Option Plan**, **Vesting Schedule** and **Option Type** from drop down lists, fill in the **Option Price**, **Vest from Date**, **SAR Percentage**, mark if new grants are **Enabled** (default) or enter the **Block from/till** dates and enter the **Custom Data** and **Notes**. **Grant ID Prefix** allows you to control Grant ID composition. System adds one "space" symbol after the specified text and concatenates unique serial number. Please note that every time you change Option Plan, Grant ID Prefix follows that change.

**Note** that if Market Price is empty, you have to add share price on the Grant Date to the Prices database (click **Price** button).

Some fields are sensitive to changing the others: **Option Price**, although an input field, changes whenever you change **Grant Date** field. **Vesting Schedule**, an input field, changes whenever **Option Plan** is changed. **Vest from Date**, also an input field, changes whenever **Grant Date** or **Vesting Schedule** changes (the latter due to a possibility that the schedule specifies that the shares vest from hire date).

**Tip:** You can force vesting from hire date by clearing the contents of **Vest from Date** field.

**Tip:** Press Option Plan or Vest Schedule label to review plan or schedule details and then please press Back button to return and continue making new grants.

You can select **Custom Data From Profile** check-box and system will copy non-empty custom data from employee profile to grant record, but only if custom data labels are the same both in Employees and Options (can be set at system tasks screens).

**2. Employees to Receive Grants** (Section 2) contains an employee portal, with relevant fields in each row. The fields can be used for locating a particular employee but are non-modifiable. Just click on the field you want to specify the find criteria. Multiple fields specify the criteria. After that, press the **Perform find** toolbar button to bring the employees satisfying the criteria at the top of the portal.

**Tip:** Pressing the **Perform Find** button any time later would execute the previous find, without a need to issue the same find request again.

One modifiable field is **Shares to Grant**. Here you specify the number of shares to grant for the employee shown in the row where the field is.

Below each **Shares to Grant** is a **Grant Details** button, which activates the *Grant Details* layout.

The red label above the field **Shares to Grant**, is also a button. Clicking on it will sort the portal by showing the employees having nonzero shares to receive at the top of the portal.

You can enter new grants in two ways:

a) First, you will find employees who will receive grants, by clicking on the **Find** button, entering find requests (Employee Name, ID, SSN, Subsidiary, Location, Job Title, Custom Field), and performing the find in the Employees portal. Then, you will enter the number of **Shares to Grant** for found employees. Depending on the program preferences (button Preferences on the Main screen) additional find requests will add employees in the found set or create a new found set (previously unsaved grants will be lost in this case). See help on Preferences layout for more.

b) You will directly enter **Shares to Grant** without filtering Employees portal first. If you choose this approach be aware that you will have to scroll portal very often, in order to manually find desired employees, and performance will be affected, especially if your employees database is large (more than 10000 accounts).

Please use portal navigation buttons (four buttons: go to first, previous, next and last portal row) for scrolling through the employees portal.

Note that, at the beginning, the Employees portal shows all employees that can receive grants (not terminated and not on leave), sorted by Name.

You can sort portal records by clicking on the field labels.

Mark **Check for ISO** limit and program will test if new grants violate annual limit for ISO option types.

When you enter all new grants, you can click on the **Summary** button if you just want to validate new grants and see Summary Report, but without actually saving new grants. It is highly recommended to click on the **Summary** button before saving new grants.

Press **Save** button to save new grants to the Options database. The program will first test the validity of new grants and then add them to the database. At the end, you can run New Grants Summary Report (recommended).

Pressing the **Cancel** button will instruct the program to abandon creation of new grants.

**Clear** will initialize new grants session once again (all new grants entered but unsaved will be cleared and employees portal will be restored to its beginning order).

**Note:** If you click outside the portal, the system scrolls up and shows the first row. To go back to the last visited portal row, please press the portal label (Section II, Employees to Receive Grants strap).

## Verifying Correctness of Input Data

Data correctness is verified at the scratch record level:

- 1) when you press **OK** at the *details* screen, and
- 2) in batch processing mode, for every record about to be stored in the options database.

There are four aspects of validations:

1. The required fields are not empty
2. Some fields have only allowed values
3. The grant satisfies its plan requirements
4. The grant satisfies the IRS rules

### 1) Basic validation: required fields

Fields which **must** have a value are:

**Date, Price, Plan Name, Vesting Schedule, Vest from Date, Option Type, Total Shares** (to grant).

Vesting schedule: each period that has nonzero number of **Shares**, must have non-empty **Vest Type, Vest Date** and **Expire Date**.

### 2) Correct field values

This one is automatic, for example: **Plan Name**, only plans defined in the Option Plans database are allowed.

### 3) Plan requirements

- **Option date** must be less than option plan's expiration date.
- The number of **shares** allocated for the plan is not considered here, you can grant as many shares as they want, regardless of this value.

### 4) Limitations defined by the law

Option is considered as Incentive Stock Option or ISO if meets the requirements of Section 422 of the Internal Revenue Code and therefore does not trigger federal income tax obligation at exercise. There are three requirements of Section 422:

- a) option price of an ISO cannot be less than 100% of fair market value on option date (or 110% in the case of optionees who own 10% of company stock)
- b) optionee must be an employee of the company on the option date
- c) option must expire no later than 10 years from the option date (or 5 years in the case of 10% owners).

The optionee must exercise ISO option while employed or within 3 months following termination in order to qualify the option for ISO tax treatment,

In addition, there is a \$100,000 annual limit for value of ISO options granted.

## Grant Details Layout

This layout contains two sections:

1. Grant Parameters, or *Grant*, showing the grant parameters for the particular optionee, and
2. Vesting, which shows the vesting schedule for this particular grant.

The toolbar contains only section buttons and three system buttons.

The stripes showing section titles display the **Name** and **ID** for the employee in question.

**FileMaker Pro - [SCRATCH Options.FP3]**

File Edit Mode Select Format Script Window Help

Back Forward Home Employee Emp. List Grant Exercise Dispose Opt. List Price Reports ACME

### Grant Details

1. Grant 2. Vesting ? Options

**I. Grant Parameters** Optionee: Fisher, Anna, S. (AA003)

Grant Date	Mar 20, 2000	Option Plan	Plan 99A	Shares to Grant	500
Market Price	\$14.2150	Vest Schedule	4yr 25% on vest	Total Price	\$7,107.52
Option Price	\$14.2150	Vest from Date	Mar 20, 2000		
Option Type	NQ (Non-Qualified Stock Option)	SAR %	100		
Enabled	<input checked="" type="checkbox"/>	Notes	Grant Acknowledged	No	
Blocked from					
Blocked till					
Custom Data		Grant ID Prefix	Plan 99A -		

Recalculate vesting Calc

Check for ISO limit ISO

Accept parameters OK

Do not make grant Cancel

**II. Vesting** Optionee: Fisher, Anna, S. (AA003)

	Shares	Total Price	Availability	Vest Date	Expire Date
1	125	\$1,776.88	On Vest Date	Mar 20, 2001	Mar 20, 2010
2	125	\$1,776.88	On Vest Date	Mar 20, 2002	Mar 20, 2010
3	125	\$1,776.88	On Vest Date	Mar 20, 2003	Mar 20, 2010
4	125	\$1,776.88	On Vest Date	Mar 20, 2004	Mar 20, 2010
5					
6					
7					
8					
9					
10					
=	500	\$7,107.52			

100 Browse

Figure 34 – New Grant Details Layout



The **first section** contains all the fields that exist in section 1 in *New Grants*, and they behave the same way. There are two additional fields: **Shares to Grant**, which means that the number can be changed in this screen, and **Total Value**, which displays the total amount of money the grant is worth (this field is read only).

This section contains four buttons, accompanied by labels that describe their function:

1. **CALC**, for recalculating vesting schedule if some of its parameters are changed (shares to grant, option price, vesting schedule, vest from date).
2. **ISO**, for checking if the ISO \$100,000 limit would be exceeded by this option.
3. **OK**, which accepts the grant as shown on this screen (but only as a scratch, it still does not store it in the main database).
4. **CANCEL**, which deletes this scratch record and goes back, as if you did not enter any shares and did not press **Details** for this record (i.e. optionee). The number of shares to grant in the corresponding portal row is set to Null (erased).

**Section 2** contains a user-modifiable vesting schedule. When the *Grant Details* screen is entered, this schedule is calculated according to the grant parameters; it can be recalculated by clicking on the **CALC** button, and you can manually modify each vesting period. There are up to ten vesting periods, and you can modify, for each one, the number of shares vesting in that period, the *availability* property (which is the type of the vest period -- on vest date/annually/semi-annually, etc.), vest date, and expiration date. If you modify any of the **Shares** field in vest periods, clicking on **OK** button will cause the **Shares to Grant** field to be updated so that it contains the sum of shares in all the vesting periods.

## ISO Limit layout

The system checks if the grant does or does not violate the annual ISO limit. As a result, an appropriate message is shown at the top of layout (red colored text).

The regulations prescribe that no one's shares granted under an ISO option can become exercisable within a year so that the aggregate fair value (determined on the option date) of the shares exercisable exceeds \$100,000.

### Examples:

1. Suppose that an ISO option for 40,000 shares was granted at 1/1/96. Suppose further that the FMV was \$6.00 per share, and that the vesting schedule was "25% each year". That means that on 1/1/97 10,000 shares will be exercisable, on 1/1/98 another 10,000 and so on.

The *ISO limitation* procedure would, assuming that this is the only ISO option employee has, report that:

- In 1997, existing ISO value is \$60,000. Available ISO value is \$40,000.
- In 1998, existing ISO value is \$60,000. Available ISO value is \$40,000.
- In 1999, existing ISO value is \$60,000. Available ISO value is \$40,000.
- In 2000, existing ISO value is \$60,000. Available ISO value is \$40,000.

2. Suppose now that an ISO option for another 15,000 shares is granted at 6/1/96. Suppose that FMV on that date was \$7.00 per share, and that the vesting schedule is "33% each year", meaning on 6/1/97 5,000 shares will be exercisable, on 6/1/98 another 5,000, and so on.

Now the *ISO limitation* procedure will take this other option into account, since it takes all ISO options into account, and reports that:

- In 1997, existing ISO value is \$95,000. Available ISO value is \$5,000. This \$95,000 in 1997 is obtained as \$60,000 for 1/1/97, option #1 plus \$35,000 (5,000 x \$7.00) for 6/1/97, option #2. This means that the aggregate market value of exercisable shares (determined by the market value at the date of grant for each (ISO) option under consideration) is \$95,000. Further, that means that, if the employee is to receive more ISO grants, the aggregate fair value of shares exercisable in 1997 should not exceed \$5,000.
- In 1998, existing ISO value is \$95,000. Available ISO value is \$5,000.
- In 1999, existing ISO value is \$95,000. Available ISO value is \$5,000.
- In 2000, existing ISO value is \$60,000. Available ISO value is \$40,000. (This year's parameters remained unchanged, since the option #2 spans only the period from 1997 to 1999).

3. Assume that ISO options #1 and #2, as described above, exist in the database. Suppose now that, on 5/1/97, the employee is to be granted an ISO option for 1,000 shares, that the vesting schedule is "100% at grant" (all shares exercisable immediately), and that the FMV on that date is \$8.000.

But, such an option cannot be granted, since the overall market value of shares exercisable in 1997 would exceed \$100,000: existing \$95,000 plus 1000 x \$8.000 yields the total value of \$103,000. So, when the option is about to be filed, the program warns: *ISO limit has been exceeded. Do you wish to a) proceed b) revise grant c) create a matching NQ option?*. The c) choice divides the existing ISO limit for 1997, \$5,000, with \$8.00, which is the FMV at the date of grant. The (rounded down, if necessary) result is 625. So, the program will modify this option #3 so to contain only 625 shares, and create a matching NQ option, option #4, that grants 375 shares, under the same conditions as for the option #3, only that the option is of type NQ.

A more complex example would be with a vesting schedule for one or more years.

**Note:** the examples above assumed *On Vest Date* vesting type. If the type is other, such as *monthly* or *daily*, the calculation procedure may change considerably.

An **example:** instead of the option #3 described above, assume another ISO option #3 where 2,000 shares are granted on 6/1/96, exercisable on 6/1/97, with the FMV on 6/1/96 being, say, \$8.00. This would add another \$16,000 in year 1997, so it would be split to 625 (ISO) and 1,375 (NQ), (i.e. to \$5,000 for ISO and \$15,000 for NQ), under the same vesting conditions, if the vest type were *On Vest Date*. But if the type were *daily*, that would mean that each day, starting from 6/1/96, 2.739726 (=1000/365) shares would become exercisable. So, prior to 1/1/97, 500 shares would become exercisable, with only 1,500 remaining in 1997. Of these 1,500, 625 could be exercised in 1997 without exceeding the ISO limit, (625 x \$8.00 = \$5,000), so a matching NQ for 1,500-625=875 shares would be created, instead of 1,375 shares for *On Vest Date* vest type.

## Layout elements

At the top, there is basic grant info, with: **Grant Date, Fair Market Value, Option Price, Total Shares Granted, Option Plan, Option Type, Vesting Schedule** used, **Vest Date** and **SAR** percentage.

**ISO Limit** related information is shown on the lower card, in a form of a table. Rows are years in which the new grant's periods vest. There are ten rows for ten successive years, beginning from this grant's starting year.

The columns are:

1. Past grants ISO value, which is the value of shares already granted for this employee in the corresponding year (existing ISO Value);
2. Available ISO value, for the corresponding year

3. Available ISO shares, for the corresponding year
4. New grant's ISO shares, according to the vesting schedule
5. Excess ISO shares, for the corresponding year
6. Matching NQ shares, number of NQ shares that can be created, if the limit is reached

**FileMaker Pro - [SCRATCH Options.FP3]**

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## ISO Limit

? Options

The grant does not violate the \$100,000 annual ISO limit.

Grant Date	Mar 20, 2000	Option Plan	Plan 99A
Market Price	\$14.2150	Option Type	ISO (Incentive Stock Option)
Option Price	\$14.2150	Vest Schedule	4yr 25% on vest
Total Shares	500	Vest from Date	Mar 20, 2000
		SAR %	100

OK Accept as shown

Adjust Adjust the ISO grant

Create matching NQ ☐

	Past grants value	Available value	Available shares	This grant shares	Excess shares	NQ shares
2000	\$0.00	\$100,000.00	7,034	0	0	
2001	\$0.00	\$100,000.00	7,034	125	0	
2002	\$0.00	\$100,000.00	7,034	125	0	
2003	\$0.00	\$100,000.00	7,034	125	0	
2004	\$0.00	\$100,000.00	7,034	125	0	
2005	\$0.00	\$100,000.00	7,034	0	0	
2006	\$0.00	\$100,000.00	7,034	0	0	
2007	\$0.00	\$100,000.00	7,034	0	0	
2008	\$0.00	\$100,000.00	7,034	0	0	
2009	\$0.00	\$100,000.00	7,034	0	0	

Figure 35 – ISO Limit Check Layout

The fields are **not** modifiable.

Press **OK** button to accept the grant details as shown, without making any changes even in a case of ISO limit violation.

Two actions are possible:

1. Adjust the ISO grant (button)
2. Create matching NQ (check box)

Press **Adjust** button and program will adjust number of shares granted in order to comply with annual ISO limit.

If **Create matching NQ** is checked, the program will calculate required number of NQ shares that will be granted instead of ISO shares.

**Note** that if the Market price field is empty ISO limit violation cannot be checked. You have to ignore the ISO limit information shown, add the Market price on the grant date to the Prices database and run this validation procedure again.

## Working with existing options

There are two views you can use for browsing through existing options: *List View* and *Card View*.

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Options #3 of 10 records

Grant ID	Plan	Name, ID	Shares	Type	Date	Price
Plan 99A - 1	Young, Tom, D.	AA001	1,500	NQ	May 1, 1999	\$5.0000
Plan 99A - 2	Smith, John, Z.	AA002	2,000	NQ	May 1, 1999	\$5.0000
Plan 99A - 3	Fisher, Anna, S.	AA003	1,000	NQ	May 1, 1999	\$5.0000
Plan 99A - 4	Baker, Muriel, W.	AA004	1,000	NQ	May 1, 1999	\$5.0000
Plan 99A - 5	Ericsson, Frederick, G.	AA005	5,000	ISO	May 1, 1999	\$5.0000
Plan 99B - 6	Smith, John, Z.	AA002	1,000	NQ	Oct 1, 1999	\$6.2500
Plan 99B - 7	Young, Tom, D.	AA001	1,000	ISO	Oct 22, 1999	\$7.0000
Plan 99B - 8	Smith, John, Z.	AA002	900	NQ	Dec 17, 1999	\$13.3500
Plan 99A - 9	Baker, Muriel, W.	AA004	2,500	NQ	Dec 31, 1999	\$15.4500
Plan 99A - 10	Young, Tom, D.	AA001	5,000	NQ	Dec 31, 1999	\$15.4500

**Summary**

Total grants	10	min	\$5.0000	min	\$5.0000
Total shares granted	20,900	Option price	avg \$8.2500	Fair value	avg \$8.2500
Total option price	\$193,640.00	max	\$15.4500	max	\$15.4500
Total fair value	\$193,640.00	Period: from May 1, 1999 to Dec 31, 1999			

100 Browse

Figure 36 – Options List

## Options List Layout

This layout shows a list of all existing options. Each option record occupies only two lines, showing the most basic information: **Grant ID**, optionee **Name** and **ID**, number of **Shares** granted, option **Type**, **Date** and **Price**.

Each record has a **Details** button, which activates the screen in which the option is fully shown, with a possibility to modify the option. However, you **never** have a possibility of modifying option records directly but using the SCRATCH Options database. This guaranties much higher data security. Therefore, fields in the records listed are **not** modifiable and you can see that by the color of the fields -- light blue fields are read-only.

You can click on any field label to sort records by those field.

At the end, there is a summary part showing totals for: number of grant records listed, number of shares granted, option price and fair value. Minimal, average, and maximal values for option price and fair value are also presented.

## Card View Layout

This layout shows a list of option cards. Also, this is the place where various operations over options can be performed.

Single card has all the fields that exist in *Grant Details* layout, plus the four info fields: **Employee ID**, **Name**, **Number of Shares**, **Option ID**.

The user is allowed to change **Custom Data**, **Notes** field and mark if the option is **Confirmed**. Other fields are read-only.

Layout contains buttons for performing various operations over option records. In addition, operations that can be performed over a GROUP of options are grouped in a set of buttons below which stands a check box reading *Perform the above for ALL the records in the current set*.

For example, pressing the **Modify** button if the check box is deselected will activate *Single Modify*, while if the check box is selected, *Group Modify* will be activated. More precisely, a group operation will be activated if the check box is selected and if there is more than one record in the current found set.

This approach allows you to easily find a record or a group of records and then apply the desired operation.



Figure 37 – Options CardView Layout

Press **Modify** button to modify current option.

Press **Delete** button to erase current option and all related records (exercises, dispositions, repurchases, deferrals). This is an irreversible operation.

Press **Cancellation** button to cancel current option. *Cancellation* layout will be shown. If an option is already canceled, a separate card is shown, providing cancellation data (cancel date, reason, termination reason, and last exercise date). There is an **Undo** button, which can reverse option cancellation. If the grant is canceled as a result of employee termination, the system shows Modify Cancel Date and Modify Last Exercise Date buttons. This way you can set the option Cancel Date to be different from employee termination date, as well as change Last Exercise Date from the date set by plan's termination grace period settings.

Press **Reprice** button to reprice current option. *Repricing* layout will be shown. If an option already has related option record, separate card is shown, providing related option ID (repriced from option, reprice to option, reloaded from option or matching ISO/NQ option). You can click on the appropriate label to go to the related record.

Press **Valuation** button to enter/modify valuation data for the current option. *Valuation* layout will be shown. Right to the button is information if the option is already valued or not.

Pressing the **Print Option Agreement** button will run appropriate agreement report.

You can press **Exercises** button to see list of exercises related to the current option.

**Status** button shows *Option Status* layout, which beside option data, brings you information about shares: exercised, expired, canceled, outstanding, vested, exercisable and option/share prices.

Press **Vesting** button (or **Shares / Vest Dates** labels) to review **Vesting Details** where you will get number of shares to vest per each vest date.

Press the **Expenses** button to review **Expense Details** recorded for the current grant. If there are no expense details the system will ask you to create a starting balance record. This way you can record amounts that you have amortized prior to using Stox.

You can click on some field labels to sort records by those fields. Labels that respond on click are: Employee ID, Name, Shares, Grant ID, Grant Date, Option Plan, Vest Schedule, Total Price, Option Type, Expires on, Blocked from, Blocked till and Custom Data

## Modifying a single option

Each option in the Options List has a **Details** button. Clicking that button opens up a screen where you can inspect the details of the option and possibly modify it.

There are two sections on the screen:

**I. Grant Parameters** - Program shows **Grant ID**, **Optionee name** and **ID**. You can review and change grant details: **Grant Date**, **Option Plan**, **Vesting Schedule**, **Option Type**, **Option Price**, **Vest from Date**, **SAR Percentage**, mark if grant is **Enabled** or enter the **Block from/till** dates, **Custom Data**, **Notes**, **Grants Acknowledged** information (Yes/No), and **Grant ID Prefix**. Grant ID Prefix allows you to control Grant ID composition. By default, it is set to Plan Name. System adds one "space" symbol after the specified text and concatenates unique serial number. If the Market Price is empty, you have to add share price on the Grant Date to the Prices database (click **Price** button).

If you change the number of **Shares Granted** please press **Calc** button to recalculate shares vesting distribution. Otherwise, the system will sum **Shares** column in the *Vesting* table and ignore your modification in the **Shares Granted** field.

Press **Save** button to save changes to the database.

Press **Cancel** to ignore changes you made to the grant record.



**II. Vesting** shows share distribution across up to ten vesting periods, according to the vesting schedule used. Columns presented are: **Shares** number, **Price**, **Availability** (i.e. vest types: On Vest Date, Annually, Semi-Annually, Quarterly, Monthly, Weekly, Daily), **Vest Date** and **Expiration Date**. At the end, there are summaries for Shares and Prices.

**Note:** By default, plan name is a part of the Option ID (it's its prefix). During the option modification, you may have changed the plan as well. But it would be a bad thing to change Option ID if the option has related records. Therefore, Option ID will be adjusted **only** if the option has no related records. Besides, you will hardly change the option's plan if exercises for this option have been made!

**FileMaker Pro - [SCRATCH Options.FP3]**

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## Grant Details

1. Grant 2. Vesting ? Options

**I. Grant ID: 99B/2001 - 6** Optionee: Fisher, Anna, S. (AA003)

Grant Date	Jun 1, 2001	Option Plan	Plan 99B	Shares Granted	555
Market Price	\$31.5960	Vest Schedule	2yr combo (weekly)	Total Price	\$17,535.78
Option Price	\$31.5960	Vest from Date	Jun 1, 2001		
Option Type	NQ (Non-Qualified Stock Option)	SAR %	100		
Enabled	<input checked="" type="checkbox"/>	Notes	Grant Acknowledged	No	
Blocked from					
Blocked till					
Custom Data		Grant ID Prefix	99B/2001 -		

Recalculate vesting Calc

Save changes Save

Ignore changes Cancel

**II. Vesting** Optionee: Fisher, Anna, S. (AA003)

	Shares	Total Price	Availability	Vest Date	Expire Date
1	277	\$8,752.09	On Vest Date	Jun 1, 2002	Jun 1, 2011
2	278	\$8,783.69	Weekly	Jun 1, 2003	Jun 1, 2011
3					
4					
5					
6					
7					
8					
9					
10					
=	555	\$17,535.78			

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**Figure 38 – Modifying a Single Option**

## Modifying a group of options

In this process, you make a choice of grants to modify by filtering the list of existing grants. Then, you will check **Perform the above for ALL the records in the current set** and press the **Modify** button.

*Group Modify* layout provides modification of multiple grants in a single task. The number of grants to modify is shown on the right side of Grant parameters and Vesting labels. Selected Grant IDs are shown on the separate card: **III. Grants to Modify**.

Here, you set the grant parameters as though you were doing it for a single grant, and then press either **Save** or **Cancel** button.

**Save** copies the fields from the scratch record to the corresponding fields in all the grant records in the current found set.

**Cancel** ignores changes and jumps back.

**Note:** It is not possible to directly change the Market Price. In order to change it, please go to the Prices table and modify the Market Price on the grant date, then save modified grant, and change back Market Price in the Prices, if needed.

## Options Status Layout

This layout shows Option Status on date specified in the **As of Date** field.

Information shown are: number of **Shares Granted** by this option, **Exercised** (until specified date), **Canceled**, **Expired**, **Outstanding**, **Total shares Vested**, number of shares **Vested Exercisable** and number of shares **Exercisable** as of date. There are also price related information: **Total Price** of shares granted, price of shares outstanding and exercisable.

Press **Recalculate** button and program will update option status fields, according to specified date. Initially, these fields reflect previous option status, filled when you previously selected this procedure.

Press **OK** button to leave this layout and return to the option card.

Starting with Stox release 4.15.814 there is a Status Details Cache that significantly improves performance in running quarterly reports. You can click on the **Table View** button to see all Status Details Cache records for the current grant record. Use **Options System Tasks** screen for more settings related to Status Details Cache.

**Option Status**

Employee ID: AA003 Name: Fisher, Anna, S. As of Date: Mar 20, 2000

Shares: 1,000 Grant ID: Plan 99A - 3

Grant Date: May 1, 1999 Option Plan: Plan 99A

Market Price: \$5,000.00 Vest Schedule: 4yr 25% on vest

Option Price: \$5,000.00 Total Price: \$5,000.00

Option Type: NQ (Non-Qualified Stock Option) SAR %: 100

Vest from Date: May 1, 1999

Expires on: May 1, 2009

Blocked from:

Blocked till:

Enabled: ☒ Yes ☐ Confirmed: ☐ No

Custom Data:

	Shares	Vest Date	Availability
1	250	May 1, 2000	On Vest Date
2	250	May 1, 2001	On Vest Date
3	250	May 1, 2002	On Vest Date
4	250	May 1, 2003	On Vest Date
5			
6			
7			
8			
9			
10			

Recalculate OK

Shares Granted	1,000
Exercised	200
Canceled	0
Expired	0
Outstanding	800
Total Vested	0
Vest. Exercisable	0
Exercisable	0
Total Price	\$5,000.00
Outstanding Price	\$4,000.00
Exercisable Price	\$0.00

Figure 39 – Option Status Layout

## Deleting options

Deleting an option means deleting the option record, deleting all related exercise records, and, for each related exercise record, deleting all related deferral records. In addition, it also means deleting related repurchase and option disposition records.

Deleting exercises is connected with updating the **YTD Paid** field in the employee record.

Related options **are not** deleted; if you want to do it, you have to do it manually. These are the actions for deleting an option which has related options:

1. Deleting a Matching ISO or NQ option: the other one is not automatically deleted, but the pointer in the related option is erased.
2. Deleting an option which was created by repricing: the old option's cancellation must be undone.
3. Deleting an option which was reloaded from an exercise: the exercise's link to the reload option is erased.

Again, as a rule of thumb, related options (repriced, reloaded, ISO) are never deleted, only the currently selected option is deleted, and all its non-options related records, and YTD Paid amounts are updated in the employee record.

## Canceling options

Canceling an option merely sets **Cancel Date** and **Cancel Reason** (to *Manual*) in the option record. A cancellation checks if the cancel date is greater than the exercise date of any of the pertinent exercises.

Reversing a cancellation (undoing it) is also just a matter of clearing these fields; if the reason is *Manual* (otherwise it is not allowed).

You need to specify **Cancel Date** and **Notes**.

Press **Proceed** button to complete cancellation procedure.

Press **Abort** button to abort option cancellation procedure.

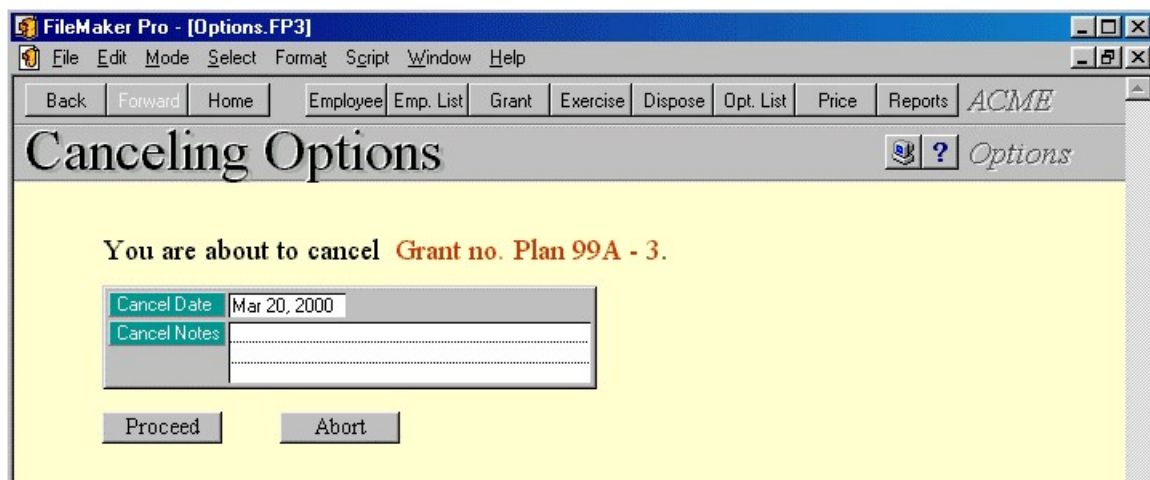


Figure 40 – Canceling Options Layout

If the grant is canceled as a result of employee termination, the system shows Modify Cancel Date and Modify Last Exercise Date buttons next to the cancellation data on the CardView screen. This way you can set the option Cancel Date to be different from employee termination date, as well as change Last Exercise Date from the date set by the system according to option plan's termination grace period settings.



**Options** #5 of 21 records

Employee ID	AA005	Name	Ericsson, Frederick, G.
Shares	5,000	Grant ID	Plan 99A - 5
Grant Date	May 1, 1999	Option Plan	Plan 99A
Market Price	\$5.0000	Vest Schedule	4yr 25% on vest
Option Price	\$5.0000	Total Price	\$25,000.00
Option Type	ISO (Incentive Stock Option)	SAR %	100
Vest from Date	May 1, 1999		
Expires after	May 1, 2009		
Blocked from			
Blocked till			
Enabled	Yes	Confirmed	No
Notes	DIBAGMT2		

	Shares	Vest Date	Availability
1	1,250	May 1, 2000	On Vest Date
2	1,250	May 1, 2001	On Vest Date
3	1,250	May 1, 2002	On Vest Date
4	1,250	May 1, 2003	On Vest Date
5			
6			
7			
8			
9			
10			

Cancel Date	Jan 1, 2005	Termination	Voluntary
Cancel Reason	Termination	Last Exerc. Date	Jan 31, 2005

Modify Cancel Date  
Modify Last Exercise Date

Modify Delete  
Cancellation Reprice  
Valuation Valued? Yes  
Print Option Agreement  
Perform the above for ALL the options in the current set ☐  
Exercises Status  
Vesting Expenses  
Division B  
Department  
83b Election  
Expense Code

Undo

Figure 41 – Option Canceled as a result of optionee termination

## Repricing options

Repricing an option means canceling it (cancel date: user specified, cancel reason: repricing), and creating a new option. The new option retains all the characteristics of the old one, except:

- option date, price
- enabled, blocked from/till
- vesting periods: share allotment in each period is reduced by the number of shares in that period that have been exercised so far

Linking: old option's **Reprice Next** field is set to new option's ID, and new option's **Reprice Previous** field is set to old option's ID. ADMIN

Repricing does not affect other related records, such as reloaded options.

Only non-canceled options, and those that have exercisable shares, can be repriced.

Repricing is reversed by deleting the new option; the old one's cancellation is undone then.

The screenshot shows the FileMaker Pro application window titled 'FileMaker Pro - [Options.FP3]'. The menu bar includes File, Edit, Mode, Select, Format, Script, Window, and Help. The toolbar contains buttons for Back, Forward, Home, Employee, Emp. List, Grant, Exercise, Dispose, Opt. List, Price, Reports, and a logo for ACME. The main window title is 'Repricing Options' with a question mark icon and the word 'Options' in a script font. The background is yellow. The text 'You are about to reprice Grant no. Plan 99A - 3.' is displayed. Below this is a form with the following fields:

Cancel Date	Mar 17, 2000	(for the repriced option)
Option Date	Mar 20, 2000	Change to: Mar 20, 2000
Option Price	\$14.2150	(for the new option)
User Data		
Notes		

At the bottom of the form are two buttons: 'Proceed' and 'Abort'.

Figure 42 – Repricing Options Layout

You need to specify **Cancel Date** for an option you want to reprice. For the new option you have to enter **Option Date** (if different from offered please enter new one and press **Change to** button) and **Option Price**. You may also fill in **User Data** and **Notes** fields.

Press **Proceed** button to complete repricing procedure.

Press **Abort** button to cancel option repricing procedure.

**Note:** Repricing does not take \$100,000 annual ISO limit into account! It is possible that the repricing process generates a non-limit-compliant ISO option!

Employee ID	AA002	Name	Smith, John, Z.	Modify	Delete																																												
Shares	1,000	Grant ID	Plan 998 - 6	Cancelation	Reprice																																												
Grant Date	Oct 1, 1999	Option Plan	Plan 998	Valuation	Valued? Yes																																												
Market Price	\$6,2500	Vest Schedule	4yr 25% on vest	Print Option Agreement																																													
Option Price	\$6,2500	Total Price	\$6,250.00	Perform the above for ALL the options in the current set <input type="checkbox"/>																																													
Option Type	NQ (Non-Qualified Stock Option)	SAR %	100	Exercises	Status																																												
Vest from Date	Oct 1, 1999	<table border="1"> <thead> <tr> <th></th><th>Shares</th><th>Vest Date</th><th>Availability</th></tr> </thead> <tbody> <tr><td>1</td><td>250</td><td>Oct 1, 2000</td><td>On Vest Date</td></tr> <tr><td>2</td><td>250</td><td>Oct 1, 2001</td><td>On Vest Date</td></tr> <tr><td>3</td><td>250</td><td>Oct 1, 2002</td><td>On Vest Date</td></tr> <tr><td>4</td><td>250</td><td>Oct 1, 2003</td><td>On Vest Date</td></tr> <tr><td>5</td><td></td><td></td><td></td></tr> <tr><td>6</td><td></td><td></td><td></td></tr> <tr><td>7</td><td></td><td></td><td></td></tr> <tr><td>8</td><td></td><td></td><td></td></tr> <tr><td>9</td><td></td><td></td><td></td></tr> <tr><td>10</td><td></td><td></td><td></td></tr> </tbody> </table>			Shares	Vest Date	Availability	1	250	Oct 1, 2000	On Vest Date	2	250	Oct 1, 2001	On Vest Date	3	250	Oct 1, 2002	On Vest Date	4	250	Oct 1, 2003	On Vest Date	5				6				7				8				9				10				Vesting	Expenses
	Shares	Vest Date	Availability																																														
1	250	Oct 1, 2000	On Vest Date																																														
2	250	Oct 1, 2001	On Vest Date																																														
3	250	Oct 1, 2002	On Vest Date																																														
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Expires after	Oct 1, 2009			<table border="1"> <thead> <tr><th colspan="2">Related Options</th></tr> </thead> <tbody> <tr><td>Reprice &lt;</td><td></td></tr> <tr><td>Reprice &gt;</td><td>Plan 998 - 8</td></tr> <tr><td>Reload &lt;</td><td></td></tr> <tr><td>ISO/NQ</td><td></td></tr> </tbody> </table>		Related Options		Reprice <		Reprice >	Plan 998 - 8	Reload <		ISO/NQ																																			
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Reprice <																																																	
Reprice >	Plan 998 - 8																																																
Reload <																																																	
ISO/NQ																																																	
Blocked from				Division	C																																												
Blocked till				Department																																													
Enabled	Yes	Confirmed	No	83b Election																																													
Notes				Expense Code																																													
Cancel Date	Dec 12, 1999	Termination																																															
Cancel Reason	Repricing	Last Exerc. Date		Undo																																													

Employee ID	AA002	Name	Smith, John, Z.	Modify	Delete																																												
Shares	900	Grant ID	Plan 998 - 8	Cancelation	Reprice																																												
Grant Date	Dec 17, 1999	Option Plan	Plan 998	Valuation	Valued? Yes																																												
Market Price	\$13,3500	Vest Schedule	4yr 25% on vest	Print Option Agreement																																													
Option Price	\$13,3500	Total Price	\$12,015.00	Perform the above for ALL the options in the current set <input type="checkbox"/>																																													
Option Type	NQ (Non-Qualified Stock Option)	SAR %	100	Exercises	Status																																												
Vest from Date	Oct 1, 1999	<table border="1"> <thead> <tr> <th></th><th>Shares</th><th>Vest Date</th><th>Availability</th></tr> </thead> <tbody> <tr><td>1</td><td>150</td><td>Oct 1, 2000</td><td>On Vest Date</td></tr> <tr><td>2</td><td>250</td><td>Oct 1, 2001</td><td>On Vest Date</td></tr> <tr><td>3</td><td>250</td><td>Oct 1, 2002</td><td>On Vest Date</td></tr> <tr><td>4</td><td>250</td><td>Oct 1, 2003</td><td>On Vest Date</td></tr> <tr><td>5</td><td></td><td></td><td></td></tr> <tr><td>6</td><td></td><td></td><td></td></tr> <tr><td>7</td><td></td><td></td><td></td></tr> <tr><td>8</td><td></td><td></td><td></td></tr> <tr><td>9</td><td></td><td></td><td></td></tr> <tr><td>10</td><td></td><td></td><td></td></tr> </tbody> </table>			Shares	Vest Date	Availability	1	150	Oct 1, 2000	On Vest Date	2	250	Oct 1, 2001	On Vest Date	3	250	Oct 1, 2002	On Vest Date	4	250	Oct 1, 2003	On Vest Date	5				6				7				8				9				10				Vesting	Expenses
	Shares	Vest Date	Availability																																														
1	150	Oct 1, 2000	On Vest Date																																														
2	250	Oct 1, 2001	On Vest Date																																														
3	250	Oct 1, 2002	On Vest Date																																														
4	250	Oct 1, 2003	On Vest Date																																														
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Expires after	Oct 1, 2009			<table border="1"> <thead> <tr><th colspan="2">Related Options</th></tr> </thead> <tbody> <tr><td>Reprice &lt;</td><td>Plan 998 - 6</td></tr> <tr><td>Reprice &gt;</td><td></td></tr> <tr><td>Reload &lt;</td><td></td></tr> <tr><td>ISO/NQ</td><td></td></tr> </tbody> </table>		Related Options		Reprice <	Plan 998 - 6	Reprice >		Reload <		ISO/NQ																																			
Related Options																																																	
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Reprice >																																																	
Reload <																																																	
ISO/NQ																																																	
Blocked from				Division	C																																												
Blocked till				Department																																													
Enabled	Yes	Confirmed	No	83b Election																																													
Notes				Expense Code																																													

Figure 43 – Repriced and original option record

FAS123R requires special procedure related to option valuation for repriced grant. System values new grant using its valuation inputs, and then subtracts value that is calculated using new valuation inputs but original option price. If you want system to use just option value of new grant, then please specify keyword “NIE” in the valuation notes.

## Creating a Reload Grant

Occasionally, a reload grant will be created for a selected exercise.

If the reload option is successfully created, the system will update the exercise record. All the necessary parameters are read from the exercise in question.

System calculates the default number of reload shares and recalculates vesting schedule. Option plan defines that the default number of reload shares can be:

- Total Exercised
- Shares Swapped
- Shares Traded
- Cash shares treated as swap (original shares \* option price / exercise value)

If none of these is specified, the default number is 0.

However, the combination does not necessarily default to the sum of selected.

The rules are:

1. If **Total Exercised** is specified, the default number is equal to total exercised shares, regardless of the other selections
2. If not:
  - 2.1 If both **Cash** and **Swap** are specified, Swap is selected if the exercise is of type Swap, Cash otherwise
  - 2.2 If **Traded** is specified, number of shares traded is added to swapped or cash (depending on the outcome of 2.1)

The layout shows Grant Parameters, with **Grant ID**, **Optionee name** and **ID**. You can review and change grant details: **Grant Date**, **Option Plan**, **Vesting Schedule**, **Option Type**, **Option Price**, **Vest from Date**, **SAR Percentage**, mark if grant is **Enabled** or enter the **Block from/till** dates, **Custom Data**, **Notes**, **Grants Acknowledged** information (Yes/No), and **Grant ID Prefix**, which allows you to control Grant ID composition. If the Market Price is empty, you have to add share price on the Grant Date to the Prices database (click **Price** button).

If you change the number of Shares to Grant please press **Calc** button to recalculate shares vesting distribution.

Press **ISO** button to check if this grant violates annual limit for ISO options.

Press **Cancel** to abandon creation of new grant and jump back.

Press **Save** button to create reload grant, based on the grant details. System will first validate the new grant, create and store new option record in the Options database and



update the exercise record by setting its **Reload Option ID** field and update the new option record by setting its **Reload from** field to point to the parent option.

FileMaker Pro - [SCRATCH Options.FP3]

File Edit Mode Select Format Script Window Help

Back Forward Home Employee Emp. List Grant Exercise Dispose Opt. List Price Reports ACME

## Reload Grant Details

1. Grant 2. Vesting ? Options

### I. Grant Parameters

Optionee: Ericsson, Frederick, G. (AA005)

Grant Date	Nov 11, 2000	Option Plan	Plan 99A	Shares Granted	56
Market Price	\$22.3200	Vest Schedule	4yr 25% on vest	Total Price	\$1,249.92
Option Price	\$22.3200	Vest from Date	Nov 11, 2000		
Option Type	ISO (Incentive Stock Option)	SAR %	100		
Enabled	<input checked="" type="checkbox"/>	Notes	Grant Acknowledged No		
Blocked from		Reload for option # Plan 99A - 5... from exercise. occurred on 11/11/2000			
Blocked till					
Custom Data					

Recalculate vesting Calc

Check for ISO limit ISO

Create reload grant Save

Do not create grant Cancel

### II. Vesting

Optionee: Ericsson, Frederick, G. (AA005)

	Shares	Total Price	Availability	Vest Date	Expire Date
1	14	\$312.48	On Vest Date	Nov 11, 2001	Nov 11, 2010
2	14	\$312.48	On Vest Date	Nov 11, 2002	Nov 11, 2010
3	14	\$312.48	On Vest Date	Nov 11, 2003	Nov 11, 2010
4	14	\$312.48	On Vest Date	Nov 11, 2004	Nov 11, 2010
5					
6					
7					
8					
9					
10					
=	56	\$1,249.92			

Figure 44 – Creating a Reload Grant

### Option Vesting Details

Vesting data are stored in up to ten vesting periods. Each period has its own number of shares to vest, vest date, availability, and expiration date. If availability is “On Vest Date” then shares vest in total on specified vest date. For other availability types, for example “Monthly”, shares vest each month starting from the previous vest date and there are several additional vest dates within the period.

[illegible]

**Figure 45 – Option Vesting data**

When you press **Vesting** button from the Options Card screen, system shows Option Vesting Details table.

Here you will see full details with all vesting dates and number of shares to vest.

System shows: origin **Option ID**, **Vesting Period** number, number of **Shares** to vest, **Vest Date**, **Expire Date**, **Condition**, and **Condition Met** check-box. Condition is a general notes field, while Condition Met you can use to mark if particular option vesting detail record should be used in vesting math or not. At the top there is a total number of shares for the current option record.

You can modify particular detail if the system did not round number of shares the way you want.

You cannot create individual option vesting detail record manually.

In order to re-create vesting details according to option vesting schedule data, please use System Tasks screen from the Options table.

Please note that you must set an appropriate check box from the New Grants – System Tasks screen or put keyword “UVD” in the Notes field in order system to use Option Vesting Detail records. Otherwise (default setting) system will use vesting data as stored in the Option record and will calculate all vest dates and shares to vest according to availability types set there.

**Adjustments** button will show Option Vesting Adjustment record related to current Option Vesting Details record. Adjustments are meant for performance shares that may have variable vesting percentage from time to time, which also changes total number of shares granted.

**All Adjustments** button will show all Option Vesting Adjustment records related to current Option ID.

Vesting Details

2,000

#1 of 43 found

All Adjustments

Option ID	Vesting Period	Shares	Vest Date	Expire Date	Condition	Condition Met?	
Plan07 - 0028	1	250	12/1/2008	6/1/2018		<input checked="" type="checkbox"/>	Adjustments
Plan07 - 0028	2	42	1/1/2009	6/1/2018		<input checked="" type="checkbox"/>	Adjustments
Plan07 - 0028	2	41	2/1/2009	6/1/2018		<input checked="" type="checkbox"/>	Adjustments
Plan07 - 0028	2	42	3/1/2009	6/1/2018		<input checked="" type="checkbox"/>	Adjustments
Plan07 - 0028	2	42	4/1/2009	6/1/2018		<input checked="" type="checkbox"/>	Adjustments
Plan07 - 0028	2	41	5/1/2009	6/1/2018		<input checked="" type="checkbox"/>	Adjustments
Plan07 - 0028	2	42	6/1/2009	6/1/2018		<input checked="" type="checkbox"/>	Adjustments
Plan07 - 0028	2	42	7/1/2009	6/1/2018		<input checked="" type="checkbox"/>	Adjustments
Plan07 - 0028	2	41	8/1/2009	6/1/2018		<input checked="" type="checkbox"/>	Adjustments
Plan07 - 0028	2	42	9/1/2009	6/1/2018		<input checked="" type="checkbox"/>	Adjustments
Plan07 - 0028	2	42	10/1/2009	6/1/2018		<input checked="" type="checkbox"/>	Adjustments
Plan07 - 0028	2	41	11/1/2009	6/1/2018		<input checked="" type="checkbox"/>	Adjustments
Plan07 - 0028	2	42	12/1/2009	6/1/2018		<input checked="" type="checkbox"/>	Adjustments
Plan07 - 0028	2	42	1/1/2010	6/1/2018		<input checked="" type="checkbox"/>	Adjustments
Plan07 - 0028	2	41	2/1/2010	6/1/2018		<input checked="" type="checkbox"/>	Adjustments
Plan07 - 0028	2	42	3/1/2010	6/1/2018		<input checked="" type="checkbox"/>	Adjustments
Plan07 - 0028	2	42	4/1/2010	6/1/2018		<input checked="" type="checkbox"/>	Adjustments
Plan07 - 0028	2	41	5/1/2010	6/1/2018		<input checked="" type="checkbox"/>	Adjustments
Plan07 - 0028	2	42	6/1/2010	6/1/2018		<input checked="" type="checkbox"/>	Adjustments

Figure 46 – Option Vesting Details

## Updating SCRATCH Options

Drop Decimals ☐ if empty decimal shares will be rounded up, if checked decimals will be dropped  
 Use Vesting Details ☒ if empty vesting schedule from Option record will be used, otherwise Vesting Details

Figure 47 – Use Vesting Details check-box

## Option Vesting Adjustments

Option Vesting Adjustments table addresses performance stock variable vesting. Performance stock vesting percentage may change from time to time. With this table you can specify starting (as of grant date) vesting percentage of 100%, then one year later it can be changed to, say, 150% and two years later back to 50%.

In order to use Option Vesting Adjustments table in all vesting calculations, you need to specify keyword “ADJ” in the Description field of associated vesting schedule record.

The screenshot shows the 'Vesting Schedules' window with a toolbar at the top. The main area contains a form for a vesting schedule record. The 'Vesting Name' is '4yr 25% adj'. The 'Expires after' is '120 months'. The 'Vesting based on the option date' and 'Expiration based on the option date' are both checked. The 'Description' is '48 months, 100%' and 'ADJ'. Below the description is a table with 10 rows and 3 columns: 'Months', 'Percentage', and 'Vest Type'. The first four rows are populated with '12' months, '25.00%' percentage, and 'On Vest Date' vest type.

	Months	Percentage	Vest Type
1	12	25.00%	On Vest Date
2	12	25.00%	On Vest Date
3	12	25.00%	On Vest Date
4	12	25.00%	On Vest Date
5			
6			
7			
8			
9			
10			

Figure 48 – Option Vesting Adjustments – vesting schedule record

You can specify adjustment rates for each vesting period.

The screenshot shows the 'Option Vesting Adjustments - grant details' window. It contains a table with employee information and a vesting schedule. The employee information includes Employee ID (AA002), Name (Smith, John, Z.), Shares (3,000), Grant ID (Plan 99A - 2), Grant Date (May 1, 1999), Option Plan (Plan 99A), Market Price (\$5.0000), Vest Schedule (4yr 25% adj), Option Price (\$5.0000), Total Price (\$15,000.00), Option Type (NQ (Non-Qualified Stock Option)), SAR % (100), Vest from Date (May 1, 1999), Expires after (May 1, 2009), Blocked from, and Blocked till. The vesting schedule table has 4 rows and 3 columns: 'Shares', 'Vest Date', and 'Availability'. The first four rows are populated with '750' shares, 'May 1, 2000' vest date, and 'On Vest Da' availability.

Employee ID	AA002	Name	Smith, John, Z.
Shares	3,000	Grant ID	Plan 99A - 2
Grant Date	May 1, 1999	Option Plan	Plan 99A
Market Price	\$5.0000	Vest Schedule	4yr 25% adj
Option Price	\$5.0000	Total Price	\$15,000.00
Option Type	NQ (Non-Qualified Stock Option)		SAR % 100
Vest from Date	May 1, 1999		
Expires after	May 1, 2009		
Blocked from			
Blocked till			

	Shares	Vest Date	Availability
1	750	May 1, 2000	On Vest Da
2	750	May 1, 2001	On Vest Da
3	750	May 1, 2002	On Vest Da
4	750	May 1, 2003	On Vest Da

Figure 49 – Option Vesting Adjustments – grant details



When vesting adjustments are used, the system shows Origin Shares field. It is the original total number of shares granted. Whenever you run any as-of-date system task that calculates the number of shares vested, the system applies vesting rates, and that is reflected in the Shares field. In the example shown, the original number of shares is 2,000 while based on the current adjustment rates the total number is 3,000.

When you press **Adjustments** or **All Adjustments** button from the Options Vesting Details screen, system shows Option Vesting Adjustments table.

Vesting Adjustments

# 5 of 8 found

Option ID	Vesting Period	Shares	Date	Vest Date	Rate	Description
Plan 99A - 2	1	500	1/1/2002	5/1/2000	1.500000	
Plan 99A - 2	2	500	1/1/2002	5/1/2001	1.500000	
Plan 99A - 2	3	500	1/1/2002	5/1/2002	1.500000	
Plan 99A - 2	4	500	1/1/2002	5/1/2003	1.500000	
Plan 99A - 2	1	500	5/1/1999	5/1/2000	1.000000	
Plan 99A - 2	2	500	5/1/1999	5/1/2001	1.000000	
Plan 99A - 2	3	500	5/1/1999	5/1/2002	1.000000	
Plan 99A - 2	4	500	5/1/1999	5/1/2003	1.000000	

Figure 50 – Option Vesting Adjustments

System shows: origin **Option ID**, **Vesting Period** number, number of original **Shares** to vest (as of grant date), adjustment **Date**, **Vest Date**, **Rate**, and **Description** (general notes field).

You cannot create vesting adjustments record directly (there is no new record button available). You have to use system task from Options instead. So, when your company has a new vesting adjustment rate you will need to run system task in Options and set new rate as of date you specify. That will create new records in the Vesting Adjustments table for all applicable grants.

Please note that vesting adjustment is entered as a rate, not percentage.

In the example shown, the system will use rate of 1.5 (150%) from 1/1/2002 until you specify new adjustment rate.

## Option Expense Details

Starting from Stox 2.90.500 there is an Option Expense Details table added to exactly track and record expenses as of date. It also allows you to specify starting expense adjustment, for example when you already have expensed amount prior using Stox software.

Expenses <span>\$2,424.30</span> <span>#1 of 2 found</span>					
Option ID	Expense Amount	From Date	As of Date	CF	Adjustment?
Plan 99B - 7	\$1,178.14	1/1/2000	12/31/2001	\$2.4243	<input type="checkbox"/>
Plan 99B - 7	\$1,246.16	1/1/2002	10/22/2003	\$2.4243	<input type="checkbox"/>

Figure 51 – Option Expense Details

In order to use expense details table for expense allocation reporting using Black-Scholes Single or Binomial valuation models, please select appropriate checkbox either on the System Tasks screen from Options, or directly on the Expense Allocation BS Single/Bin report.

When you press **Expenses** button from the Options Card screen, system shows Option Expense Details table if it exists. If not, and you selected to use expense details table, system will ask you if you want to create starting expense adjustment record.

Expense Details record consists of: origin **Option ID**, **Expense Amount** recorded, period's **From Date** (starting date), period's **As of Date** (ending date), **CF** (calculated value per share), general **Description** field, and **Adjustment** check-box. At the top there is the total expense amount recorded for the current option record.

You cannot create individual option expense detail record manually.

It is very important to decide what dates you will use for Expense Allocation reporting and therefore for storing calculated amounts as Expense Detail records. Most likely it will be quarter begin and end dates.

If you select the reporting period that already exists in the table, the system will delete it and store new amounts. Also, any dates after the current reporting period that may exist will be deleted, too.

The example shown is for demo purposes only. Ending date (As of Date) in the second record is full vest date for the related option record.

Please note that if you want to create a starting expense adjustment record you need to do so before running expense allocation report.

## Options Valuation

The purpose of the valuation procedure is to provide a single value, *valuation* or the *fair value* for each option; these values are used in reports required by the IRS. An option is valued based on certain option parameters and additional parameters specified by the user (some of which apply to a single option only, and others apply to whole groups of options), using standardized option pricing models.

### Black-Scholes Valuation Model

The option pricing model used is the Black-Scholes model, with two variants: *BS Single Option* and *BS Multiple Option*. Both are based on the BS (Black-Scholes) formula.

In order to perform a valuation of an option, the following parameters are needed:

- **S**: Fair Value of the stock at the date of grant. Example: S=\$45.0000
- **X**: Option Price at the date of grant (commonly X=S)
- **t**: Expected term of the option. This is an estimated number of years that the option will "live," i.e. an estimation of the number of years (a rational number) that will elapse from the date of grant till the date of exercise. Cannot be less than the vesting period nor greater than the maximum option life. Usually is (subjectively) determined according to historical behavior. For example, if the option vests two years after the grant, and expires six years after the grant, and the optionees, on the average, wait 1.7 years from vest date before they exercise shares, the expected term might be given as 3.7 years, but cannot be less than 2 nor greater than 6. The system implements a couple of reports that provide data for analysis and estimation of future behavior based on historical behavior. Example: t=2.20 years
- **v**: Volatility of stock, i.e., the rate that attempts to depict oscillation of the fair value of stock in future. There is a report in the system that calculates this value for past fair values, which the user can assume will apply in the future.  
Example: v=0.31 (31%)
- **r**: Interest rate: Example: r=0.0679 (6.79%)
- **d**: Dividend yield: Example: r=0.02 (2%)

**S** and **X** are part of the option record; the others are specified by the user, whereas for **t** and **v** there are auxiliary reports that aid in their determination. **r** and **d** are specified from publicly available tables.

**Note:** interest rates and dividend rates as required by the BS model should be *continuously compound* rates, whereas the figures published for interest rates are simple annual rates (R) and for dividends are quarterly dividend rates (D). So, the user will typically enter R and D which the system must convert to r and d, respectively. The conversion formulas are:

$$r = \ln(1 + R)$$

$$d = 4 * \ln(1 + D/4)$$

## Forecast tables

Of the six parameters needed for the Black-Scholes valuation, two are found in the option record, one (term) is specified per option, and the other three are read from a special table called *forecast*.

A forecast is a table with three columns -- interest rate, dividend rate and volatility, and with ten rows, for ten subsequent years (1 to 10). So, instead of specifying the v,d,r directly, the user specifies the forecast to be used (there is a separate database of forecasts). For the specified term, the nearest row is used to read the rates (for example, if  $t=4.33$ , 4th row will be read; if  $t = 6.79$ , 7th row will be read).

The interest and dividend rates in a forecast are specified as R, D, respectively, and the program performs the conversion to r, d as described above.

In addition, each forecast record contains the information which of the two BS models will be used.

For the FAS 123R compliance, there is an additional forecast column – termination rate. Please read more in the Binomial model explanation.

## BS Single Option

Under BS Single Option approach, the BS formula is applied verbatim, regardless of the *structure* of the option (i.e., its vesting schedule). The only correction may occur for t, if the user specifies a term which would be out of the allowed boundaries:

$$t = \min(\max(T, (\text{LastVestDate} - \text{OptionDate})/365), (\text{ExpireDate} - \text{OptionDate})/365)$$

where T is the term specified by the user. Volatility, Interest, and Dividend rates are used for the "round(T)"-th year from the specified forecast, using the formula

$$(v, R, D) = \text{Forecast}[\min(\max(\text{round}(T, 0), 10), 1)]$$

## BS Multiple Option

The BS multiple option approach is a lot more complicated.

Under BS Multiple Option, each vesting increment is treated like a separate option, and the valuation for an increment is computed using the regular Black-Scholes formula, except that the *expected term* parameter is obtained as the sum of the term specified by the user plus the duration of the increment (<Increment's Vest Date> - <Option Date>). The resulting BS value is multiplied by the number of shares vesting in the increment,



and so for each increment. These *total increment valuation* values are finally summed up and divided by the total number of shares.

However, the above scheme is applied only for increments of type *On Vest Date* or for increments whose duration is less than one year. For non *On Vest Date* increments that last for more than year, a set of sub-increments is created, so that each sub-increment is exactly one year long, except for the *first* one, which may be less than one year if the original increment spans a period whose duration is not an integer multiple of one-year periods. For each such sub-increment the number of shares that vest in that increment is calculated, and the increment is treated as if it were a user-defined increment in the computation of the final *fair value*.

The same restrictions for reading forecast rows (min=1, max=10) is applied.

Here is an **example**: suppose that an option, granted on 1/1/97, vests as follows:

	Shares	Vest Date	Vest Type	Duration
	-----	-----	-----	-----
1.	1,000	1/1/1998	On Vest Date	1.00 yrs
2.	3,000	7/1/1999	Monthly	1.50 yrs
3.	4,000	10/1/2000	On Vest Date	1.25 yrs

Increment #2 is non-"On Vest Date" and lasts for 18 months, so this schedule is logically transformed to

	Shares	Vest Date	Vest Type	Duration
	-----	-----	-----	-----
1.	1,000	1/1/1998	On Vest Date	1.00 yrs
2.	1,000	7/1/1998	Monthly	0.50 yrs
2'.	2,000	7/1/1999	Monthly	1.00 yrs
3.	4,000	7/1/2000	On Vest Date	1.25 yrs

So, if the user specified T=2.20 years as "expected term", and if the forecast specified is "F", following will be the BS parameters:

	Shares	Term	(v,R,D)
	-----	-----	-----
1.	1,000	3.20	F[3]
2.	1,000	2.70	F[3]
2'.	2,000	3.20	F[3]
3.	4,000	3.45	F[4]

The resulting valuation for this option will be

$$c = \frac{1,000 * c(\#1) + 1,000 * c(\#2) + 2,000 * c(\#2') + 4000 * c(\#3)}{1,000 + 1,000 + 2,000 + 4,000}$$

## Implementation of Option Valuation

Valuations are not stored in separate database; instead, each valuation is part of the pertinent option record. Non-valued options are labeled accordingly, though it is supposed that each option will be valued.

Consequently, no more than one valuation can be created for a single option. However, the user can effectively make several valuations at once since forecasts are used instead of individual valuation parameters, and up to 5 forecasts are allowed per valuation. So, to check whether BS Single or BS Multiple is more appropriate, the user would set *Single* in the forecast used by a set of options, run the report, and then set *Multiple* in the forecast and run the report again.

For the full FAS 123R compliance\* you should use Binomial model.

**Valuation** button is accessible from *Card View*. Each option record has one **Valuation** button and a label, *Valued?* displaying *Yes/No* (i.e. the contents of the **Valued** field which tracks whether Forecast[1] and Term[1] are empty or not); the latter lets you to find non-valued options.

Clicking on the button activates the valuation screen; this operation can be *group* or *single*:

- 1) If the operation is *single*, screen *Valuation - Single* is shown. Then, all non-empty valuation rows (of the five possible) are calculated.
- 2) If the operation is a *group*, screen *Valuation - Group* is shown, with only **Forecast** and **Term** columns. This screen does not perform any valuation, it just sets valuation parameters for a group of option record.

An option is *valued* if at least one Forecast-Term combination is specified. The screen may inform the user about how many options are selected, and which portion of it is already valued.

## Single Valuation Layout

This is a valuation screen for single option record (has nothing to do with BS Single vs. Multiple approach). Here you have an opportunity to perform individual valuations.

The screen consists of basic employee/option data, vesting table, and a valuation forecast table. The valuation forecast table consists of five rows (for five possible valuations), and i-th row consists of:

---

\* applicable to all system releases after the 1.45.315

1. **Forecast** drop-down list. In order to show forecast details, please click the preceding row number. If the forecast name in the field near the button is empty, all forecasts are shown (which opens for possibility to add new forecasts if none exist).
2. **VPrice** that shows Fair Value on grant date for non-variable valuation/accounting scenarios, or price from the Prices table on VDate (specific valuation date) for variable valuation/accounting forecasts (that have keyword “vv” in its name).
3. **Term** in years. It is expected term for Black-Scholes and non- FAS 123R compliant Binomial models. It is a contractual term for FAS 123R compliant Binomial model. If the variable valuation scenario is used this field should reflect term as of starting point, since further valuations will modify (decrease) the term. By default, term cannot be less than full vesting period length. For example, if vesting is four years, and you specify term of 3.5 system will use 4 years. If you want the system to use term as specified then please specify keyword “FET” in the valuation notes, save valuation parameters, and open/run valuation again.

## Valuation

**Optionee: Young, Tom, D., AA001**

Grant ID	Plan 99A - 1	Shares	1,500	Type	NQ
Date	May 1, 1999	Expires	May 1, 2009	Fair Value	\$5.0000
				Price	\$5.0000

	Shares	Availability	Vest Date	VTerm	Expire Date	VDate	VPrice
1	375	On Vest Date	May 1, 2000		May 1, 2009	5/1/1999	\$5.0000
2	375	On Vest Date	May 1, 2001		May 1, 2009		
3	375	On Vest Date	May 1, 2002		May 1, 2009		
4	375	On Vest Date	May 1, 2003		May 1, 2009		
5							
6							
7							
8							
9							
10							

	Forecast	VPrice	Term	Exerc. Factor	press	Valuation
1	Q1	\$5.0000	5.50		Calculate	\$1.5134
2	Q1 bin	\$5.0000	5.50		Calculate	\$1.6079
3	Q1 BS multi	\$5.0000	5.50		Calculate	\$1.7216
4					Calculate	
5					Calculate	

Notes

Sensitivity Analysis

Term   
Interest Rate   
Volatility, from  to  ()  
Dividends

Valuation number  
  (1..5)

Figure 52 – Options Valuation Layout

4. Suboptimal **Exercise Factor**, which is a FAS 123R input for the Binomial model. It is an estimated multiple of option price at which the optionee will likely exercise his/her shares.
5. **Calculate** button, which, when pressed, performs calculation for the row, based on the input fields.
6. **Valuation**, where the result of the valuation is stored.

For the Black-Scholes multiple valuation model you may use **VTerm** column to specify terms per vesting periods. In this case the system will strictly use specified terms. Forecast record will be read from the first row and then sequentially for each new vesting period. This means the system will not use term to determine which row to use, as it is described before (see Forecast tables).

There are also command buttons:

**Clear All**, which clears the table,

**Save**, which stores the new data into record, and

**Cancel**, which merely goes back.

**Note:** Under the Clear All button there is a checkbox called **Do Not Calculate**. By default, it is off (cleared) and should stay off in normal usage. If it is checked the system will not calculate valuation using the inputs provided, it will simply retain last calculated result. Please see more under the System Tasks about setting valuation for Stock Options and RSPs.

If you want to enter external valuation per share, please check **Do Not Calculate** first, then click inside Valuation column, specify value, and **Save**.

FAS123R requires special procedure related to option valuation for repriced grant. System values new grant using its valuation inputs, and then subtracts value that is calculated using new valuation inputs but original option price. If you want the system to use just the option value of new grant, then please specify keyword "NIE" in the valuation notes.

If you have grant modification that requires expense adjustment, it is possible to specify keyword "EAD" in the Valuation Notes, specify new Valuation per share, and Save. When running expense allocation report, the system will take grant with EAD keyword into account and calculate period expense as Shares Outstanding \* CF Value, even if grant is fully vested or canceled before report start date.

## Sensitivity Analysis

Sensitivity Analysis allows users to specify the range of valuation parameters. Based on that, the system calculates option valuations and presents it in a form of table. User may specify three different dividends, plus beginning and ending volatility rates, which are used to create ten volatilities. So, as a result the system shows a table with ten rows and three columns, containing valuations for each dividend/volatility pair.

Sensitivity analysis parameters can be specified at the Single Valuation Layout. To do so, the user has to locate option record and press Valuation button (Options Card View layout, with "Perform the above for ALL options in the current set" not checked). System shows Valuation layout with currently saved valuation parameters (up to five). If you did not value this grant, please do it before starting sensitivity analysis.

First you need to specify valuation number, typing the number and pressing the **Fill** button. The system will use selected valuation forecast to initially fill parameters for sensitivity analysis. Term and interest rate will be copied verbatim. Volatility from the forecast will be used to fall in the middle of the period (from and to volatility percent). The step between two volatilities is set to be 1%. The dividend from the forecast will be copied into a second dividend, first and third are 0.15% smaller and bigger, respectively.

You can change starting and ending volatilities, and any of three dividends.

Press the **Analyze** button to begin the sensitivity analysis process. The system will calculate 30 option valuations and show results in the separate report. You may print the report or export resulting table, in order to present results graphically in Microsoft Excel.

## Group Valuation Layout

Group Valuation will store the same valuation date for all the options in the current found set. If an option is already valued, previous valuation data will be overwritten.

At the top of screen, there is information about the number of options selected and number of options already valued.

This layout is much like previous, except that it contains only input fields (forecasts and terms), which are assigned to all of the current options at once.

## **Binomial Valuation Model / ASC 718 (FAS 123R) Compliance**

In addition to the Black-Scholes valuation models (both single and multiple options approach), we have implemented Binomial Valuation model as well.

If you want to apply this valuation model, please select it in the Forecast record you plan to use for an option valuation.

Our Binomial valuation model is FAS 123R compliant in all releases after the 1.45.315. It assumes that you have specified additional valuation input parameters: suboptimal exercise factor and post-vesting termination rate.

The suboptimal exercise factor is a multiple of the original option price at which the optionee will likely exercise. You may run Suboptimal Exercise Factor report to help you define this factor and supply it to the model.

Post-vesting termination rate is a yearly rate calculated as a number of shares that are canceled as a result of optionee termination, after they have been fully vested, divided by the total number of shares granted. You may run Post-vesting Terminations report to help you provide this rate to the Forecast record used in your valuation scenario.

If you do not specify suboptimal exercise factor and post-vesting termination rate you will get valuation results very similar to the Black-Scholes Single valuation results (about 5% error margin).

Please **note** that FAS 123R compliant Binomial model requires contractual option term in years, instead of expected term supplied to the Black-Scholes and non- FAS 123R compliant Binomial valuation models.

## **Monte-Carlo Custom Valuation**

We offer custom Monte-Carlo models for performance share with market conditions / TSR valuation. Please contact us for all cases where Black-Scholes cannot be applied, like when you need to model performance criteria based on market conditions, or when you have TSR grant that have performance criteria met if Total Shareholders Return compared to peer-group performance. We will implement the model as a separate tool and you will use valuation results back in the Stox system.

## System Tasks

### Cancel Expired Grants ADMIN

System can automatically cancel all expired grants. You have to select base (*refer*) date - it is either today's date or date defined as a *default* in the Preferences. As a result, all grants with expiration date before the specified date will be canceled.

### Import Records ADMIN

There are two types of options import: Complete and Partial.

Complete import will create new records in the database.

Partial import means that you want to add/change existing data. Every record in the import file must contain an Option ID and that ID must exist in the options database. Imported data will overwrite existing. Only non-empty fields will be imported.

You will be prompted to enter the import file name and type.

Then, you have to select and match fields from records you want to import with fields in the database.

After the import, you can run the Import Status Report and find out if there were rejected imports. Report shows rejected records with reject reason. Use the content of this field to correct records you want to import. Then, run the import procedure once again, but this time only for those previously rejected records. This means you first need to remove successfully imported records from your import database and then start the import procedure for the second time. If you do not remove previously imported records, there is a chance to duplicate some records in your database. System does take a thorough check procedure while importing records, but it also depends of the content of your data whether this procedure will be completed successfully or not (error possibility is greater if you import incomplete records - without primary key field, for example).

### Export Records

You have to choose between default and custom export order.

Default export order:

**Option ID**  
**Employee ID**  
**Plan Name**  
**Grant Date**

**Price**  
**Fair Market Value**  
**Total Shares Granted**  
**Option Type [Verbose]**  
**Option Type**  
**SAR Percentage**  
**User Data**  
**Vesting Schedule**  
**Vest from Date**

Vest information (for 10 vesting periods):

**Shares**  
**Vest Type**  
**Vest Date**  
**Expire Date**

**Enabled?**

**Blocked from** (date)

**Blocked till** (date)

**Acknowledged?**

**Notes**

**Cancel Date**

**Cancel Reason**

**Termination Reason**

**Last Exercise Date**

**Reloaded from Option** (related option ID)

**Reloaded from Exercise** (related exercise ID)

**Reprice previous** (related option ID)

**Reprice next** (related option ID)

**Matching NQ\ISO** (related option ID)

Valuation related data:

**Forecast** (1..5)

**Term** (in years) (1..5)

**Valuation**

**Total Valuation**

**Valuation Notes**

Fields with ? contain **1** for *Yes* or **0** for *No*.

If you choose custom export order, you can add or remove database fields from the export order list.

Before the system starts the export procedure, you will be prompted to enter the export file name and choose export file type.

## Custom Data Labels ADMIN

Here you can set labels for the four Custom Data fields. Please take care of the text width you enter.



## Accelerate Vesting ADMIN

Use this procedure to accelerate vesting for all or group of option records. First find grant records you want to modify. Then, specify **As Of** date - that will be a new vesting date. Press **Proceed** button and system will process grant records in the current found set and replace vesting dates that fall after the As Of date with As Of date.

## Dividend Update ADMIN

Use this procedure to increase the number of shares granted. You need to specify **As Of** date, **Dividend Ratio**, and number of **decimals** for option price rounding. Press **Process** button and system will process all enabled options that have outstanding shares As Of date specified. Original shares granted will be increased by multiplying outstanding shares number with the Dividend Ratio. That is:

**New Shares Granted := Old Shares Granted - Shares Outstanding As Of date + Shares Outstanding As Of date \* Dividend Ratio.**

In effect, if you specify 1.1 for the Dividend Ratio system will increase number of shares granted by adding 10% (0.1) to the number of shares outstanding.

Option Price will be divided by the same dividend ratio and rounded to the specified number of decimals.

## Stock Options – Set Valuation ADMIN

Use this procedure to set valuation to specific amount instead of calculating it each time valuation is required. Make sure you have found the option records you want to update first. Press **Process** button and system will set CF Value field for each option record in the current found set and mark Do Not Calculate Valuation.

If you want to clear Do Not Calculate Valuation, and reverse back and force valuation to be calculated again, please find the option records you want to update, then leave CF Value input empty, and press the **Process** button.

## RSP & RSU – Set Valuation ADMIN

Use this procedure to set valuation related field for RSP & RSU records to FMV on grant date or option price. Make sure you have found RSP & RSU records you want to update first. Press **Process** button and system will set CF Value field for each RSP / RSU record in the current found set and also mark Do Not Calculate Valuation. Apply this in order to use the same Expense Allocation report for RSP / RSU along with stock options. You do need to specify generic forecast record on RSP / RSU's valuation screen in order system to pick up correct Expense Allocation report.

## Re-create Vesting Details ADMIN

Starting from Stox 1.67.947 there is a separate Option Vesting Details table. It stores the exact number of shares to vest per each vest date. Vesting schedule inside grant record defines vesting periods with availability (vest type) like quarterly or monthly, which means there are several vest dates inside one such vesting period. One record in the Option Vesting Details table stores the number of shares to vest per each individual vest date. This table is also a support to StoxEMPOWER web xml export from the Maintenance screen.

## Re-create Vesting Adjustments ADMIN

Starting from Stox 2.90.500 there is an additional Option Vesting Adjustments table. It is for performance stock that has variable vesting (actual vesting percentage changes from time to time). This system task will set initial Option Vesting Adjustment record for each record in the current found set. Initial record will hold grant date and initial vesting rate of 1. Please note that the system will use Option Vesting Adjustments table only if vesting schedule record used for particular grant holds keyword “ADJ” in the Description field.

## Vesting Adjustments ADMIN

Starting from Stox 2.90.500 there is an additional Option Vesting Adjustments table. It is for performance stock that has variable vesting (actual vesting percentage changes from time to time). This system task will set Option Vesting Adjustment records for each record in the current found set according to your inputs. New records will hold As Of Date and Vesting Rate specified. The rate is in the range of 0 to 10. For example, 50% should be entered as 0.5, 150% as 1.50. Please note that the system will use Option Vesting Adjustments table only if vesting schedule record used for grant holds keyword “ADJ” in the Description field.

## Use Expense Details for BSS/Bin ADMIN

Starting from Stox 2.90.500 there is an additional Option Expense Details table. If you mark this checkbox, the system will use Option Expense Details when you run Expense Allocation BSS/Bin report and store calculated expenses for the reporting period as new entries in the Option Expense Details table.

## Set User Data From Profile ADMIN

If you labeled your custom fields same as in Employees table, then you can use this system task to copy information from Employee Profile to the grant records. The system will process all found grant records. It will not change the custom fields if there is no data in the matching custom field from employee profile.

## Modify Performance ADMIN

When you know if performance criteria are met or not you can find performance grants that you need to modify (criteria not met), then press Modify Performance button.

A new screen will be shown. You can change the appropriate expiration date to be before vest date, and the system will effectively cancel shares in that vesting period.

	Shares	Vest Date	Availability	Expire Date
1	500	Nov 16, 2002	On Vest Date	Nov 16, 2010
2	500	Nov 16, 2003	Every 90 Days	Nov 16, 2010
3				
4				
5				
6				
7				
8				
9				
10				

Figure 53 - Modify Performance Grants

Press **Process** button to save modifications to all the records in the current found set.

Press **Abort** button to cancel changes.

## Use Status Details Cache ADMIN

Starting from Stox 4.15.814 there is a Status Details Cache that significantly improves performance in running quarterly reports. With the first report you run, for example, Options Outstanding as of quarter end date, or Expense Allocation from-to, system will populate Status Details Cache and it will drastically improve running speed of subsequent reports that use the same report begin and end dates (Diluted Outstanding reports, Option Plan Status, Options By Price, Option Status Details, etc.).

If you want to get prepared and pre-calculate status details for your reporting period in advance, at off-peak usage time, it is possible using this Status Details Cache panel. A typical scenario is that you update all relevant information (new employees, employee terminations, new grants, grant valuations, exercises, other cancellations, and modifications that affect reporting) and perform Status Details Cache system task. The system will pre-calculate statuses for enabled grants in the current found set. That is the most time-consuming task so reports you run after that will be order of magnitude faster. Statuses are calculated as of specified begin date, one day before the begin date, and as of end date (if specified).

If during the reports run you realize some employee data is incorrect, for example, you skipped terminating someone, you can re-run Status Details Cache for that employee only by finding it in Grants List by Employee ID, and then going to System Tasks. or, you can continue running the reports and the system will re-calculate statuses automatically so you do not need to worry about it.

You can see status details cache records by pressing Status button at the Grant Details screen, and then clicking on the **Table View** button.

## Exercises

There are two separate databases in the system for exercises: Exercises and SCRATCH Exercises.

*Exercises* database stores definite exercise records.

*SCRATCH Exercises* database contains temporary exercise records because it is used for entering new and modifying existing records.

The same terminology is used as for options.

### Exercise Types

System recognizes following types of exercises:

#### *Cash Exercise*

The optionee yields cash or check to pay the option price and the taxes.

#### *Same-Day-Sale Exercise (SDS)*

The optionee instructs a broker to sell all the option shares to pay the option price and taxes. He receives the money that lefts over.

#### *SDS/Cash Exercise*

The optionee instructs a broker to sell a portion of shares enough to pay the price and taxes; the rest of the shares are delivered to the optionee

#### *Stock Swap Exercise*

In a swap exercise, the optionee uses his *previously owned* shares to pay for the option price and receives all the exercised shares (minus shares traded for taxes, if any). He may remit more shares than required; the rest will be returned. The user will be issued all the exercised shares (minus traded), but the incremental number of shares will be the number of shares issued minus the number of shares swapped. Note that, formally, previously owned shares are used to pay for the option price, while some of the new shares are used to pay for the taxes, if trading for taxes is selected.

#### *Pyramid Exercise*

In this type of exercise, the optionee pays in cash for the price of a certain number of shares (usually 1). The value of the shares both is used to pay for more shares, which in turn pay for still more shares, until enough shares are swapped to cover the price of all the shares.

#### *Loan Exercise*

Here the company loans money to the optionee to buy shares.

### *SAR Exercise*

This type is allowed only for *SAR* options (NQR or ISR). Here the optionee receives the amount of appreciation that has occurred. He may elect to receive cash only, or to receive the portion of the overall value in shares.

## **Creating New Exercises**

System provides an easy way for you to record new exercises - *FastTrack* concept, which always creates a group of exercises for chosen employee. Creating a single exercise is just a special case of group exercises. But, unlike some other programs, *FastTrack* allows for each individual exercise in the group to be specifically tuned.

You can start entering new exercises by clicking on the **Exercises** button from the Main Screen, or by pressing the **New record** button, while browsing existing exercise records.

There are four main parts in this layout:

1. Employee Information
2. Default Exercise parameters
3. Option Matrix
4. Command Buttons

**1. Employee Information** contains the name and the ID of the currently selected employee, and all the data in the matrix pertains to him. This section contains three writable fields: **Employee Name**, **Employee ID** and **Employee SSN**, accompanied by a **Find** button. You will enter Employee name, partially or fully, into the first field, and/or the ID into the second field, and/or SSN into the third field, and press the **Find** button. The system then locates the optionee and displays his data in the *Matrix*. If an optionee cannot be found or more than one optionee meets the search criteria, you will be prompted to change the criteria.

When this screen is invoked, these fields contain the name and the ID of the *current* employee (employee whose record was the current in the Employees database when *Matrix* was invoked).

**2. Default exercise parameters** contain fields that are common for all exercises. These are default for each exercise that will be created.

- **Type**, select one from the drop-down list (Cash, Same-Day-Sale, SDS/Cash, Stock Swap, Pyramid, Loan, SAR)

- **Date** (if different from offered, please enter the exercise date and press **Change to** button);
- **Exercise Value**;
- **Confirmation Date**, if it is known;
- if you want to **Defer** tax payment and taxes can be deferred for this exercise, check the appropriate box;
- if shares are to be traded for taxes select the **Trade** shares for taxes check box;
- for Same-Day-Sale or Cash exercises, enter the Broker **Fee** (you can choose Broker ID for Cash exercises);
- if you want to preliminary save exercises mark the **Save exercises as conditional** (preliminary) check box. Exercise is conditional if an optionee is not certain about its existence. You cannot create reloads, deferrals and dispositions until exercise becomes unconditional. If an employee do not choose to exercise, that conditional exercise must be deleted;

It also contains some information about the taxes (namely, which taxes to pay or omit).

- modify **Taxes** that will be applied by (de)selecting appropriate check boxes.

Just a reminder: There are seven slots for taxes in the employee record, but not all of them must be *active*. Simply, in the record, you indicate which of the seven taxes are active, by clicking on **Tax Applies** check boxes. When a (set of) exercises is about to be made, this information is copied verbatim to the main *New Exercises* screen -- **tax names** and **Tax Applies** check boxes. This information will be used as the default for exercise records. You can *activate* or *deactivate* particular taxes from the exercise record for each case of exercise sessions. If you are entering historical exercises, and do not want to apply taxes, simply deselect all **Tax Applies** check boxes here. Do not forget to select them back for entering regular exercises.

You may also change optionee's **YTD Paid** information. The reason for this is that you may receive information from the employee about the correct value of YTD Paid for taxes that have annual limit (such as Social Security and Medicare) while creating new exercises.

**3. Option Matrix** is a portal consisting of option records (only vital option information). All employee's options are listed, even those that have no exercisable shares as of specified date, and for such the reason why there are non-exercisable. Exercisable options (with more than zero shares available for exercise) are listed first.

Each row has a **Shares** [to Exercise] input field in it, accompanied by the **Details** button. The user enters the nonzero number in this field and can fine-tune the exercise by pressing the **Details** button.

**FileMaker Pro - [SCRATCH Exercises.FP3]**

File Edit Mode Select Format Script Window Help

Back Forward Home Employee Emp. List Grant Exercise Dispose Opt. List Price Reports *ACME*

**New Exercises** 1. Params 2. Options 3. Totals Options

Name: Smith, John, Z. ID: AA002 SSN: 100-20-0555 Find

**I. Exercise Parameters** Optionee: Smith, John, Z. (AA002)

Type: Cash Exercise

Date: Mar 20, 2000 Change to: Mar 20, 2000

Value: \$14,2150 Conf. date:

Defer tax payment: ☐ Trade shares for taxes: ☐

Broker Fee: \$0.00 (for Same-Day-Sale only)

Save exercises as *conditional* (preliminary) ☐

Tax	YTD Paid
Federal <input checked="" type="checkbox"/>	\$7.00
Medicare <input checked="" type="checkbox"/>	\$1,024.88
Social Security <input checked="" type="checkbox"/>	\$2,876.97
State - CA <input checked="" type="checkbox"/>	\$1.50

Save Summary Print Clear Cancel

**II. Options** Optionee: Smith, John, Z. (AA002)

Grant ID	Plan 99A - 2	Shares	2,000	Exer. Shares	Grant Details
Grant Type	NQ	Grant Date	May 1, 1999	Exercisable	0 (no vest)
Grant Price	\$5.0000	Expires	May 1, 2009	Outstanding	2,000
				Exer. Details	Valuation

Grant ID	Plan 99B - 8	Shares	900	Exer. Shares	Grant Details
Grant Type	NQ	Grant Date	Dec 17, 1999	Exercisable	900
Grant Price	\$13.3500	Expires	Oct 1, 2009	Outstanding	900
				Exer. Details	Valuation

Grant ID	Plan 99B - 6	Shares	1,000	Exer. Shares	Grant Details
Grant Type	NQ	Grant Date	Oct 1, 1999	Exercisable	0 (repriced)
Grant Price	\$6.2500	Expires	Oct 1, 2009	Outstanding	0
				Exer. Details	Valuation

**III. Totals (as of Mar 20, 2000)** Optionee: Smith, John, Z. (AA002)

Options Granted	3	Total Shares Granted	3,900
Options Exercisable	1	Total Shares Outstanding	2,900
Total Shares Exercisable	900	Total Shares Exercised	100
Total Shares Vested	0	Total Shares Canceled	900
Total Vested Exercisable	0	Total Shares Expired	0

100 Browse

Figure 54 – New Exercises Layout

The matrix can be printed by clicking on the **Printer** icon on the toolbar; it activates a report layout that displays the same information as that found in the matrix, only suitable for printing.

*Options Totals* is a panel placed beneath the matrix that displays summary information for the options listed: total number of options, number of options exercisable, total shares granted / exercised / outstanding / exercisable / vested / vested exercisable / canceled / expired.



**Note:** If you click outside the options portal, the system scrolls up and shows first row. To go back to the last visited portal row, please press the portal label (Section II, Options strap).

**4. Command buttons:** Save, Summary, Print, Clear and Cancel.

Press **Save** button to save new exercises to the database. The program will first test the validity of new exercises and then add them to the database. If you exercised insider's options, the system would offer you to find new reportable transactions.

Press **Summary** button to run Exercise Summary Report.

Press **Print** button to print New Exercise Details Report. If you want to review Grant Status for this optionee, please press the **Printer** button on the toolbar.

**Clear** will initialize new exercises session once again (all new exercises entered but unsaved will be cleared).

Pressing the **Cancel** button will instruct the program to abandon creation of new exercises.

## Exercisability of an option

Normally, an option is exercisable as of specified date if the number of shares vested as of given date (or, the total number of shares, if the plan permits exercising unvested shares) is greater than the number of shares already exercised. However, there are cases in which the above may apply, but the option is still not exercisable -- for example, it is marked as *disabled*, or the employee is on a leave of absence, etc. Each such option is also displayed in the portal as well, and the value of **Exercisable Shares** is 0 for them, but the actual contents of the field is 0 (*<reason for non-exercisability>*) so that the user knows why the option cannot be exercised.

Here is the list of the reasons an option may have no exercisable shares:

**1.** <Shares Vested> - <Shares Exercised Before> is zero, but <Shares Outstanding> is nonzero; probably the most frequent case. Includes the case where <Shares Vested> is zero as well.

*Mark:* "0 (no vest)"

**2.** <Shares Outstanding> is zero, meaning the option is fully exercised.

*Mark:* "0 (exercised)"

**3.** Option is canceled, either manually or due to repricing, and the proposed exercise date is greater than the cancellation date.

*Mark:* "0 (canceled)" if manually canceled, or "0 (repriced)" if repriced.

4. Option is canceled due to termination, and the proposed exercise date is greater than <cancellation date> + <grace period length>

Mark: "0 (terminated)"

5. Option is "disabled" (inactive).

Mark: "0 (disabled)"

6. Option is "blocked" (put on hold, an option cannot be exercised).

Mark: "0 (blocked)"

7. Employee is on a leave of absence, the "exercise block" period (the interval during which exercises for the option cannot be made) is defined in the employee record, and the proposed exercise date falls within that period.

Mark: "0 (on leave)"

8. All option shares have expired.

Mark: "0 (expired)"

## Conditional and Unconditional Exercises

Exercises, as stored in the Exercises database, can be unconditional (regular case), or conditional (special case). Conditional exercises are exercises just like others, only that they are flagged as *Conditional*. That flag serves as the information for the administrator that the optionee is still not certain about their existence. For example, an optionee may call the department and ask for information in terms of funds required/acquirable. After getting the information, the optionee may decide to consult his broker/whoever and call back a while later stating that they do wish to make exercises. In that case, the administrator would just promote *Conditional* exercises to unconditional; or, if the optionee said he didn't wish to exercise, conditional exercises would just get deleted.

At the *New Exercises* layout level, there is a field that determines whether the newly created exercises should be conditional or unconditional.

You can change the conditionality of an exercise at the *Exercises List* Layout. The system also allows you to update multiple conditional exercises at once. [see *Updating Conditional SDS Exercises*]

## Restrictions of operations for conditional exercises

Following are the operations that cannot be performed for conditional exercises: creating Reloads, creating Deferrals, and creating Dispositions.

**Please** note that conditional exercises will not be counted as exercised whenever system calculates number of shares outstanding/exercisable/expired/canceled/exercised as of specified date.

## Validating scratch exercises

The purpose of the validation procedure is to ensure that an exercise record that is about to be stored does not in any way validate any logical, law-prescribed or stock options rules.

### Logical constraints

**VL1:** The number of shares exercised must be greater than zero. This requirement is covered by the storing process by discarding all portal rows which have **Shares to Exercise** less or equal to zero.

**VL2:** The number of shares exercised must not exceed the number of shares exercisable.

**VL3:** The exercise value must be greater than zero.

**VL4:** The total of all distributed shares must not exceed the number of shares exercised.

Cash:	traded <= exercised
SDS:	no restrictions
SDS-Cash:	sold + traded <= exercised
Swap:	swapped + traded <= exercised
Pyramid:	cash + pyramid + traded <= exercised
Loan:	traded <= exercised
SAR:	no restrictions

**VL5: Trade for taxes** and **defer taxes** cannot be both selected at the same time.

**VL6: Trade for Taxes** makes no sense for non-taxable transactions. The scratch creation procedure should ensure that **Trade for Taxes** is off for transactions where **Total Tax Paid** equals zero (ISO options, or non-employee exercises)

**VL7:** Exercise date must not be earlier than the grant date.

### Stock options rules

**VS1:** Trading for taxes can be made only if the option plan permits it.

**VS2:** Deferring tax payment is possible only if the insider/unvested exercising conditions are fulfilled, or, in other words, if **SCRATCH Tax Due Date** is later than the exercise date. In addition, scratch creating procedure should make sure this check box is turned off for exercises not satisfying this condition.

**VS3:** SAR exercises are allowed only for ISA and NQA option types.

**VS4:** Only up to SAR% shares of all shares granted can be exercised as SAR shares altogether (meaning: *including past SAR exercises*). For example, if 4,000 shares are granted under an NQA option, up to 1,600 shares can be exercised as SARs in all the exercises for that option.

## IRS Rules

**VI1:** In SDS or SDS-Cash exercises, only *vested* shares can be sold. Therefore, it is an error if **Shares Sold** > **Vested Shares**.

**VI2:** SDS and SDS-Cash exercises are not allowed for a company insider within 6 months of the **Last Buy Date** (stored in the employee record)

## Exercise record fields

- **Exercise Type** { Cash | SDS | SDS-Cash | Swap | Pyramid | Loan | SAR }
- **Shares Exercised**, number of shares exercised
- **Exercise Value**, fair value of shares exercised
- **Option Price**, the price at which shares were granted
- **Total Tax Paid**, appropriate default value is set by the program, and possibly overridden by the user
- **Shares Traded**, the number of shares traded for taxes. Zero if *trade for taxes* is not selected, or if exercise type is SDS or SAR (trading is disallowed for SDS and SAR exercises, and thus Shares Traded for these types is always zero).
- **Total Trade Value**, the total value of Shares Traded. Since Shares Traded can be zero, this can be zero as well. If non-zero, it means that the *trade for taxes* option has been chosen.

## Exercise Calculation ADMIN

### Common for all exercises

- **Total Value**                      Shares Exercised \* Exercise Value  
This is a market value.
- **Total Price**                      Shares Exercised \* Option Price
- **Total Gain**

If Exercise Type is different from *SDS* or SDS Calculation Basis is *1. NQ - Exercise Value*,  
Total Gain is:  $\text{Total Value} - \text{Total Price}$

For other exercise types it is:  $\text{Total Sale} + \text{Total Unsold Value} - \text{Total Price}$

### Cash exercises

- **Fee**, brokerage fee associated with the sale of the shares, if you chose shares to be transferred to the broker

- **Total Due**  $\text{Total Price} + \text{Total Tax Paid} + \text{Fee} - \text{Total Trade Value}$

- **Shares Issued**  $\text{Shares Exercised} - \text{Shares Traded}$

### SDS, SDS/Cash exercises

- **Fee**, brokerage fee or other special fee associated with the sale of the shares

- **Sale Price**, the actual price for shares sold in this exercise

- **Shares Sold**, in the case of SDS-Cash exercises, you can select how many shares will be sold, while the remaining will be issued. In SDS exercises, *all* the shares are sold and none are issued.

- **Total Sale**  $\text{Sale Price} * \text{Shares Sold}$

- **Shares Unsold**  $\text{Shares Exercised} - \text{Shares Sold}$

- **Total Unsold Value**  $\text{Exercise Value} * \text{Shares Unsold}$

- **W2 Income**, the calculation is done according to the following table:

option type	setting	W-2 Income
-----	-----	-----
NQ	Sale Price	$[\text{Total Sale}] - [\text{Total Price}]$
NQ	Exercise Value	$[\text{Total Value}] - [\text{Total Price}]$
ISO	Sale Price	$[\text{Total Sale}] - [\text{Total Price}] - [\text{Fee}]$
ISO	Lesser	$\min([\text{Total Value}], [\text{Total Sale}]) -$ $- [\text{Total Price}] - [\text{Fee}]$

- **Total Due**  $\text{Total Price} + \text{Total Tax Paid} + \text{Fee} - \text{Total Sale} - \text{Total Trade Value}$

- **Shares Issued**  $\text{Shares Exercised} - \text{Shares Sold} - \text{Shares Traded}$

Note that for SDS exercises is  $\text{Total Trade Value} = \text{Shares Traded} = 0$ , while  $\text{Shares Sold} = \text{Shares Exercised}$ , and thus  $\text{Shares Issued}$  is 0

### Swap exercises

- **Swap Value**

- **Shares Required**, the number of shares needed to be swapped in order to cover the option price. However, the actual number of shares swapped may differ.

- **Shares Remitted**, this is the number of shares that the optionee remits to pay the price. It may be greater or less than the number of shares needed to cover the price. If the number is less, then not the whole price is covered, and the optionee must pay the rest in cash. If the number is greater, only the number actually needed is swapped, and the rest is returned.

- **Shares Swapped**, the number of shares actually used for swapping: can't be greater than the number of remitted shares, nor greater than the number of maximum shares that can be used for swapping (i.e. requires shares) if the optionee remits less shares than is needed for swap, he will pay the difference in cash; if remits more, the excess shares will be returned

- **Shares Returned**      Shares Remitted - Shares Swapped

- **Incremental Shares**, this is how many shares more the optionee will have after the whole transaction.      Shares Exercised - Shares Swapped - Shares Traded

- **Total Swap Value**      Shares Swapped \* Swap Value

- **Tax Basis per Share**, tax basis per swapped share; optional, entered by user

- **Incremental Tax Basis**, depends on the option type

- **Total Due**                      Total Price + Total Tax Paid - Total Swap Value - Total Trade Value

- **Shares Issued**              Shares Exercised - Shares Traded

**Note:** the optionee receives *all* shares exercised (minus *traded* shares, if any) -- he swaps some of his *previously owned shares* to pay the exercise price, at the given swap value.

### Pyramid exercises

The formula for the number of shares that need be swapped is:

Pyramid Shares \* Exercise Value / Option Price = Shares Exercised - Cash Shares

- **Cash Shares**, the number of shares that the optionee gives cash for

- **Pyramid Shares**       $\text{int} \left( (\text{Shares Exercised} - \text{Cash Shares}) * \text{Option Price} / \text{Exercise Value} \right)$

- **Pyramid Value**              Pyramid Shares \* Exercise Value

- **Total Due**                      Total Price + Total Tax Paid - Pyramid Value - Total Trade Value

- **Shares Issued**      Shares Exercised - Pyramid Shares - Shares Traded

### Loan exercises

- **Loan Number**      Text field

- **Down Payment** is the initial amount for this loan

- **Total Amount**      Total Price + Total Tax Paid - Total Trade Value

- **Principal**      Total Amount - Down Payment

- **Total Due**      0

- **Shares Issued**      Shares Exercised - Shares Traded

### SAR exercises

- **SAR Stock Value**

- **Cash Percentage**

*Default: 100*

- **Shares Percentage**      100 - Cash Percentage

- **Shares to Issue**      Total Gain \* (100 - Cash Percentage) / 100 / SAR Stock Value

- **Value of Stock Received**      Shares to Issue \* SAR Stock Value

- **SAR Cash Amount**      Total Gain - Value of Stock Received

- **Total Due**      - (Total Gain - Total Tax Paid - Value of Stock Received)

- **Shares Issued**      Shares to Issue

### Finally, fields common for all exercises

- **Due Company**, equals to Total Due if it is greater than 0, Zero otherwise

- **Due Optionee**, equals to - Total Due if it is less than 0, Zero otherwise

## Instructions

Next two fields are used for SDS and SDS-Cash exercises only:

- **Broker ID**
- **Account Number**

These four are used for all exercise types

- **Name**
- **Address**
- **Certificates**
- **Other Info**

**SDS vs. SDS-Cash exercises**, shares issued, and certificate denominations:

In SDS-Cash exercises, some shares are sold (usually to cover the price and any taxes), while others are issued to the user.

In SDS only exercises, all the shares are sold, and none are issued to the user. Thus, SDS exercises are SDS-Cash exercises where all the shares are sold.

In every case where shares are sold (SDS-Cash and SDS), a broker receives certificate denominations for the number of shares sold at his address; in every case where the optionee receives shares, he receives certificate denominations for the shares issued to him, at his address (alternative address if not empty).

Apparently, for SDS-Cash exercises, the first portion of the *instructions* section is for SDS, i.e. for the shares sold, i.e. handled by the broker. The second portion is the *cash* portion, i.e. pertains to the shares that the optionee pays in cash for.

For SDS exercises, the only portion of the *instructions* section pertains to the shares sold by the employee's transfer agent (i.e. broker)

The SDS2 fields are the second, *Cash* portion of SDS-Cash exercises.

- **SDS2 Name**
- **SDS2 Address**
- **SDS2 Certificates**
- **SDS2 Other Info**



## Exercises for NON-NQ option types

### Exercises for ISO options

The **Total Tax Due** is always 0 for these exercises, hence the **Total Tax Paid** is zero as well.

The only difference between ISO and NQ exercises is that taxes are zero by default. Everything else is exactly the same (except for the calculation of **W-2 income**). Further, if the user forces nonzero taxes for ISO exercises, the results will be the same as in the case of NQ ones.

SAR exercises are allowed only for ISR (in addition to NQR) exercises. Basically, ISR exercises are ISO exercises for which SAR exercises are allowed.

### Exercises for SAR (Stock Appreciation Rights) options

SAR options can be ISR and NQR:

$$\text{ISR} = \text{ISO} + \text{SAR}$$

$$\text{NQR} = \text{NQ} + \text{SAR}$$

ISR are treated as ISO options, except that SAR exercises are allowed.

NQR are treated as NQ options, except that SAR exercises are allowed.

The program checks whether the total amount of shares exercised as SARs will have exceeded the maximum such value.

### Exercises for DSO (Discounted Stock Option) options

These options are exactly the same as NQ options, except that the option price is always *less* than the fair value on the option date. So, it's just that such optionees get NQ options at a discount price, but it does not affect the exercise calculation procedures. From the exercises' view, NQ and DSO options have no difference.

### Exercises for RSP (Restricted Stock Purchase) options

RSP options are NQ options, and that type allows shares to be purchased or exercised on option date. The exercised shares can be repurchased by the company until their vesting date. Restricted Stock can be priced at less than fair value on the option date and can be granted to non-employees.

Exercises for RSP options are treated as exercises for NQ options.

## Exercise Details Layout

There are basically *seven* different layouts, one for each exercise type. The selection among them is based on the **exercise type** field. An exercise details layout captures all exercise information, displaying the scratch record for the current exercise (for the current option for the current employee).

SDS-related layouts are the following:

- SDS Exercise [Exercise Value]
- SDS Exercise [Sale Price]
- SDS/Cash Exercise [Exercise Value]
- SDS/Cash Exercise [Sale Price]

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**SDS Exercise** 1. Calc 2. Taxes 3. Instr. 4. Misc. Options

Shares Exercised: 200 Date: June 1, 2000 OK Modify

**I. SDS Exercise Calculation** Fisher, Anna, S.; Option: Plan 99A - 3 [NQ]

		Shares Sold	Sale Price
Total Sale	\$3,503.20 =	200	x \$17.5160
- Option Cost	\$1,000.00 =	200	x \$5.0000
Total Gain	\$2,503.20		Option Price
Total Tax Due	\$1,042.59	Net Gain	\$1,460.61

Deferred Tax Payment ☐

Shares Exercised	200
x Exercise Value	\$17.5160
Market Value	\$3,503.20

Option Cost	\$1,000.00
+ Total Tax Paid	\$1,042.59
+ Brokerage Fee	\$25.00
- Total Sale	\$3,503.20 =
Due Optionee	(\$1,435.61)

	Shares Sold	Sale Price
	200	x \$17.5160
W-2 Income	\$2,503.20	

Shares Exercised	200
- Shares Sold	200
Shares Issued	0

**II. Taxes** Fisher, Anna, S.; Option: Plan 99A - 3 [NQ]

	Tax	State	Tax Rate	Yearly Limit	Tax Due	Withheld
1	Federal		28.00%		\$700.90	\$700.90
2	Medicare		1.45%	\$1,812.50	\$36.30	\$36.30
3	Social Security		6.20%	\$3,537.20	\$155.20	\$155.20
4	State - CA	CA	6.00%		\$150.19	\$150.19
5						
6						
7						

\$1,042.59 \$1,042.59

Figure 55 – Same-Day-Sale Exercise Details Layout

If the exercise is of type NQ (or NQA, DSO, or RSP), and if SDS Calculation basis is *NQ - Exercise Value*, then *Exercise Value* layout is shown. In all other cases, *Sale Price* layout is shown. (Of course, that means *SDS [Sale Price]* or *SDS/Cash [Sale Price]*, depending on the exercise type). However, due to the nature of **SDS Calculation Basis** field, if its value is *1. NQ - Exercise Value*, that automatically means that the type of the option is not ISO (and not ISA either), so this test suffices to determine whether to show *Sale Price* or *Exercise Value* layout.

An *Exercise Details* layout has at least two input fields, **Shares to Exercise** and **Defer Tax Payment**, but possibly others as well, depending on the exercise type.

Each such layout has five sections:

**0. top section** (nameless), containing the number of shares to exercise (input field), number of exercisable shares, and two buttons: **Cancel** and **OK**

**1. Exercise calculation:** this part is different for each layout

**2. Taxes:** this part is the same for each layout. The user sees the default tax table, as copied from the employee record, and with values calculated appropriately. Press appropriate tax number (1..7) to review tax details. However, most fields are writable, so the user can:

- a) delete a tax, by selecting the **Tax ID** field and deleting it manually
- b) introduce a new tax, by selecting it from the ID table, after clicking on an empty ID field
- c) change a tax -- choose another from the list
- d) change tax attributes -- name, state, rate, limit
- e) change **YTD Paid** info for the tax; the default is looked up from the employee record
- f) change the final calculation. The before-last field is **Tax Due**, it is a calculation and cannot be changed. But the last field in the matrix is **Tax Paid** field, which is by default equal to **Tax Due**, only that the user can set it to whatever she wants.

**3. Instructions:** For SDS and SDS-Cash exercises, the instruction section contains **Broker ID**, optionee **Account Number** and **Registration Name** and **Address** are of brokerage firm chosen. This also applies to the Cash exercises, if you chose shares to be transferred to the broker instead of to an optionee. **Certificate** reflects number of shares issued. Note that the **confirmation date** is in this section.

**4. Miscellaneous:** contains only the **Notes** field.

**Note** about calculations: as observable, labels of particular importance are green, amounts that are being subtracted are red in the calculations. As for the final result, with one exception of the SAR exercises, the final label is either **Due Company** if the company should receive the money, or **Due Optionee** if the optionee is to receive the money. The result to the right of it is blue if the company receives, and red if the optionee receives,

i.e., if the result of the calculation is negative (a calculation, with the exception of SARs, always start with what should be paid to the company and optionee gains are subtracted from those amounts). If the optionee receives, the number is in brackets, as it indicates that the result of the calculation above it is negative.

### **Cancel button**

Press **Cancel** to discard changes you made in the current exercise record. If you are entering new exercises, you will also abandon exercise creation for this option (it also clears Shares to Exercise in the corresponding option record).

### **OK button**

This button accepts the exercise, if valid. It then goes back.

**Note:** you might press **Back** on an invalid exercise and still get back to the main screen. But, when it comes to **Save**, the system will not let an invalid exercise pass.

## ***Working with existing exercises***

Actual exercises are stored in the Exercises database. There are three basic operations that can be performed over them:

- **Browsing:** this means showing the list of exercises, either all or grouped by some criteria (Employee ID, or Employee ID + Option ID; the former displays all employee's exercises, while the latter is a sort of "option history:" all the exercises for a certain option.)

There is also a list of conditional exercises for an employee, such that the exercises in the list can be deleted or promoted to unconditional.

For exercises in a list, there are buttons that either perform some exercise-level operation, or link to a screen that displays possible operations for that exercise.

- **Opening:** *opening* an exercise means displaying a long page with all the exercise details (including calculations, instructions, etc.), possibly with buttons for operations like *reload*, *print* / *preview exercise transmittal*, *delete* and so on.

- **Modifying:** as above, only that you have a possibility to modify some of the exercise parameters. This is done via the scratch database, in contrast to mere opening an exercise. Appropriate *Exercise Details* layout is invoked, showing details for exercise you want to modify or just to inspect.

Other operations, such as *reload*, *delete* and others will be accessible from either one of the *lists* or from within *details* screens.

## Exercises List Layout

The layout shows list of exercise cards. Single card contains basic exercise data.

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**Exercises** #1 of 3 records

Name, ID	Smith, John, Z.	AA002	Details
Grant ID, Type	Plan 99B - 6	NQ	Delete
Grant Date	Oct 1, 1999	Share Price	\$6.2500
Shares Granted	1,000	Exercised	100
Exercise Date	Nov 1, 1999	Value per share	\$6.5000
Exercise Type	Cash	Exercise is conditional?	No
Deferred Tax Payment?	No	Tax Due = Tax Paid?	Yes
			Print Exercise
			Print All Cash Exercises Found

Name, ID	Fisher, Anna, S.	AA003	Details
Grant ID, Type	Plan 99A - 3	NQ	Delete
Grant Date	May 1, 1999	Share Price	\$5.0000
Shares Granted	1,000	Exercised	200
Exercise Date	Jun 1, 2000	Value per share	\$17.5160
Exercise Type	SDS	Exercise is conditional?	No
Deferred Tax Payment?	No	Tax Due = Tax Paid?	Yes
			Print Exercise
			Print All SDS Exercises Found

Name, ID	Ericsson, Frederick, G.	AA005	Details
Grant ID, Type	Plan 99A - 5	ISO	Delete
Grant Date	May 1, 1999	Share Price	\$5.0000
Shares Granted	5,000	Exercised	250
Exercise Date	Nov 11, 2000	Value per share	\$22.3200
Exercise Type	SDS-Cash	Exercise is conditional?	No
Deferred Tax Payment?	No	Tax Due = Tax Paid?	Yes
			Print Exercise
			Print All SDS-Cash Exercises

**Summary**

Total number of exercises	3	Period: from	Nov 1, 1999
Total shares exercised	550	to	Nov 11, 2000
Total exercise value	\$9,733.20		
Total exercise price	\$2,875.00	min	\$6.5000
Total taxes due	\$1,053.00	Exercise value avg	\$15.4453
Total taxes paid	\$1,053.00	max	\$22.3200

100 Browse

Figure 56 – Exercises List Layout

Press **Details** button to review exercise details. Depending of the exercise type an appropriate layout will be shown.

Press **Delete** to erase current exercise record. You will be prompted to confirm deletion. Records related to this exercise will also be deleted (deferrals, dispositions, reload options).

If option plan allows reloads you can press **Reload** button to create reload grants from this exercise.

You can **Print Exercise** or **Print All Exercises** of the same type in the current found set.

You can change exercise conditionality by pressing on the **Conditional** field (the only white field).

All the record fields are marked **read-only**.

At the end, there is a summary part, showing totals for: number of exercises listed, shares exercised, exercise value, exercise price, taxes due and taxes paid, as well as minimal, average and maximal exercise value.

You can press on some field labels in order to sort database by those fields. Labels that respond on click are: optionee Name, Grant ID, Grant Date, Shares Granted, Exercise Date, Exercise Type, Share Price, Exercised, Value per share.

**FileMaker Pro - [Exercises.FP3]**

File Edit Mode Select Format Script Window Help

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**SDS/Cash Exercise** 1. Calc 2. Taxes 3. Instr. 4. Misc. Options

Shares Exercised: 250 Date: November 11, 2000 OK Modify

**I. SDS/Cash Exercise Calculation** Ericsson, Frederick, G.; Option: Plan 99A - 5 [ISO]

Total Sale	\$1,272.24	=	Shares Sold	57	x	Sale Price	\$22.3200
+ Total Unsold Value	\$4,307.76	=	Shares Unsold	193	x	Exercise Value	\$22.3200
- Option Cost	\$1,250.00	=	Shares Exercised	250	x	Option Price	\$5.0000
<b>Total Gain</b>	<b>\$4,330.00</b>						
<b>Total Tax Due</b>	<b>\$0.00</b>		<b>Net Gain</b>			<b>\$4,330.00</b>	

Option Cost	\$1,250.00		
+ Total Tax Paid	\$0.00		
+ Brokerage Fee	\$50.00		
- Total Sale	\$1,272.24	=	Shares Sold
			57
			Sale Price
			\$22.3200
<b>Due Company</b>	<b>\$27.76</b>		<b>W-2 Income</b>
			\$937.24

Deferred Tax Payment	<input type="checkbox"/>
Shares Traded for Taxes	<input type="checkbox"/>
Shares Traded	
x Trade Value	
<b>Total Trade Value</b>	

Shares Exercised	250
- Shares Sold	57
<b>Shares Issued</b>	<b>193</b>

Figure 57 – Same-Day-Sale/Cash Exercise Details Layout

## Deleting an Exercise

Deleting an exercise record is not a *stand-alone* operation: creating an exercise required updating another record -- the employee record, more precisely, the **YTD Paid** field -- so deleting the exercise must do the reverse. (The procedure described here is applicable to Tax Deferrals in its entirety.)

In addition, all deferrals created for this exercise must be deleted -- but their YTD paid values also must be added to the employee record. So, each related deferral record is also deleted by its deletion script.

**Note:** if the exercise has reload options, these are **not** deleted. And they shouldn't be.

## Reload

Exercises for an option whose plan permits reloading, and for which reload options have not been generated already are eligible for generating a reload option.

If the plan does not permit reloading, the **Reload** button is not visible.

If the plan permits reloading, button is *disabled* if a reload option has already been generated, *enabled* otherwise.

## Updating conditional SDS exercises

There are situations when you have to store Same-Day Sale Exercise as conditional. It is when you actually do not know exact sale date and therefore sale price, because optionee's broker is covering the whole procedure.

For conditional SDS exercises, there is an additional panel at the *Exercises List* layout. Use it to specify **Exercise Date**, **Sale Price** and **Value per share** on exercise date. You do not need to enter unchanged values, just leave those fields empty.

Press the **Update** button to modify current exercise record.

If you want to update multiple conditional exercise records, you have to create a found set, by specifying search criteria (1. press Find button, 2. specify search criteria -- set Conditional to Yes, 3. press Enter key). Then, enter the updated exercise information and press **Update All** button. The system will modify all conditional exercise records in the current found set.

At the end, modified exercises become unconditional.



**Exercises** #2 of 6 records

Name, ID	Smith, John, Z.	AA002
Grant ID, Type	Plan 99B - 6	NQ
Grant Date	Oct 1, 1999	Share Price \$6.2500
Shares Granted	1,000	Exercised 100
Exercise Date	Nov 1, 1999	Value per share \$6.5000
Exercise Type	Cash	Exercise is conditional? No
Deferred Tax Payment?	No	Tax Due = Tax Paid? Yes

Buttons: Details, Delete, Print Exercise, Print All Cash Exercises Found

Name, ID	Fisher, Anna, S.	AA003
Grant ID, Type	Plan 99A - 3	NQ
Grant Date	May 1, 1999	Share Price \$5.0000
Shares Granted	1,000	Exercised 200
Exercise Date	Jun 1, 2000	Value per share \$17.5160
Exercise Type	SDS	Exercise is conditional? Yes
Deferred Tax Payment?	No	Tax Due = Tax Paid? Yes

Buttons: Details, Delete, Reload, Print Exercise, Print All SDS Exercises Found

Sale Price: \$18.1250  
Value per share:   
Exercise Date:   
Update Update All

Figure 58 – Updating Conditional SDS Exercises

## Recalculating Taxes

There are situations when you do not want to calculate and store tax information with the exercise records. Historical exercises are one example. The second example is exercise import – if you do not have taxes calculated and prepared for the import, you will need to calculate them additionally. For these and all other cases, you can press the **Recalculate Taxes** button at the Exercise Details layout.

There are two possibilities:

- 1) updating taxes for the **current** exercise record, and
- 2) updating (recalculating) tax information for **all** exercises in the current found set. The system will ask you to choose **Current** or **All** exercises. After that, the system looks into the employee record for taxes specified there and applies them to exercise data. As a result, tax data (YTD Paid) in the employee record will be changed, too.

You can also press **Modify** button first, and then press **Recalculate Taxes** button. In this case only the current exercise record will be altered. And, when you press **OK** button to save changes in the exercise record, system will ask you to confirm changes in the employee record (ytd paid data).



## **System Tasks**

### **Import Records** ADMIN

First, you have to choose if the program will automatically update employee's YTD paid taxes after the exercise is imported. This is a very important decision.

If you import only exercise records, then it is recommended to click **Update** button. But, if you are importing Employees as well, you need to know if those employee records already contain tax information that will be produced as a result of exercises you want to import.

Then, you will be prompted to enter the import file name and type.

At the end, you have to select and match fields from records you want to import with fields in the database.

After the import, you can run the Import Status Report and find out if there were rejected imports. Report shows rejected records with reject reason. Use the content of this field to correct records you want to import. Then, run the import procedure once again, but this time only for those previously rejected records. This means you first need to remove successfully imported records from your import database and then start the import procedure for the second time. If you do not remove previously imported records, there is a chance to duplicate some records in your database. System does take a thorough check procedure while importing records, but it also depends on the content of your data whether this procedure will be completed successfully or not (error possibility is greater if you import incomplete records - without primary key field, for example).

## **Export Records**

You have to choose between default and custom export order.

Default export order:

**Exercise ID**  
**Option ID**  
**Option Type**  
**Employee ID**  
**Confirmation Date**  
**Exercise Date**  
**Option Price**  
**Shares Exercised**  
**Exercise Value**  
**Exercise Type [Verbose]**

Tax data (seven taxes):

**Tax ID**  
**Tax Name**  
**Tax State**  
**Tax Rate**  
**Tax Base Amount**  
**Tax Base Tax**  
**Tax Limit**  
**YTD Paid**  
**Tax Due**  
**Tax Withheld**

**Total Tax Due**  
**Total Tax Withheld**  
**Tax Due Date**  
**Deferred Payment?**  
**Trade for Taxes?**  
**Trade Value**  
**Shares Traded**  
**Total Trade Value**  
**Total Value**  
**Total Price**  
**Total Gain**  
**Net Gain**

Cash/SDS exercise specific:

**Fee**  
**Sale Price**  
**Shares Sold**  
**Shares Unsold**  
**Total Sale**  
**Total Unsold Value**  
**W2 Income**  
**SDS Calculation Basis**

Swap exercise specific:

**Swap Value**  
**Shares Required**  
**Shares Remitted**  
**Shares Swapped**  
**Shares Returned**  
**Incremental Shares**  
**Total Swap Value**  
**Swap Tax Basis**  
**Incremental Tax Basis Per Share**

Pyramid exercise specific:

**Cash Shares**  
**Pyramid Shares**  
**Pyramid Value**

Loan exercise specific:

**Loan Number**  
**Down Payment**  
**Total Amount**  
**Principal**

SAR exercise specific:

**SAR Stock Value**  
**Cash Percentage**  
**Shares To Issue**  
**Value of Stock Received**  
**SAR Cash Amount**

Issuance related data:

**Total Due**  
**Due Company**  
**Due Optionee**  
**Due Label**  
**Due Abs Amount**  
**Shares Issued**  
**Broker ID**  
**Account Number**  
**Name**  
**Address**  
**Certificates**  
**Other Info**

Additional instructions for SDS/Cash exercises:

**SDS2 Name**  
**SDS2 Address**  
**SDS2 Certificates**  
**SDS2 Other Info**

**Notes**

**Reload Option** (related option ID)  
**Conditional exercise?**

Fields with ? contain **1** for *Yes* or **0** for *No*.

If you choose custom export order, you can add or remove database fields from the export order list.

Before the system starts the export procedure, you will be prompted to enter the export file name and choose export file type.

## Deferrals

There are two separate databases in the system for deferrals: Deferrals and SCRATCH Deferrals.

*Deferrals* database stores definite deferral records.

*SCRATCH Deferrals* database contains temporary deferral records, because it is used for entering new and modifying existing records.

Exercises can be *deferred* for the following reasons:

1. Exercise occurs by a company insider within six months from the option date. Taxes are due six months minus one day after the option date.
2. Unvested shares are exercised. Taxes are due when the shares vest.
3. Combination of the two; in that case, the latter of the two due dates is applied.

An optionee who is eligible for deferring taxes may elect to pay them immediately. In case he/she does not, he/she will pay taxes when they become due. This issue, however, is not that simple, in the case of exercising unvested shares. This is because such shares can have more than one due date, in which case shares **must** be taxed incrementally. (They *can* be taxed incrementally in the regular case as well.)

### ***Entering New Deferrals***

System provides an easy way for you to record new deferrals - *FastTrack* concept, which always creates a group of deferrals. Creating a single deferral is just a special case of group deferrals. But, unlike some other programs, *FastTrack* allows for each individual deferral in the group to be specifically tuned.

You can start entering new deferrals by clicking on the **Deferrals** button from the Main Screen, or by pressing the **New record** button, while browsing existing deferral records.

First, you have to choose an optionee who is deferring taxes. You may specify optionee's Name, ID or SSN and press **Find** button. If optionee cannot be found or more than one optionee meets the search criteria, you will be prompted to change the criteria. For selected optionee, optionee's name and ID are shown above the exercises portal.

Then, you have to specify **Tax Deferrals Parameters**:

- **Pay Date:** By default, the field reads *On Due Date*. If that remains so, a scratch deferral will have Payment Date = Tax Due Date, which depends on the individual exercise whose shares are to be taxed. If actual pay date is different from offered, please enter the date and press **Change to** button;

**Tip:** If you want to reset the **Payment Date** to *On Due Date*, clear the input field and press the **Change to** button.

- if shares are to be traded for taxes, select the **Trade shares for taxes** check box;
- fill the **Notes**, if necessary;
- modify **Taxes** that will be applied by (de)selecting appropriate check boxes. You may also change optionee's YTD Paid information.

**FileMaker Pro - [SCRATCH Deferrals.FP3]**

File Edit Mode Select Format Script Window Help

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## New Deferrals

1. Params 2. Exercises

Name: Ericsson, Frederick, G. ID: AA005 SSN: 401-23-5325 Find

### I. Tax Deferrals Parameters

Optionee: Ericsson, Frederick, G. (AA005)

Pay Date: 12/25/1999 Change to: Dec 25, 1999

Notes: Trade shares for taxes ☐

Tax	YTD Paid
Federal <input checked="" type="checkbox"/>	
Medicare <input checked="" type="checkbox"/>	\$1,812.50
Social Security <input checked="" type="checkbox"/>	\$3,537.20
State - CA <input checked="" type="checkbox"/>	

Save Print Clear Cancel

### II. Exercises

Optionee: Ericsson, Frederick, G. (AA005)

Grant ID	Plan 99A - 11	Grant price	\$6,0000	Due Date	Nov 30, 1999	Grant Details
Grant type	NQA (NQ + Stock)	Exer. date	Nov 29, 1999	Taxable	500	Exer. Details
Exer. type	Cash Exercise	Exercised	500	Shares	250	Details

100 Browse

**Figure 59 – New Deferrals layout**

At the end, you will choose exercises and enter the number of shares to defer.

**Exercises portal** consists of exercise records whose tax payment was deferred at the time of exercise. All deferred exercises are shown, including those that are fully taxed. The portal is sorted first by taxability and then by tax due date. This means that fully taxed

exercises are shown at the bottom of the portal -- for information purposes. Others (taxable) are sorted by due date. This can be used to inform the optionee which is the first date taxes are due.

*Grant/Exercise* related information are: **Grant ID, Grant Type, Exercise Type, Grant Price, Exercise Date** and **Shares Exercised**.

*Deferral* related information are: **Tax Due Date** for this exercise, number of shares **Taxable** and, initially empty, red labeled, **Shares** field. Here you will enter actual number of shares to defer.

**Note** that the amount of shares taxable on the tax due date will not necessarily be: shares exercised - shares taxed so far.

**Note:** If you click outside the exercises portal, the system scrolls up and shows first row. To go back to the last visited portal row, please press the portal label (Section II, Exercises strap).

You can press **Exercise Details** button to review current exercise.

You can press **Grant Details** button to review grant related to current exercise.

Pressing the **Details** button will calculate and show new deferral record. You must enter the number of shares first.

Press **Save** button to save new deferrals to the database. The program will first test the validity of new deferrals and then add them to the database.

Press **Print** button to print new deferral details report.

**Clear** will initialize new deferrals session once again (all new deferrals entered but unsaved will be cleared).

Pressing the **Cancel** button will instruct the program to abandon creation of new deferrals.

## Deferral Details Layout

At the top there is a header: table with tax due date, due shares, payment date and shares taxed. Blue fields are read-only.

### I. Payment calculation

Based on the **Payment Date**, number of **Shares Taxed** and **Share Value** program calculates tax related information. If shares can be traded for taxes and an appropriate box is checked, number of **Shares Traded** and **Trade Value** are considered in tax calculation.

**FileMaker Pro - [SCRATCH Deferrals.FP3]**

File Edit Mode Select Format Script Window Help

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## Deferral Details

1. Calc 2. Taxes 3. Misc. Options

Tax Due Date: Nov 30, 1999 Shares Due: 500  
 Payment Date: Dec 25, 1999 Shares Taxed: 250

Accept: OK Discard: Cancel

### I. Payment Calculation

Ericsson, Frederick, G.; Option: Plan 99A - 11 [NQA]

	Market Value	Shares	Value
Market Value	\$3,637.50	250	\$14,550.00
- Total Price	\$1,500.00	250	\$6,000.00
Total Gain	\$2,137.50		
Total Tax Due	\$726.75		
Net Gain			\$1,410.75

Trade Shares for Taxes: ☐  
 Shares to Trade: 0  
 x Trade Value: \$14,550.00  
 Total Trade Value: \$0.00

Total Tax Due: \$726.75  
 Total Tax to Pay: \$726.75  
 Shares Taxed: 250  
 Shares Released: 250

### II. Taxes

Ericsson, Frederick, G.; Option: Plan 99A - 11 [NQA]

	Tax	State	Tax Rate	Yearly Limit	YTD Paid	Tax Due	Tax Paid
1	Federal		28.00%			\$598.50	\$598.50
2	Medicare		1.45%	\$1,812.50	\$1,812.50		
3	Social Security		6.20%	\$3,537.20	\$3,537.20		
4	State - CA	CA	6.00%			\$128.25	\$128.25
5							
6							
7							
						\$726.75	\$726.75

### III. Miscellaneous

Ericsson, Frederick, G.; Option: Plan 99A - 11 [NQA]

Notes

Figure 60 – New Deferral Details Layout

## II. Taxes

In this section you see the default tax table, as copied from the employee record, and with values calculated appropriately. Press appropriate tax number (1..7) to review tax details. However, most fields are writable, so you can:

- a) delete a tax, by selecting the Tax ID field and either deleting it manually
- b) introduce a new tax, by selecting it from the ID table, after clicking on an empty ID field
- c) change a tax -- choose another from the list
- d) change tax attributes -- name, state, rate, limit
- e) change YTD Paid info for the tax; the default is looked up from the optionee record
- f) change the final calculation. The before-last field is **Tax Due**, it is a calculation and cannot be changed. But, the last field in the matrix is **Tax Paid** field, which is by default equal to **Tax Due**, only that you can change its content, if needed.

**III. Miscellaneous** section contains only the Notes field.

There are two buttons, "**OK**" and "**CANCEL**".

**CANCEL** button is intended to discard the scratch record, if you are entering new deferrals, or changes you made in the deferral record, and to return to the main screen. For new deferrals, not only that it deletes the scratch record, it also clears **Shares to Tax** in the corresponding option record.

**OK** button accepts the deferral, if valid. It then goes back.

**Note:** You might press **Back** on an invalid deferral and still get back to the main screen. But, it won't help when it comes to **Save**; the system will not let an invalid deferral pass.



## Working with existing deferrals

### Deferrals List Layout

Shows list of deferral cards. Single card contains only the basic deferral data: optionee Name and ID, Grant ID, Grant Date, Grant Type, Fair Value, Exercise Date, Exercise Type, Price Basis, Tax Payment Date, number of Shares Taxed and Taxable Gain.

All the fields are **read-only**.

Name, ID	Ericsson, Frederick, G.	AA005	Grant ID	Plan 99A - 11
Grant Date	Jun 1, 1999	Exer. Date	Nov 29, 1999	Tax Payment Date
Grant Type	NQA	Exer. Type	Cash	Shares Taxed
Fair Value	\$14,5500	Price Basis	\$6.0000	Taxable Gain
				\$2,137.50

Summary			
Total number of deferrals	1	Period: from	Dec 25, 1999
Total shares taxed	250	to	Dec 25, 1999
Total fair value	\$3,637.50		
Total option price	\$1,500.00	Total taxes due	\$726.75
Total taxable gain	\$2,137.50	Total taxes paid	\$726.75

Figure 61 – Deferrals List

At the end there is a summary part, showing totals for: number of deferrals listed, number of shares taxed, fair value, option price, taxable gain, taxes due and taxes paid.

You can click on some field labels to sort records by those fields.

Labels that respond on click are: Employee Name, Grant ID, Exercise Date, Tax Payment Date, Grant Type and Exercise Type.

Press **Details** button to see complete deferral data.

Press **Delete** button to erase current deferral record. You will be prompted to confirm deletion. Employee's YTD Paid fields (tax related) will be changed according to this deferral record.

FileMaker Pro - [Deferrals.FP3]

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## Deferral Details

1. Calc 2. Taxes 3. Misc Options

Tax Due Date: Nov 30, 1999 Shares Due: 500  
 Payment Date: Dec 25, 1999 Shares Taxed: 250

OK Modify

### I. Payment Calculation

Ericsson, Frederick, G.; Option: Plan 99A - 11 [NQA]

	Shares	Value
Market Value	250	\$14,550.00
- Total Price	250	\$6,000.00
Total Gain		\$2,137.50
Total Tax Due		\$726.75
Net Gain		\$1,410.75

Trade Shares for Taxes ☐  
 Shares to Trade: 0  
 x Trade Value: \$14,550.00  
 Total Trade Value: \$0.00

Total Tax Due: \$726.75 Shares Taxed: 250  
 Total Tax to Pay: \$726.75 Shares Released: 250

Exercise Details

### II. Taxes

Ericsson, Frederick, G.; Option: Plan 99A - 11 [NQA]

	Tax	State	Tax Rate	Yearly Limit	YTD Paid	Tax Due	Tax Paid
1	Federal		28.00%			\$598.50	\$598.50
2	Medicare		1.45%	\$1,812.50	\$1,812.50		
3	Social Security		6.20%	\$3,537.20	\$3,537.20		
4	State - CA	CA	6.00%			\$128.25	\$128.25
5							
6							
7							
						\$726.75	\$726.75

### III. Miscellaneous

Ericsson, Frederick, G.; Option: Plan 99A - 11 [NQA]

Notes

100 Browse

Figure 62 – Deferral Details – press Modify to change data

## Recalculating Taxes

You can press the **Recalculate Taxes** button at the Deferral Details layout in order to recalculate tax information. There are two possibilities:

- 1) updating taxes for the **current** deferral record, and
- 2) updating (recalculating) tax information for **all** deferrals in the current found set. The system will ask you to choose **Current** or **All** deferrals. After that, the system looks into the employee record for taxes specified there and applies them to deferral data. As a result, tax data (YTD Paid) in the employee record will be changed, too.

You can also press **Modify** button first, and then press **Recalculate Taxes** button. In this case only the current deferral record will be altered. And, when you press **OK** button to save changes in the deferral record, system will ask you to confirm changes in the employee record (ytd paid data).

## **System Tasks**

### **Import Records** ADMIN

First, you have to choose if the program will automatically update employee's YTD paid taxes after the deferral is imported. This is a very important decision.

If you import only deferral records, then it is recommended to click **Update** button. But, if you are importing Employees as well, you have to know if those employee records already contain tax information that will be produced as a result of deferrals you want to import.

Then, you will be prompted to enter the import file name and type.

At the end, you have to select and match fields from records you want to import with fields in the database.

After the import, you can run the Import Status Report and find out if there were rejected imports. Report shows rejected records with reject reason. Use the content of this field to correct records you want to import. Then, run the import procedure once again, but this time only for those previously rejected records. This means you first need to remove successfully imported records from your import database and then start the import procedure for the second time. If you do not remove previously imported records, there is a chance to duplicate some records in your database. System does take a thorough check procedure while importing records, but it also depends on the content of your data whether this procedure will be completed successfully or not (error possibility is greater if you import incomplete records - without primary key field, for example).

### **Export Records**

You have to choose between default and custom export order.

Default export order:

**Deferral ID**  
**Exercise ID**  
**Option ID**  
**Employee ID**  
**Tax Due Date**

**Due Shares**  
**Payment Date**  
**Share Value**  
**Shares Taxed**  
**Price**

Tax data (seven taxes):

**Tax ID**  
**Tax Name**  
**Tax State**  
**Tax Rate**  
**Tax Base Amount**  
**Tax Base Tax**  
**Tax Limit**  
**YTD Paid**

**Total Tax Due**  
**Total Tax Paid**  
**Trade For Taxes**  
**Trade Value**  
**Shares Traded**  
**Notes**

If you choose custom export order, you can add or remove database fields from the export order list.

Before the system starts the export procedure, you will be prompted to enter the export file name and choose export file type.

## Options Dispositions

A disposition is a transfer of shares from its original owner to another party. Dispositions can be created only for shares exercised for ISO options.

Dispositions can be either *qualifying* or *disqualifying*. If an optionee sells acquired shares after the so-called *holding period*, which is two years from the grant date and one year from the exercise date, the disposition is *qualifying*; otherwise, it is *disqualifying*.

Dispositions are automatically created for *Same-Day-Sale* exercises, because the shares get sold to another party the same day they are exercised.

For non- *Same-Day-Sale* exercises the share certificates (proofs of ownership) go to the optionee. At some point in time the optionee may elect to dispose of them, by selling them, giving them to someone, etc. In such a case, a disposition is created.

For disqualifying dispositions, the company receives tax deduction. Also, a certain amount is included in the individual's Form W-2 (as well as the tax deduction). That amount is the difference between the option price and the fair value on the exercise date multiplied by the number of shares sold, or the amount realized, whichever is less.

The difference between a qualifying and a disqualifying disposition is that there is no *preferential tax treatment* for the latter.

Every disposition has its own **ID**, which is a primary key. It is created automatically, and you cannot change it. It is also used as a relationship with other options related databases.

### ***Entering New Option Dispositions***

System provides an easy way for you to record new dispositions.

You can start entering new dispositions by clicking on the **Opt. Dispositions** button from the Main Screen, or by pressing the **New record** button, while browsing existing disposition records.

First, you have to choose an optionee who is disposing of shares. You may specify optionee's Name, ID or SSN and press **Find** button. If an optionee cannot be found or more than one optionee meets the search criteria, you will be prompted to change the criteria.

FileMaker Pro - [Option Dispositions.FP3]

File Edit Mode Select Format Script Window Help

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New Dispositions 1. Params 2. Exercises

Name Ericsson, Frederick, G. ID AA005 SSN 401-23-5325 Find

**I. Disposition Parameters** Optionee: Ericsson, Frederick, G. (AA005)

Type Pending Date Mar 19, 2000 Change to: Mar 19, 2000 Save

Broker ID Schwab Sale Price \$14.2300 Fee \$0.00 Clear

Notes Cancel

**II. Eligible Exercises** Optionee: Ericsson, Frederick, G. (AA005)

Grant ID	Plan	Grant date	Disposed	Exer. Details
Plan 99A - 5		May 1, 1999	57	Exer. Details
Grant type	ISO (Incentive Stock Option)	Exer. date	Nov 11, 2000	Remaining 136 Grant Details
Exer. type	SDS/Cash Exercise	Exercised	250	Dispose 36 Disp. History

100 Browse

Figure 63 – Entering New Option Dispositions

Then, you have to specify **Disposition Parameters**:

- **Type**, from drop down list (Pending, Street Name or Sold)

1. *Pending* - A disposition type that reports knowledge of a transfer of ISO shares with no confirmation of a sale. Commonly, a transfer agent notifies the stock administrator of a certificate transfer but does not provide information on whether the shares have actually been sold. A disposition marked as pending can generate a survey form that you can use to determine the current status of the ISO shares.

2. *Sold* - With reference to ISO dispositions, a type of transfer in which there is confirmed knowledge of the sale of shares acquired through the exercise of an ISO option. If the sale date falls within the ISO holding period, the disposition is classified as disqualifying and triggers the reporting of W-2 income.

**3. Street Name** - A term referring to shares held by a broker in an individual shareholder's brokerage account. Having shares "on deposit" with a broker speeds and simplifies their eventual sale. Such shares are not considered sold for the purpose of tracking ISO dispositions.

However, if the disposition is *qualified*, it automatically receives the type *Qualified*.

- **Date**, if different from offered please enter new date and press **Change to** button;

**Tip:** If you want to reset the disposition date to *Today*, clear the input field and press the **Change to** button.

- select **Broker ID** from brokers list;
- enter the **Sale Price**; by default, it is the fair value associated with the disposition date, but you can enter a different per-share price,
- enter the brokerage **Fee** - the total of brokerage fees or other costs connected with the sale of the shares. The optionee is entitled to deduct this amount from W-2 income on a disqualifying disposition.
- fill the **Notes**, if necessary.

At the end, you will choose exercises and enter a number of shares to dispose.

**Eligible Exercises** show all exercises for selected optionee (optionee's name and ID are shown above the exercises portal).

*Grant/Exercise* related information are: **Grant ID**, **Grant Date**, **Grant Type**, **Exercise Date**, **Exercise Type** and **Shares Exercised**.

*Disposition* related information are: **Shares Disposed** already from shown exercise, **Shares Remaining** for disposition and, initially empty, red labeled, **Dispose** field. Here you will enter actual number of shares to dispose.

You can press **Exercise Details** button to review current exercise.

You can press **Grant Details** button to review grant related to current exercise.

Pressing the **Disposition History** button will show a list of dispositions already made from this exercise.

Press **Save** button to save new dispositions to the database. Program will first test validity of new dispositions and then add them to the database.



Pressing the **Cancel** button will instruct the program to abandon creation of new dispositions.

**Clear** will initialize new option dispositions session once again (all new dispositions entered but unsaved will be cleared).

**Note:** If you click outside the portal, the system scrolls up and shows first row. To go back to the last visited portal row, please press the portal label (Section II, Eligible Exercises strap).

## Working with existing dispositions

### Dispositions List Layout

There is only one layout for browsing through the existing disposition records, showing a list of disposition cards.

Single card contains all option disposition fields:

The upper part of card shows grant/exercise related information: **Employee ID** and **Name**, **Grant ID**, **Grant Date**, **Exercise Date** and **Exercise Type**.

The screenshot shows the FileMaker Pro interface for the 'Option Dispositions' layout. The title bar indicates 'FileMaker Pro - [Option Dispositions.FP3]'. The menu bar includes File, Edit, Mode, Select, Format, Script, Window, and Help. The navigation bar contains buttons: Back, Forward, Home, Employee, Emp. List, Grant, Exercise, Dispose, Opt. List, Price, Reports, and a logo 'ACME'. The main area is titled 'Option Dispositions' and shows a table of disposition fields. The table has columns for Name, ID, Grant ID, Grant date, Exer. date, Exer. type, Type, Date, Shares, Qualifying, Broker ID, Sale Price, Fee, Automatic, and Notes. The data row shows: Name, ID: Ericsson, Frederick, G., AA005; Grant ID: Plan 99A - 5; Grant date: May 1, 1999; Exer. date: Nov 11, 2000; Exer. type: SDS/Cash Exercise; Type: Sold; Date: Nov 11, 2000; Shares: 57; Qualifying: No; Broker ID: ; Sale Price: \$22.3200; Fee: \$50.00; Automatic: Yes; Notes: Automatically created for same-day sale exercise. To the right of the table are 'Modify' and 'Delete' buttons. Below the table is a 'Summary' section with a red header. The summary table shows: Number of dispositions listed: 1; Total shares transferred: 57; Period: from Nov 11, 2000 to Nov 11, 2000; min Sale price: \$22.3200; avg Sale price: \$22.3200; max Sale price: \$22.3200.

Name, ID	Grant ID	Grant date	Exer. date	Exer. type	Type	Date	Shares	Qualifying	Broker ID	Sale Price	Fee	Automatic	Notes
Ericsson, Frederick, G.	AA005	May 1, 1999	Nov 11, 2000	SDS/Cash Exercise	Sold	Nov 11, 2000	57	No		\$22.3200	\$50.00	Yes	Automatically created for same-day sale exercise

Summary			
Number of dispositions listed	1	min	\$22.3200
Total shares transferred	57	avg	\$22.3200
Period: from	Nov 11, 2000	to	Nov 11, 2000
		max	\$22.3200

Figure 64 – Option Dispositions List



The lower three rows show disposition data: **Transfer Type** (Sold, Pending, Street Name or Qualified); **Disposition Date**; number of **Shares** disposed; **Broker ID**, **Sale Price** and brokerage **Fee**. If disposition is created automatically from exercise, field **Automatic** is checked. If disposition is qualified (disposition is made after the *holding period* - which is two years from the grant date and one year from the exercise date), field **Qualifying** is checked.

At the end, there is a summary part, showing total number of disposition records listed, total number of shares transferred and minimal, average and maximal Sale Price.

All fields except **Notes** are **read-only**.

You can click on some field labels to sort records by those fields.

Labels that respond on click are: Employee Name, Grant ID, Exercise Date, Exercise Type, Transfer Type, Date, Shares disposed, Qualifying, Broker ID, Sale Price and Automatic.

Press the **Modify** button if you want to modify current disposition data. You cannot modify automatically created dispositions.

Press the **Delete** button if you want to erase the current disposition record. You cannot delete automatic dispositions, i.e. dispositions created as a result of Same-Day Sale exercises.

### ***Modify disposition layout***

You can manually modify the following fields: Transfer Type, Disposition Date, Shares transferred, Broker ID, Sale Price per share, brokerage Fee and Notes.

**Note** that you cannot modify automatically created option disposition records.

Press the **Save** button to save changes you made in disposition record.

Press the **Cancel** button if you want to discard changes. System will restore previous field contents.

Blue fields are read-only and cannot be modified.

## ***System Tasks***

### **Import Records** ADMIN

You will be prompted to enter the import file name and type.

Then, you have to select and match fields from records you want to import with fields in the database.

After the import, you can run the Import Status Report and find out if there were rejected imports. Report shows rejected records with reject reason. Use the content of this field to correct records you want to import. Then, run the import procedure once again, but this time only for those previously rejected records. This means you first need to remove successfully imported records from your import database and then start the import procedure for the second time. If you do not remove previously imported records, there is a chance to duplicate some records in your database. System does take a thorough check procedure while importing records, but it also depends on the content of your data whether this procedure will be completed successfully or not (error possibility is greater if you import incomplete records - without primary key field, for example).

## Export Records

You have to choose between Default and Custom export.

Default export order:

**Disposition ID**

**Exercise ID** (origin of disposition)

**Option ID** (related to the exercise)

**Employee ID**

**Automatic?**

**Shares Disposed**

**Disposition Date**

**Qualifying?**

**Transfer Type**

**Sale Price**

**Sale Cost**

**Broker ID**

**Notes**

Fields with ? contain **1** for *Yes* or **0** for *No*.

If you choose custom export order, you can add or remove database fields from the export order list.

Before the system starts the export procedure, you will be prompted to enter the export file name and choose export file type.

## Repurchases

Repurchase transactions occur when the company decides to repurchase exercised shares. The shares that have been exercised, regardless of whether they were vested or unvested at the time of exercise, can be repurchased, and they can either be returned to the plan from which they were granted, or treated as retired. It's probably more common that the company repurchases unvested shares.

The company pays the employee for the shares it (the company) repurchases either at the original option price or at the market value of the shares at the time of repurchase.

The selection is made by choosing from which option exercised shares will be repurchased. When an option is selected, the numbers of vested exercised and unvested exercised shares is shown. The number of shares available for repurchase is the total number of exercised shares minus the number of shares already repurchased.

Every repurchase record has its own **ID**, which is a primary key. It is created automatically, and you cannot change it.

### ***Entering New Repurchases***

The system provides an easy way for you to record new repurchases.

You can start entering new repurchases by clicking on the **Repurchases** button from the Main Screen, or by pressing the **New record** button, while browsing existing repurchase records.

First, you have to choose an optionee from whom shares will be repurchased. You may specify optionee's Name, ID or SSN and press **Find** button. If an option cannot be found or more than one optionee meet the search criteria, you will be prompted to change the criteria.

Then, you have to specify Repurchase Parameters:

- **Date**, if different from offered please enter the date and press **Change to** button.
- **Price** field will be filled automatically, according to the Repurchase Date. If empty, you need to update Prices database (enter the share price on repurchase date);
- fill the **Notes**, if necessary.

At the end, you will choose options and enter the number of shares to repurchase, repurchase price and number of shares to return to plan.

Figure 65 – New Repurchases Layout

**Options** show all options for selected optionee (optionee's name and ID are shown above the options portal).

*Grant* related information are: **Grant ID**, **Grant Type**, **Date** and **Price**, **Exercise Type** and number of shares **Exercised**, **Vested**, **Unvested** and **Available** for repurchase.

*Repurchase* related information are red labeled: number of shares to **Repurchase**, **Repurchase Price** and number of shares to **Return** to plan. Here you will enter the actual number of shares to repurchase/return.

**Note** that only shares that are unvested at repurchase date can be returned to the plan.

You can press **Grant Details** button in order to review grant details.

**Note:** If you click outside the portal, the system scrolls up and shows the first row. To go back to the last visited portal row, please press the portal label (Section II, Options strap).

Press **Save** button to save new repurchases to the database. The program will first test validity of new repurchases and then add them to the database.

**Clear** will initialize new repurchase session once again (all new repurchases entered but unsaved will be cleared).

Pressing the **Cancel** button will instruct the program to abandon creation of new repurchases.

## Working with existing repurchases

### Repurchases List Layout

There is only one layout for browsing through the existing repurchase records, showing list of repurchase cards.

Single card contains all repurchase fields:

The upper part of card shows grant related information: **Employee ID** and **Name**, **Grant ID**, **Grant Date**, **Price** per share, number of **Shares** granted and **Grant Type**.

The lower part contains repurchase data: **Date**, **Price**, number of **Shares Repurchased**, number of **Shares Returned** to plan, **Repurchase Amount** and **Notes** field.

The screenshot shows the FileMaker Pro interface for the 'Repurchases.FP3' database. The layout is titled 'Repurchases' and displays a single record for 'Fisher, Anna, S.' with Grant ID 'AA003'. The record details include a grant date of May 1, 1999, a price per share of \$5.0000, and 1,000 shares granted. The repurchase details show a date of Jul 1, 2000, a price of \$5.0000, 200 shares repurchased, 100 shares returned to plan, and a total repurchase amount of \$1,000.00. A summary section at the bottom provides a overview of the data for the period from Jul 1, 2000 to Jul 1, 2000.

Name, ID	Fisher, Anna, S.	AA003	Grant ID	Plan 99A - 3	Modify
Grant date	May 1, 1999	Price per share	\$5.0000	Shares	1,000
			Type	NQ	Print
Repurchase Date	Jul 1, 2000	Notes			Delete
Repurchase Price	\$5.0000				
Shares Repurchased	200				
Shares Returned to Plan	100				
Repurchase Amount	\$1,000.00				

Summary					
Number of repurchases listed	1	from	Jul 1, 2000	to	Jul 1, 2000
Total shares repurchased	200		min		\$5.0000
Total shares returned to plan	100	Repurchase price	avg		\$5.0000
Total repurchase amount	\$1,000.00		max		\$5.0000

Figure 66 – Repurchases List

At the end, there is a summary part, showing the total number of repurchase records listed, total number of shares repurchased and returned to plan, total repurchase amount and minimal, average and maximal Repurchase Price.

All fields except **Notes** are read-only.

You can click on some field labels to sort records by those fields.

Labels that respond on click are: Employee Name, Grant ID, Price per share, Shares, Type, Repurchase Date, Repurchase Price, Shares Repurchased, Shares Returned to Plan and Repurchase Amount.

Press the **Modify** button to change the current repurchase record.

Press the **Print** button to print the current repurchase record.

Press the **Delete** button to erase the current repurchase record. You will be prompted to confirm your decision.

## Modify repurchases layout

You can manually modify the following fields: **Repurchase Date**, **Price**, number of shares **Repurchased**, number of shares **Returned** and **Notes**.

In order to change the date, you need to enter new date in the white date field (placed right) and press **Change to** button.

Name, ID	Fisher, Anna, S.	AA003
ID, Date	Plan 99A - 3	May 1, 1999
Grant price	\$5.00	Shares 1,000
Date	Jul 1, 2000	Change to Jul 1, 2000
Price	\$5.0000	
Exercised	200	Available 200
Vested	200	Repurch. 200
Unvested	0	Return 100
Notes		

Figure 67 – Modify Repurchase Layout

Press the **Save** button to save changes you made in repurchase record.

Press the **Cancel** button if you want to discard changes. System will restore previous field contents.

Blue fields are read-only and cannot be modified.

## ***System Tasks***

### **Import Records** ADMIN

You will be prompted to enter the import file name and type.

Then, you have to select and match fields from records you want to import with fields in the database.

After the import, you can run the Import Status Report and find out if there were rejected imports. Report shows rejected records with reject reason. Use the content of this field to correct records you want to import. Then, run the import procedure once again, but this time only for those previously rejected records. This means you first need to remove successfully imported records from your import database and then start the import procedure for the second time. If you do not remove previously imported records, there is a chance to duplicate some records in your database. System does take a thorough check procedure while importing records, but it also depends on the content of your data whether this procedure will be completed successfully or not (error possibility is greater if you import incomplete records - without primary key field, for example).

### **Export Records**

You have to choose between Default and Custom export.

Default export order:

**Repurchase ID**  
**Option ID** (origin of repurchase)  
**Employee ID**  
**Shares Repurchased**  
**Shares Returned to Plan**  
**Repurchase Date**  
**Price**  
**Notes**

If you choose custom export order, you can add or remove database fields from the export order list.

Before the system starts the export procedure, you will be prompted to enter the export file name and choose export file type.

## Securities

Securities database stores security titles that you will use in insider related transactions.

**Security ID** is a primary key, automatically set. You cannot modify this field.

**Security Title** must be unique.

If the security is derivative, select the **Derivative?** check box and specify **Conversion Rate** that will be applied to calculate number of underlying securities in the transaction record: **Underlying Securities = Conversion Rate \* Securities**.

If the security is a debenture, select the **Debenture?** check box. Transaction that contains debenture security has currency sign shown for the securities field.

Enter a full security description in the **Description** field.

You can click on **Security Title** or **Description** column labels to sort records by these fields.

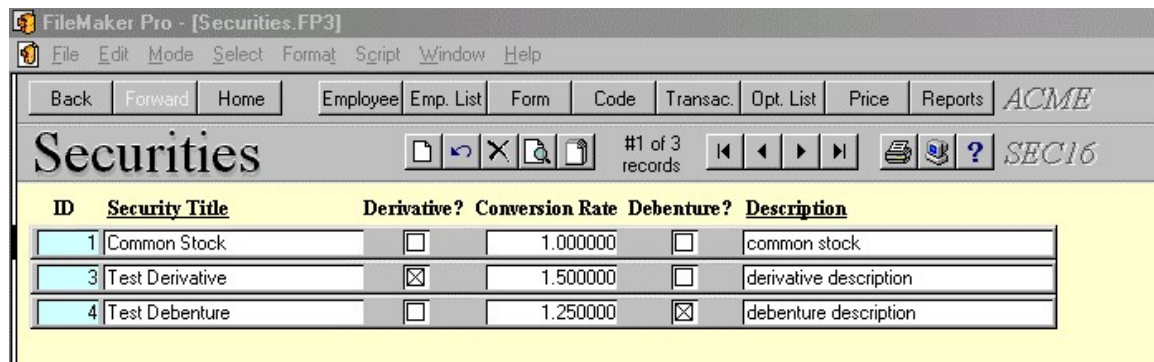



Figure 68 – Security Titles

To **add** a new security title, press the **new record** button 

The system will automatically assign Security ID. You have to enter Security Title, mark if the security is Derivative and enter Conversion Rate (1.000000 is default), mark if the security is a Debenture and enter security Description.

To **delete** a security, press the **delete record** button 

System deletes current security record. Be aware that it is not recommended to delete security records that store information about already used securities.

If you modify the security record, changes will affect all future insider transactions.



## System Tasks

### Import Records ADMIN

First you have to choose how the program will treat records that you want to import, but they already exist in database. You can either overwrite existing data or skip these records.

Note that *exist* means that key fields from records to be imported are same as those stored in database. For Securities database key field is **Security ID**.

Then, you will be prompted to enter the import file name and type.

At the end, you have to select and match fields from records you want to import with fields in the database.

After the import, you can run the Import Status Report and find out if there were rejected imports. Report shows rejected records with reject reason. Use the content of this field to correct records you want to import. Then, run the import procedure once again, but this time only for those previously rejected records. This means you first need to remove successfully imported records from your import database and then start the import procedure for the second time. If you do not remove previously imported records, there is a chance to duplicate some records in your database. System does take a thorough check procedure while importing records, but it also depends on the content of your data whether this procedure will be completed successfully or not (error possibility is greater if you import incomplete records - without primary key field, for example).

### Export Records

You have to choose between Default and Custom export.

Default export order:

**Security Title**  
**Derivative?**  
**Conversion Rate**  
**Debenture?**  
**Description**

Fields with question mark have 0 for No and 1 for Yes.

If you choose custom export order, you can add or remove database fields from the export order list.

Before the system starts the export procedure, you will be prompted to enter the export file name and choose export file type.

## Codes

Codes database stores transaction codes.

**Code** and **Form** combination must be unique. This means that you need to specify transaction codes for every form that will report insider transactions.


Use the code **Description** field to enter description that will be printed on insider forms.

Select appropriate **Category** for the current code. To add a new category select Edit... from the drop-down list and add new category.


You can click on **Code**, **Form**, **Category** or **Description** column labels to sort records by these fields.

Code	Form	Description	Category	Notes
C	4	Conversion	Derivative Securities Codes	Conversion of derivative security
E	4	Exp-Short	Derivative Securities Codes	Expiration of short derivative position
H	4	Exp/Can-Long	Derivative Securities Codes	Expiration (or cancellation) of long derivative
O	4	Exer-OutMny	Derivative Securities Codes	Exercise of out-of-the-money derivative security
X	4	Exer-InMny	Derivative Securities Codes	Exercise of in-the-money or at-the-money
P	4	Purchase	General Codes	Open market or private purchase of
S	4	Sale	General Codes	Open market or private sale of non-derivative or
V	4	Voluntary	General Codes	Transaction voluntarily reported earlier than
G	4	Gift	Other Section 16(b) Exempt	Bona fide gift
L	4	Small Acq	Other Section 16(b) Exempt	Small acquisition under Rule 16a-6
W	4	Decedent Trfr	Other Section 16(b) Exempt	Acquisition or disposition by will or the laws of
Z	4	VtgTrust Trfr	Other Section 16(b) Exempt	Deposit into or withdrawal from voting trust
J	4	Form 4 - Other	Other Transaction Codes	Other acquisition or disposition (describe
K	4	EquSwap	Other Transaction Codes	Transaction in equity swap or instrument with
PK	4	Eqswp-Acq	Other Transaction Codes	Equity swap transaction involving an acquisition
SK	4	Eqswp-Dis	Other Transaction Codes	Equity swap transaction involving a disposition of
U	4	ChgCntrlDisp	Other Transaction Codes	Disposition pursuant to a tender of shares in a
A	4	ExemptGrant	Rule 16b-3 Codes	Grant, award or other acquisition pursuant to
D	4	DispToIss	Rule 16b-3 Codes	Disposition to the issuer of issuer equity securities
F	4	StckDlvr/Trd	Rule 16b-3 Codes	Payment of exercise price or tax liability by
I	4	DiscrTrans	Rule 16b-3 Codes	Discretionary transaction in accordance with
M	4	Exer-16b3Pln	Rule 16b-3 Codes	Exercise or conversion of derivative security

Figure 69 – Transaction Codes

To **add** a new code, press the **new record** button 

You have to enter Code and Form number, default for this code, enter the Description that will be printed on form, choose code Category from the drop down list and fill general code Notes.

To **delete** a code, press the **delete record** button 

System deletes current code record. Be aware that it is not recommended to delete records that store information about codes already used in transactions.

If you modify the code record, changes will affect all future insider transactions.

The system is preloaded with all transaction codes required and proposed by the SEC.

## **System Tasks**

### **Import Records** ADMIN

First you have to choose how the program will treat records that you want to import, but they already exist in database. You can either overwrite existing data or skip these records.

Note that *exist* means that key fields from records to be imported are same as those stored in database. For Codes database key fields are **Code** and **Form**.

Then, you will be prompted to enter the import file name and type.

At the end, you have to select and match fields from records you want to import with fields in the database.

After the import, you can run the Import Status Report and find out if there were rejected imports. Report shows rejected records with reject reason. Use the content of this field to correct records you want to import. Then, run the import procedure once again, but this time only for those previously rejected records. This means you first need to remove successfully imported records from your import database and then start the import procedure for the second time. If you do not remove previously imported records, there is a chance to duplicate some records in your database. System does take a thorough check procedure while importing records, but it also depends on the content of your data whether this procedure will be completed successfully or not (error possibility is greater if you import incomplete records - without primary key field, for example).

## Export Records

You have to choose between Default and Custom export.

Default export order:

**Code**  
**Form**  
**Description**  
**Category**  
**Notes**

If you choose custom export order, you can add or remove database fields from the export order list.

Before the system starts the export procedure, you will be prompted to enter the export file name and choose export file type.

## Transactions

Database stores insider related transactions.

The following transactions are implemented: holdings, acquisitions and dispositions, both non-derivative and derivative.

The screenshot displays the FileMaker Pro interface for the 'Transactions.FP3' database. The window title is 'FileMaker Pro - [Transactions.FP3]'. The menu bar includes File, Edit, Mode, Select, Format, Script, Window, and Help. The toolbar contains buttons for Back, Forward, Home, Employee, Emp. List, Form, Code, Security, Opt. List, Price, Reports, and a search icon. The layout title is 'Transactions'. The status bar shows '#1 of 2 found' and 'SEC16'.

The layout is divided into two main sections, each containing a transaction record card. The first card (Transaction ID 2) shows an Acquisition of Test Debenture for 50 securities at a purchase price of \$5,000. The second card (Transaction ID 3) shows a Disposition of Test Derivative for 100 securities at a sale price of \$1,150. Both cards include fields for Date, Insider, Security Type, Security Title, Ownership, and a list of related fields (Date, Title, Ownership, Securities, Pur./Sale Price, Code, Under. Title, Under. Secur., Exer/Conv. Date, Other).

Transaction ID	Date	Insider	Security Type	Security Title	Ownership	Related Fields
2	10/30/2000	AA005	Non-derivative	Test Debenture	By Son	Date, Title, Ownership, Securities, Pur./Sale Price, Code, Under. Title, Under. Secur., Exer/Conv. Date, Other
3	9/30/2000	AA005	Derivative	Test Derivative	Direct	Date, Title, Ownership, Securities, Pur./Sale Price, Code, Under. Title, Under. Secur., Exer/Conv. Date, Other

Figure 70 – Transactions CardView Layout

**Transaction ID** is a primary key field (automatically assigned, non modifiable).

You have to enter transaction **Date** and select an **Insider** from the drop-down list. Insider Id is required and list shows both id and name fields.

System allows three **Transaction** types: Holdings, Acquisitions and Dispositions. Select desired one from the drop-down list.

For the **Security Type** select either Non-derivative or Derivative.

**Security Title** drop-down list contains all securities from the Security database.

You have to specify **Ownership** type - if it is not in the list, simply press Edit... and add it to the list.

Enter number of **Securities** involved in this transaction.

In the **Form** field please specify form number (3, 4 or 5).

If this transaction should have been reported earlier, please fill **Delinquent Form** number. If not, leave this field empty.

If you do not want to report this transaction, clear the **Include in Form** check box and the system will omit this transaction from the list when you begin form-filing process.

If you want to voluntary report Form 5 transactions earlier, please mark the **Voluntary Report** check box. Status of this field is consulted later, when you start filing procedure for Form 4. Please note that the check box is available only for Form 5 transactions.

You may specify **Deemed Execution Date** in the **Exec.** field.

Depending of the transaction and security types, the system shows different transaction fields.

For all securities except Non-derivative Holdings specify: **Purchase Price** (holdings, acquisitions) or **Sale Price** (dispositions). If debenture, full purchase/sale price is entered here; **Code** - select appropriate code from drop-down list (please take care about form number)

For all Derivative securities specify **Underlying Title**, **Securities**, **Exercisable Date**, **Exercise/Conversion Price**, and **Expiration Date**.

For Derivative Dispositions specify **Underlying Purchase Price**.

If the security is a debenture, currency symbol is shown for Securities field.


Purchase/Sale Prices are "per-security" prices, except if the security is a debenture - in that case enter total price. Enter all prices without transaction fees.


If you enter Derivative Disposition, the system shows **Create Related** button, which will create "child" acquisition. If related transaction is already created, this button is labeled **Related ID** and when you press it system jumps to the related transaction record.

There are ten **Footnotes** related to every transaction. These footnotes appear on the Form. Use it to describe transaction parameters.


At the end, there is a general **Notes** field, which is not printed on the form.

You can click on some field labels to sort records by those fields. Labels that respond on click are: Transaction ID, Insider, Date, Transaction, Security Type, Security Title, Ownership and Form.

To **add** a new transaction record, press the **New record** button . However, the easier way to add new transaction is from the Employee LongPage layout – New Transaction button at the layout Part III. In this case the system shows only transactions that belong to the current insider.

To **delete** a transaction, press the **delete record** button .

You cannot delete or modify reported transactions. You need to delete the form record where this transaction has been reported, but only if you did not complete form filing and transmitting.

To review transactions list, press the **ListView** button .

## **System Tasks**

### **Import Records** ADMIN

You will be prompted to enter the import file name and type.

Then, you have to select and match fields from records you want to import with fields in the database.

**Note** that the system always adds new records in the database. No record's overwriting is allowed, i.e. every record to be imported is treated as unique (new) one.

After the import, you can run the Import Status Report and find out if there were rejected imports. Report shows rejected records with reject reason. Use the content of this field to correct records you want to import. Then, run the import procedure once again, but this time only for those previously rejected records. This means you first need to remove successfully imported records from your import database and then start the import procedure for the second time. If you do not remove previously imported records, there is a chance to duplicate some records in your database. System does take a thorough check procedure while importing records, but it also depends on the content of your data whether this procedure will be completed successfully or not (error possibility is greater if you import incomplete records - without primary key field, for example).

## Export Records

You have to choose between Default and Custom export.

Default export order:

**Transaction ID**

**Employee ID**

**Employee Name**

**Transaction Date**

**Transaction Type**

**Security Type**

**Security Title**

**Ownership**

**Include In Form?**

**Voluntary Report?**

**Securities**

**Form**

**Delinquent Form**

**Purchase\Sale Price**

**Code**

**Underlying Title**

**Underlying Securities**

**Underlying Exercisable Date**

**Underlying Exercise Price**

**Underlying Expiration Date**

**Underlying Purchase Price**

**Related ID**

**Parent ID**

**Reported?**

**Form ID**

**AmountOwnedAtEnd** (amount of securities of that same type and ownership at the end of reporting period)

**Notes**

Footnotes:

**Footnotes [1] (Date)**

**Footnotes [2] (Title)**

**Footnotes [3] (Ownership)**

**Footnotes [4] (Securities)**

**Footnotes [5] (Pur./Sale Price)**

**Footnotes [6] (Code)**

**Footnotes [7] (Under. Title)**

**Footnotes [8] (Under. Securites)**

**Footnotes [9] (Exer/Conv. Date)**

**Footnotes [10] (Other)**

Footnote numbers stored on the form:

**txtFDate**

**txtFTitle**

**txtFOwnership**

**txtFSecurities**



**txtFPurSalePrice**  
**txtFCode**  
**txtFUnderTitle**  
**txtFUnderSecurities**  
**txtFUExecConvDate**  
**txtFOther**

Related record IDs:

**Option ID**  
**Exercise ID**  
**Option Disposition ID**  
**Purchase ID**  
**Purchase Disposition ID**

Fields with question mark have 0 for No and 1 for Yes.

If you choose custom export order, you can add or remove database fields from the export order list.

Before the system starts the export procedure, you will be prompted to enter the export file name and choose export file type.

## Transfer Transactions ADMIN

Transactions subject to Section 16 are already stored in the system as grants, grant cancellations, exercises, dispositions, stock purchases, and purchase dispositions. However, they have to be stored as insider transactions in order to use them for preparing and filing forms. To speed-up the whole process there are Transfer Transactions buttons at the System layout in the Transactions database. Associated scripts walk through Options and ESPP databases to search for new insider related transactions that have to be stored in the Transactions database.

First step is to **Find** transferable transactions.

You can specify transactions: for only one **Insider** or all insiders, if the **Insider** field is empty; of **All** types or specific transaction type (*Cancellations, Grants, Holdings, Aggregated Holdings, Exercises, Option Dispositions, Stock Purchases, Purchase Dispositions*); and specify range of transaction dates during which transaction has occurred in order to transfer it. Dates **From** and **To** are required fields. For Grants, Holdings, and Aggregated Holdings system examines Grant Date, for Cancellations - Cancel Date, for Exercises - Exercise Date, for Option Dispositions - Disposition Date, for Stock Purchases - Purchase Date, and for Purchase Dispositions - Disposition Date.

After you press **Find** button, system tests validity of criteria fields you entered. Also, the system checks if there are records present in the Codes and Securities database (at least one Derivative and one Non-derivative security) in order to proceed.

All transferable transactions found are presented in a form of list, showing: **Employee ID, Transaction Type, Origin ID** (ID of original record, depending on the transaction type: Option ID, Exercise ID, Option Disposition ID, Purchase ID, Purchase Disposition ID),

**Date, Securities, Price** and **Transfer** check box. Also, there is a **Details** button, which shows details of the original transaction record.

Next step is to review transaction details and mark records you want to transfer (to omit transaction from list leave the Transfer check box empty).

At the end, press the Transfer button to create new records in the Transactions database.

**Note:** You may use a task scheduler to find and transfer transactions.

**Note:** System has to fill all required transaction record fields. Since transaction record has more fields than original records, some fields are populated with arbitrary data. So, newly created transactions **must** be reviewed and properly filled in. Form "3" is set for holdings and aggregated holdings, Form "4" otherwise.

**Note:** Depending on the transaction type, system creates more than one transaction record. Here is a table of equivalent transactions:

<i>Transaction Type</i>	<i>Equivalent Transactions</i>
Grants	Derivative acquisition
Holdings	Derivative holding
Aggregated Holdings	Derivative holding (as much records as there are aggregated grant types)
Cancellations	Derivative disposition (if cancel reason is different from "Repricing" this is non-reportable transaction)
Exercises	Derivative disposition Related non-derivative acquisition If shares are traded for taxes: Related non-derivative disposition (shares traded for taxes) For SDS or SDS-Cash exercise: Related non-derivative disposition (shares sold) For Swap exercise: Related non-derivative disposition (shares swapped) For Pyramid exercise: Related non-derivative disposition (pyramid shares) For SAR exercise: Related non-derivative disposition (shares issued)
Option Disposition	For all but "pending" dispositions: Non-derivative disposition
Stock Purchases	Non-derivative acquisition (non-reportable)

## Forms

Database stores insider related forms. Every person, subject to Section 16, is required to periodically file a form. Form is a statement of changes in the beneficial ownership. Statement can be:

- *Form 3* (initial), which contains all holdings that reporting person owns at the beginning of SEC obligations,
- *Form 4*, which reports all transactions occurred within a month,
- *Form 5*, which is an annual statement.

Form record contains only general form data, footnotes, and list of transaction IDs. Actual transactions are stored in a separate database. During the form preparing/filing, the system shows reportable transactions for chosen insider and chosen form, allowing you to mark all or some transactions for reporting.

### Entering New Form

System provides an easy way for you to create new insider form.

You can create a new form by clicking on the **New Form** button from the Employees Long Page Layout (Section III), or by pressing the **New record** button, while browsing existing form records.

First, you have to choose an insider for whom you are creating the form. You may specify insider's **Name**, **ID** or **SSN** and **Form** you want to prepare (3, 4 or 5). Press **Find** button to find reportable transactions. If an insider cannot be found or more than one insider meets the search criteria, you will be prompted to change the criteria. If you do not specify Form number, the system assumes you want to create form 4.

Then, you have to specify **General Form Parameters**:

- **Form** number, from drop down list (3, 4 or 5). Apart from chosen insider, this value determines contents of reportable transactions portal;
- **Filing Type**, either Individual or Joint/Group;
- **Form Date**, always enter full date of the event (for Form 4 it is the last day of month and for the Form 5 it is the last day of year);
- mark **Exit Form** for Form 4 or 5 if an insider is no more subject to Section 16;
- mark **Voluntary Reporting** if you want to include Form 5 transactions on Form 4. Such transactions must also be marked for voluntary reporting in the Transactions database;
- if you mark **Power of Attorney**, you need to specify **Reporting Person** and **Signature**. These will be shown under the Signature line at the form. **IRS Number** of the reporting person is a voluntary field;
- **Filing Date** is a date when you filed form to the SEC;

- **Verification Date** is a date when the SEC accepts form;
- if the form is an amendment, please fill the **Origin Date** with filed date of original form;
- **Footnotes 1** and **2** will be printed at the end of form, but **Filing Notes** and **Notes** are for your documentation only. System automatically creates transaction footnotes, according to transactions included in form. You can change these footnotes at the **Form Details** (print preview) layout.

At the end, you will choose transactions to be reported on form.

**FileMaker Pro - [Forms.FP3]**

File Edit Mode Select Format Script Window Help

Back Forward Home Employee Emp. List Transac. Code Security Opt. List Price Reports ACME

**New Form** 1. Parameters 2. Transactions

Name: Ericsson, Frederick, G. ID: AA005 SSN: 401-23-5325 Find

**I. General Form Parameters** Employee: Ericsson, Frederick, G. (AA005)

Form: 4 Filing Type: Individual Form Date: 10/31/2000 Prep. Date: 11/16/2000 Save

Exit Form: ☐ Report Aggreg. Holdings: ☐ Voluntary Reporting: ☐ Power of Attorney: ☐ Preview

Filing Date: 11/16/2000 Verif. Date: Origin Date: Sign. Date: Clear

Filing Notes (non-printable) Reporting Person / IRS Number Signatory Cancel

test filing

Footnotes 1 Footnotes 2 Notes (non-printable) Mark All

**II. Reportable Transactions** Employee: Ericsson, Frederick, G. (AA005)

Transaction Type	Security Type	Trans. Date	Ownership	Sec. Title	Securities	Trans. Details
Acquisition	Non-derivative	Oct 30, 2000	By Son	Test Debenture	50	Trans. Details
Disposition	Derivative	Sep 30, 2000	Direct	Test Derivative	100	Trans. Details

Figure 71 – Preparing New Form

**Reportable Transactions** show all transaction records that can be included in form for selected insider (insider's name and ID are shown above the transactions portal).

**Note** that transactions that have **Include In Form** check box cleared are not shown, as well as already reported transactions.

*Transaction* related information are: Transaction Type and Date, Security Title and Type, Ownership type and amount of Securities.

You can press **Transaction Details** button in order to review complete transaction record.

Press the **Mark All** button to mark all shown transactions for reporting. Or, you can manually mark transactions to include in form by clicking on the check box on the transactions portal row.

Press **Save** button to save new form to the database. The system will first test validity of form parameters and then add new form to the database. Using the footnotes from transaction records, the system creates form footnote. At the end, all transactions included in this form will be updated – **Reported** field is set to *Yes* and *Form ID* is stored in every transaction record.

Press **Preview** button to preview new form before you save it.

Pressing the **Cancel** button will instruct the system to abandon preparation of new form.

**Clear** will initialize new form session once again.

**Note:** If you click outside the portal, the system scrolls up and shows first row. To go back to the last visited portal row, please press the portal label (Section II, Reportable Transactions strap).

### ***Forms List Layout***

There is only one layout for browsing through the existing insider form records, showing list of form cards.

Single card contains only general form fields. For the complete list of transactions included in this form, you have to go to **Form Details** (print preview) layout.

The upper part of card shows insider related information: insider **Name, ID** and **Insider Type**.

Blue fields are read-only. All other fields are modifiable only if the form is not filed (Filed or Verification dates are empty).

**Filing Type** is either Individual or Joint/Group.

For Forms 4 and 5 you can mark **Exit Form**, which means that the reporting person is no longer subject to Section 16.

**Filing Date** contains date when you filed form to the SEC.

**Verification Date** contains date when the SEC accepts your form.

**Origin Date** stands for Original Filed Date, if the form is an amendment.

If you mark **Power of Attorney** you need to specify Reporting Person and Signatory fields. IRS number of reporting person is a voluntary field. Both Signatory and Signature Date appear above the appropriate lines at form.

**Filing Notes** and **Notes** fields are for your documentation only (non-printable fields).

The screenshot displays the FileMaker Pro interface for the 'Forms.FP3' database. The main window is titled 'Forms' and shows a list of forms. The current record is for 'Ericsson, Frederick, G.' with ID 'AA005' and Insider Type 'Director'. The form details include Form number '4', Filing Type 'Individual', Form Date '10/31/2000', and Prep. Date '11/8/2000'. There are checkboxes for 'Exit Form', 'Report Aggreg. Holdings', 'Voluntary Reporting', and 'Power of Attorney'. The Filing Date is '11/16/2000'. The Filing Notes field contains the text 'test filing...'. The Summary section at the bottom indicates 'Number of forms listed' as '1' for the period from 'Oct 31, 2000' to 'Oct 31, 2000'.

Figure 72 – Forms List Layout

At the end, there is a summary part, showing the total number of forms listed and period it covers.

Press the **Details** button to preview form, print form, or create xml file for the electronic form submission. You can set additional print-related fields there, like **OMB Number**.

Press the **Modify** button to modify list of transactions included in the form. You cannot modify the already filed form.

Press the **Delete** button to delete the current form record. You cannot delete the already filed form.

You can click on some field labels to sort records by those fields. Labels that respond on click are: insider Name, ID, Insider Type, Form and Form Date.

## Form Details


Based on the form number (3, 4 or 5), system shows appropriate Form Details layout. It is in essential a print-preview layout, which allows you to view complete form before you actually print it.


1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned at End of Month (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
					Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Test Derivative <input checked="" type="checkbox"/> (1)	\$1.2500	9/30/00 <input checked="" type="checkbox"/> (2)	S <input checked="" type="checkbox"/> (3)	100 <input checked="" type="checkbox"/> (4)	10/28/00 <input checked="" type="checkbox"/> (5)	10/28/05	Common Stock <input checked="" type="checkbox"/> (6)	150 <input checked="" type="checkbox"/> (7)	\$1.1500 <input checked="" type="checkbox"/> (8)	50	D	<input type="checkbox"/>
<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>

Figure 73 – Form Details (print preview)

If the form is modifiable, you may change the following fields: OMB Approval text, IRS Number of Reporting Number, Signatory, Signature Date and Footnotes. You can also mark if reporting person is no longer subject to Section 16 (Exit Form, available for forms 4 and 5) and for form 5 you can mark if form 3 and form 4 transactions have been reported earlier. Changes are possible only in **Browse** mode.

During the form preparation, the system automatically creates footnotes from transaction records included in this form. If you want to omit some transaction footnotes or add new ones, simply click on appropriate check box (placed next to the transaction element). Be aware that the system creates footnotes every time you change any of check boxes. Another way to modify form footnotes is to change them directly at the end of form.

Press the **E-mail report** button  to create xml file for the electronic form submission, based on the Edgar 8.5 Reduced Content XML Filing Specification.

Press the **Preview** button  to see how this form will look printed on paper. You can browse through the report pages using the **book tool**. Press the **Continue** button to exit from the preview mode.

Press the **Print** button  to print this form.



## Form Modification Layout

System allows you to modify all form parameters, except form number. Apart from general form parameters, which you may modify from the Forms List Layout as well, here you can also modify the list of transactions included in the form. To do so, simply select or clear the appropriate check box within the transaction record. By default, already stored transactions have their check boxes marked.

The screenshot shows the 'Modify Form' layout in FileMaker Pro. The top menu bar includes File, Edit, Mode, Select, Format, Script, Window, and Help. Below the menu is a navigation bar with buttons: Back, Forward, Home, Employee, Emp. List, Transac., Code, Security, Opt. List, Price, Reports, and ACME. The main title is 'Modify Form' with a question mark icon and 'SEC16'. The form fields are organized into sections: Name (Ericsson, Frederick, G.), ID (AA005), Insider Type (Director), Form (4), Filing Type (Individual), Form Date (10/31/2000), Prep. Date (11/16/2000), Exit Form (checkbox), Report Aggreg. Holdings (checkbox), Voluntary Reporting (checkbox), Power of Attorney (checkbox), Filing Date, Verif. Date, Origin Date, Sign. Date (11/21/2000), Filing Notes (non-printable), Reporting Person / IRS Number, Signatory, Footnotes 1, Footnotes 2, and Notes (non-printable). On the right, there are buttons for Preview, Save, and Cancel. At the bottom, there is a table of transactions:

Transaction Type	Security Type	Trans. Date	Ownership	Sec. Title	Securities	Trans. Details
Acquisition	Non-derivative	Oct 30, 2000	By Son	Test Debenture	50	<input checked="" type="checkbox"/>
Disposition	Derivative	Sep 30, 2000	Direct	Test Derivative	100	<input checked="" type="checkbox"/>

Figure 74 – Form Modification Layout

Press the **Preview** button to preview form details before you save changes.

Press **Save** to save changes you made in the form record. The system will check general form parameters and browse through the transactions list, include marked and exclude unmarked transactions. According to the transactions used, a new footnote will be created, replacing the existing one.

Press **Cancel** if you want to discard changes.

**Tip:** Even if you do not change anything in the form record, always click **Cancel** button to avoid accidental changes in the form footnotes to be saved.



## **System Tasks**

### **Import Records** ADMIN

You will be prompted to enter the import file name and type.

Then, you have to select and match fields from records you want to import with fields in the database.

**Note** that the system does not allow record's overwriting during the importing procedure. If the record to be imported contains Form ID, it must be unique.

After the import, you can run the Import Status Report and find out if there were rejected imports. Report shows rejected records with reject reason. Use the content of this field to correct records you want to import. Then, run the import procedure once again, but this time only for those previously rejected records. This means you first need to remove successfully imported records from your import database and then start the import procedure for the second time. If you do not remove previously imported records, there is a chance to duplicate some records in your database. System does take a thorough check procedure while importing records, but it also depends on the content of your data whether this procedure will be completed successfully or not (error possibility is greater if you import incomplete records - without primary key field, for example).

Please do not remember to run Data Check report after the import.

### **Export Records**

You have to choose between Default and Custom export.

Default export order:

**Form ID**  
**Form**  
**Employee ID**  
**Filing Type**  
**Form Date**  
**Form Preparation Date**  
**Original Filed Date**  
**Signature Date**  
**Filing Date**  
**Verification Date**  
**Filing Notes**  
**Exit Form?**  
**Form3 Holdings Reported?**  
**Form4 Transactions Reported?**  
**Report Aggregated Holdings?**  
**Voluntary Reporting?**

**Power of Attorney?**

**Reporting Person**

**IRS Number of Reporting Person**

**Signatory**

**OMB Approval text**

**Footnotes 1**

**Footnotes 2**

**Notes**

**NonDerivative Transaction IDs** (set of non-derivative transactions that are included and reported by this form, transaction IDs are separated by CR (new line) breaks).

**Derivative Transaction IDs** (set of derivative transactions that are included and reported by this form, transaction IDs are separated by CR (new line) breaks).

**Footnotes [from transactions]**

Fields with question mark have 0 for No and 1 for Yes.

If you choose custom export order, you can add or remove database fields from the export order list.

Before the system starts the export procedure, you will be prompted to enter the export file name and choose export file type.

## System Preferences

**Company Name** stores your company name.

**Trading Symbol** is a Stock Exchange Trading Symbol (abbreviation).

**Reports Header** is shown on every report (in the upper right corner) and it should contain your company name, identification number, address. This is a container field, which means it can accept both formatted text and a picture, like your company's logo. To insert a picture, please right-click on this field, select Insert picture, and point to picture file. To insert a formatted header from Microsoft Word, please go to Microsoft Word, select the header text, copy it to clipboard, then right-click on this field and select Paste command.

These Company related settings can also be changed on the *Reports Settings* layout as well. There you can define if your Trading Symbol will be shown on every screen in the system or not.

The screenshot shows the 'Preferences' window with a question mark icon in the top right corner. The window is divided into several sections:

- Report Settings:** Includes fields for 'Company Name' (Acme Company, Inc.), 'Market Symbol' (ACME), 'Report Header' (Acme Company, Inc. ID: 12-126, Street name Goes Here, City, State, Country, ZIP), and a 'CIK' field (1212121212).
- Price Settings:** Includes three columns for 'Fair Market Value', 'Exercise Value', and 'Purchase Value'. Each column has radio buttons for 'High', 'Low', 'Average', 'Market' (selected), and 'Other'. Below each column are three empty input fields.
- SDS-Exercise gain calculation:** Includes two sections: 'SDS for NQ options' and 'SDS for ISO options'. Each section has radio buttons for 'Exercise Value' and 'Sale Price' (selected).
- IRS Limit for Purchases:** Includes a text field for 'Annual Limit' with the value '\$25,000'.
- ISO Limit for Options:** Includes a text field for 'Annual Limit' with the value '\$100,000'.
- Default Date:** Includes a text field for 'Default Date' with the value 'Thu, Jan 22, 2004'.
- Fiscal Year Settings:** Includes a text field for 'FY Start Date' with the value 'Wed, Jan 1, 2003' and a text field for 'Periods in FY' with the value '13'.
- E-mail Preferences:** Includes a checkbox for 'Send e-mail without a confirmation dialog' which is checked.
- Miscellaneous:** Includes four checkboxes: 'Find in employees portal clears previous find requests' (checked), 'Find exercisable options immediately upon activating the "New Exercises" module' (unchecked), 'Import Status Report automatically finds rejected imports' (checked), and 'Log System Statistics' (checked).

At the bottom right, there are two buttons: 'Save' and 'Load'.

Figure 75 – System Preferences Layout

### SDS-Exercise Gain Calculation

**Same Day Sale for Non-Qualified options** - You can choose if gain calculation is based on Exercise Value or Sale Price

**Same Day Sale for Incentive Stock options** - Gain calculation can be based on Sale Price or Lesser of two prices.

**Default Date** is a date used as a refund date for manual refunds, as a withdrawal date or in canceling expired grants. It provides you with the possibility to use date different from *today* in these circumstances.

**E-mail Preferences** - If you check **Send e-mail without confirmation dialog**, every e-mail that is generated will be sent automatically, without your prior reviewing. Note that sending e-mail requires that you set up an e-mail client.

**IRS Limit for Purchases** - Here you specify the annual limit, which is the maximum value of shares purchased within fiscal year. *Default* value is \$25,000.

**ISO Limit for Options** - Here you specify the annual limit for ISO options. *Default* value is \$100,000.

### Fiscal Year Settings

**Fiscal Year Start Date** – Here you specify the current fiscal year's starting date.

**Periods in FY** – Defines how many periods are in your Fiscal Year. *Default* value is 13 (each period is four weeks long). By specifying **Fiscal Year Settings** you actually defines your company's fiscal calendar, which can be used for task scheduling purposes.

### Price Settings

This section defines what price from the Prices database will be used in transactions throughout the system. For **Fair Market Value (FMV)**, **Exercise Value** and **Purchase Value** you can choose between:

- *High* price, entered in the Prices database,
- *Low* price, entered in the Prices database,
- *Average* price, which is calculated as  $(\text{High} + \text{Low}) / 2$ ,
- *Market* price, entered in the Prices database, or
- *Other* price, specified here. If you choose this option, same value will be used for all dates in the future transactions.

Current price settings are shown at the Prices table.

### Miscellaneous

If you set **Find in employees' portal clears previous find requests** this applies to new grants, contributions and purchases, and every additional find in portal means new find.

**Find exercisable options immediately upon activating the New Exercises module** and **Import Status Report automatically finds rejected imports** define program behavior on New Exercises and Import Status Reports.

**Log System Statistics** - if checked, system logs adding new records, modifying and deleting existing records. Starting from Stox 2.90.500 there is a separate Logs table that can be reached from the Main screen. Please press the **Log** button to view entries. From the version 3.84.528 system mandatory logs system start and exit.

## Forensic Accounting

If you set **Auto Backup on Quit** this means system will ask you to confirm saving all databases in the Backup folder on system exit, but only if you are closing Stox system by pressing Quit from the Main (Home) screen. Auto Backup feature will create a backup zip file (archive) named by the current date and time, in a form of BackupYYYYMMDDHHMM.zip and save it in the Backup folder by default. In order to use appropriate backup archive and restore system status as of date created, please use external program called StoxForensic.exe placed in the Backup folder.

You can also add a new scheduled task called Backup, which will instruct Stox to create a backup archive according to the scheduled task parameters. To do so, please press **Scheduler** button from the Main (Home) screen, then **Other** tasks and add new Backup task from the list.

Please **note** that you need the latest Microsoft .Net Framework for these Auto Backup/Forensic Accounting features.

## Help & Support

If you set **Use on-line help** system will open web browser and connect to our web locations for on-line help whenever you press More button in the Stox help system.

Press the **Save** button to save current preferences to disk.

Press the **Load** button to restore previously saved application preferences.

Application settings are stored in two files: preferences.csv and prefsrpt.fp5

**Note** that changes you make in the system preferences will be applied only for future transactions.


## Blackout Dates

Here you can set exercise blackout dates period From and To dates. If specified, system will not allow you to store exercises with exercise date that falls inside blackout period.

## System Maintenance

### **Data Check** ADMIN

For every database in the system there is a Data Check Report. It is used for validating stored records. You can manually select which databases to validate or press on the Select All Databases for the complete data check.

Data Check Report always shows record ID and error description. Additional fields are often present, and they describe the record more closely. You can always press on the **Jump To Record List** button  and see what is really wrong with the data.

**Tip:** It is highly recommended to run data check procedures from time to time. By doing this you will minimize data errors. To completely protect your data please make a backup regularly.

### **Stock Split** ADMIN

During the Stock Split procedure, the system changes database fields that store share price / fair market value, number of shares and all related fields. The total price should be the same, except if the system rounds the number of shares.

Therefore, it is **highly recommended** to make a backup before processing Stock Split.

You have to enter the **Split Ratio**, i.e. number of new shares, that stands for number of old shares. So, if you want to perform 2 for 1 stock split, you will enter 2 in the first field and 1 in the second.

Then you have to choose how the system will treat *fractional shares*, made as a result of split. System can round the fractional number to the nearest whole number, drop all fractions, keep all fractions, or keep one, two, three, or four decimal places in the shares number, dropping the rest.

At the end, you must specify **Split Date**. Only the transactions that have occurred before the Split Date will be processed.

Pressing the **Proceed** button will complete the split procedure.

**Abort** cancels the whole process.

**WEB Export** ADMIN

This maintenance task will prepare several XML and .xlsx files to be used with the StoxEMPOWER WEB application or your corporate web solution.

*WEmployees.xml* file contains your Employee records.

*WEmployeeTaxes.xml* file contains Employee Taxes;

*WOptions.xml* file contains options, with status **As Of** specified date – shares granted, exercised, vested, outstanding, expired, and canceled;

*WOptionVesting.xml* file contains all vesting schedule info for each grant record;

*WOptionVestingDetails.xml* file contains all vesting details for each grant record;

*WOptionValuation.xml* file contains all valuation related details;

*WForecasts.xml* file contains Forecast records used in option valuation, with price volatility, risk-free interest rate, dividend rate, post-vesting termination rate, and non-vested forfeiture rate used in expense allocations;

*WExercises.xml* file contains all exercise details for your Cash, Same-Day-Sale, or Swap exercises;

*WExerciseTaxes.xml* file contains Taxes associated with Exercise records;

*WOptionDispositions.xml* file contains option dispositions, both qualified and not qualified;

*WContributions.xml* file contains ESPP contributions, with date, amount, currency, exchange rate, carried forward status;

*WPurchases.xml* file contains ESPP purchases, with number of shares purchased, issuance type;

*WPurchaseRefunds.xml* file contains purchase refunds, and

*WPurchaseDispositions.xml* file contains purchase dispositions (stock sales).

Press **Proceed** button to generate these files. System will export only non-terminated employees - it will skip terminations occurred before the date specified at the Web Export panel. Also, for the Option Status system will ask you to specify **As Of** date to be **Today** or **Default** date from the system Preferences. By default, files are created in the Export folder.

For more information about the StoxEMPOWER web application, that will put your Stox Options and ESPP data on-line, please consult our web site, or contact [sales@ezcustomsoftware.com](mailto:sales@ezcustomsoftware.com).



## **System updates** ADMIN

Updating your Stox system to a newer version is divided into two phases.

**Phase One** contains steps you need to perform in your current Stox release, in order to prepare your data for updating.

1. Press the **Save All** button to save your data. The system stores all databases it needs for updating into the Stox main folder. Here is a complete database list: Assignments, Brokers, Codes, Contributions, Currencies, Deferrals, Employees, Exercises, Forecasts, Forms, Logs, Main, Option dispositions, Option plans, Options, Option Expense Details, Option Vesting Details, Option Status Details, Prices, Purchase dispositions, Purchase periods, Purchase plans, Purchase refunds, Purchase valuations, Purchases, Reports, Repurchases, Scheduler, Securities, Taxes, Transactions and Vesting schedules.

Database filenames have a STU\_ prefix. Please **DO NOT** change these filenames or modify databases in any way. For the correct system update these databases **MUST** be placed in the main Stox folder.

If you have previously saved a backup, it is recommended to quit Stox, delete all STU\_ files, and then run **Save All** again.

2. If you need extra protection, backup your current Stox solution.
3. Obtain fresh new Stox files from us. We will send you a set of blank databases.
4. Copy new Stox files over existing ones. STU\_ files with your saved data will stay in place and will not be overwritten by this.

**Phase Two:** Start your new Stox, go to the System Maintenance screen, and:

5. Press the **Update** button to import previously saved data. Please **note** that you will replace any existing data; therefore, perform an update only on a new and empty Stox files.

There is a checkbox under the **Update** button (auto update serial numbering), which is always checked in new Stox releases and update procedure will be fully automatic,

6. Perform **Data Check** to ensure system integrity.
7. Go to **Preferences** layout and **Save** system preferences.

Steps 2, 6, and 7 are optional, but highly recommended.

Back	Forward	Home	Grantee	Grants	Grant	Exercise	Dispose	Repurch.	Price	Reports	EzCS
------	---------	------	---------	--------	-------	----------	---------	----------	-------	---------	------

## System Maintenance ?

### Select Databases For Data Check

<input type="checkbox"/> Brokers	<input type="checkbox"/> Prices
<input type="checkbox"/> Codes	<input type="checkbox"/> Purch. Dispositions
<input type="checkbox"/> Contributions	<input type="checkbox"/> Purch. Periods
<input type="checkbox"/> Currencies	<input type="checkbox"/> Purch. Plans
<input type="checkbox"/> Deferrals	<input type="checkbox"/> Purch. Refunds
<input checked="" type="checkbox"/> Employees	<input type="checkbox"/> Purch. Valuations
<input type="checkbox"/> Exercises	<input type="checkbox"/> Purchases
<input type="checkbox"/> Forecasts	<input type="checkbox"/> Repurchases
<input type="checkbox"/> Forms	<input type="checkbox"/> Securities
<input type="checkbox"/> Opt. Dispositions	<input type="checkbox"/> Taxes
<input type="checkbox"/> Opt. Plans	<input type="checkbox"/> Transactions
<input type="checkbox"/> Options	<input type="checkbox"/> Vesting Schedules

Perform Data Check

Select All Databases

Deselect All Databases

### Change Password

Proceed Abort

for current user only

### Reset Password

Proceed Abort

for specific username

### Create Account

Account Type

Proceed Abort

### WEB Export

Proceed Abort

skip employees terminated before 1/1/1980

### Stock Split

Share Ratio  13 new for  11 old

Fractions Handling  Round

Split Date  1/19/2021

Proceed Abort

### Split History


### System Update: FROM

1.  Save All for the system update
2. Backup your current Stox release
3. Uninstall current Stox release
4. Install new (empty) Stox release

### System Update: INTO

5.  Update (import saved data)
- ☒ auto update serial numbering
6. Perform Data Check

Figure 76 – System Maintenance Layout

**Note:** If you have changed default passwords in your old Stox, then you have to apply Change Password procedure first and then continue with step 5. in updating Stox from the backup.

## Scheduling Tasks

You can schedule database, report or other tasks at specified date and time with various execution frequencies [once, hourly, daily, weekly and monthly].

If frequency is set to *Once*, the system will remove task from the list after it is executed.

On the Main screen there is **Scheduler** button, which leads to scheduler related layouts. These layouts are implemented through *Tabbed Cards*.

There are three tabs, one for every task type: **database**, **report** and **other**. Every layout contains a portal that shows records from the Scheduler database. There are three buttons: **New Task**, which adds new scheduling task, **Delete Task**, placed on every record card in portal, which removes current task from the database and **View All**, which runs Scheduled Tasks report. Portal rows are sorted by Start Date & Time, descending order.

### ***Adding New Task***

1. Click on desired task type Tab (Database, Report or Other)
2. Click on the **New Task** button
3. Select desired database/report/other task from the drop down list
- 3a. For database tasks, select task sub-type [import/export/data check]
4. Select the desired task execution frequency. Here is a list of task frequencies you can choose from: [once / hourly / daily / weekly / monthly / every fiscal period / every 60 days / every two months / every three months / every four months / quarterly (13 weeks) / semi-annually (26 weeks) / annually]
5. Modify the **Starting Date** and **Time** fields
6. If you need to write down something special for this task fill in the **Notes** field
7. Press **Details** button to complete scheduling related information

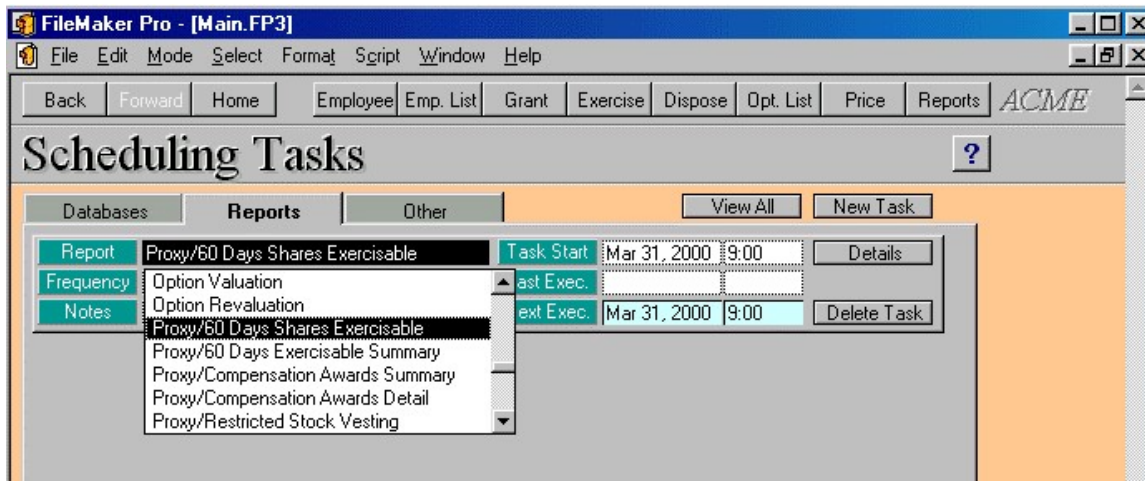
### ***Reviewing/Modifying Tasks***

1. Position yourself on the desired scheduling task
2. Change field context directly here or first press **Details** button. You can change **Next Date** and **Time**, **Last Date** and **Time** fields. For the never-executed task, Last Date and Time are empty. After the first task execution is completed, the system will fill actual date and time here. System automatically calculates Next Date & Time based on the Start Date, Time, Last Date & Time and Task Frequency. For Hourly task frequency, next time is one hour after the last time; for all other task frequencies it is same as start time. Next date is calculated using the last date or start date as a base, depending on the status of the **Next Date Calc.** radio-button.

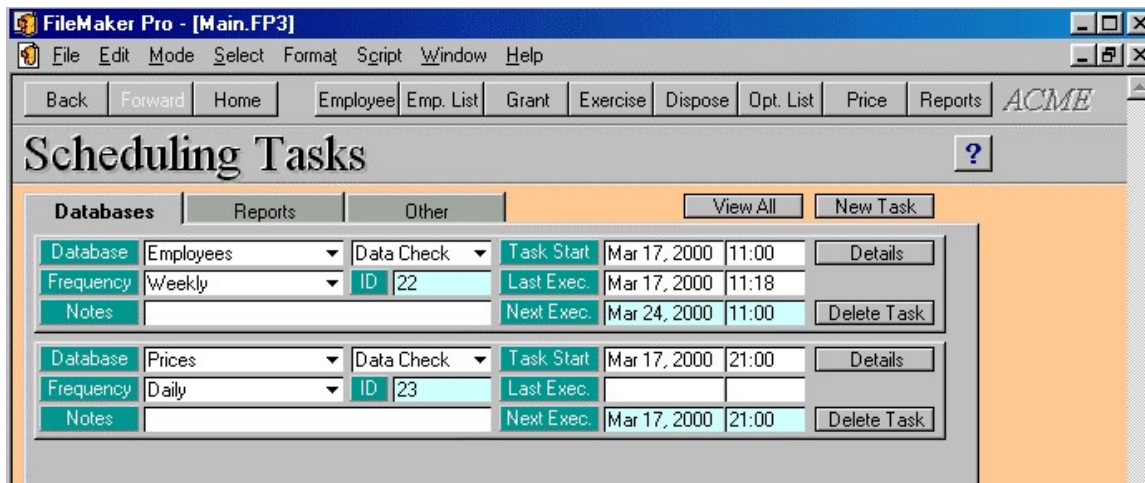
3. If you want to view all the tasks you can press the **View All** button. This will start the Scheduled Tasks report, which lists all tasks, sorted by Next Date & Time, descending order.

### ***Deleting Scheduled Task***

1. Position yourself on the desired scheduling task
2. Press the **Delete Task** button placed on the task card



**Figure 77 – Adding New Scheduled Task**



**Figure 78 – Scheduled Tasks List**

*Task Frequency* defines how often scheduled tasks will be executed. Here is a list of accepted task frequencies:

- Once, which will execute task only once and remove them from the list, if it was executed properly,
- Hourly, which will execute task every hour,
- Daily / Weekly / Monthly, which will execute task once every day / week / month, respective,
- Every Fiscal Period: at the Preferences layout you can specify number of Fiscal Periods in your Fiscal Year, as well as Fiscal Year's starting date. Based on this, system will execute scheduled task every fiscal period,
- Every 60 Days, Every Two / Three / Fours Months,
- Quarterly, which is every 13 weeks,
- Semi-annually, which is every 26 weeks,
- Annually.

*Task Start Date* and *Time* determine first task execution. System automatically fills these fields with current date and time at the moment of task creation.

*Last Exec.* shows task's Last Execution Date and Time.

*Next Execution Date* and *Time* define when the task will be executed next time. For the hourly task frequency next time is one hour later from the last time and for all other task frequencies, next time is equal to start time.

You can fill *Notes* field, if necessary. If the task cannot be executed, the system will write information in this field.

Every task has its own unique Task ID, non-modifiable.

**Tip:** You can manually change Next Date/Time, Last Date/Time or Start Date/Time if you want to reschedule task.

## ***Task Details***

Press **Details** button to review and set scheduled task details.

Here you can set if the task will be automatically executed. To do so, please select **Automatic Execution** check box. What does this mean? Status of this check box instructs system what to do when task becomes triggered (ready for schedule execution). If **Automatic Execution** is checked, the system will execute task – it will print report, perform default import, default export or data check.

**FileMaker Pro - [Scheduler.FP3]**

File Edit Mode Select Format Script Window Help

Back Forward Home Employee Emp. List Grant Exercise Dispose Opt. List Price Reports ACME

**Scheduling Tasks** #1 of 1 records

Task	65	Options Outstanding		Task Parameters	
Type		Frequency	Once	1	6/28/2000
Automatic Execution	<input checked="" type="checkbox"/>	Task Start	Jun 28, 2000 19:30	2	omit
Update Parameters	<input checked="" type="checkbox"/>	Last Execution		3	
Triggered	<input checked="" type="checkbox"/>	Next Execution	Jun 28, 2000 19:30	4	
Executing	<input type="checkbox"/>	Next Date Calc.	<input checked="" type="radio"/> Based on Start Date <input type="radio"/> Based on Last Date	5	
Notes				6	
				7	
				8	
				9	
				10	

Figure 79 – Task Details

For **database export/import** task types there are default export and import files for every database in the system. They are stored in the Export and Import folders.

Here is a list of default **export** filenames:

brokers\_exp\_.csv  
 contributions\_exp\_.csv  
 codes\_exp\_.csv  
 currencies\_exp\_.csv  
 deferrals\_exp\_.csv  
 employees\_exp\_.csv  
 exercises\_exp\_.csv  
 forecasts\_exp\_.csv  
 forms\_exp\_.csv  
 option dispositions\_exp\_.csv  
 option plans\_exp\_.csv  
 options\_exp\_.csv  
 prices\_exp\_.csv  
 purchase dispositions\_exp\_.csv  
 purchase periods\_exp\_.csv  
 purchase plans\_exp\_.csv  
 purchase refunds\_exp\_.csv  
 purchase valuations\_exp\_.csv  
 purchases\_exp\_.csv  
 repurchases\_exp\_.csv  
 securities\_exp\_.csv  
 taxes\_exp\_.csv  
 transactions\_exp\_.csv  
 vesting schedules\_exp\_.csv

Here is a list of default **import** filenames:

Brokers\_imp.csv  
Contributions\_imp.csv  
Codes\_imp.csv  
Currencies\_imp.csv  
Deferrals\_imp.csv  
Employees\_imp.csv  
Exercises\_imp.csv  
Forecasts\_imp.csv  
Forms\_imp.csv  
Option dispositions\_imp.csv  
Option plans\_imp.csv  
Options\_imp.csv  
Prices\_imp.csv  
Purchase periods\_imp.csv  
Purchase plans\_imp.csv  
Purchase valuations\_imp.csv  
Purchase refunds\_imp.csv  
Purchases\_imp.csv  
Purchase dispositions\_imp.csv  
Repurchases\_imp.csv  
Securities\_imp.csv  
Taxes\_imp.csv  
Transactions\_imp.csv  
Vesting schedules\_imp.csv

File type is same for all, and it is *Comma Separated* text file, one database record per row.

For **Report** tasks automatic execution means that system will generate and print report.

**Task Parameters** allows you to store up to ten parameters related to schedule action.

For **report** tasks you can store default report parameters that will be used when the system generates the report.

For **export** database tasks these parameters define if you want to export all or found records and allow you to specify database search criteria, which in turn allows you to export only desired subset of your database records.

For **import** database tasks you can define system behavior during the importing process – if it will allow imports to overwrite existing records (or system will skip such records); define if you want to perform complete or partial imports.

**Update parameters** – if you check this option, the system will update date fields in the Parameters list for report scheduled tasks and this update will occur after the task is executed.

**Example:** let's assume that task type for the task shown on the Figure 55 is set to Weekly and Update parameters is checked. First scheduled execution of Options Outstanding report will have "As of date" set to 6/28/2000. After that, the system will update date field and set it to 7/5/2000.

**Next Date Calc.** – Here you can specify the next execution date calculation. We will describe the difference between the two allowed options on the example shown on the Figure 55, with task frequency set to Daily. For the first task execution there is no difference between Based on Last Date and Based on Start Date, because there are no Last Date & Time fields yet. First, let's assume that task is executed exactly when it is scheduled, on 6/28/2000 19:30. These values are stored in the Last Date and Time fields. Still, there is no difference in Next Date and Time calculation – Next Date is set to 6/29/2000 and Next Time to 19:30. But, what if our task is not executed when it has been scheduled to? For instance, it is executed on 7/1/2000 – you may not use your system for couple of days, or whatever reason it was. In this case, we will have situation in which system will execute this task immediately upon start and update Last Date and Time and Next Date and Time. Now, if you choose Next Date Calculation Based on Start Date, new Next Date will be 6/30/2000 because it is 1 day after last scheduled execution date. But, because it is already 7/1/2000, the system will execute this task once again (and all the way until next execution date become greater than current date). If you choose the second option for the Next Date Calculation, Based on Last Date, system will execute task and set Last Date to 7/1/2000 (it is always set to actual task execution date) and set Next Date to 1 day after this date and that is 7/2/2000. Next Date Calculation has an impact on Task Parameters as well, because after every task execution system updates dates stored in the parameters list, according to current frequency used.

The moral of the previous paragraph is that if system executes scheduled tasks exactly when they are scheduled to – there is no difference between Next Date Calculation Based on Start Date and Based on Last Date.



## Setting up Scheduler ADMIN

On the Task Details screen, there are two more fields: **Triggered** and **Executing**.

**Triggered** shows if task is scheduled for an execution.

**Executing** field is checked while the task is being serviced. You can see this only if you are using a system in the network (multi-user) environment.

There is a special database in the system, called SchedStarter. Its purpose is to execute scheduled tasks. When SchedStarter database is to be open, system can be in one of the following situations:

1. System is closed - in this case SchedStarter will load system. However, since Stox is password protected, you will need to manually enter a password to open the system. After that, SchedStarter will trigger and possibly execute scheduled tasks. We recommend you to leave the system opened in order to execute scheduled tasks.
2. System is opened, but stays idle - in this case SchedStarter will trigger and execute scheduled tasks and return system to the previous state (layout).
3. System is busy (performing tasks) - in this case SchedStarter will provoke no activities, but when system completes task execution, scheduled tasks will be checked and executed as usual.

At the end, one more thing is necessary for schedule task execution. It is an external service that opens SchedStarter database. In Windows 98 there is a Task Scheduler that has to be used for this purpose. Here is the procedure:

1. Choose Start-Programs-Accessories-System Tools-Scheduled Tasks.
2. Click on Add Scheduled Task
3. Windows will search for all available applications that you can schedule. (Depending of the installed applications on your computer, you have to wait up to a minute or more). When the list is shown, please click on the Browse button, go to the directory where database files are stored ("c:\Stox"), select "All files" from the "Files of Types" drop down list and click on the SchedStarter file.
4. Specify Daily execution, click on the Next button
5. Specify Start Date and Time (make them about 5 minutes after your current time is). Click Next
6. Select "Open advanced properties for this task when I click Finish" check box and click the Finish button.
7. In the Schedule Tab click on the Advanced button, check the Repeat task and choose appropriate repetition time (Every 15 minutes, for example, or every 1 hour). You also have to specify how long the task will be repeated. Since Windows will execute this task every day, you can specify number representing less than 24 hours in the Until boxes (depending of the repetition time you entered). Click OK and finally Apply.

## Scheduled task parameters

Here is a complete list of scheduled task parameters. Export and Import parameters are optional. For reports, it is explicitly stated when the parameter is optional; otherwise, it is required. If you want to e-mail report, rather than print it on paper, specify "email" or "e-mail" as a 10<sup>th</sup> task parameter.

### Currencies

Export:

1: all; found, empty [default]

2: date from

3: date to

4: currency

Sort by Date if *all*.

Import:

1: overwrite; skip, empty [default]

RPT01: Exchange Rates

1: date from

2: date to

3: currency

All three are optional

### Prices

Export:

1: all; found, empty [default]

2: date from

3: date to

4: currency

Sort by Date if *all*

Import:

1: overwrite; skip, empty [default]

RPT01: Prices

1: date from

2: date to

Both are optional

**RPT02: Price Volatility**

1: date from

2: date to

**Taxes**

Export:

1: all; found, empty [default]

Import:

1: overwrite; skip, empty [default]

**RPT01: Tax Table**

none

**Vesting Schedules**

Export:

1: all; found, empty [default]

Sort by Vesting Name if *all*

Import:

1: overwrite; skip, empty [default]

**RPT01: Vesting Schedules [detailed]**

none

**RPT02: Vesting Schedules [brief]**

none

**Forecasts**

Export:

1: all; found, empty [default]

Sort by Forecast Name if *all*

Import:

1: overwrite; skip, empty [default]

**RPT01: Forecasts**

none

**Brokers**

Export:

1: all; found, empty [default]

Sort by Broker ID if *all*

Import:

1: overwrite; skip, empty [default]

RPT01: Brokers [detailed]

none

RPT02: Brokers [brief]

none

**Employees**

Export:

1: all; found, empty [default]

2: Subsidiary

3: Location

4: Job Title

5: Custom Field 1

6: City

7: State

8: Hire Date

9: Subscribed (Yes, No)

10: Insider (Yes, No)

Sort by Employee ID

Import:

1: partial; complete, empty [default]

**Reports:**

Employees List

none

Employees List [brief]

none

Employee Profile

none

## Employee Labels

none

## Purchase Accounts [brief]

none

## Purchase Accounts [detailed]

none

## Purchase Accounts By Broker

1: broker id (optional)

## Option Accounts By Broker

1: broker id (optional)

## Approaching IRS Limit

1: IRS Year (current year is default)

2: IRS Minimal Value (0 is default)

## Approaching ISO Limit

1: ISO Starting Year (current year is default, ISO Limit for ten successive years)

2: ISO Minimal Value (0 is default)

## ESPP Withdrawals

1: withdrawal date from

2: withdrawal date to

both are optional

## Employee ESPP History

1: purchase date from

2: purchase date to

3: purchase plan name

All three are optional

## Stock Ownership

1: as of date (current date is default)

## Stock Options Ledger

1: as of date (current date is default)

2: employee id (optional)

**Option Plans**

Export:

1: all; found, empty [default]

Sort by Plan Name if *all*

Import:

none (no overwrite allowed, records to be imported must not exist)

RPT01: Option Plans [detailed]

none

RPT02: Option Plans [brief]

none

RPT03: Option Plan Summary

1: date from

2: date to

**Purchase Plans**

Export:

1: all; found, empty [default]

Sort by Plan Name if *all*

Import:

1: overwrite; skip, empty [default]

RPT01: Purchase Plans [detailed]

none

RPT02: Purchase Plans [brief]

none

**Purchase Periods**

Export:

1: all; found, empty [default]

Sort by Plan Name if all

Import:

none (no overwrite allowed, records to be imported must not exist)

**RPT01: Purchase Periods**

none

**Contributions**

Export:

1: all; found, empty [default]

2: Purchase Plan

3: Contribution Date

4: Currency

5: Employee ID

Sort by Contribution Date, Employee Name

Import:

none (no overwrite allowed, records to be imported must not exist)

**Reports:**

Contributions List

none

Contributions By Employee

1: contribution date from

2: contribution date to

3: purchase plan name

All three are optional

Available Contributions

1: contribution date from

2: contribution date to

3: purchase plan name

All three are optional

**Purchases**

Export:

1: all; found, empty [default]

2: Purchase Plan

3: Purchase Date

4: Type of Issuance

5: Broker ID

6: Employee ID

Sort by Purchase Date, Employee Name

**Import:**

1: update - update related records (contributions used for purchases, create purchase refunds, create purchase dispositions); empty [default] - do not update

**Reports:****Purchases List**

none

**Purchase Summary**

1: purchase date from  
2: purchase date to  
3: purchase period id  
(1,2) or 3 are required

**Purchases by Employee**

1: purchase date from  
2: purchase date to  
3: purchase plan name  
all three are optional

**Purchase Confirmation**

1: purchase date from  
2: purchase date to  
3: purchase period id  
(1,2) or 3 are required

**Purchase Status By Employee**

1: as of date

**Purch. Issuance Summary**

1: purchase period id

**Broker Purch. Issuance Summary**

1: purchase period id

**Purchase Dispositions****Export:**

1: all; found, empty [default]  
2: Purchase Plan  
3: Disposition Date  
4: Transfer Type (Pending, Sold, Street Name)  
5: Qualifying (Yes, No)



6: Broker ID

7: Employee ID

Sort by Disposition Date

Import:

none (no overwrite allowed, records to be imported must not exist)

Reports:

Purch. Dispositions List

none

Purch. Disposition Tax Info

1: disposition date from

2: disposition date to

3: purchase plan name

All three are optional

Purch. Disposition Survey

1: disposition date from (opt.)

2: disposition date to (opt.)

3: disqualifying; qualifying, empty [default]

### **Purchase Refunds**

Export:

1: all; found, empty [default]

2: Purchase Plan

3: Refund Date

4: Currency

5: Employee ID

Sort by Refund Date

Import:

none (no overwrite allowed, records to be imported must not exist)

Reports:

Purch. Refunds List

none

Purch. Refund Summary

1: refund date from

2: refund date to

3: refund reason  
all three are optional

#### Purch. Refunds By Employee

1: refund date from  
2: refund date to  
3: purchase plan name  
all three are optional

#### Purch. Refund Confirmation

1: refund date from  
2: refund date to  
3: refund reason  
all three are optional

### **Purchase Valuations**

#### Export:

1: all; found, empty [default]  
2: Purchase Plan  
Sort by Plan

#### Import:

none (no overwrite allowed, records to be imported must not exist)

#### Reports:

##### Purchase Valuations

1: Begin Date  
2: End Date  
both are optional

##### Purchase Valuation Adjustments

1: Begin Date  
2: End Date  
both are optional

### **Options**

#### Export:

1: all; found, empty [default]  
2: Option Plan  
3: Option Type (NQ, ISO, RSP, DSO, NQA, ISA)  
4: Grant Date

5: Vesting Schedule  
6: Enabled (Yes, No)  
7: Confirmed (Yes, No)  
8: Valued (Yes, No)  
9: Custom Data  
10: Employee ID  
Sort by Plan, Option ID

**Import:**

1: partial; complete, empty [default]

**Reports:**

Options List [brief]  
none

Options List [detailed]  
none

Options Granted  
1: option date from  
2: option date to  
3: option plan name  
4: option type (NQ, ISO, RSP, DSO, NQA, ISA)  
All four are optional

Option Agreement  
none

Grant Acknowledgement Letter  
1: option date from  
2: option date to  
both are optional

Options Summary  
1: option date from (opt)  
2: option date to (opt)  
3: employee id (opt)  
4: omit with 0 outstanding: [omit, do not omit] (do not omit or empty is default)  
5: as of date exercises: [as of, all] (all or empty is default)

Grant Status Report  
1: employee id  
2: as of date (if not terminated, if terminated system uses termination date stored in the employee record)

### Grants Approaching Expiration

- 1: begin date
- 2: expiration months

### Options Canceled

- 1: cancel date from
  - 2: cancel date to
  - 3: option plan name
  - 4: option type (NQ, ISO, RSP, DSO, NQA, ISA)
- Third and fourth parameters are optional

### Options Repriced

- 1: reprice date from
  - 2: reprice date to
  - 3: option plan name
  - 4: option type (NQ, ISO, RSP, DSO, NQA, ISA)
- Third and fourth parameters are optional

### Options Outstanding

- 1: as of date
- 2: omit with 0 outstanding: [omit, do not omit] (do not omit or empty is default)
- 3: as of date exercises: [as of, all] (all or empty is default)

### Termination Report

- 1: employee id
- 2: as of date (if not terminated, if terminated system uses termination date stored in the employee record)

### Options By Price

- 1: as of date

### Exercisable Gain

- 1: as of date
- 2: as of date fair market value (system fills it automatically if you leave it empty and if there is a price record on that date)
- 3: all outstanding shares or exercisable only: [all] (empty is default for exercisable only)

### Repurchasable Options

- 1: as of date

### Accruals

- 1: as of date
- 2: ending fair market value (empty – system fills it from the price table on As of date)
- 3: option plan (opt.)
- 4: grant type (opt.) (type SAR for Stock Appreciation Rights)
- 5: as of date exercises: [as of, all] (all or empty is default)

### Option Activity Summary

- 1: date from
- 2: date to
- 3: valuation number (1 is default)
- 4: option plan (opt.)
- 5: Range 1 Low Price (opt.)
- 6: Range 1 High Price (opt.)
- 7: Range 2 High Price (opt.)(if specified, Range 2 Low := Range 1 High)
- 8: Range 3 High Price (opt.) (if specified, Range 3 Low := Range 2 High)
- 9: Range 4 High Price (opt.) (if specified, Range 4 Low := Range 3 High)
- 10: Range 5 High Price (opt.) (if specified, Range 5 Low := Range 4 High)

Dilution Summary, Fully Diluted Options Outstanding, Primary Diluted Options Outstanding, NQ Tax Benefit/Fully Diluted, NQ Tax Benefit/Primary Diluted, Anti-Dilution/Fully Diluted, Anti-Dilution/Primary Diluted:

- 1: date from
- 2: date to
- 3: ending fair market value (system fills it automatically if you leave it empty and if there is a price record on that date)
- 4: combined corporate tax rate (in percent)
- 5: adjustment amount for unamortized expense (opt.)
- 6: number of common shares outstanding (at the end of period) (opt.)
- 7: outstanding calculation: complete, at start date, at end date [complete, start, end] (complete or empty is default)] (opt.)
- 8: exercises processed [all, end] (end or empty is default) (opt.)
- 9: referring fair value calculation [end, avg ] (avg or empty is default) (opt.)

### Expected Term - BS Single

- 1: date from
- 2: date to
- 3: minimal percentage exercised (opt.)

### Expected Term - BS Multiple

- 1: date from
- 2: date to
- 3: minimal percentage exercised (opt.)

### Option Valuation

- 1: option date from
- 2: option date to
- 3: valuation number [1..5] (1 is default)

### Option Revaluation

- 1: option date from
- 2: option date to

3: valuation number [1..5] (1 is default)

Expense Allocation BS Single/Binomial

1: date from

2: date to

3: valuation number [1..5] (1 is default)

4: allocation method [Ratable, Straight Line] (Ratable is default)

Expense Allocation BS Multiple

1: date from

2: date to

3: valuation number [1..5] (1 is default)

4: allocation method [Fin28, Normal] (Fin28 is default)

Expense Allocation APB25

1: date from

2: date to

3: option plan (opt.)

4: allocation method [Fin28, Ratable, Straight Line] (Fin28 is default)

## **Exercises**

Export:

1: all; found, empty [default]

2: Option Plan

3: Option Type (NQ, ISO, RSP, DSO, NQA, ISA)

4: Option Date

5: Exercise Type (Cash, SDS, SDS-Cash, Swap, Pyramid, Loan, SAR)

6: Exercise Date

7: Conditional (Yes, No)

8: Deferred Tax Payment (Yes, No)

9: Employee ID

Sort by Exercise Date, Employee Name

Import:

1: update - update related records (employees YTD fields, create option dispositions);  
empty [default] - do not update

## **Reports:**

Exercise List

none

Exercise Details

none

**Exercise Summary Statement**

none

**Exercise Issuance Summary**

1: confirmation date from

2: confirmation date to

**Exercise Brokers SDS Summary**

1: confirmation date from

2: confirmation date to

3: broker id (opt.)

**Exercise Brokers Cash Summary**

1: confirmation date from

2: confirmation date to

3: broker id (opt.)

**Exercised Shares Vesting**

1: exercise date from

2: exercise date to

**Deferred Taxes Report**

1: exercise date from

2: exercise date to

**Option Dispositions****Export:**

1: all; found, empty [default]

2: Option Plan

3: Option Type

4: Exercise Type

5: Disposition Date

6: Transfer Type (Pending, Sold, Street Name)

7: Qualifying (Yes, No)

8: Broker ID

9: Employee ID

Sort by Disposition Date

**Import:**

none (no overwrite allowed, records to be imported must not exist)

Reports:

Option Dispositions List

none

Option Disposition Survey

1: Disposition date from (opt.)

2: Disposition date to (opt.)

**Deferrals**

Export:

1: all; found, empty [default]

2: Option Plan

3: Option Type

4: Exercise Type

5: Payment Date

6: Employee ID

Sort by Payment Date

Import:

1: update - update related records (employees YTD fields); empty [default] - do not update

Reports:

Deferrals List

none

Deferral Details

none

Tax Withheld Report

1: date from

2: date to

**Repurchases**

Export:

1: all; found, empty [default]

2: Option Plan

3: Option Type

4: Repurchase Date

5: Employee ID

Sort by Option ID, Repurchase Date



**Import:**

none (no overwrite allowed, records to be imported must not exist)

**Reports:****Repurchases List**

none

**Repurchase Details**

none

**Securities****Export:**

1: all; found, empty [default]

**Import:**

1: overwrite; skip, empty [default]

RPT01: Security Titles

none

**Codes****Export:**

1: all; found, empty [default]

**Import:**

1: overwrite; skip, empty [default]

RPT01: Codes List

none

**Transactions****Export:**

1: all; found, empty [default]

2: transaction date from

3: transaction date to

4: insider id

5: transaction type

Sort by Insider Name.

**Import:**

none

RPT01: Transactions [detailed]

none

RPT02: Transactions [brief]

none

RPT03: Transactions by Insider

1: date from

2: date to

3: insider id

All three are optional.

RPT04: SEC16 Monthly Inquiry

1: date from

2: date to

3: insider id

All three are optional.

RPT04: SEC16 Ownership Summary

1: date from

2: date to

3: insider id

All three are optional.

## **Forms**

Export:

1: all; found, empty [default]

2: form date from

3: form date to

4: insider id

Sort by Insider Name, Form, Form Date.

Import:

none

RPT01: Forms List

none

RPT03/RPT04/RPT05: Form Details

1: form date

2: employee id

3: form number

All three are optional.

**Proxy reports:**

Proxy/60 Days Shares Exercisable

- 1: starting date
- 2: ending fair market value (system fills it automatically if you leave it empty and if there is a price record on that date)
- 3: include in proxy: no, yes (default if empty)

Proxy/60 Days Exercisable Summary

- 1: starting date
- 2: ending fair market value (system fills it automatically if you leave it empty and if there is a price record on that date)
- 3: include in proxy: no, yes (default if empty)

Proxy/Compensation Awards Summary

- 1: Fiscal 3 Start (most recent year start date, required)
- 2: Fiscal 3 End (most recent year end date, required)
- 3: Fiscal 2 Start
- 4: Fiscal 2 End
- 5: Fiscal 1 Start
- 6: Fiscal 1 End
- 7: End Fair Market Value (on most recent fiscal year end date, system fills it automatically if you leave it empty and if there is a price record in the Prices database on that date)
- 8: Include In Proxy: no, yes (default, if empty)

Proxy/Compensation Awards Detail

- 1: Fiscal 3 Start (most recent year start date, required)
- 2: Fiscal 3 End (most recent year end date, required)
- 3: Fiscal 2 Start
- 4: Fiscal 2 End
- 5: Fiscal 1 Start
- 6: Fiscal 1 End
- 7: Ending Fair Market Value (on most recent fiscal year end date, system fills it automatically if you leave it empty and if there is a price record in the Prices database on that date)
- 8: Include In Proxy: no, yes (default, if empty)

Proxy/Restricted Stock Vesting

- 1: Fiscal 3 Start (most recent year start date, required)
- 2: Fiscal 3 End (most recent year end date, required)
- 3: Fiscal 2 Start
- 4: Fiscal 2 End
- 5: Fiscal 1 Start

6: Fiscal 1 End

7: Include In Proxy: no, yes (default, if empty)

#### Proxy/LFY's Options/SARs

1: Last Fiscal Year's Start Date

2: Last Fiscal Year's End Date

3: Custom Percentage of Appreciation Rights (opt.)

4: Include In Proxy: no, yes (default, if empty)

#### Proxy/Outstanding Shares

1: As of Date

2: Fair Market Value

3: Include In Proxy: no, yes (default, if empty)

#### Proxy/Repriced Options

1: date from

2: date to

3: Include In Proxy: no, yes (default, if empty)

#### Proxy/Options/SARs Valuation

1: Last Fiscal Year's Start Date

2: Last Fiscal Year's End Date

3: Valuation Number [1..5]

4: Include In Proxy: no, yes (default, if empty)

#### Proxy/Exercise Summary

1: Fiscal Period From

2: Fiscal Period To

3: Fiscal Period End Fair Market Value

4: Include In Proxy: no, yes (default, if empty)

#### Proxy/Exercise Details

1: Fiscal Period From

2: Fiscal Period To

3: Include In Proxy: no, yes (default, if empty)

## Multi-user Issues

Following text applies to a Stox Full release (not a binded single-user version).

**FMP** abbreviation stands for FileMaker Pro.

**[FMP Server Specific]** explains notes applicable for Stox hosted by FileMaker Server.

**[FMP Specific]** explains network issues when files are hosted by ordinary FileMaker Pro.

We recommend hosting Stox files using latest FileMaker Server.

**[FMP Specific]**

- Stox system consists of large number FileMaker files (databases). Due to a limit number of FMP network sockets available per file, hosting Stox using FMP instead of a FMP Server, apart from lower network and database performances, limits number of concurrent users to effectively two.

**[FMP Server specific]**

- Install Stox in the folder which is a subdirectory of FMP Server folder. Most likely it will be c:\Program Files\FileMaker Server\Stox. You need to enter this path when Stox installation procedure asks for a path (default is set to c:\Stox). FileMaker Server automatically hosts all files that are placed in its folder or one level subfolder.

**[FMP Server specific]**

- You **MUST NOT** work on server computer, i.e. it has to be a dedicated server.

- You **HAVE TO** open Stox using the Open File/Hosts button in the FMP installed at the client computers. If all is set right (network issues) only Main database will be visible and you will simply choose it to open Stox.

- You **MUST NOT** use any kind of Windows shortcuts to access Stox files on the server computer - only way to start and use Stox is through Open File/Hosts button.

- There **MUST** be only one Stox folder with system databases placed on the server computer. If any of Stox files exists in duplicate on server or local (client) computer, FMP will load it instead of a required file from server, which will destroy database integrity.

- There is **NO** need to share Stox folder using the Windows file-sharing procedure.

[FMP Specific]

- Specify TCP/IP as a networking protocol. You can specify it during the FMP Installation or later using Edit/Preferences/Application/General/Network Protocol

[FMP Specific]

- Stox consists of large number of databases. Only Main database should be set to Multi-User mode, under the File/Sharing menu. All other databases should be set to Multi-User (Hidden) mode. This will show only Main file in the available database list you may open using the Open File/Host from the local (client) computer.

[FMP Server Specific]

- Stox system preferences are stored in global fields in the Main file. Global means that they are being copied from server to client when user starts FMP and opens Stox's Main file. In order to change default system settings you need to open Stox on the server computer using the FMP (with FMP Server services temporarily stopped), change settings, save them, quit Stox, and restart FMP Server services again. This will ensure all Stox users have the same settings.

[FMP Specific]

- Enable FMP's Web Companion if you want to view Stox data over the World Wide Web (WWW). You will need Internet Explorer 5 or higher, or Netscape Communicator 6 or higher. To enable Web companion go to Edit/Preferences/Application/Plug-ins and check Web Companion. Press Configure to ensure there is Instant Web Publishing Enabled. If there is other Web server running on the same computer, please specify free TCP/IP port number. Otherwise leave it default to port number 80. If you want to restrict web access to only one or set of IP addresses please specify it in the appropriate field.



[FMP Server Specific]

- In order to Update your Stox release you need to open Stox on the server computer using the FMP (with FMP Server services temporarily stopped). See System Updates in Users Guide for detailed instructions.
- Same scenario applies for Importing data into Stox.

- Please **BACKUP** Stox databases on a regular basis. If something goes wrong there is nothing which can help you better than a frequent backup. It is quite easy to backup Stox databases - quit Stox and compress whole Stox folder (including its subfolders). We recommend 7-Zip as your archive software. If you are using FMP Server, you can arrange automatic back up of hosted files, using FMP Server Console.

Please read more about automatic backup and forensic accounting in System Preferences.

[Reports in the Multi-user scenario]

- **ALWAYS** use **Jump Back** button  to close your current report.
- If you press **Jump to Record list** button , **ALWAYS** use **Back** navigational button to return to the report. Otherwise you will lock report for further multi-user usage.
- When you press the button that leads to the report, system checks if that report is multi-user locked. If not, you will see report's layout and may continue supplying reporting parameters and generating the report. At the same time, you will lock the report for further multi-user usage all the time until you leave the report by pressing the **Jump Back** button.
- If the report is already locked, system shows appropriate message. There are two reasons why report is locked: one is that another user is generating the report and you have to wait until he/she releases the report; second reason is that no one is actually running the report, but it is left locked because of network error or previous user did not leave it properly. In the situation when you are absolutely sure that no one is using the report, you may choose to **Continue**. Otherwise, please press the **Stop** button and try again later.

Please read Appendix B from the Getting Started Guide for technical requirements and additional information about multi-user scenarios.

**Appendix: List of all reports with current Multi-user status**

Report Name	Multi-user
Employees List	safe
Employees List [brief]	safe
Employee Profile	safe
Employee Labels	safe
Purchase Accounts [brief]	safe
Purchase Accounts [detailed]	safe
Purchase Accounts By Broker	safe
Option Accounts By Broker	safe
Approaching IRS Limit	one
Approaching ISO Limit	one
Stock Ownership	one
Stock Options Ledger	one REP
Year End Summary A	one REP
Year End Summary B	one REP
Year End Summary C	one REP
Purchase Plans [detailed]	safe
Purchase Plans [brief]	safe
Purchase Periods	safe
ESPP Withdrawals	safe
Employee ESPP History	one REP
Option Plans [detailed]	safe
Option Plans [brief]	safe
Option Plan Summary	one EXE
Contributions List	safe
Contributions By Employee	safe
Available Contributions	safe
Purchases List	safe
Purchase Summary	safe
Purchases by Employee	safe
Purchase Confirmation	safe
Purchase Status By Employee	safe
Purch. Issuance Summary	safe
Broker Purch. Issuance Summary	safe
Purch. Refunds List	safe
Purch. Refund Summary	safe
Purch. Refunds By Employee	safe
Purch. Refund Confirmation	safe
Purch. Dispositions List	safe
Purch. Disposition Tax Info	one
Purch. Disposition Survey	safe
Purchase Valuations	safe



Purchase Valuation Adjustments	one
Options List [brief]	safe
Options List [detailed]	safe
Options Granted	safe
Option Agreement	safe
Grant Acknowledgement Letter	safe
Options Summary	one EXE
Grant Status Report	one EXE
Grants Approaching Expiration	one EXE
Options Canceled	one EXE
Options Repriced	safe
Options Outstanding	one EXE
Termination Report	one EXE
Options By Price	one EXE
Exercisable Gain	one EXE
Repurchasable Options	one EXE
Accruals	one EXE
Option Activity Summary	one EXE, VAL
Fully Diluted Options Outstanding	one WOO
Diluted Options Outstanding	one WOO, EXE
Unamortized Expense/Diluted Options	one WOO, EXE
NQ Tax Benefit/Fully Diluted	one WOO
Diluted NQ Tax Benefit	one WOO, EXE
Anti-Dilution/Fully Diluted	one WOO
Anti-Dilution	one WOO, EXE
Dilution Summary	one WOO, EXE
Expected Term - BS Single	one ETE
Expected Term - BS Multiple	one ETE
Option Valuation	one VAL, EXE
Sensitivity Analysis	one VAL
Option Revaluation	one VAL
Expense Allocation BSS/Binomial	one VAL, EXE
Expense Allocation BS Multiple	one VAL, EXE
Expense Allocation APB25	one EXE
Aggregate Intrinsic Value	one EXE
Post-vesting Terminations	one EXE
Unvested Forfeitures	one EXE
Proxy/60 Days Shares Exercisable	one 60D
Proxy/60 Days Exercisable Summary	one 60D
Proxy/Compensation Awards Summary	one
Proxy/Compensation Awards Detail	one
Proxy/Restricted Stock Vesting	safe
Proxy/LFY's Options/SARs	safe
Proxy/Outstanding Shares	one EXE
Proxy/Repriced Options	safe
Proxy/Options/SARs Valuation	one VAL
Proxy/Exercise Summary	one

Proxy/Exercise Details	safe
Exercise List	safe
Exercise Details	safe
Suboptimal Exercise Value	safe
Intrinsic Value	safe
Exercise Summary Statement	safe
Exercise Issuance Summary	safe
Exercise Brokers SDS Summary	safe
Exercise Brokers Cash Summary	safe
Exercised Shares Vesting	safe
Deferred Taxes Report	safe
Option Dispositions List	safe
Option Disposition Survey	safe
Deferrals List	safe
Deferral Details	safe
Tax Withheld Report	one REP
APIC Pool	one REP, EXE
Repurchases List	safe
Repurchase Details	safe
Exchange Rates	safe
Fair Values	safe
Price Volatility	one
Forecasts	safe
Tax Table	safe
Brokers [brief]	safe
Brokers [detailed]	safe
Vesting Schedules [detailed]	safe
Vesting Schedules [brief]	safe
Security Titles	safe
Codes	safe
Transactions [detailed]	safe
Transactions [brief]	safe
Transactions by Insider	safe
Forms List	safe
Form Details	safe
SEC16 Monthly Inquiry	safe
SEC16 Ownership Summary	safe

-----

"safe" means report is multi-user ready

"one" means only one user can generate that report

"one XYZ" means only one user can generate group of XYZ reports

## Import field order

<sup>R</sup> = Required field, <sup>U</sup> = Unique field

Fields with <sup>?</sup> accept {1, Yes, Y, T}, {0, No, N, F}

### Employees

**Employee ID** <sup>RU</sup>

**Last Name** <sup>R</sup> *if complete import*

**First Name** <sup>R</sup> *if complete import*

**Middle Name**

**SSN**

**Address1**

**Address2**

**Address3**

**City**

**State**

**Country**

**ZIP**

**Phone**

**Fax**

**Email**

**Employee?**

**Hire Date**

**Job Title**

**Subsidiary**

**Location**

**Salary**

**Insider?** {0, not an insider, director, officer, ten percent owner, other insider}

**Include In Proxy?**

**Last Purchase Date**

**Last Sale Date**

**Option Broker ID**

**Option Account**

**Alternative Name**

**Alternative Address**

**No Purchase Election?**

**Subscription Date**

**Share Limit**

**Type Of Issuance**, {Same-Day Sale, Street Name, Employee}, required for ESPP

**Purchase Broker ID**

**Purchase Account**

**Purchase Currency**

**Default Contribution**

**Percentage Of Salary?**

**Withdrawal Date**

**Offset Shares**

**Offset IRS Value**

**Termination Date**

**Termination Reason**

**Termination Notes**

**Leave Start Date**

**Leave End Date**

**Vest Stop Start Date**

**Vest Stop End Date**

**Exercise Stop Start Date**

**Exercise Stop End Date**

**Leave Notes**

**Custom Field 1**

**Custom Field 2**

**Custom Field 3**

**Custom Field 4**

**Notes**

**Tax ID 1**

**Tax Applies 1?**

**YTD Paid 1**

**Tax ID 2**

**Tax Applies 2?**

**YTD Paid 2**

**Tax ID 3**

**Tax Applies 3?**

**YTD Paid 3**

**Tax ID 4**

**Tax Applies 4?**

**YTD Paid 4**

**Tax ID 5**

**Tax Applies 5?**

**YTD Paid 5**

**Tax ID 6**

**Tax Applies 6?**

**YTD Paid 6**

**Tax ID 7**

**Tax Applies 7?**

**YTD Paid 7**

**Web Username**

**Web Password**

**Forbidden Exercises**, supply list of exercise types, delimited by commas

**Owner CIK**

**Owner CCC**

You must supply valid **Tax ID** in order to process and import tax information.

### Option Plans

**Plan Name** <sup>RU</sup>  
**Vesting Schedule** <sup>R</sup>  
**Expiration Date** <sup>R</sup>  
**Shares Allocated** <sup>R</sup>  
**Vested Shares Only?**  
**Trade For Taxes?**  
**SEC16 Qualified?**  
**Grace Period Voluntary**  
**Grace Period Involuntary**  
**Grace Period Disability**  
**Grace Period Retirement**  
**Grace Period Death**  
**Reloading Allowed?**  
**for Exercised Shares?**  
**for Shares Traded for Taxes?**  
**for Swapped Shares?**  
**for Cash Swap?**  
**Return Swapped Shares?**  
**Return Traded Shares?**  
**Return SAR Exercised?**

**NQ Allowed?**  
**ISO Allowed?**  
**RSP Allowed?**  
**DSO Allowed?**  
**NQA Allowed?**  
**ISA Allowed?**  
**NQ Employee?**  
**ISO Employee?**  
**RSP Employee?**  
**DSO Employee?**  
**NQA Employee?**  
**ISA Employee?**  
**Fractions**  
**Grace Period Voluntary DaysMonths**  
**Grace Period Involuntary DaysMonths**  
**Grace Period Disability DaysMonths**  
**Grace Period Retirement DaysMonths**  
**Grace Period Death DaysMonths**

### Purchase Plans

**Plan Name** <sup>R</sup>  
**Shares Allocated** <sup>R</sup>  
**Expiration Date** <sup>R</sup>  
**Offering Type**  
**Offering Duration** <sup>R</sup>  
**Purchase Duration** <sup>R</sup>  
**Price Basis**  
**Discount Rate** <sup>R</sup>

**Limit Type**  
**Share Limit for All**  
**Single Contribution Limit**  
**Company Limit Per Purchase**  
**Check for \$25000 Limit**  
**Refund Type**  
**Refund If No Purchasing?**  
**Notes**

### Purchase Periods

**Plan Name** <sup>R</sup>  
**Offering Begin Date** <sup>R</sup> *if fixed offering*  
**Purchase Begin Date**  
**Purchase Date**

**Purchase Value** <sup>R</sup>  
**Other Price** <sup>R</sup> *if Plan Price Basis is Other*

### Brokers

**Broker ID** <sup>RU</sup>  
**Broker Name** <sup>R</sup>  
**Phone**  
**Fax**

**Email**  
**Contact Person**  
**Address**  
**DWAC**

Forecasts**Forecast** <sup>RU</sup>**Notes****Volatility\_1** <sup>R</sup>**Dividend\_1** <sup>R</sup>**Interest\_1** <sup>R</sup>**Volatility\_2****Dividend\_2****Interest\_2****Volatility\_3****Dividend\_3****Interest\_3****Volatility\_4****Dividend\_4****Interest\_4****Volatility\_5****Dividend\_5****Interest\_5****Volatility\_6****Dividend\_6****Interest\_6****Volatility\_7****Dividend\_7****Interest\_7****Volatility\_8****Dividend\_8****Interest\_8****Volatility\_9****Dividend\_9****Interest\_9****Volatility\_10****Dividend\_10****Interest\_10****Termination\_1****Forfeiture\_1****Termination\_2****Forfeiture\_2****Termination\_3****Forfeiture\_3****Termination\_4****Forfeiture\_4****Termination\_5****Forfeiture\_5****Termination\_6****Forfeiture\_6****Termination\_7****Forfeiture\_7****Termination\_8****Forfeiture\_8****Termination\_9****Forfeiture\_9****Termination\_10****Forfeiture\_10****Pricing Model**Vesting Schedules**Vesting Name** <sup>RU</sup>**Description****Expires After Months** <sup>R</sup>**Option Date Expiration Basis?****Option Date Vesting Basis?****Months 1****Percentage 1****Vest Type 2****Months 2****Percentage 2****Vest Type 3****Months 3****Percentage 3****Vest Type 4****Months 4****Percentage 4****Vest Type 4****Months 5****Percentage 5****Vest Type 5****Months 6****Percentage 6****Vest Type 6****Months 7****Percentage 7****Vest Type 7****Months 8****Percentage 8****Vest Type 8****Months 9****Percentage 9****Vest Type 9****Months 10****Percentage 10****Vest Type 10**

Currencies**Date** <sup>R</sup>**Currency** <sup>R</sup>**Exchange Rate** <sup>R</sup>Prices**Date** <sup>R</sup>**High** <sup>R</sup>**Low** <sup>R</sup>**Market** <sup>R</sup>**Volume**Taxes**Tax Name** <sup>R</sup>**State****Limit****Rate 1** <sup>R</sup> {0-100}**Base Amount 1****Base Tax 1****Rate 2** {0-100}**Base Amount 2****Base Tax 2****Rate 3** {0-100}**Base Amount 3****Base Tax 3****Rate 4** {0-100}**Base Amount 4****Base Tax 4****Rate 5** {0-100}**Base Amount 5****Base Tax 5**Options**Option ID** <sup>U</sup>**Employee ID** <sup>R</sup>**Plan Name** <sup>R</sup>**Date** <sup>R</sup>**Price** <sup>R</sup>**FMV****Total Shares** <sup>R</sup>**Option Type** <sup>R</sup>**SAR Percentage****User Data****Vesting Schedule** <sup>R</sup>**Vest from Date** <sup>R</sup>**Shares 1****Availability 1****Vest Date 1****Expire Date 1****Shares 2****Availability 2****Vest Date 2****Expire Date 2****Shares 3****Availability 3****Vest Date 3****Expire Date 3****Shares 4****Availability 4****Vest Date 4****Expire Date 4****Shares 5****Availability 5****Vest Date 5****Expire Date 5****Shares 6****Availability 6****Vest Date 6****Expire Date 6****Shares 7****Availability 7****Vest Date 7****Expire Date 7****Shares 8****Availability 8****Vest Date 8****Expire Date 8****Shares 9****Availability 9****Vest Date 9****Expire Date 9****Shares 10****Availability 10****Vest Date 10****Expire Date 10****Enabled?****Blocked From****Blocked Till****Acknowledged?**

**Notes**

**Cancel Date**  
**Cancel Reason**  
**Termination Reason**  
**Last Exercise Date**  
**Reloaded from Option**  
**Reloaded from Exercise**  
**Reprice Previous**  
**Reprice Next**  
**Matching NQ\ISO**  
**Forecast 1**

**Term 1**

**Forecast 2**  
**Term 2**  
**Forecast 3**  
**Term 3**  
**Forecast 4**  
**Term 4**  
**Forecast 5**  
**Term 5**  
**CF Value**  
**Valuation Notes**

Exercises

**Exercise ID** <sup>U</sup>  
**Option ID** <sup>R</sup>  
**Option Type**  
**Employee ID**  
**Confirmation Date**  
**Exercise Date** <sup>R</sup>  
**Option Price**  
**Shares Exercised** <sup>R</sup>  
**Exercise Value**  
**Exercise Type [Verbose]** <sup>R</sup>  
**Tax ID 1**  
**Tax Name 1**  
**Tax State 1**  
**Tax Rate 1** {0-100}  
**Tax Base Amount 1**  
**Tax Base Tax 1**  
**Tax Limit 1**  
**YTD Paid 1**  
**Tax Due 1**  
**Tax Paid 1**  
**Tax ID 2**  
**Tax Name 2**  
**Tax State 2**  
**Tax Rate 2** {0-100}  
**Tax Base Amount 2**  
**Tax Base Tax 2**  
**Tax Limit 2**  
**YTD Paid 2**  
**Tax Due 2**  
**Tax Paid 2**  
**Tax ID 3**  
**Tax Name 3**  
**Tax State 3**  
**Tax Rate 3** {0-100}  
**Tax Base Amount 3**  
**Tax Base Tax 3**  
**Tax Limit 3**  
**YTD Paid 3**  
**Tax Due 3**

**Tax Paid 3**  
**Tax ID 4**  
**Tax Name 4**  
**Tax State 4**  
**Tax Rate 4** {0-100}  
**Tax Base Amount 4**  
**Tax Base Tax 4**  
**Tax Limit 4**  
**YTD Paid 4**  
**Tax Due 4**  
**Tax Paid 4**  
**Tax ID 5**  
**Tax Name 5**  
**Tax State 5**  
**Tax Rate 5** {0-100}  
**Tax Base Amount 5**  
**Tax Base Tax 5**  
**Tax Limit 5**  
**YTD Paid 5**  
**Tax Due 5**  
**Tax Paid 5**  
**Tax ID 6**  
**Tax Name 6**  
**Tax State 6**  
**Tax Rate 6** {0-100}  
**Tax Base Amount 6**  
**Tax Base Tax 6**  
**Tax Limit 6**  
**YTD Paid 6**  
**Tax Due 6**  
**Tax Paid 6**  
**Tax ID 7**  
**Tax Name 7**  
**Tax State 7**  
**Tax Rate 7** {0-100}  
**Tax Base Amount 7**  
**Tax Base Tax 7**  
**Tax Limit 7**  
**YTD Paid 7**

**Tax Due 7**  
**Tax Paid 7**  
**Total Tax Due**  
**Total Tax Paid**  
**Tax Due Date**  
**Deferred Payment?**  
**Trade for Taxes?**  
**Trade Value**  
**Shares Traded**  
**Fee**  
**Sale Price**  
**Shares Sold**  
**W2 Income**  
**SDS Calculation Basis**  
**Swap Value**  
**Shares Remitted**  
**Swap Tax Basis**  
**Cash Shares**

**Loan Number**  
**Down Payment**  
**SAR Stock Value**  
**Cash Percentage**  
**Broker ID**  
**Account Number**  
**Name**  
**Address**  
**Certificates**  
**Other Info**  
**SDS2 Name**  
**SDS2 Address**  
**SDS2 Certificates**  
**SDS2 Other Info**  
**Notes**  
**Reload Option**  
**Conditional?**

#### Option Dispositions

**Disposition ID**  
**Exercise ID**<sup>R</sup>  
**Option ID**  
**Employee ID**  
**Automatic?**  
**Shares Disposed**<sup>R</sup>

**Disposition Date**<sup>R</sup>  
**Transfer Type**<sup>R</sup>  
**Sale Price**  
**Sale Cost**<sup>R</sup>  
**Broker ID**  
**Notes**

#### Deferrals

**Deferrals ID**  
**Exercise ID**<sup>R</sup>  
**Option ID**  
**Employee ID**  
**Tax Due Date**<sup>R</sup>  
**Due Shares**<sup>R</sup>  
**Payment Date**<sup>R</sup>  
**Share Value**<sup>R</sup>  
**Shares Taxed**<sup>R</sup>  
**Price**<sup>R</sup>  
**Tax ID 1**  
**Tax Name 1**  
**Tax State 1**  
**Tax Rate 1** {0-100}  
**Tax Base Amount 1**  
**Tax Base Tax 1**  
**Tax Limit 1**  
**YTD Paid 1**  
**Tax Due 1**  
**Tax Paid 1**  
**Tax ID 2**  
**Tax Name 2**  
**Tax State 2**

**Tax Rate 2** {0-100}  
**Tax Base Amount 2**  
**Tax Base Tax 2**  
**Tax Limit 2**  
**YTD Paid 2**  
**Tax Due 2**  
**Tax Paid 2**  
**Tax ID 3**  
**Tax Name 3**  
**Tax State 3**  
**Tax Rate 3** {0-100}  
**Tax Base Amount 3**  
**Tax Base Tax 3**  
**Tax Limit 3**  
**YTD Paid 3**  
**Tax Due 3**  
**Tax Paid 3**  
**Tax ID 4**  
**Tax Name 4**  
**Tax State 4**  
**Tax Rate 4** {0-100}  
**Tax Base Amount 4**  
**Tax Base Tax 4**



**Tax Limit 4**  
**YTD Paid 4**  
**Tax Due 4**  
**Tax Paid 4**  
**Tax ID 5**  
**Tax Name 5**  
**Tax State 5**  
**Tax Rate 5** {0-100}  
**Tax Base Amount 5**  
**Tax Base Tax 5**  
**Tax Limit 5**  
**YTD Paid 5**  
**Tax Due 5**  
**Tax Paid 5**  
**Tax ID 6**  
**Tax Name 6**  
**Tax State 6**  
**Tax Rate 6** {0-100}  
**Tax Base Amount 6**  
**Tax Base Tax 6**

**Tax Limit 6**  
**YTD Paid 6**  
**Tax Due 6**  
**Tax Paid 6**  
**Tax ID 7**  
**Tax Name 7**  
**Tax State 7**  
**Tax Rate 7** {0-100}  
**Tax Base Amount 7**  
**Tax Base Tax 7**  
**Tax Limit 7**  
**YTD Paid 7**  
**Tax Due 7**  
**Tax Paid 7**  
**Total Tax Due** <sup>R</sup>  
**Total Tax Paid** <sup>R</sup>  
**Trade For Taxes**  
**Trade Value** <sup>R</sup>  
**Shares Traded** <sup>R</sup>  
**Notes**

#### Repurchases

**Repurchase ID**  
**Option ID** <sup>R</sup>  
**Employee ID**  
**Shares Repurchased** <sup>R</sup>

**Shares Returned** <sup>R</sup>  
**Repurchase Date** <sup>R</sup>  
**Price** <sup>R</sup>  
**Notes**

#### Securities

**Security Title** <sup>R</sup>  
**Derivative?**  
**Conversion Rate**

**Debenture?**  
**Description**

#### Codes

**Code** <sup>RU</sup>  
**Form** <sup>RU</sup>  
**Description** <sup>R</sup>

**Category** <sup>R</sup>  
**Notes**

#### Transactions

**Employee ID** <sup>R</sup>  
**Transaction Date** <sup>R</sup>  
**Transaction Type** <sup>R</sup>  
**Security Type** <sup>R</sup>  
**Security Title** <sup>R</sup>  
**Ownership** <sup>R</sup>  
**Include In Form?**  
**Voluntary Report?**  
**Securities** <sup>R</sup>  
**Form** <sup>R</sup>  
**Delinquent Form**  
**Purchase\Sale Price**

**Code**  
**Underlying Title**  
**Underlying Securities**  
**Underlying Exercisable Date**  
**Underlying Exercise Price**  
**Underlying Expiration Date**  
**Underlying Purchase Price**  
**Related Transaction ID**  
**Reported?**  
**Form ID**  
**Amount Owned at End**  
**Notes**

**Footnotes 1 Date**  
**Footnotes 2 Title**  
**Footnotes 3 Ownership**  
**Footnotes 4 Securities**  
**Footnotes 5 PurSale Price**  
**Footnotes 6 Code**  
**Footnotes 7 Under.Title**  
**Footnotes 8 Under.Securities**  
**Footnotes 9 Under.Exec/Conv Date**  
**Footnotes 10 Other**

**FDate**  
**FTitle**  
**FOwnership**  
**FPurSalePrice**  
**FCode**  
**FUnderTitle**  
**FUnderSecurities**  
**FUExecConvDate**  
**FOther**

### Forms

**Form ID**  
**Form**<sup>R</sup>  
**Employee ID**<sup>R</sup>  
**Filing Type**  
**Form Date**<sup>R</sup>  
**Form Preparation Date**  
**Original Filed Date**  
**Signature Date**  
**Filing Date**  
**Verification Date**  
**Filing Notes**  
**Exit Form?**  
**Form3 Holdings Reported?**  
**Form4 Transactions Reported?**

**Report Aggregated Holdings?**  
**Voluntary Reporting?**  
**Power of Attorney?**  
**Reporting Person**  
**IRS Number of Reporting Person**  
**Signatory**  
**OMB Approval Text**  
**Footnotes 1**  
**Footnotes 2**  
**Notes**  
**NonDerivative Transaction IDs**  
**Derivative Transaction IDs**  
**Footnotes -from transactions**

### Contributions

**Contribution ID**  
**Employee ID**<sup>R</sup>  
**Purchase Plan**<sup>R</sup>  
**Contribution Date**<sup>R</sup>  
**Currency**

**Amount**<sup>R</sup>  
**Exchange Rate**  
**Carry Forward?**  
**Notes**

### Purchases

**Purchase ID**  
**Employee ID**<sup>R</sup>  
**Purchase Period ID**<sup>R</sup>  
**Purchase Plan**  
**Subscription Date**<sup>R</sup>  
**Purchase Date**<sup>R</sup>  
**Price \_Offering Date**<sup>R</sup>  
**Price \_Purchase Date**<sup>R</sup>  
**Share Price**<sup>R</sup>  
**Currency**  
**Exchange Rate**  
**Contributed Amount**  
**Carried Forward Amount**

**Shares, required**  
**Leftover Amount**  
**Leftover Reason**  
**Carry Forward?**  
**Type of Issuance**<sup>R</sup> {*Same-Day Sale, Same Day Sale, Same-Day-Sale, Street Name, Employee*}  
**Account**  
**Broker ID**  
**Registration**  
**Address**  
**Same Day Sale Date**

Purchase Dispositions

**Disposition ID**  
**Purchase ID**<sup>R</sup>  
**Employee ID**  
**Automatic?**  
**Disposition Date**<sup>R</sup>  
**Shares Disposed**<sup>R</sup>

**Transfer Type**<sup>R</sup> {*Pending, Sold, Street  
Name, Qualified*}  
**Sale Price**<sup>R</sup>  
**Sale Cost**<sup>R</sup>  
**Broker ID**  
**Notes**

Purchase Refunds

**Refund ID**  
**Employee ID**<sup>R</sup>  
**Refund Date**<sup>R</sup>  
**Refund Reason**  
**Refunded Dollar Amount**<sup>R</sup>

**Currency**  
**Exchange Rate**  
**Purchase ID**<sup>R</sup> *if origin is purchase*  
**Contribution ID**<sup>R</sup> *if origin is contribution*

Purchase Valuations

**Purchase Valuation ID**  
**Purchase Plan**<sup>R</sup>  
**Begin Date**<sup>R</sup>  
**End Date**<sup>R</sup>  
**Begin Value**<sup>R</sup>  
**Discount** (*percentage*)  
**Forecast**<sup>R</sup>  
**Notes**  
**Contribution Amount** (*predicted*)  
**Adjustment Purchase Date 1**  
**Adjustment Actual Contribution 1**  
**Adjustment Purchase Date 2**  
**Adjustment Actual Contribution 2**

**Adjustment Purchase Date 3**  
**Adjustment Actual Contribution 3**  
**Adjustment Purchase Date 4**  
**Adjustment Actual Contribution 4**  
**Adjustment Purchase Date 5**  
**Adjustment Actual Contribution 5**  
**Adjustment Purchase Date 6**  
**Adjustment Actual Contribution 6**  
**Adjustment Purchase Date 7**  
**Adjustment Actual Contribution 7**  
**Adjustment Purchase Date 8**  
**Adjustment Actual Contribution 8**

Option Vesting Details

**Option ID**<sup>R</sup>  
**Vesting Period**<sup>R</sup>

**Vest Date**<sup>R</sup>  
**Shares**<sup>R</sup>

Option Vesting Adjustments

**Option ID**<sup>R</sup>  
**Vesting Period**<sup>R</sup>  
**Vest Date**  
**Shares**<sup>R</sup>

**Date**<sup>R</sup>  
**Rate**<sup>R</sup>  
**Description**  
**Price**

Option Expense Details

**Option ID**<sup>R</sup>  
**From Date**<sup>R</sup>  
**Date**<sup>R</sup>

**Amount**<sup>R</sup>  
**CF**<sup>R</sup>  
**Adjustment**

Assignments

**Assignment Type** <sup>R</sup>  
**Employee ID** <sup>R</sup>  
**Date** <sup>R</sup>

**Condition** <sup>R</sup>  
**Condition Met?**

This is the last page of Users Guide

## **Easy Options/ESPP™**

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