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PeopleSoft Enterprise Stock Administration Preface

This preface discusses:

- PeopleSoft products.
- PeopleSoft Enterprise HRMS application fundamentals.

PeopleSoft Products

This PeopleBook refers to the following PeopleSoft product: PeopleSoft Enterprise Stock Administration.

PeopleSoft Enterprise HRMS Application Fundamentals

Additional, essential information describing the setup and design of your system appears in a companion volume of documentation called *PeopleSoft Enterprise HRMS Application Fundamentals PeopleBook.* Each PeopleSoft product line has its own version of this documentation.

See Also

PeopleSoft Enterprise HRMS 9.1 Application Fundamentals PeopleBook, "PeopleSoft Enterprise HRMS Application Fundamentals Preface"

PeopleBooks and the PeopleSoft Online Library

A companion PeopleBook called *PeopleBooks and the PeopleSoft Online Library* contains general information, including:

- Understanding the PeopleSoft online library and related documentation.
- How to send PeopleSoft documentation comments and suggestions to Oracle.
- How to access hosted PeopleBooks, downloadable HTML PeopleBooks, and downloadable PDF PeopleBooks as well as documentation updates.
- Understanding PeopleBook structure.
- Typographical conventions and visual cues used in PeopleBooks.
- ISO country codes and currency codes.

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- PeopleBooks that are common across multiple applications.
- Common elements used in PeopleBooks.
- Navigating the PeopleBooks interface and searching the PeopleSoft online library.
- Displaying and printing screen shots and graphics in PeopleBooks.
- How to manage the locally installed PeopleSoft online library, including web site folders.
- Understanding documentation integration and how to integrate customized documentation into the library.
- Application abbreviations found in application fields.

You can find *PeopleBooks and the PeopleSoft Online Library* in the online PeopleBooks Library for your PeopleTools release.

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Chapter 1

Getting Started with Stock Administration

This chapter provides an overview of Stock Administration and discusses:

- Stock Administration business processes.
- Stock Administration integrations.
- Stock Administration implementation.

Stock Administration Overview

Stock Administration provides the tools to administer stock option and stock purchase plans for your workforce. As a fully integrated solution, the system enables you to leverage data and functionality that you already use as part of your human resources, payroll, and benefits applications.

Stock Administration Business Processes

Stock Administration discusses the following business processes:

- Stock administration.
- Stock option plan administration.
- Stock purchase plan administration.

Stock Administration Integrations

This section discusses integration with:

- PeopleSoft Enterprise Human Resources.
- PeopleSoft Enterprise Human Resources Base Benefits business process and PeopleSoft Enterprise Benefits Administration.
- PeopleSoft Enterprise Payroll for North America.

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Human Resources

Stock Administration uses various types of information that you set up in Human Resources, including employee and nonemployee data. Changes that you make to a plan particpant's status in your human resources system can trigger a workflow notification to a stock administrator.

- Stock Actions

  The setup tables used for HR integration are Stock Action, Stock Action Reason, and Stock Action Rules. The type of action determines the type of processing. You can process an action by receiving a worklist or by processing it manually.

- Nonemployees

  The stock system handles regular employees within your company and nonemployees. Examples of non-employees are members of boards of directors, contractors, or employees of a subsidiary or foreign office who are not administered by HR.

- Multiple Jobs

  For stock options and reports that require an employee's job title and other job information, the stock system refers to the primary job identified by HR for supporting processes. For stock purchase plans, the system refers to the job designated within the Base Benefits business process.

- Variable Compensation

  Stock awards are given through the Variable Compensation business process. Because of this integration, stock awards are included with all other variable monetary and non-monetary awards for total variable compensation reporting and history. Stock Administration grants and administers stock awards after they are approved and received from HR as service operations. Both Stock Administration and Variable Compensation use the group build feature so that when groups are used, they are consistent between the two systems.

  When splitting or repricing stock, it is important that you coordinate this action with your Variable Compensation process.

Base Benefits Business Process and Benefits Administration

Either the Base Benefits business process within Human Resources or Benefits Administration can administer your stock purchase plan and enroll participants, including eligible employees and non-employees who are not administered by Human Resources. A stock purchase plan is a savings plan designating the reserved plan type 4A to indicate stock purchase. After setting up your stock purchase plans, you can enroll eligible plan participants directly through the Base Benefits business process or through the automated eligibility and event-driven Benefits Administration system.

Payroll for North America

Several stock option and stock purchase transactions are integrated with Payroll for North America.

The integrated *Stock Option* transactions are:

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- Exercises and releases.

  Payroll for North America calculates taxes on ordinary income from exercises and releases. You invoke the calculation process and display the results in Stock Administration, then send ordinary income and taxes to the payroll system. Payroll loads these transactions using the Load/Reset Paysheet process, which updates employee balances but does not issue a check.

- Dispositions.

  Stock Administration enables you to send ordinary income from dispositions to the Load/Reset Paysheet transaction record (PSHUP_TXN) in Payroll for North America.

The integrated *Stock Purchase* transactions are:

- Contributions.

  Contributions are gathered from Payroll for North America during the Purchase Stock process.

- Refunds.

  The Refund Contributions process in Stock Administration sends contributions to be refunded to the Load/Reset Paysheet transaction record (PSHUP_TXN) in Payroll for North America.

- Dispositions.

  Stock Administration enables you to send ordinary income from dispositions to the Load/Reset Paysheet transaction record (PSHUP_TXN) in Payroll for North America.

Stock Administration Implementation

PeopleSoft Setup Manager enables you to generate a list of setup tasks for your organization based on the features that you are implementing. The setup tasks include the components that you must set up, listed in the order in which you must enter data into the component tables, and links to the corresponding PeopleBook documentation.

Other Sources of Information

In the planning phase of your implementation, take advantage of all PeopleSoft sources of information, including the installation guides, data models, business process maps, and troubleshooting guidelines.

See Also

PeopleSoft Enterprise HRMS 9.1 Application Fundamentals PeopleBook, "PeopleSoft Enterprise HRMS Application Fundamentals Preface"

Enterprise PeopleTools PeopleBook: PeopleSoft Component Interfaces

Enterprise PeopleTools PeopleBook: PeopleSoft Setup Manager

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Chapter 2

Understanding Stock Administration

This chapter discusses:

- Stock Administration features.
- Integration with other HRMS applications.

Stock Administration Features

This section discusses:

- General stock administration features.
- Stock option features.
- Stock purchase features.
- Administrative and regulatory reports.

Stock Administration provides the tools to administer and maintain stock option and stock purchase plans for your workforce. As a fully integrated solution, the system enables you to leverage data and functionality that you already use as part of your human resources, payroll, and benefits applications.

General Stock Administration Features

You can define business rules that dictate how the system handles common elements for stock option plans, stock purchase plans, and regulatory reports. With Stock Administration you can:

- Support multiple plans.
- Track and maintain plan balances, common issued and outstanding shares, and treasury shares.
- Store transfer agent, escrow agent, and broker instructions.
- Track insider activity.
- Track daily stock prices.
- Calculate the fair market value (FMV) of stock transactions.
- Create multiple FMV methods.
- Identify individuals for proxy and Section 16 reporting.

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- Value stock options and purchases in compliance with FAS 123.
- View stock option and stock purchase plan activity.

Stock Option Features

Use the system's stock option functionality to track and report on granted stock options, including Incentive Stock Options (ISOs), Non-Qualified stock options (NQs), and Restricted Stock Awards (RSAs). Stock option features enable you to perform a number of functions. For example:

- Generate grants from plans based on stock awards allocated in variable compensation and individual grants.
- Create vesting schedules that are tailored to your plans.
- Administer plans that enable exercises before shares have vested and permit the repurchase of shares that are exercised before vesting.
- Reprice grants for eligible individuals and set restrictions, including vesting and exercise restrictions, on the repriced grants.
- Exercise an ISO as an NQ option 90 days after termination.
- Track 83(b) filings and administer restricted stock awards, exercises, releases, and repurchases.
- Integrate with Payroll for North America to process ordinary income and taxes on restricted stock transactions.
- View stock option activity.
- View employee's stock option activity.

Stock Purchase Features

The stock purchase feature of Stock Administration enable you to identify participants in stock purchase plans, calculate participant contributions, and deduct the correct amount from payroll. You can define limits and rules that are specific to your company, administer stock purchases by purchase period, and capture stock sale information.

Stock purchase functionality enables you to:

- Integrate with Benefits and Benefits Administration to leverage benefits enrollment, deduction, and eligibility checking as you enroll employees in stock purchase plans.
- Integrate with Payroll for North America to administer employee-authorized stock purchase payroll deductions.
- Administer fixed and rolling offerings.
- Capture multiple grant dates in a purchase period.
- Process and track employee stock purchase participants who are not administered by human resources.
- Accept multi-currency contributions and refunds.

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- Monitor the Section 423 $25,000 stock purchase limit and other rules and limits that are defined in your stock purchase plans.
- View stock purchase activity.

Administrative and Regulatory Reports

Stock Administration provides reports that make it easier for you to comply with stock regulatory requirements and help administer your stock plans. These include:

- Individual statements, receipts, and transmittals.
- Reconciliation reports.
- Payroll and tax reports.
- Transfer agent and brokerage reports.
- Summary and detail reports on potential diluted options outstanding.
- FAS 123 and APB 25 financial disclosure reports.

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Chapter 3

Defining Stock Administration Business Rules

This chapter provides an overview of the steps for setting up stock administration business rules and discusses how to:

- Set up foundation tables.
- Set up stock rules.
- Define stock details.
- Create stock agreements and legends.
- Define blackout rules.
- Define process groups.
- Allocate shares to treasury pools, stock classes, and plans.

Understanding Business Rule Setup

Before you can use Stock Administration to administer your stock plans, you must define the fundamental business rules for your system, including the rules that are common to your stock option and stock purchase plans. This section provides an overview of the steps to follow to set up the stock administration business rules.

To define the basic stock administration business rules:

1. Set up foundation tables.

   Usually set up only during system implementation, data in the foundation tables seldom changes.

   a. Specify the governing body for your stock plans and the governing body rules, including ISO Section 422 rules for stock option plans and Section 423 rules for stock purchase plans.

   b. Define the stock exchanges on which your stock trades, if applicable.

   c. Define the agencies that provide escrow or transfer agent services.

   d. Define the brokerage firms and branches that handle participants' transactions.

   e. Define the different fair market value (FMV) methods to use for stock transactions.

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2. Set up stock rules.

   Here, you create a profile for your stock and define various attributes, some of which you can override at the plan level or stock detail level.

   a. Define a unique stock ID for your stock and specify the currency, CUSIP number, and par value.

   b. Link the stock ID to escrow and transfer agents.

   c. Link the stock ID to brokerage branches.

   d. Link the stock ID to the stock exchanges on which it trades.

3. Define stock details, including the FMV method, rules for handling fractional shares and non-trading days, default rules for stock option and stock purchase plans, and the earnings codes to use when sending tax and income information to Payroll for North America.

4. Create agreements and legends to use on stock transaction documents.

5. Define the blackout periods for the stock and designate the groups or individuals who are blocked from buying or selling stock during blackout periods.

6. Define process groups to use for processing stock transactions and reporting.

7. Allocate shares to the treasury, stock classes, and stock plans.

Setting Up Foundation Tables

To set up foundation tables, use the Governing Body Rules (ST_GOVERN_BODY), Exchange Table (ST_EXCHANGE), Transfer/Escrow Agency (ST_AGENT), Brokerage Table (ST_BROKERAGE), Brokerage/Branch Table (ST_BRKR_BRANCH), and the FMV Method Table (ST_FMV_MTHD_TBL) components.

This section lists the reports that you can generate for foundation tables, lists prerequisites, and discusses how to:

- Specify the governing body for your stock plans.
- Define ISO Section 422 rules for stock options.
- Define Section 423 rules for stock purchases.
- Define the stock exchanges on which your stocks trade.
- Define the transfer/escrow agents for your stock.
- Define the brokerage branches that participants use.
- Define FMV (fair market value) methods.

Foundation Table Reports

You can generate the following reports to review information in the foundation tables:

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- Governing Body Rules report (STUSU001)
- Exchange Table report (STSU002)
- Transfer/Escrow Agency report (STSU003)
- Brokerage Table report (STSU004)
- FMV Method Table report (STSU006)

See Also

Appendix B, "Stock Administration Reports," page 307

Prerequisite

Before you define the stock exchanges on which your stock trades, set up a unique holiday schedule for each exchange.

See Also

PeopleSoft Enterprise Global Payroll 9.1 PeopleBook, "Using Schedules," Defining Holiday Schedules

Pages Used to Set Up Foundation Tables

Page Name	*Definition Name*	*Navigation*	*Usage*
Governing Body Rules - General	ST_GOVERN_BODY1	Set Up HRMS, Product Related, Stock, Foundation Rules, Governing Body Rules, General	Specify the governing body for your stock plans and add comments.
Governing Body Rules - Stock Option Rules	ST_GOVERN_BODY2	Set Up HRMS, Product Related, Stock, Foundation Rules, Governing Body Rules, Stock Option Rules	Define ISO Section 422 rules and Section 83B filing days for your stock option system.
Governing Body Rules - Stock Purchase Rules	ST_GOVERN_BODY3	Set Up HRMS, Product Related, Stock, Foundation Rules, Governing Body Rules, Stock Purchase Rules	Define Section 423 rules for your stock purchase system.
Exchange Table - General	ST_EXCHANGE_TBL1	Set Up HRMS, Product Related, Stock, Foundation Rules, Exchange Table, General	Define the stock exchanges where the stocks administered in your system are traded.

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Page Name	*Definition Name*	*Navigation*	*Usage*
Exchange Table - Address	ST_EXCHANGE_TBL2	Set Up HRMS, Product Related, Stock, Foundation Rules, Exchange Table, Address	Specify contact information for the stock exchange.
Transfer/Escrow Agency - General	ST_AGENT1	Set Up HRMS, Product Related, Stock, Foundation Rules, Transfer/Escrow Agency, General	Define the agencies that provide escrow or transfer agent service for stocks administered in your system.
Transfer/Escrow Agency - Address	ST_AGENT2	Set Up HRMS, Product Related, Stock, Foundation Rules, Transfer/Escrow Agency, Address	Define the address of the agencies that provide transfer or escrow service.
Brokerage Table	ST_BROKERAGE	Set Up HRMS, Product Related, Stock, Foundation Rules, Brokerage Table	Define the brokerage firms that your company has approved for stock plan participants.
Brokerage/Branch Table	ST_BRKR_BRANCH	Set Up HRMS, Product Related, Stock, Foundation Rules, Brokerage/Branch Table	Define the branches of the brokerage firms your participants use.
FMV Method Table	ST_FMV_MTHD_TBL	Set Up HRMS, Product Related, Stock, Foundation Rules, FMV Method Table	Define the different fair market value (FMV) methods you use for stock transactions.

Specifying the Governing Body for Your Stock Plans

Access the Governing Body Rules - General page (Set Up HRMS, Product Related, Stock, Foundation Rules, Governing Body Rules, General).

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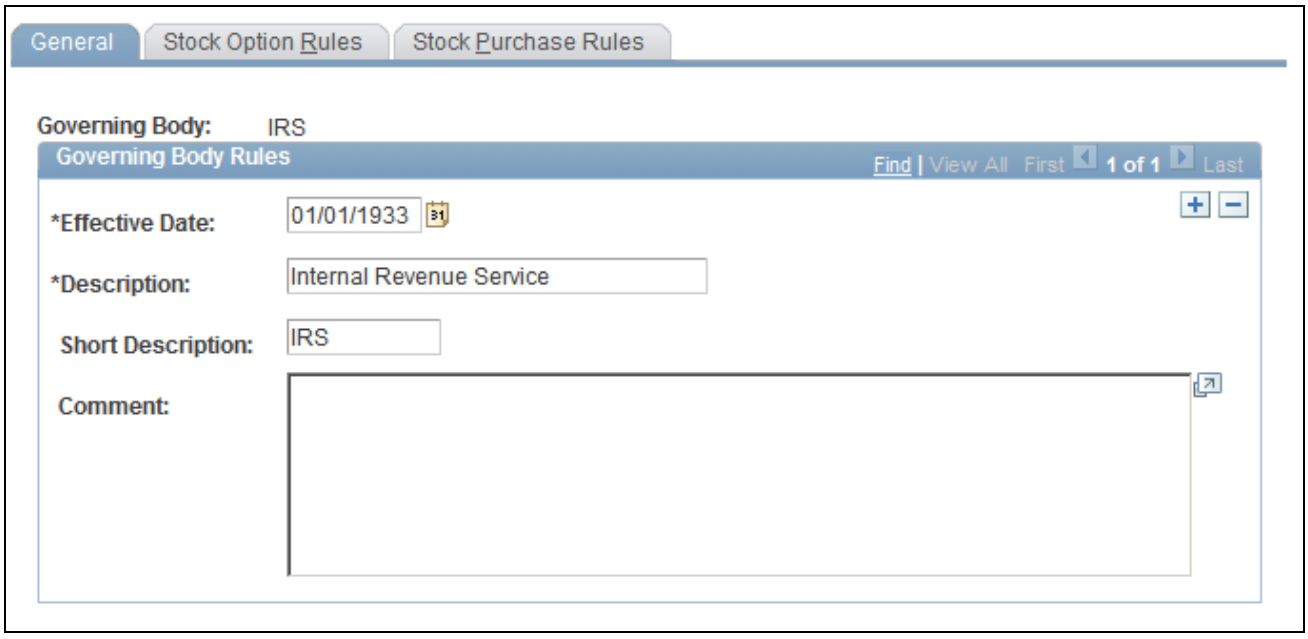
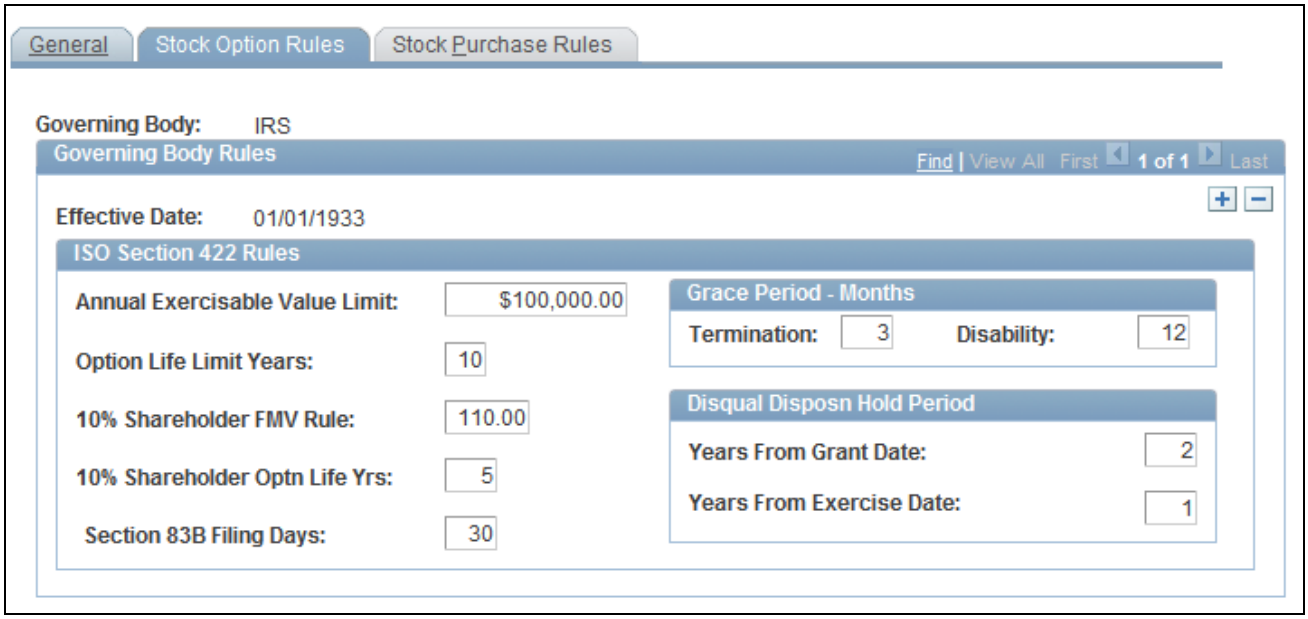


Governing Body Rules - General page

Only IRS (USA) regulations are supported and the system displays amounts that comply with IRS requirements. You can enter other governing bodies, but they are not supported.

Defining ISO Section 422 Rules for Stock Options

Access the Governing Body Rules - Stock Option Rules page (Set Up HRMS, Product Related, Stock, Foundation Rules, Governing Body Rules, Stock Option Rules).



Governing Body Rules - Stock Option Rules page

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ISO Section 422 Rules

The system displays default amounts defined by the IRS for qualified stock option plans and employee stock purchase plans as of 1/1/1933, the date that IRS Section 422 regulations became effective. You can change the default amounts if, for example, you want to make all your equity plans more restrictive. If you make the amounts more generous, your plans may not comply with regulatory agency rules and securities laws.

Annual Exercisable Value Limit The annual ISO exercisable value limit, determined as of the grant date, as defined by the IRS.

Option Life Limit Years The number of years between an option's grant date and its expiration date.

10% Shareholder FMV Rule The percentage of FMV that the price of an option that is granted to a 10% shareholder must equal or exceed.

10% Shareholder Optn Life Yrs (option life years) The number of years between the grant date and the expiration date for options that are granted to 10% shareholders.

Section 83B Filing Days The number of days allowed for an individual to file a Section 83B election after being awarded a restricted stock award.

Grace Period - Months

Termination The number of months following a termination to exercise a vested ISO option, after which it is treated as a non-qualifying option.

Disability The number of months following a termination due to disability to exercise a vested ISO option, after which it is treated as a non-qualifying option.

Disqual Disposn Hold Period (disqualifying disposition hold period)

An ISO grant must be held a minimum number of years from the grant date to be considered a qualifying disposition when it is sold.

Years From Grant Date The minimum number of years from grant date to sale date for an ISO sale to be considered a qualified disposition. The system displays 2 years.

Years From Exercise Date The minimum number of years from exercise date to sale date for an ISO sale to be considered a qualified disposition.

Defining Section 423 Rules for Stock Purchases

Access the Governing Body Rules - Stock Purchase Rules page (Set Up HRMS, Product Related, Stock, Foundation Rules, Governing Body Rules, Stock Purchase Rules).

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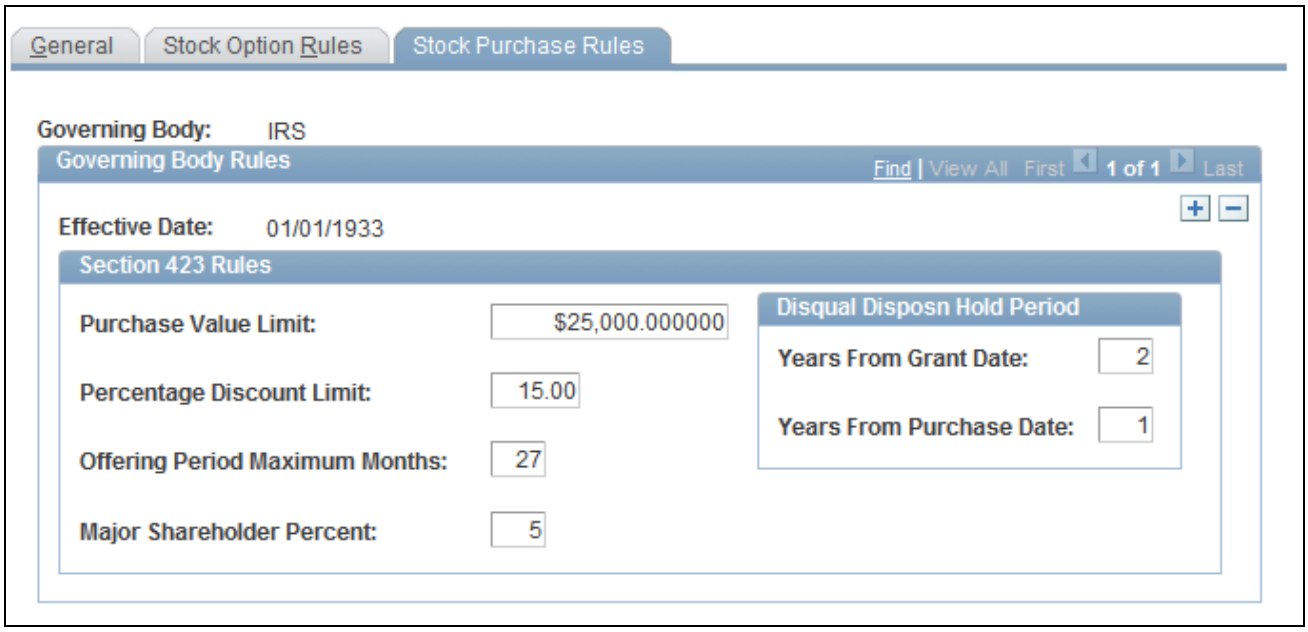

Governing Body Rules - Stock Purchase Rules page

The system displays default amounts defined by the IRS for qualified stock option plans and employee stock purchase plans as of 1/1/1933, the date that IRS Section 423 regulations became effective. You can change the default amounts if, for example, you want to make all your equity plans more restrictive. If you make the amounts more generous, your plans may not comply with regulatory agency rules and securities laws.

Purchase Value Limit The calendar year stock purchase limit for an individual determined at the beginning of an offering period.

Percentage Discount Limit The maximum discount of FMV that can be defined for a stock purchase.

Offering Period Maximum Months The maximum number of months in an offering period.

Major Shareholder Percent The percentage of company stock owned by an employee that disqualifies that individual from participating in a stock purchase plan.

Years From Grant Date The minimum number of years from the grant date to the purchase date for a stock purchase to be considered a qualified disposition.

Years From Purchase Date The minimum number of years from the purchase date to the sale date for a stock purchase sale to be considered a qualified disposition.

Defining Stock Exchanges

Access the Exchange Table - General page.

Enter a description of the exchange, the currency code, and holiday schedule.

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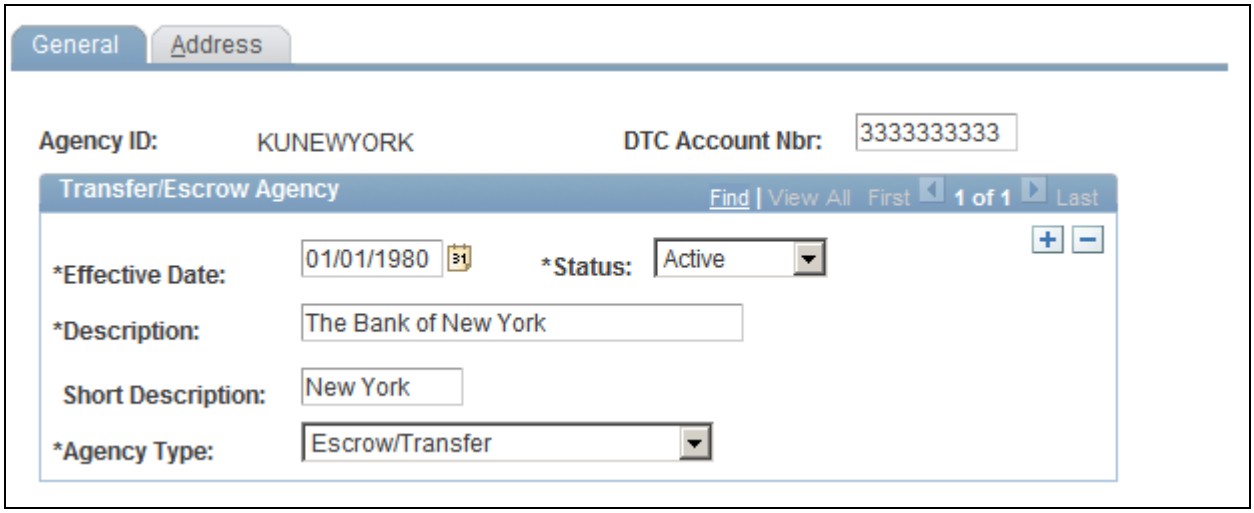
Defining Your Transfer/Escrow Agencies

Access the Transfer/Escrow Agency - General page (Set Up HRMS, Product Related, Stock, Foundation Rules, Transfer/Escrow Agency, General).



Transfer/Escrow Agency - General page

DTC Account Nbr (Depository Trust Company account number) — Enter the electronic ID of the transfer agent, escrow agent, or institution for electronically issued shares. This ID can be alphanumeric.

Agency Type — Select the type of service that the agency provides. Values are *Escrow*, *Transfer*, and *Escrow/Transfer*.

Defining Brokerage Branches

Access the Brokerage/Branch Table page.

Enter the branch's address information.

Defining FMV Methods

Access the FMV Method Table page (Set Up HRMS, Product Related, Stock, Foundation Rules, FMV Method Table).

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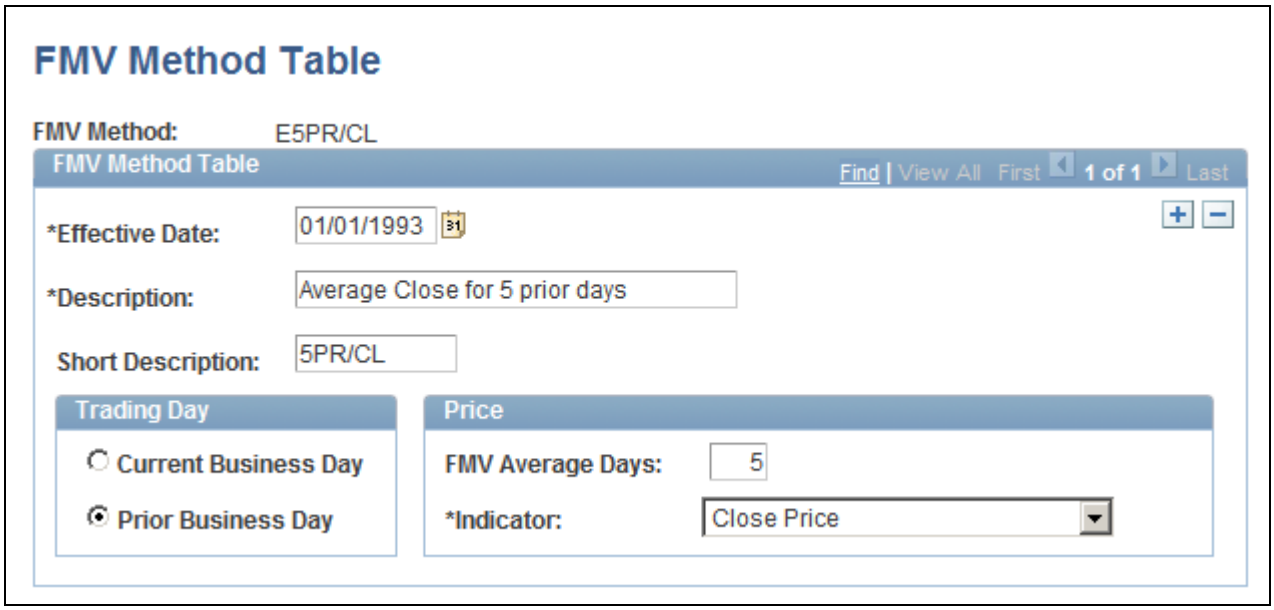

FMV Method Table page

Stock Administration enables you to select the same or different FMV methods for your various stock plans.

Trading Day

Select which day's stock price to use for the FMV calculation.

Price

FMV Average Days Enter the number of days to use when calculating an average. If you enter 0, the system uses the default of one day. If no averaging is needed, leave the default of one day

Indicator Select which stock price to use in the FMV calculation. Values are:

Ask Price, *Average Bid/Ask*, *Average High/Low*, *Average Open/Close*, *Bid Price*, *Close Price*, *High Price*, *Low Price*, *Open Price*, and *Private*.

Select *Private* if your company is privately held. Enter the FMV price determined by your Board of Directors on the Daily Prices Tracking page.

Note. You can override the FMV method at the transaction level, and you can have different FMVs for different transactions within your stock administration system.

See Also

PeopleSoft Enterprise HRMS 9.1 Application Fundamentals PeopleBook, "Setting Up and Working with Currencies"

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Setting Up Stock Rules

To set up stock rules, use the Stock Table (STOCK_TBL), Stock Agent Table (STOCK_AGENT), Stock Branch Table (STOCK_BRANCH), and the Stock Exchange Table (STOCK_EXCHANGE) components. This section provides an overview of stock rules and discusses how to:

- Create a stock ID.
- Link escrow and transfer agencies to a stock.
- Link brokerages and their branches to a stock.
- Define brokerage branch contacts.
- Link a stock exchange to a stock.

Stock Rules

After you set up foundation tables, create a key identifier for your company's stock and add default values for your stock plans, including the stock's par value, CUSIP number, and the accounting standard for valuing stock options and purchases. You can override some of these values at the plan level to accommodate special circumstances or at the stock detail level as the profile of your stock changes over time. For instance, your stock exchange and symbol might change, but the key identifier remains the same.

Reports that are relevant to the tasks that are discussed in this section are:

- Stock Agent report (STSU017)
- Stock Branch report (STSU018)

See Also

Appendix B, "Stock Administration Reports," page 307

Pages Used to Set Up Stock Rules

Page Name	*Definition Name*	*Navigation*	*Usage*
Stock Table	STOCK_TBL	Set Up HRMS, Product Related, Stock, Stock Rules, Stock Table	Create a unique stock ID that identifies a stock.
Stock Agent Table	STOCK_AGENT	Set Up HRMS, Product Related, Stock, Stock Rules, Stock Agent Table	Link escrow and transfer agencies that provide service for your stock with a stock ID, and add contact information.

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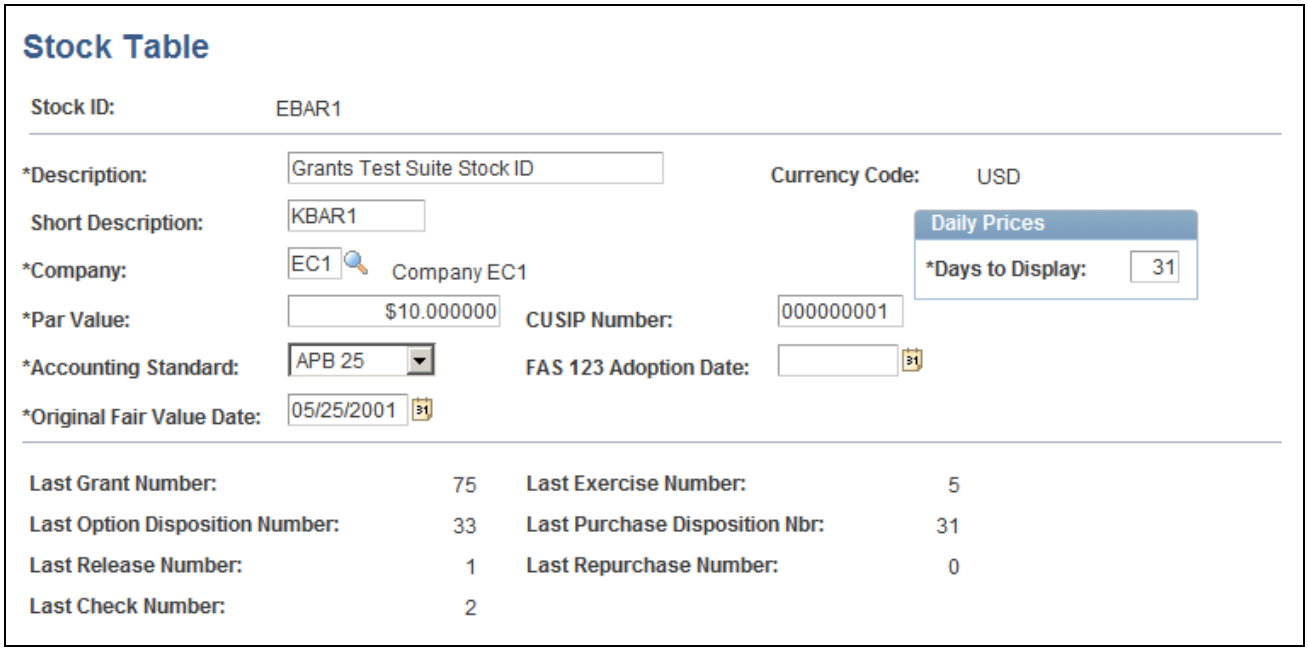
Page Name	*Definition Name*	*Navigation*	*Usage*
Stock Branch Table - General	STOCK_BRANCH1	Set Up HRMS, Product Related, Stock, Stock Rules, Stock Branch Table, General	Link brokerage branches to stock IDs, and define fee options and captive broker authorization.
Stock Branch Table - Contact	STOCK_BRANCH2	Set Up HRMS, Product Related, Stock, Stock Rules, Stock Branch Table, Contact	Define brokerage branch contacts.
Stock Exchange Table - General	STOCK_EXCHANGE1	Set Up HRMS, Product Related, Stock, Stock Rules, Stock Exchange Table, General	Link a stock ID with a stock exchange and define exchange details.
Stock Exchange Table - Contact	STOCK_EXCHANGE2	Set Up HRMS, Product Related, Stock, Stock Rules, Stock Exchange Table, Contact	Define stock exchange contacts.

Creating a Stock ID

Access the Stock Table page (Set Up HRMS, Product Related, Stock, Stock Rules, Stock Table).



Stock Table page

Par Value Enter the stock's par value. This is informational only.

CUSIP Number Enter the stock's CUSIP number.

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Accounting Standard Select the financial accounting standard that your organization has adopted for valuing stock options and stock purchases. Values are: *FAS 123* and *APB 25.*

FAS 123 Adoption Date If applicable, enter the date your organization adopted FAS 123.

Original Fair Value Date Enter the date your company either adopted the expense recognition requirements of FAS 123 or began to disclose the proforma impact of FAS 123.

If you selected FAS 123 as the accounting standard, enter the first day of your company's first fiscal year *after* 12/15/1995.

If you selected APB 25 enter the first day of your company's first fiscal year *after* 12/15/1994.

Note. When you run the Valuation Audit report, the system identifies all grants issued after this date that do not have a valuation record.

Days to Display Enter the number of days that you want to display on the Maintain Daily Prices page.

Displayed Tracking Numbers

These tracking numbers (Last Grant Number, Last Exercise Number, and so on) are display-only and are continuously updated to reflect transactions processed by Stock Administration. The numbers start at 0 (zero) for each new stock ID.

See Also

Chapter 22, "Accounting for Stock-Based Compensation Plans," page 267

Chapter 6, "Managing Stock Administration," Specifying Daily Stock Prices, page 101

Linking Escrow and Transfer Agencies to a Stock

Access the Stock Agent Table page.

Agency Type Select *Escrow* if the agency provides only escrow services, *Transfer* if the agency provides only transfer services, or *Escrow/Transfer* if the agency provides both services.

Linking Brokerage Branches to Stock IDs

Access the Stock Branch Table - General page (Set Up HRMS, Product Related, Stock, Stock Rules, Stock Branch Table, General).

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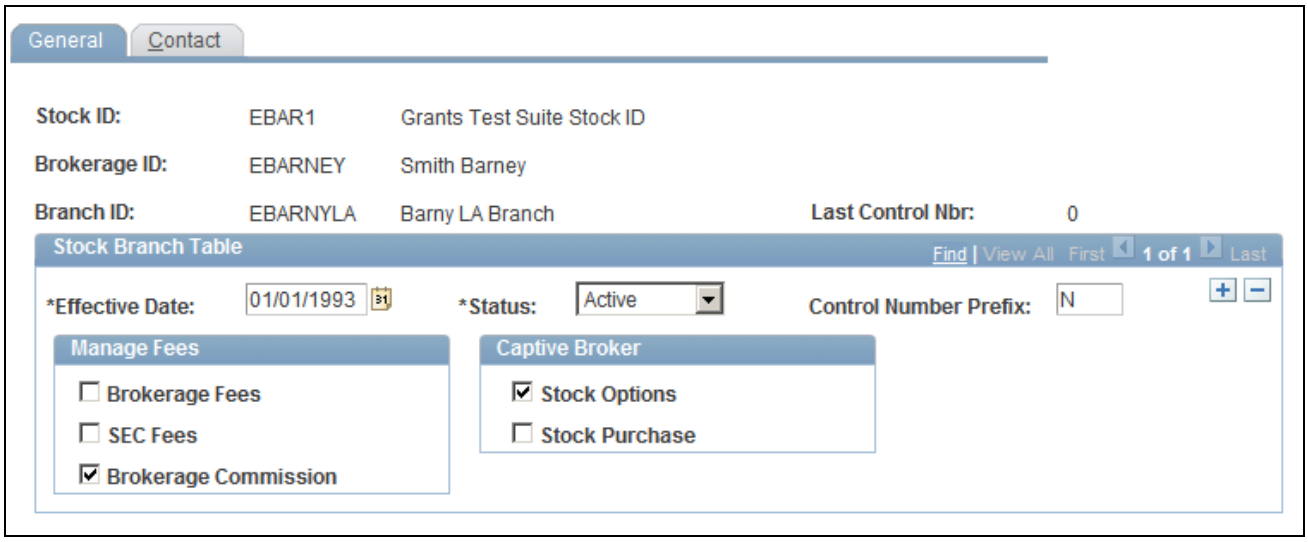

Stock Branch Table - General page

Last Control Nbr This field displays the last control number used for this branch.

Control Number Prefix Enter a prefix to associate with a last control number. The system will generate a sequential number with the prefix that you enter. For example, you may want to enter 2000 to identify the last control numbers from calendar year 2000. This field is optional.

Manage Fees

Select the fee fields to enable on the Exercise Sales and Release Sales pages. You may select more than one.

Captive Broker

Stock Options and **Stock Purchase** Select to designate the authorized brokerage for stock option plans and for stock purchase plans, respectively.

Defining Brokerage Branch Contacts

Access the Stock Branch Table - Contact page (Set Up HRMS, Product Related, Stock, Stock Rules, Stock Branch Table, Contact).

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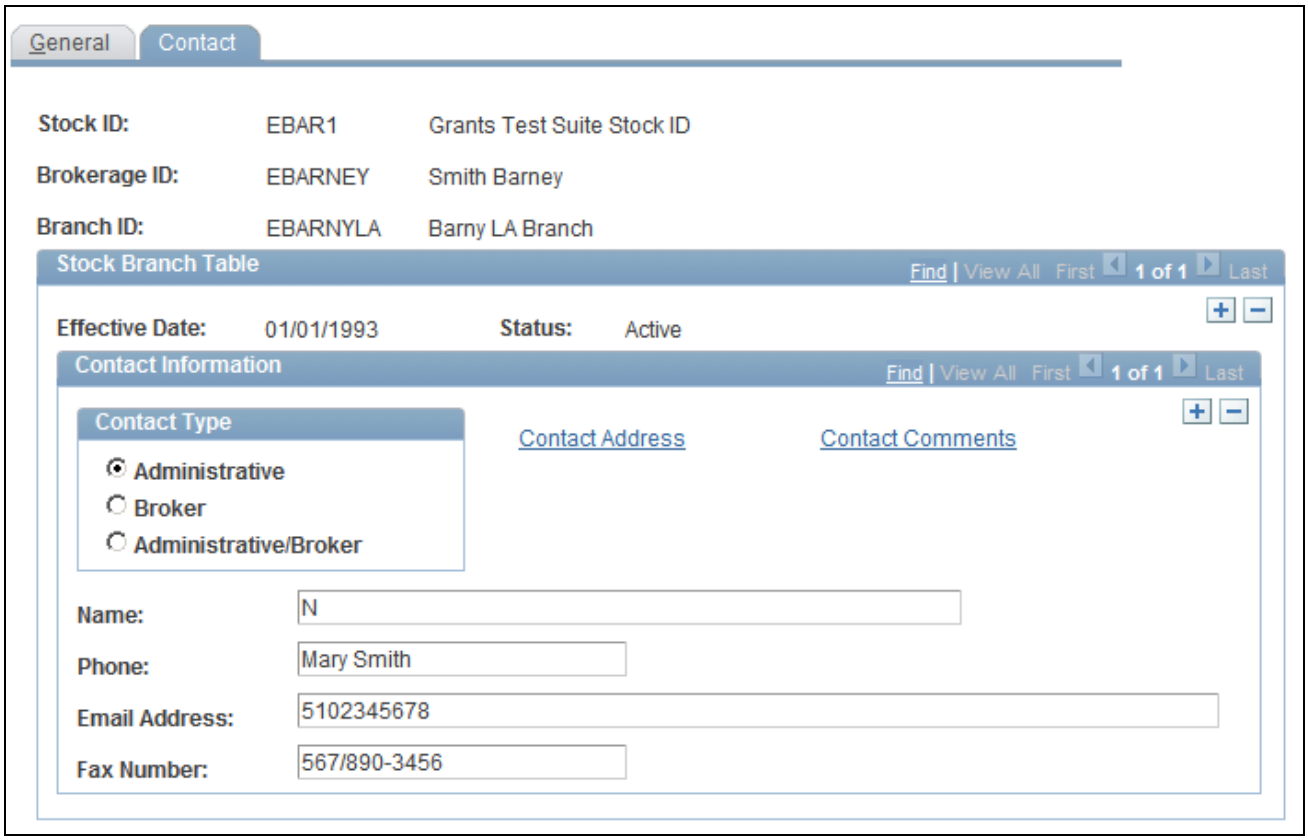

Stock Branch Table - Contact page

Contact Type Values are: *Administrative*, *Broker*, or *Administrative/Broker*. You can identify one person or different people to serve as the administrative and broker contact.

Linking a Stock ID to a Stock Exchange

Access the Stock Exchange Table - General page (Set Up HRMS, Product Related, Stock, Stock Rules, Stock Exchange Table, General).

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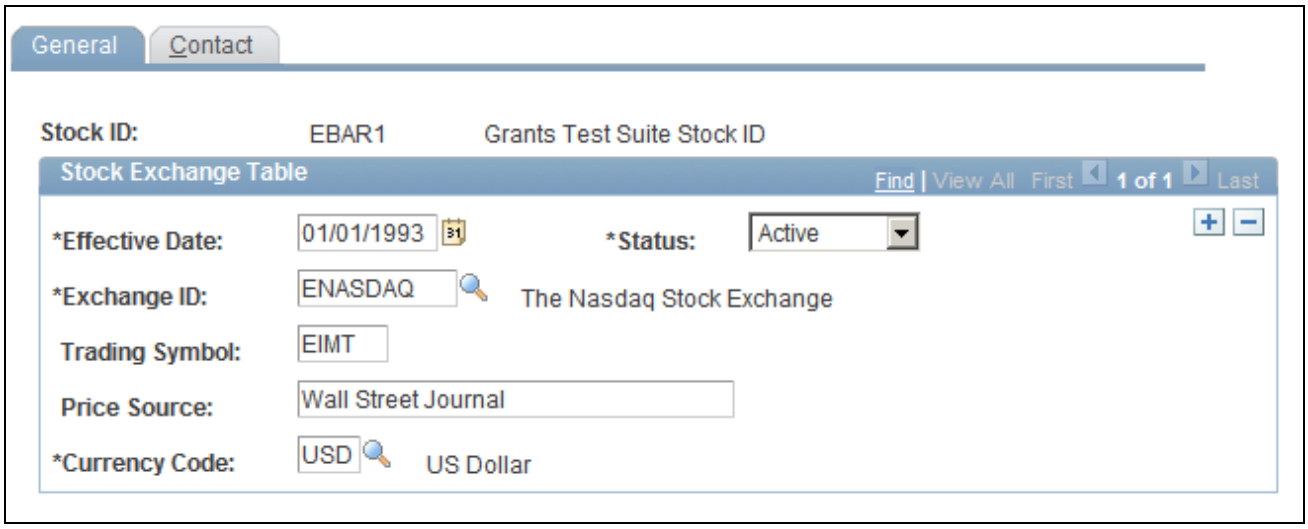

Stock Exchange Table - General page

Trading Symbol Enter the stock's trading symbol.

Price Source Enter the source used to report and track daily prices. This field is for information only.

Defining Stock Details

To define stock details, use the Stock Details (STOCK_DTL) component.This section discusses how to:

- Define the general characteristics of your stock.
- Define common rules for stock option and stock purchase plans.
- Define stock option plan rules.
- Define stock options earnings codes.
- Define stock purchase plan rules.
- Define stock purchase earnings codes.

Use the Stock Details component to define the attributes of your stock that can change over time, such as the transfer agent, rounding rules, and earnings codes. You can change a stock's attributes, such as when a stock changes from private to publicly traded, and maintain consistency of the other features of the stock.

Generate the Stock Detail report (STSU019) to view stock detail information.

See Also

Appendix B, "Stock Administration Reports," page 307

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Pages Used to Define Stock Details

Page Name	*Definition Name*	*Navigation*	*Usage*
Stock Details - General	STOCK_DTL1	Set Up HRMS, Product Related, Stock, Stock Rules, Stock Details, General	Define general characteristics of the stock, such as public/private status, SEC registration, and escrow and transfer agents.
Stock Details - Common Rules	STOCK_DTL2	Set Up HRMS, Product Related, Stock, Stock Rules, Stock Details, Common Rules	Define rules common to stock option and stock purchase plans, including fractional share, stock price, and non-trading day rules.
Stock Details - Stock Options	STOCK_DTL3	Set Up HRMS, Product Related, Stock, Stock Rules, Stock Details, Stock Options	Define rules specific to stock option plans, such as earnings codes, company share limit, ISO limit rule, captive broker, and agreement details.
Stock Option Earnings Codes	STOCK_DTL_SEC1	Click Stock Option Earnings Codes on the Stock Details - Stock Options page.	Define stock option earnings codes.
Stock Details - Stock Purchases	STOCK_DTL4	Set Up HRMS, Product Related, Stock, Stock Rules, Stock Details, Stock Purchases	Define rules specific to stock purchase plans, such as earnings codes, purchase value limit, and captive broker.
Stock Purchase Earnings Codes	STOCK_DTL_SEC2	Click Stock Purchase Earnings Codes on the Stock Details - Stock Purchases page.	Define the stock purchase earnings codes for disqualified and qualified dispositions.
Stock Details - Contact	STOCK_DTL5	Set Up HRMS, Product Related, Stock, Stock Rules, Stock Details, Contact	Add the name, phone number, email address, and fax number of the stock administrator.

Defining the General Characteristics of Your Stock

Access the Stock Details - General page (Set Up HRMS, Product Related, Stock, Stock Rules, Stock Details, General).

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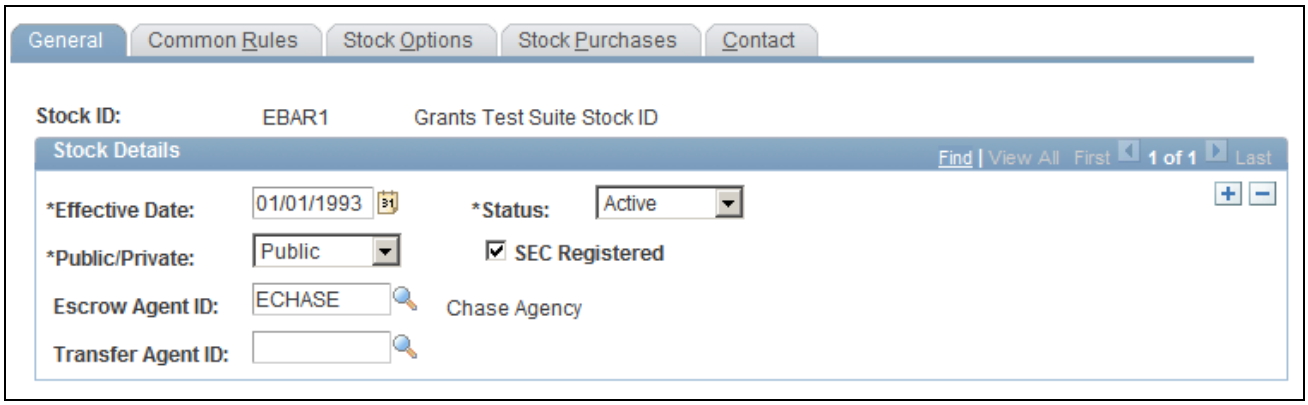


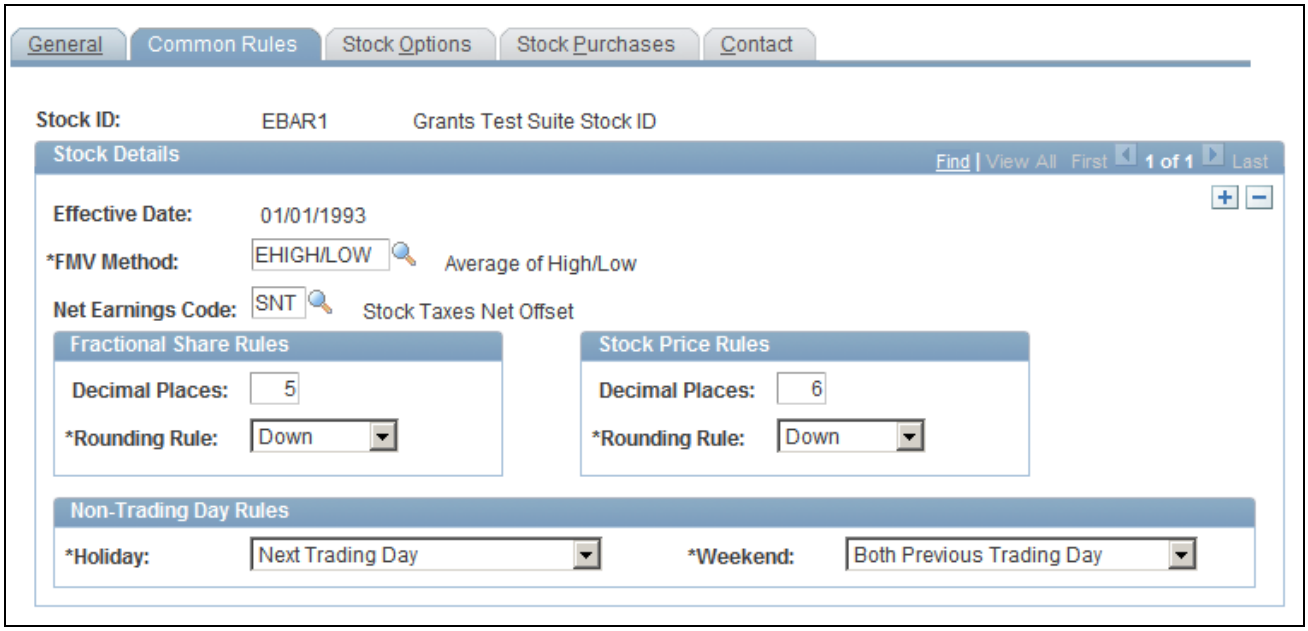
Stock Details - General page

Public/Private Selecting *Private* indicates that the stock is not publicly traded on an exchange and the Maintain Daily Prices page displays only *Private*. The default is *Public*.

SEC Registered Select if your company's stock is registered with the SEC.

Defining Common Rules for Stock Option and Stock Purchase Plans

Access the Stock Details - Common Rules page (Set Up HRMS, Product Related, Stock, Stock Rules, Stock Details, Common Rules).



Stock Details - Common Rules page

FMV Method Select the method to determine fair market value. FMV methods are defined on the FMV Method Table page.

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Net Earnings Code Select the earnings code that is used to net out the taxes sent to Payroll for North America so that a check is not generated.

Decimal Places Specify how many decimal places to use for fractional shares and stock prices. Enter a number from 1 to 6.

Rounding Rule Specify how to round the fractional shares and stock prices.

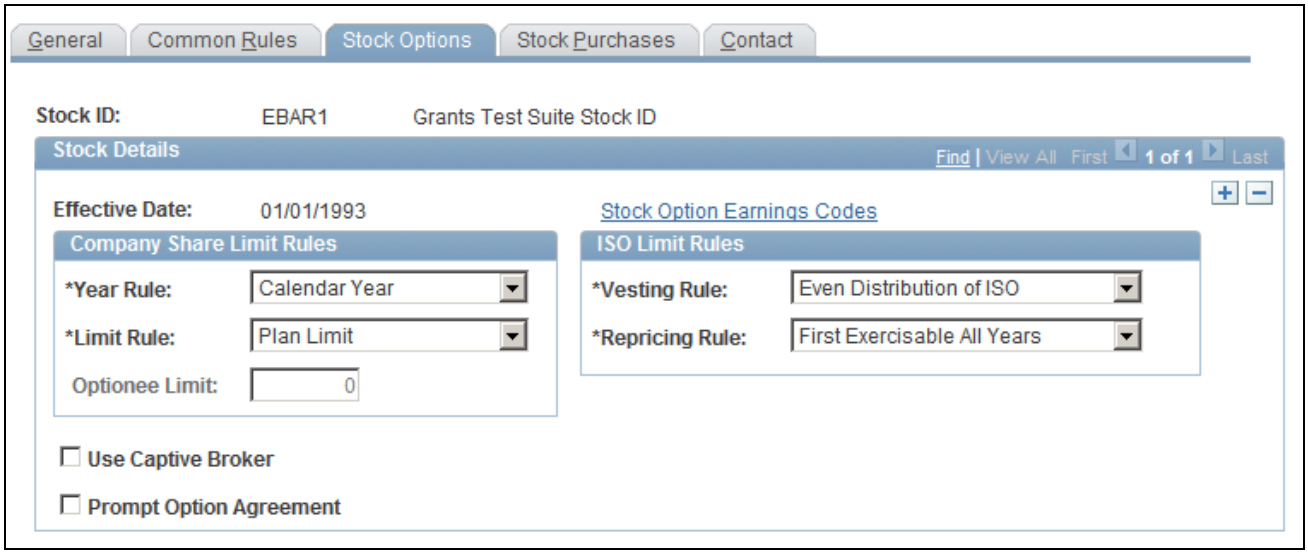
Holiday Determine which day's price to use when an FMV calculation includes a holiday. Values are *Previous Trading Day* and *Next Trading Day*.

Weekend Specify the combination of day's prices to use when an FMV calculation includes a weekend. Values are:

- *Both Next Trading Day*. The system uses the next trading day's price for both weekend days.
- *Both Previous Trading Day*
- *Saturday Next - Sunday Previous*
- *Saturday Previous - Sunday Next*

Defining Rules for Stock Option Plans

Access the Stock Details - Stock Options page (Set Up HRMS, Product Related, Stock, Stock Rules, Stock Details, Stock Options).



Stock Details - Stock Options page

Stock Option Earnings Codes Click to access the Stock Option Earnings Code page, where you can define stock option earnings codes.

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Year Rule	Select either *Calendar Year* or *Fiscal Year* to indicate how your company calculates any company-mandated annual share limits on stock option grants to optionees. Select *Calendar Year* if your company does not impose a share limit. If you select *Fiscal Year*, use the Stock Fiscal Year page to define the fiscal year.
Limit Rule	Select *Stock Limit* if your company limits the number of shares granted to each optionee for this stock ID. Select *Plan Limit* if your company limits the number of shares granted to each optionee by stock plan.
Optionee Limit	Enter the number of shares each optionee is limited to. This field is available if you select *Stock Limit* as the limit rule.
Vesting Rule	Specify the rule to use for handling the amount over the ISO limit. Select *Even Distribution of ISO* to use the same percentage over the limit to determine the total non-qualifying (NQ) shares. Select *Maximum ISO limit each year* to use the actual percentage over the limit to determine the total NQ shares.
Repricing Rule	Select the rule for determining how repriced grants contribute to the ISO limit. Select *First Exercisable All Years* to look at the shares first exercisable in all years. Select *First Exercisable as of Reprice* to look at the shares first exercisable the year of the reprice up to the reprice date.
Use Captive Broker	Select to require that participants use a captive broker for options transactions that require a broker.
Prompt Option Agreement	Select to have the system display a warning message for exercise transactions that do not have a related agreement on file.

See Also

Chapter 7, "Administering Stock Option Plans," Validation of ISO Limits, page 119

Defining Stock Option Earnings Codes

Access the Stock Option Earnings Codes page (click Stock Option Earnings Codes on the Stock Details - Stock Options page).

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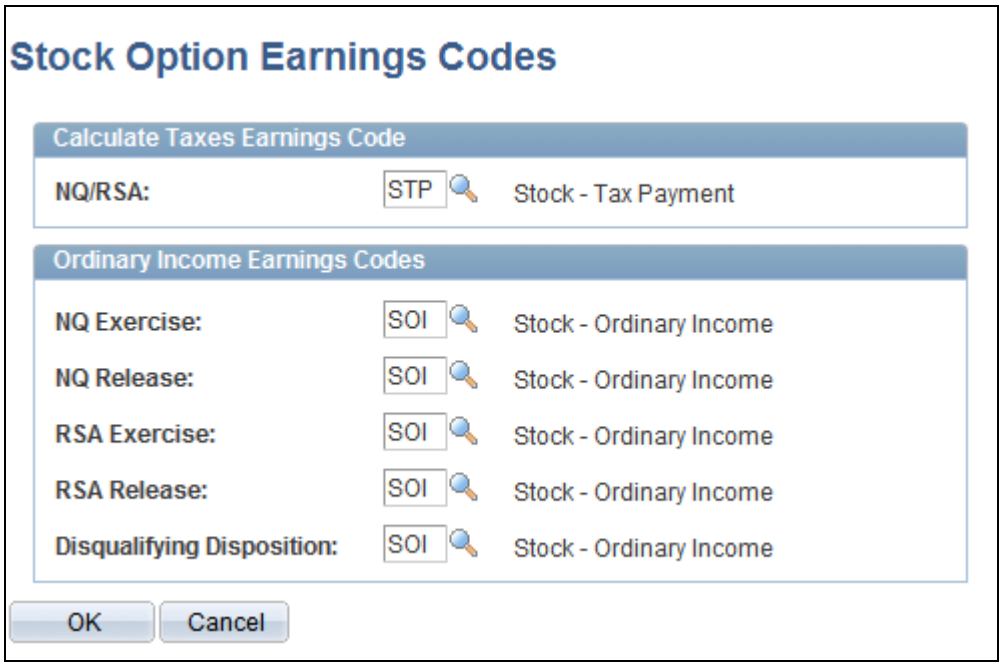

Stock Option Earnings Codes page

Select the earnings codes for sending option income and taxes to Payroll for North America. The payroll system can then include these amounts in the employee's year-to-date earnings totals and taxes.

Calculate Taxes Earnings Code

Select the tax earnings code to use for stock option transactions.

Ordinary Income Earnings Codes

Select the ordinary income earnings code to use for each type of stock option transactions.

See Also

PeopleSoft Enterprise Payroll for North America 9.1 PeopleBook, "Defining Earnings Codes and Earnings Programs"

Defining Stock Purchase Plan Rules

Access the Stock Details - Stock Purchases page (Set Up HRMS, Product Related, Stock, Stock Rules, Stock Details, Stock Purchases).

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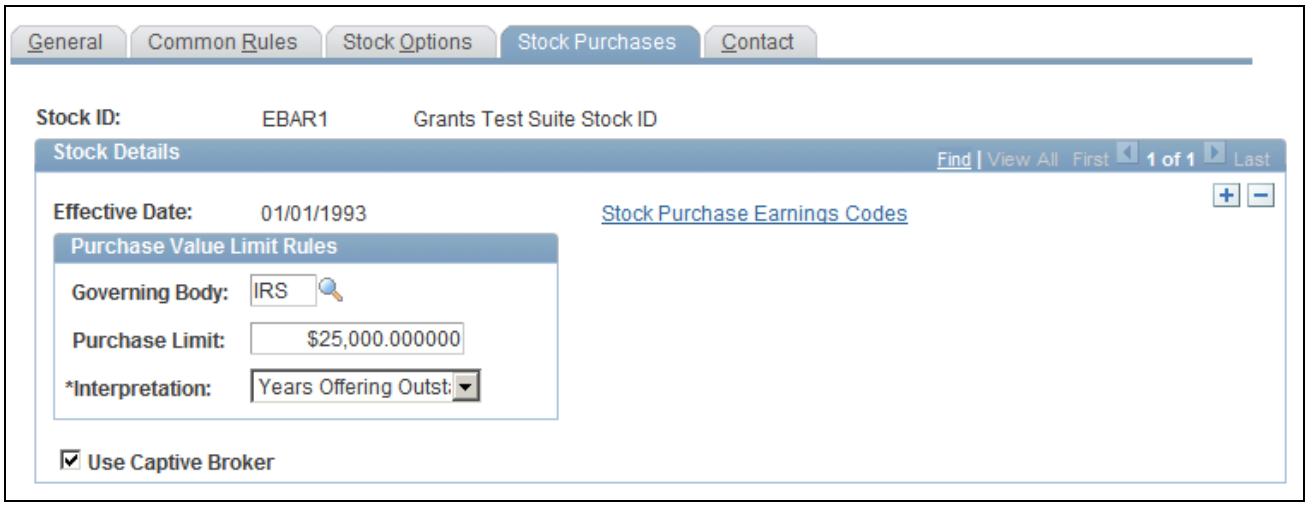

Stock Details - Stock Purchases page

Stock Purchase Earnings Codes Click to access the Stock Purchase Earnings Codes page, where you can define ordinary income earnings codes for disqualifying and qualifying dispositions.

Governing Body The regulatory body that governs equity compensation plans.

Purchase Limit By default, this field displays the purchase value limit defined on the Governing Body Rules- Stock Purchase Rules page. You can change the value.

Interpretation Select *Calendar Year* if the purchase limit spans a calendar year. Select *Years Offering Outstanding* if the purchase limit spans an offering period greater than a calendar year.

Use Captive Broker Select to require that participants use a captive broker for stock purchase transactions that require a broker.

See Also

PeopleSoft Enterprise Payroll for North America 9.1 PeopleBook, "Defining Earnings Codes and Earnings Programs"

Defining Stock Purchase Earnings Codes

Access the Stock Purchase Earnings Codes page (click Stock Purchase Earnings Codes on the Stock Details - Stock Purchases page).

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Stock Purchase Earnings Codes page

Creating Stock Agreements and Stock Legends

To create stock agreements and stock legends, use the Stock Agreement Table (STOCK_AGREEMENT) and Stock Legend Table (STOCK_LEGEND) components.

This section provides an overview of stock agreements and stock legends and discusses how to:

- Create stock agreements.
- Create stock legends.

Stock Agreements and Legends

Use the Stock Agreement Table page to create an agreement ID to include with participants' stock agreements. Use the Stock Legend Table page to create boilerplate text for the Transfer Agent Issuance Instructions report. Later, for each stock plan participant, you'll enter issuance instructions and select a stock legend on the Maintain Issuance Instructions page. You use the legends to communicate instructions to a transfer or escrow agent when you issue stock to participants.

You can generate the following reports for stock agreements and legends:

- Stock Agreement report (STSU012)
- Stock Legend report (STSU010)

See Also

Appendix B, "Stock Administration Reports," page 307

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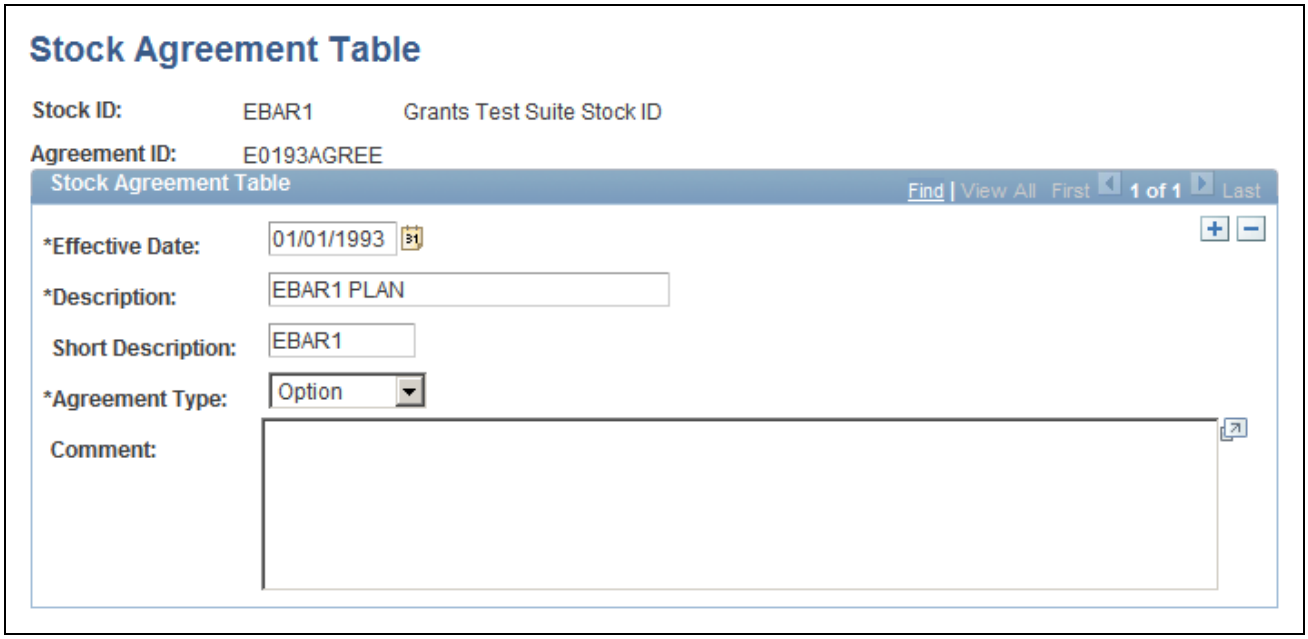
Pages Used to Create Stock Agreements and Legends

Page Name	*Definition Name*	*Navigation*	*Usage*
Stock Agreement Table	STOCK_AGREEMENT	Set Up HRMS, Product Related, Stock, Stock Rules, Stock Agreement Table	Create an agreement ID that's included on an individual's stock agreements.
Stock Legend Table	STOCK_LEGEND	Set Up HRMS, Product Related, Stock, Stock Rules, Stock Legend Table	Define stock legends for the Transfer Agent Issuance Instructions report.

Creating Stock Agreement IDs

Access the Stock Agreement Table page (Set Up HRMS, Product Related, Stock, Stock Rules, Stock Agreement Table).



Stock Agreement Table page

Agreement Type Select *Purchase* if the agreement is related to stock purchase plans, or *Option* if the agreement is related to option plans.

Defining Stock Legends

Access the Stock Legend Table page (Set Up HRMS, Product Related, Stock, Stock Rules, Stock Legend Table).

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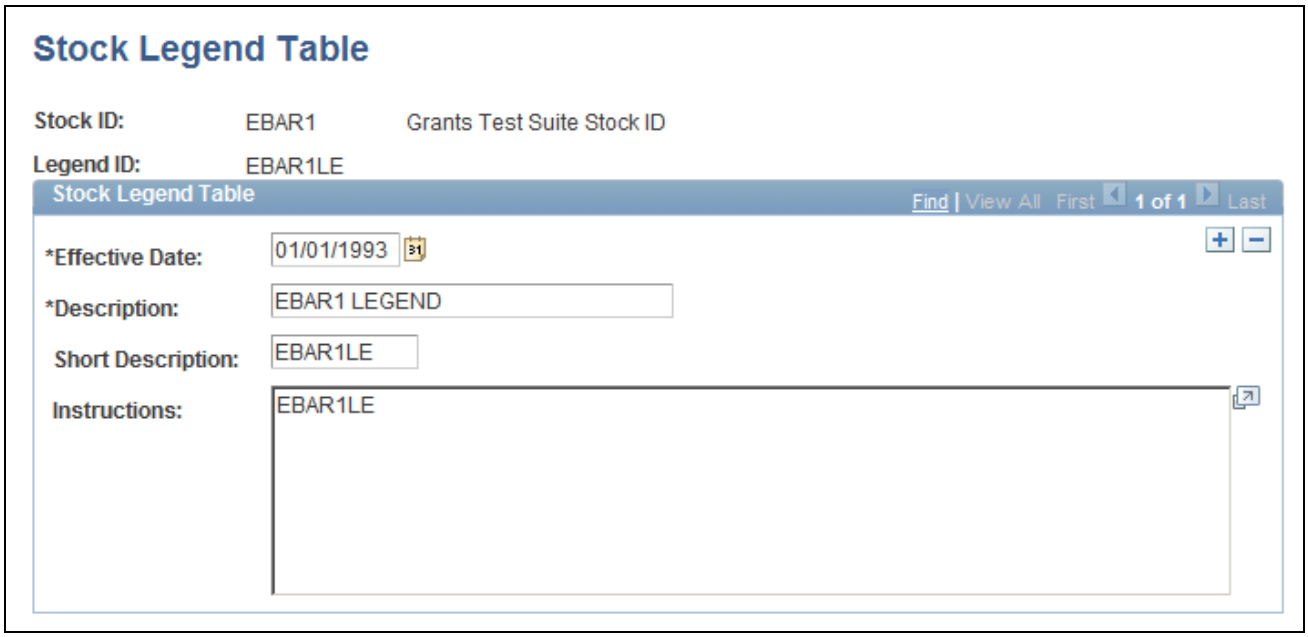

Stock Legend Table page

Instructions Enter the legend instructions for the transfer agent.

Defining Blackout Rules

To define blackout rules, use the Stock Blackout (ST_BLACKOUT) component.

This section provides an overview of blackout periods and discusses how to define blackout periods and affected participants.

Blackout Periods

Blackout periods specify when designated groups or individuals are blocked from buying or selling company stock. For the blackout periods that you define, you can select a combination of insiders, such as reporting persons, directors, officers, and individual participants, or you can blackout all participants. On the Insiders page, you associate individuals to the insider types. They are then subject to the defined blackout periods.

Generate the Stock Blackout report (STSU014) to view stock blackout information.

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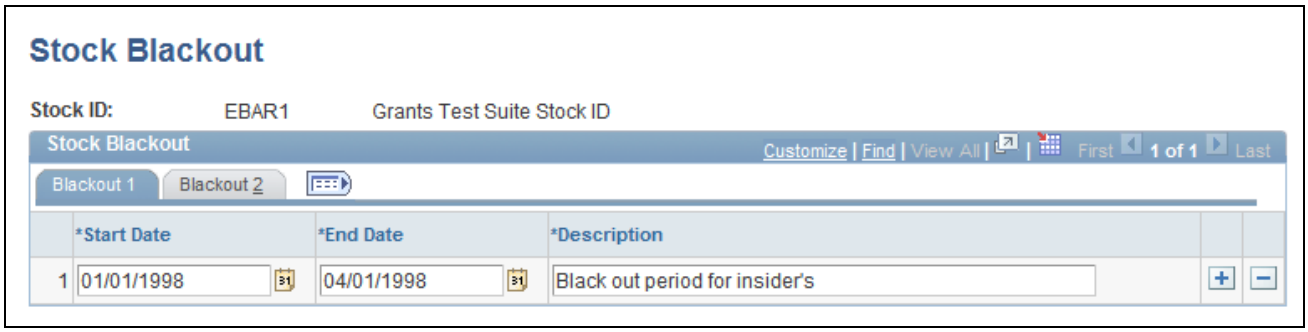
Pages Used to Define Blackout Rules

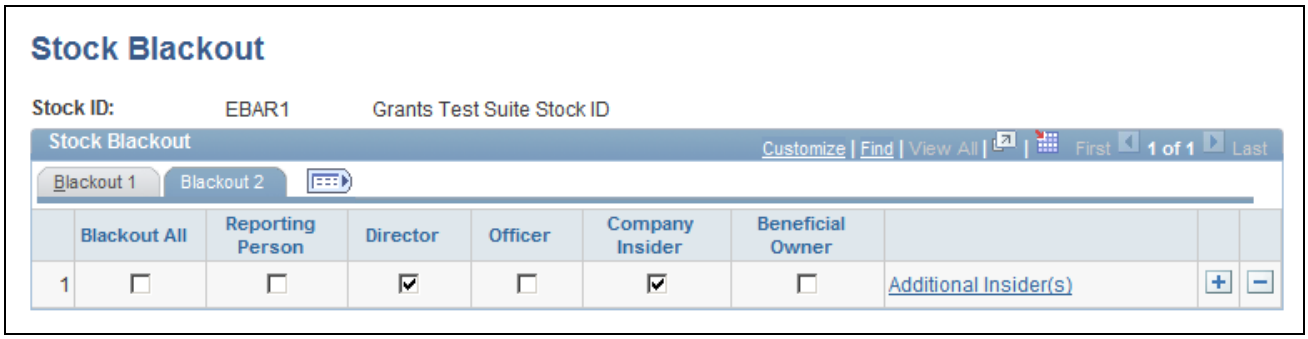
Page Name	*Definition Name*	*Navigation*	*Usage*
Stock Blackout	ST_BLACKOUT	Set Up HRMS, Product Related, Stock, Stock Rules, Stock Blackout	Define the blackout periods when designated groups or individuals are prevented from buying or selling company stock.
Additional Insider(s)	ST_BLACKOUT_SEC	Click Additional Insider(s) link on the Stock Blackout - Blackout 2 page.	Select additional individuals subject to the blackout period.

Defining Blackout Periods and Affected Participants

Access the Stock Blackout page (Set Up HRMS, Product Related, Stock, Stock Rules, Stock Blackout).



Stock Blackout page: Blackout 1 tab



Stock Blackout page: Blackout 2 tab

Blackout All Select to indicate that the blackout applies to all participants for a stock option or stock purchase plan. If you try to exercise or release an option using a method of same day sale or sell to cover, or you enter a disposition during a blackout period, the system displays a warning message. If you select this, the other check boxes default as selected and Additional Insider(s) is made unavailable.

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Reporting Person, Director, Officer, Company Insider, and **Beneficial Owner** — Select to indicate that the blackout applies to persons given the same label on the Insider page. If you try to exercise or release an option using a method of same day sale or sell to cover, or you enter a disposition during a blackout period, the system displays a warning message.

Additional Insider(s) — Click to access the Additional Insider page, where you can designate additional individuals to be subject to the blackout period.

Defining Process Groups

To define process groups, use the Process Group (ST_PROCESS_GRP) component. This section provides an overview of the purpose of process groups and discusses how to set up process groups.

Purpose of Process Groups

You can use process groups to group participants for processing, reconciliation, and reporting. You assign participants based on the company and pay group of the contributions gathered from Payroll for North America or from manual contributions. For stock options, you can use process groups to run various stock option reports or to report stock options transactions by company and pay group. Process groups enable you to process groups based on company and pay group combinations.

Generate the Process Groups report (STSU026) to view process group information.

Page Used to Set Up Process Groups

Page Name	*Definition Name*	*Navigation*	*Usage*
Process Groups	ST_PROCESS_GRP	Set Up HRMS, Product Related, Stock, Foundation Rules, Process Groups	Set up process groups.

Setting Up Process Groups

Access the Process Groups page (Set Up HRMS, Product Related, Stock, Foundation Rules, Process Groups).

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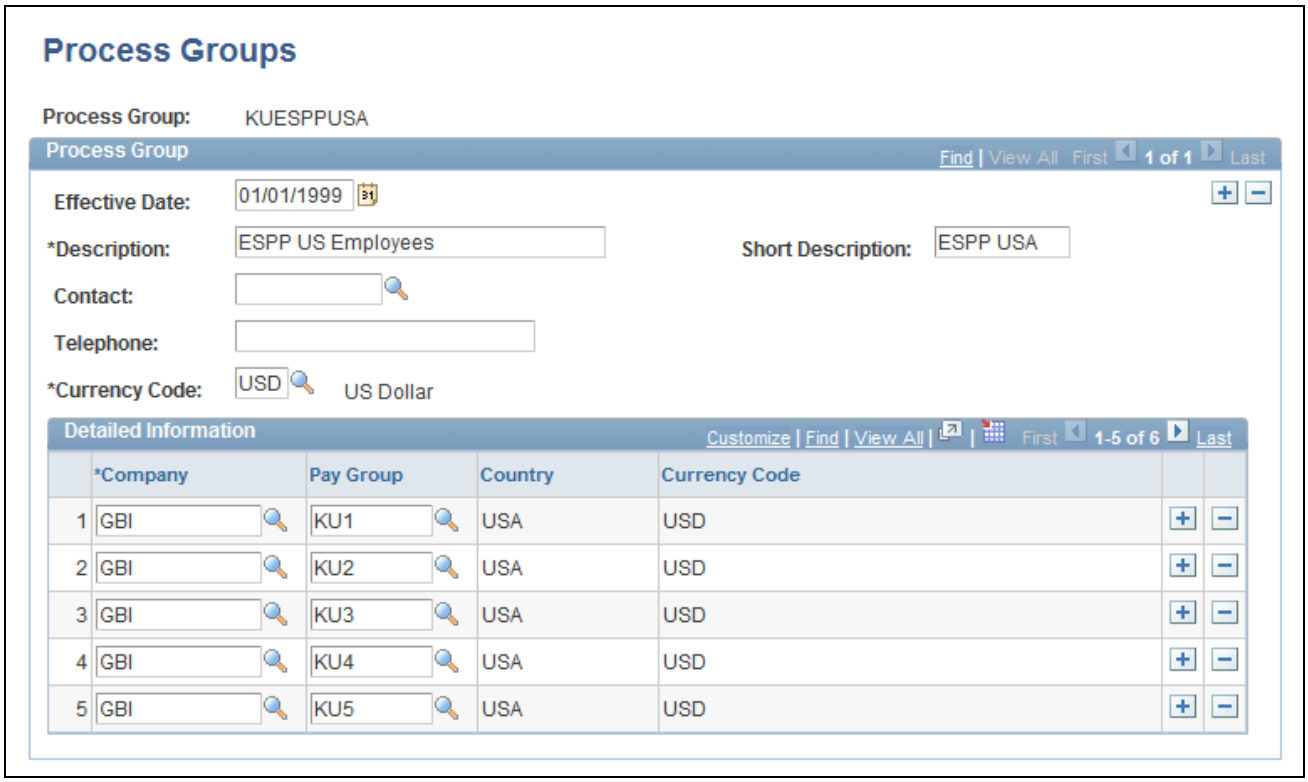

Process Groups page

Contact Select the employee ID of the process group contact.

Company Select a company to include in the process group. All companies in a process group must have the same currency.

Pay Group Select the pay group within the selected company to include in the process group. All pay groups in a process group must have the same currency.

Note. The currency codes for the company and pay group must match.

See Also

PeopleSoft Enterprise HRMS 9.1 Application Fundamentals PeopleBook, "Setting Up Organization Foundation Tables"

Allocating Shares to the Treasury, Stock Classes, and Plans

To allocate shares to the treasury, stock classes, and plans, use the Stock Treasury Table (STOCK_TREASURY), Stock Class Table (STOCK_CLASS), and Stock Plan Table (STOCK_PLAN) components.

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This section provides an overview of the share allocation procedure, lists common elements, and discusses how to:

- Define a treasury pool for a stock.
- Allocate shares to the treasury.
- Define stock classes for a stock.
- Allocate shares to a stock class.
- Define stock plans.
- Allocate shares to a stock plan.

Share Allocation Procedure

After you create a stock ID and define the attributes of your stock, define the stock's treasury pools, stock classes, and stock plans and allocate shares to each.

Use the Stock Treasury Table component to set up the initial stock allocation. Later, you can change the stock allocation based on board or shareholder approved actions, stock splits, or adjustments. You can set up a treasury ID for each class of SEC approved stock: common shares, preferred shares, and warrants.

The Stock Class Table component enables you to store and track different classes of equity securities. You can set up one class of common shares, multiple classes of preferred shares, and multiple classes of warrants. Then you allocate shares from your stock treasury to your various stock classes. You establish attributes related to the class of stock and track allocations to each individual stock class.

Use the Stock Plan Table component to allocate stock from your treasury to individual stock plans. You can create multiple plans for each stock plan types: stock option, stock purchase, and stock bonus.

Allocation Reports

You can generate the following reports to view stock allocations:

- Stock Treasury Table report (STSU015)
- Stock Plan report (STSU016)
- Stock Allocation report (STSU024)

See Also

Appendix B, "Stock Administration Reports," page 307

Common Elements Used in this Section

Allocation Date The date on which you allocate shares to the treasury, stock class, or stock plan.

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Allocation Type Available types are *Adjustment*, *Board App* (board approved), *Init Alloc* (initial allocation), *Shldr App* (shareholder approved), or *Split* (stock split).

Shares Allocated The number of shares that are allocated to or withdrawn from the treasury, stock class, or stock plan. You can add or subtract shares and may allocate more shares than are available in the treasury.

Treasury ID A code that identifies the treasury from which shares are being allocated.

Pages Used to Allocate Shares

Page Name	*Definition Name*	*Navigation*	*Usage*
Stock Treasury Table - General	STOCK_TREASURY1	Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Treasury Table, General	Define treasury pools for a stock ID.
Stock Treasury Table - Allocation	STOCK_TREASURY2	Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Treasury Table, Allocation	Allocate shares to the treasury.
Stock Treasury Details	STOCK_TREASURY_SEC	Click the Details link on the Stock Treasury Table - Allocation page.	Add comments about a treasury allocation and view the treasury ID record change history.
Stock Class Table - General	STOCK_CLASS1	Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Class Table, General	Define the different stock classes for a stock ID.
Stock Class Table - Allocation	STOCK_CLASS2	Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Class Table, Allocation	Allocate shares to stock classes.
Stock Class Details	STOCK_CLASS_SEC	Click the Details link on the Allocation 2 tab of the Stock Class Table - Allocation page.	Add comments about a stock class allocation and view the stock class record change history.
Stock Plan Table - General	STOCK_PLAN1	Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Plan Table, General	Define stock plans for a stock ID.
Stock Plan Table - Allocation	STOCK_PLAN2	Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Plan Table, Allocation	Allocate shares to a stock plan.

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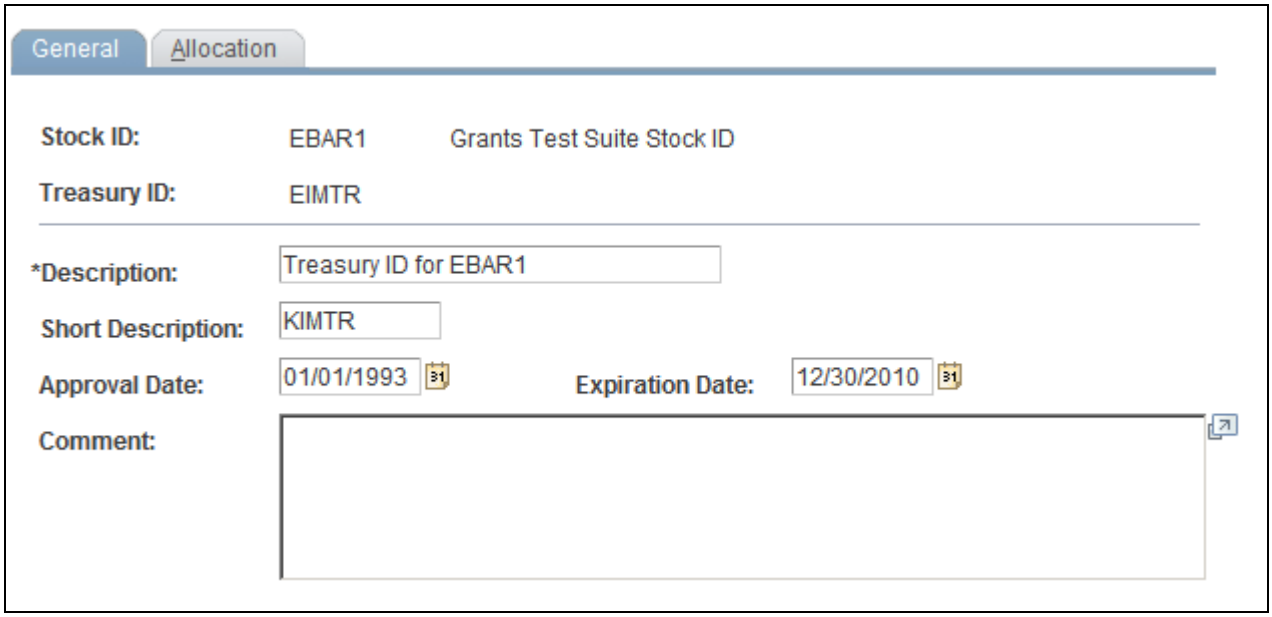
Page Name	*Definition Name*	*Navigation*	*Usage*
Stock Plan Details	STOCK_PLAN_SEC	Click the Details link on the Allocation 2 tab of the Stock Plan Table - Allocation page.	Add comments about the stock plan and view the stock plan record change history.

Defining Treasury Pools for a Stock

Access the Stock Treasury Table - General page (Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Treasury Table, General).



Stock Treasury Table - General page

Approval Date Enter the date that the treasury was approved.

Expiration Date Enter the date that the treasury allocation will no longer be active.

Allocating Shares to the Treasury

Access the Stock Treasury Table - Allocation page (Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Treasury Table, Allocation).

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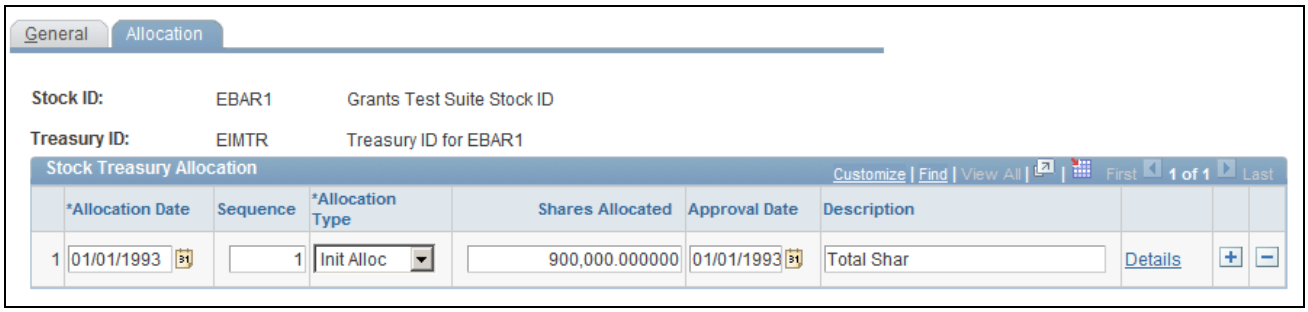


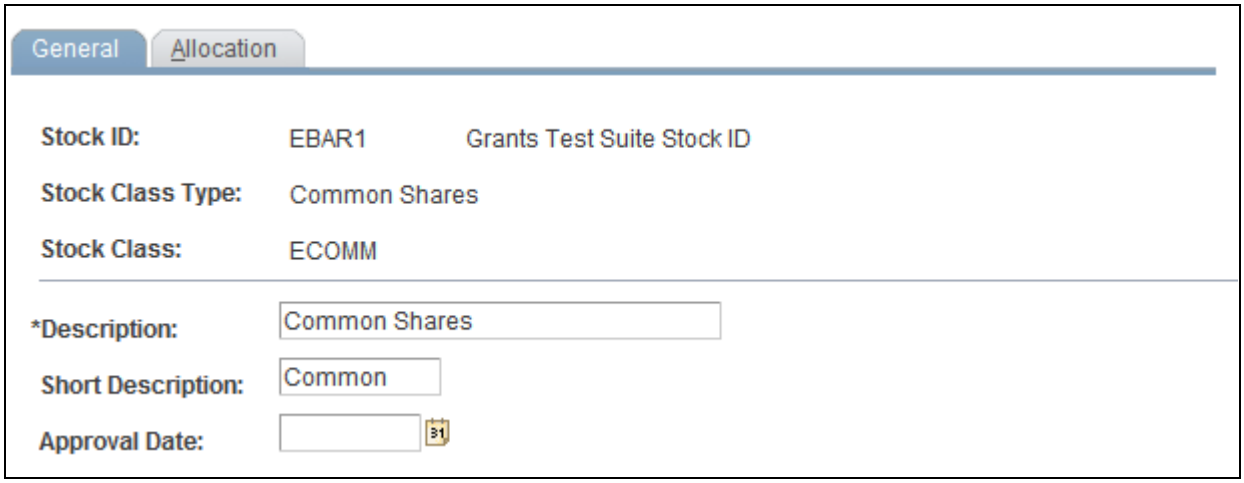
Stock Treasury Table - Allocation page

Approval Date Enter the date that the SEC approved the plan.

Details Click to access the Stock Treasury Details page, where you can add comments about the treasury allocation.

Associating Stock Classes with Stock IDs

Access the Stock Class Table - General page (Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Class Table, General).



Stock Class Table - General page

Approval Date Enter the date that the stock class was approved.

Allocating Shares to a Stock Class

Access the Stock Class Table - Allocation page (Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Class Table, Allocation).

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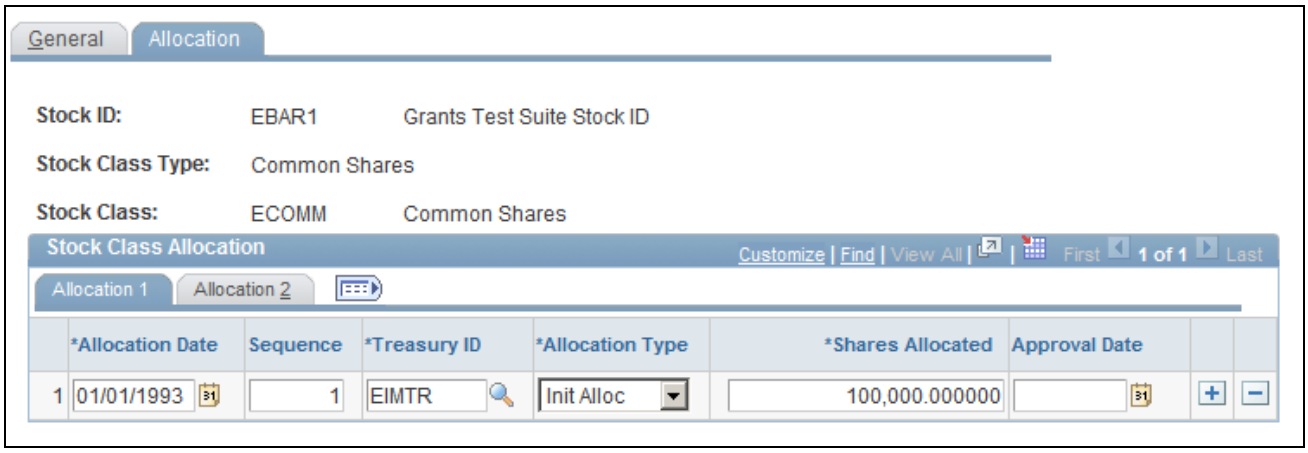


Stock Class Table - Allocation: Allocation 1 page

Allocation 1 Tab

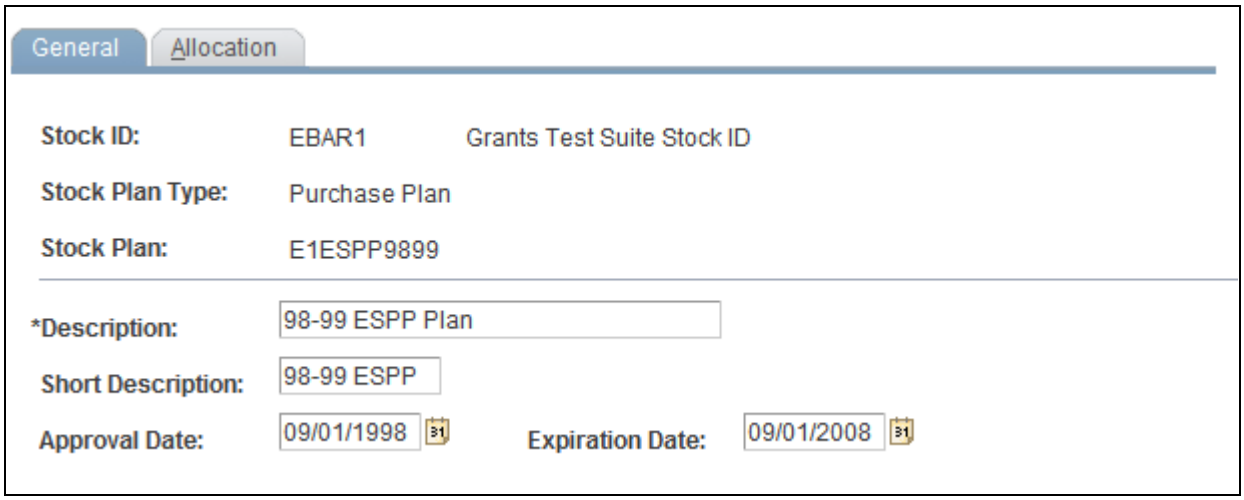
Approval Date Displays the approval date entered on the General page.

Allocation 2 Tab

Details Click to access the Stock Class Details page, where you can add comments about the stock class and view stock class record change history.

Defining Stock Plans

Access the Stock Plan Table - General page (Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Plan Table, General).



Stock Plan Table - General page

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Approval Date Enter the date the stock plan was approved.

Expiration Date Enter stock plan's expiration date. This field is not available if the plan type is common or preferred.

Note. For stock purchase plans, the stock plan ID must match the benefit plan ID set up by your benefits administrator on the Benefit Plan table.

Allocating Shares to a Stock Plan

Access the Stock Plan Table - Allocation page (Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Plan Table, Allocation).

This page is similar to the Stock Class Table - Allocation page.

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Chapter 4

Setting Up Stock Option Plans

This chapter provides an overview of the setup steps for stock option plans, lists prerequisites, and discusses how to:

- Create vesting schedules.
- Define stock fiscal year calendars.
- Define stock option plan rules.
- Set up tax rules.
- Define grant reasons.
- Define stock action rules.

Understanding Stock Option Plan Setup

This section discusses the steps for setting up stock option plans. Depending on how your organization administers its stock option plans, the majority of this setup phase is a one-time event that requires periodic maintenance on your part.

To set up stock option plans:

1. Create vesting schedules for stock options.
2. Define fiscal year calendars for stocks, if applicable.
3. Define basic stock option plan rules.

   Basic rules include the option types allowed, payment and income methods, share rules, FMV rules, and other parameters.
4. Define the tax rules.
5. Define the various reasons that you grant stock options.
6. Define stock action rules.

   These rules specify how certain changes in an optionee's human resources status can affect how the optionee participates in your stock plan.

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Prerequisites

Before you begin to set up stock option plans, define your stock administration business rules and create common setup tables.

See Also

Chapter 3, "Defining Stock Administration Business Rules," page 9

Creating Vesting Schedules

To create vesting schedules, use the Vesting Schedule (ST_VEST_SCHED) component.

This section discusses:

- Setting up vesting schedules.
- Common vesting schedules.

Vesting schedules govern when and in what proportions shares become available to optionees. Vesting schedules are used when you grant options.

You can generate the Vesting Schedule report (STUSU021) to view vesting schedule information.

See Also

Appendix B, "Stock Administration Reports," Stock Option Reports Using the Common Run Control Page, page 309

Page Used to Create a Vesting Schedule

Page Name	*Definition Name*	*Navigation*	*Usage*
Vesting Schedule	ST_VEST_SCHED	Set Up HRMS, Product Related, Stock, Option Plans, Vesting Schedule	Create vesting schedules.

Creating a Vesting Schedule

Access the Vesting Schedule page (Set Up HRMS, Product Related, Stock, Option Plans, Vesting Schedule).

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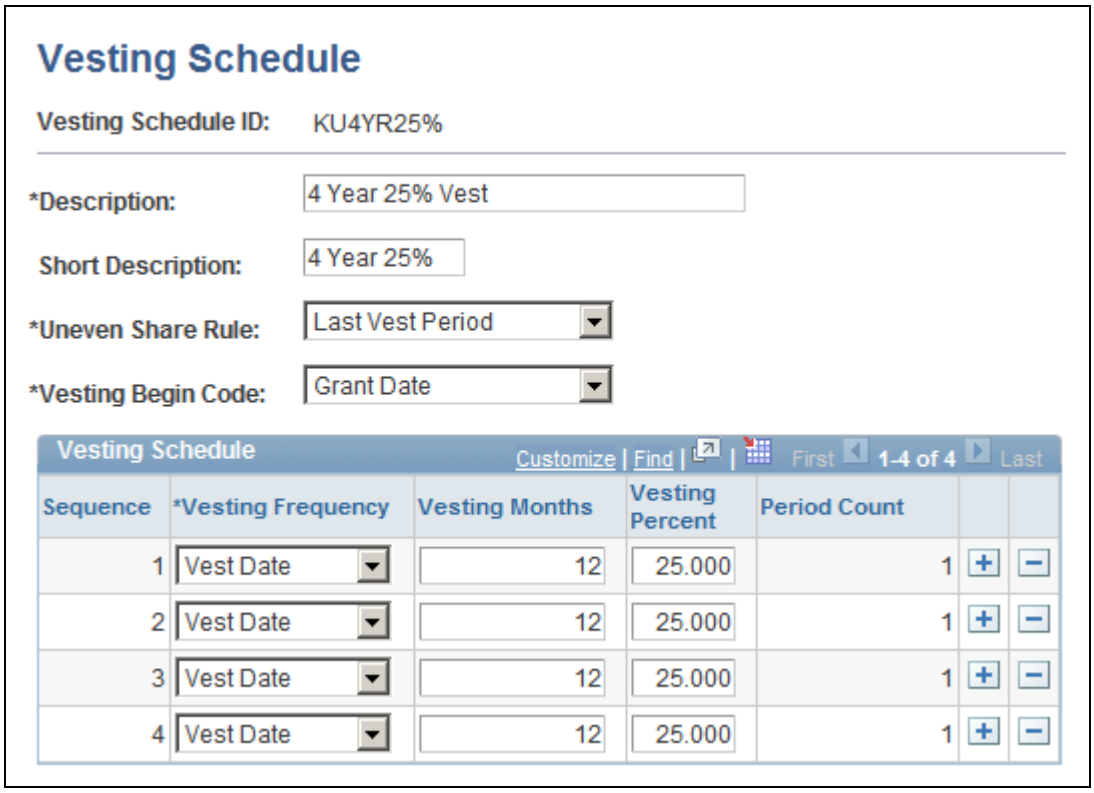

Vesting Schedule page

Uneven Share Rule Indicate how the system is to handle fractional shares:

Last Vest Period. Allocate to the last vesting period. This is the default value.

First Vest Period. Allocate to the first vesting period.

First Full Share. Accumulate over the vesting periods until the fractional shares add up to one full share, then add the share to the vesting period where that occurs.

Vesting Begin Code Select *Grant Date* (the default) to have vesting start on the grant date. Select *Start/Hire Date* to have vesting to start on the effective date of the Action of Hire. Select *Other Date* to enter a random date at the time of the grant on the Maintain Grants - Vesting page, the Modify Grants - Modify page, or the Create VC Grants - Grant page.

Sequence This field displays the row number in the vesting period sequence. Vesting schedules frequently have more than one sequence. For example, you can vest 25 percent of the grant after one year and then vest in quarterly increments over the next three years.

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Vesting Frequency You can select different vesting frequencies for different sequences within one vesting schedule. For each, the first vest date depends on the Vesting Begin Code selection. All other vest dates (excluding the first vest date) depend on the previous period vest date. The vesting frequency must logically match the vesting months.

Values are *Vest Date* (all shares vest as of the Vesting Begin Code date), *Monthly*, *Quarterly*, *SemiAnnual*, and *Annually*.

Vesting Months Enter the number of months in each vesting period. The vesting months must logically match the vesting frequency.

Vesting Percent Enter the percentage of shares vested during each vesting period. The sum of the percentages must total 100%.

Period Count This field displays the number of vest periods relative to the Vesting Frequency you selected and the number of Vesting Months you entered for the sequence. For example, if you select a Vest Frequency of Quarterly and enter 36 in the Vesting Months field, the system calculates a Period Count of 12 (the number of quarters in 36 months).

Common Vesting Schedules

Examples of common vesting schedules, and how you enter them in the Vesting Schedule page, follow.

Example 1: Shares Vest Equally Over Three Years Beginning One Year From Hire Date

You grant an option on 04/01/99 for 1,000 shares to vest equally over 3 years, starting one year from the optionee's hire date of 03/15/99. You can define a vesting schedule that looks like this:

Vesting Schedule ID: 3at33%-Service

Description: Shares vest in three equal increments beginning one year from the Service Date.

Uneven Share Rule: Last Vest Period

Vesting Begin Code: Start/Hire Date

Sequence	*Vesting Frequency*	*Vesting Months*	*Vesting Percent*	*Period Count*
1	Annually	12	33.00	1
2	Annually	12	33.00	1
3	Annually	12	34.00	1

Or you might create one entry:

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Sequence	Vesting Frequency	Vesting Months	Vesting Percent	Period Count
1	Annually	36	100.00	3

Because you specified the uneven shares load at the end of the vesting schedule, the fractional one-percent share is included in the last period. The shares vest as follows:

03/15/00 - 333 shares.

03/15/01 - 333 shares.

03/15/02 - 334 shares.

Example 2: All Shares Vest at Grant

You grant an option on 04/01/99 for 1,000 shares to vest 100% on the date of grant. You can define a vesting schedule that looks like this:

Vesting Schedule ID: 100%atGrnt

Description: All shares vest on the date they are granted.

Uneven Share Rule: First Full Share

Vesting Begin Code: Grant Date

Sequence	Vesting Frequency	Vesting Months	Vesting Percent	Period Count
1	Vest Date	0	100.00	1

Example 3: Shares Vest Equally Over Four Years Starting One Year From a Random Date

You grant an option on 04/01/99 for 1,000 shares to vest at 25% per year over four years starting one year from a random date of 10/01/98. The vesting schedule might look like this:

Vesting Schedule ID: 4at25%-Random

Description: Shares vest in four equal increments beginning one year from a random date.

Uneven Share Rule: First Full Share

Vesting Begin Code: Other Date

Sequence	Vesting Frequency	Vesting Months	Vesting Percent	Period Count
1	Annually	12	25.00	1
2	Annually	12	25.00	1

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Sequence	Vesting Frequency	Vesting Months	Vesting Percent	Period Count
3	Annually	12	25.00	1
4	Annually	12	25.00	1

Or you can create one entry:

Sequence	Vesting Frequency	Vesting Months	Vesting Percent	Period Count
1	Annually	48	100.00	4

When you grant the shares, you specify the date the shares start vesting on the Maintain Grants - Vesting page, the Modify Grants - Modify page, or the Create VC Grants - Grant page. The shares vest as follows:

On 10/01/99 - 250 shares.

On 10/01/00 - 250 shares.

On 10/01/01 - 250 shares.

On 10/01/01 - 250 shares.

Example 4: Quarter of the Shares Vest After One Year Then Monthly for Three Years

You grant an option on 04/01/99 for 1,000 shares to vest at 25% after one year from the date of grant and then monthly thereafter for the next year. You want to accumulate fractional shares over the vesting periods until they equal one full share, then add them to the vesting period where that occurs. You might define a vesting schedule that looks like this:

Vesting Schedule ID: 4YrCombo

Description: Shares vest 25% after 1 year and monthly thereafter for 3 years (36 months).

Uneven Share Rule: First Full Share

Vesting Begin Code: Grant Date

Sequence	Vesting Frequency	Vesting Months	Vesting Percent	Period Count
1	Annually	12	25.00	1
2	Monthly	36	75.00	36

The shares vest as follows:

On 04/01/00-250 shares.

On 05/01/00- 62 shares.

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On 06/01/00- 63 shares.

On 07/01/00- 62 shares.

On 08/01/00- 63 shares.

On 09/01/00- 62 shares.

On 10/01/00- 63 shares.

On 11/01/00- 62 shares.

On 12/01/00- 63 shares.

On 01/01/01- 62 shares.

On 02/01/01- 63 shares.

On 03/01/01- 62 shares.

On 04/01/01- 63 shares.

Defining Stock Fiscal Year Calendars

To define stock fiscal year calendars, use the Stock Fiscal Year (STOCK_FISCAL_YEAR) component. This section discusses how to define the fiscal year calendar for a stock.

Set up fiscal year calendars if you selected Fiscal as the Year Rule on the Stock Details - Stock Options page. This rule determines how the system calculates stock option share limits.

Suppose that you have a stock option plan that limits grants to 50,000 shares per optionee in a fiscal year. At the time of a grant, the system validates that the number of shares granted does not exceed the limit for the fiscal year as defined under the Stock Details - Stock Options page and the Stock Option Plan Rules - Shares page. If the grant exceeds the share limit you receive a warning.

Generate the Stock Fiscal Year report (STSU011) to view stock fiscal year information.

See Also

Chapter 4, "Setting Up Stock Option Plans," Defining Stock Option Plan Rules, page 50

Chapter 3, "Defining Stock Administration Business Rules," Defining Rules for Stock Option Plans, page 26

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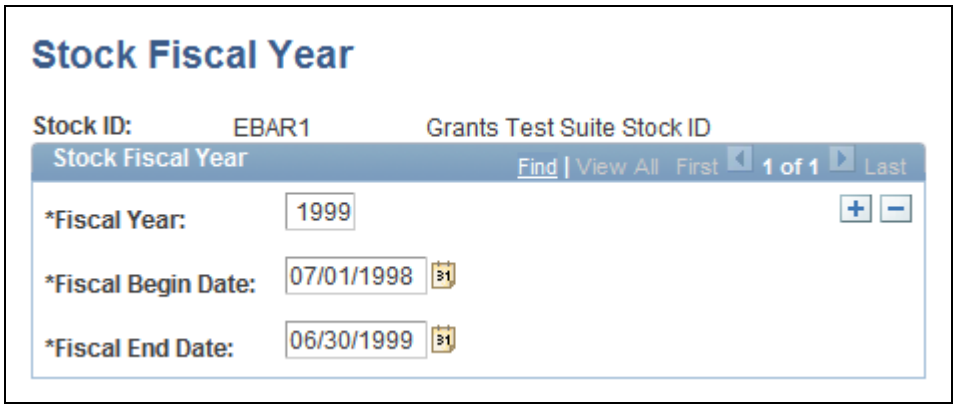
Page Used to Define the Stock Fiscal Year

Page Name	Definition Name	Navigation	Usage
Stock Fiscal Year	STOCK_FISCAL_YR1	Set Up HRMS, Product Related, Stock, Stock Rules, Stock Fiscal Year	Define the fiscal year calendar for a stock ID. You must first define a Stock ID on the Stock Table page.

Defining the Fiscal Year for a Stock

Access the Stock Fiscal Year page (Set Up HRMS, Product Related, Stock, Stock Rules, Stock Fiscal Year).



Stock Fiscal Year page

Fiscal Year Enter the four-digit year of the fiscal year you are defining.

Fiscal Begin Date This date should equal the previous fiscal year's end date plus one day.

Defining Stock Option Plan Rules

To define stock option plan rules, use the Stock Option Plan Rules (ST_OPTION_PLAN) component.

This section discusses how to:

- Define general rules for a stock option plan.
- Select payment and income methods for a stock option plan.
- Define rules to account for reacquired or unissued shares.
- Define FMV and non-trading day rules for a stock option plan.
- Define option parameters for a stock option plan.

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After you create vesting schedules, you can define your option plans. Plans can include the following option types: NQ, ISO, RSA, NQ/SAR, and ISO/SAR (non qualified, incentive stock options, restricted stock awards, non qualified/stock appreciation right, and incentive stock options/stock appreciation right).

Generate the Stock Option Plan Rules report (STSU020) to view rules for your stock option plans.

See Also

Chapter 7, "Administering Stock Option Plans," Stock Option Types, page 118

Chapter 3, "Defining Stock Administration Business Rules," Defining FMV Methods, page 16

Chapter 3, "Defining Stock Administration Business Rules," Defining Common Rules for Stock Option and Stock Purchase Plans, page 25

Pages Used to Define Stock Option Plan Rules

Page Name	*Definition Name*	*Navigation*	*Usage*
Stock Option Plan Rules - General	ST_OPTION_PLAN1	Set Up HRMS, Product Related, Stock, Option Plans, Stock Option Plan Rules, General	Define general rules for a stock option plan, including allowed option types, governing body, transferability, exercise before vest, and repurchase alternatives.
Stock Option Plan Rules - General: Comments	ST_OPTION_PLAN5	Click Comments on the Stock Option Plan Rules - General page.	Add comments about the stock option plan, such as a list of amendments made by the Board of Directors or shareholders.
Stock Option Plan Rules - Payment/Income Methods	ST_OPTION_PLAN2	Set Up HRMS, Product Related, Stock, Option Plans, Stock Option Plan Rules, Payment/Income Methods	Select all payment and income methods allowed within a stock option plan. Also define how to calculate income for the option types that are allowed under your plan.
Stock Option Plan Rules - Shares	ST_OPTION_PLAN3	Set Up HRMS, Product Related, Stock, Option Plans, Stock Option Plan Rules, Shares	Define rules for accounting for shares that are never issued or that are reacquired.
Stock Option Plan Rules - FMV Rules	ST_OPTION_PLAN4	Set Up HRMS, Product Related, Stock, Option Plans, Stock Option Plan Rules, FMV Rules	Define the FMV methods and nontrading day rules for stock option plans.

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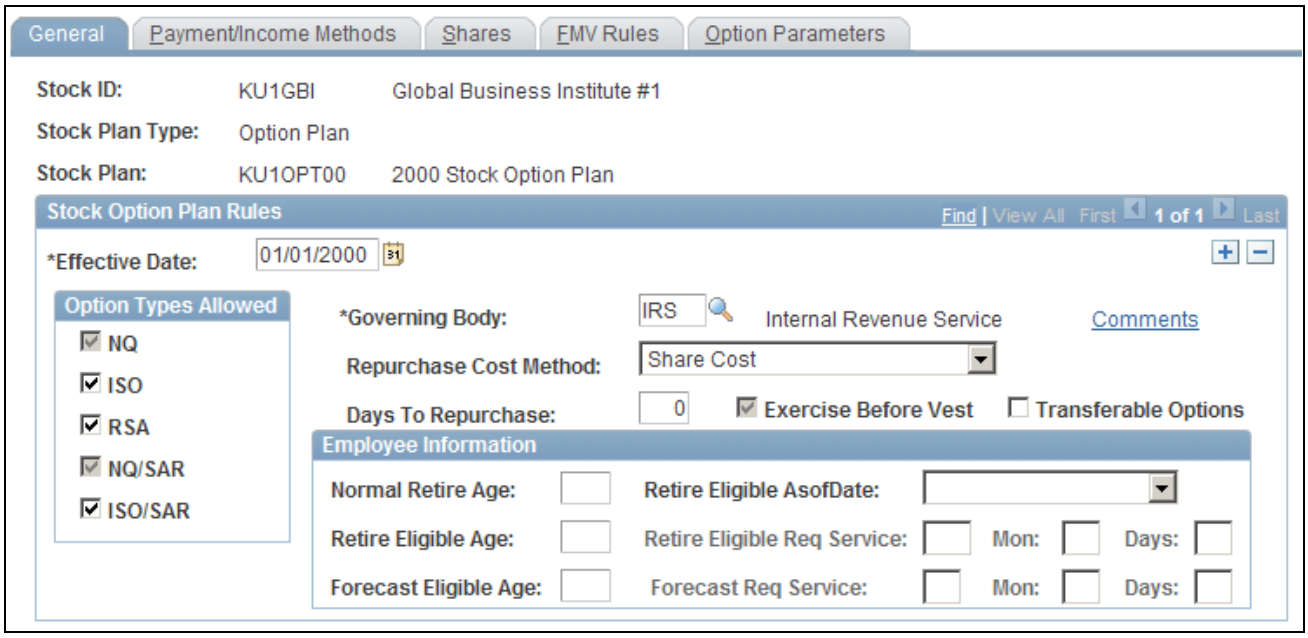
Page Name	Definition Name	Navigation	Usage
Stock Option Plan Rules - Option Parameters	ST_OPTION_PARMS	Set Up HRMS, Product Related, Stock, Option Plans, Stock Option Plan Rules, Option Parameters	Define by Parameter ID various combinations of option features that you may use when granting options for a particular stock plan.

Defining General Rules for a Stock Option Plan

Access the Stock Option Plan Rules - General page (Set Up HRMS, Product Related, Stock, Option Plans, Stock Option Plan Rules, General).



Stock Option Plan Rules - General page

Option Types Allowed Select the option types the stock plan allows. You must select at least one option type. Values are *NQ* (non qualified), *ISO* (incentive stock options), *RSA* (restricted stock awards), *NQ/SAR* (non qualified/stock appreciation right), and *ISO/SAR* (incentive stock options/stock appreciation right).

You can grant options and define option parameters for only those option types you select here. If you select *ISO*, *NQ* is automatically selected. If you select *ISO/SAR*,*NQ/SAR* is automatically selected. When *RSA* is selected, *Exercise Before Vest* is automatically selected.

Governing Body Select from available options. Define governing bodies with the Governing Body Rules component (ST_GOVERN_BODY).

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Repurchase Cost Method	If you select Exercise Before Vest, this option is available. It determines what your company pays for shares repurchased from an optionee. Select *Share Cost* to pay the cost the optionee originally paid for the stock. Select *Fair Market Value* to pay the Fair Market Value as defined on the FMV Rules page.
Days to Repurchase	If you select Exercise Before Vest, this option is available. Enter the number of days the company has to repurchase from optionees' shares exercised but unvested.
Exercise Before Vest	If you select NQ or ISO option types, this choice is available. If you select the RSA option type, this option is automatically selected.
Transferable Options	Select to allow options to be transferred to another individual. This is informational only.

Employee Information

Use this group box to define employee retirement eligibility. The Stock – Retirement Eligibility (ST_RET_ELIG) Application Engine process updates the retirement eligibility indicators on the Maintain Grants - General page based on the eligibility rules you define here.

See Chapter 9, "Administering Grants," Entering, Updating, and Viewing the Basic Parameters of a Grant, page 146 and Chapter 22, "Accounting for Stock-Based Compensation Plans," Processing Retirement Eligibility, page 275.

Normal Retire Age	Enter the age at which an optionee can retire without a service requirement.
Retire Eligible As Of Date	Select *Grant Date* or *Agreement Date* to indicate the date on which the optionee's retirement eligibility is evaluated.
Retire Eligible Age and **Retire Eligible Req Service**(retire eligible required service)	Enter the age at which an optionee who meets specific service requirements can retire (an early retirememnt age), and specify the years, months, and days of service that are required for early retirement.
Forecast Eligible Age and **Forecast Req Service** (forecast required service)	Enter the age and service requirements for optionees that you want to include in your forecasting. Enter service requirements as years, months, and days. Use these fields to identify optionees that are nearing retirement eligibility.

Selecting Payment and Income Methods for a Stock Option Plan

Access the Stock Option Plan Rules - Payment/Income Methods page (Set Up HRMS, Product Related, Stock, Option Plans, Stock Option Plan Rules, Payment/Income Methods).

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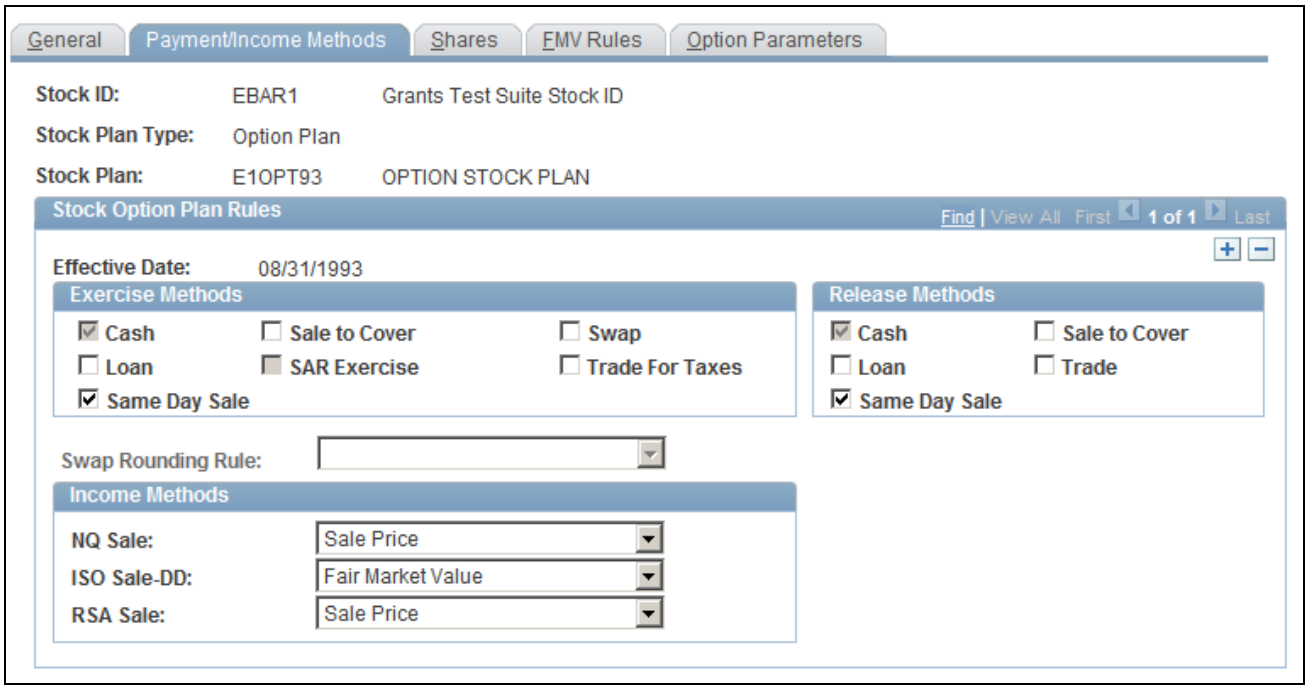

Stock Option Plan Rules - Payment/Income Methods page

Exercise Methods

Select the exercise methods allowed by your stock plan. Values are:

Cash: The optionee pays cash for the cost of the shares exercised and taxes.

Loan: The optionee obtains a loan from the company to pay for the cost of the shares exercised and/or taxes.

Same Day Sale: The optionee pays for the cost of the shares exercised and taxes by having the broker immediately sell 100% of the shares exercised, and deduct the amount due from the proceeds. This is sometimes known as a cashless exercise.

Sale to Cover: The broker sells enough shares to cover the exercise cost and taxes.

SAR Exercise: The optionee uses the appreciation on the shares exercised to pay for the cost of the taxes. This is available only for NQ/SARs and ISO/SARs option types. If you selected a SAR option type on the Stock Option Plan Rules - General page, *SAR Exercise* is automatically selected.

Swap: The optionee surrenders already-owned shares to pay for the cost of shares exercised.

Trade for Taxes: The optionee surrenders already-owned shares to pay for the cost of the taxes.

Release Methods

Select the release methods allowed by the stock plan. Values are *Cash,Loan, Same Day Sale,Sale to Cover*, and *Trade.*

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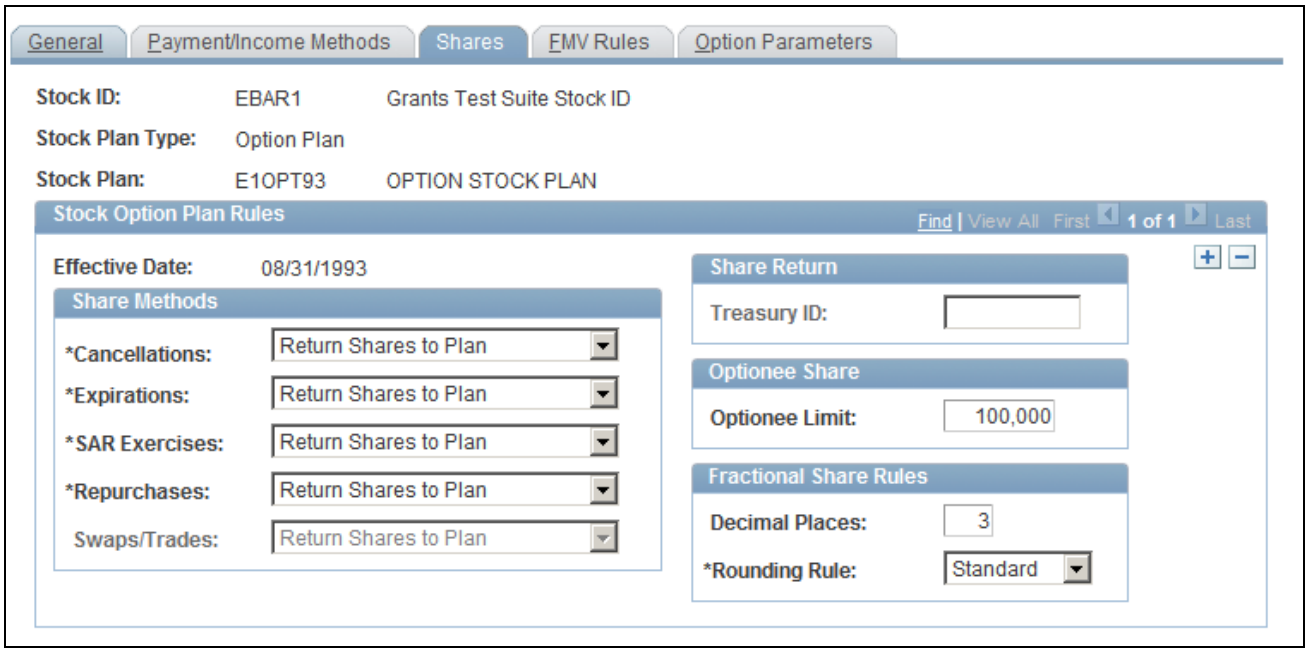
Swap Rounding Rule If you selected Swap for Shares or Trade for Taxes, this option is available. This rule determines how fractional shares are calculated during swap exercises. Select *Round Up, Round Down, Standard Rounding,* or *Keep Fractions.Keep Fractions* is available only if fractional shares are allowed at the Stock Details level. The Rounding Rule defined on the Stock Details - Common Rules page is the default.

Income Methods Depending on the option type selected, use these methods to calculate income on same day sales, sell to cover exercises, and disqualifying dispositions. Valid values for the NQ Sale, ISO Sale − DD, and RSA Sale fields are: *Sale Price, Lower of FMV or Sale Price,* or *Fair Market Value* (the default value).

Defining Rules to Account for Reacquired or Unissued Shares

Access the Stock Option Plan Rules - Shares page (Set Up HRMS, Product Related, Stock, Option Plans, Stock Option Plan Rules, Shares).



Stock Option Plan Rules - Shares page

Share Methods

Indicate what happens to shares related to each of the events listed in the Share Methods group box. Options are:

- *Return Shares to Plan:* Shares return to the plan pool where they are available for grant. This is the default share method.
- *Retire Shares to Treasury:* Once returned to the treasury, shares are not available for grant unless allocated to a plan by the Board of Directors or the shareholders.

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Cancellations Cancelled shares are no longer available for exercise.

Expirations Unexercised shares cease to be exercisable at the end of the option term.

SAR Exercises When a SAR is exercised for cash rights the individual receives the cash amount of appreciation that has occurred on the option shares rather than receiving the option shares. This field determines how the unused SAR shares are handled during an exercise.

Repurchases A company typically repurchases shares from an individual who exercises an option before it's vested and then terminates before the vest date.

Swaps/Trades When individuals exercise options with a stock swap, they surrender the already-owned shares of stock to pay the total required option price or taxes for the option they are purchasing.

Share Return

Treasury ID If you selected *Retire Shares to Treasury* for any share method, indicate to what treasury they are to be returned.

Optionee Share

Optionee Limit In this optional field, enter the maximum number of shares that can be granted to an optionee from the stock option plan. If an optionee limit is defined on the Stock Details - Stock Options page, the value defaults and this field is unavailable.

Fractional Share Rules

If you allowed fractional shares on the Stock Details - Common Rules page you can further restrict the number of decimal places here. Your selections on the Stock Details - Common Rules page determine the default values shown here; you can make the values more restrictive.

Decimal Places Enter a number, between 0 and 6, to round. The number must be less than or equal to the decimal places defined on the Stock Details - Common Rules page.

Rounding Rule Select a rounding rule to use after a conversion. Values are *Standard, Up,* and *Down.*

Defining FMV and Non-Trading Day Rules for a Stock Option Plan

Access the Stock Option Plan Rules - FMV Rules page (Set Up HRMS, Product Related, Stock, Option Plans, Stock Option Plan Rules, FMV Rules).

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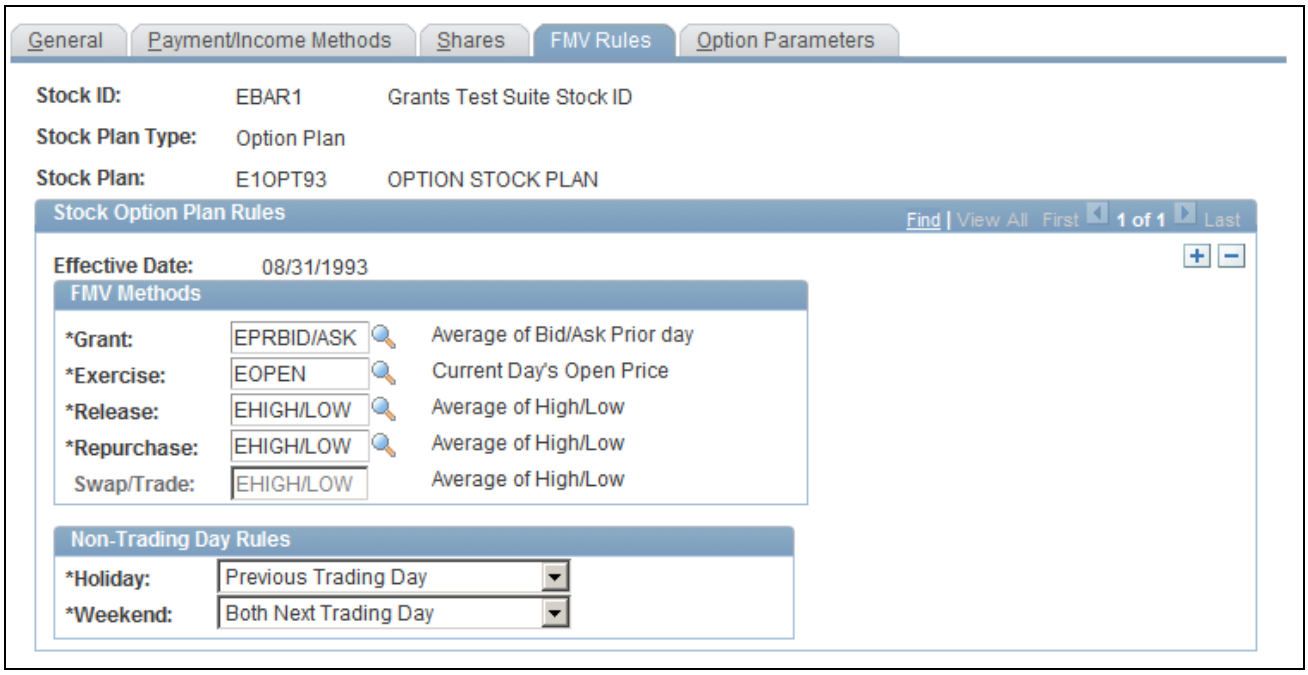

Stock Option Plan Rules - FMV Rules page

FMV Methods

Define the FMV methods to use for various types of transactions.

The method defined on the Stock Details - Common Rules page determines the default value. You can use different methods for different types of transactions.

Non-Trading Day Rules

The method defined on the Stock Details - Common Rules page determines the default value.

See Also

Chapter 3, "Defining Stock Administration Business Rules," Defining FMV Methods, page 16

Chapter 3, "Defining Stock Administration Business Rules," Defining Common Rules for Stock Option and Stock Purchase Plans, page 25

Defining Option Parameters for a Stock Option Plan

Access the Stock Option Plan Rules - Option Parameters page (Set Up HRMS, Product Related, Stock, Option Plans, Stock Option Plan Rules, Option Parameters).

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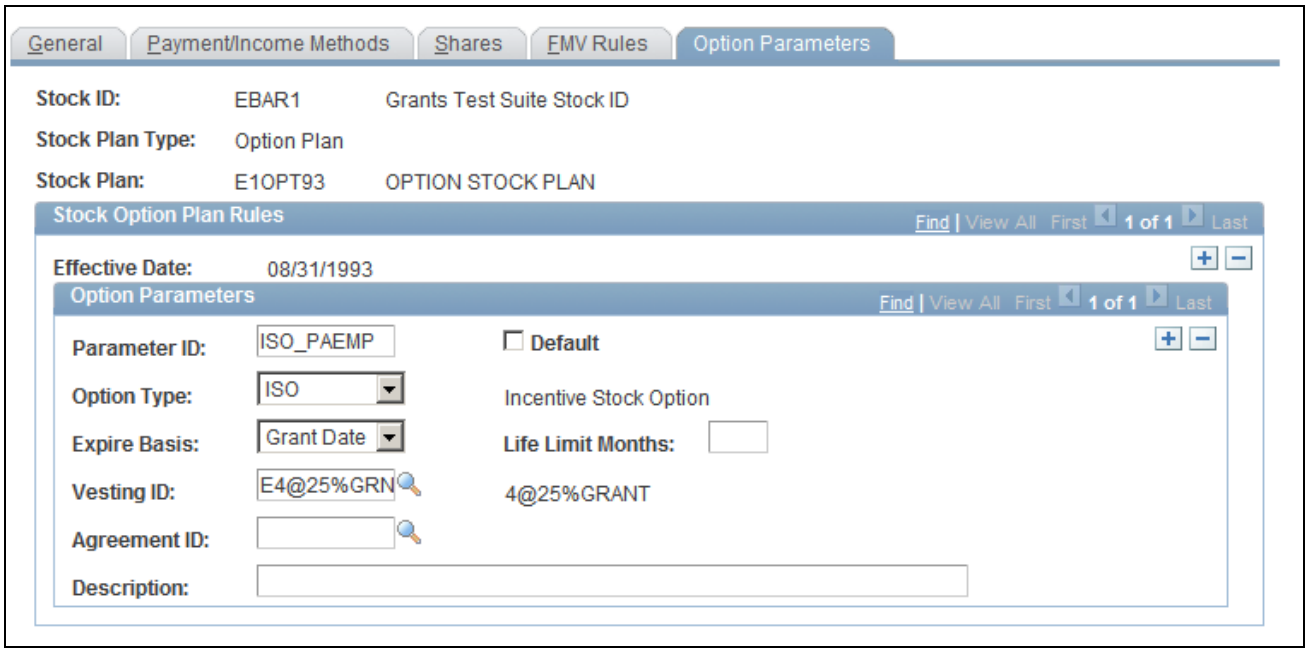

Stock Option Plan Rules - Option Parameters page

This page is optional, but can help with data entry when you are administering grants.

Parameter ID Enter an ID to identify the various combinations of option features that you may use when granting options.

Default Select to make this parameter ID the default. There can be only one default for each option plan. You'll use the default parameter ID when using the Administer Grants page.

Expire Basis Select a date rule to use when calculating the expiration date on the vesting schedule. Values are *Grant Date*,*Grant Dt + 1* (grant date + 1), *Vest Date*, and *Vest Dt + 1* (vest date + 1).

Life Limit Months Enter the number of months before the option expires. If the plan allows ISO or ISO/SAR option types, this number must not exceed the option life limit years under the ISO Section 422 rules defined with the Governing Body Rules - Stock Option Rules page.

Setting Up Tax Rules

To set up tax rules, use the Stock Tax Types (ST_TAX_TYPE), Stock Country Tax (ST_COUNTRY_TAX), Stock State Tax (ST_STATE_TAX), and Stock Local Tax (ST_LOCAL_TAX) components.

This section provides an overview of tax rule setup and discusses how to:

- Define tax types and classes.
- Define default values for country taxes.

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Tax Rule Setup

By setting up default tax percentages and amounts you can limit the manual tax calculations that you need to perform when participants exercise options. You can override the defaults at the time of exercise depending on an individual employee's tax situation. However, by entering default tax information you get from your payroll administrator, you can help ensure that you don't take taxes above certain limits. If you use Payroll for North America, at a minimum, the tax types must be set up to integrate with the payroll system.

Important! The tax codes and data you enter here should be directly mapped from your payroll department. Contact your Payroll Administrator to get and maintain the information stored in these pages.

Warning! You are responsible for maintaining the default tax tables.

To set up tax rules:

1. Define tax types and classes.
2. Define default values for country taxes.
3. Define default values for state taxes.
4. Define default values for local taxes.

See Also

Chapter 1, "Getting Started with Stock Administration," Stock Administration Integrations, page 1

Pages Used to Define Tax Rules

Page Name	*Definition Name*	*Navigation*	*Usage*
Stock Tax Types	ST_TAX_TYPE	Set Up HRMS, Product Related, Stock, Option Tax Rules, Stock Tax Types	Define the tax types and classes used by your payroll department.
Stock Country Tax	ST_COUNTRY_TAX	Set Up HRMS, Product Related, Stock, Option Tax Rules, Stock Country Tax	Define default values for country taxes. You must first define tax types on the Stock Tax Types page.
Stock State Tax	ST_STATE_TAX	Set Up HRMS, Product Related, Stock, Option Tax Rules, Stock State Tax	Define default values for state taxes. You must first define Tax Types on the Stock Tax Types page. The data-entry fields on this page are identical to those on the Stock Country Tax page.

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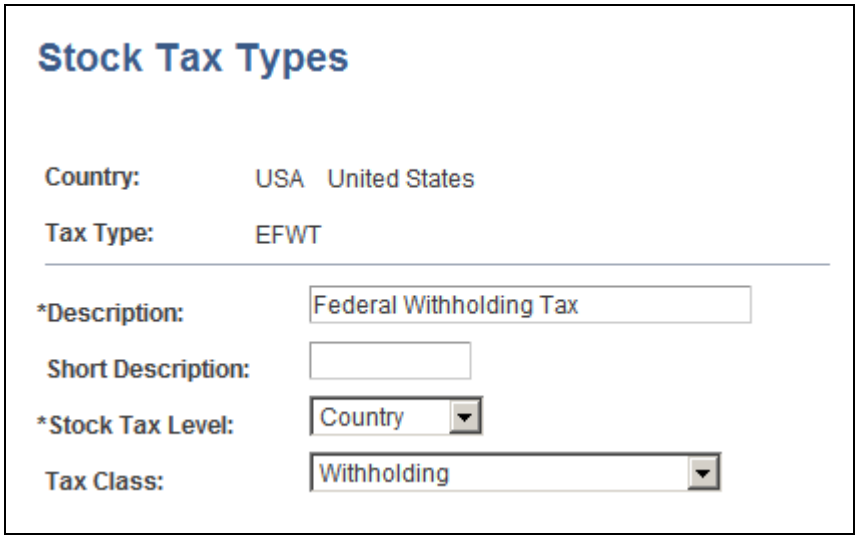
Page Name	Definition Name	Navigation	Usage
Stock Local Tax	ST_LOCAL_TAX	Set Up HRMS, Product Related, Stock, Option Tax Rules, Stock Local Tax	Define default values for local taxes. You must first define Tax Types on the Stock Tax Types page. The data-entry fields on this page are identical to those on the Stock Country Tax page.

Defining Tax Types and Classes

Access the Stock Tax Types page (Set Up HRMS, Product Related, Stock, Option Tax Rules, Stock Tax Types).



Stock Tax Types page

Stock Tax Level Select *Country, Local,* or *State.*

Tax Class Select from available options. If your Stock Administration system is integrated with Payroll for North America, the Tax Class is set up in your payroll department. Work with your Payroll Administrator to find out the classes that are set up for payroll purposes to ensure the classes map correctly.

Defining Default Country Taxes

Access the Stock Country Tax page (Set Up HRMS, Product Related, Stock, Option Tax Rules, Stock Country Tax).

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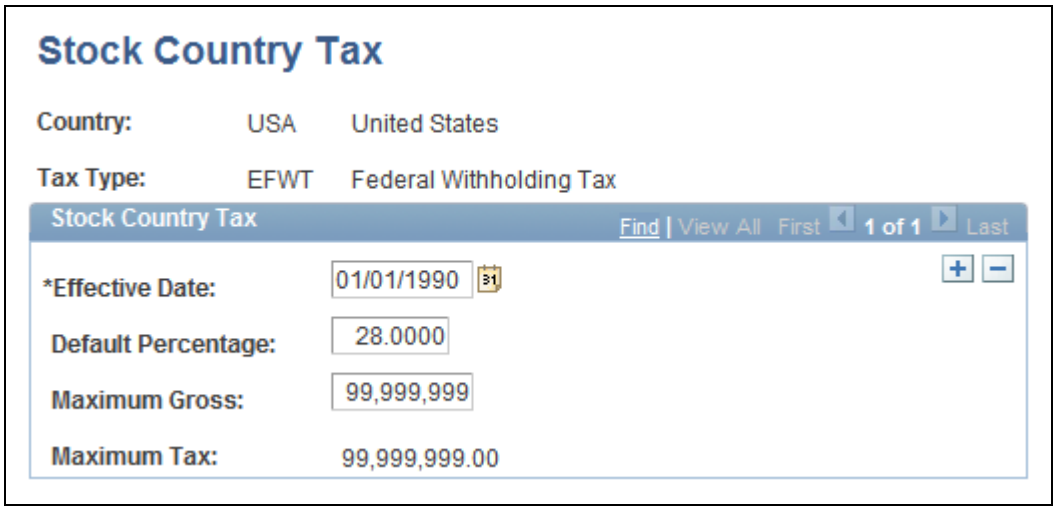

Stock Country Tax page

Default Percentage Enter the percentage to use as default when calculating the tax due at the country level. You can override the percentage at the time of exercise or release.

Maximum Gross Enter a maximum gross income. To indicate that there is no limit, enter *99,999,999.*

Maximum Tax The system displays the Maximum Tax based on data you entered in Default Percentage and Maximum Gross.

Defining Grant Reasons

To define grant reasons, use the Grant Reason Table (ST_GRNT_RSN_TBL) component. This section discusses how to define grant reasons.

Grant reasons are used at the time of grant, for example, new hire, performance award, and compensation review. Set up is optional.

Generate the Grant Reason Table report (STSU025) to view grant reasons.

Page Used to Define Grant Reasons

Page Name	*Definition Name*	*Navigation*	*Usage*
Grant Reason Table	ST_GRNT_RSN_TBL	Set Up HRMS, Product Related, Stock, Option Plans, Grant Reason Table	Define the various reasons you grant stock options.

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Defining Stock Action Rules

To define stock action rules, use the Stock Action Table (STOCK_ACTN_TBL), Stock Action Reason Table (ST_ACTN_RSN_TBL), and the Stock Action Rules (ST_ACTN_RULE) components. This section provides an overview of stock action rules and discusses how to:

- Define stock actions.
- Link an HR action/action reason combination to a stock action.
- Define processing rules for stock actions.

Stock Action Rules

Changes to an employee's human resource status may affect the employee's participation in your stock option plan. You can define how various changes to an optionee's human resource status affect stock plan processing. The stock action rules you define here integrate with Human Resources.

To define stock action rules:

1. Define a stock action and associate it with a stock action type.
2. Link an HR action/reason code combination to a stock action.
3. Define the rules by which existing grants and vesting schedules are to be modified by various stock actions.

The Stock Action Table

This table defines all unique stock actions that integrate with Human Resources. The effective-dated table describes each stock action and the corresponding stock action type. The system recognizes three stock action types: termination, leave of absence, and return from leave. The stock action type determines the processing that is performed when a particular stock action is processed for an employee. These actions effect existing stock option grants and vesting schedules.

Examples of stock actions you can set up and their related types are:

Stock Action	***Stock Action Type***
DEA (death)	T (termination)
DIS (disability)	T (termination)
LOA (leave of absence)	L (leave of absence)
RET (retirement)	T (termination)

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Stock Action	*Stock Action Type*
RFL (return from leave)	R (return from leave)
TER (termination)	T (termination)

The Stock Action Reason Table

This table correlates HR action and HR reason code combinations with a stock action. The system refers to this table to determine when to issue a workflow notification to the stock administrator. Multiple HR action and HR Action/HR Reason combinations can correlate to the same stock action.

Some HR Action/HR Reasons that might be associated with Stock Actions are:

HR Action	*HR Reason Code*	*Stock Action*
COM (completion)	none	TER
FSC (family status change)	DEA (death)	DEA
LOA (leave of absence)	none	LOA
RET (retirement)	none	RET
RFL (return from leave)	none	RFL
TER (termination)	none	TER
TER (termination)	DEA (death)	DEA
TER (termination)	DIS (dishonesty)	DIS

Stock Action Rules Table

This table defines the rules that modify existing grants and vesting schedules for terminations, leaves of absence, and returns from leave stock action. Changes that you do not define, but that always occur, such as setting cancel date and cancel reason for a termination are coded in the process.

Examples of termination stock action rules are:

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Stock Action	*Stock Action Type*	*Vest Immediately*	*Expire Grace Period (months)*	*ISO to NQ Governing Body Rule (T/D/N) Termination/Disability/None*
TER	T	No	1	T
DIS	T	No	3	D
DEA	T	Yes	12	N
RET	T	No	1	T
LOA	L	No	0	N

Examples of leave of absence stock action rules are:

Stock Action	*Stock Action Type*	*Suspend vesting*	*Vest Defer Grace Period (months)*	*Vest Defer Grace Period Service Rule (months)*	*Exercise Suspend Rule (D/R/N) Defined, Return from Leave, None*	*Exercise Suspend Period (months)*
TER	T	No	0	0	N	0
DIS	T	No	0	0	N	0
DEA	T	No	0	0	N	0
RET	T	No	0	0	N	0
LOA	L	Yes	12	3	D	3

See Also

Chapter 1, "Getting Started with Stock Administration," Stock Administration Integrations, page 1

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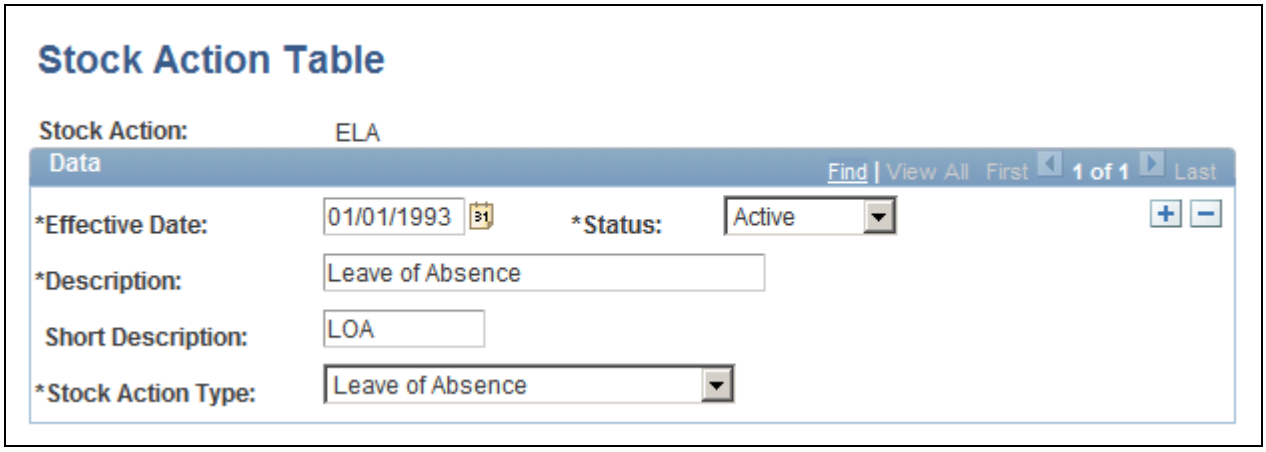
Pages Used to Define Stock Action Rules

Page Name	*Definition Name*	*Navigation*	*Usage*
Stock Action Table	STOCK_ACTN_TBL	Set Up HRMS, Product Related, Stock, Option Plans, Stock Action Table	Define a stock action and associate it with a stock action type.
Stock Action Reason Table	ST_ACTN_RSN_TBL	Set Up HRMS, Product Related, Stock, Option Plans, Stock Action Reason Table	Link an HR action/reason code combination to a stock action.
Stock Action Rules	ST_ACTN_RULE	Set Up HRMS, Product Related, Stock, Option Plans, Stock Action Rules	Define processing rules for stock actions.

Defining a Stock Action

Access the Stock Action Table page (Set Up HRMS, Product Related, Stock, Option Plans, Stock Action Table).



Stock Action Table page

Stock Action Type Select *Leave of Absence, Return from Leave,* or *Termination.*

Linking an HR Action/Reason Code Combination to a Stock Action

Access the Stock Action Reason Table page.

You can leave the Reason Code blank and let it serve as a wild card. This causes all HR actions, regardless of reason, to be attached to the stock action.

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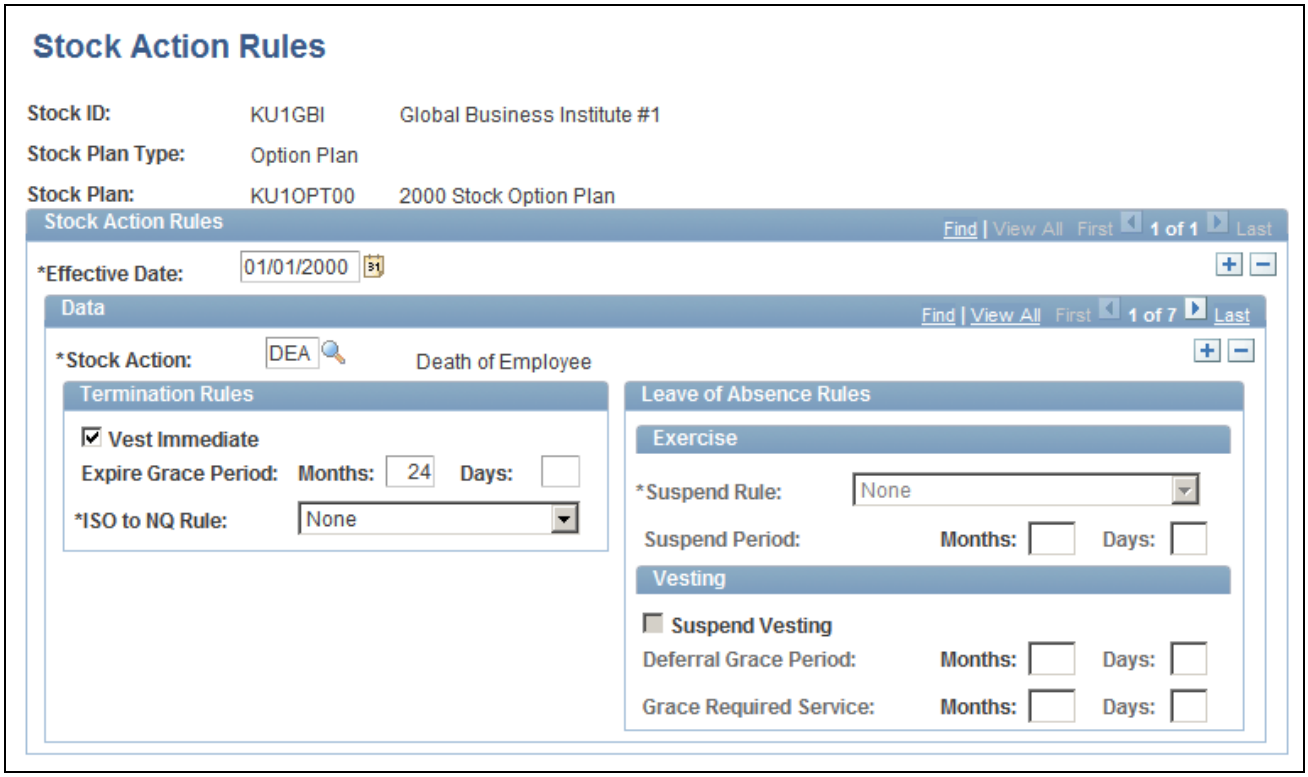
Defining Processing Rules for a Stock Action

Access the Stock Action Rules page (Set Up HRMS, Product Related, Stock, Option Plans, Stock Action Rules).



Stock Action Rules page

Stock Action Select from available options. Define stock actions on the Stock Action Table page.

Termination Rules

If the stock plan type is termination, these fields become available.

Vest Immediate Select to have all unvested shares vest as of the day before the termination date.

Expire Grace Period Enter the number of days or months the employee is allowed to exercise vested shares after a termination. The termination expiration date is populated on the vesting schedule with a date equal to the stock action date plus the expire grace period.

ISO to NQ Rule Specify the governing body rule for calculating the grace period for an ISO exercise after which the exercise is treated as an NQ. Select *Disability*, *Termination*, or *None*, which mean always exercise as an ISO.

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Leave Of Absence Rules

If the stock plan type is Leave of Absence, these fields become available.

If the stock action type is Return from Leave, none of the Leave of Absence Rules fields are available. You must enter a new row to enter data in these fields.

Suspend Rule Specify how the right to exercise is to be suspended during a leave of absence. Select *Until RFL* to suspend exercise rights for up to two years (the default) until the optionee returns. The system automatically sets the *Return from Leave* out two years, which is likely to be longer than any leave. When the actual RFL is processed, the system resets this end date. Select *Defined* to suspend exercise rights for a defined period of time. Select *None* (the default value) to allow optionees to exercise grants while on leave.

Suspend Period Available if you select a Suspend Rule of *Defined.* Enter the number of days or months to suspend the right to exercise options.

Suspend Vesting Select to suspend vesting of the unvested shares during the leave of absence.

Deferral Grace Period Available if you selected Suspend Vesting. Enter the number of days or months before which an optionee must return from leave so that the vesting schedule is not deferred by the leave period.

Grace Required Service Available if you selected Suspend Vesting and the Deferral Grace is greater than 0. Enter the number of days or month's service required for an optionee to be eligible for the vest deferral grace period.

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Chapter 5

Setting Up Stock Purchase Plans

This chapter provides an overview of the stock purchase plan setup steps and discusses how to:

- Define stock purchase plan rules.
- Define offering and purchasing periods for stock purchase plans.
- Define stock purchases.
- Define processing messages and hold reasons.

Understanding Stock Purchase Plan Setup

This section lists prerequisites and provides an overview of stock purchase plan setup.

Prerequisites

Before you begin to set up your stock purchase plans:

- Review and decide how your stock administration application integrates with other HRMS applications. Specific steps you should take are:
    - Have your benefits administrator establish a stock purchase benefit plan ID. If you offer more than one stock purchase plan, for example a domestic plan and an international plan, define an individual benefit plan for each.
    - Have your benefits administrator establish a stock purchase savings plan.
    - If you use Payroll for North America, have your payroll administrator set up payroll for processing stock purchase contributions by setting up deductions.

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- Define your stock administration business rules, then set up the tables that are common to, and used by, both stock purchase and stock option plans. Specific steps you should take are:
  - Establish the Section 423 rules using the Governing Body Rules - Stock Purchase Rules page.
  - Define Fair Market Values (FMV) using the FMV Method Table page.
  - Set up earning codes using the Stock Details - Stock Purchases page.
  - Set up the stock purchase plans and allocate funds using the Stock Plan Table - General page.
  - Define blackout periods using the Stock Blackout page.
  - Set up the stock exchange using the Stock Exchange Table - General page.
  - Set up the transfer agents and escrow agents using the Transfer/Escrow Agency - General page.
  - Set up the stock brokerages and stock branches using the Brokerage Table page, the Brokerage/Branch Table page, and the Stock Branch Table - General page.
  - Set up process groups to use for background processing with the Process Group page.
  - Set up issuance instructions using the Maintain Issuance Instructions page.
  - Indicate your insiders using the Insider Data page.
  - Specify the daily prices using the Daily Prices Tracking page.

See Also

Chapter 1, "Getting Started with Stock Administration," Stock Administration Integrations, page 1

Chapter 3, "Defining Stock Administration Business Rules," page 9

Stock Purchase Plan Setup

When you set up a stock purchase plan, you specify the basic building blocks that control how your plan works, including linking your stock purchase plan to an existing benefit plan, selecting fair market value methods, defining offering and purchase limits, defining purchase and contribution rules, and specifying disposition restrictions. Next, you define the rules specific to your offering and purchase periods, such as grant dates and purchase periods, and establish how contributions are deducted from payroll.

Depending on how your organization administers its stock purchase plans, the majority of this setup phase is a one-time event requiring periodic maintenance on your part.

To set up a stock purchase plan:

1. Define rules for the stock purchase plan.

   In this step, you link the stock purchase plan to a benefit plan, select the fair market value methods to use, specify limits for the offering and purchase periods, and define rules for purchases, contributions, and dispositions.

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2. Define the offering periods and the purchase periods for the stock purchase plan.

   Here, you define the range of dates in which a stock purchase offering is valid, the grant dates for an offering period, and the purchase period range of dates.

3. Define the reasons for holding a participant's purchase.

4. Define stock purchase processing messages.

5. Define the details of the stock purchase, including the process groups, currency conversions, and other processing parameters.

Defining Stock Purchase Plan Rules

To define stock purchase plan rules, use the Stock Purchase Plan Rules (ST_ESPP_PLAN) component. This section discusses how to:

- Define basic rules for a stock purchase plan.
- Select FMV methods and nontrading day rules for a stock purchase plan.
- Define limits for a plan's offering period and purchasing period.
- Define purchasing rules for a stock purchase plan.
- Define contribution rules for a stock purchase plan.
- (Optional) Define the holding period for dispositions.

The Stock Purchase Plan Rules component defines the details of the stock purchase plan that can change over time. Use the effective-dated table to define plan level details for each stock purchase plan that you offer.

Generate the Stock Purchase Plan Rules report (STSU022) to view stock purchase plan rules information.

Note. Before you define your plan rules, you must define a stock plan ID using the Stock Plan page and a stock plan in the Stock Plan Table component. You must also have the benefits administrator define a benefit plan ID.

Pages Used to Define Stock Purchase Plan Rules

Page Name	*Definition Name*	*Navigation*	*Usage*
Stock Purchase Plan Rules - General	ST_ESPP_PLAN1	Set Up HRMS, Product Related, Stock, Purchase Plans, Stock Purchase Plan Rules, General	Define basic rules for a stock purchase plan and link the stock plan to a benefit plan. Define plan details, such as the governing body, offering type, and when participants can enroll.

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Page Name	*Definition Name*	*Navigation*	*Usage*
Plan Comments	ST_ESPP_PLAN7	Set Up HRMS, Product Related, Stock, Purchase Plans, Stock Purchase Plan Rules, General Click the Comments link.	Add comments about the stock purchase plan.
Stock Purchase Plan Rules - FMV Rules	ST_ESPP_PLAN2	Set Up HRMS, Product Related, Stock, Purchase Plans, Stock Purchase Plan Rules, FMV Rules	Select FMV methods and specify rules for nontrading days.
Stock Purchase Plan Rules - Limits	ST_ESPP_PLAN3	Set Up HRMS, Product Related, Stock, Purchase Plans, Stock Purchase Plan Rules, Limits	Define limits for the offering period and the purchase period, including period lengths and applicable company limits.
Stock Purchase Plan Rules - Purchase	ST_ESPP_PLAN4	Set Up HRMS, Product Related, Stock, Purchase Plans, Stock Purchase Plan Rules, Purchase	Define the purchase rules of your plan, such as purchase price calculation and share and price rounding rules.
Stock Purchase Plan Rules - Contributions	ST_ESPP_PLAN5	Set Up HRMS, Product Related, Stock, Purchase Plans, Stock Purchase Plan Rules, Contributions	Define the contribution rules.
Stock Purchase Plan Rules - Dispositions	ST_ESPP_PLAN6	Set Up HRMS, Product Related, Stock, Purchase Plans, Stock Purchase Plan Rules, Dispositions	Define the holding period for dispositions, that is, the number of months participants must hold the stock before they can sell it. This holding period is independent of the IRS holding requirements for qualified Section 423 plans.

Defining Basic Rules for a Stock Purchase Plan

Access the Stock Purchase Plan Rules - General page (Set Up HRMS, Product Related, Stock, Purchase Plans, Stock Purchase Plan Rules, General).

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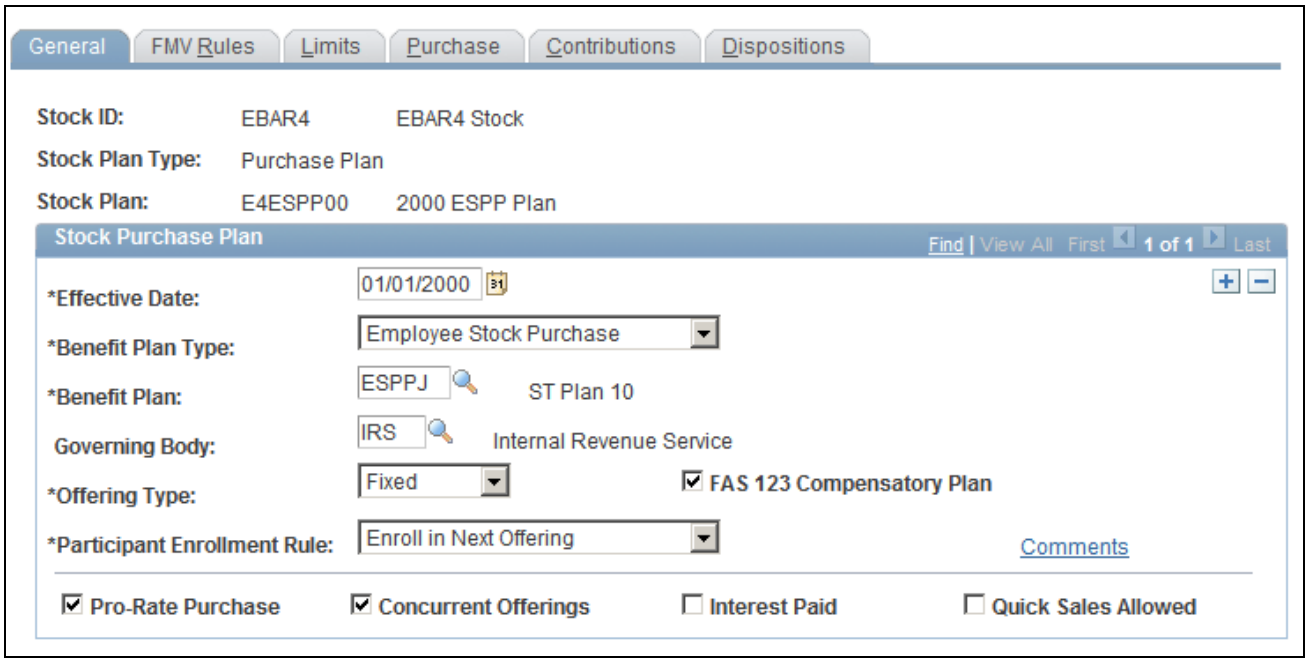

Stock Purchase Plan Rules - General page

Benefit Plan Select a benefit plan that matches the stock plan you selected. This is where you link the two plan codes.

Governing Body The default is *IRS.*

Offering Type If you select *Fixed*, the offering end date for all the participants is the same no matter when they enrolled in the offering. If you select *Rolling*, the offering end date is measured from the date on which the participants enroll with multiple offerings outstanding.

For both offering types, the offering begin date of a subsequent offering can't be earlier than the offering end date of the previous offering.

FAS 123 Compensatory Plan Select if your plan is compensatory as defined by FAS 123.

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Participant Enrollment Rule

Select one of the following rules that governs when new participants enroll in a stock purchase plan:

Enroll in Next Purchase Period: Enrolls the participant in the first purchase period for which the period begin date for the purchase period is greater than or equal to the coverage begin date, regardless of the offering. After you've identified the purchase period, the system assigns the offering of that purchase period and the first grant date before the purchase period begin date of the offering.

Enroll in Next Offering: Enrolls the participant in the first offering period for which the period begin date for the offering period is greater than or equal to the coverage begin date. After you've identified the offering period, the system assigns the first purchase period within the offering and the first grant date within the offering period.

Enroll in Current Offer/Pur Pd: Enrolls the participant in the current offering and purchase period. The system determines the current offering and purchase period by finding the first grant date greater than or equal to the coverage begin date. It assigns the offering based on the grant date and then the purchase period within the offering by selecting the first purchase period for which the purchase period begin date greater than or equal to the grant date.

User Defined: Does not enroll participants. Use this to import enrollments, modify the update participants process, or manually enter the enrollments.

Comments Select to access the Plan Comments page, where you add comments.

Pro-Rate Purchase Select to prorate purchases. If you select this, you can enter a prorate factor on the Stock Purchase - General page.

Concurrent Offerings Select if your plan allows more than one active offering at a given time.

Interest Paid Select if you pay interest on contributions. This field is informational only.

Quick Sales Allowed Select to enable quick sales at the individual issuance level. This field is informational only.

Select FMV Methods and Nontrading Day Rules for a Stock Purchase Plan

Access the Stock Purchase Plan Rules - FMV Rules page (Set Up HRMS, Product Related, Stock, Purchase Plans, Stock Purchase Plan Rules, FMV Rules).

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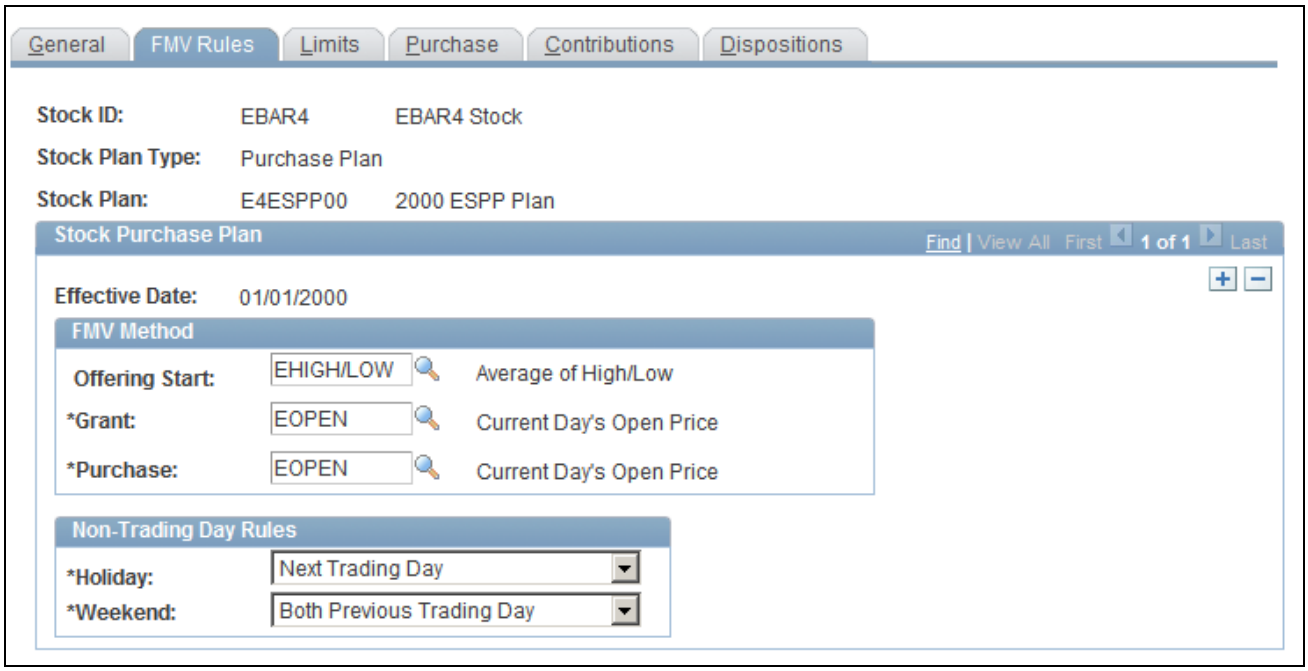

Stock Purchase Plan Rules - FMV Rules page

You define which method to use for calculating the stock FMV. You may chose to use different methods for different types of transactions.

FMV Method

Define a method to determine the stock values at various points in the stock purchase process. You define the FMV methods using the FMV Method Table page. These methods supersede the FMV defined in the Stock Details component for these specific events.

Offering Start Select an FMV method. This field is informational only.

Grant Select an FMV method. This field represents the grant FMV based on a participant's grant date. It might be used to determine the purchase price.

Purchase Select an FMV method. This field is used to calculate the ordinary income for dispositions. Depending on your purchase plan rules, it may be used to determine the purchase price.

Non-Trading Day Rules

The system accounts for all days in a calendar year. The days that are not market trading days must be identified as such. Therefore, define a method to account for these nontrading days. The methods below supersede the holiday and weekend FMV rules defined in the Stock Details component.

Holiday When a FMV calculation includes a holiday, select *Previous Trading Day* to use the previous trading day's price, or *Next Trading Day* to use the next trading day's price.

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Weekend

When a FMV calculation includes a weekend, select one of the following:

Both Previous Trading Day: Uses the previous trading day's price for both weekend days.

Both Next Trading Day: Uses the next trading day's price for both weekend days.

Saturday Previous - Sunday Next: Uses the previous trading day's price for Saturday and the next trading day's price for Sunday.

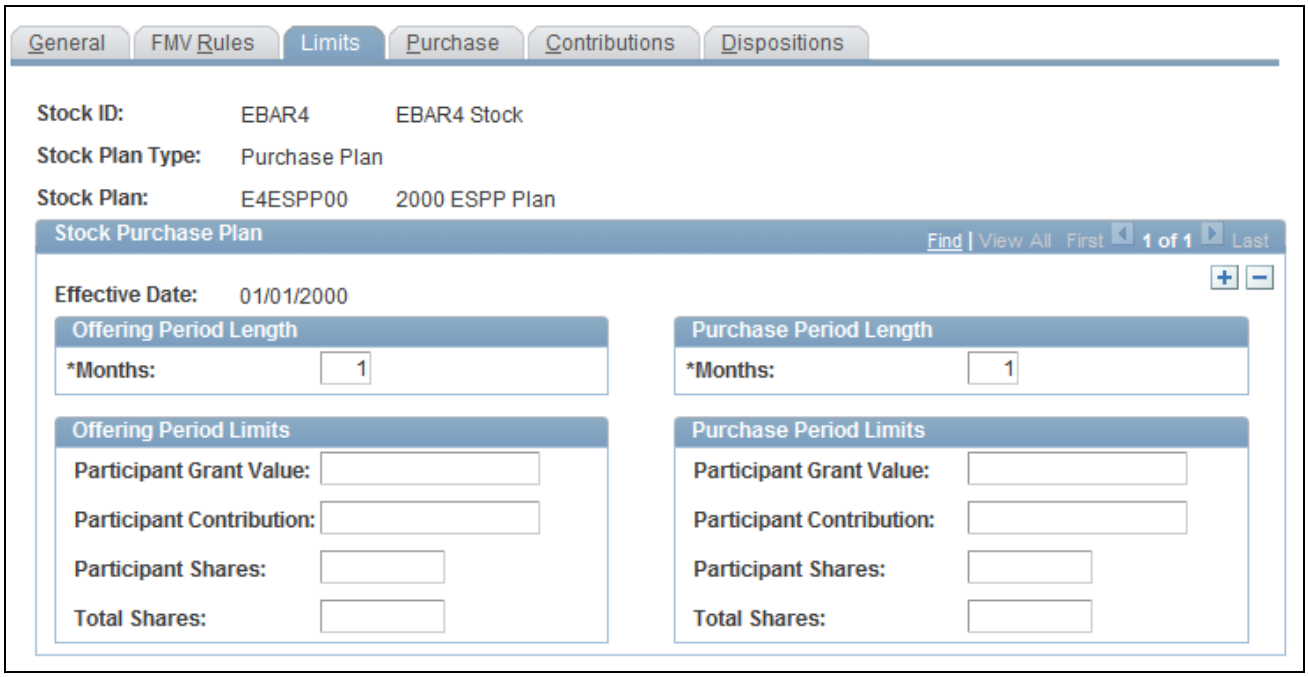
Saturday Next - Sunday Previous: Uses the next trading day's price for Saturday and the previous trading day's price for Sunday.

See Also

Chapter 3, "Defining Stock Administration Business Rules," Defining Stock Details, page 23

Defining Limits for the Offering Period and Purchasing Period

Access the Stock Purchase Plan Rules - Limits page (Set Up HRMS, Product Related, Stock, Purchase Plans, Stock Purchase Plan Rules, Limits).



Stock Purchase Plan Rules - Limits page

You define the offering and purchase period length as well as various share and value limits. The system defaults are the limits specified on the Governing Body Rules component, but you can make them more restrictive. If your purchase periods overlap different calendar years, check with your payroll administrator to make sure that your payroll system doesn't deduct contributions over the limit.

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Offering Period Length Enter the number of months in the offering period. You cannot exceed the governing body rules. This value is used to calculate the default offering period end date.

Purchase Period Length Enter the number of months in the purchase period. This cannot be longer than the offering period. You cannot exceed the governing body rules.

Offering Period Limits

(Optional) You can make the offering period limits more restrictive than the purchase value limit defined on the Governing Body Rules - Stock Purchase Rules page. You cannot make the limits more permissive.

Participant Grant Value Enter the maximum grant value that a participant can purchase during an offering period. The grant value is the number of shares purchased multiplied by the grant FMV.

Participant Contribution Enter the maximum contribution that an individual participant can make in an offering period.

Participant Shares Enter the maximum number of shares that a participant can purchase in an offering period.

Total Shares Enter the total number of shares for all participants that can be issued in an offering period.

Purchase Period Limits

Use these fields to make the purchase period limits more restrictive than those defined on the Governing Body Rules - Stock Purchase Rules page. Field descriptions are the same as those for the offering period limits, except that they pertain to different periods of time.

Defining Purchasing Rules for a Stock Purchase Plan

Access the Stock Purchase Plan Rules - Purchase page (Set Up HRMS, Product Related, Stock, Purchase Plans, Stock Purchase Plan Rules, Purchase).

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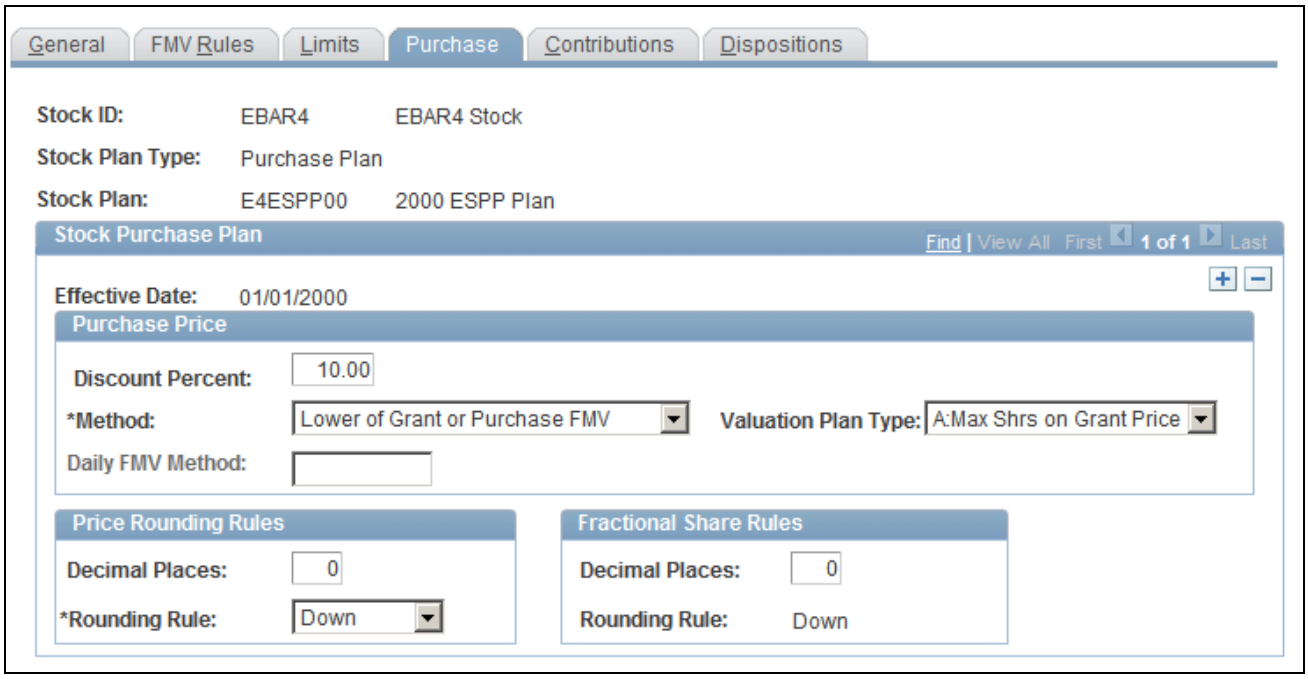

Stock Purchase Plan Rules - Purchase page

Purchase Price

Discount Percent Enter the discount percent the Calculate Prices process is to use when calculating the purchase price for the stock.

Method Select how the Calculate Prices process should calculate the participants' purchase price:

Average Daily FMV in Purch PD: Averages the daily FMV throughout the purchase period.

Grant FMV: Uses the FMV on the day of the grant.

Lower of Grant or Purchase FMV: Uses the lower of the grant or purchase FMV. This is the default.

Purchase FMV: Uses the stock FMV on the day of the purchase.

User Defined: Uses some other method. The Calculate Prices process must be manually entered.

Valuation Plan Type Select the appropriate valuation plan type, as defined in FAS 123. Valid values range from Type A to Type I.

Daily FMV Method If you selected a purchase price method of Average Daily FMV in Purch PD, this field is available for entry. Select a method to determine what type of price is used for each day. Valid values are defined in the FMV Method Table.

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Price Rounding Rules

The price rounding rules defined on the Stock Details - Common Rules page is the default. You can make them more restrictive.

Decimal Places Enter a number between 0 and 6 to determine the number of decimal places when calculating a price or FMV in the Calculate Prices process.

Rounding Rule Select a rounding rule to use when calculating a price or FMV in the Calculate Prices process: *Standard, Up,* and *Down.*

Fractional Share Rules

These fields become available for entry if fractional shares are allowed at the stock detail level. The fractional share rules defined on the Stock Details - Common Rules page are the default. You can make them more restrictive. If fractional shares are not allowed, The Decimal Places field is 0 and the Rounding Rule field is Down.

Decimal Places Enter a number between 0 and 6 to determine the number of decimal places to round when calculating the number of shares purchased.

Rounding Rule Displays *Down,* which is the method of rounding when calculating the number of shares to purchase.

Defining Contribution Rules for a Stock Purchase Plan

Access the Stock Purchase Plan Rules - Contributions page (Set Up HRMS, Product Related, Stock, Purchase Plans, Stock Purchase Plan Rules, Contributions).

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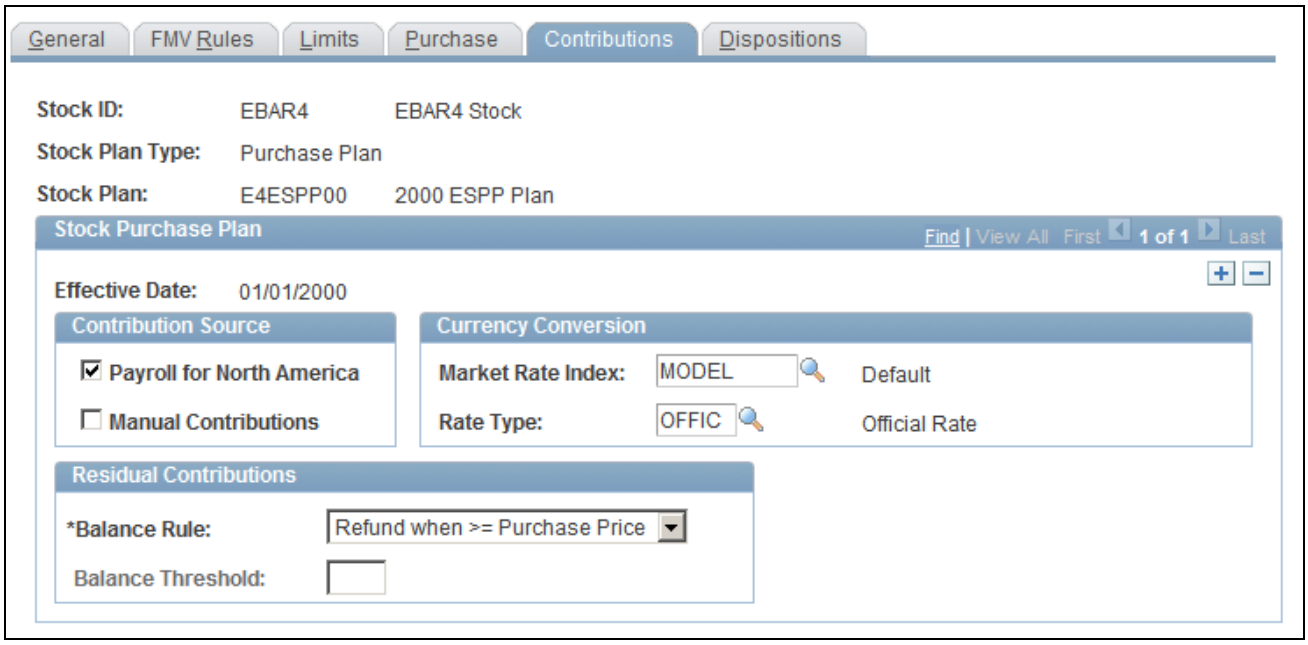

Stock Purchase Plan Rules - Contributions page

You define the contribution source, currency conversion, and what happens to residual contributions for a stock purchase plan. The system gathers the contributions in the local currency based on the participant's pay group. It converts the contributions to the stock currency for the purchase, then back to the current local currency for refunds.

Contribution Source

Select Payroll for North America if you receive stock purchase contributions from Payroll for North America. If Payroll for North America is not installed, this option is not available. Select Manual Contributions if you receive stock purchase contributions from any other source. If you use Payroll for North America as your primary contribution source, you might also select Manual Contributions to allow for adjustments. This field determines what contributions are processed in the Gather Contributions process.

Currency Conversion

If you use the system to convert local currency to the currency defined at the stock ID level, select the currency conversion parameters for the Currency Conversion process.

Market Rate Index Select a market rate index for the Convert Currencies process to use to convert participant contributions from a local currency to the stock currency. The Market Rate Index is defined in Define General Options is the default.

Rate Type Select a currency conversion rate type to indicate the type of rate used to convert the local currency to the stock ID currency.

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Residual Contributions

After a stock purchase is processed and confirmed, some of the participants' contributions may be left over. The balance may be less than the purchase price of the stock or the participant may have reached an offering period, or purchase period limit, which left more than the purchase price unused. Indicate a method of handling these residual contributions.

Balance Rule

Select *Carry Forward Balance* and no balance threshold amount to carry forward any amount. Select this option and enter a balance threshold amount to carry forward any amount less than or equal to the threshold amount and refund the rest.

Select *Carry Fwd when <= Purchase Price* to carry forward any amount less than or equal to the participant's purchase price. If the amount is greater than the purchase price, it is refunded.

Select *Refund Balance* and no balance threshold amount to refund any amount. Select this option and enter a balance threshold amount to refund any amount greater than or equal to the threshold amount. If the amount is less than the threshold amount, it is carried forward to the next purchase.

Select *Refund when >= Purchase Price* to refund any amount greater than or equal to the participant's purchase price after a purchase. If the amount is less than the purchase price, it is carried forward to the next purchase. This is the default.

Balance Threshold

If you selected a balance rule of Carry Forward Balance or Refund Balance, this field becomes available for entry. Enter the minimum amount needed to carry forward or refund.

See Also

PeopleSoft Enterprise HRMS 9.1 Application Fundamentals PeopleBook, "Setting Up and Working with Currencies"

Defining Disposition Rules for a Stock Purchase Plan

Access the Stock Purchase Plan Rules - Dispositions page (Set Up HRMS, Product Related, Stock, Purchase Plans, Stock Purchase Plan Rules, Dispositions).

Holding Period Months

(Optional.) Enter the number of months after the purchase date during which a participant must hold the stock before selling the shares. If you enter a disposition for less than the holding months you specify here, you receive a warning.

Note. This period is independent of the IRS holding requirements.

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Defining Offering and Purchase Periods

To define offering and purchase periods, use the Offering/Purchase Periods (ST_OFFERING_PD) component. This section discusses how to:

- Define offering periods for a stock purchase plan.
- Define grant dates for an offering period.
- Define purchase periods for an offering.

After you define the rules for a stock purchase plan, set up the plan's offering period, grant dates, and purchase period begin and end dates. If you allow rolling plans, link the previous offering periods here.

Generate the Offering/Purchase Periods report (STSU023) to view offering and purchase period information.

Pages Used to Define Offering and Purchase Periods

Page Name	*Definition Name*	*Navigation*	*Usage*
Offering/Purchase Periods - Offering Period	ST_OFFERING_PD	Set Up HRMS, Product Related, Stock, Purchase Plans, Offering/Purchase Periods, Offering Period	Define offering period begin and end dates.
Offering/Purchase Periods - Grant Dates	ST_OFFER_GRANT	Set Up HRMS, Product Related, Stock, Purchase Plans, Offering/Purchase Periods, Grant Dates	Define grant dates within an offering period.
Offering/Purchase Periods - Purchase Period	ST_PURCHASE_PD	Set Up HRMS, Product Related, Stock, Purchase Plans, Offering/Purchase Periods, Purchase Period	Define purchase periods for an offering.

Defining Offering Periods for a Stock Purchase Plan

Access the Offering/Purchase Periods - Offering Period page (Set Up HRMS, Product Related, Stock, Purchase Plans, Offering/Purchase Periods, Offering Period).

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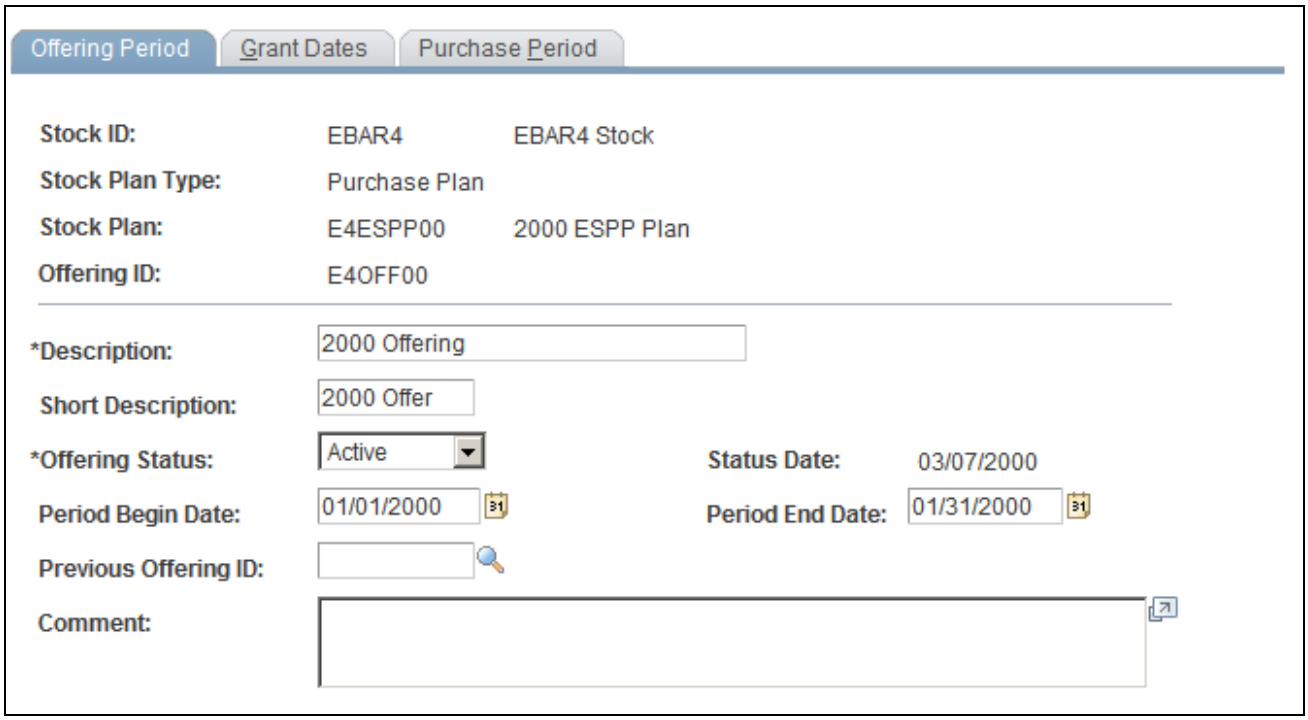

Offering/Purchase Periods - Offering Period page

Offering ID Enter a unique ID to associate with the offering.

Offering Status Select *Active* if the offering is available for enrollment. Select *Cancelled* if the offering was cancelled before its expiration date. Select *Expired* if the offering has ended.

Status Date Displays the date on which you made the offering status selection.

Period Begin Date Enter the date on which the offering period begins. The date cannot be less than the earliest effective date of the stock plan ID. The current system date is the default. The period begin date determines the purchase period begin date, and in turn the grant date.

Period End Date The system calculates a default offering period end date based on the period begin date and the offering period length months defined on the Stock Purchase Plan Rules - Limits page. You can enter a different date, but the system displays a warning if you do. You also receive a warning if you try to enter an offering period that exceeds the IRS limits defined at the governing body level if the stock purchase plan is an IRS 423 plan.

Previous Offering ID Select a previous offering ID to link multiple offerings together in a sequence. You can use this field for rolling plans or if you want your participants to be automatically enrolled in another offering when the current offering expires. If you don't specify a previous offering ID, then participants won't be enrolled after the previous offering expires or is cancelled.

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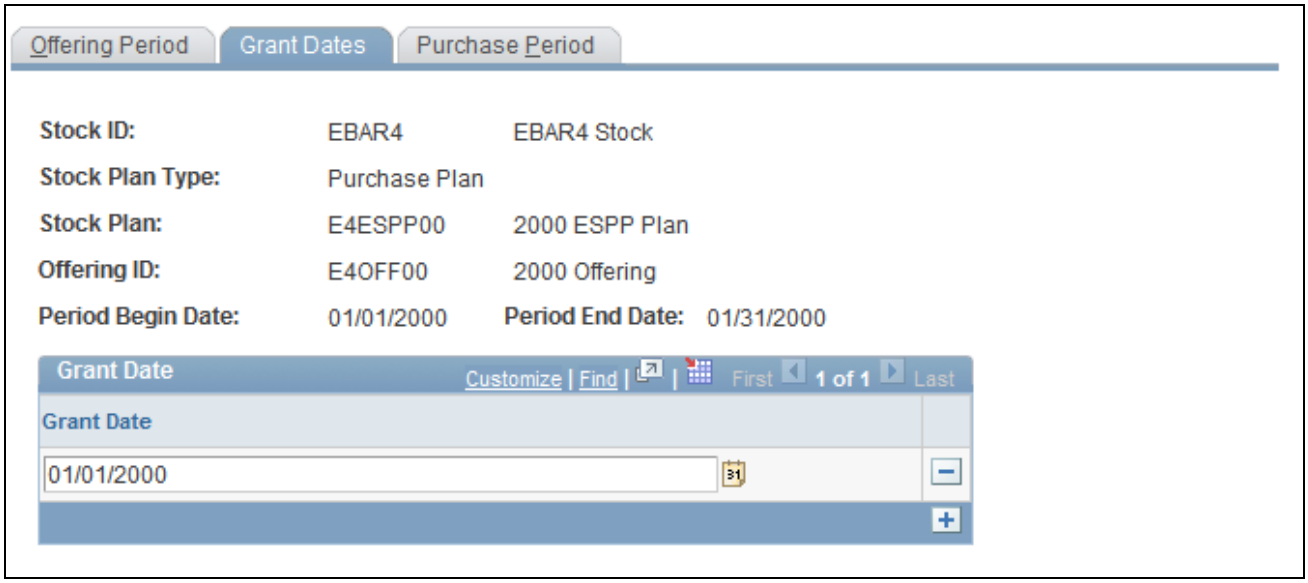
Defining Grant Dates for an Offering Period

Access the Offering/Purchase Periods - Grant Dates page (Set Up HRMS, Product Related, Stock, Purchase Plans, Offering/Purchase Periods, Grant Dates).



Offering/Purchase Periods - Grant Dates page

Period Begin Date and **Period End Date** — The begin and end dates of the offering period.

Grant Date — Enter all valid grant dates within this offering period.

Defining Purchase Periods for an Offering

Access the Offering/Purchase Periods - Purchase Period page (Set Up HRMS, Product Related, Stock, Purchase Plans, Offering/Purchase Periods, Purchase Period).

Begin Date — Enter the date on which the purchase period begins. This cannot be earlier than the offering period begin date. The offering period begin date is the default.

End Date — The system calculates a default purchase period end date based on the purchase period begin date and the purchase period length months defined on the Stock Purchase Plan Rules - Limits page. You can enter a different date, but the system displays a warning if you enter a date that is greater than or less than the number of months entered at the plan level.

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Defining Stock Purchases

To define stock purchases, use the Stock Purchase (ST_PURCHASE_TBL) component. This section discusses how to:

- Define the basic parameters of a purchase.
- Select process groups for a stock purchase.
- Define contribution parameters for a stock purchase.
- Define the currency parameters for a stock purchase.
- View the status of stock purchases and process groups.

The next step in the stock purchase setup process is to define a unique purchase ID. Using the Stock Purchase component, relate the purchase ID with the stock, stock plan, offering, and purchase periods used by the stock purchase process. Specify purchase details, such as process groups included in the purchase, payroll contribution parameters, and currency conversation details. Throughout the purchase process, you can view the processing status of the purchase.

Note. Before you define stock purchases, you must define an offering ID and purchase period end dates in the Offering/Purchase Periods component.

Pages Used to Define Stock Purchases

Page Name	*Definition Name*	*Navigation*	*Usage*
Stock Purchase - General	ST_PURCHASE_TBL1	Stock, Stock Purchase Definitions, Stock Purchase, General	Define basic purchase details.
Stock Purchase - Purchase Table Comments	ST_PURCHASE_TBL5	Stock, Stock Purchase Definitions, Stock Purchase, General Click the Comment link.	Add comments about the purchase.
Stock Purchase - Process Groups	ST_PURCHASE_TBL2	Stock, Stock Purchase Definitions, Stock Purchase, Process Groups	Define the process groups within the purchase.
Stock Purchase - Contributions	ST_PURCHASE_TBL3	Stock, Stock Purchase Definitions, Stock Purchase, Contributions	Define the contribution parameters.
Stock Purchase - Currency	ST_PURCHASE_TBL4	Stock, Stock Purchase Definitions, Stock Purchase, Currency Conversion	Define the currency parameters.

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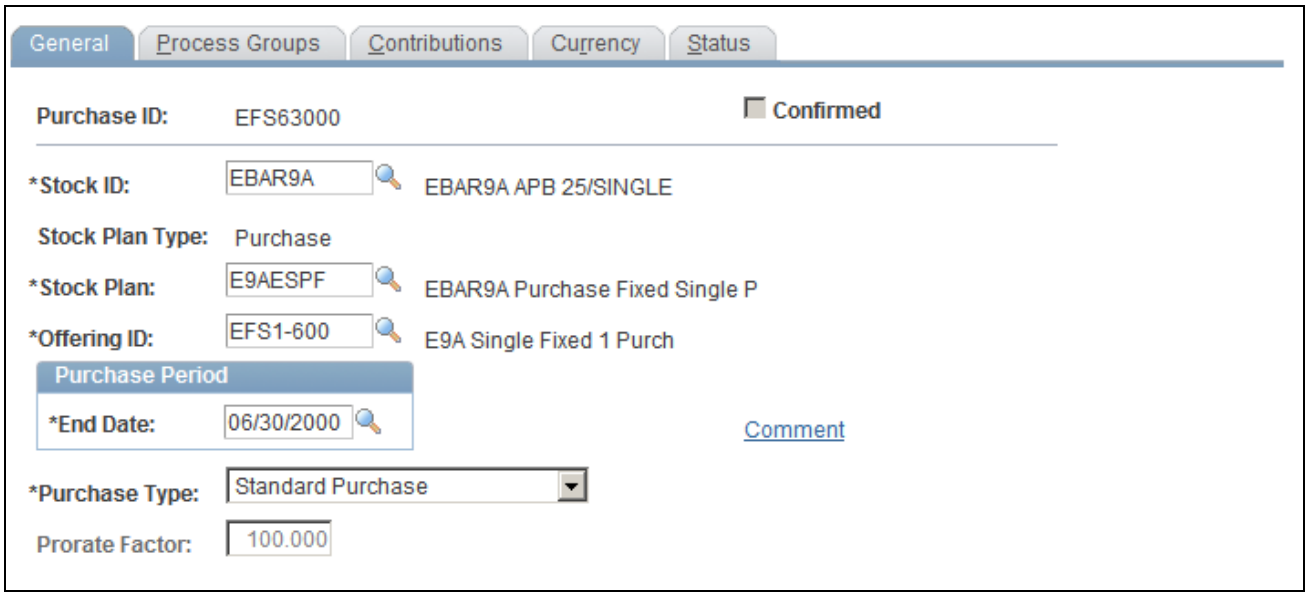
Page Name	Definition Name	Navigation	Usage
Stock Purchase - Status	ST_PURCHASE_TBL6	Stock, Stock Purchase Definitions, Stock Purchase, Status	View the status of the overall purchase and the status of each process group.

Defining the Basic Parameters of a Purchase

Access the Stock Purchase - General page (Stock, Stock Purchase Definitions, Stock Purchase, General).



Stock Purchase - General page

Confirmed The system selects this check box when this purchase ID has been confirmed.

Comment Click to access the Purchase Table Comments page, where you add comments about the purchase.

Purchase Type Select the type of purchase that you want to process: *Standard Purchase* or *Anti-Dilution Purchase.*

Prorate Factor If you selected Pro Rate Purchase on the Stock Purchase Plan Rules - General page, enter the prorate factor.

Selecting Process Groups for a Stock Purchase

Access the Stock Purchase - Process Groups page (Stock, Stock Purchase Definitions, Stock Purchase, Process Groups).

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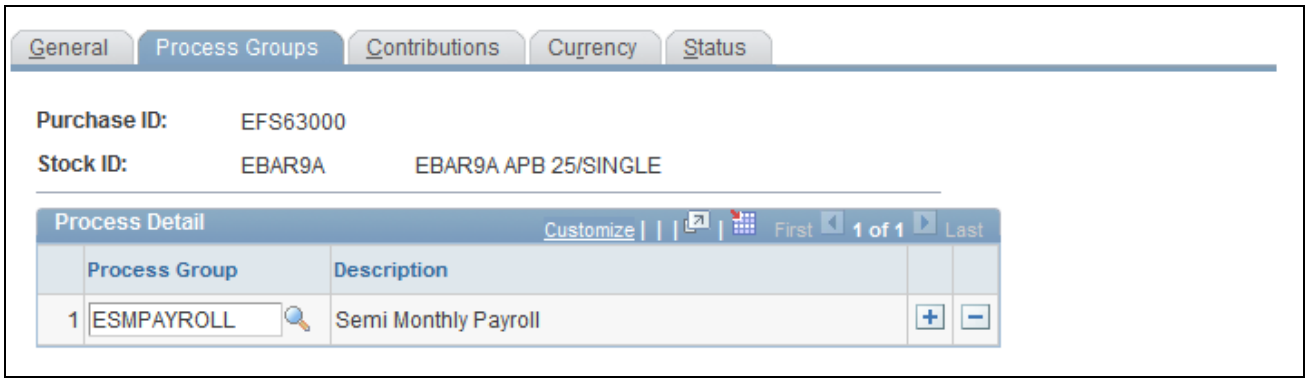


Stock Purchase - Process Groups page

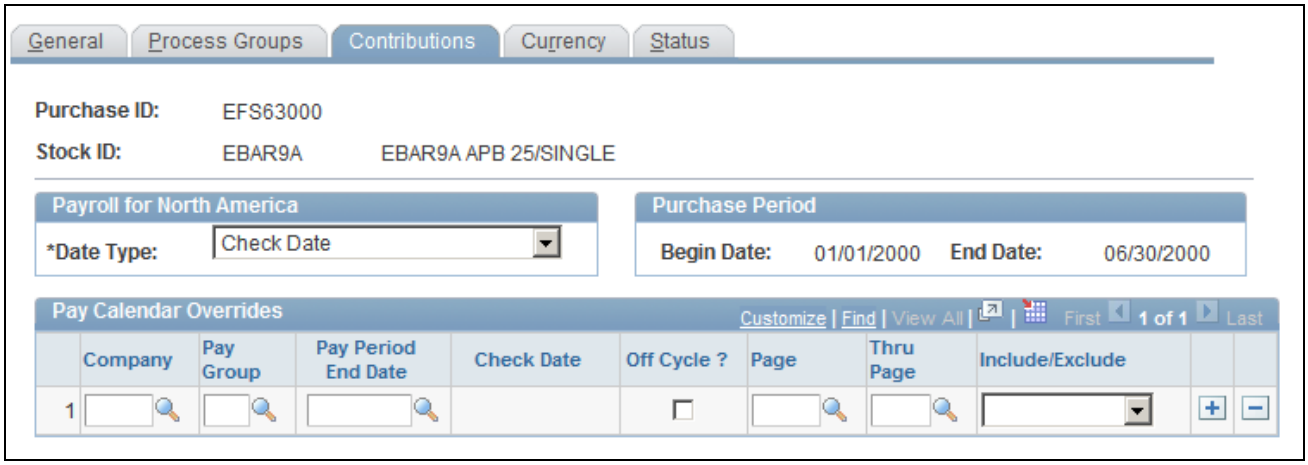
Process Group Select the process groups to include in this processing. Process Groups are defined in the Process Group component.

See Also

Chapter 3, "Defining Stock Administration Business Rules," Defining Process Groups, page 34

Defining Contribution Parameters for a Stock Purchase

Access the Stock Purchase - Contributions page (Stock, Stock Purchase Definitions, Stock Purchase, Contributions).



Stock Purchase - Contributions page

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Payroll for North America

Date Type Select *Check Date* to indicate the check date for the deduction or select *Pay Period End Date* to indicate the pay period end date for the deduction. The date must fall between the purchase period begin and end dates.

Pay Calendar Overrides

When deductions for a pay period fall outside the range of the purchase period begin and end dates, you might need to include or exclude a pay calendar. For example, if you selected Check Date as the date type for the purchase on September 30, 1998, then processed a bonus run with a check date of July 2, 1998, the bonus run is not included in the purchase period contributions. However, the bonus is for the period ending September 30, 1998, and should be included in the contributions for the current purchase period. To include the bonus contributions in the current purchase period, you must enter a pay calendar override specifying the company, pay group, pay period end date, and on-cycle or off-cycle, and select Include. This overrides the date, and includes the deductions for the pay calendar selected in the current purchase period.

You can also specify a beginning and ending page number for the pay calendar. This enables you to select a range of employees to include or exclude in the purchase period contributions. This feature is useful for off-cycle checks because you assign the page number.

Pay Group Select the pay group of the pay calendar to process.

Pay Period End Date Select the pay period end date of the pay calendar to process.

Check Date Displays the Check Date for the pay calendar selected.

Off Cycle? Select to include the calendar in an off-cycle check.

Page and **Thru Page** Select the beginning page number and the ending page number of an off cycle to include or exclude.

Include/Exclude Select *Include* to include the pay calendar in the Gather Contributions process. Select *Exclude* to exclude the pay calendar from the Gather Contributions process.

Defining the Currency Parameters for a Stock Purchase

Access the Stock Purchase - Currency page (Stock, Stock Purchase Definitions, Stock Purchase, Currency Conversion).

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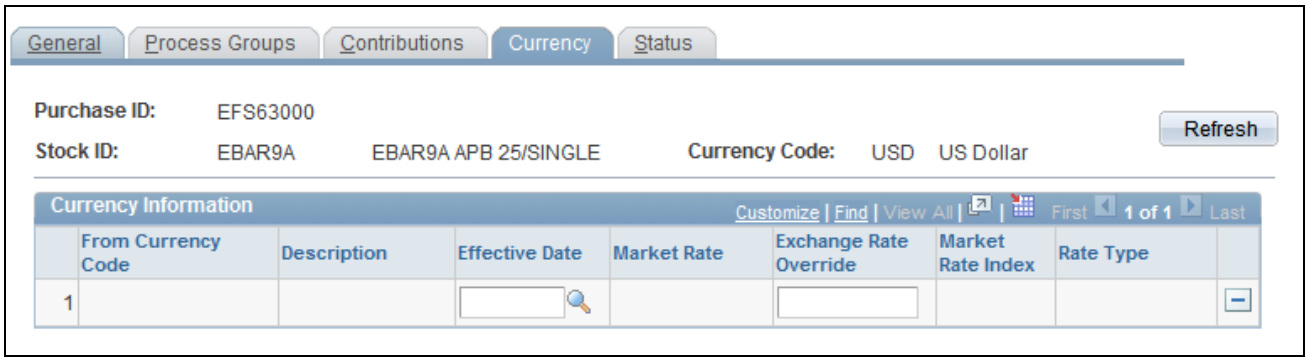

Stock Purchase - Currency page

Currency Code Displays the currency code associated with the stock ID.

Refresh Click to run the Convert Contributions process. The system determines the exchange rates for each currency contribution that exists in the gathered contributions. A batch process refreshes the data on the page.

From Currency Code Displays the contribution source currency code.

Market Rate Displays the calculated exchange rate for the market rate index, rate type, and currency specified.

Exchange Rate Override To use a different rate than the Convert Currencies process, enter an override rate here. The default is zero.

Market Rate Index Displays the index used in the Convert Currencies process. This is specified on the Stock Purchase Plan Rule - Contribution page.

Rate Type Displays the rate type used in the Convert Currencies process. This is specified on the Stock Purchase Plan Rules - Contributions page.

Viewing the Status of Stock Purchases and Process Groups

Access the Stock Purchase - Status page (Stock, Stock Purchase Definitions, Stock Purchase, Status).

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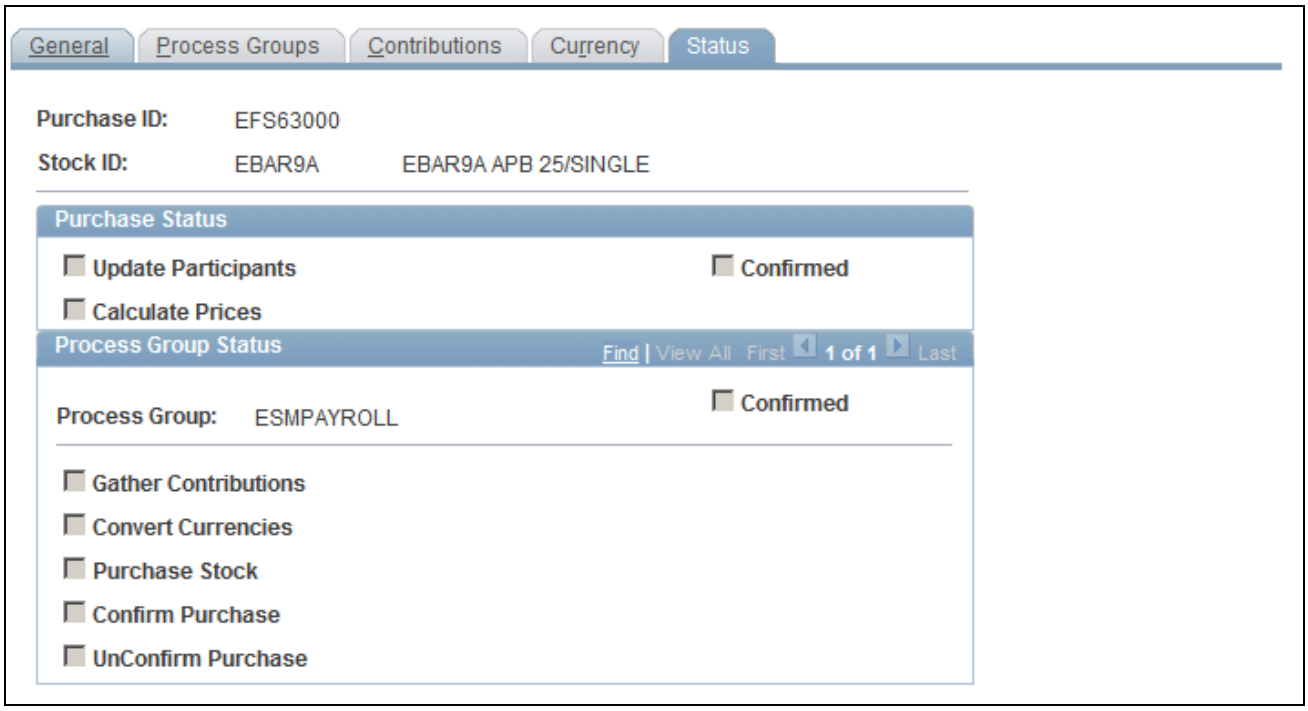

Stock Purchase - Status page

Purchase Status

The system displays the status of the purchase process. If a process has been run, the check box is selected displaying the date and time it was processed.

Confirmed The system selects this check box when all processes have been confirmed for all process groups.

Process Group Status

Process Group Displays the process groups within the purchase ID.

Confirmed The system selects this check box when all processes for this Process Group are confirmed.

Gather Contributions Displays the status of the Gather Contributions process. This process determines the process groups based on the participant's company and pay group.

Defining Processing Messages and Hold Reasons

To define processing messages and hold reasons, use the Processing Messages (ST_ESPP_MSG_TBL) and Hold Reasons (ST_HOLD_REASON_TBL) component.

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This section lists:

- Delivered processing messages.
- Pages for defining processing messages and hold reasons.

Generate the Hold Reason Table report (STSU027) to view information for hold reasons.

Delivered Processing Messages

The processing messages delivered with Stock Administration are:

000001	Employee is terminated.
000002	Purchase FMV method not found.
000003	Purchase ID not found.
000004	Daily Prices data missing for the purchase period.
000005	Purchase Period not found.
000006	Average Days for FMV method is invalid.
000007	The stock exchange is not found.
000008	Holiday Schedule not found.
000009	Grant FMV could not be calculated.
000010	The exchange is not defined.
000011	Holiday has not been defined on Holiday Schedule.
000012	Contributions exceed Purchase Period limit.
000013	Contributions exceed Offering Period limit.
000014	Participant Shares exceed Purchase Period Limit.
000015	Participant Shares exceed Offering Period Limit.

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000016	Grant Value Limit exceeded for Purchase Period.
000017	Grant value exceeded for Offering Period.
000018	Purchase Price Missing for Grant Date.
000019	Anti-Dilution Price Missing for Grant Date.
000020	Total Share Limit exceeded for purchase period.
000021	Total Share Limit exceeded for offering period.
000022	Participant has exceeded Purchase Value Limit.
000023	Processing halted as purchase is "Confirmed".
000024	Reversal process halted as purchase is "Confirmed."
000025	Exchange Rate has not been defined for currency code.
000026	Contribution currency mismatch.
000027	Purchase Prices do not exist for purchase period.
000028	Stock purchase plan rules do not exist.
000029	Participant is defined as a major shareholder.
000030	Contributions exist for multiple process groups.
000031	Preliminary purchase in progress. Purchase removed.
000032	Contributions to be refunded. Participant had a status change.
000033	Negative Contributions ignored.
000034	Warning: Check reversal gathered for participant.

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000035	Holiday has not been defined on Daily Prices Table.
000036	Participant withdrew from plan during purchase period.
000037	Disposition exists for purchase being Unconfirmed.

Pages Used to Define Processing Messages and Hold Reasons

Page Name	*Definition Name*	*Navigation*	*Usage*
Purchase Msgs (purchase messages)	ST_ESPP_MSG_TABLE	Stock, Stock Purchase Definitions, Purchase Msgs	Define stock purchase processing messages.
Hold Reason Table	ST_HOLD_REASON_TBL	Set Up HRMS, Product Related, Stock, Purchase Plans, Hold Reason Table	Define the reasons for holding a purchase. For example, a participant might withdraw from the program.

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Chapter 6

Managing Stock Administration

This chapter lists prerequisites and discusses how to:

- Administer participant information (record stock issuance instructions and identify insiders).
- Specify daily stock prices.
- Calculate stock balances.
- Manage stock splits.
- Manage dispositions.

Prerequisites

Before you begin to actively manage your stock administration system, you should define your stock administration business rules and set up the common setup tables.

See Also

Chapter 3, "Defining Stock Administration Business Rules," page 9

Administering Participant Information

This section provides an overview of participant information and discusses how to:

- Specify a participant's default issuance instructions.
- Enter issuance instructions for brokers.
- Enter registration instructions for stock certificates.
- Enter and update issuance instructions for multiple participants.
- Identify insiders.

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Participant Information

With Stock Administration you can quickly access the human resources information that you need to administer your stock plans. In addition to viewing participants' job, employment, and payroll data, you can enter issuance instructions for individual participants and run the Mass Issuance Update Application Engine process (ST_RUNCTL_ISUUPD) to add issuance instructions for multiple participants. Finally, you can specify the insiders who are subject to SEC Section 16 reporting requirements and Regulation S-K proxy requirements.

Pages Used to Administer Participant Information

Page Name	*Definition Name*	*Navigation*	*Usage*
Maintain Issuance Instructions	ST_ISSUANCE	Stock, Issuance/Profiles, Maintain Issuance Instructions, Maintain Issuance Instructions	Specify a participant's default issuance instructions.
Employee Information	ST_EMPL_SEC	Click the employee ID number on one of numerous pages in the Stock Administration application.	View participant information. The information is current as of today's date.
Maintain Issuance Instructions - Broker Details	ST_ISSUANCE_SEC1	Select Broker on the Maintain Issuance Instructions page, then click Edit Issuance Type Information.	Enter issuance instructions for brokers.
Maintain Issuance Instructions - Certificate Details	ST_ISSUANCE_SEC2	Select Certificate on the Maintain Issuance Instructions page, then click Edit Issuance Type Information.	Enter registration instructions for stock certificates.
Maintain Insiders	ST_INSIDER_TBL	Stock, Issuance/Profiles, Maintain Insiders	Identify insiders.
Review Personal Profile	ST_PERS_PROFILE	Stock, Issuance/Profiles, Review Personal Profile	View Human Resources information for a participant, including employment, job, and payroll data.
Update Mass Issuance	ST_RUNCTL_ISUUPD	Stock, Issuance/Profiles, Update Mass Issuance	Enter and update issuance instructions for multiple participants.
Review Mass Issuance Messages	ST_ISSU_MESSAGE	Stock, Issuance/Profiles, Review Mass Issuance Messages	View messages that are generated by the Mass Issuance Update process.

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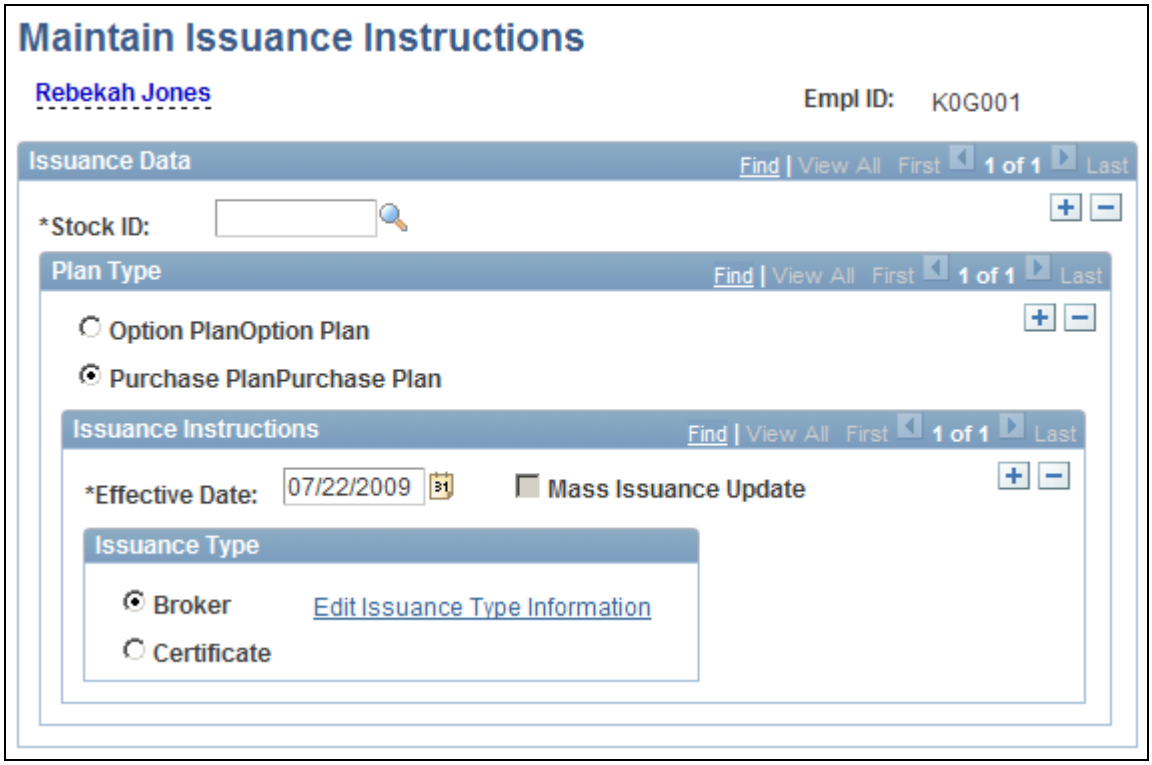
Specify a Participant's Default Issuance Instructions

Access the Maintain Issuance Instructions page (Stock, Issuance/Profiles, Maintain Issuance Instructions, Maintain Issuance Instructions).



Maintain Issuance Instructions page

Plan Type Select *Option Plan* or *Purchase Plan.* If the participant is enrolled in both plan types, you can toggle back and forth to view the information for each plan type.

Mass Issuance Update This check box is selected if the issuance instructions were created by a mass issuance update.

Issuance Type Select *Broker* to have the shares held through a brokerage firm. Select *Certificate* to have the shares issued in the form of a certificate.

Edit Issuance Type Information Click to display a page where you can enter additional issuance instructions. If the issuance type is broker, the Maintain Issuance Instructions - Broker Details page appears. If the issuance type is certificate, the Maintain Issuance Instructions - Certificate Details page appears.

Entering Issuance Instructions for Brokers

Access the Maintain Issuance Instructions - Broker Details page (select Broker on the Maintain Issuance Instructions page, then click Edit Issuance Type Information).

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Account Number Enter the participant's brokerage account number. The field holds up to 17 alphanumeric characters.

Quick Sales If *Stock Purchase Plan* is selected in the Plan Type field, this check box is available. Select if the participant volunteers to participate in the Quick Sale program. This field informational only.

Entering Registration Instructions for Stock Certificates

Access the Maintain Issuance Instructions - Certificate Details page (select Certificate on the Maintain Issuance Instructions page, then click Edit Issuance Type Information).

Account Number Enter the participant's transfer agent account number. The field holds up to 17 alphanumeric characters.

Legend ID If *Stock Purchase Plan* is selected as the plan type on the Maintain Issuance Instructions page, this field is available. Legend IDs are set up on the Stock Legend Table page.

Address Type Options are *Home* or *Mailing.* The system displays the address information entered in Human Resources.

Entering and Updating Issuance Instructions for Multiple Participants

Access the Update Mass Issuance page (Stock, Issuance/Profiles, Update Mass Issuance).

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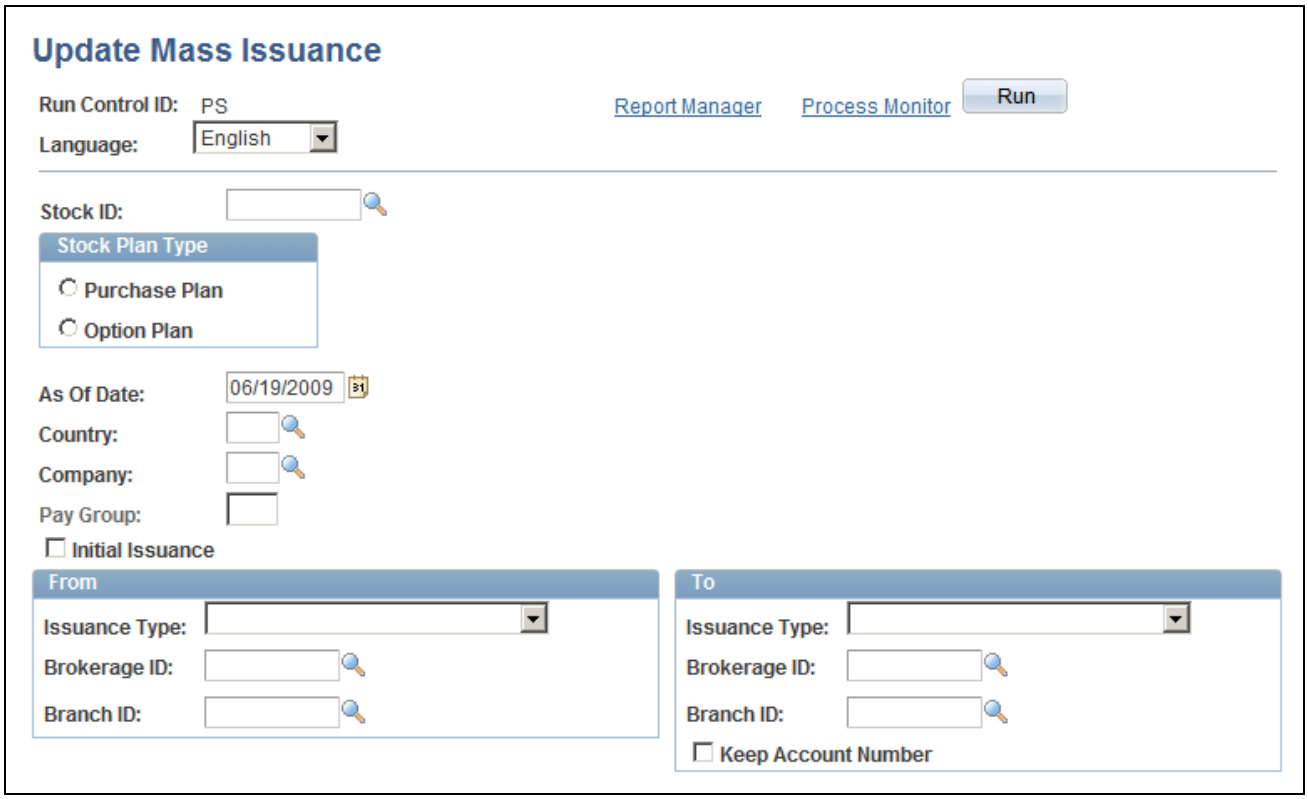

Update Mass Issuance page

As Of Date Enter the date that you want the mass issuance to be effective. The system displays an error message on the Review Mass Issuance Messages page if the date entered already exists in the issuance instructions for a participant or the participant has an effective-dated row greater than the as of date.

Initial Issuance Select during implementation to generate the initial issuance instructions. The system only generates instructions for participants who don't have specific issuance instructions for the identified stock.

From

If this is an initial issuance, these fields are not available and *None* is selected as an issuance type.

Issuance Type Select the issuance type that you want to change from. Select *Broker*, *Certificate*, or *None*.

Brokerage ID If you selected the *Broker* issuance type, this field becomes available. Select a brokerage ID from the available options.

Branch ID If you selected the *Broker* issuance type, this field becomes available. Select a branch ID from the available options.

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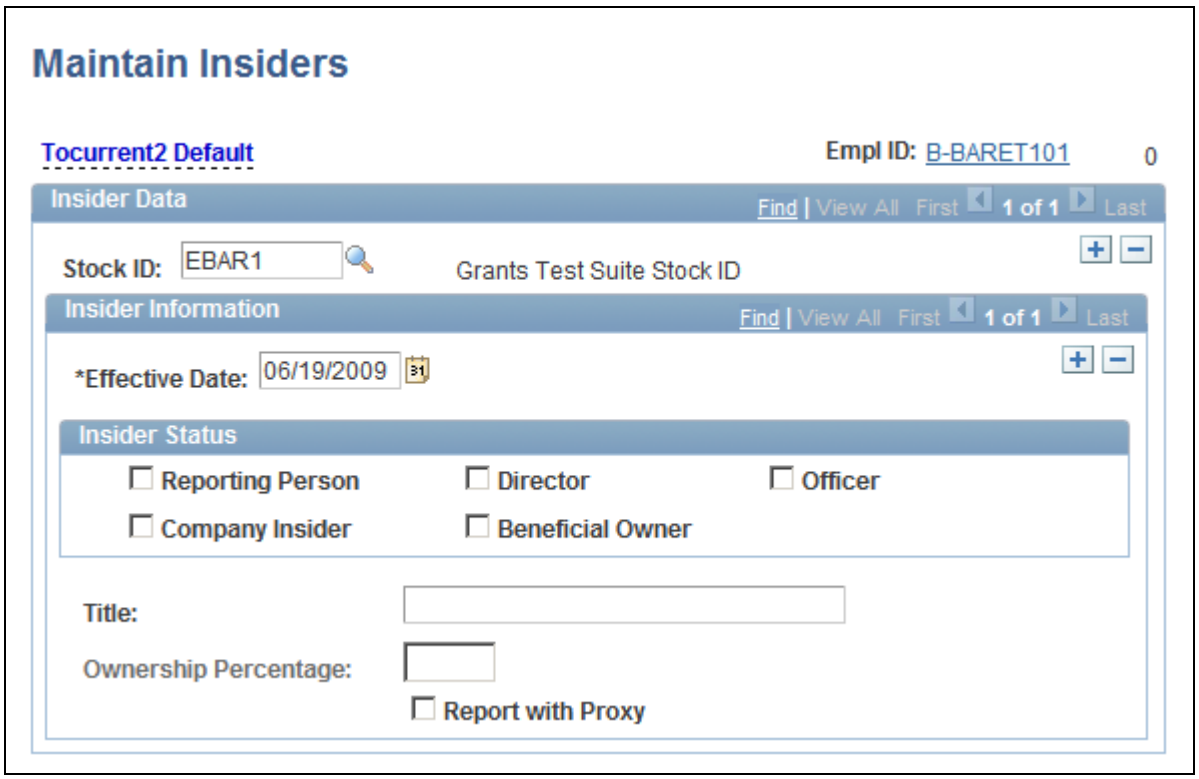
To

Issuance Type	Select the issuance type that you want to change to. Select *Broker*, *Certificate*, or *None*. If you select *Certificate*, the system uses the home address.
Brokerage ID	If you selected the *Broker* issuance type, this field becomes available. Select a brokerage ID from the available options.
Branch ID	If you selected the *Broker* issuance type, this field becomes available. Select a branch ID from the available options.
Keep Account Number	Select to have the account number from the last broker moved over to the new broker.

Identifying Insiders

Access the Maintain Insiders page (Stock, Issuance/Profiles, Maintain Insiders).



Maintain Insiders page

EmplID	Click this number to view employee information.

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Insider Information

Title The system defaults the business title stored in the HR Job table. If there is more than one job for an individual, the primary job defaults. The system uses the lowest active record number if there is no primary job flagged. You can enter a different title if you like.

Ownership Percentage If you selected an insider type of Beneficial Owner, this field becomes available. Enter the percentage of beneficial ownership by the individual. The percentage serves to check the stock purchase participation requirements (eliminating individuals with greater than 5% beneficial ownership), and check for the ISO 10% Shareholder FMV Rule and the ISO 10% Shareholder Option Life Rule. You must enter a number, as it is not derived from the system.

Report with Proxy Select this check box if the individual is the chief executive officer (CEO), one of the five most highly paid executive officers of the company, or meets other proxy criteria. This field is used to sort and filter different reports.

Insider Status

Select all insider status types that apply to the individual. At least one type must be selected. If you select reporting person, director, or officer, the system also selects company insider. If an individual is no longer an insider, add a new effective-dated row and leave all check boxes unselected.

Specifying Daily Stock Prices

This section lists prerequisites and discusses how to:

- Enter daily stock prices.
- View FMV prices for a plan.

All companies, either public or private, must establish a fair market value (FMV) for their common stock. The various prices reported daily by the stock exchanges are indications of that value. Each company decides the price, or combination of prices, to use in calculating the FMV for the various stock transactions.

Generate the Daily Prices report to view the daily prices that you have entered for a given stock.

Prerequisites

Before you can enter daily prices, you must define:

- Stock ID on the Stock Table page.
- FMV methods on the FMV Method Table page.
- FMV method on the Stock Details - Common Rules page.

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If the stock plan FMV differs from the defaults defined on the Stock Details - Common Rules page, you must further define the stock plan FMV on the Stock Option Plan Rules component for option plans and Stock Purchase Plan Rules component for stock purchase plans.

Pages Used to Enter Daily Prices and View FMV Prices

Page Name	*Definition Name*	*Navigation*	*Usage*
Maintain Daily Prices	ST_DAILY_PRICES	Stock, Daily Prices, Maintain Daily Prices	Enter daily stock prices for a particular stock.
Plan FMVs	ST_DAILY_PLNPRC	Click the Fair Market Value button on the Daily Prices page.	View FMV prices for a plan.

Entering Daily Stock Prices

Access the Maintain Daily Prices page (Stock, Daily Prices, Maintain Daily Prices).

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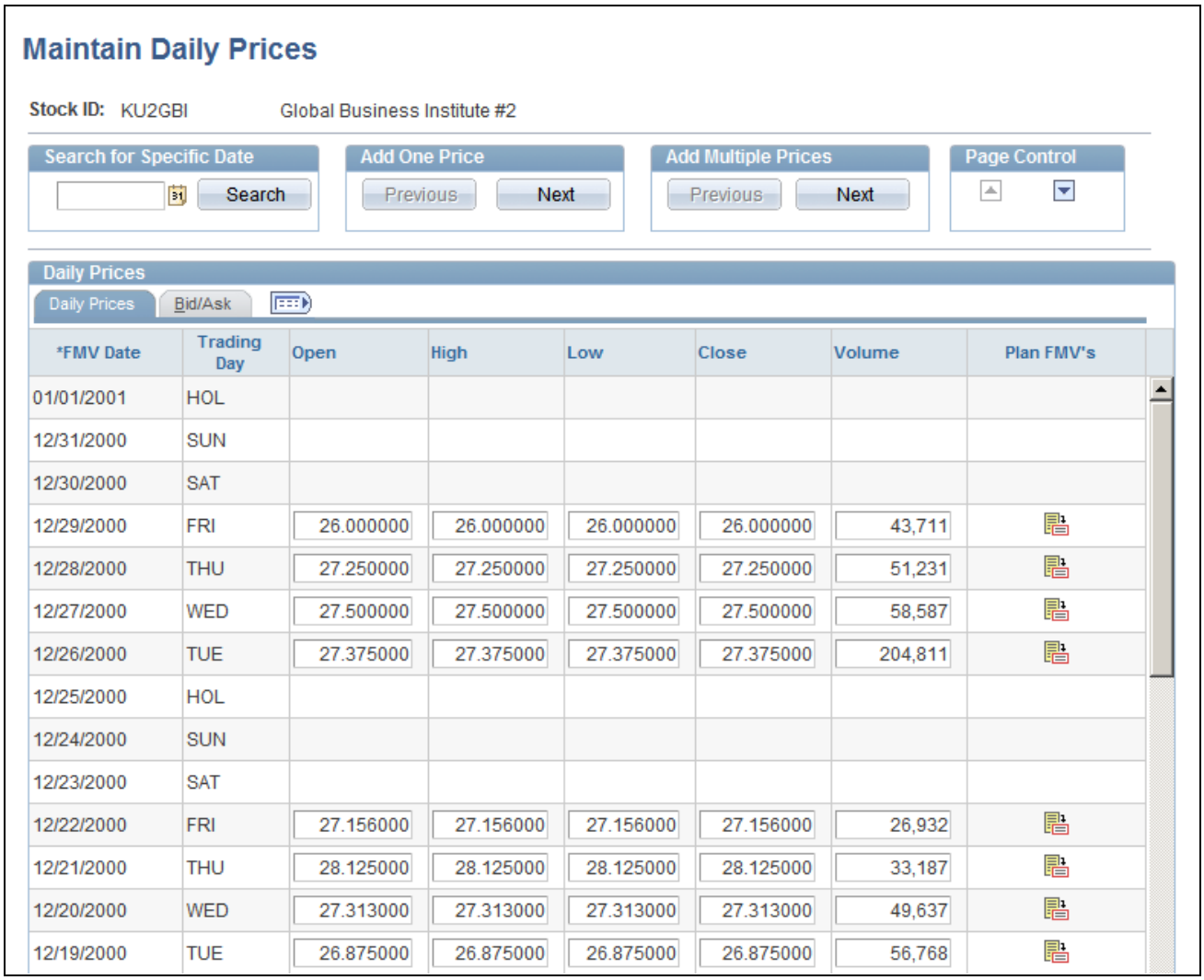

*FMV Date	Trading Day	Open	High	Low	Close	Volume	Plan FMV's
01/01/2001	HOL						
12/31/2000	SUN						
12/30/2000	SAT						
12/29/2000	FRI	26.000000	26.000000	26.000000	26.000000	43,711	
12/28/2000	THU	27.250000	27.250000	27.250000	27.250000	51,231	
12/27/2000	WED	27.500000	27.500000	27.500000	27.500000	58,587	
12/26/2000	TUE	27.375000	27.375000	27.375000	27.375000	204,811	
12/25/2000	HOL						
12/24/2000	SUN						
12/23/2000	SAT						
12/22/2000	FRI	27.156000	27.156000	27.156000	27.156000	26,932	
12/21/2000	THU	28.125000	28.125000	28.125000	28.125000	33,187	
12/20/2000	WED	27.313000	27.313000	27.313000	27.313000	49,637	
12/19/2000	TUE	26.875000	26.875000	26.875000	26.875000	56,768	

Maintain Daily Prices page: Daily Prices tab

Common Page Information

Add One Price Click Next to enter a daily price for the next trading day. Click Previous to enter a daily price for the day prior to the first day you entered a daily price. If the next or prior trading day spans a weekend or holiday, the system automatically enters those rows.

Add Multiple Prices Click Next to skip to add new daily price rows based on the end date that you enter. Click Previous to add daily price rows before the first daily price row that has already been entered.

Page Control Use the arrows to scroll through the daily price rows.

FMV Date Displays the date of the FMVs in the row.

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Trading Day Displays the day of the week. If the day is a non-trading day such as a holiday, Saturday, or Sunday, there is no data for that day. The system uses the holiday schedule defined on the Stock Exchange Table component to determine which days are holidays.

Daily Prices Tab

Enter the opening, high, low, and closing stock price for the day. Also enter the volume of shares traded on the exchange for this trading day. (The volume is for informational purposes only.)

Plan FMVs Click this button to access the Plan FMVs page where you can specify a stock plan and view the various FMV methods for the stock plan.

Bid/Ask Tab

Enter the bid and ask price for the day.

Viewing FMV Prices for a Plan

Access the Plan FMVs page (click the Fair Market Value button on the Maintain Daily Prices page).

Plan FMVs page

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Option Plan, Purchase Plan	Select whether to view FMVs for the Option Plan or Purchase Plan.
FMV Date	FMV date selected from the primary page.
Stock Plan	Select from the available options.
	Click the Calculate button to display the price indicators and plan FMVs for the FMV day.

Plan FMVs

The system displays only the FMVs that relate to the stock plan and the date selected.

Company FMV	FMV based on the FMV date and the rules defined on the Stock Details - Common Rules page.
Grant FMV	FMV based on the FMV date and the rules defined on the Stock Option Plan Rules - FMV Rules page or the Stock Purchase Plan Rules - FMV Rules page.
Exercise FMV, Swap/Trade FMV, Release FMV, and **Repurchase FMV**	FMV based on the FMV date and the rules defined on the Stock Option Plan Rules - FMV Rules page.
Offer FMV, Purchase FMV	The system displays the FMV based on the FMV date and the rules defined on the Stock Purchase Plan Rules - FMV Rules page.

Calculating Stock Balances

This section provides an overview of high-level, comprehensive share balance and allocation processing, lists common elements, and discusses how to:

- Calculate stock treasury balances.
- Calculate stock class balances.
- Calculate stock options outstanding.
- Calculate stock purchase plan balances.

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Understanding Comprehensive Share Balance and Allocation

As a stock administrator, you must have accurate records of the number of shares that are allocated to your treasury, stock classes, and stock plans. The intricate balance tracking and share allocation functionality of Stock Administration captures online transactions and batch processes and provides reports that you can use for financial disclosure, auditing, and regulatory reporting. When you enter an "As of Date" on the share balance inquiry pages and click the calculator button, you can see the share balances as of the date that you entered.

Once you set up your balance tables, the share accounting is derived in real time off the stock options and stock purchase transaction tables. This enables you to define effective-dated rules for the return of shares to the treasury or stock plans for transactions such as cancellations, expirations, repurchases, swaps, trades, and SAR exercises.

Treasury pool and stock plan funding follow a typical allocation process with each action altering pool and plan balances. A typical allocation flow is:

1. Fund Treasury: A company files an initial registration statement with a regulatory agency, such as the SEC, that lists the number and type of shares allocated to the treasury. Later on, a company may increase the number of shares allocated by filing appropriate documents with the SEC to create a new treasury pool or increase the allocation levels of the current pool.

2. Create Class Pools: Different pools can be created for different types of shares. For example, you may create one class pool for common shares outstanding prior to implementation and another class pool for preferred shares outstanding. The common share pool for a stock ID increases and decreases depending upon stock transactions such as exercises, purchases, swaps, trades, and repurchases.

3. Fund Stock Plans: The Board of Directors or the shareholders approves allocating shares to a stock plan from a designated treasury pool. If you use variable compensation, you can allocate shares from your stock option plan to be used by your variable compensation plan. The variable compensation allocation doesn't affect the plan balance.

4. Process Stock Plan Transactions: After the stock plan allocation, daily transactions affect plan balances. Stock option plan transactions include grants, exercises, cancellations, expirations, repurchases, sales, and releases. Stock purchase plan transactions include purchases and sales.

5. Monitor Treasury and Stock Plan Balances: All these stock plan transactions may affect the treasury pool and stock plan balances, and may affect common shares outstanding. The system needs to accurately record the effects of these transactions and to update share balances.

See Also

Chapter 8, "Administering Variable Compensation Grants," page 133

Common Elements Used in This Section

Calculate Balance button Click the Calculate Balance button to generate balances based on the as of date.

Clear Balance button Click the Clear Balance button to clear the share balance values for the page.

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Shares Cancelled Shares cancelled from an active stock option grant that are returned to the treasury or plan. The Cancel Shares Method must be set to Return to Treasury or Return to Plan on the Stock Option Plan Rules - Shares page for shares to be allocated back to the treasury or plan.

Shares Expired Shares expired from an active stock option grant that are returned to the treasury or plan. The Expired Shares Method must be set to Return to Treasury or Return to Plan on the Stock Option Plan Rules - Shares page for shares to be allocated back into the treasury or plan.

Shares Repurchased Shares repurchased that are returned to the treasury or plan where the repurchase is active. The Repurchase Shares Method must be set to Return to Treasury or Return to Plan on the Stock Option Plan Rules - Shares page for shares to be allocated back to the treasury or plan.

Shares Swapped/Traded Shares swapped or traded for exercises that are returned to the treasury or plan. The amount of shares traded for release is also added to the shares swapped balance. The Shares Swapped Method must be set to Return to Treasury or Return to Plan on the Stock Option Plan Rules - Shares page for shares to be allocated back to the treasury or plan.

Exercised SAR Shares Exercised SAR shares that are returned to the treasury or plan where the Share Payment Method is equal to SAR Exercise. The Exercise SAR Shares Method must be set to Return to Treasury or Return to Plan on the Stock Option Plan Rules − Shares page for shares to be allocated back to the treasury or plan.

Shares Available to Issue The sum of the Plan Shares Allocated, Shares Cancelled, Shares Expired, Shares Repurchased, Shares Swapped, and Exercised SAR Shares, less the Shares Granted.

Pages Used to Calculate Stock Balances

Page Name	*Definition Name*	*Navigation*	*Usage*
Stock Treasury Balance	ST_TREASURY_BAL	Stock, Review Balances Info, Stock Treasury Balance	Calculate stock treasury balances by running the ST_TRSR_BAL process. The system reports the shares available for issue based on a specific date, along with other balances. You must first allocate shares on the Stock Treasury Table - General page.

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Page Name	*Definition Name*	*Navigation*	*Usage*
Stock Class Balance	STOCK_CLASS_BAL	Stock, Review Balances Info, Stock Class Balance	Calculate stock class balances by running the ST_CLASS_BAL process. The system reports the class shares outstanding based on a specific date. You must first allocate shares on the Stock Class Table page.
Option Plan - Shares Available	STOCK_PLAN_BAL1	Stock, Review Balances Info, Option Plan, Shares Available	Calculate stock option plan shares available as of a specific date by running the ST_OPTN_BAL process. You must first allocate shares to a stock option plan on the Stock Plan Table page.
Option Plan - Options Outstanding	STOCK_PLAN_BAL2	Stock, Review Balances Info, Option Plan, Options Outstanding	Calculate the Stock Option plan shares available to issue, options outstanding, and shares authorized but unissued based on an as of date.
Stock Purchase Plan Balance	STOCK_ESPP_BAL	Stock, Review Balances Info, Stock Purchase Plan Balance	Calculate a stock purchase plan's balances, including shares available to issue as of a specific date, by running the ST_ESPP_BAL process. You must first allocate shares to a stock purchase plan on the Stock Plan Table page.

Calculating Stock Treasury Balances

Access the Stock Treasury Balance page (Stock, Review Balances Info, Stock Treasury Balance).

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Stock Treasury Balance page

Plan Shares Allocated Plan shares allocated that decrease the treasury balance.

Class Shares Allocated Class shares allocated that decrease the treasury balance.

Calculating Stock Class Balances

Access the Stock Class Balance page (Stock, Review Balances Info, Stock Class Balance).

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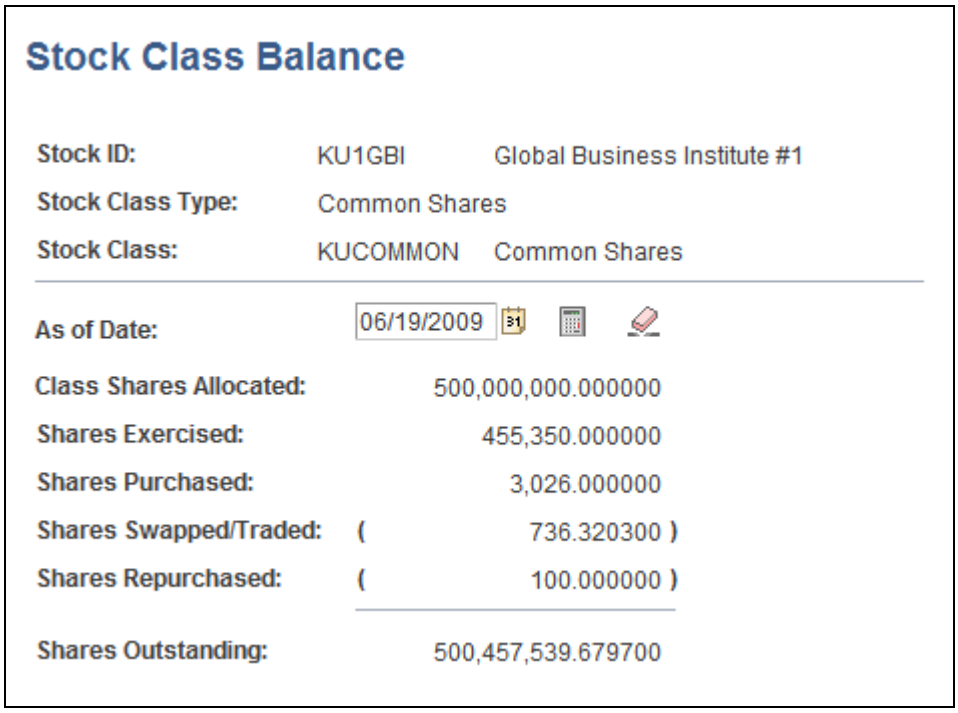

Stock Class Balance page

Shares Exercised Shares from active option exercises. This does not include SAR exercises.

Shares Outstanding The sum of Class Shares Allocated, Shares Exercised, and Shares Purchased, less the Shares Swapped and Shares Repurchased.

Calculating Stock Options Outstanding

Access the Option Plan - Options Outstanding page (Stock, Review Balances Info, Option Plan, Options Outstanding).

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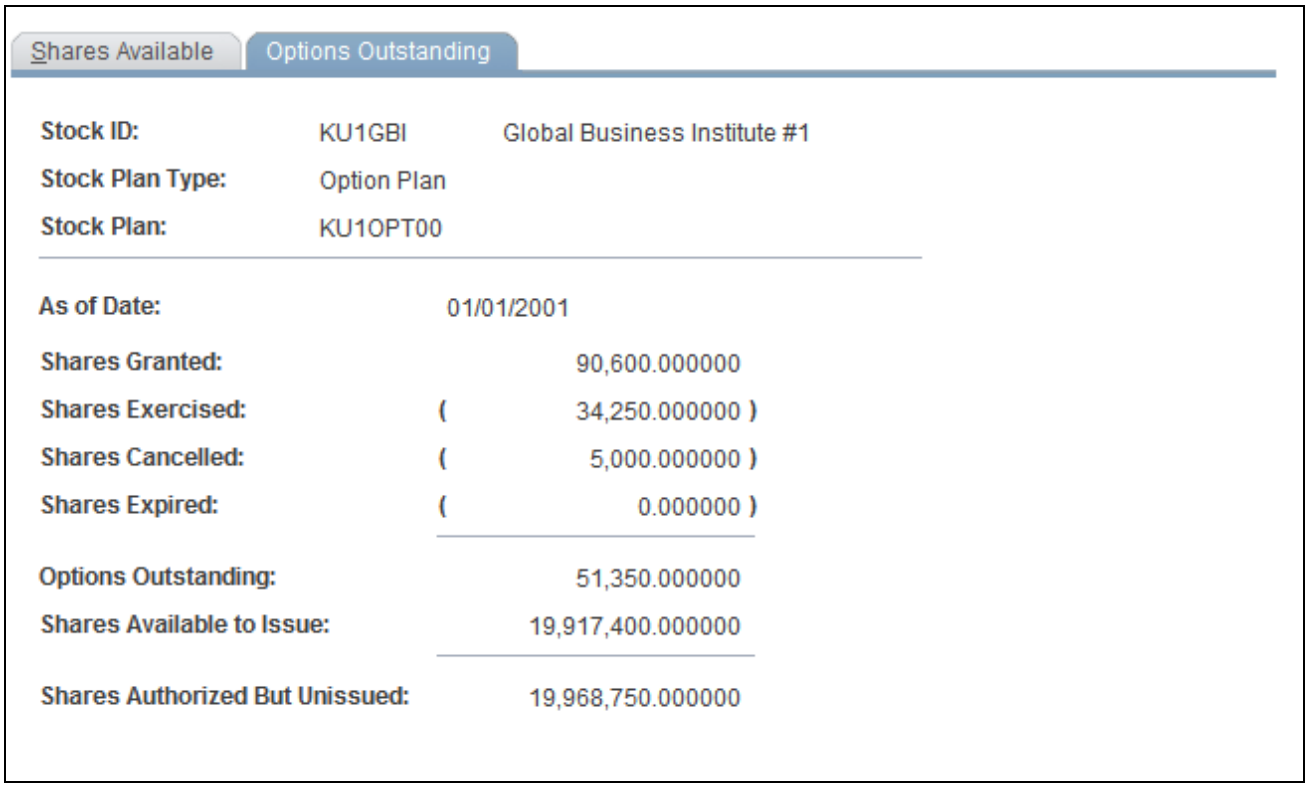

Option Plan - Options Outstanding page

Shares Exercised Shares from active option exercises. This does not include SAR exercises.

Options Outstanding Shares granted less the shares exercised, shares cancelled, and shares expired.

Shares Authorized But Unissued The sum of Options Outstanding and Shares Available to Issue.

Calculating Stock Purchase Plan Balances

Access the Stock Purchase Plan Balance page (Stock, Review Balances Info, Stock Purchase Plan Balance).

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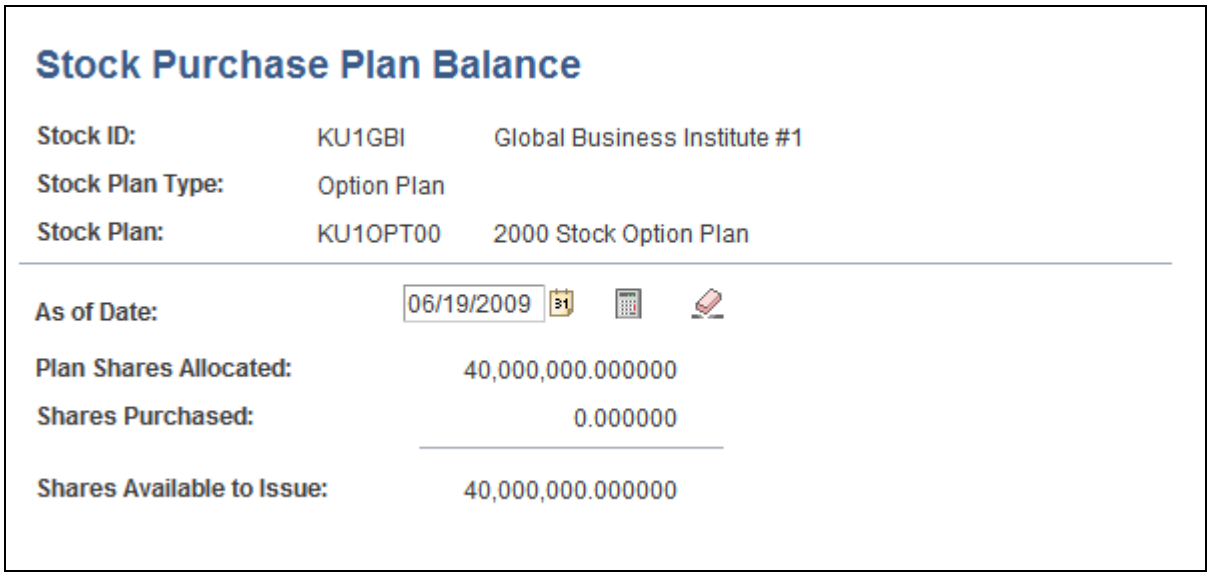

Stock Purchase Plan Balance page

Shares Purchased Shares issued from active stock purchases.

Managing Stock Splits

This section provides overviews of stock split considerations and stock split processing and discusses how to define the parameters of a stock split.

Stock Split Considerations

Stock splits affect all stock shares in your stock administration system. You must split not only the outstanding stock but the outstanding stock options as well. Historic records must be split and the split must be thoroughly documented on all records.

Consider the following before you start the stock split process:

- What split ratio will you use? Companies commonly split stock in a 2 for 1 ratio. That is, for each share of stock shareholders own they receive two shares while the price for the individual shares is cut in half. Other popular ratios are 3 for 1, 3 for 2, and 5 for 4. Regardless of the ratio, the same principle holds. The stock price declines, the par value declines, and the amount of shares outstanding increases. This is not true for reverse splits.
- How are you going to handle transactions that occur between the record date and the payable date, and the record date and the process date? All FMVs and grants that occur between these dates must be adjusted to account for the stock split before you enter information into the system.

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Stock Split Processing

Run the Stock Split report before and after you process a stock split. You can use these reports to reconcile your balances. You should run the Shares Granted SQR and select grants with a pending status. Then run all the SQRs for all your stock option plans and stock purchase plans. You should also run and print all balance inquiry pages just before you run the split process.

To split your stock:

1. Define the split parameters.

   Define the stock split parameters, including the stock ID, the split conversion ratio for shares and stock prices, and the record date of the split, using the Define Split page.

2. Run the Stock Split Application Engine process (ST_SPLIT_PRC).

   Run the Stock Split process using the Process Split page. You can run only stock splits with a split status of unprocessed.

Pages Used to Manage Stock Splits

Page Name	*Definition Name*	*Navigation*	*Usage*
Define Split	ST_SPLIT	Stock, Stock Splits, Define Split	Define the parameters of a stock split and the stock split ID.
Process Split	ST_RUNCTL_SPLIT	Stock, Stock Splits, Process Split	Process a stock split. You must first define a stock split ID on the Define Split page.
Stock Split Report	PRSCRUNCTL	Stock, Stock Splits, Stock Split Report	Generate the Stock Split report (STSU013). Use the report to view stock split information.

Defining the Parameters of a Stock Split

Access the Define Split page (Stock, Stock Splits, Define Split).

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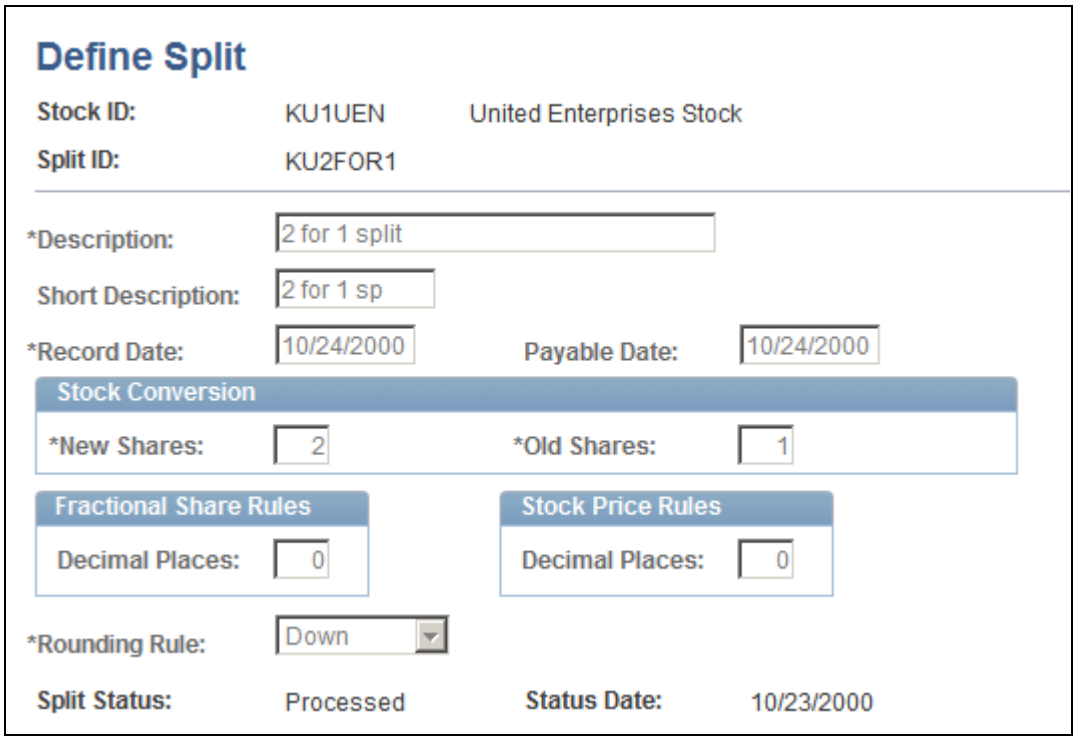

Define Split page

Record Date Enter the date on which an individual must officially own the stock to derive an adjustment resulting from a stock split or a stock dividend. Options granted after the record date are not adjusted.

Payable Date Enter the date that the split shares will be distributed to the stockholders.

Stock Conversion

Enter the number of New Shares and Old Shares. These numbers define the conversion ratio for splitting stock shares and prices. All share fields will be multiplied by new/old. All field prices will be multiplied by old/new.

Fractional Share Rules

If fractional shares are allowed at the Stock Detail level, these fields become available and the fractional share rules defined on the Stock Details - Common Rules page are the default. You can make them more restrictive. If fractional shares are not allowed, the value in Decimal Places is *0*.

Decimal Places Enter a number, between 0 and 6, to determine the number of decimal places to round.

Stock Price Rules

The price rounding rules defined on the Stock Details - Common Rules page are the default. You can make them more restrictive.

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Decimal Places Enter a number, between 0 and 6, to determine the number of decimal places to round.

Rounding Rule Select a rounding rule to use for fractional shares. Valid values include *Standard, Up,* and *Down.* The default value is *Down.*

Split Status The stock split status is either *Unprocessed* or *Processed.*

Status Date Last date that the split status changed.

See Also

Chapter 3, "Defining Stock Administration Business Rules," Defining Common Rules for Stock Option and Stock Purchase Plans, page 25

Managing Dispositions

To manage dispositions, use the Offering/Purchase Periods (ST_OFFERING_PD) component. This section lists the pages that you use to:

- Confirm dispositions that are submitted through the self service application.
- Batch confirmed dispositions and send them to Payroll for North America.

See Also

Chapter 12, "Administering Stock Option Dispositions," page 187

Chapter 21, "Administering Stock Purchase Dispositions," page 261

Pages Used to Manage Dispositions

Page Name	*Definition Name*	*Navigation*	*Usage*
Confirm Self-Service Dispostns	ST_RUNCTL_SSDISP	Stock, Grant Transactions, Confirm Self-Service Dispostns	Confirm stock dispositions that are reported through PeopleSoft eEquity.
Process Dispositions-Batch Up	ST_RUNCTL_SENDDISP	Stock, Grant Transactions, Process Dispositions-Batch Up	Collect all confirmed disposition information and send to Payroll for North America for processing.

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Chapter 7

Administering Stock Option Plans

This chapter discusses:

- Stock option plan creation.
- Stock option grants and validation of ISO limits.
- Exercise and release options.

Stock Option Plan Creation

This section discusses the creation of stock option plans and the various types of stock options the system supports.

Stock Administration enables you to create and manage a variety of stock option plans. You can grant options individually or through a variable compensation program according to your organization's business rules, and track exercise, release, repurchase, and disposition transactions.

The stock option plan process starts with your management designing a stock program, frequently assisted by outside consultants and legal counsel. The organization's board of directors or a compensation committee decides on the number of shares to place in the stock option pool. Following adoption by the board, a stock option plan is often submitted to the organization's shareholders for approval at their annual meeting. State corporate law may require such approval or it may be required by the organization's charter documents, or by the stock exchange on which the organization's stock is traded.

Usually it's not necessary to obtain Securities and Exchange Commission (SEC) approval before implementing an employee stock plan. However, for publicly traded stock, the plan must be registered with the SEC before offers or sales of securities under the plan may commence. You may have to register the stock plan with the appropriate state agency before the plan can be used, unless an exemption from qualification or registration is available.

A stock option plan typically allows an organization to set the terms and conditions of its program on a company-wide basis, thereby avoiding individual negotiations with employees. Besides the plan document, an organization may have written policies and procedures concerning its stock option activities. Depending upon the provisions within the stock option plan, your organization may need several different plans. For example, an Incentive Stock Option (ISO) plan only for employees, and a Non-Qualified Stock Option (NQ) plan for employees, consultants, and outside board members. A single plan can allow for the granting of various stock option types, such as ISO, NQ, and Restricted Stock Awards (RSAs). This type of plan is commonly called an omnibus plan.

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Stock Option Types

Stock Administration supports the following types of stock options:

Non-Qualified (NQ) Stock Options

NQs allow optionees to purchase stock directly from the company. The grant price may be less than the fair market value on the date the option is granted. When the option is exercised, the optionee (if a US resident) is generally taxed at the ordinary income tax rate on the difference between the option price and the fair market value at exercise. The optionee's company is entitled to a corresponding tax deduction.

Incentive Stock (ISO) Options

ISOs give individuals the right to purchase stock without incurring federal tax consequences at the time of the exercise. To maintain the preferential tax treatment the current IRS rules state the following:

- ISO options can only be granted to employees of the organization.
- The grant price must not be less than fair market value on the date of the grant. If an employee owns more than 10 percent of the organization's outstanding stock the option price must be at lease 110 percent of the grant FMV.
- The number of shares first exercisable in each calendar year may not exceed an aggregate value of $100,000.
- The option term may not exceed 10 years from the date of the grant. However, if an employee owns more than 10 percent of the organization's outstanding stock the option term may not exceed five years.

Tandem Stock Appreciation Rights

A tandem stock appreciation right (NQ/SAR or ISO/SAR) is a contractual right granted with a stock option that allows the optionee to receive the cash value equal to the appreciation on the specified number of shares exercised, or the shares of stock. If a stock distribution is made, the exercise is treated like a stock option exercise for the option type granted. The appreciation value is based on the difference between the grant price and the fair market value at exercise. When the cash appreciation is paid out, estimated income taxes are usually due on the gain.

Restricted Stock Awards (RSAs)

RSAs are generally given to key employees but can be granted to any individual. RSAs are usually granted below the current fair market value and often the grant price is set to the par value of the common stock. Optionees can exercise shares before they vest. Shares are typically held in escrow until they vest and are released. When optionees terminate before the rights to the shares are vested, organizations typically exercise their right to repurchase the shares at the option price.

Because of the risk of forfeiture, ordinary income and taxes are not calculated until the shares vest. The ordinary income equals the difference between the grant price and the fair market value on the vesting date. The optionee may elect to incur ordinary income at the time of issuance (exercise) by filing an 83(b) election.

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Stock Option Grants and ISO Limits

This section provides an overview of stock option grants and discusses the validation of ISO limits.

A stock option grant typically enables the optionee to purchase a specified number of shares of stock for a specified price over a specified period of time. Usually the right to purchase shares is detailed in the grant agreement and is contingent on the employee's continued service or other contribution to the organization for a specific period of time.

The most common types of stock options do not require a cash investment until the optionee purchases *(exercises)* the option shares.

Validation of ISO Limits

There is no limit to the number of option shares that can be granted as ISOs. However, only the first $100,000 in aggregate fair market value of shares (determined on the grant date) covered by a stock option, which is exercisable for the first time during any calendar year, qualifies as an ISO and receives preferential tax treatment. Any amounts first exercisable in excess of $100,000 are treated as NQs. If an individual quits and returns to the same organization within the same calendar year, the pre-termination ISO shares exercisable in that calendar year count against the limit even though they are no longer exercisable. The $100,000 limit is defined in the governing body rules and can be changed.

The following scenarios illustrate how Stock Administration interprets the $100,000 limit rule.

Maximum Rule Scenario

On March 6, 1995 12,500 shares are granted with an FMV of $50 and the following vesting schedule:

Vest Date	*Shares Vested*	*Vest Value*	*Value Over Limit*	*Shares Over Limit*	*% Over Limit*	*NQ Shares Granted*	*ISO Shares Granted*
3/6/1996	5,000	250,000	150,000	3,000	60%	3,000	2,000
3/6/1997	2,500	125,000	25,000	500	20%	500	2,000
3/6/1998	2,500	125,000	25,000	500	20%	500	2,000
3/6/1999	2,500	125,000	25,000	500	20%	500	2,000
Totals	*12,500*					*4,500*	*8,000*

The NQ shares are calculated by multiplying the corresponding percentage over the limit by the number of shares that are first exercisable in each calendar year. In our example, 60 percent of 5000 shares is 3000 shares and 20 percent of 2,500 shares is 500 shares. The number of ISO shares granted is determined by subtracting the NQ shares from the shares first exercisable each year.

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In the case of stock option repricing, the double counting only needs to occur in the year of the repricing. Shares exercisable in the years prior to and after the repricing do not need to be double-counted. The reprice rules are first exercisable in all years or first exercisable as of the reprice. Many organizations choose to count all periods with which shares are first exercisable from the repriced option, although this may limit the amount of shares that can be granted as ISOs in future years. You choose which method your organization uses.

Even Rule Scenario

On March 6, 1995 12,500 shares are granted with an FMV of $50 and the following vesting schedule:

Vest Date	*Shares Vested*	*Vest Value*	*Value Over Limit*	*Shares Over the Limit*	*% Over the Limit*	*NQ Shares Granted*	*ISO Shares Granted*
3/6/1996	5,000	250,000	150,000	3,000	60%	3,000	2,000
3/6/1997	2,500	125,000	25,000	500	20%	1,500	1,000
3/6/1998	2,500	125,000	25,000	500	20%	1,500	1,000
3/6/1999	2,500	125,000	25,000	500	20%	1,500	1,000
Totals	*12,500*					*7,500*	*5,000*

In this example the NQ shares are calculated by multiplying the highest percentage over the limit by the number of shares first exercisable in each year. So, 60 percent of 5000 shares is 3000 shares and 60 percent of 2,500 shares is 1,500 shares. The number of ISO shares granted is determined by subtracting the NQ shares from the shares first exercisable each year.

Exercise and Release Options

This section discusses:

- Tax calculations for exercises and releases.
- Payment methods for stock option exercise and release.

When exercising stock options, optionees must decide how to pay for the shares, the related taxes and fees; and how they want the shares to be issued. Depending on the option type, optionees may incur ordinary income and have to pay taxes at the time of exercise.

Some stock options can be exercised before they are vested. The optionee pays for the shares at the time of exercise and the shares are typically held in escrow until the vesting date. At that time, the vested shares are released and become fully tradable by the optionee. While the shares are held in escrow, the organization typically has full repurchase rights to the unvested shares.

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Tax Calculations for Exercises and Releases

For vested stock options exercises, depending upon the option type, ordinary income or alternative minimum tax (AMT) income is calculated at the time of the exercise. When an option is exercised prior to vesting the income calculation generally occurs when shares are released, free of restrictions. However, an optionee may choose to file an 83(b) election to accelerate the time at which the applicable ordinary income or Tax Preference Income for AMT is recognized.

When you calculate ordinary income Stock Administration enables you to calculate taxes by integrating with PeopleSoft Enterprise Payroll for North America, using Load Default taxes or by manually entering taxes into the system for the exercise. The tax page is not available when Tax Preference Income for AMT is calculated or when ordinary income is zero. Stock Administration does not support the calculation and collection of taxes based upon Tax Preference Income for AMT pursuant to the IRS guidelines under circular E. Consult your payroll administrator or tax advisor for further information.

Tax Preference Income for AMT is calculated at exercise or release (if a restricted exercise) for ISOs and ISO/SARs exercised for shares. Ordinary income is calculated at exercise or release (if a restricted exercise) for NQs, RSAs, NQ/SARs, and ISO/SARs exercised for cash (SAR exercise). ISOs exercised after the regulatory period for termination and disability are treated as NQs and therefore ordinary income is calculated.

Stock Administration supports these exercise and release methods: cash, loan, swap, same day sale, and sell to cover, along with trade for taxes. The different share and tax payment methods affect how the system calculates the ordinary income. If an exercise method involves a sale, such as same day sale or sell to cover the system must first look to the Stock Option Plan rules for sale income methods. The methods available for each option type are FMV; sales price; or lesser of FMV or sales price. The method chosen for the option type determines what price is used when calculating the ordinary income. If only some of the shares are sold the sale income method is used only to calculate the ordinary income for the shares sold. The remaining shares (exercised but not sold) use the FMV to calculate the remaining ordinary income.

Note. Stock Administration supports only IRS tax regulations, consequently the tax calculations and discussions are based on the IRS tax code.

The following tables compare different income calculations for the various exercise and release methods.

Calculating Tax Preference Income for AMT at Exercise

Share and Tax Payment Method	*Calculation*
Independent of whether shares are sold at the time of the exercise (Cash, Loan, Pay Deduction, Swap, Trade, Same Day Sale, Sell To Cover)	Tax Preference Income for AMT = Exercise Value − Cost of Shares Where: Exercise Value = Exercise FMV x Shares Exercised Cost of Shares = Grant Price x Shares Exercised

Calculating Ordinary Income at Exercise

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Share and Tax Payment Method	*Calculation*
No Sale Involved (Cash, Loan, Pay Deduction, Swap, Trade)	Ordinary Income = Exercise Value − Cost of Shares Where: Exercise Value = Exercise FMV x Shares Exercised Cost of Shares = Grant Price x Shares Exercised
Sale Involved (Same Day Sale or Sell to Cover)	Ordinary Income = Exercise Value − Cost of Shares Where: Exercise Value = (Income Method Rule x Shares Sold) + (Exercise FMV x (Shares Exercised − Shares Sold)) Cost of Shares = Grant Price x Shares Exercised Income Method Rule = FMV, Sale Price or Lower of FMV or Sale Price

Calculating Tax Preference Income for AMT at Release

AMT is calculated at Release if unvested shares are exercised and an Election 83(b) was not filed.

Share and Tax Payment Method	*Calculation*
Independent of whether shares are sold at the time of the release (Cash, Loan, Pay Deduction, Trade, Same Day Sale, Sell To Cover)	Tax Preference Income for AMT = Release Value − Cost of Shares Where: Release Value = Release FMV x Shares Released Cost of Shares = Grant Price x Shares Released

Calculating Ordinary Income at Release

Share and Tax Payment Method	*Calculation*
No Sale Involved (Cash, Loan, Pay Deduction, Trade)	Ordinary Income = Release Value − Cost of Shares Where: Release Value = Release FMV x Shares Released Cost of Shares = Grant Price x Shares Released

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Share and Tax Payment Method	*Calculation*
Sale Involved (Same Day Sale or Sell to Cover)	Ordinary Income = Release Value − Cost of Shares Where: Release Value = (Income Method Rule x Shares Sold) + (Release FMV x (Shares Released − Shares Sold)) Cost of Shares = Grant Price x Shares Released Income Method Rule = FMV, Sale Price or Lower of FMV or Sale Price (FMV used determined by 83(b) filing)

When ordinary income is recognized at exercise or release you calculate and collect the withholding taxes for US employees. You need to define the stock tax types, percentages, and limits to enable the Load Default Tax process to calculate the appropriate withholding. When you set up the various Stock Tax Types you need to define the Country Code associated with the tax you are setting up. This enables you to set up the various taxes associated with different countries. When you click the Load Default Tax the system calculates taxes based on what is set up in the tables for the country and state code at the locality for the individual. If you use Payroll for North America you can use the Calculate Tax and Update Payroll functionality to calculate the withholding due at the exercise or the release. You need to set up stock tax types for integration with Payroll for North America in order to correlate tax class to tax type.

Payroll Integration Issues

If you use Payroll for North America you can take advantage of integrated processes to calculate taxes and send tax and ordinary income directly to payroll. Otherwise, you can generate the Options Income and Tax report to send to your payroll administrator.

Stock Option Exercise Methods and Release Methods

There are several methods optionees can use to pay for the cost of the shares and related taxes: cash, loan, stock swaps, same day sales, sell to cover, and SAR exercise.

Here's a brief discussion of each of these methods with examples illustrating how they work:

Cash

At the time of exercise, the employee is required to pay the total option price plus any withholding taxes due to the organization.

Example 1: Cash ISO Exercise

On August 22, 1998 an optionee was granted an ISO option to purchase 500 shares vesting in five annual increments beginning one year from the date of grant. The option price was $3.40 per share. On November 1, 1999 the optionee exercised the stock option for the first 100 shares. The FMV on the date of exercise was $12 per share. The calculation is:

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Grant Price x Shares Exercised = Option Cost	$3.40 x 100 shares = $340
Exercise FMV x Shares Exercised = Exercise Value	$12 x 100 shares = $1,200
Exercise Value − Cost of Shares = Tax Preference Income for AMT	$1,200 - $340 = $860

No withholding taxes are calculated at exercise. Thus the optionee owes the company the cost of shares ($340.00) and receives 100 shares.

Example 2: Cash NQ Exercise

On September 22, 1998 an optionee was granted an NQ option to purchase 500 shares vesting in five annual increments, beginning one year from the date of grant. The option price was $3.40 per share. On November 1, 1999 the optionee exercised the stock option for the first 100 option shares. The FMV on the date of exercise was $12 per share. The optionee is a California resident for income tax purposes. The calculation is:

Grant Price x Shares Exercised = Option Cost	$3.40 x 100 shares = $340
Exercise FMV x Shares Exercised = Exercise Value	$12 x 100 shares = $1,200
Exercise Value − Cost of Shares = Ordinary Income	$1,200 - $340 = $860

Taxes are based on your setup and whether you are integrated with Payroll for North America. For example, taxes might be calculated as follows:

Federal	$860 x 28% = $240.80
State	$860 x 6% = 51.60
Social Security	$860 x 6.2% = 53.32
Medicare	$860 x 1.45% = 12.47
SDI	$860 x .5% = 4.30
Total Taxes Due	$362.49

Thus the optionee owes the company the sum of the cost of shares ($340.00) and the total taxes due ($362.49). The optionee pays the company $702.49 and receives 100 shares.

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Loan

Loans are another form of a cash exercise. They typically require a loan agreement and a promissory note. You can select Loan as a payment method at the time of exercise, but all other aspects of loan administration are handled outside of the Stock Administration system.

All aspects of processing the exercise with the payment method of Loan are the same as those involving the payment method of Cash.

Stock Swaps

When optionees elect to exercise stock options by means of a stock swap, they are exchanging shares they already own for option shares. The shares exchanged are usually valued at the fair market value of the company's stock on the date of exercise.

In the case of a stock swap, the ordinary income or Tax Preference Income for AMT is calculated in the same manner as a cash exercise. If an optionee exercises a non-qualified stock option, ordinary income is recognized on the option shares acquired and taxes may be withheld. The shares required for the swap/trade are cancelled and sent back to either the stock plan or the treasury, according to the stock option plan rules.

The formula for calculating stock swaps is:

Cost of Share = Shares Exercised x Grant Price

Shares Required for Swap = Cost of Shares/Swap FMV

Example 1: ISO Stock Swap

An optionee was granted an ISO to purchase 500 shares vesting in five annual increments beginning one year from the date of grant. The option price was $3.40 per share. On November 1, 1999 the optionee exercised the stock option for the first 100 option shares via a stock swap. The FMV for both the exercise and swap was $12 per share. The swap rounding rule specifies to round down. The calculation is:

Cost of Shares	100 x $3.40 = $340
Shares Required for Swap	$340/$12 = 28.333
Swap Value	$12 x 28 = $336
Additional Cash Required	$340 - $336 = $4
Tax Preference Income for AMT	($12 - $3.4) x 100 = $860
Total Shares Exercised	100
Shares Required for Swap	28

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Net Shares Issued	72

This assumes constructive delivery of swapped shares. The optionee owes the company $4.00 and receives 72 shares. The number of shares cancelled is 28. The cost basis for the shares issued becomes the amount due to the company divided by the net shares issued. In the above example the Cost Basis per share would be $.055555.

Example 2: NQ Stock Swap

If an optionee exercises a non-qualified stock option, ordinary income is recognized on the option shares acquired and taxes may be withheld. The shares required for the swap/trade are cancelled and sent back to either the stock plan or the treasury, according to the stock option plan rules.

On September 22, 1998 an optionee was granted an NQ option to purchase 500 shares vesting in five annual increments beginning one year from the date of grant. The option price was $3.40 per share. On November 1, 1999 the optionee exercised the stock option for the first 100 option shares using a stock swap and trade for taxes. The FMV for both the exercise and swap was $12 per share. The swap rounding rule is set to round down. The optionee is resides in California and has not met the limits for Social Security or SDI. The calculation is:

Cost of Shares	100 x $3.40 = $340
Shares Required for Swap	$340/$12 = 28
Value of Swapped Shares	$12 x 28 = $336
Additional Cash Required	$340 - $336 = $4
Ordinary Income	($12 - $3.4) x 100 = $860

Taxes are calculated as follows:

Federal	$860 x 28% = $240.80
State	$860 x 6% = 51.60
Social Security	$860 x 6.2% = 53.32
Medicare	$860 x 1.45% = 12.47
SDI	$860 x .5% = 4.30

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Total Taxes Due	$362.49

The trade transaction is:

Shares Required for Trade	$362.49/$12 = 30
Value of Trade	12 x 30 = 360
Additional Cash Required	362.49 - 360 = 2.49

Recap of Exercise Transaction:

The total shares need in the swap	2830 = 58
Optionee owes the company	4+2.49 = 6.49
Total shares exercised	100 shares
Total shares Returned to Plan or Retired to Treasury	58 shares
Optionee receives	42 shares

This assumes constructive delivery of swapped shares.

For a tandem SAR, only the exercise of shares could use a stock swap. If the optionee exercises the SAR shares using a stock swap, the transaction would be handled in exactly the same manner as for the corresponding ISO or NQ example.

An option that allows unvested shares to be exercised before they are vested, such as an RSA, does not allow the use of a swap at the time of exercise. A trade is only allowed at the time the shares are released when payment is needed to cover tax liability that might be due.

Same-Day Sale

A same day sale is when the optionee finances the exercise of a stock option by immediately selling 100 percent of the shares exercised or released.

Example 1: ISO Same Day Sale

On September 22, 1998 an optionee was granted an ISO to purchase 500 shares vesting in five annual increments beginning one year from the date of grant. The option price was $3.40 per share. On November 1, 1999 the optionee exercised the stock option for the first 100 option shares and sold all 100 shares at $12.50 per share. The FMV on the date of exercise was $12 per share. The sale income method for the stock plan is the lesser of the FMV or the sale price. The calculation is:

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Grant Price x Shares Exercised = Cost of Shares	$3.40 x 100 shares = $340
(Lesser of FMV or Sale Price x Shares Sold) + (Shares Exercised −Shares Sold x FMV) = Exercise Value	($12 x 100 shares) + ((100-100) x 12) = $1,200
Exercise Value − Option Cost = Tax Preference Income for AMT	$1,200 - $340 = $860

Thus the total due the Company = $340.00

The company instructs the transfer agent to issue 100 shares and deliver them to the stockbroker. The company also bills the stockbroker for the cost of shares ($340.00). The optionee then receives the difference between the Total Sale Price less the Total Due Company and any brokerage fees.

Example 2: NQ Same Day Sale

On September 22, 1998 an optionee was granted an NQ to purchase 500 shares vesting in five annual increments beginning one year from the date of grant. The option price was $3.40 per share. On November 1, 1999 the optionee exercised the stock option for the first 100 option shares. The FMV on the date of exercise was $12 per share. The optionee resides in the state of California for income tax purposes. The calculation is:

Grant Price x Shares Exercised = Option Cost	$3.40 x 100 shares = $340
Exercise FMV x Shares Exercised = Exercise Value	$12 x 100 shares = $1,200
Exercise Value − Option Cost = Ordinary Income	$1,200 - $340 = $860

Taxes are calculated as follows:

Federal	$860 x 28% = $240.80
State	$860 x 6% = 51.60
Social Security	$860 x 6.2% = 53.32
Medicare	$860 x 1.45% = 12.47
SDI	$860 x .5% = 4.30
Taxes Due at Exercise	$362.49

The total due to the organization is = $340.00 + $362.49 = $702.49

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The organization instructs the transfer agent to issue 100 shares for delivery to the stockbroker and bills the stockbroker for the cost of shares and taxes ($702.49). The optionee receives the total sales price less the total due the organization and any brokerage fees.

Sell to Cover

Sometimes the optionee only wants to sell a portion of the option shares to cover the exercise cost. Many times the optionee contacts the company to have them estimate using the current FMV, the total shares that would have to be sold to cover the cost of the exercise and applicable taxes. The following examples show how these types of transactions would be handled. Example 1: NQ Sell to Cover

On September 22, 1998 an optionee was granted an NQ to purchase 500 shares vesting in five annual increments, beginning one year from the date of grant. The option price was $3.40 per share. On November 1, 1999 the optionee sells enough stock (60 shares at a sale price of $12.50) to cover the exercise of 100 shares. The optionee wants to have the remaining 40 shares issued and delivered to himself. The FMV on the date of exercise was $12 per share. The sale income method for the stock plan is set to sale price. The optionee is a California resident for income tax purposes. The calculation is:

Grant Price x Shares Exercised = Cost of Shares	$3.40 x 100 shares = $340
(Sale Price x Shares Sold) + ((Shares Exercised - Shares Sold) x Exercise FMV) = Exercise Value	(60 x $12.50) + ((100-60) x 12) = $1,230.00
Exercise Value − Cost of Shares = Ordinary Income	$1,230 - $340 = $890

Taxes are calculated as follows:

Federal	$890 x 28% = $249.20
State	$890 x 6% = 53.40
Social Security	$890 x 6.2% = 55.18
Medicare	$890 x 1.45% = 12.91
SDI	$890 x .5% = 4.45
Taxes Due at Exercise	$375.14

The total due the company is $340.00 + $375.14 = $715.14

The company instructs the transfer agent to issue 60 shares and deliver them to the stockbroker, and issue 40 shares and deliver them to the optionee. The organization also bills the stockbroker for the option price and taxes ($702.49). The optionee receives the Total Sales Price less the Total Due Company and brokerage fees.

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SAR Exercise

This method is only allowed if the option type is a tandem SAR (ISO/SAR or NQ/SAR). The underlying shares of the option are valued using the SAR FMV and the optionee is paid out the cash rights on these shares by subtracting the grant price from the SAR FMV determined on the date of the exercise. Taxes are typically due on the income at the time of the exercise for both ISO/SAR and NQ/SAR option types. Only when the individual exercises the right to the ISO shares can the preferential tax treatment be taken. The underlying shares that are used to value the cash rights are then cancelled and sent back to either the stock plan or the treasury, according to the Stock Option Plan rules specified. On September 22, 1998, an optionee was granted an ISO/SAR to purchase 500 shares that vests in five annual increments, beginning one year from the date of grant. The option price was $3.40 per share. On November 1, 1999, the optionee chose to exercise the cash right of the tandem SAR for the first 100 option shares. The SAR FMV on the date of exercise was $12 per share. The calculation is:

Grant Price x Shares Exercised = SAR Cost	3.40 x 100 shares = 340
SAR FMV x Shares Exercised = Exercise Value	$12 x 100 shares = $1,200
Exercise Value − Cost of Shares = Ordinary Income	$1,200 - $340 = $860

Withholding taxes are due on all SAR exercises. The funds paid to the optionee are treated as compensation and taxed accordingly for both ISO/SAR and NQ/SAR.

Taxes are calculated as follows:

Federal	$860 x 28% = $240.80
State	$860 x 6% = 51.60
Social Security	$860 x 6.2% = 53.32
Medicare	$860 x 1.45% = 12.47
SDI	$860 x .5% = 4.30
Total Taxes Due	$362.49

Recap of SAR Exercise Transaction:

Gain on SAR Exercise	$860.00
Taxes Due	$362.49

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Total Due Optionee	$497.51
Shares Exercised from SAR	100

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Chapter 8

Administering Variable Compensation Grants

This chapter provides an overview of variable compensation and discusses how to:

- Allocate stock to a variable compensation stock fund.
- View unprocessed variable compensation awards.
- Generate grants for variable compensation awards.
- Run the Stock - VC Plan Expire process.

Understanding Variable Compensation

This section lists prerequisites and provides overviews of Variable Compensation administration and integration.

Prerequisites

Before you begin administering your variable compensation grants you should:

- Define the rounding rules.
- Set up your stock option plans.
- Allocate stock to stock option plans.

Variable Compensation Administration

Variable compensation (VC, or variable comp) is pay that is not included in base pay. It generally varies according to performance, and can include non-monetary awards such as stock.

To administer stock through Variable Comp:

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1. Set up Variable Comp tables and plans for stock awards.

   Responsibility: Variable Comp (VC) Administrator.

   The VC system supports five stock plan types: ISO, NQ, NSAR, RSA, and ISAR. Your VC administrator needs to set up variable comp plans that correlate to the stock option plan types you offer. Before the variable compensation plans are set up, you define in Stock Administration some of the data needed to define each plan such as stock ID, stock plans, and stock plan rules.

   In setting up the VC plan, your VC administrator defines:

   - VC Plan ID.
   - Stock plan and Stock ID.
   - Plan payout periods.
   - Plan membership on an Ad Hoc, individual, or group basis.
   - Valuation of a unit of stock. Stock grant valuation is based on your company's policy and business rules, and is for reporting purpose only.
   - Payout formulas at the target and optional minimum and maximum level.
   - Optional weighted or matrix goals.
   - Optional eligibility proration and proration period duration.
   - Optional plan approval and identification of the approver at the plan or group level.

2. Allocate stock units from Stock Administration Stock Option Plan to the Variable Comp Stock Fund.

   Responsibility: Stock Administrator.

   In Stock Administration, you allocate stock units from your Stock Option stock plans to the Variable Comp stock fund. From this allocation the VC administrator can fund multiple VC stock plans that have the same stock plan and stock ID. You can anticipate a future fund allocation and allocate those stock units now because the Stock Balances are adjusted when the grants are generated, not when the stock units are allocated.

3. Allocate funds from the Variable Comp Stock Fund to the Variable Comp Stock Plan.

   Responsibility: Variable Comp Administrator.

   From the Stock Administrator's allocation of shares by stock plan and stock ID, the Variable Compensation administrator can fund multiple stock plans that have the same stock plan and stock ID. If the VC plan is a group plan, the funds must be allocated among the groups.

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4. Allocate the stock awards.

   Responsibility: Variable Comp Administrator.

   An employee's manager can allocate grants on an ad hoc basis without any eligibility or award calculation processes if the plan is set up with Ad Hoc Awards as the plan member rule. Otherwise various calculation processes are required, depending upon the VC plan definition.

   Managers can adjust the calculated individual awards of their direct reports. Finalized awards are automatically published to Stock Administration for grant generation.

   For non- Ad Hoc plans, the VC system calculates:

   - Eligibility and a proration factor according to the plan member rules and proration rules defined in the plan.
   - A performance factor if the plan uses goals.
   - Target awards, which it adjusts with the proration factor, performance factor, and specified minimums and maximums as appropriate.
   - An adjustment factor, which it applies if funding falls short of calculated payouts.
   - The award unit by applying stock rounding rules.
   - The award value by applying valuation and VC rounding rules to the award unit.

5. Generate the grants in Stock Administration.

   Responsibility: Stock Administrator.

   After Variable Comp publishes the stock awards, you can view them using the Generate Grants inquiry page, and run an Application Engine program to generate grants using the Generate Grants page. You can run multiple runs of the same Variable Comp stock plan, pay out period, and group, to pick up any stock award that have not been processed.

   As each stock grant is generated, each Variable Comp stock award record is updated with the grant number and grant value. Each grant created during this process adds a new record to the Grant table, using values in the award record and in the run control. The Variable Comp Plan ID is stored with each grant. You can select Reject Award Data for Plan ID on the Create Grants - VC Criteria process page if you want to reject all grants within a group ID.

6. Make appropriate adjustments for cancellations due to data entry errors.

   Responsibility: Stock Administrator.

   Once awards are generated, you may need to change them. Changes to the grant date or grant price may affect the award value in Variable Comp and must be transmitted back to Variable Comp for constancy between the two systems. You use the Modify Grant page to modify system-generated grants generated by the Generate Grant process or manually modify the grants using the Administer Grants component.

   You can modify grants created from Variable Comp awards, as you do for grants you create manually online, only you cannot change the number of shares granted. This also applies if the grant is split between an ISO and an NQ grant. The total number of shares granted cannot change. If the modification involves a change in the grant price, which in turn modifies the award value or the grant date, the modified grant information is transmitted to Variable Comp. To change the number of shares, void the grant and allocate a new award.

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7. Make adjustments in Variable Comp Stock Funding, Stock Plans, and Stock Awards for stock splits and stock repricing.

   Responsibility: Stock Administrator.

   Some stock adjustments affect the valuation of the stock units in the Variable Comp plan, the stock price for all stock awards, or the number of shares available to allocate.

   Stock splits change the number of shares available in the Variable Comp stock plan, stock funding, and awards. They also change the values in stock awards and in the valuation table. The stock split processing that occurs in the Stock Administration system, also splits the stock in any Variable Comp stock plans, stock funding, and stock awards.

   When you reprice your stock, the values in stock awards and the valuation table change. You need to recalculate the value in stock awards and also in the valuation table.

8. Expire Variable Comp plans.

   Responsibility: Stock Administrator.

   A Variable Comp funding period expires when the period end date is reached. Run the Stock - VC Plan Expire process regularly to process the expired funding periods. Unused shares are returned to the Stock Plan from where they were originally allocated.

See Also

PeopleSoft Enterprise Human Resources 9.1 PeopleBook: Manage Variable Compensation, "Funding Variable Compensation Plans and Groups"

Chapter 9, "Administering Grants," page 143

Chapter 6, "Managing Stock Administration," Managing Stock Splits, page 112

Chapter 15, "Administering Reprice," page 209

Variable Compensation Integration

Stock Administration uses two integration points to grant and award variable compensation grants. The system uses the following service operations to transfer award and grant data between Stock Administration and the Variable Compensation business process.

Integration Point Name	*Message Name*	*Message Definition*
Award Data	AWARD_GRANT_ISSUE	VC publishes award data to Stock Administration and Stock Administration subscribes to the award data.
Grant Data	GRANT_AWARD_UPDATE	Stock Administration publishes grant data to VC and VC subscribes to the grant data.

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In PeopleTools Application Designer you must activate the AWARD_GRANT_ISSUE and GRANT_AWARD_UPDATE messages. Make sure that you set the status of each selected message to *Active*, and set the status of the corresponding queue to *Run.*

Third-Party Stock Administration Subscription to Integration Point Messages

Through the use of web server extension mechanisms such as Java servlets, a third-party application can accept and process an XML post from a PeopleSoft message. Third-party applications can publish data to the PeopleSoft database by means of an XML data post directly to PeopleSoft's Integration Broker Gateway.

See Also

Interactive Services Repository on My Oracle Support

Allocating Stock to the Variable Comp Stock Fund

To allocate stock to the variable compensation stock fund, use the Variable Comp Allocation (ST_VC_ALLOC) component.

This section describes how to allocate stock units from your stock option plans to the variable compensation stock fund.

You can also allocate stock units for future fund allocations. Stock balances are adjusted when grants are generated, not when the stock units are allocated.

Pages Used to Allocate Stock to the Variable Compensation Stock Fund

Page Name	*Definition Name*	*Navigation*	*Usage*
Variable Comp Allocation	ST_VC_ALLOC	Set Up HRMS, Product Related, Stock, Option Plans, Variable Comp Allocation	Allocate stock to the Variable Comp stock fund.
Stock VC Allocation Details	ST_VC_PLAN_SEC	Set Up HRMS, Product Related, Stock, Option Plans, Variable Comp Allocation Click the Details button.	Add comments about a stock allocation.

Allocating Stock

Access the Variable Comp Allocation page (Set Up HRMS, Product Related, Stock, Option Plans, Variable Comp Allocation).

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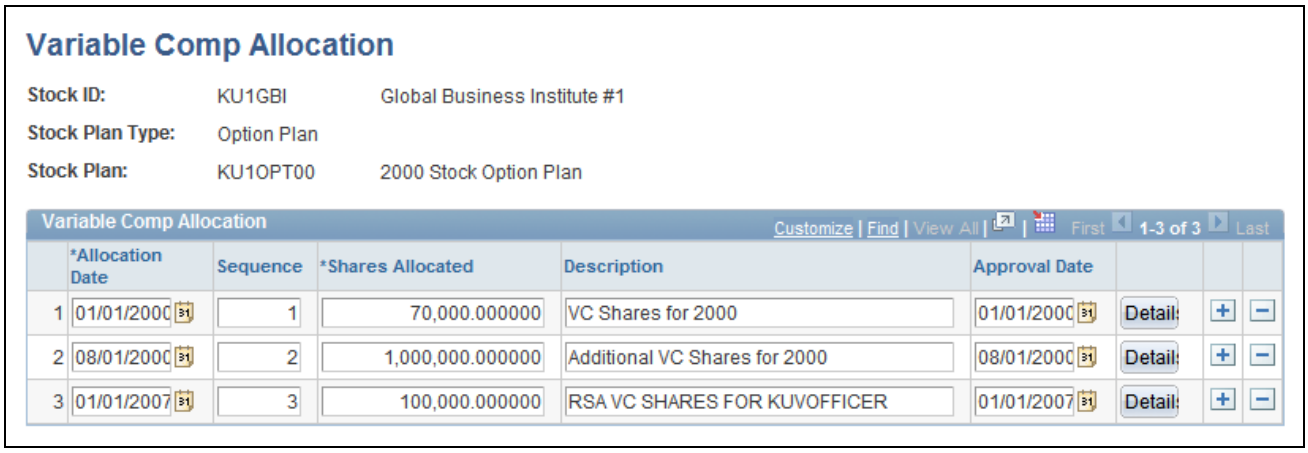

Variable Comp Allocation page

Sequence If you have multiple allocations in a single day, the sequence number differentiates the transactions.

Shares Allocated You can allocate more shares than are currently in the plan if you anticipate future funding.

Approval Date Enter the date management approved the allocation.

Details Click to access the Stock VC Allocation Details page where you can add comments. You can also view the date and time of the last change and the EmplID of the person who made the last change.

Viewing Unprocessed Variable Comp Stock Awards

This section discusses how to view unprocessed Variable Comp Stock awards after they've been published to Stock Administration.

Page Used to View Unprocessed Variable Comp Stock Awards

Page Name	*Definition Name*	*Navigation*	*Usage*
Unprocessed Variable Comp Stock Awards	VC_ST_AWARD	Stock, Grants, Review Unprocessed VC Awards, Unprocessed Variable Comp Stock Awards	View unprocessed Variable Comp awards after they have been published to Stock Administration.

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Generating Grants for Variable Compensation Awards

To generate grants for variable compensation awards, use the Create VC Grants (ST_RUNCTL_GEN_GRNT) component. This section discusses how to:

- Define the basic parameters for the grant generation process.
- Exclude individuals from the grant generation process.
- Enter grant detail information for generating grants.

See Also

Chapter 7, "Administering Stock Option Plans," Validation of ISO Limits, page 119

Pages Used to Generate Grants

Page Name	*Definition Name*	*Navigation*	*Usage*
Create VC Grants - VC Criteria	ST_RUNCTL_GEN_GRNT	Stock, Grants, Create VC Grants, VC Criteria	Define the basic parameters of the grant generation process including the VC plan ID. Enter the VC plan, payout period, and group ID, for any unprocessed awards you want to generate. You must first award grants to the optionees through variable compensation.
Create VC Grants - Optionees	ST_GEN_OPTIONEES	Stock, Grants, Create VC Grants, Optionees	Exclude individuals from the grant generation processing. You can also view awards to be processed based on the criteria entered on the VC Criteria page.
Create VC Grants - Grant	ST_GEN_GRANT	Stock, Grants, Create VC Grants, Grant	Enter the grant details that are required to generate the grants. During the process the vesting routine is used and the ISO validation occurs if the grant is ISO/SAR.

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Page Name	Definition Name	Navigation	Usage
Variable Comp Message Report	ST_RUNCTL_STOPMSG	Stock, Grants, Variable Comp Message Report	Define run parameters for the Variable Comp Message report (STOPMSG). The report displays processing messages when variable compensation grants are generated.

Defining Basic Parameters for the Grant Generation Process

Access the Create VC Grants - VC Criteria page (Stock, Grants, Create VC Grants, VC Criteria).

Group ID If you use groups, this field is available. Select a group ID or leave the field blank to process all groups.

Reject Award Data for Plan ID Select to reject all VC grants. If you entered a group ID, the system rejects all grants in the group ID.

Important! If you reject VC grants, you cannot recalculate them on the VC side for the same period. You will have to calculate new awards in the following period.

Excluding Individuals from the Grant Generation Process

Access the Create VC Grants - Optionees page.

Process If selected, the award is processed. To exclude the award from processing, deselect the check box.

Group ID Displays the group ID, or NOGROUP if the VC plan is ad-hoc.

Entering Grant Detail for Generating Grants

Access the Create VC Grants - Grant page.

Period ID The payout period ID.

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Running the Stock - VC Plan Expire Process

When the Variable Comp plans or funding periods expire, return the shares back to the stock plan. Schedule the Stock -VC Plan Expire Application Engine process (ST_VC_EXPIRE) to run periodically. The process checks the expiration of the Variable Comp plans. If any plans are expired, the system inserts a row into the Variable Comp Funding page to decrease the balance to zero.

Page Used to Run the Stock - VC Plan Expire Process

Page Name	*Definition Name*	*Navigation*	*Usage*
Expire Variable Comp Plans	PRCSRUNCNTL	Set Up HRMS, Product Related, Stock, Option Plans, Expire Variable Comp Plans	Expire Variable Comp plans.

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Chapter 9

Administering Grants

This chapter provides an overview of administering grants and discusses how to:

- Create, update, and view grants.
- Modify a group of grants.
- View grant processing results.

Understanding Grant Administration

This section provides an overview of grant administration and lists prerequisites and common elements.

Once you establish your stock option plans and allocate funds to them, you're ready to grant stock options to your optionees.

You can grant stock options to your participants in three ways:

- Process grants awarded through your variable compensation plan.
- Award grants from an individual stock option plan through an online transaction.
- Replace an existing grant with a new grant during a reprice.

By using variable compensation, much of the process is automated. But you can still make adjustments and grant individual grants as necessary.

See Also

Chapter 8, "Administering Variable Compensation Grants," page 133

Prerequisites

Before you begin granting stock options, you should:

- Create the vesting schedules.
- Set up your stock option plans.
- Create your grant reasons.

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- Set up agreements.
- Set up the default tax tables.
- Add insider data.
- Add issuance instructions.
- Enter daily prices.
- Allocate shares to the stock option plan and variable compensation plan.
- Receive variable compensation awards.

Common Elements Used in This Chapter

Agreement ID Select a grant agreement to use for this grant. If you selected a Parameter ID its agreement ID is the default. You can select another from the available options.

Employee Information This group box displays employee information as of the grant date.

Exercise Before Vest If the option plan allows exercise before vesting, you can select this check box. If the option type is RSA this check box is selected.

Expire Basis Displays the value that is associated with the option parameter ID. You can select *Grant Date*, *Grant Date - 1*, *Vest Date*, or *Vest Date - 1* to indicate the date used to calculate the start of the option life months.

Grant Date Defaults to the payout period's end date associated with the payout period ID or the VC plan ID. You can change it, but the date must be between the payout period's begin date and the end date.

Grant FMV Displays the Grant FMV calculated based on the Daily Prices table and defined using the Stock Option Plan Rules - FMV Rules page.

Grant Number Displays *NEW* when you enter a grant. When you save, the system generates a sequential grant number from the last grant number stored on the Stock table.

Grant Price The system default is the Grant FMV (fair market value) calculated based on the Daily Prices table and defined in the Stock Option Plan Rules - FMV Rules page. You can change this amount.

If the option type is *ISO*, the grant price cannot be less than the FMV on the grant date.

If the optionee is a 10% shareholder, the grant price of an ISO/ISAR grant has to be at least the Grant FMV multiplied by the 10% shareholder FMV rule on the governing body rules table.

Grant Status Valid values are *Active*, *Void*, and *Pending*.

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Life - Months Displays the value associated with the option parameter ID, which you can change. Enter the number of months that the option remains outstanding.

If the option type is ISO or ISO/SAR, the maximum life months is defined on the Governing Body Rules table. The value in this field cannot exceed the number in the Governing Body Rules table.

Shares Granted Number of shares to grant to an individual.

Stock Plan Plan from which you want to grant the options. Once you save the grant and it is active, the unallocated plan shares balance on the Option Plan component (STOCK_PLAN_BAL) changes to reflect the grant.

Transfer Option If the option plan allows options to be transferred, this field is available. Select to allow the options to be transferred. This field is not available if the option type is ISO or ISO/SAR. This field is for information only.

Vesting Begin Code Displays the value that is associated with the vesting schedule ID.

Vesting Schedule ID Displays the value associated with the option parameter ID, which you can change.

Creating, Updating, and Viewing Grants

This section discusses how to:

- Enter, update, and view the basic parameters of a grant.
- Create vesting schedules and validate ISO limits.
- Record grant cancellation, human resources, and repricing information.

Pages Used to Create, Update, and View Grants

Page Name	*Definition Name*	*Navigation*	*Usage*
Maintain Grants - General	ST_GRANT	Stock, Grants, Maintain Grants, General	Award a new grant or update an existing grant from an individual plan to an optionee. You must first set up and allocate stock to your stock option plans.
Maintain Grants - Vesting	ST_GRANT_VEST	Stock, Grants, Maintain Grants, Vesting	Create or update a vesting schedule that is associated with a grant and validate ISO limits.

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Page Name	Definition Name	Navigation	Usage
Maintain Grants - Miscellaneous	ST_GRANT_MISC	Stock, Grants, Maintain Grants, Miscellaneous	Record grant cancellations, human resources, and repricing information for a selected optionee. You can also view variable compensation information.
Maintain Grants - Valuation	ST_GRANT_VALUE	Stock, Grants, Maintain Grants, Valuation	View valuation information such as shares valued, grant FMV, expected life years.
Grant Comments	ST_GRANT_CMT_SEC1	Stock, Grants, Maintain Grants, General Click the Comments link.	Add comments for a grant.
Shares Granted	ST_RUNCTL_STOP002	Stock, Option Reports, Grant Transactions, Shares Granted	Define run parameters for the Shares Granted report (STOP002). This report displays the options granted during a specified date range. Use the report to verify data entry, prepare the annual report, prepare forms 10-K and 10-Q, and reconcile the plan summary.

See Also

Chapter 22, "Accounting for Stock-Based Compensation Plans," Viewing Grant Valuations, page 285

Entering, Updating, and Viewing the Basic Parameters of a Grant

Access the Maintain Grants - General page (Stock, Grants, Maintain Grants, General).

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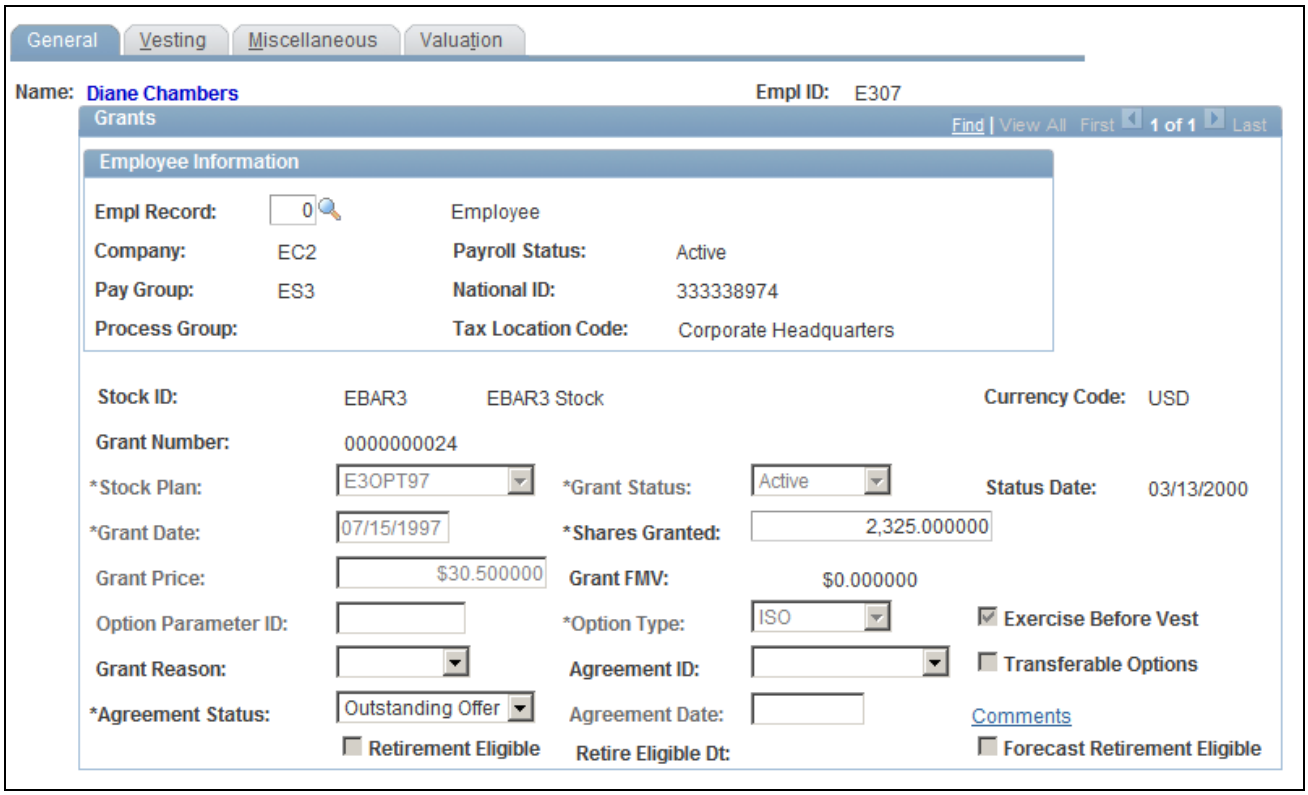

Maintain Grants - General page

Stock ID Select the stock ID. The system displays the associated Currency Code associated with the stock ID.

Stock Plan Select the stock plan from which you want to grant the options. Once you save the grant and it is active, the unallocated plan shares balance on the Option Plan component (STOCK_PLAN_BAL) changes to reflect the grant.

Status Date Displays the date that the status was last changed and saved.

Grant Date Enter the grant date. You get a warning if the individual is not active as of this date.

Grant Number Displays the ISO limit grant number if the ISO grant is over the ISO limit and an NQ grant is created. This number represents the associated grant number of the ISO and NQ pair of grants. If this is the ISO grant, the NQ grant number appears. If this is the NQ grant, the ISO grant number appears.

Shares Granted Displays the total shares of the two grants if the ISO limit is reached and two grants, one ISO and one NQ, are created.

Option Parameter ID Option parameter IDs are defined on the Stock Option Plan Rules - Option Parameters page. The predefined values default to the following fields: Option Type, Expire Basis, Life Months, Vesting Schedule, and Agreement ID. You can change the default values. Option Parameter IDs are not required and can only be used to set default values for a new grant.

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Option Type The default value is the option type associated with the option parameter ID, if entered.

Agreement Status Select *Accepted Offer*, *Outstanding Offer*, or *Rescinded Offer* to indicate the status of the agreement. If you select *Rescinded Offer,* you must set the cancel reason to *Rescind* and enter a cancellation date on the Stock Option Grants - Miscellaneous page.

Agreement Date Enter the date that the agreement was accepted or the date when the grant was rescinded.

Retirement Eligible The Stock – Retirement Eligibility (ST_RET_ELIG) Application Engine process selects this check box if the optionee is eligible for either normal retirement or early retirement, based on the retirement eligibility rules that you specify on the Stock Option Plan Rules - General page.

See Chapter 4, "Setting Up Stock Option Plans," Defining General Rules for a Stock Option Plan, page 52 and Chapter 22, "Accounting for Stock-Based Compensation Plans," Processing Retirement Eligibility, page 275.

Note. The Stock – Retirement Eligibility process does *not* update this check box after a grant expires. So if a grant expires before an optionee become eligible for retirement, the check box will never be selected, even when the optionee becomes eligible for retirement.

Retire Eligible Dt (retire eligible date) The Stock – Retirement Eligibility process enters the first date that the optionee met retirement eligibility criteria or, if this date is prior to the grant date, the process enters the grant date.

Forecast Retirement Eligible The Stock – Retirement Eligibility (ST_RET_ELIG) Application Engine process selects this check box if the optionee meets the forecast eligible age and service requirements that you specify on the Stock Option Plan Rules - General page. These age and service requirements help you identify optionees who are nearing retirement eligibility so that you can include them in your forecasts.

This check box is mutually exclusive with the Retirement Eligible check box; once an optionee becomes eligible for retirement, the system deselects the Forecast Retirement Eligible check box.

See Also

Chapter 6, "Managing Stock Administration," Calculating Stock Balances, page 105

Creating a Vesting Schedule and Validating ISO Limits

Access the Maintain Grants - Vesting page (Stock, Grants, Maintain Grants, Vesting).

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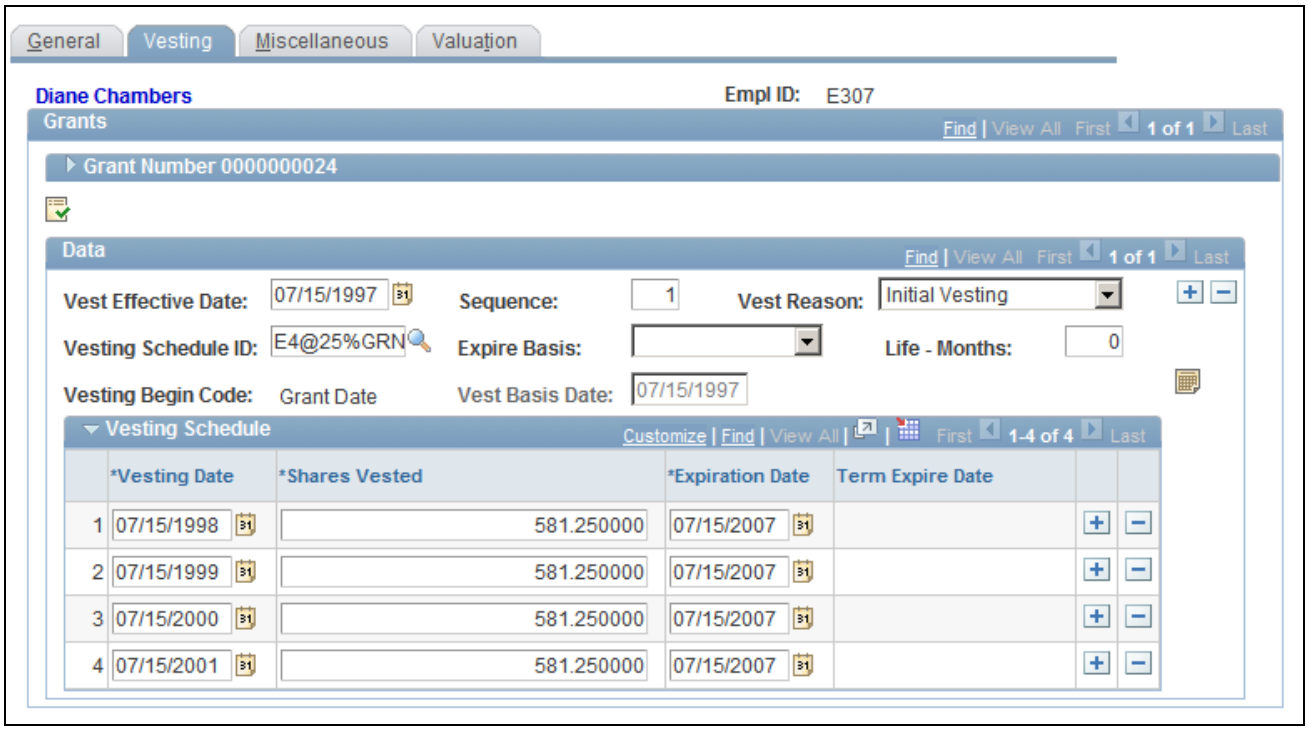

Maintain Grants - Vesting page

To create a vesting schedule and validate ISO limits:

1. Select a vesting schedule ID or manually define the individual vesting periods.
2. Complete other fields applicable to the vesting schedule.
3. For ISO options, click the Validate ISO button to determine if the value of the shares first exercisable exceeds the 100K limit.

Vest Effective Date When you enter a new grant, the system default is the grant date. When you later make an adjustment, enter a new vest effective date.

Sequence Displays a sequence number if you make a change to the vesting schedule.

Vest Reason When you enter a new grant, the system default is the vesting reason *Initial Vesting*. To change the vesting schedule after the grant is saved, enter a new set of rows and select a different Vest Reason. Values are *Initial Vesting, Correction, Merger/Acquisition, Performance Vesting, Reprice, Return from Leave,* and *Termination.*

Vesting Schedule

The vesting schedule associated with the stock option plan is the default.

Create Vesting Schedule If you entered a vesting schedule ID, you can click this button to create the vesting schedule.

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Vesting Date Displays the vesting date for each period. You can change the date, however, the date cannot exceed the life of the option or be before the date of the grant or after the expiration date.

Shares Vested Displays the number of shares that vest in each period. You can change the number of shares, but the total of all the shares must equal the total shares granted.

Expiration Date Calculated from the Expire Basis and Life Months fields. You can change the date, however, if the option type is *ISO*, the date cannot exceed the option life limit set up on the Governing Body Rules - Stock Option Rules page.

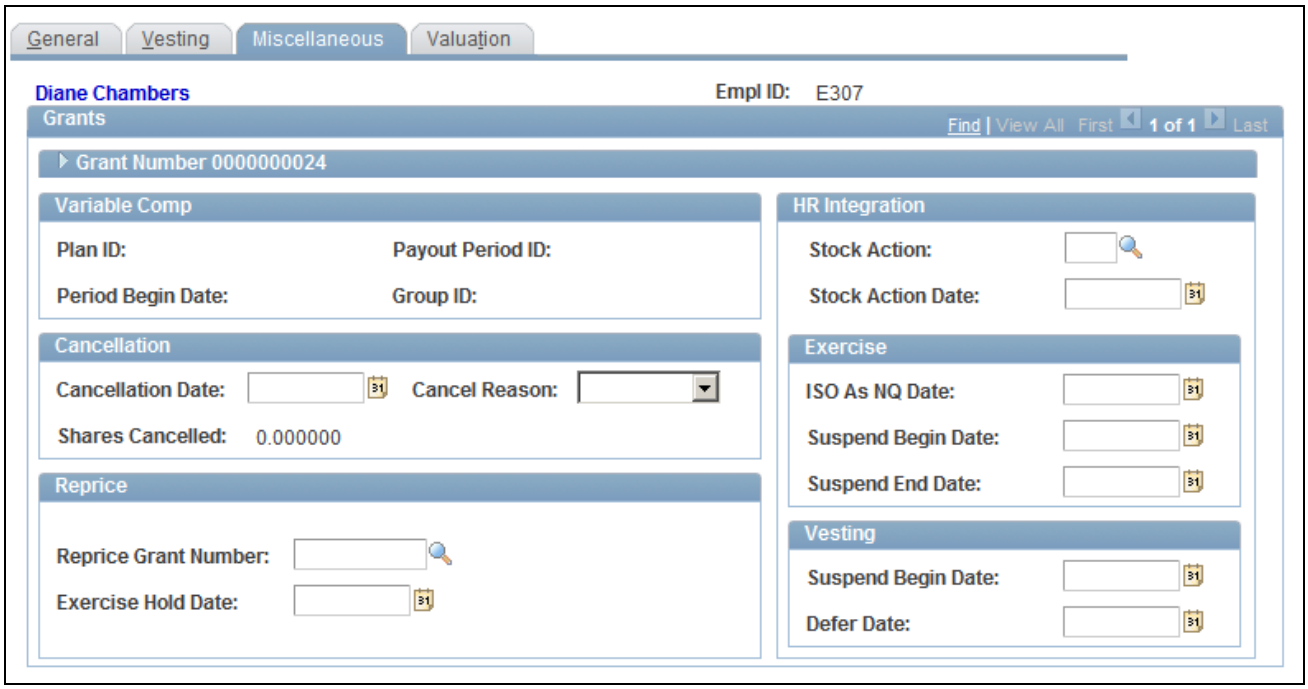
Term Expire Date Available when the option is cancelled due to termination. Enter the grant expiration date.

See Also

Chapter 7, "Administering Stock Option Plans," Validation of ISO Limits, page 119

Recording Grant Cancellation, Human Resources, and Repricing Information

Access the Maintain Grants - Miscellaneous page (Stock, Grants, Maintain Grants, Miscellaneous).



Maintain Grants - Miscellaneous page

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Variable Comp

These fields are populated if the grant was awarded through variable compensation.

Cancellation

A grant can be cancelled automatically as a result of a reprice or the processing of a termination stock action. You can manually enter information for rescinded grants as well as repricings and terminations.

Cancel Reason Select a reason for the cancellation. Values are *Reprice*, *Rescind*, and *Terminated*. If you select *Rescind*, the Agreement Status field must be *Rescind* also.

Shares Cancelled Displays the number of shares cancelled.

Reprice

If this grant is the result of a stock reprice, the fields in this group box are populated. You can also enter the information manually if the grant was repriced manually. If you enter information, be sure that both the grant that is repriced and the new grant are updated correctly as would have been done by the Reprice process.

Reprice Grant Number The system enters the number of the grant that was repriced and replaced by this grant.

HR Integration

If the grant is changed because of a stock action, the HR Integration fields are populated. You can change the default values. If you enter the information manually ensure that the correct fields are modified and the correct validation is performed as would have been done by the Stock Action process.

ISO as NQ Date Applies if the stock action is termination and the grant is ISO.

Modifying a Group of Grants

This section provides an overview of grant modifications and discusses how to:

- Select grants to modify.
- Select optionees whose grants you want to modify.
- Modify grant parameters.

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Understanding Grant Modifications

The types of adjustments that you can make to grants depend on the source of the grant, the option type, and the transactions that have occurred since the grant date. Use the Modify Grants component to modify a group of grants using a batch process. (Use the Grants component to modify an individual grant.)

Pending grants are counted toward the ISO limit if the pending grant is the grant being generated. During the Modify Grants process, or an online process of changing the grant status from Pending to Active, the ISO validation occurs again, which may change the ISO/NQ split if an employee has more than one ISO grant in Pending status.

See Also

Chapter 7, "Administering Stock Option Plans," Validation of ISO Limits, page 119

Chapter 9, "Administering Grants," Creating, Updating, and Viewing Grants, page 145

Pages Used to Modify Grants

Page Name	*Definition Name*	*Navigation*	*Usage*
Modify Grants - Criteria	ST_RUNCTL_MOD_GRNT	Stock, Grants, Modify Grants, Criteria	Enter the criteria to select the grant or grants to modify.
Modify Grants - Optionees	ST_MOD_OPTIONEES	Stock, Grants, Modify Grants, Optionees	Specify the optionees whose grants you want to modify.
Modify Grants - Modify	ST_MOD_GRANT	Stock, Grants, Modify Grants, Modify	Modify the grant parameters.

Selecting Grants to Modify

Access the Modify Grants - Criteria page (Stock, Grants, Modify Grants, Criteria).

Enter the selection criteria for the grants you want to modify.

Note. To start the Modify Grants process, click the Run button on any page in this component.

Selecting Optionees Whose Grants You Want to Modify

Access the Modify Grants - Optionees page (Stock, Grants, Modify Grants, Optionees).

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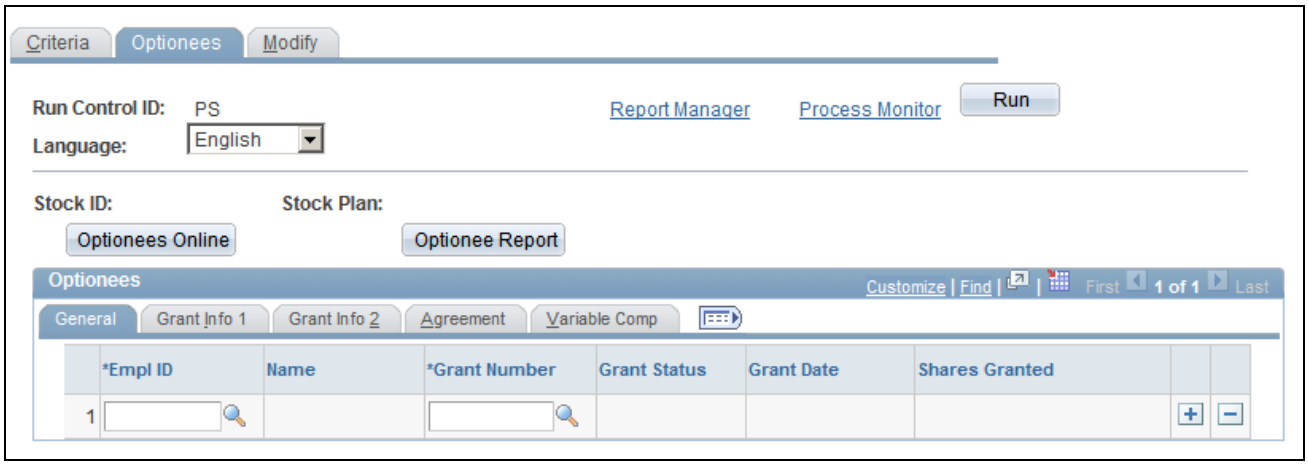

Modify Grants - Optionees page

Optionees Online Click to populate the grid with grant information matching the criteria entered on the Modify Grants - Criteria page. You can then review the list of optionees and, if necessary, add or delete rows before you run the Modify Grants process.

Optionee Report Click this button to indicate that you want to generate a text file that lists the grants that meet the criteria on the Modify Grants - Criteria page. The system does not create the text file until you run the Modify Grants (ST_MOD_GRANT) process. If you want to review the report before modifying grants, first run the Modify Grants process without specifying any modification. After you review the text file, you can enter the grant modification parameters before rerunning the Modify Grants process to make the modifications.

Optionees - General Tab

The Optionees grid is populated when you click the Optionees Online button.

EmplID, Name, and **Grant Number** These values identify the grant to be modified.

Grant Info 1 Tab

This tab displays the option type, grant reason, and grant price for the grant.

Grant Info 2 Tab

This tab displays the vesting ID for the grant. It also indicates whether the grant can be exercised before vest or transferred.

Agreement Tab

This tab displays the agreement ID, agreement status and date for the grant.

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Variable Comp Tab

This tab displays the variable compensation plan ID, period ID, group ID, and employee record number for the grant.

Modifying Grant Parameters

Access the Modify Grants - Modify page.

Enter data in only those fields that you want to modify. For example, to change the agreement ID, make your selection in the Agreement ID field and do not touch the other fields.

Viewing Grant Processing Results

This section discusses how to view processing messages after you run the Generate Grants process or the Modify Grants process.

Page Used to View Grant Processing Results

Page Name	*Definition Name*	*Navigation*	*Usage*
Review Grant Messages	ST_GRNT_MESSAGE	Stock, Grants, Review Grant Messages	View the messages from the Generate Grants or Modify Grants process.

Viewing Grant Messages

Access the Review Grant Messages page (Stock, Grants, Review Grant Messages).

Severity Displays the type of message produced: *Error, Warning,* and *Message.*

Message Data Displays the field values that are associated with the message. Up to four fields can be displayed.

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Chapter 10

Administering Exercises

This chapter provides an overview of administering exercises and discusses how to:

- View exercise information for stock options.
- Enter exercise information for stock options.

Understanding Administering Exercises

This section lists prerequisites and common elements and provides an overview of administering exercises.

Prerequisites

Before you begin administering exercise transactions, you should:

- Set up the various stock tax types and default tax rates.
- Grant options to the optionees.
- Establish issuance instructions for your optionees.
- Make sure that the grants are active and not pending.
- Make sure that daily prices are current.

Common Elements Used in This Chapter

83b Election	This field is only available for a restricted exercise. Use if the optionee files an IRC 83(b) tax election.
Employee Information	This group box displays employee information as of the exercise date.
Exercise Before Vest	Selected if exercising before vesting is allowed for the option.
Exercise Number	The system displays *NEW* when you enter an exercise. When you save, the system generates a sequential exercise number from the last exercise number stored on the Stock table.
ID	Click to access the Employee Information page to view employee information.

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Restricted Exercise Selected if the exercised shares are unvested.

Exercise Administration

Optionees may exercise stock options on or after the vesting date; prior to the vesting date if exercise before vesting is allowed; or at any time during the life of the stock option, depending on the terms of your stock option plan.

When an optionee exercises a grant, you record the number of shares exercised, the funds and any applicable taxes due from the optionee, and issue the shares.

Depending on the type of option being exercised and the exercise method selected, you can issue the shares in a stock certificate, electronically deposit them with a stock broker, or hold the shares in escrow until the optionee meets restrictions, such as vesting.

Viewing Exercise Information

This section lists the pages that you use to:

- Select an exercise to view.
- View exercise transactions.

Pages Used to View Exercise Information

Page Name	*Definition Name*	*Navigation*	*Usage*
Exercise Options	ST_EXER_SRCH1	Stock, Grant Transactions, Exercise Options	Select the grant for which you want to view exercises. Also view an optionee's active and pending stock grants and number of exercisable shares.
Exercise Transactions	ST_EXER_SRCH2	Stock, Grant Transactions, Exercise Options Click a grant number.	View exercise transactions for a grant and access the Exercise component.

Entering Exercise Information

This section discusses how to:

- Enter general exercise information.
- Calculate taxes for an exercise.

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- Calculate costs for an exercise.
- Enter issuance instructions for exercised shares.
- Enter certificate information for an exercise.
- Add escrow information for an exercise.
- Enter brokerage instructions for an exercise.
- Select legends to display on issuance instructions.
- Enter payment information.

Pages Used to Enter Exercise Information

Page Name	*Definition Name*	*Navigation*	*Usage*
Exercises - General	ST_GRANT_EXER	Stock, Grant Transactions, Exercise Options Click a grant number on the Exercise Options page, then click the Add an Exercise button on the Exercise Transactions page.	Enter general exercise information, including the number of shares exercised and the methods for calculating the costs and taxes due.
Exercise Comments	ST_GRANT_EXER_SEC	Click the Comments link on the Exercises - General page.	Enter comments for an exercise.
Exercises - Taxes	ST_EXER_TAXES	Access the Exercises − General page and select the Taxes tab.	Calculate the taxes for an exercise
Exercises - Cost	ST_EXER_COST	Access the Exercises − General page and select the Cost tab.	Calculate the total cost due to the company for the exercised shares and related taxes. Enter swap and trade information.
Exercises - Issuance	ST_EXER_ISSUE	Access the Exercises − General page and select the Issuance tab.	Enter issuance instructions for the transfer agent.
Escrow Information	ST_EXER_CERT_SEC	Click Escrow on the Exercises - Issuance page.	Enter escrow and address information.
Certificate Information	ST_EXER_CERT_SEC	Click Certificate on the Exercises - Issuance page.	Enter registration and address information for certificates.
Broker/Branch Information	ST_EXER_BROKER_SEC	Click Broker on the Exercises - Issuance page.	Add brokerage information.

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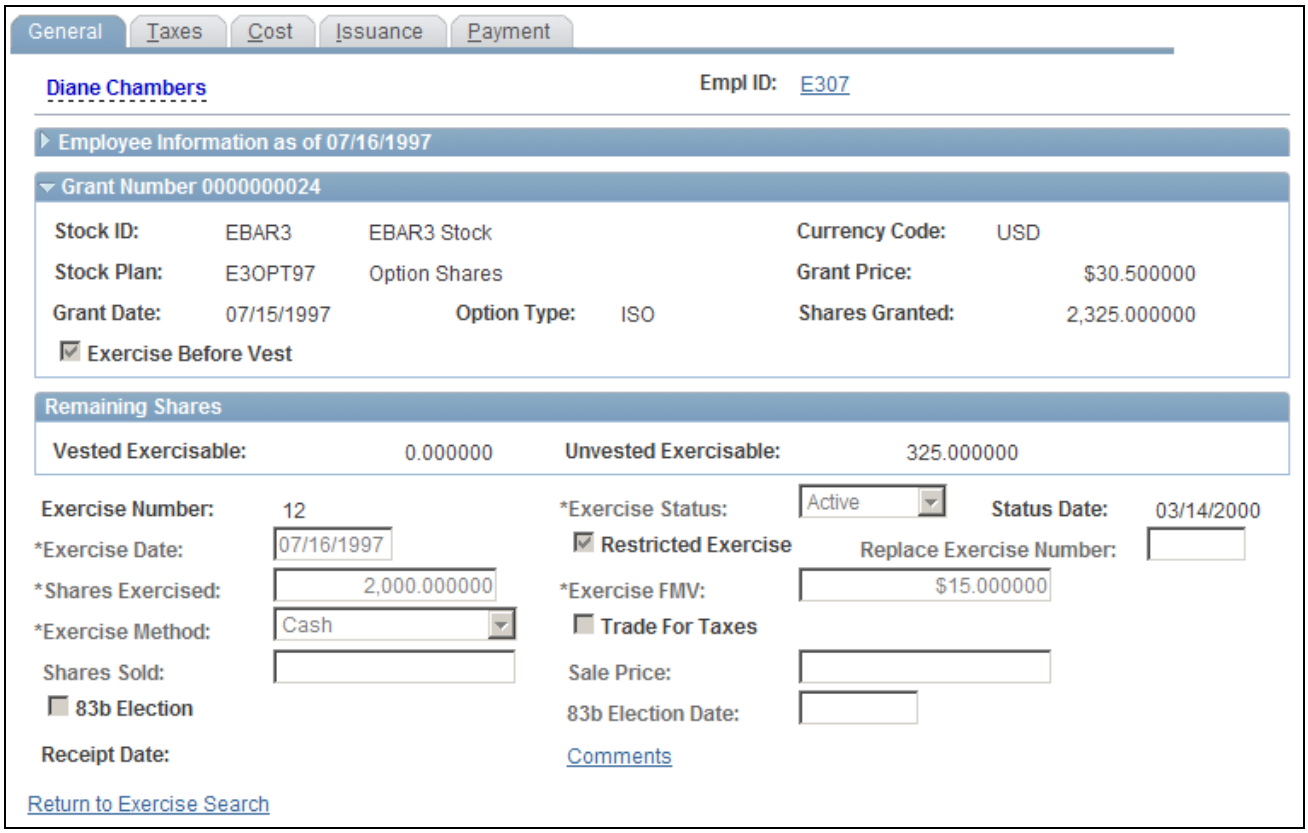
Page Name	Definition Name	Navigation	Usage
Legend	ST_EXER_LEGEND_SEC	Click Legend on the Exercises - Issuance page.	Select the legends to display on the issuance instructions.
Exercises - Payment	ST_EXER_PAYMENT	Access the Exercises - General page and select the Payment tab.	Record payments made to the company on the exercise and view outstanding balances.

Entering General Exercise Information

Access the Exercises - General page (Stock, Grant Transactions, Exercise Options, then click a grant number on the Exercise Options page, then click the Add an Exercise button on the Exercise Transactions page).



Exercises - General page

Remaining Shares

Vested Exercisable Displays the number of vested shares remaining that are exercisable as of the exercise date entered.

Unvested Exercisable If the plan allows exercise before vesting, the system displays the number of unvested shares remaining that are exercisable as of the exercise date entered.

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Exercise Information

Exercise Status Select the exercise status. Valid values are *Pending*, *Void*, and *Active*, which is the default.

Status Date Displays the date that the status was last changed and saved.

Exercise Date Enter the exercise date.

Replace Exercise Number If this is a replacement exercise, select a replacement exercise number from the available choices. You must first void the original exercise before you can create a new, replacement exercise. You associate the two exercises with the Replace Exercise Number for audit purposes.

Shares Exercised Enter the number of shares to be exercised. If exercise before vesting is allowed all vested shares must be exercised before unvested shares are exercised. The system will not allow shares exercised to include both vested and unvested amounts.

Exercise FMV The default value is the exercise FMV calculated from the Daily Prices table as of the exercise date that you entered according to your Exercise FMV Rule. You can change this number.

Exercise Method Select a method to pay for the exercise cost. If you select a value not defined on the Stock Option Plan Rules component, you get an error. Cash is the default.

Trade For Taxes Select to enable shares to be traded for the amount of taxes to be withheld on the Exercises - Cost page. The check box is unavailable if:

- The Trade For Taxes check box is not selected on the Payment/Income Method page.
- The ISO or ISO/SAR is selected as an option type on the Maintain Grants - General page except when a terminated employee exercises the ISO after the regulatory period for preferential tax treatment.
- The Exercise Method field equals SAR or Same Day Sale.

When exercising unvested shares and 83b Election is not selected.

Shares Sold If the exercise method is *Sell to Cover*, this field is available. Enter the number of shares sold. If the exercise method is *Same Day Sale*, the system displays the total shares exercised as shares sold.

Sale Price If the exercise method is *Same Day Sale* or *Sell to Cover*, this field is available. The exercise FMV is the default, but you can enter a different number.

83b Election Date If you select the 83b Election check box, this field becomes available. Enter the date that the optionee filed the 83b election.

Receipt Date Displays the date that the exercise receipt was run.

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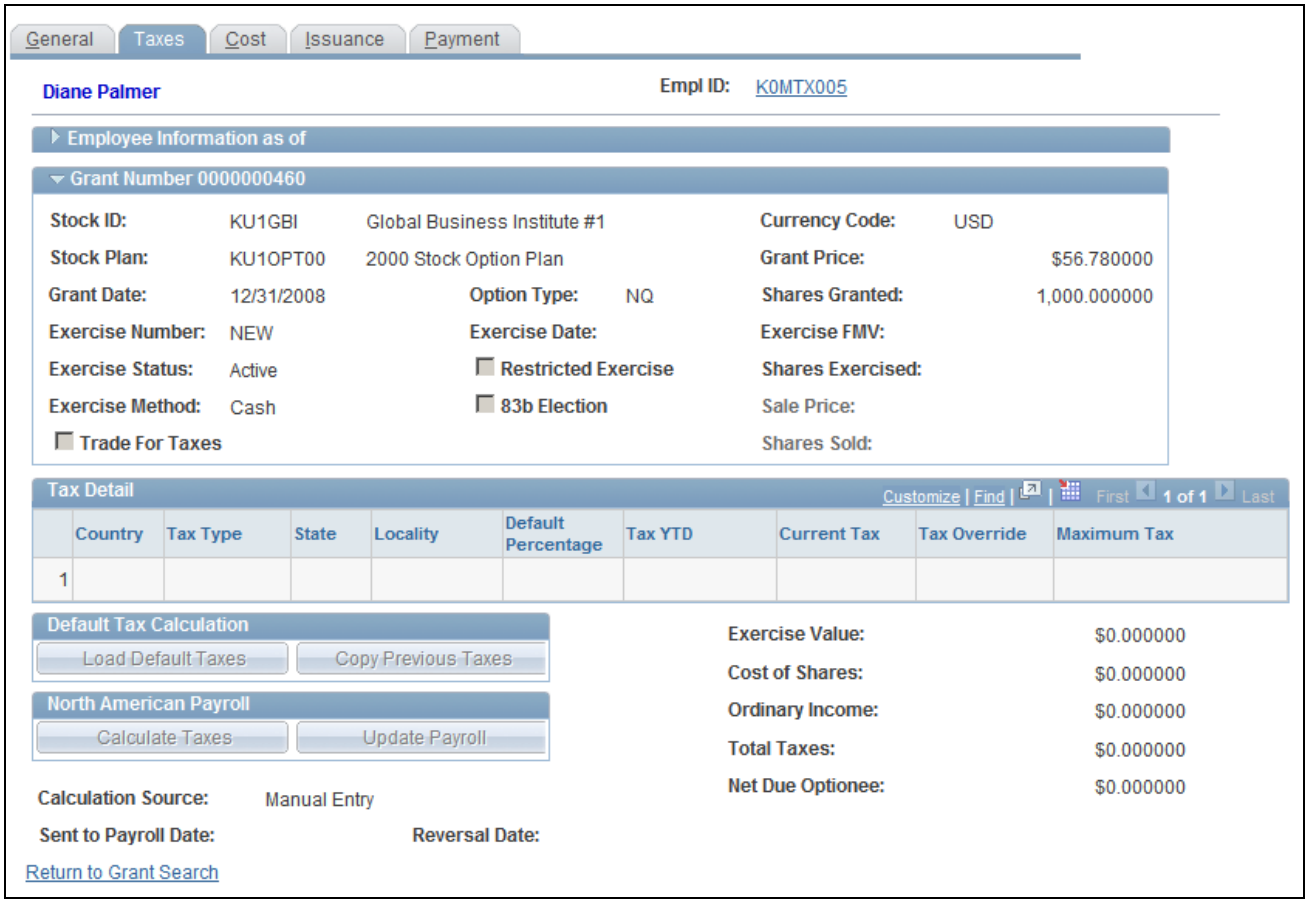
Calculating Taxes for an Exercise

Access the Exercises - Taxes page (access the Exercises − General page and select the Taxes tab).



Exercises - Taxes page

Calculate the taxes by integrating with PeopleSoft Enterprise Payroll for North America, using the stock tax tables, or entering taxes manually. If you use Payroll for North America, you can send the tax information to that system. To reverse a payroll transaction that you sent, void the exercise and send the information to payroll as a reversal.

Grant Information

Exercise Number Displays *NEW* when you enter an exercise. When you save, the system generates a sequential exercise number from the last exercise number stored on the Stock table.

Restricted Exercise If this is a restricted exercise, this check box is selected.

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Tax Detail

The system populates these fields when you click any of the Load Default Taxes,Copy Previous Taxes, or Calculate Taxes buttons. You can change the values until you send the transaction to payroll.

Tax Type Select the type of tax to calculate.

Default Percentage The system enters the default tax percentage based on the tax type. You can change the default percentage to modify the current tax amount.

Tax YTD Enter the year to date tax amounts to have the system to use these values when calculating taxes with limits.

Current Tax The system calculates the current tax based on the ordinary income amount displayed on the page and the default percentage. You can change the current tax amount and the default percentage changes accordingly.

Tax Override If you overrode the default taxes or inserted the tax amounts the system displays *Manual.* The default is *None,* which means no tax override.

Maximum Tax Displays the maximum tax limit if the tax type has a maximum tax limit.

Default Tax Calculation

You can load the default tax information or copy the tax information from the previous exercise. Use these methods if you don't use Payroll for North America or for exception processing.

Load Default Taxes Click to load the default tax rates based upon the country and state associated with the optionee's tax location and the tax rates that you entered on the tax setup pages. The taxes are calculated based upon the ordinary income from the exercise.

Copy Previous Taxes Click to copy the tax percentages used in the last exercise within the last calendar year. If there are no exercises for the current year, the system copies the percentages from the previous year and gives a warning message.

North American Payroll

If you use Payroll for North America, you can calculate the taxes owed and send them directly to payroll.

Calculate Taxes Click to have Payroll for North America calculate the taxes due on the ordinary income from the exercise. The system determines the YTD taxes paid and monitors any limit that might be met.

Update Payroll Click to send the tax and ordinary income data to payroll. Once the transaction is saved, you receive confirmation that the transaction was sent. If you don't save the exercise, Payroll is not updated.

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Sent to Payroll Date Displays the date the payroll taxes were sent to payroll either through Update Payroll or when the payroll report is run. Click the date to access the Exercise Payroll Data page to display how the transaction was sent to the payee (through Payroll for North America or a manual report) and the paycheck number, if applicable.

Reversal Date Displays the date, if any, that the Payroll Reversal Report was run.

Calculated Values

Tax Preference Income Displays the alternative minimum tax value, if any, when the option type is ISO. Otherwise, it is ordinary income, which is the difference between the option price and the fair market value of the company's stock on the exercise date.

Total Taxes Displays the sum of all taxes displayed. These are the taxes that are due on exercise.

Net Due Optionee If this is a SAR exercise, the system displays the net due to the optionee. This amount is the difference between the ordinary income and the total taxes.

Reversing Taxes Sent to Payroll

To reverse taxes that you've already sent to payroll, change the Exercise Status to *Void* on the Exercises - General page and save. If the transaction has not been processed by payroll the system deletes the transaction.

If the transaction has already been processed by payroll you receive a message that the transaction wasn't found. You can print the Options Income/Taxes Reversals report to notify your payroll administrator that the transaction should be reversed.

See Also

Chapter 1, "Getting Started with Stock Administration," Stock Administration Integrations, page 1

Chapter 4, "Setting Up Stock Option Plans," Setting Up Tax Rules, page 58

Calculating the Costs for an Exercise

Access the Exercises - Cost page (access the Exercises − General page and select the Cost tab).

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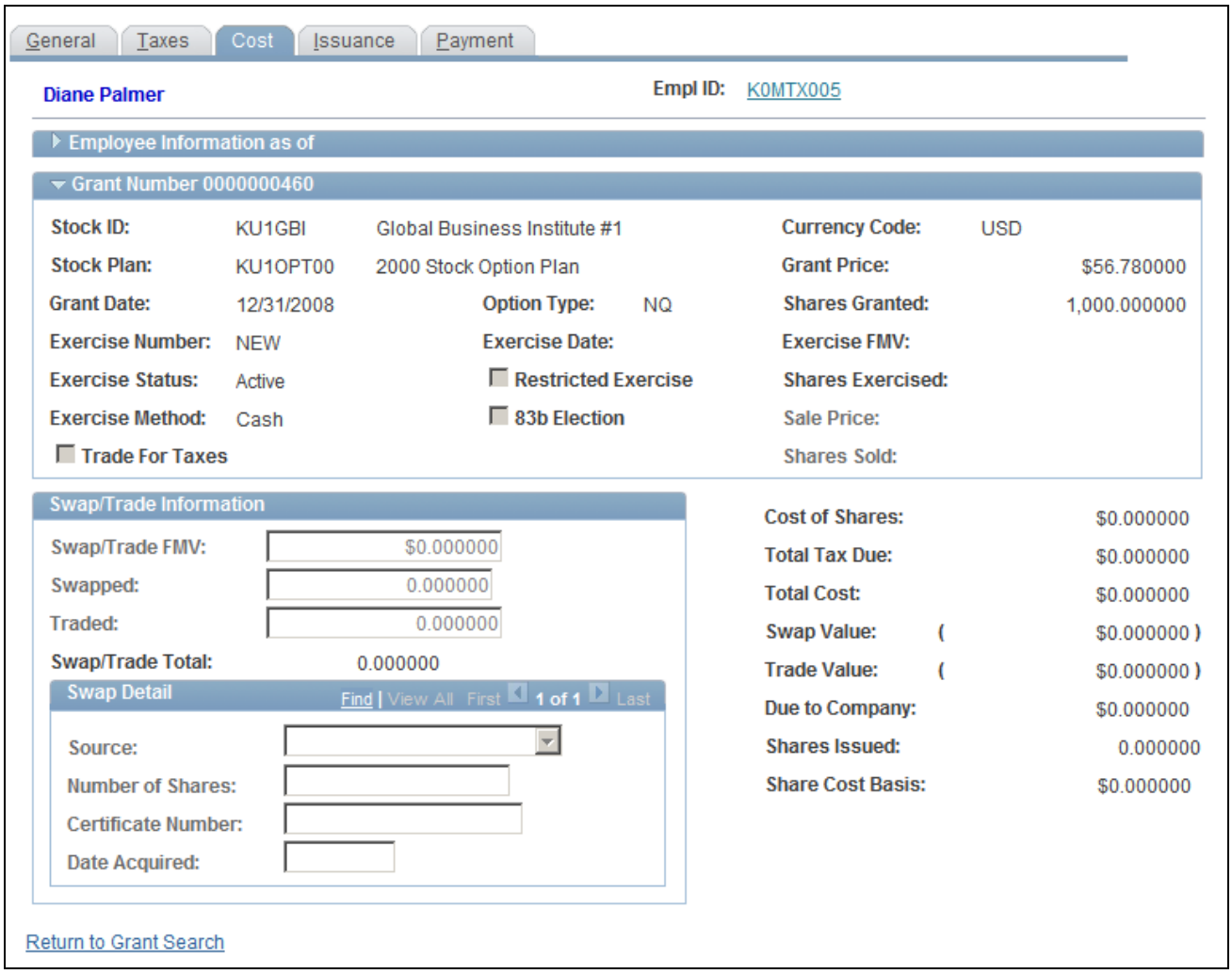

Exercises - Cost page

Swap/Trade Information

If a payment method is Swap for Shares or Trade for Taxes, these fields become available.

Swap/Trade FMV The swap trade FMV as defined on the Stock Option Plan Rules - FMV Rules page.

Swapped The number of shares required for the swap by dividing the total cost of shares by the swap/trade FMV. You can change the number, if necessary.

Traded If the tax payment method is Trade and taxes were calculated, the system displays the number of shares required for the trade by dividing the Total Tax Due field by the Swap/Trade FMV field. You can change the number, if necessary.

Swap/Trade Total The total number of shares required for the swap or trade.

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Swap Detail

If a payment method is Swap for Shares or Trade for Taxes, these fields become available. You can make multiple entries to record the various shares used for the swap or trade, and whether the shares are being surrendered or are to be netted from the exercise.

Source Select *Constructive Delivery* if the shares surrendered for the swap/trade are to be netted from the exercise and a physical certificate is not delivered. Select *Physical Delivery* if a physical certificate is surrendered for cancellation.

Number of Shares Enter the number of shares that were surrendered. Constructive delivery will reduce the number of shares to be issued by the number of shares that were swapped and/or traded.

Certificate Number Enter the certificate number of the shares that were surrendered for the swap or trade, if any.

Date Acquired Enter the date that the swapped or traded shares were acquired.

Calculated Values

The system displays the following amounts.

Cost of Shares Option price multiplied by number of shares exercised.

Total Tax Due Total taxes due calculated on the Administer Exercises - Exercise Taxes page.

Total Cost Cost of shares plus total taxes due.

Swap Value Number of shares swapped multiplied by the swap/trade FMV. Displayed if the exercise method is swap.

Trade Value Number of shares traded multiplied by the swap/trade FMV. Displayed if Trade for Taxes is selected.

Due to Company Total Cost minus the Swap Value, or the Trade Value , if any.

Entering Issuance Instructions for Exercised Shares

Access the Exercises - Issuance page (access the Exercises − General page and select the Issuance tab).

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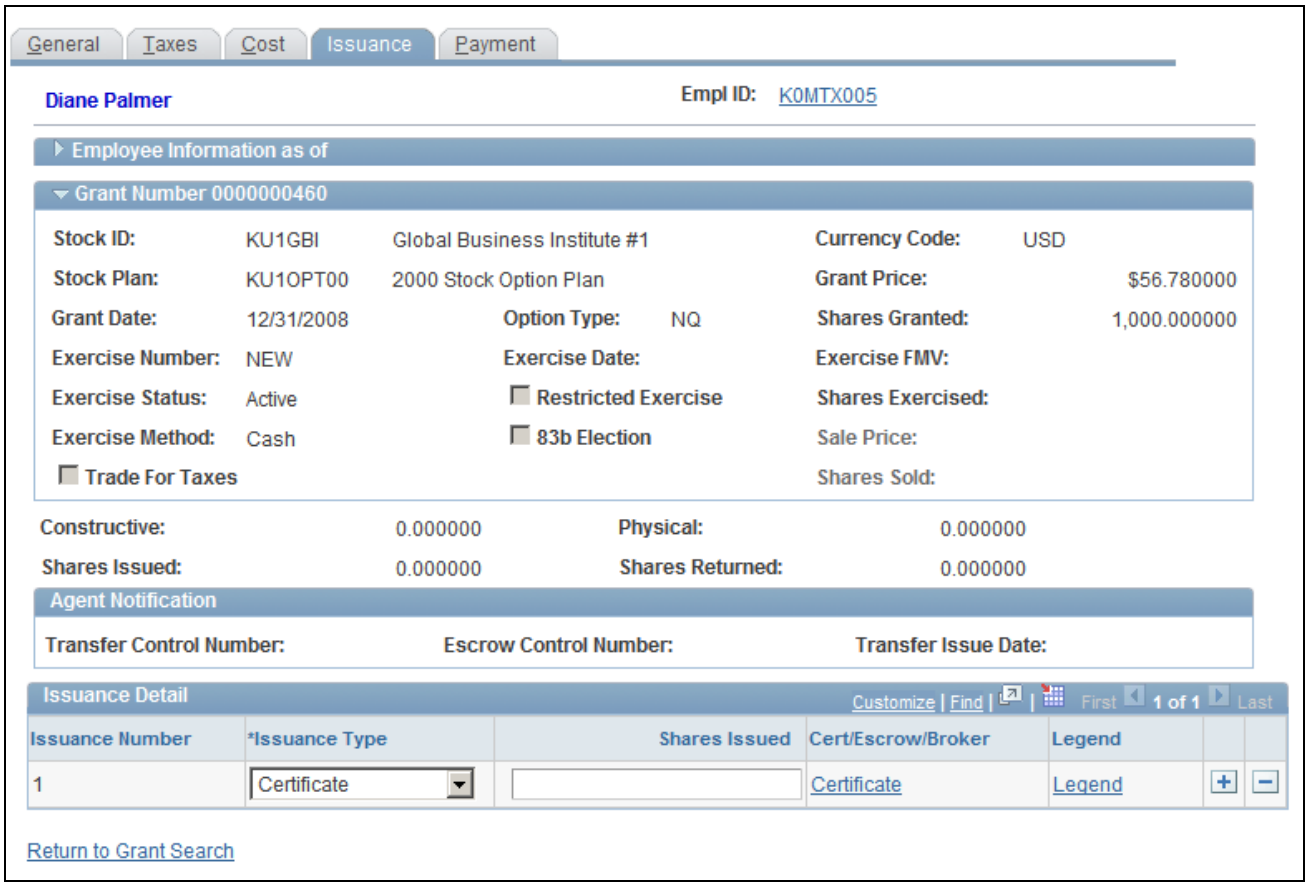

Exercises - Issuance page

Shares Swapped/Traded

If shares are swapped or traded as part of the exercise, the system displays these amounts.

Constructive The total number of constructively swapped/traded shares.

Physical The total number of physically swapped/traded shares.

Shares Issued The number of shares exercised less the total number of constructive shares swapped or traded.

Shares Returned The total number of shares that were returned from the swap when a certificate is physically delivered for more shares than required for the swap or trade.

Agent Notification

Transfer Control Number Displays the transfer control number assigned by the Issuance Instructions report.

Escrow Control Number Displays the control number assigned by the Issuance Instructions report.

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Transfer Issue Date Displays the date that the Issuance Instructions report was run. This field is populated after you run the Agent Issuance Instructions report.

Issuance Detail

To enter multiple issuance instructions, enter the number of shares for each issuance requirement, select the issuance type, and select the brokerage information or the address where you want the certificate sent. After you save the release, you can generate the required transfer agent instructions, broker deposit instructions, and broker invoices.

Issuance Number Displays 1 when you first add an exercise. For each subsequent issuance that you create, the system generates a sequential number.

Issuance Type If the exercised shares are unvested, *Escrow* is the default. If the exercise is a same day sale or sell to cover, *Broker* is the default. If the exercise is any other type, the information on the optionee's Maintain Issuance Instructions page defaults. If issuance instructions are not set up for an optionee, *Certificate* is the default. You can change the default value.

Shares Issued Enter the number of shares equal to the total number of shares being issued less any swapped or traded shares. The number of shares exercised defaults.

Broker, Escrow, Certificate, and **Legend** Click to access the Broker page, Escrow Information page, or Certificate page, respectively.

Legend Click to access the Legend page.

Entering Certificate Information

Access the Certificate page (click Certificate on the Exercises - Issuance page).

The information from the Maintain Issuance Instructions page is the default.

Registration Name Enter the name that is to appear on the stock certificate.

Tax ID Enter the tax ID of the individual or organization to whom the stock is being issued, if not the optionee.

Entering Escrow Information

Access the Escrow Information page (click Escrow on the Exercises - Issuance page).

Registration Name Enter the name that is to appear on the escrow account.

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Entering Broker Instructions

Access the Broker page (click Broker on the Exercises - Issuance page).

Registration Name Enter the name that is to appear on the brokerage account.

Tax ID Enter the tax ID of the individual or organization to whom the stock is being issued, if not the optionee.

Branch Control Number The system displays the branch control number after you run the Option Broker Deposits report.

Branch Issue Date The system displays the branch issue date after you run the Option Broker Deposits report.

Selecting Legends to Display on Issuance Instructions

Access the Legend page (click Legend on the Exercises - Issuance page).

Legend ID By selecting a legend ID, you can communicate further instructions to a transfer or escrow agent. The details of the legend ID print on the issuance instructions. You can use it, for example, to notify the transfer agent how to cancel swapped shares or place a specific legend on the back of a certificate. You can select multiple legends.

Recording Payments for Exercised Shares

Access the Exercises - Payment page (access the Exercises − General page and select the Issuance tab).

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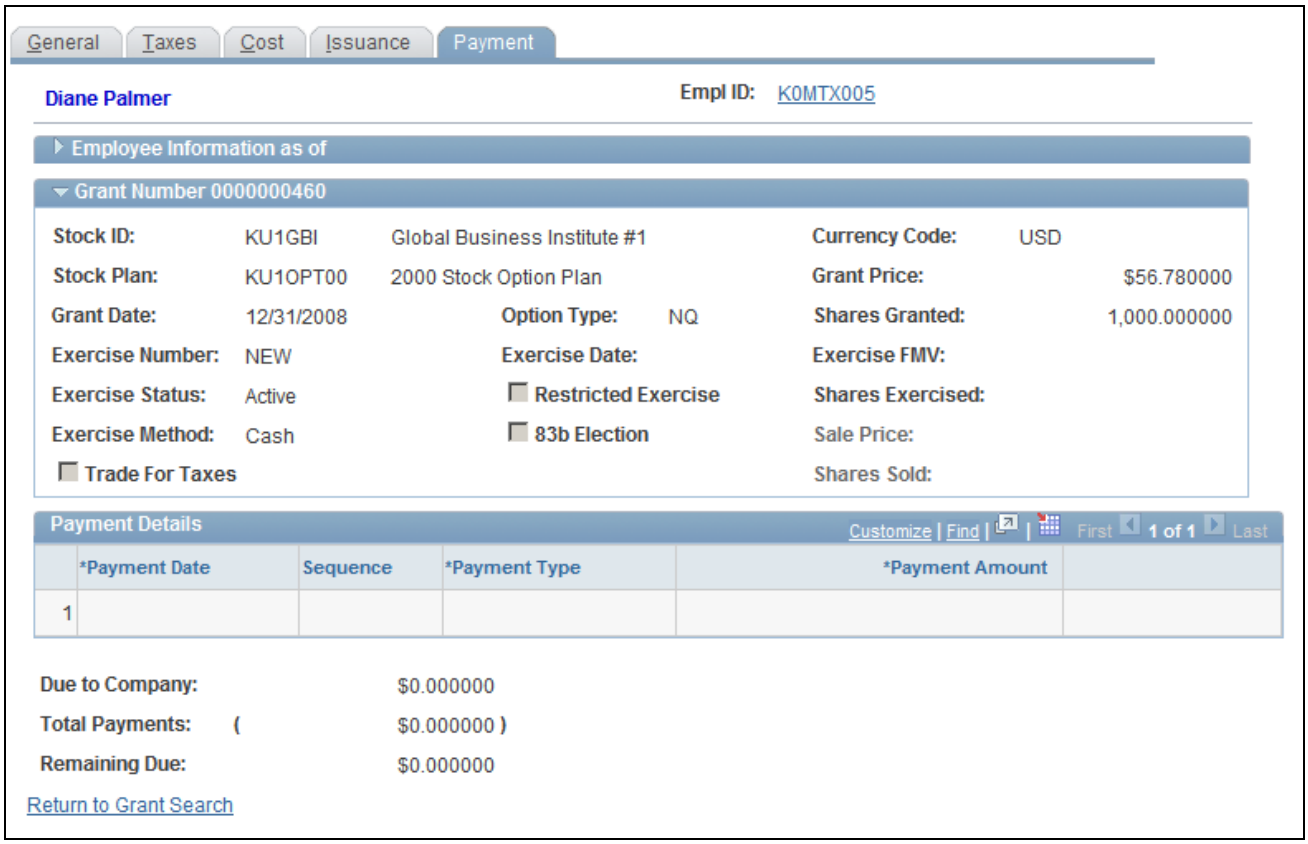

Exercises - Payment page

Record each payment on a separate line.

Payment Date Enter the date that you received the payment. The payment date must be greater than or equal to the exercise date.

Sequence If more than one payment is made in a single day, the system enters a sequence number.

Payment Type Select *Adjustment, Cash, Check, Loan, Pay Ded,* or *Wire.*

Payment Amount You can enter a negative amount to reflect an overpayment.

Payment Totals

Due to Company Displays the amount due to the company as calculated on the Administer Exercises - Cost page.

Total Payments Displays the sum of payment amounts.

Remaining Due This field is calculated by subtracting the Total Payments field from the Due to Company field.

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Deferring Tax Assets

This section provides an overview of actual tax benefits and deferred tax assets and discusses how to run the Options Shares Exercised report.

Actual Tax Benefits and Deferred Tax Assets

Since the adoption of FAS 123R in December, 2004, when an option is exercised, the actual tax benefit realized at the time of exercise (typically the spread or gain realized by the participant at exercise) must be compared to the deferred tax asset originally recorded for the option (typically the fair value of the option determined at grant).

If the actual tax benefit exceeds the deferred tax asset, the excess is treated as additional paid-in capital. If the tax deduction realized on exercise is less than the expense record for the option, the shortfall reduces paid-in-capital. By comparing the values of the actual tax benefit and deferred tax benefit, you can determine whether your company has a reserve of paid-in-capital or a shortfall. A shortfall of paid-in-capital is deducted from reserve paid-in-capital. If no reserve of paid-in-capital exists then you must report the shortfall as additional tax expense.

Page Used to Run the Options Shares Exercised Report

Page Name	*Definition Name*	*Navigation*	*Usage*
Shares Exercised	ST_RUNCTL_STOP003	Stock, Option Reports, Grant Transactions, Shares Exercised	Run this report to show the options exercised during a specific date range.

Running the Options Shares Exercised Report

Access the Shares Exercised page (Stock, Option Reports, Grant Transactions, Shares Exercised).

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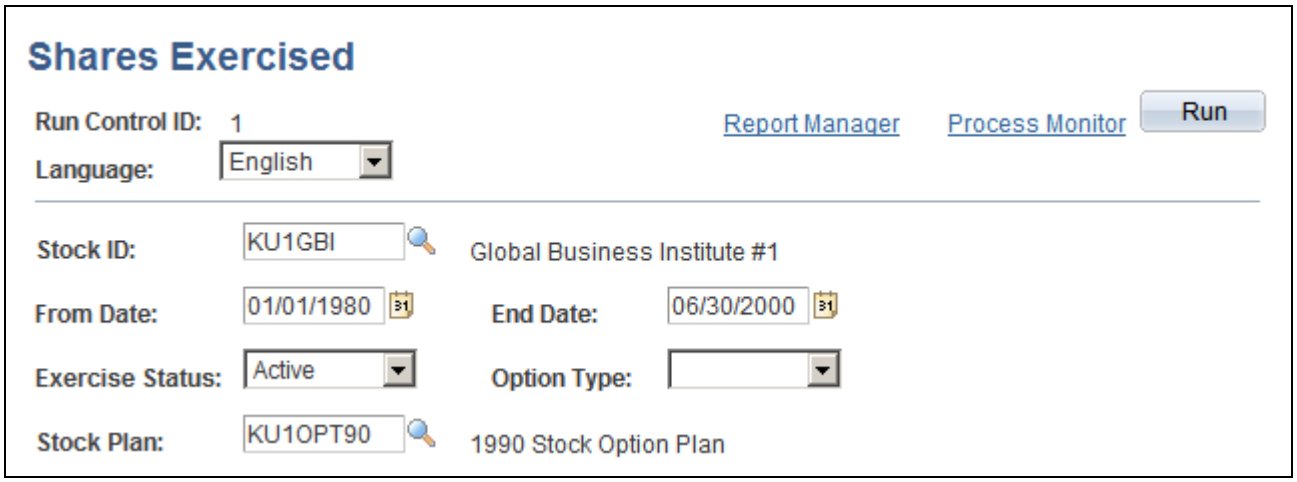

Shares Exercised page

From Date Enter the beginning date for the period to be examined.

End Date Enter the ending date for the period to be examined.

Exercise Status Select the exercise status: *Active*, *Pending*, or *Void.*

Option Type Choose the option type: *ISO*, *ISO/SAR*, *NQ*, *NQ/SAR*, or *RSA.*

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Chapter 11

Administering Releases

This chapter provides an overview of administering releases and discusses how to:

- View release information for restricted shares.
- Enter release information for restricted shares.

Understanding the Release of Restricted Shares

This section lists prerequisites and common elements and provides an overview release administration.

Prerequisites

Before you begin releasing restricted shares:

- Grant options or awards that allow exercise before vesting, such as restricted stock awards.
- Exercise unvested shares.

Common Elements in This Chapter

83b Election	Selected if the optionee filed an IRC 83(b) tax election.
Employee Information	This group box displays employee information as of the release date.
EmplID	Click to access the Employee Information page to view employee information.
Release Number	Displays *NEW* when you enter a release. When you save, the system generates a sequential release number from the last release number stored in the Stock Table.

Release Administration

Stock options that are exercised before they are vested are commonly called restricted shares and are typically held in escrow until they vest. As the shares vest, they are released to the optionee. You must record the number of shares released and the taxes due from the optionee, release the shares from escrow, and deliver them according to the optionee's instructions. Ordinary income and taxes are generally calculated and collected at the time of release unless the optionee filed an 83(b) election at the time of exercise.

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If your stock plans include restricted stock awards, or the plans allow exercise before vesting, you periodically release restricted shares.

The process of releasing restricted shares is similar to that of exercising options. You identify the releasable shares, the release method, and the issuance instructions. Depending on the optionee's 83(b) election, you calculate ordinary income and collect taxes.

Viewing Release Information

This section discusses how to:

- Select the exercise associated with the release you want to view.
- View release transactions.

Pages Used to View Release Information

Page Name	*Definition Name*	*Navigation*	*Usage*
Release Options	ST_REL_SRCH1	Stock, Grant Transactions, Release Options	Select the exercise for which you want to view releases.
Release Transactions	ST_REL_SRCH2	Stock, Grant Transactions, Release Options Click an exercise number.	View release transactions and access the Releases component.

Selecting the Exercise for the Release

Access the Release Options page (Stock, Grant Transactions, Release Options).

Exercise Number Click to access the Release Transactions page, where you view the existing release transactions for the grant and access the Releases component.

Viewing Release Transactions

Access the Release Transactions page (click an exercise number on the Release Options page).

Shares Releasable Displays the number of shares that can be released.

Release Number Click to access the Releases - General page, where you can view the details of the release.

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Entering Release Information

This section discusses how to:

- Enter general release information.
- Calculate taxes for released shares.
- Calculate costs for a release.
- Enter issuance instructions for a release.
- Enter certificate information for a release.
- Add escrow information for a release.
- Add brokerage instructions for a release.
- Select legends to display on issuance instructions.
- Record payment information for shares.

Pages Used to Enter or Modify Release Information

Page Name	*Definition Name*	*Navigation*	*Usage*
Releases - General	ST_EXER_RELEASE	Stock, Grant Transactions, Release Options Click an exercise number on the Release Options page, or click the Add a Release button.	Enter general information for the release of restricted shares.
Release Comments	ST_EXER_REL_SEC	Click Comments on the Releases - General page.	Enter comments for the release.
Releases - Taxes	ST_REL_TAXES	Access the Releases - General page and select the Taxes tab.	Calculate taxes for released shares.
Release Payroll Data	ST_EXER_PR3_SBP	Click Sent to Payroll Date on the Releases - Taxes page.	View payroll details.
Releases - Cost	ST_REL_COST	Access the Releases - General page and click the Cost tab.	Determine the tax amount due to the company if the optionee did not pay taxes at the time of exercise. Enter trade information.

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Page Name	*Definition Name*	*Navigation*	*Usage*
Releases - Issuance	ST_REL_ISSUE	Access the Releases - General page and select the Issuance tab.	Enter issuance instructions advising the escrow agent to release restricted shares from the escrow account and return them to the transfer agent for reissuance. Instruct the transfer agent to reissue the shares released from escrow.
Escrow Information	ST_REL_CERT_SEC	Click Escrow on the Releases - Issuance page.	Enter escrow and address information.
Certificate Information	ST_REL_CERT_SEC	Click Certificate on the Releases - Issuance page.	Enter registration and address information for certificates.
Broker/Branch Information	ST_REL_BROKER_SEC	Click Broker on the Releases - Issuance page.	Add brokerage information.
Legend	ST_REL_LEGEND_SEC	Click Legend on the Releases - Issuance page.	Select the legends to display on the issuance instructions.
Releases - Payment	ST_REL_PAYMENT	Access the Releases - General page and select the Payment tab.	Record payments made to the company on releases and view outstanding balances.

Entering General Release Information

Access the Releases - General page (Stock, Grant Transactions, Release Options, then click an exercise number on the Release Options page or click the Add a Release button).

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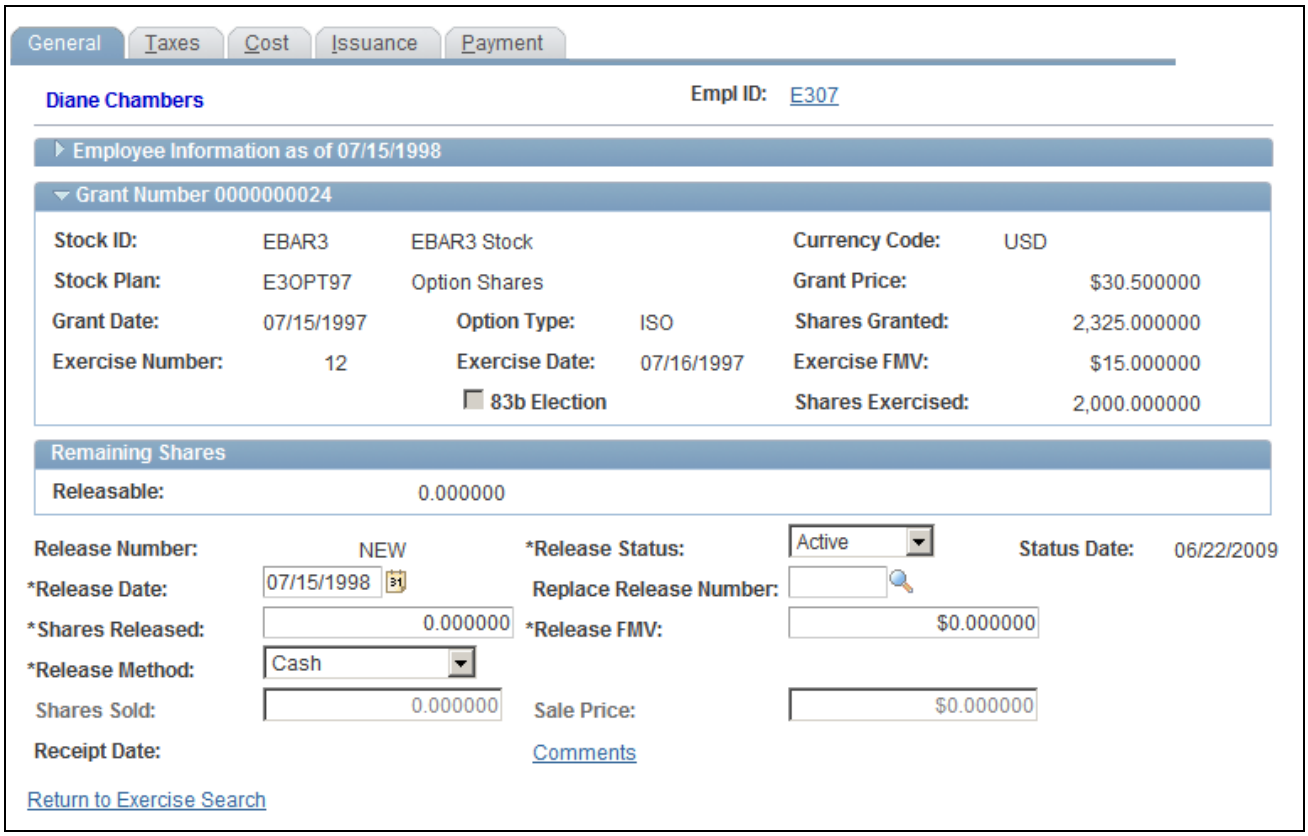

Releases - General page

Remaining Shares

Releasable Displays the number of shares that are releasable as of the release date entered.

Release Information

Release Status Valid values are *Pending*, *Void*, and *Active*, which is the default.

Status Date Displays the date that the status was last changed and saved.

Replace Release Number If this is a replacement release, select a replacement release number. You must void the original release before you can create a replacement release. You associate the two releases with the replace release number for audit purposes.

Shares Released This value cannot exceed the Remaining Shares Releasable field amount. Only vested shares are releasable.

Release FMV The default is the release FMV calculated from the Daily Prices table as of the release date that you entered, according to your release FMV rule. You can change this number.

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Release Method	Select a method to pay for associated taxes. If you select a value that is not defined in the Stock Option Plan Rules component, you receive an error. Cash is the default.
Shares Sold	If the release method is Sell to Cover, this field is available for entry. Enter the number of shares sold. If the release method is Same Day Sale, this field is not available for entry, and the system displays the total shares released.
Sale Price	If the release method is Sell to Cover or Same Day Sale, this field is available for entry. The Release FMV field is the default, but you can enter another value.
Receipt Date	Displays the date that the release receipt was run.

Calculating Taxes for Released Shares

Access the Releases - Taxes page (access the Releases - General page and select the Taxes tab).

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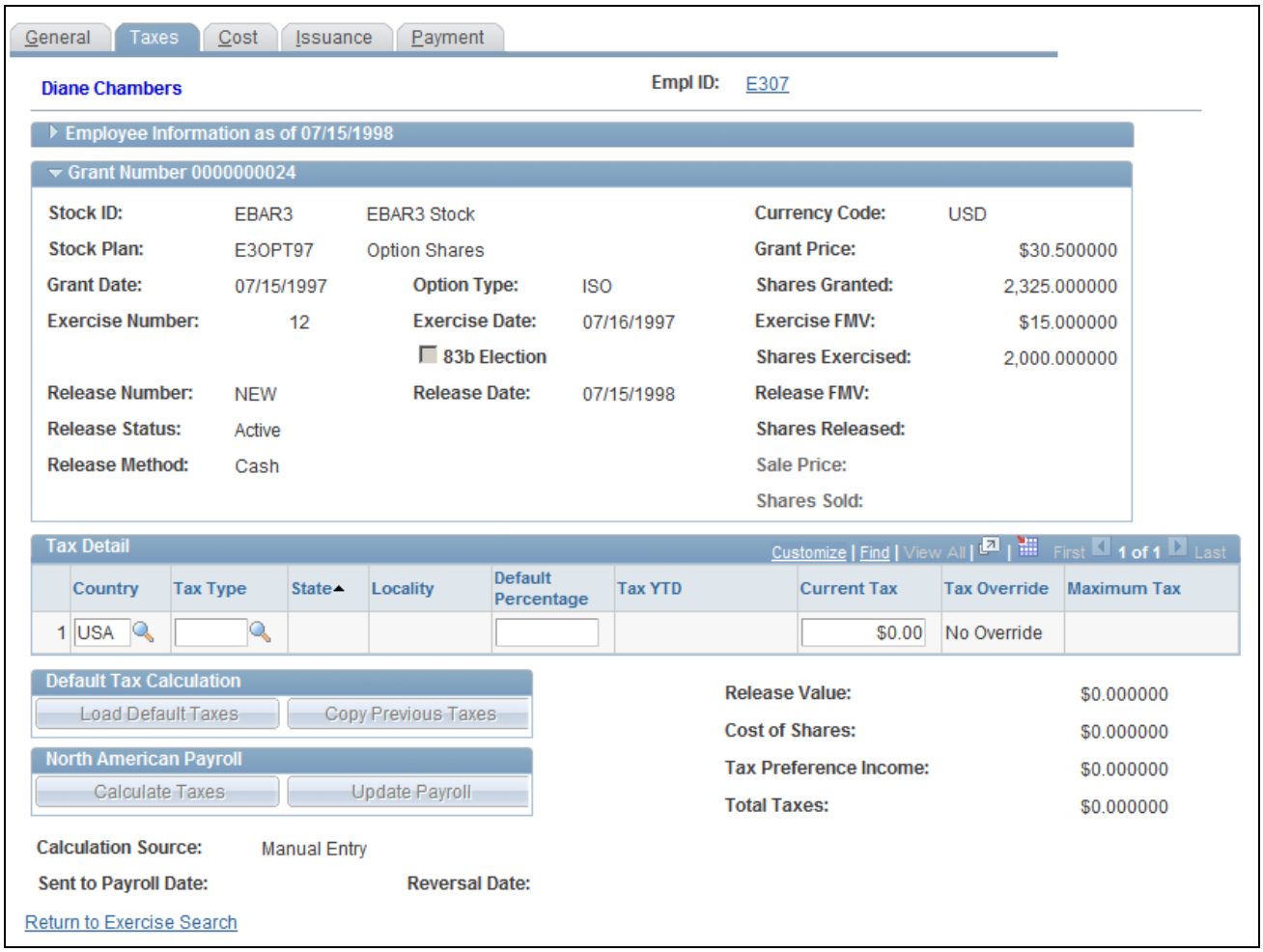

Releases - Taxes page

This page is available if the optionee did not file an 83(b) election at the time of exercise. Use it to calculate the taxes for the release. Like the exercise process, you can do this by integration with PeopleSoft Enterprise Payroll for North America by using the stock tax tables or by entering taxes manually. If you use Payroll for North America, send the tax information to payroll from this page.

Tax Detail

The system populates these fields when you click any of the Load Default Taxes, Copy Previous Taxes, or Calculate Taxes buttons. You can change these values. If the optionee filed an 83(b) election and paid taxes at the time of exercise, you cannot calculate taxes at the time of the release.

Tax Type Select the type of tax to calculate.

Default Percentage The system enters the default tax percentage based on the tax type. You can change the default percentage to modify the current tax amount.

Tax YTD Enter the year-to-date tax amounts to have the system use these values when calculating taxes with limits.

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Current Tax The system calculates the current tax based on the ordinary income amount displayed on the page and the default percentage. You can change the current tax amount and the default percentage changes accordingly.

Tax Override If you overrode the default taxes or inserted the tax amounts, the system displays *Manual*. The default is *None*, which means no tax override.

Maximum Tax Displays the maximum tax limit if the Tax Type field has a maximum tax limit.

Default Tax Calculation

You can load the default tax information or copy the tax information from the previous release. Use these methods if you don't use Payroll for North America.

Load Default Taxes Click to load the default tax rates based on the country and state associated with their tax location and the tax rates that you entered on the tax setup pages. The taxes are calculated based on the ordinary income from the release.

Copy Previous Taxes Click to copy the tax percentages used in the last release within the last calendar year. If there are no releases for the current year, the system copies the percentages from the previous year and provides a warning message.

North American Payroll

If you use Payroll for North America, you can calculate the taxes owed and send them directly to payroll.

Calculate Taxes Click to have Payroll for North America calculate the taxes due on the ordinary income from the exercise. The system determines the YTD taxes paid and monitors any limit that might be met.

Update Payroll Click to send the tax and ordinary income data to payroll. After the transaction is saved, you receive confirmation that the transaction was sent. If you don't save the exercise, payroll is not updated.

Sent to Payroll Date Displays the date on which the payroll taxes were sent to payroll, either through Update Payroll or when the payroll report is run. Click the date to access the Release Payroll Data page, where you view payroll details.

Reversal Date Displays the date on which the Option Income/Tax Reversals report was run.

Calculated Values

The system displays the following information:

Tax Preference Income Alternative minimum tax value if the option type is ISO. Otherwise, it is ordinary income which is the difference between the option price and the fair market value of the company's stock on the exercise date.

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Total Taxes	The sum of all the taxes displayed. This is the taxes due on the release.

Reversing Taxes Sent to Payroll

To reverse taxes that you've already sent to payroll, change the release status to *Void* on the Releases - General page, and save. If payroll hasn't processed the transaction, the system deletes the transaction.

If payroll has already processed the transaction, you receive a message that the transaction wasn't found. Print the Option Income/Tax Reversals report to notify your payroll administrator that the transaction should be reversed.

See Also

Chapter 1, "Getting Started with Stock Administration," Stock Administration Integrations, page 1

Chapter 4, "Setting Up Stock Option Plans," Setting Up Tax Rules, page 58

Calculating Costs for a Release

Access the Releases - Cost page (access the Releases - General page and select the Cost tab).

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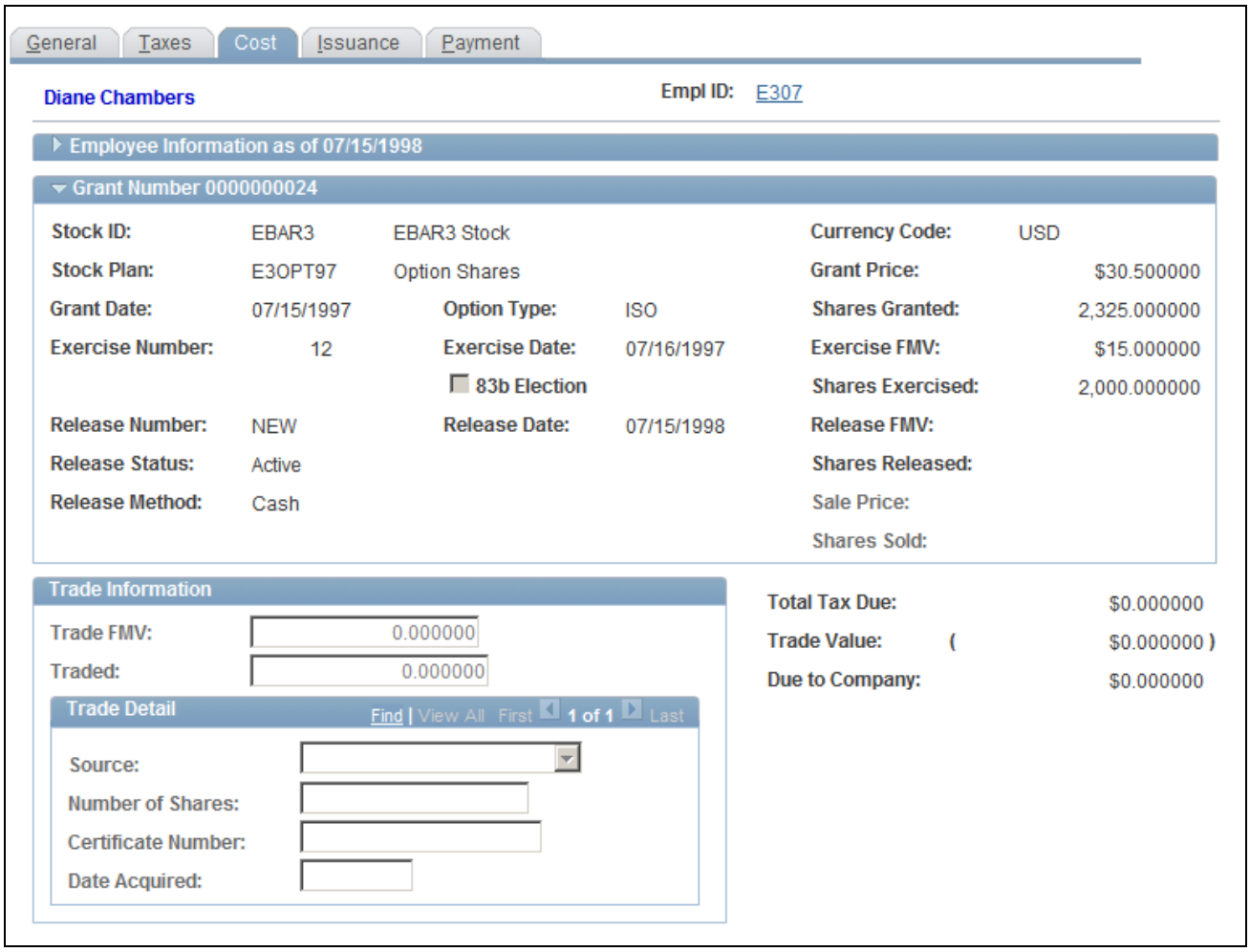

Releases - Cost page

Trade Information

If a release method is Trade for Taxes, these fields become available for entry.

Trade FMV Displays the swap or trade FMV, as defined on the Stock Option Plan Rules - FMV Rules setup page.

Traded Displays the number of shares required for the trade by dividing the Total Tax Due field value by the Swap/Trade FMV field value. You can change this number.

Trade Detail

If a payment method is Trade for Taxes, these fields become available for entry. You can make multiple entries to record the various shares used for the trade and whether the shares are being surrendered or are to be netted from the release.

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Source Select *Constructive Delivery* if the shares surrendered for the trade are to be netted from the release and a physical certificate is not delivered. Select *Physical Delivery* if a physical certificate is surrendered for cancellation.

Number of Shares Enter the number of shares surrendered. Constructive delivery reduces the number of shares to be issued by the number of shares traded.

Certificate Number Enter the certificate number of the shares surrendered for the trade.

Date Acquired Enter the date on which the traded shares were acquired.

Calculated Values

Total Tax Due Displays the total taxes due calculated on the Releases - Taxes page.

Trade Value If the share payment method is Trade, the system displays the trade value (number of shares traded multiplied by the swap or trade FMV).

Due to Company This value equals the total taxes due less the trade value.

Entering Issuance Instructions for Released Shares

Access the Releases - Issuance page (access the Releases - General page and select the Issuance tab).

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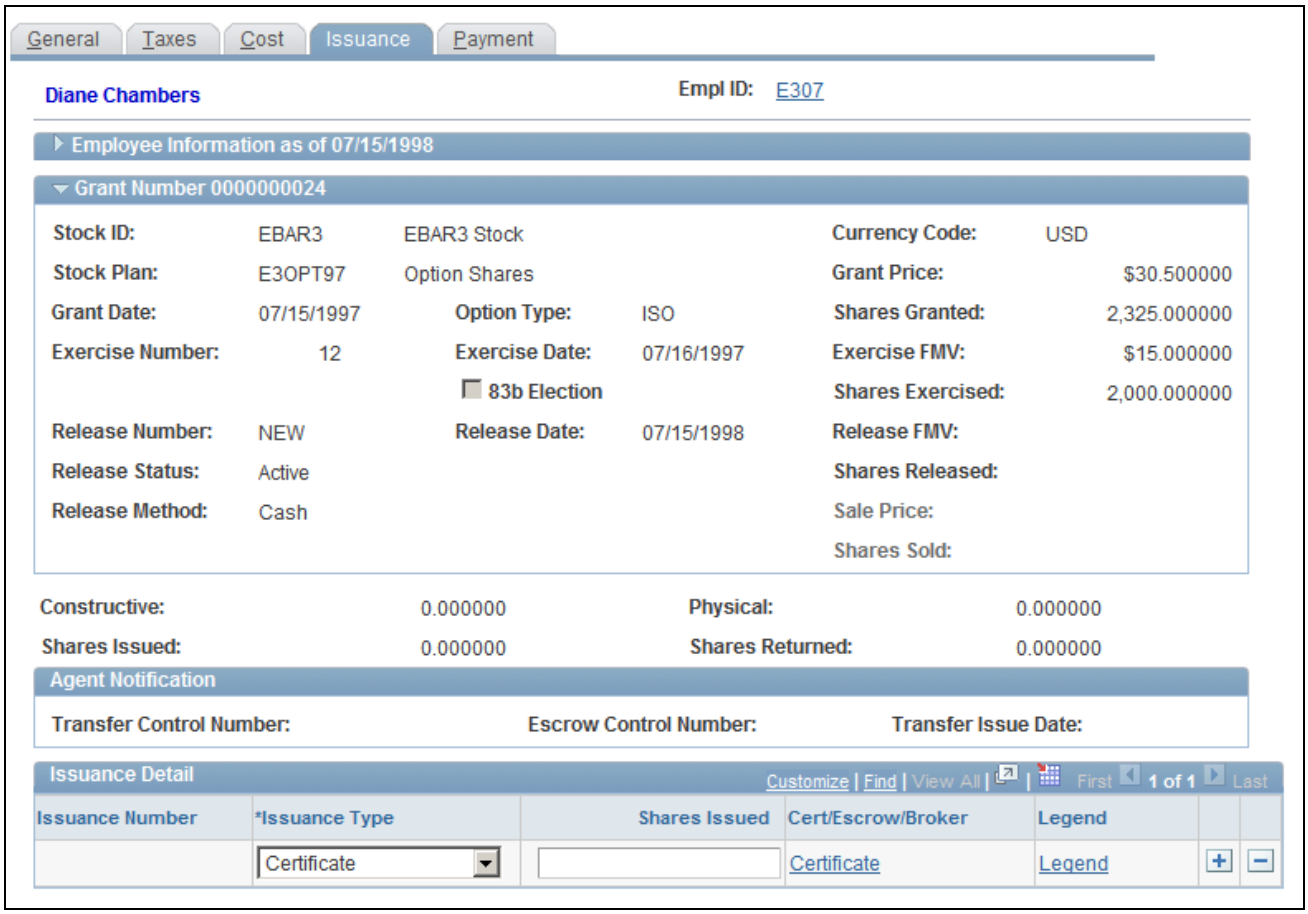

Releases - Issuance page

Shares Swapped/Traded

If shares are traded as part of the release, the system displays these amounts.

Constructive The total number of constructively traded shares.

Physical The total number of physically traded shares.

Shares Issued The total number of shares issued from the release. This equals the number of shares released less the total number of constructive shares traded.

Shares Returned The total number of shares returned from the trade when a certificate is physically delivered for more shares than required for the trade.

Agent Notification

Transfer Control Number Displays the transfer control number assigned by the Issuance Instructions report.

Escrow Control Number Displays the control number assigned by the Issuance Instructions report.

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Transfer Issue Date Displays the date that the Issuance Instructions report was run. This field is populated after you run the Agent Issuance Instructions report.

Issuance Detail

To enter multiple issuance instructions, enter the number of shares for each issuance requirement, select the issuance type, and select the brokerage information or the address where you want the certificate sent. After you save the release, you can generate the required transfer agent instructions, broker deposit instructions, and broker invoices.

Issuance Number Displays *1* when you first add a release. For each subsequent issuance you create, the system generates a sequential number.

Issuance Type If the release is an SDS or STC, the default is *Broker*. If the release is any other type, the default is the information on the Issuance Instruction page for the optionee. If issuance instructions are not set up for an optionee, *Certificate* is the default. You can change the default value.

Shares Issued Enter the number of shares equal to the total number of shares being issued less any traded shares. The default is the number of shares released.

Broker, Escrow, and **Certificate** Click to access the Broker page, Escrow Information page, or Certificate page, respectively.

Legend Click to access the Legend page.

Entering Certificate Information

Access the Certificate Information page (click Certificate on the Releases - Issuance page).

This page is identical to the Certificate page in the Exercises component.

See Also

Chapter 10, "Administering Exercises," Entering Certificate Information, page 166

Adding Escrow Information

Access the Escrow page (click Escrow on the Releases - Issuance page).

This page is identical to the Escrow Information page in the Exercises component.

See Also

Chapter 10, "Administering Exercises," Entering Escrow Information, page 166

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Entering Brokerage Instructions

Access the Broker/Branch Information page (click Broker on the Releases - Issuance page).

This page is identical to the Broker/Branch Information page in the Exercises component.

See Also

Chapter 10, "Administering Exercises," Entering Broker Instructions, page 167

Selecting Legends to Display on Issuance Instructions

Access the Legend page (click Legend on the Releases - Issuance page).

This page is identical to the Legend page in the Exercises component.

See Also

Chapter 10, "Administering Exercises," Selecting Legends to Display on Issuance Instructions, page 167

Recording Payments for Shares

Access the Releases - Payment page (access the Releases - General page and select the Payment tab).

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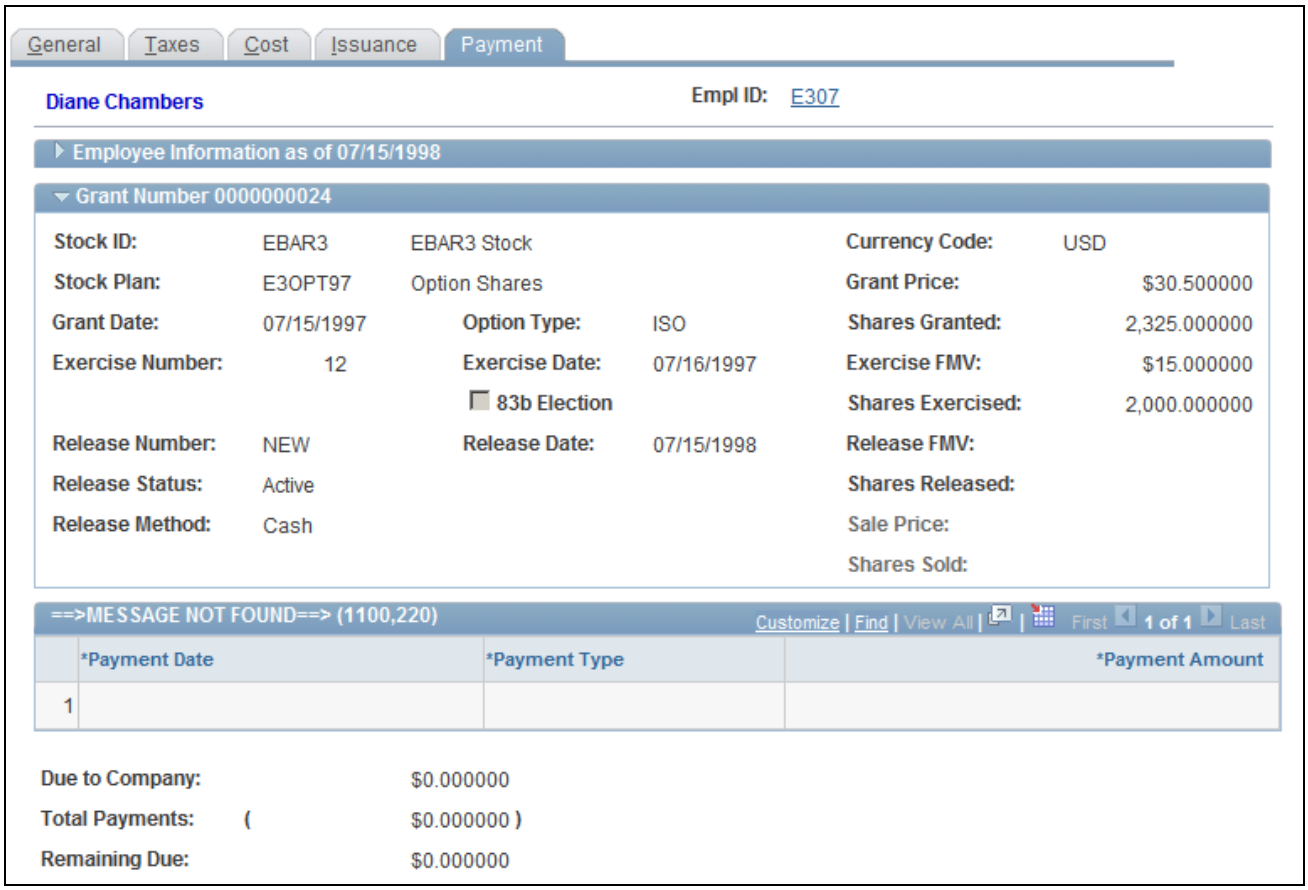

Releases - Payment page

Payment Information

Record each payment on a separate line.

Payment Date Enter the date on which you received the payment. The payment date must be greater than or equal to the release date.

Sequence If more than one payment is made in a single day, the system enters a sequence number.

Payment Type Select *Adjustment, Cash, Check, Loan, Pay Ded,* or *Wire.*

Payment Amount You can enter a negative amount to reflect an overpayment.

Calculated Values

Due to Company Displays the amount due to the company calculated on the Releases - Cost page.

Total Payments Displays the sum of the payment amounts.

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Remaining Due	This field is calculated by subtracting the Total Payments field from the Due to Company field.

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Chapter 12

Administering Stock Option Dispositions

This chapter provides an overview of stock option dispositions and discusses how to track option dispositions.

Understanding Stock Option Dispositions

This section lists prerequisites and common elements and discusses:

- Stock option dispositions.
- Disposition processing.
- Disposition reports.

Prerequisites

Before you begin recording stock option dispositions:

- Process optionee exercises and releases.
- Receive information about dispositions from optionees, transfer agents, or brokers.

Common Elements Used in This Chapter

EmplID Click the EmplID number to access the Employee Information page, where you can view employee information.

Shares Self Service Displays the number of shares that are reported as disposed through the self-service page and that have a status of self-service.

Shares Disposed Displays the number of disposed shares that have a status of confirmed.

Shares Available Displays the number of shares available. This equals *(Shares Issued) − (Share Pending) − (Shares Self Service) − (Shares Disposed).*

Disposition Number Displays *NEW* when you enter a disposition. When you save, the system generates a sequential disposition number from the last disposition number stored in the Stock table.

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Status	The default for a new record is *Pending*, unless the shares were already sold through a same day sale or a sell to cover transaction. Then, the status is *Confirmed*. When the status is changed to *Confirmed*, ordinary income can be sent to Payroll for North America by a transaction record or displayed on a manual payroll report when saved. If you must change a transaction that's been sent to payroll, set the status to *Void*. If an optionee reports a disposition through the self-service page, the status is *Self Srvc* (self service) until you set it to *Confirmed*, either by running the Confirm Self Service process or changing the status to *Confirmed* online.
Status Date	Displays the date on which the status was last changed and saved.
Sent to Payroll Date	Displays the date on which the transaction was sent to payroll or the day on which the manual report was run.
Sent to Payroll Source	Displays the way in which the income and taxes were sent to a payroll, either through Payroll for North America or a manual report.
Paycheck Number	Displays the paycheck number when the transaction was processed through Payroll for North America. This field is blank if a manual report was used.

Stock Option Dispositions

After shares are exercised or released, optionees can sell or transfer shares. Depending upon the option type and the holding period requirements, your company might be entitled to a tax deduction equal to the optionee's ordinary income on a disposition.

You can record and track dispositions, determine if they are disqualified, and, if you use Payroll for North America, send the ordinary income calculated on disqualifying dispositions directly to payroll for processing.

When you enter a disposition for an ISO or an ISO/SAR, the system checks the 422 plan rules defined on the Governing Body Rules - Stock Option Rules page to determine if the required holding period is met for preferential tax treatment. If the disposition does not meet the holding period requirements, the system calculates the ordinary income for the shares disposed. If the ordinary income is reported on a Form W-2, a company can take it as a tax deduction. If the disposition date meets the holding period requirements, the system does not calculate ordinary income.

Ordinary income calculated on a disqualifying disposition is based on the income method rule that is specified on the Stock Option Plan Rules - Payment/Income Methods page for ISO sales. This rule determines the price that is used to calculate the ordinary income on the disposition. The value also depends on whether the transaction is an exercise or a release, and if the optionee filed an 83b election.

Disqualifying dispositions are calculated for ISOs and ISO/SARs in these ways:

Exercise of Vested Shares

Holding Period: Calculated from the exercise date.

Ordinary Income Calculation:

[(Sale Price or Exercise FMV or lesser of the two) × Shares Disposed)] − (Grant Price × Shares Disposed)

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Release with No 83b Election Filed

Holding Period: Calculated from the exercise date.

Ordinary Income Calculation:

[(Sale Price or Release FMV or lesser of the two)] × Shares Disposed) − (Grant Price × Shares Disposed)

Release with 83b Election Filed

Holding Period: Calculated from the exercise date.

Ordinary Income Calculation:

[(Sale Price or Exercise FMV or lesser of the two) × Shares Disposed)] − (Grant Price × Shares Disposed)

Disposition Processing

You might want to survey the transfer agents, brokerages, and the optionees to determine if a transaction represents a true disposition or a transfer from one brokerage account to another. You can enter all information received from transfer agents or brokers concerning potential dispositions into the system with a pending status.

When the individual, transfer agent, or broker confirms a disposition, change the status to confirmed. If the disposition is disqualified, you can send the ordinary income to payroll to include it on the individual's W-2.

If you use Payroll for North America, you can automatically send the income information to payroll for processing. If you do not use Payroll for North America, or the optionee is not paid through this payroll system, run the Disqualifying Disposition Payroll report and send it to your payroll administrator for processing. Stock Administration displays the date on which you transmitted the data or ran the report.

Disposition Adjustments and Cancellations

If you must adjust or cancel a disposition after you've sent the ordinary income to payroll, change the status of the transaction to void and add a new disposition to the record. If the disposition was created by a same day sale or sell to cover transaction, make the change using the Exercises or Releases components, as appropriate. If you use Payroll for North America and the transaction has not been processed by Payroll for North America, the system deletes the transaction from the table. You receive a message that the transaction was successfully deleted. If Payroll for North America processed the transaction or you ran the manual payroll report, run the Disqualifying Disposition Reversal report and give it to your payroll administrator.

Tracking Option Dispositions

This section discusses how to:

- View an optionee's exercises and releases.
- Enter an exercise disposition.
- Enter a release disposition.

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Pages Used to Track Option Dispositions

Page Name	*Definition Name*	*Navigation*	*Usage*
Maintain Dispositions	ST_OPTN_DISPOSN	Stock, Grant Transactions, Maintain Dispositions	View a summary of an optionee's exercises and releases. From this page, you can access the Exercise Disposition and Release Disposition pages, where you enter dispositions.
Exercise Disposition	ST_EXER_DISPOSN	Click an exercise number on the Maintain Dispositions page.	Enter an exercise disposition.
Exercise Disposition Payroll Data	ST_EXER_PR_SBP	Click Sent to Payroll Date on the Exercise Disposition page.	View payroll details.
Release Disposition	ST_REL_DISPOSN	Click a release number on the Maintain Dispositions page.	Enter a release disposition.
Release Disposition Payroll Data	ST_REL_PR_SBP	Click Sent to Payroll Date on the Release Disposition page.	View payroll details.

Viewing an Optionee's Exercises and Releases

Access the Maintain Dispositions page (Stock, Grant Transactions, Maintain Dispositions).

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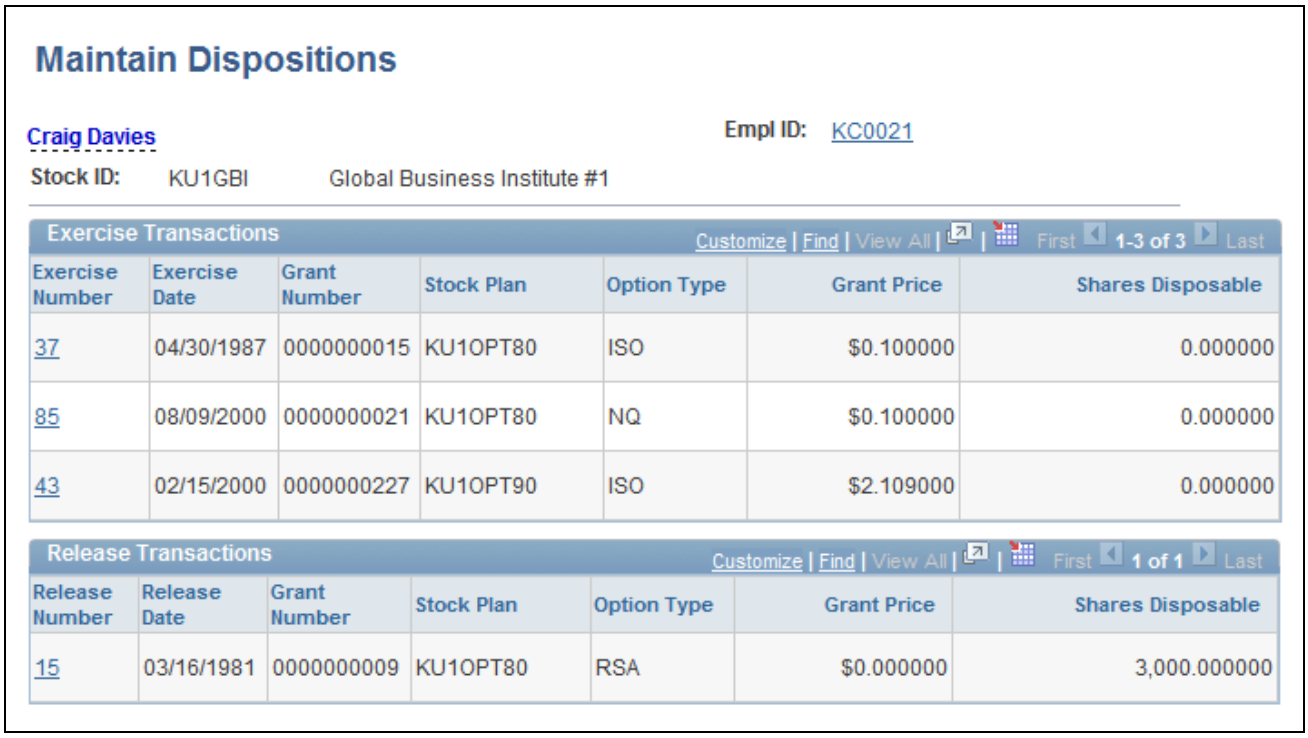

Maintain Dispositions

Craig Davies Empl ID: KC0021

Stock ID: KU1GBI Global Business Institute #1

Exercise Transactions — Customize | Find | View All | First 1-3 of 3 Last

Exercise Number	Exercise Date	Grant Number	Stock Plan	Option Type	Grant Price	Shares Disposable
37	04/30/1987	0000000015	KU1OPT80	ISO	$0.100000	0.000000
85	08/09/2000	0000000021	KU1OPT80	NQ	$0.100000	0.000000
43	02/15/2000	0000000227	KU1OPT90	ISO	$2.109000	0.000000

Release Transactions — Customize | Find | View All | First 1 of 1 Last

Release Number	Release Date	Grant Number	Stock Plan	Option Type	Grant Price	Shares Disposable
15	03/16/1981	0000000009	KU1OPT80	RSA	$0.000000	3,000.000000

Maintain Dispositions page

Exercise Number Click to access the Exercise Disposition page, where you can view exercise details and enter a disposition for the exercise.

Shares Disposable Displays the number of shares that are available for disposal as of the current system date.

Release Number Click to access the Release Disposition page, where you can view release details and enter a disposition for the release.

Entering an Exercise Disposition

Access the Exercise Disposition page (click an exercise number on the Maintain Dispositions page).

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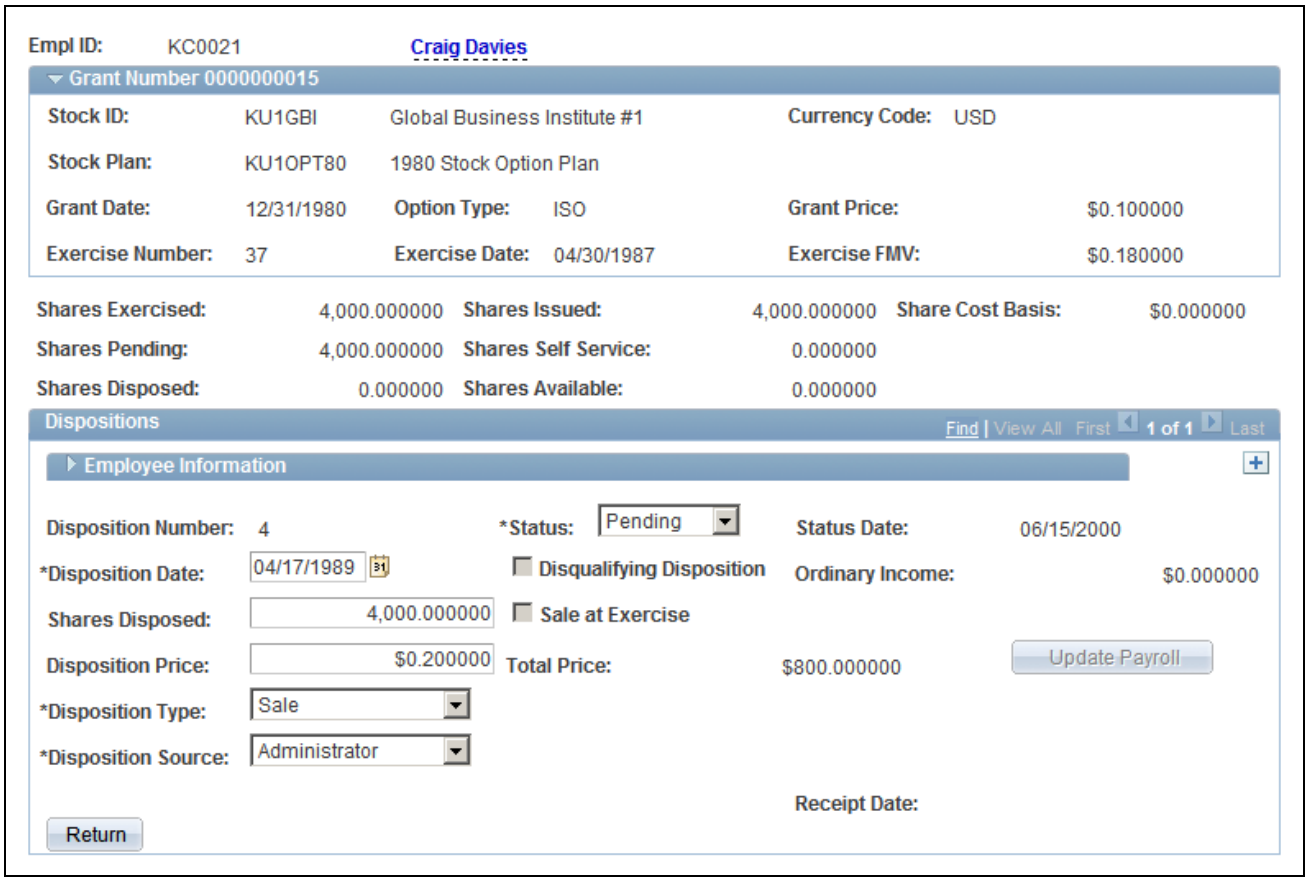

Exercise Disposition page

Disposition Information

Disposition Date Enter the sale or transfer date. The date must be greater than or equal to the exercise date. The system displays the current date as the default value. If the optionee is an insider and the date is during a blackout period, the system displays a warning.

Disqualifying Disposition Selected if the option type is ISO or ISO/SAR, the option was exercised in shares, and the sale date does not meet the holding period requirements in the governing body rules for IRS 422 plans.

Ordinary Income If the transaction is a disqualifying disposition and the Disqualifying Disposition check box is selected, the system calculates and displays the ordinary income.

Shares Disposed Enter the number of shares that were disposed.

Sale at Exercise Selected if the shares were sold at exercise, such as in a same day sale or sell to cover transaction. Modify these dispositions using the Exercises component.

Disposition Price Enter the disposition price. The exercise FMV defined on the Exercises - General page is the default.

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Total Price	Displays the grant price multiplied by the number of shares sold.
Disposition Type	Select *Sale* (default) or *Transfer*.
Disposition Source	Select how the disposition was reported. Values are: *Administrator*, *Self Service*, and *Third Party.Administrator* is the default.
Receipt Date	Displays the date on which the disposition receipt was run.
Update Payroll	Click to send the ordinary income to Payroll for North America.
Sent to Payroll Date	Displays the date on which the transaction was sent to Payroll for North America or the manual payroll report was run for disqualifying dispositions with ordinary income. Click the date to access the Exercise Disposition Payroll Data page, where you can view payroll details.
Reversal Date	Displays the date on which the manual Reverse Disqualifying Disposition report was run.

See Also

Chapter 1, "Getting Started with Stock Administration," Stock Administration Integrations, page 1

Appendix B, "Stock Administration Reports," Stock Administration Reports: A to Z, page 307

Entering a Release Disposition

Access the Release Disposition page (click a release number on the Maintain Dispositions page).

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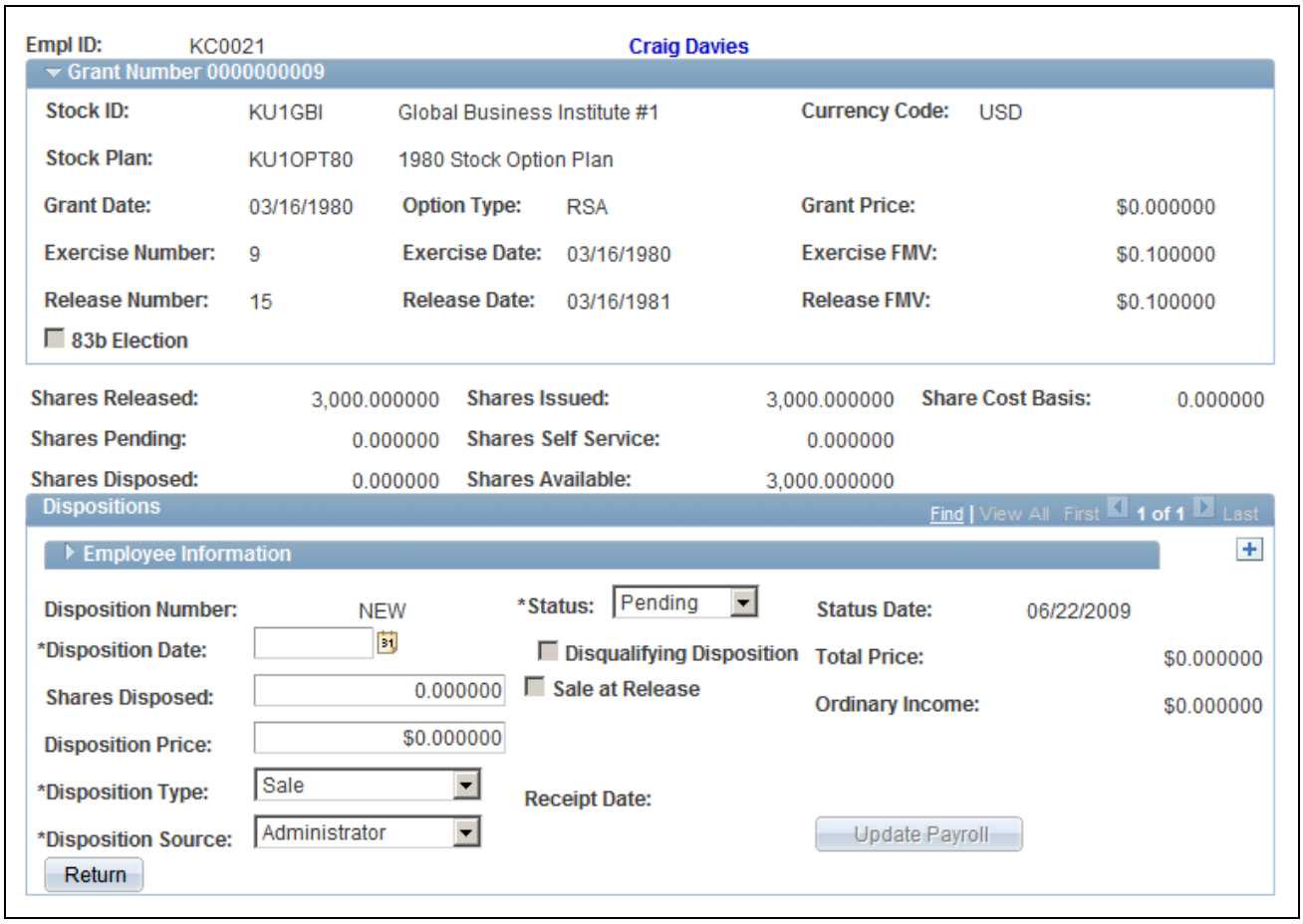

Release Disposition page

Grant Information

The system displays stock information related to the release that you selected.

83b Election If the optionee filed an 83b election at the time of exercise, the system selects this check box.

Employee Information

The system displays employee information as of the disposition date.

Disposition Information

Disposition Date Enter the sale or transfer date. The date must be greater than or equal to the release date. The system displays the current date as the default value. If the optionee is an insider and the date is during a blackout period, the system displays a warning.

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Disqualifying Disposition	Selected if the option type is ISO or ISO/SAR, the option was exercised in shares, and the sale date does not meet the holding period requirements in the governing body rules for IRS 422 plans.
Sale at Release	Selected if the shares were sold at release, such as in a same day sale or sell to cover transaction. Modify these dispositions using the Releases component.
Ordinary Income	If the transaction is a disqualifying disposition and the Disqualifying Disposition check box is selected, the system calculates and displays the ordinary income.
Disposition Price	Enter the disposition price. The exercise FMV, which you can change, is the default.
Disposition Type	Select *Sale* or *Transfer.Sale* is the default.
Receipt Date	Displays the date on which the disposition receipt was run.
Disposition Source	Select how the disposition was reported. Values are: *Administrator*, *Self Service*, and *Third Party.Administrator* is the default.
Update Payroll	Click to send the transaction to payroll.
Sent to Payroll Date	Displays the date on which the transaction was sent to Payroll for North America or the manual payroll report was run for disqualifying dispositions with ordinary income. Click the date to access the Release Disposition Payroll Data page, where you can view payroll details.
Reversal Date	Displays the date on which the manual Reverse Disqualifying Disposition report was run.

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Chapter 13

Administering Repurchases

This chapter provides an overview of administering repurchases and discusses how to view and record share repurchases.

Understanding Administering Repurchases

This section lists prerequisites and common elements and provides an overview of repurchase administration.

Prerequisites

Before you begin a stock repurchase, you must have:

- Granted options to an optionee.
- Exercised unvested shares that have not been released.

Common Elements in This Chapter

EmplID Click the EmplID number to access the Employee Information page, where you can view employee information.

Repurchase Administration

If your stock option plans allow the reacquisition of shares from restricted exercises, you can accurately record the repurchase transactions and send the transaction information to optionees, escrow agents, and transfer agents. Typically, repurchases occur due to a termination before vesting.

How you handle share repurchases depends on the stock option plan rules that you set up using the Stock Option Plan Rules component. Typically, you repurchase unvested shares, such as those that remain in escrow when an optionee terminates, but you can also repurchase vested shares. You can return the repurchased shares to the stock plan from where they were granted or retire the shares to the treasury.

Use the pages described in this chapter to record repurchase information, such as the repurchase date, the numbers of shares repurchased, and the repurchase price. Use this information to generate reports, statements, and transmittals. To repurchase the shares at different prices, you enter a separate repurchase transaction for each price.

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Finally, you can generate the following necessary statements and transmittals:

- Repurchase Receipt: Given to the optionee stating that the company has repurchased the shares.
- Agent Issuance Instructions: Sent to the transfer and escrow agents so that they can process the stock transaction and record the cancellation of the shares.

See Also

Chapter 4, "Setting Up Stock Option Plans," Defining Stock Option Plan Rules, page 50

Viewing and Recording Share Repurchases

This section discusses how to:

- Select a grant for recording repurchase transactions.
- Record repurchase transactions.
- View repurchase transactions.

Four reports are particularly useful for share repurchases:

- Options Repurchase Receipts report (STOP011)
- Option Shares Repurchased report (STOP006)
- Options Transfer Agent Instruction Repurchase report (STOP016)
- Subject to Repurchase report (STOP008)

See Also

Appendix B, "Stock Administration Reports," Stock Option Reports, page 311

Pages Used to View and Record Share Repurchases

Page Name	*Definition Name*	*Navigation*	*Usage*
Grant Transactions	ST_REPURCH_SRCH1	Stock, Grant Transactions, Repurchase Options	Select the grant for which you want to view or record repurchase transactions.
Repurchase Transactions	ST_REPURCH_SRCH2	Click a grant number on the Repurchase Options - Select Grant page.	View repurchase transactions and access the Repurchase Options page.

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Page Name	*Definition Name*	*Navigation*	*Usage*
Repurchase Options	ST_GRANT_REPURCH	Click a repurchase number or the Add a Repurchase button on the Repurchase Transactions page.	Record repurchase transactions.
Grant Repurchase Comments	ST_REPURCH_CMT_SEC	Click the Comments link on the Repurchases page.	Enter comments for a repurchase.

Selecting a Grant for Recording Repurchase Transactions

Access the Repurchase Options - Select Grant page (Stock, Grant Transactions, Repurchase Options).

Grant Number Click to access the Repurchase Transactions page, where you can view the existing repurchase transactions for the grant and access the Stock Option Repurchases page to record a repurchase.

Viewing Repurchase Transactions

Access the Repurchase Transactions page (click a grant number on the Repurchase Options - Select Grant page).

Shares Repurchasable Displays the number of shares available for repurchase as of the current date.

Repurchase Number Click the repurchase number to access the Repurchases page, which displays the details of the repurchase.

Add a Repurchase Click to access the Repurchases page, where you can add a new repurchase.

Recording Repurchase Transactions

Access the Repurchase Options page (click a repurchase number or the Add a Repurchase button on the Repurchase Transactions page).

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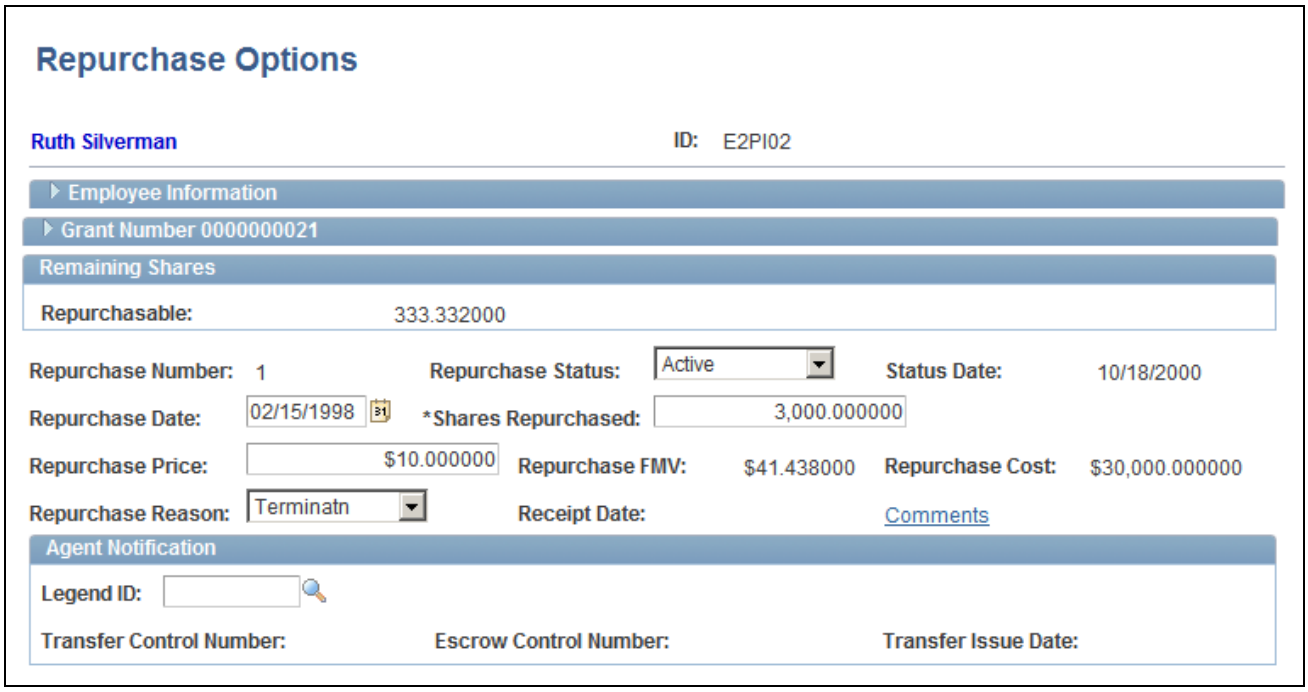

Repurchase Options page

To record a repurchase transaction:

1. Access the Repurchase Grant Transactions page for a selected employee ID and stock ID.
2. Click the grant number to access the Repurchase Transactions page.
3. Click the Add a Repurchase button to access the Repurchases page.
4. Record the details of the repurchase.

Employee Information

The displayed information is as of the repurchase date.

Person Type Displays the person type, if the optionee is a nonemployee.

Insider Displays the insider status, if the optionee is an insider.

Pay Group Displays the pay group of the primary job.

Tax Location Code Displays the tax location of the primary job.

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Remaining Shares

Repurchasable Displays the maximum number of shares that are available for repurchase as of the repurchase date. These are derived from the number of restricted exercised options not released from escrow that have not yet been repurchased, canceled, or expired.

Repurchase Information

Repurchase Number Displays *NEW* when you enter a repurchase. When you save, the system generates a sequential repurchase number from the last repurchase number stored in the Stock Table.

Repurchase Status Select a repurchase status: *Active* (default) or *Void.*

Status Date Displays the date when the repurchase status changed.

Repurchase Date As you change this date, the Shares Repurchasable amount might change. If you enter a date that exceeds the Days to Repurchase field on the Stock Option Plan Rules - General page, the system displays a warning.

Shares Repurchased Enter the number of shares to be repurchased. The Shares Repurchasable amount is the default.

Repurchase Price The system calculates the default repurchase price based on the share cost method defined on the Stock Option Plan Rules - General page. You can change this value to repurchase shares at a different price.

Repurchase FMV Displays the calculated FMV based on the rule defined on the Stock Option Plan Rules - FMV Rules page.

Repurchase Cost Displays the total repurchase cost, calculated by multiplying the number of shares that are repurchased by the repurchase price.

Repurchase Reason Select *Terminatn* (termination), *Corporate,* or *Other.*

Receipt Date Displays the date on which the repurchase receipt was generated.

Comments Click to access the Grant Repurchase Comments page, where you add comments about the repurchase.

Agent Notification

Legend ID Select a legend ID to include with the repurchase issuance instructions.

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Transfer Control Number, Escrow Control Number, and **Transfer Issue Date**

These fields are populated after you run the Agent Issuance Instruction report. They display the control numbers of the issuance instructions that were sent to the transfer agent and the escrow agent, and the date on which the transfer issuance instructions were generated.

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Chapter 14

Processing Stock Actions

This chapter provides an overview of stock actions and discusses how to:

- Run the Stock Action process.
- View the results of the Stock Action process.

Understanding Stock Actions

This section lists prerequisites and common elements and provides an overview of stock action processing.

Prerequisites

Before you begin processing stock actions:

- Set up the Stock Action Table using the Stock Action Table page.
- Define the correlation between Human Resources action and action reason combinations using the Stock Action Reason Table page.
- Define the rules by which existing grants and vesting schedules are modified using the Stock Action Rules page.

Common Elements in This Chapter

EmplID	Click the EmplID number to access the Employee Information page, where you can view employee information.
Process	Click to process the stock action.
Check Messages	Click to access the Stock Action Message page, where you view the results of the stock action.

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Stock Action Processing

When your optionees' human resources status changes, their stock plan participation is often affected. Using the stock action rules you've defined, you automatically receive notification from Human Resources about relevant changes, such as a termination or return from leave of absence.

The Stock Action Table defines all unique stock actions that integrate with Human Resources. The effective-dated table describes each stock action and type. The Stock Action Reason Table defines the correlation between Human Resources action and action reason combinations and a stock action. The Stock Action Rules Table defines the rules that modify existing grants and vesting schedules for terminations, leaves of absence, or returns from leave stock action.

You receive a workflow from Human Resources when:

- The individual is labeled Employee, Non Employee - Stock, Non Employee - Non administered HR employee.
- The action and action reason of a new action or a correction corresponds to a stock action in the Stock Action Reason table.
- The individual has at least one active or pending grant.
- The change is to the HR JOB.

After you receive the worklist notification, review the worklist to determine what must be done. You might want to check with Human Resources to make sure the job change is still valid before you process the stock action. The system automatically changes existing grants and vesting schedules based on the rules defined in the stock action rules table. After you've processed the stock action, the worklist for the individual is marked Worked and is no longer available. If you must make adjustments, use the manual entry page. You can reverse the processing or adjust the grant information.

See Also

PeopleSoft Enterprise HRMS 9.1 Application Fundamentals PeopleBook, "Delivered Workflows for PeopleSoft HRMS"

Running the Stock Action Process

This section provides an overview of the Stock Action process and discusses how to:

- Process stock actions received from the worklist.
- Reverse stock actions and enter stock actions manually.

Understanding the Stock Action Process

Administering the stock action workflow consists of reviewing and processing the stock actions you've received from the worklist. You can reverse or adjust previously processed stock actions or enter actions manually.

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Processing Stock Actions

The type of stock action and the rules defined for that stock action control how option grants are modified. The system checks to see if the stock action has not already been processed, then it processes the stock action according to the rules that you defined.

For a Termination stock action, the following occurs:

1. Adjust the vesting schedule.

   If the grant allows immediate vesting upon termination, a new vesting schedule is produced with all unvested shares vested as of the employee's last active day. If the grant is an ISO (incentive stock option), run the ISO Limit report for the optionee. If the termination occurs while the optionee is on leave, the system checks to see if the vesting period should be deferred.

2. Cancel the unvested shares.

3. Set the stock option expiration date for the termination.

4. For ISO options, set the ISO exercise as NQ date.

For a Leave of Absence stock action, the following occurs:

1. Verify that the previous stock action was not a leave of absence.

   If the previous stock action was a leave of absence, the system cannot process another leave of absence stock action until the individual returns from the leave. You receive a message that it could not process this stock action.

2. Suspend vesting, if the plan rules indicate to do so.

3. Suspend the exercise, if the plan rules indicate to do so.

4. Stage the grant so that vesting is deferred, if required, when the optionee returns from leave or terminates.

For a Return from Leave stock action, the following occurs:

1. Verify that the previous stock action was a leave of absence.

   If the previous stock action was not a leave of absence, the system cannot process a return from leave of absence stock action. You receive a message that it could not process this stock action.

2. Adjust the vesting schedule.

   If the return from leave occurs after the deferral grace period, calculate the amount of time the employee was on leave by the difference between the leave of absence stock action date and the return from leave stock action dates. The vesting schedule is deferred for the amount of time that the optionee was past the grace period. If the grant is an ISO, run the ISO Limit report for the optionee.

Processing Reversals

Sometimes you must reverse a stock action process. The system confirms that the stock action and stock action dates on the processed grant match those of the reversal. If you reverse a Return from Leave or a Termination that occurred while on leave, you are essentially reversing the Leave of Absence as well.

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Note. Before you run the Stock Action process, set up your Stock Action process table and rules and grant options to optionees.

Pages Used to Run the Stock Action Process

Page Name	*Definition Name*	*Navigation*	*Usage*
Process Stock Action-Work List	ST_ACTN_PRC_WL	Stock, Grant Transactions, Process Stock Action-Work List You can access this page directly from a worklist created by workflow notification.	Process stock actions received from the worklist.
Process Stock Action-Manual	ST_ACTN_PRC_MNL	Stock, Grant Transactions, Process Stock Action-Manual	Reverse previously processed stock actions or enter actions manually.

Processing Stock Actions Received From the Worklist

Access the Process Stock Action-Work List page for the optionee, stock action, and stock action date that you want to review or process (Stock, Grant Transactions, Process Stock Action-Work List).

Select either an option type or grant number to process, but not both. If you leave both unselected, the system processes all grants related to the stock ID.

Remove from Worklist? Select to remove this from the worklist and not process the worklist action.

Reversing Stock Actions and Entering Stock Actions Manually

Access the Process Stock Action-Manual page for the optionee, stock action, and stock action date that you want to review or process (Stock, Grant Transactions, Process Stock Action-Manual).

Select either an option type or grant number to process, but not both. If you leave both unselected, the system processes all grants related to the stock ID.

Reversal? Select to reverse a previously processed stock action.

Viewing Stock Action Processing Results

This section lists the page that you use to review the results of the Stock Action process.

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Grants that were skipped, and ones that require manual intervention, are displayed along with any processing messages. After reviewing the results, make adjustments using the Process Stock Action-Manual page.

Page Used to View Results of the Stock Action Process

Page Name	*Definition Name*	*Navigation*	*Usage*
Review Stock Action Messages	ST_ACTN_PRC_MSG	Stock, Grant Transactions, Review Stock Action Messages	View the results of the Stock Action process for an optionee.

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Chapter 15

Administering Reprice

This chapter provides an overview of reprice administration and discusses how to:

- Set up parameters for repricing stock.
- Select participants for the Reprice Grants process.
- Run the Reprice Grants process.
- View messages generated by the reprice processes.

Understanding Reprice Administration

This section lists prerequisites and provides an overview of repricing and the repricing procedure.

Prerequisites

Before you begin to reprice stock or run the Reprice Grants process, back up all of your data.

Repricing Overview

If the value of a company's stock declines such that the current fair market value of the stock is less than the option price of outstanding stock options, the option is considered to be *underwater*. The company may decide to *reprice* some or all of the options. Optionee's can choose not to participate in the repricing, and you might want to exclude individuals and groups, such as insiders or foreign offices.

When a stock is repriced, optionees surrender their higher-priced stock options in exchange for lower-priced options. Repricing affects stock options with option prices that exceed a specified break price. A repricing cancels the shares that remain outstanding on the original grant and creates a new grant for the outstanding shares at a new, lower option price on a specific date. The new stock option, granted as a result of the repricing, usually retains many of the characteristics of the old stock option.

The number of shares in the new stock option grant is equal to the number of outstanding shares in the old stock option grant as of the cancel date of the option. All transactions that occurred before the repricing remain with the repriced option.

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Repricing Procedure

When a stock is repriced, optionees surrender their higher-priced stock options in exchange for lower-priced options.

To reprice your stock:

1. Set up the reprice parameters including stock ID, eligibility, and vesting, through the Stock Reprice component.
2. Run the Reprice Eligibility process to determine who can participate in the reprice using the Reprice Eligibility Process page.
3. Print Reprice Election forms and send to plan participants for their acceptance (optional).
4. Enter individuals' elections to participate in the stock repricing using the Reprice Participation page.
5. Run the Reprice Grants process using the Reprice Grants Process page.
6. If necessary, run the Reverse Reprice process using the Reverse Reprice Grants Process page.

Note. Check the Reprice Messages page after you run any of the reprice processes.

See Also

Appendix B, "Stock Administration Reports," page 307

Setting Up Stock Reprice Parameters

This section discusses how to:

- Enter eligibility rules for repricing stock.
- Enter conversion rules for repricing stock.
- Define the vesting parameters for repriced stock.

Generate the Stock Reprice report (STSU009) to view stock reprice information.

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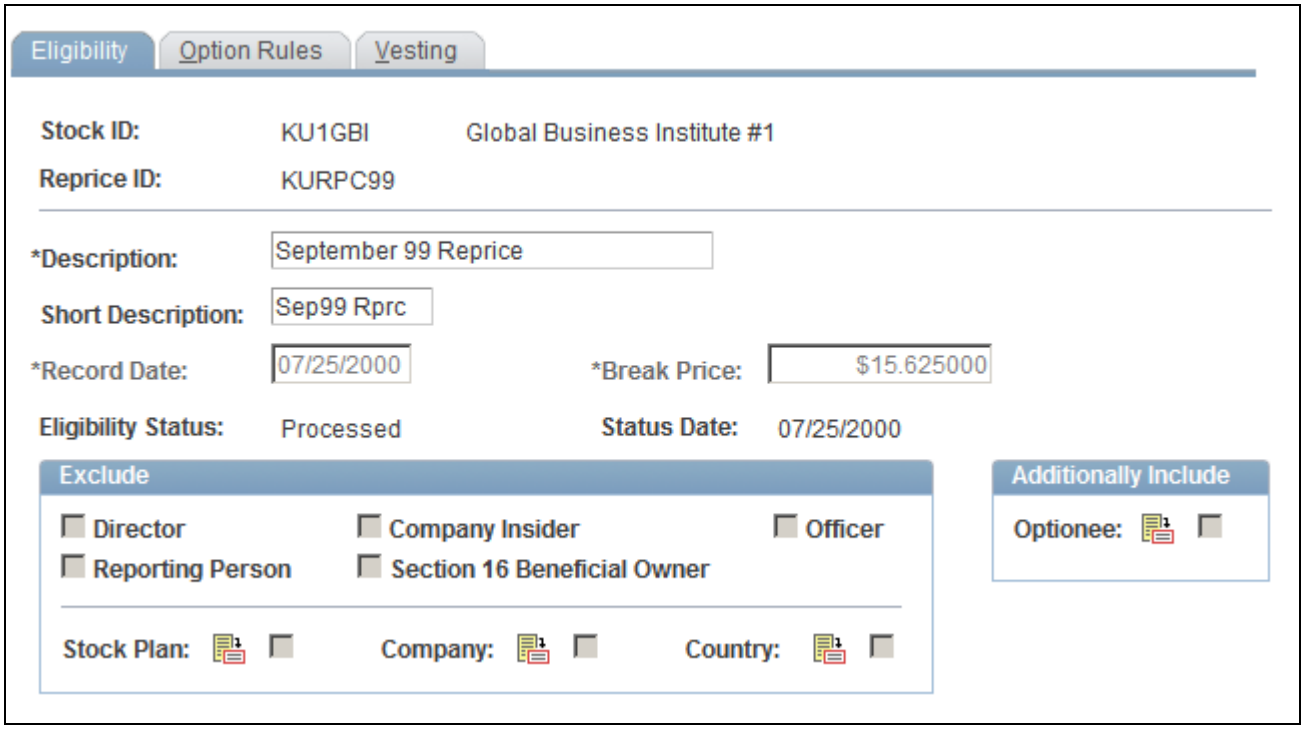
Pages Used to Set Up Stock Reprice Parameters

Page Name	*Definition Name*	*Navigation*	*Usage*
Define Stock Repricing - Eligibility	ST_REPRC1	Stock, Option Reprices, Define Stock Repricing, Eligibility	Enter the eligibility rules for the stock reprice, including the record date and break price, and exclude any groups of individuals or stock plans that should not be repriced.
Define Stock Repricing - Option Rules	ST_REPRC2	Stock, Option Reprices, Define Stock Repricing, Option Rules	Enter the new grant date, specify the features of the new grant, and specify how the option types are converted.
Define Stock Repricing - Vesting	ST_REPRC3	Stock, Option Reprices, Define Stock Repricing, Vesting	Define the vesting features of the new grant.

Entering Eligibility Rules for Repricing Stock

Access the Define Stock Repricing - Eligibility page (Stock, Option Reprices, Define Stock Repricing, Eligibility).



Define Stock Repricing - Eligibility page

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Record Date Enter the cut-off date for determining eligible options. Each grant date must be less than or equal to this date.

Break Price Enter the price for determining the eligible options. Each stock option selected during the Reprice Eligibility process is greater than or equal to this price.

Eligibility Status Displays the status of the reprice process: *Unprocessed*, or *Processed.*

Status Date Displays the date on which the reprice eligibility status was updated.

Exclude

Select the types of optionees that you want to exclude from the repricing.

Stock Reprice ID button To exclude specific stock plans, companies, or countries, select the appropriate check box and click this button to search for the items to exclude.

Additionally Include

You can include individuals excluded from the reprice by the Exclude rules you selected.

Stock Reprice ID button To include specific individuals, select the Optionee check box and click this button to search for the individuals to include.

Entering Conversion Rules for Repricing Stock

Access the Define Stock Repricing - Option Rules page (Stock, Option Reprices, Define Stock Repricing, Option Rules).

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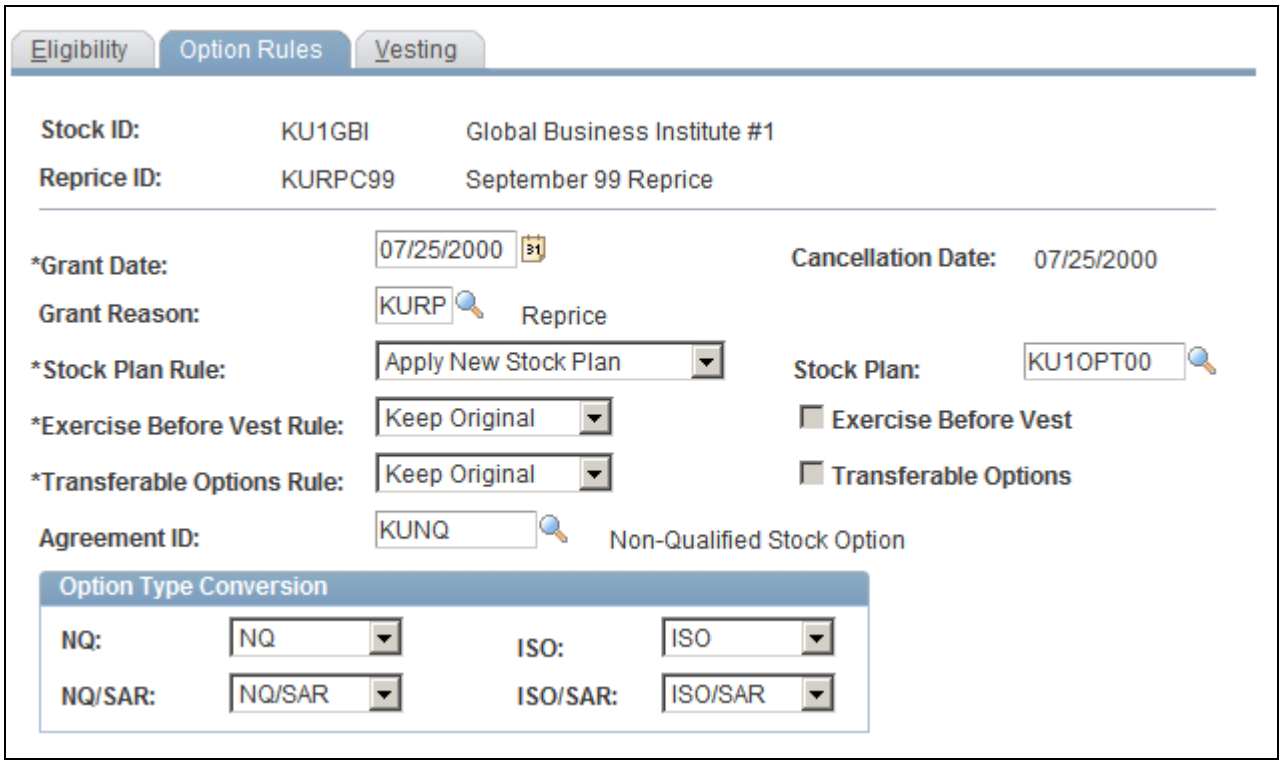

Define Stock Repricing - Option Rules page

Grant Date Enter the new option's grant date.

Cancellation Date Displays the grant date, which is used to cancel the original options.

Stock Plan Rule Select *Keep Original Stock Plan* or *Apply New Stock Plan.*

Stock Plan If you selected a stock plan rule of Apply New Stock Plan, this field becomes available for entry. Select a new stock plan ID used to generate the new grants.

Exercise Before Vest Rule Select *Keep Original* to keep the original rule or *Override* to change it.

Exercise Before Vest If you selected the exercise before vest rule of Override, this field becomes available for entry. Select this check box to allow exercise before vest for the new grants.

Transferable Options Rule Select *Keep Original* to keep the original rule or *Override* to change it.

Transferable Options If you selected the transferable options rule of Override, this field becomes available for entry. Select this check box to allow transferable options for the new grants.

Agreement ID Select an agreement ID.

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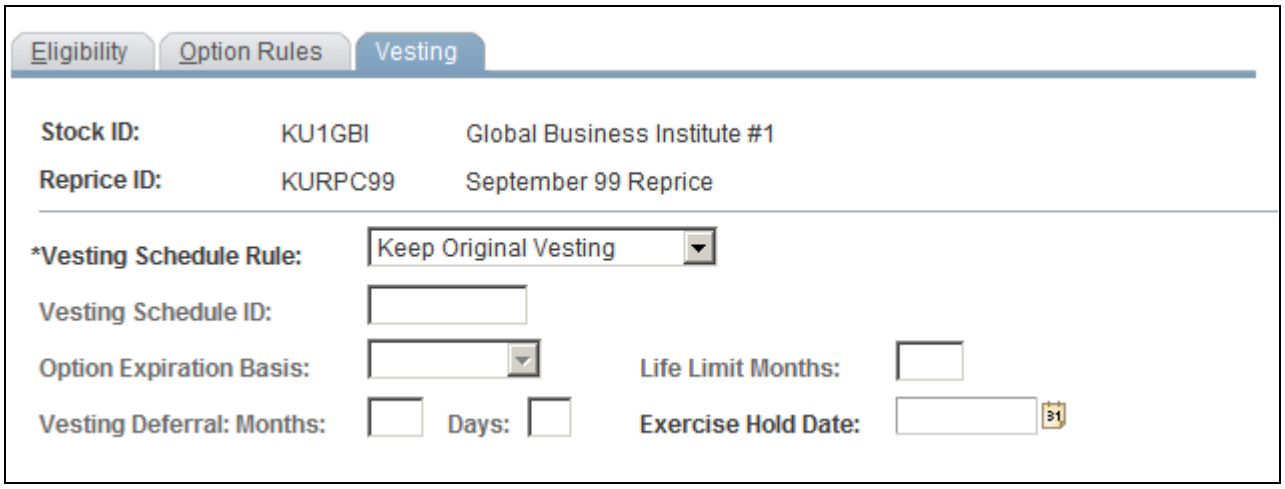
Option Type Conversation

Select a conversion method for the different option types. For example, to convert grants to NQ grants during the Reprice Grants process, select *NQ*.

Defining the Vesting Parameters for Repricing Stock

Access the Define Stock Repricing - Vesting page (Stock, Option Reprices, Define Stock Repricing, Vesting).



Define Stock Repricing - Vesting page

Vesting Schedule Rule Select *Keep Original Vesting*, *Defer Original Vesting*, or *New Vesting*.

Vesting Schedule ID If you select a vesting schedule rule of *New Vesting*, this field becomes available for entry. Select a vesting schedule ID for the new grants.

Option Expiration Basis If you select a vesting schedule rule of *New Vesting*, this field becomes available for entry. Select *Grant Date*, *Grant Dt + 1*, *Vest Date*, or *Vest Dt + 1*.

Life Limit Months If you select a vesting schedule rule of *New Vesting*, this field becomes available for entry. Enter the number of months from the option expire basis to set the expiration date for the vesting schedule.

Vesting Deferral Months/Days If you select a vesting schedule rule of *Defer Original Vesting*, this field becomes available for entry. Enter the months and days by which to defer the vesting schedule for new grants.

Exercise Hold Date Enter the date before which no shares can be exercised from the new grant.

Selecting Participants for a Reprice

This section discusses how to:

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- Run the Reprice Eligibility process.
- Enter participant elections for a reprice.

Pages Used to Select Participants for a Reprice

Page Name	*Definition Name*	*Navigation*	*Usage*
Determine Eligibility	ST_RUNCTL_REPRC1	Stock, Option Reprices, Determine Eligibility	Run the reprice eligibility process using the reprice ID parameters set up using the Stock Reprice component.
Participation	ST_REPRC_PARTIC	Stock, Option Reprices, Participation	Enter a participant's elections to be included or excluded in the stock repricing. You must first run the Reprice Eligibility process.

Running the Reprice Eligibility Process

Access the Determine Eligibility page (Stock, Option Reprices, Determine Eligibility).

Stock ID Enter the stock ID for the stock that you want to reprice.

Reverse Eligibility Process To reverse a previously run eligibility process, select this check box.

Default Reprice Election Select to make "yes" the default for the reprice election for all participants.

Exclude

The system displays the choices you selected on the Define Stock Repricing - Eligibility page.

Reprice Status

Eligibility Status Displays the status of the reprice process: *Unprocessed* or *Processed.*

Status Date Displays the date on which the reprice status was updated.

Entering Participant Elections for a Reprice

Access the Participation page (Stock, Option Reprices, Participation).

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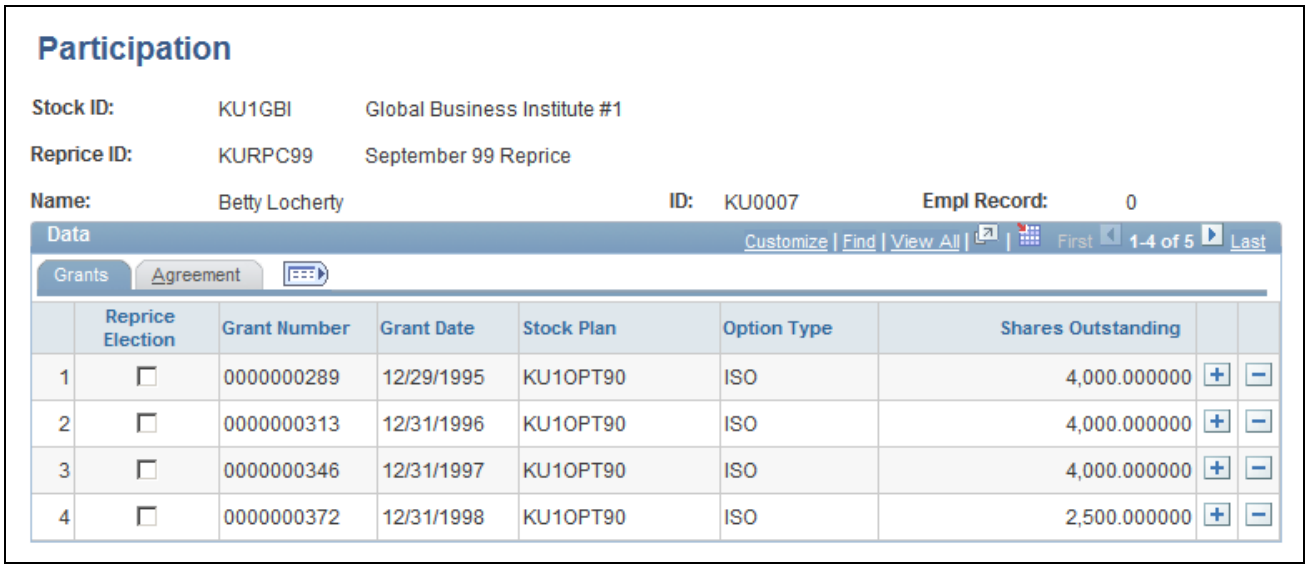
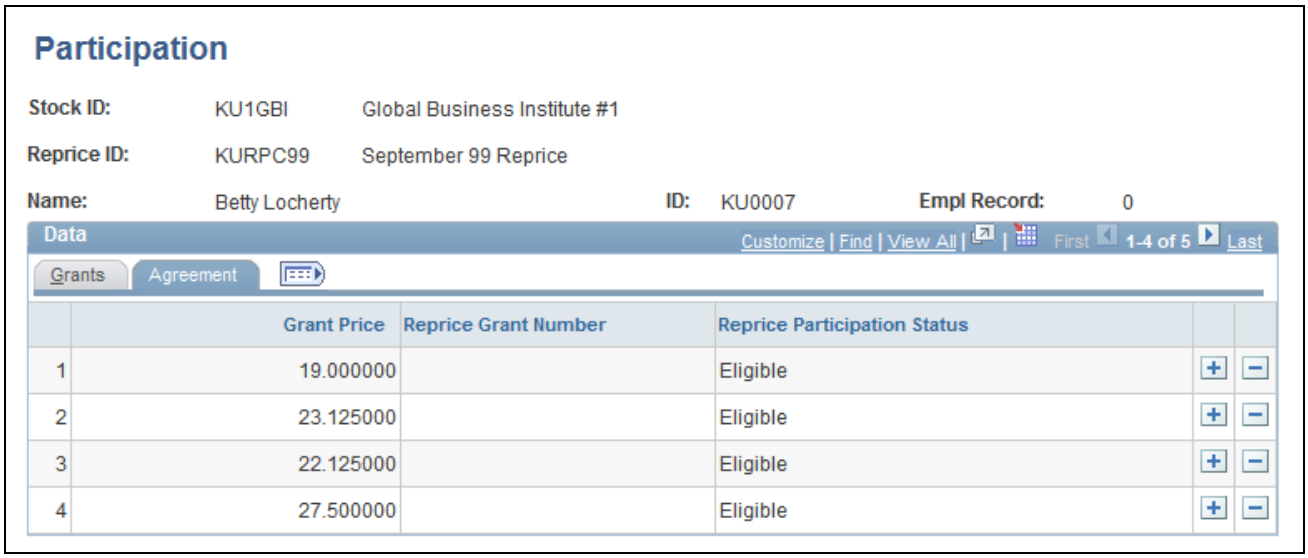


Participation page: Grants tab



Participation page: Agreement tab

Reprice Election If the participant elects to participate in the reprice, select this check box.

Reprice Participation Status Displays the status of the optionee's eligible grant for the stock reprice process: *Eligible, Notified,* or *Finalized.*

Running the Reprice Grants Process

This section discusses how to:

- Run the Reprice Grants process.

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- Reverse a reprice process.

You can run the Reprice Grants process as soon as you receive participants' elections and update participants' records. You can run this process repeatedly as you update the participants' records.

If you must correct errors, you can reverse the results of the repricing process.

Pages Used to Run the Reprice Process

Page Name	*Definition Name*	*Navigation*	*Usage*
Process Repricing	ST_RUNCTL_REPRC3	Stock, Option Reprices, Process Repricing	Run the Reprice Grants process.
Reverse Repricing	ST_RUNCTL_REPRC4	Stock, Option Reprices, Reverse Repricing	Undo the results of previous reprice processing to correct errors.

Running the Reprice Grants Process

Access the Process Repricing page (Stock, Option Reprices, Process Repricing).

Eligibility Status Displays the status of the reprice process: *Unprocessed* or *Processed.*

Status Date Displays the date on which the reprice status was updated.

Reversing a Reprice Process

Access the Reverse Repricing process page (Stock, Option Reprices, Reverse Repricing).

Process Method Select *Process All* or *Process by Individual.*

Viewing Reprice Processing Messages

This section discusses how to view messages after you run a repricing process.

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Page Used to View Reprice Messages

Page Name	*Definition Name*	*Navigation*	*Usage*
Review Reprice Messages	ST_REPRC_MESSAGE	Stock, Option Reprices, Review Reprice Messages	View messages produced by the Reprice Eligibility, Reprice Grants, and Reverse Reprice Grants processes. To access this page, enter the process name. Valid values are REPRC ELIG, REPRC GRANT, and REV REPRC.

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Chapter 16

Understanding Stock Purchase Plans

This chapter discusses:

- The stock purchase business process.
- Section 423 (IRC) plans.
- Antidilution issues.
- Stock purchase reports.

The Stock Purchase Business Process

Stock Administration enables you to create and manage your company's employee stock purchase plan in compliance with several IRS and SEC rules. These rules include the Section 423 annual maximum purchase amount, share discount amount, purchase holding periods, and offering holding periods.

Employee stock purchase plans allow eligible employees to purchase company stock, often at a discounted price. Employees enroll in a company's plan during certain periods or intervals, authorizing the company to place payroll deductions in a trust to purchase company stock. If the collected funds are in a foreign currency, they must be converted into the stock currency for purchase. Most stock purchase plans are qualified IRC 423 stock purchase plans in which employees participate, including those who are not administered by Human Resources.

The stock purchase price is determined based on your plan rules. At predetermined periods, the stock is purchased for participating employees. The value of the stock and the amount of funds collected determine the amount of stock purchased, and employees can sell or transfer these shares. When employees sell shares, any ordinary income is sent to payroll.

Section 423 (IRC) Plans

The majority of stock purchase plans in the United States are qualified IRC 423 Plans. In general, the participants do not recognize ordinary income when they purchase stock, but they do at the time of sale. The following IRS Section 423 eligibility rules are supported in the Governing Body Rules Table:

- Only employees of the company are eligible to participate in Section 423 plans. This includes employees who are not administered by Human Resources.
- Employees who are major shareholders (those who hold 5 percent or more of the company's stock) may not participate in the plan.

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- The maximum purchase discount is no more than 15 percent.
- The maximum offering length is no more than 27 months.
- An employee may not purchase more than $25,000 of stock in any calendar year (based on the value at participation). PeopleSoft supports the two most common interpretations of the IRC 423 maximum purchase value limit: 1) a $25,000 limit applies to purchases within a calendar year, and 2) a $25,000 limit applies to the years that the offering is outstanding. You select one of these purchase limit rules when you define the stock purchase plan rules.

Example: Calendar Year Interpretation of $25K Rule

The system calculates the value of purchases made by a participant in a calendar year and applies the purchase limit to any amount over the $25,000 by adjusting the value so that it is below the limit. For example:

Offering Period: 12 months

Begin: 01/01/1999

End: 12/31/1999

Purchase Periods: 6 months

Begin: 01/01/1999

End: 06/30/1999

Begin: 07/01/1999

End: 12/31/1999

Date	*Activity*	*Value*	*Adjusted Value*
06/30/1999	Purchase #1	$17,500	$17,500
12/31/1999	Purchase #2	$8,500	$7,500
Calculated Totals		*$26,000*	*$25,000*

The second purchase exceeds the $25,000 limit, so the purchase is adjusted.

Example: Years Offering is Outstanding Interpretation of $25K Rule

The Years Offering is Outstanding interpretation is more complex and allows the participant to accumulate the $25,000 value per year that the offering is outstanding. This allows a participant to purchase stock up to a $25,000 value for each year the offering remains outstanding. If the offering extends to more than one calendar year, the unused portion of the limit is added to the next year's limit. For example:

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Offering Period: 24 months

The offering period is as follows:

Begin	*End*
7/1/1999	6/30/2001

Purchase Periods: 6 months

The purchase periods are as follows:

Begin	*End*
7/1/1999	12/31/1999
1/1/2000	6/30/2000
7/1/2000	12/31/2000
1/1/2001	6/30/2001

Purchase Date	*Activity*	*Value*
12/31/1999	Purchase #1	$17,500
6/30/2000	Purchase #2	$18,500
12/31/2000	Purchase #3	$12,000
6/30/2001	Purchase #4	$17,500

Year 1999 Calculation

This is the 1999 calculation:

Limit	$25,500
Value	$(17,500)

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Remaining	*$7,500*

Year 2000 Calculation

This is the 2000 calculation:

Limit	$25,500
Remaining from 1999	$7,500
	$32,500
06/30/2000 Value	$(18,500)
12/31/2000 Value	$(12,000)
Remaining	*$2,000*

Year 2001 Calculation

This is the 2001 calculation:

Limit	$25,000
Remaining from 2000	$2000
	$27,000
06/30/2000 Value	$(17,500)
Remaining	*$9,500*

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Antidilution Issues

A stock purchase can potentially flood the market with newly issued shares if the purchase fair market value (FMV) is much lower than the grant FMV. To protect shareholders, the IRS limits the number of shares that an individual participant can purchase. In addition to the IRS limit, corporations can implement additional rules to further limit the number of shares that participants can purchase. One of the ways that a corporation can limit the potential diluting effect of its stock purchase plan is to implement an antidilution rule, which is used when the purchase FMV is much lower than the grant FMV. There are many ways to define an antidilution rule, but all are designed to determine a price to use in calculating the maximum number of shares to purchase.

Stock Purchase Reports

The system delivers numerous stock purchase reports, including the following:

- Stock Activity Details (STOK001)
- Stock Activity Summary (STOK002)
- Option Plan Summary (STOP001)
- Participant Contributions (STES002A)
- Expected Volatility (STFS002)
- Purchase Valuation Audit (STFS006)
- Estimate Contributions (STFS005)
- FAS 123 Purchase Expense (STFS008)
- Stock Purchase Valuation (STFS012)
- Potential Diluted (STRR001)

See Also

Appendix B, "Stock Administration Reports," page 307

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Chapter 17

Administering Enrollment

This chapter provides an overview of enrollment in stock purchase plans and discuss how to:

- Run the Update Participants process to enroll participants.
- Adjust enrollment records.

Understanding Stock Purchase Plan Enrollment

This section provides an overview of stock purchase plan enrollment and lists prerequisites.

After you set up your stock purchase plans, the next step is to enroll your participants into the plans through the Base Benefits business process. Then, enroll your participants in offering and purchase periods using the Update Participants process. After you run the Update Participants process, you can view and adjust the enrollment records or manually add participants not administered in the Base Benefits business process.

Prerequisites

Before you enroll participants:

- Set up your stock purchase plans.
- Have the benefits administrator define the stock purchase benefit plan and deduction codes.
- Have the benefits administrator enroll stock purchase plan participants.
- If you use Payroll for North America, have the payroll administrator set up payroll for processing stock purchase contributions by setting up deductions.

See Also

Chapter 5, "Setting Up Stock Purchase Plans," page 69

PeopleSoft Enterprise Human Resources 9.1 PeopleBook: Manage Base Benefits, "Setting Up Benefit Plans"

PeopleSoft Enterprise Human Resources 9.1 PeopleBook: Manage Base Benefits, "Enrolling Participants"

PeopleSoft Enterprise Human Resources 9.1 PeopleBook: Manage Base Benefits, "Setting Up Base Benefits Core Tables," Setting Up Benefit Providers

PeopleSoft Enterprise Payroll for North America 9.1 PeopleBook, "Defining Deductions"

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Running the Update Participants Process

The Update Participants process (ESPP_PARTIC) enrolls participants into a stock offering and purchase period, and assigns a grant date. The system checks the benefit plan and participant enrollment rule defined on the Stock Purchase Plan Rules - General page to determine appropriate participants. If the enrollment rule is:

- *O* (next offering): The system finds the first offering which has not begun, with an offering begin date that is greater than or equal to the coverage begin date of the participant from the Savings Plan Table.
- *P* (next purchase period): The system finds the next purchase period which has not begun, regardless of the offering period, with a purchase begin date that is greater than or equal to the coverage begin date.
- *C* (enroll in current): The system finds the first available grant date that is greater than or equal to the coverage begin date.
- *User defined:* The system skips all processes. You must manually enter, import the participants, or modify this process.

For anyone who does not have a participation record, the system checks the employee' status at the time of processing. Participants who have terminated or elected to withdraw (waive) from the plan, are removed from the current enrollment.

To run the Update Participants process:

1. Set up stock purchase plan rules using the Stock Purchase Plan Rules - General page.
2. Have the benefits administrator enroll participants.
3. Set up the purchase ID using the Stock Purchase - General page and the offering ID using the Offering/Purchase Periods - Offering Period page.
4. Run the Update Participants process using the Process Stock Purchase page.

   Select the Update Participants check box.
5. View enrollment records and make manual adjustments using the Review Purchase Participation page.

Adjusting Enrollment Records

This section discusses how to enter participant information manually.

After you enroll employees in savings plans and run the Update Participants process, view the enrollment records and make adjustments, as needed.

See Also

Chapter 17, "Administering Enrollment," Running the Update Participants Process, page 226

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Page Used to View and Adjust Enrollment Records

Page Name	*Definition Name*	*Navigation*	*Usage*
Review Purchase Participation	ST_ESPP_PARTIC	Stock, Stock Purchases, Review Purchase Participation	Manually adjust enrollment records. You must first run the Update Participants process using the Purchase Stock process page.

Adjusting Enrollment Information Manually

Access the Review Purchase Participation page (Stock, Stock Purchases, Review Purchase Participation).

Common Page Information

Participation Override The system selects this check box when you make an online entry or change to participation. The system deselects the check box when the stock purchase participation is populated using the Update Participants process.

Benefit Plan Displays the participant's benefit plan.

Coverage Begin Date Displays the date on which the participant's coverage begins.

General Tab

Deduction Begin Date Displays the date on which the deductions begin for the participant.

Deduction Tab

Flat Deduction Amt After-Tax If the participant selected the deduction method of Flat Deduction Amount After-Tax, the system displays the amount.

Percent of Gross After-Tax If the participant selected the deduction method of Percent of Gross After-Tax, the system displays the percent.

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Chapter 18

Administering Participant Contributions

This chapter provides an overview of participant contribution administration and discusses how to:

- View participant contributions for stock purchases and place holds on stock purchases.
- Process contributions manually if you are not using PeopleSoft Enterprise Payroll for North America.

Understanding Participant Contribution Administration

This section lists prerequisites and provides overviews of the Gather Contributions process (ESPP_CONTRIB) and the steps for running the process to gather participant contributions in preparation for a stock purchase.

Prerequisites

Before you administer your employee contributions:

- Set up your stock purchase plans using the Stock Purchase Plan Rules - General page.
- Set up the offering ID using the Offering/Purchase Periods - Offering Period page.
- Set up the purchase ID using the Stock Purchase - General page.
- Run the Update Participants process using the Process Stock Purchase page.

See Also

Chapter 1, "Getting Started with Stock Administration," Stock Administration Integrations, page 1

The Gather Contributions Process

Participant contributions may come from different sources collected during the purchase period, manual adjustments, and contributions left over from a previous purchase.

The Gather Contributions process gathers all contributions for participants based on how you set up your stock purchase plan and the deductions taken during the purchase period. The system also checks how you set up your process groups within a purchase ID. The Gather Contributions process obtains contributions from three sources:

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- Payroll for North America (USA and Canadian employees).
- Manual contributions (adjustments and non-USA or non-Canadian contributions).
- Residual contributions (unused contributions carried forward from previous stock purchase periods).

You can have contributions gathered from Payroll for North America, manually, or both. Residual contributions are always gathered in the process. Contributions outside of Payroll for North America must be manually entered for the process to gather the contributions.

The system stores the different types of contributions in the tables and changes the status as follows:

- Payroll for North America contributions are identified in payroll as *Gathered,* so as not to gather them again.
- Manual contributions are changed to *Processed* from *New.*
- Residual contributions are changed to *Processed Residual* from *New Residual.*

Payroll for North America

Payroll for North America groups employees by company and pay group for reporting, accounting, and other payroll objectives. It defines the company and pay group for each employee's job on the effective-dated job record. Company definition ranges from simple to fairly complex. Payroll for North America defines pay groups within companies and uses the division for payroll processing. You define the pay groups that typically fall into one or more of the following criteria:

- Frequency of pay.
- Currency in which they are paid.
- Country or location in which they are paid.
- Employee type (hourly, exception hourly, salaried, and so on).

In Payroll for North America, employees are paid according to a pay calendar, which defines the company, pay group, pay period begin and end dates, and check date.

If you gather contributions based on check date or pay period, it gathers only the appropriate contributions. If you selected Check Date, it gathers contributions on check dates that fall between the purchase period begin and end dates. If you selected Pay Period End Date, the process gathers contributions for pay period end dates that fall within the purchase period begin and end dates. Within the purchase ID setup, you can include or exclude specific pages or page ranges from the Gather Contributions process. Work with your payroll administrator to determine the best setup for your process.

Payroll for North America stores deduction data in the PAY_DEDUCTION Table by pay calendar and pay period. It contains all deductions for an employee by company, pay group, benefit plan, and benefit plan type. The unique combination of benefit plan type and benefit plan defined for each stock purchase plan controls the deduction gathering process.

Once a payroll is processed and the pay calendar is confirmed, the Gather Contributions process collects the payroll deduction data for employees. The Gather Contributions process collects deductions that match the benefit plan type and benefit plan defined for a participant. After it processes a deduction for a participant, it sets a flag (ESPP_PROCESS_FLAG) in the PAY_DEDUCTION Table. This flag prevents the Gather Contributions process from processing a deduction multiple times. Specify the parameters that control the Gather Contributions process for Payroll for North America in the Purchase Table.

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Manual Contributions

Contributions not gathered by Payroll for North America are processed as manual contributions. Using the Manual Contributions page, you can adjust a participant's contribution or manually enter the contributions of employees who are not administered through Payroll for North America. Alternatively, if you don't use Payroll for North America, you can import all your contribution data through an import process.

Residual Contributions

Residual contributions are those left over from a purchase. The Gather Contributions process collects residual contributions with a residual type of *C* (carry forward) from the Residual Contributions Table (ST_CONTRIB_RSDL). After the residual contributions are processed, the contribution status is updated from *N* (new) to *P* (processed). The residual contribution's stock ID, stock plan type, stock plan, and process group must match those of the current offering for the residual contributions to be carried forward into the current offering.

Negative Contributions

The process doesn't gather negative contributions, other than reversals. These contributions are ignored and the system generates a warning message.

Steps for Running the Gather Contributions Process

To gather contributions:

1. Working with your payroll administrator, make sure the payroll is executed and the pay calendar is confirmed.

   Payroll must be run to ensure the payroll check and deduction data is available for the Gather Contributions processing.

2. Enter manual contributions or view the results of a data import using the Create Manual Contributions page.

3. Run the Gather Contributions process using the Process Stock Purchase page.

   Select the Gather Contributions check box.

4. If you want to hold a purchase for an individual, select a hold reason on the Review Contributions page.

5. View participant contributions and make manual adjustments using the Review Contributions page and the Review Residual Contributions page.

Generate the Contributions report to view contributions for audits and reconciliation.

See Also

Chapter 19, "Administering Purchases," Running the Purchase Stock Process, page 245

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Viewing Participant Contributions and Placing a Hold on Purchases

This section discusses how to:

- View a participant's contributions and place a hold on a purchase.
- View residual contributions.

Pages Used to View Participant Contributions and Place Holds on Purchases

Page Name	*Definition Name*	*Navigation*	*Usage*
Review Contributions	ST_CONTRIB_PARTIC	Stock, Stock Purchases, Review Contributions	View a participant's contributions. You can place a hold on the purchase if you don't want to process the purchase.
Review Residual Contributions	ST_CONTRIB_RSDL	Stock, Stock Purchases, Review Residual Contributions	View a participant's contributions that are left over from a previous stock plan purchase, and determine their disposition.

Viewing a Participant's Contributions and Placing a Hold on a Purchase

Access the Review Contributions page (Stock, Stock Purchases, Review Contributions).

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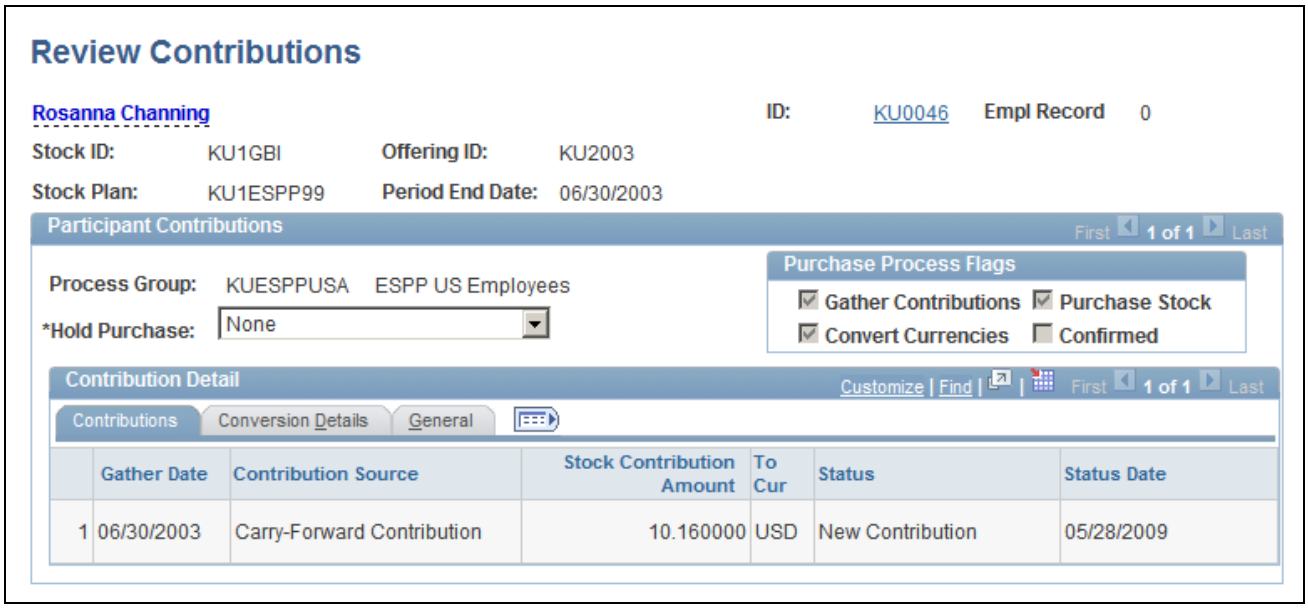

Review Contributions page

Common Page Information

ID Click to access the Employee Information page to view employee information.

Hold Purchase If you have not confirmed the purchase, this field is available for entry. To hold this individual's purchase, select a hold reason. Otherwise, use the default value of *None*. The Gather Contributions process generates a Hold Purchase flag for terminated employees and participants identified as major shareholders on the Insider page.

Note. If you select a hold reason for a participant and have already run the purchase process but not confirmed the purchase, the purchase is invalidated and must be recalculated. The system issues a warning message. If you accept it, the system removes the participant's calculated purchase records.

Purchase Process Flags If you've run the Gather Contributions, Convert Currencies, Purchase Stock, or Confirm Purchase processes, the system selects the appropriate check boxes.

Contributions Tab

Gather Date Displays the date on which the contributions were gathered.

Contribution Source Valid values are *North American Payroll, Manual Contributions, Carry Forward,* or *Residual Contribution.*

Stock Contribution Amount Displays the contribution amount converted to the stock currency.

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Status Valid values are *Processed Contribution, Refunded, New,* and *Other.*

Status Date Displays the date of the process status.

Conversion Details Tab

The system calculates the contribution amount by multiplying the contribution amount by the rate multiplier and then dividing by the rate divisor for the market rate index, rate type, and exchange date specified.

General Tab

Sequence Displays the purchase sequence number. The system generates one sequence number for multiple transactions done in a single day.

See Also

PeopleSoft Enterprise HRMS 9.1 Application Fundamentals PeopleBook, "Setting Up and Working with Currencies"

Viewing Residual Contributions

Access the Review Residual Contributions page (Stock, Stock Purchases, Review Residual Contributions).

Common Page Information

ID Click to access the Employee Information page to view employee information.

Contributions Tab

Residual Type Displays *Carry Forward* or *Refund.*

Residual Amount Displays the amount of the residual contribution.

Conversion Details Tab

Contribution Amount Displays the amount contributed in the original purchase.

Display In Other Currency button Click the Display In Other Currency button to access the Display In Other Currency page, where you change the currency.

Exchange Rate Override Displays the exchange rate when the currency was converted.

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Exchange Date Displays the date on which the currency was converted.

Status Tab

Contribution Status After the residual contributions are processed through the Gather Contributions process, the status is updated from *New Contribution* to *Process Contributions*. After the system processes a contribution, it cannot be edited or deleted.

Status Date Displays the date of the last processing.

Period End Date Displays the period end date of the next offering.

Confirmed If the process is confirmed, the system selects this check box.

Processing Contributions Manually

This section provides an overview of manual processing of contributions and discusses how to enter contributions.

Manual Processing of Contributions

If you don't use Payroll for North America, you must enter your contribution data manually or through an import process that you create. Manually entered contributions are gathered for use in a purchase during the Gather Contributions process.

If you import your contributions, you can use the Import Number and Import Date fields to reconcile the imported contributions and correct importing errors. Follow these guidelines when importing your data into the manual contributions table:

Field Name	*Type*	*Notes*
EmplID (Required)	Char(11)	Employee ID to be processed.
Stock_ID (Required)	Char(10)	Stock identifier from stock_tbl.
Stock_Plan_Type	Char(1)	E
Stock_Plan	Char(10)	Stock plan identifier from stock_plan_tbl.

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Field Name	*Type*	*Notes*
Offering_ID	Char(10)	Offering identifier for the offering period in which the contributions should be processed.
Period_End_Dt	Date	Purchase period end date.
Company	Char(3)	Company from which the deduction came.
PayGroup	Char(3)	Pay group or pay center from which the deduction came.
ESPP_Contrib_Dt	Date	Date of the contribution.
SeqNum	Nbr (3)	Increment contributions for the same date and employee by 1.
ESPP_Contrib_Amt	Nbr (12.6)	Amount of unconverted contributions.
From_Cur	Char(3)	Currency code (from currency_cd_tbl) of the contributions.
ESPP_Contrib_Sts	Char(1)	N (new).
ESPP_Manual_Source	Char(1)	I (import).
ESPP_Refund_Sts	Char(1)	U (unprocessed).
Status_Dt	Date	Date of the contribution.
Last_Updt_Oprid	Char(8)	BATCH.
Last_Updt_Dttm	DateTime	Current DateTime.
ST_Import_Nbr	Nbr (3)	Uniquely assigned number to distinguish batches of contributions.
ST_Import_Dt	Date	Today's date.

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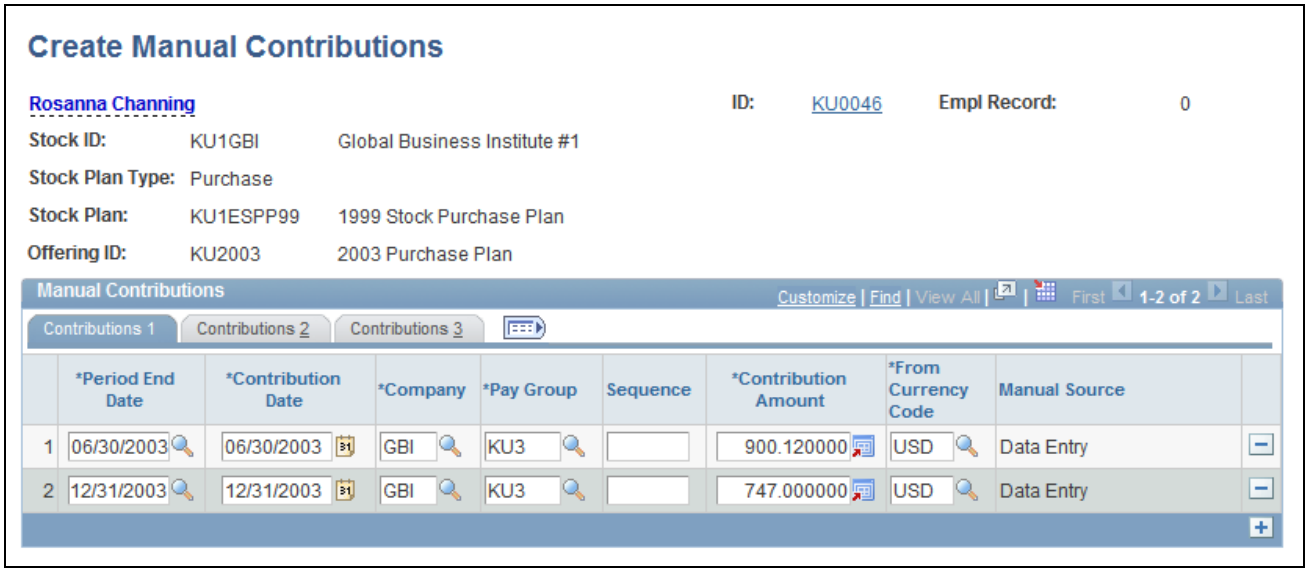
Page Used to Process Manual Contributions

Page Name	*Definition Name*	*Navigation*	*Usage*
Create Manual Contributions	ST_CONTRIB_MANUAL	Stock, Stock Purchases, Create Manual Contributions	Enter participants' contributions that are not automatically provided through Payroll for North America. You must first enroll participants.

Entering Contributions Manually

Access the Create Manual Contributions page (Stock, Stock Purchases, Create Manual Contributions).



Create Manual Contributions page

Common Page Information

ID Click to access the Employee Information page to view employee information.

Contribution Date The current system date is the default.

Contributions 1 Tab

Sequence Enter a sequence number if you are entering multiple contributions for the same date.

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Contribution Amount Enter the amount contributed in the original currency. To change to a different currency, click the Currency Conversion button to access the Display in Other Currency page, where you change the currency.

Manual Source If you entered the data online using the Manual Contributions page, the system displays *Data Entry.* If you imported your data, the system displays *Import.*

Contributions 2 Tab

Contribution Status After manual contributions are processed through the Gather Contributions process, the status is updated from *New Contribution* to *Processed Contribution.*

Once processed, a contribution cannot be edited or deleted.

Status Date Displays the date of the last processing.

Contributions 3 Tab

Import Number, Import Date If the contribution was made using an import process, the import number and date appears.

Last Updated User Name and **Last Updated** Displays the name of the last person who changed this record and the date and time of the change.

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Chapter 19

Administering Purchases

This chapter provides an overview of purchase administration and discusses how to:

- Run the Convert Currencies process.
- Run the Calculate Prices process.
- Run the Purchase Stock process.
- View stock purchase participant summaries.
- Run the Confirm Purchase process.
- Run the Unconfirm Purchase process.
- View process results.

Understanding Purchase Administration

This section lists prerequisites and provides overviews of the steps for administering stock purchases and stock purchase reports.

Prerequisites

Before you administer participant purchases:

- Make sure that your system administrator sets up the currency related General Option Tables. Specific steps the system administrator should take are:
    - Define the market rate index.
    - Define the rate type.
    - Define the exchange rates.
    - Define the rate definitions.
- Run the Update Participants and Gather Contributions processes.

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See Also

Chapter 18, "Administering Participant Contributions," The Gather Contributions Process, page 229

PeopleSoft Enterprise HRMS 9.1 Application Fundamentals PeopleBook, "Setting Up and Working with Currencies"

Steps for Administering Stock Purchases

Stock purchase process consists of several separate steps that you perform in the following order:

1. Update participants.
2. Gather contributions.
3. Convert currencies.
4. Calculate prices.
5. Purchase stock.
6. Confirm purchase.

Steps 1 and 2 are covered in other chapters. This chapter discusses steps 3 to 6.

You can run the Calculate Prices process at any time, but you must run it before the Purchase Stock process. To correct errors in a confirmed run, you must run the Unconfirm Purchase process, make your corrections, then run the Confirm Purchase process again.

Stock Purchase Reports

Stock Administration delivers a number of reports that enable you to view detailed and summary information on stock purchase activity:

- Plan Summary (STES001)
- Purchase Receipts (STES010)
- Refund/Carry Forward (STES006)
- Grant Value Limit Detail (STES015)
- Transfer Agent Instructions (STES008)
- Broker Deposits (STES009)
- Disposition Receipts (STES013)
- Disposition Survey (STES0011)
- Options Shares Granted (STOP002)

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See Also

Appendix B, "Stock Administration Reports," page 307

Running the Convert Currencies Process

This section provides an overview of the currency conversion process and discusses how to convert currencies.

Currency Conversion

If your company administers its plan globally, some participants might make contributions in a currency other than the stock currency, USD. Before you run the Purchase Stock process, convert these contributions into the stock currency.

Stock Administration relies on several Human Resources Management general option tables in the currency conversion process. Your system administrator defines these tables based on your company's business rules and enterprise-wide requirements. Work with your system administrator to understand the parameters defined for your company and to make sure that they are adequate for your stock purchase plans.

The exchange rate for each currency to the stock currency is the key component of the Convert Currencies process. You define the exchange rate used in the process on the Stock Purchase - Currency page. For each currency combination, the calculated market rate (based on the market rate index, rate type, and exchange date) and an actual exchange rate used in the process appears, providing an audit trail of the conversion process.

The Convert Currency process (ESPP_CONVERT) uses the currency conversion index and rate types that you set up for the plan. It finds all the currency codes loaded in your contribution table that must be converted. Based on the exchange currency set up at the trading exchange, the system multiplies the contribution amount by the multiplier factor set up in the currency exchange index. You see both the original contribution currency amount and the converted stock currency.

The Convert Currency process occurs in three stages.

Refresh Process

The refresh process compares, then refreshes, the existing rows of data for currency conversion to the most current data. It identifies all valid from and to currency combinations for the specified offering and purchase period end date. If it finds any new combinations, it inserts them into the currency table for the purchase definition. If there are any updates that change the data in the currency table, such as a rate change, the system updates the existing data to reflect the most current market rate data. Because you can override the actual exchange rate, this field is updated only if the previous market rate and previous actual exchange rate are identical. If the rates differ, you receive a warning message to review and verify the exchange rate data before running the Purchase Stock process.

You can run the refresh process by either of two methods:

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- Click the Refresh button on the Stock Purchase - Currency page. This enables you to view the most up-to-date information for the Convert Currencies process. After you click the Refresh button, a batch process refreshes the data on the page.
- Select the Convert Currency check box on the Process Stock Purchase page. The refresh process runs each time the Convert Currencies process runs.

Conversion Process

This process runs each time the Convert Currencies process runs. The system calculates the stock contribution amount by multiplying the contribution amount by the rate multiplier and then dividing by the rate divisor for the market rate index, rate type, and exchange date specified.

Rounding of Converted Contributions

This process rounds the converted contributions to the number of decimal places specified for the currency code in the Currency Code Table.

Procedure for Converting Currencies

To convert currencies:

1. Run the Convert Contributions process.

   Select the Convert Currency check box on the Process Stock Purchase page.

2. View participant contributions and make manual adjustments using the Review Contributions page and the Review Residual Contributions page.

See Also

PeopleSoft Enterprise HRMS 9.1 Application Fundamentals PeopleBook, "Setting Up and Working with Currencies"

Pages Used to Convert Currencies

Page Name	*Definition Name*	*Navigation*	*Usage*
Process Stock Purchase	ST_RUNCTL_PURCH	Stock, Stock Purchases, Process Stock Purchase	Run a process to convert currencies for a stock purchase.
Review Contributions	ST_CONTRIB_PARTIC	Stock, Stock Purchases, Review Contributions	View a participant's contributions.
Review Residual Contributions	ST_CONTRIB_RSDL	Stock, Stock Purchases, Review Residual Contributions	View a participants contributions that are left over from a previous stock plan purchase and determine their disposition.

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Running the Calculate Prices Process

This section provides an overview of the Calculate Prices process and discusses how to calculate purchase prices.

The Calculate Prices Process

You can run the Calculate Prices process (ESPP_PRICE) at any time; however you must run it before you run the Purchase Stock process.

The Calculate Prices process calculates the grant FMV, purchase FMV, purchase price before discount, and purchase price based on the rules defined for the plan. The process also performs various error checking, such as verifying that the trading days and holidays in the Stock Daily Price and Holiday Schedule tables are in sync and other setup features are logical before it proceeds.

Grant dates determine the beginning price for a participant's stock in an offering period and are defined on the Offering/Purchase Periods - Grant Dates page. The price rounding rules, and the number of decimals, are defined on the Stock Purchase Plan Rules - Purchase page.

The purchase period defines the length of time in which participants make contributions towards the stock purchase. The system maintains five types of prices for each grant date within a purchase period:

- Grant FMV: Fair market value of the stock on the grant date.
- Purchase FMV: Fair market value of the stock as of the purchase period end date.
- Calculated price before discount: System-calculated purchase price, before discount, based on the purchase price method defined at the stock purchase plan level.
- Calculated purchase price after discount: System-calculated purchase price based on the purchase price method and discount defined at the stock purchase plan level.
- Antidilution price: Applicable to antidilution purchases.

Steps for Running the Calculate Prices Process

To calculate prices:

1. Run the Calculate Prices process in one of the following ways:
    - Click the Calculate button on the Purchase Prices page. This enables you to view the most up-to-date information for the Calculate Prices process. After you click the Calculate button, a batch process recalculates the prices for all grant dates within the purchase period.
    - Select the Calculate Prices check box on the Process Stock Purchase page. This process runs each time the Calculate Prices process runs.

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2. View purchase prices and make manual adjustments using the Purchase Prices page.

Note. If the plan's purchase price method is user defined (according to your selection on the Stock Purchase Plan Rules - Purchase page), you must enter prices manually before the purchase using the Calc Prices page.

Page Used to Calculate Purchase Prices

Page Name	*Definition Name*	*Navigation*	*Usage*
Determine Purchase Price	ST_PURCHASE_PRC	Stock, Stock Purchases, Determine Purchase Price	Calculate the prices associated with a stock purchase. You must first define the plan rules and enter daily prices for the purchase period. Enter prices if the plan's purchase price method is *User Defined.*

See Also

Chapter 19, "Administering Purchases," Page Used to Run the Purchase Stock Process, page 249

Calculating Purchase Prices

Access the Determine Purchase Price page (Stock, Stock Purchases, Determine Purchase Price).

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Determine Purchase Price page

Note. If the selected method for calculating prices is *User Defined* (according to the Stock Purchase Plan Rules page) you must enter price information on the Purchase Prices page before the purchase.

Calculate button — Click the Calculate button to run the Calculate Prices process. The system recalculates prices for all grant dates within the purchase period. The new calculated purchase price is the purchase price by default, unless you previously changed the purchase price.

Grant FMV — FMV as of the grant date. The price is calculated based on the grant FMV method defined on the Stock Purchase Plan Rules - FMV Rules page.

Purchase FMV — FMV as of the purchase period end date. The price is calculated based on the purchase FMV method defined on the Stock Purchase Plan Rules - FMV Rules page.

Price before Discount — Purchase price before any applicable discount is calculated.

Purchase Price — The purchase price is based on the purchase price method and discount defined on the Stock Purchase Plan Rules - Purchase page.

Anti Dilution Price — If this is an antidilution purchase, enter the antidilution price. The default is zero.

Running the Purchase Stock Process

This section provides an overview of the Purchase Stock process and discusses how to purchase stock.

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The Purchase Stock Process

The Purchase Stock process (ESPP_PURCHASE) is the final calculation in the stock purchase process. It calculates the number of shares that can be purchased by the participants identified in the Update Participants process for the contributions collected by the Gather Contributions process at the price identified by the Calculate Prices process for the grant date in the offering period. The purchase ID (defined in the Stock Purchases component) defines the purchase details.

The stock purchase plan defines the rules for the purchase of stock in the Stock Purchase process. The purchase period limits, offering period limits, purchase grant value limits, and residual contribution rules determine how many shares participants can purchase and the contributions that can be used towards the stock purchase.

The purchase process derives the number of shares that a participant can purchase based on the contributions gathered and the share, contribution, and value limits. If a participant will exceed a limit, the system adjusts the contribution to allow a purchase within the defined limit. Contributions over the limit are set to residual contributions and are processed according to plan definition.

The purchase remains pending until you confirm the purchase. You can rerun the purchase process repeatedly. Each time, the process recalculates and captures changes made by other processes, such as calculate prices or gather contributions.

Process Groups

The purchase process runs by process group in the order defined on the Stock Purchase - Process Groups page. You can process all groups, an individual group, or an individual participant. The processing order is important when a participant spans multiple process groups, for example, when a participant (employee) transfers from one organization to another, and has multiple sets of contributions. Although the system supports this structure, the best practice is to report the participant's contributions with the primary process group.

The processing order impacts a participant's limits. The first purchase that you process absorbs the majority of the limits. Because the purchase process enables you to run preliminary calculations for all groups and individual groups, there's a potential that the system might not calculate the limits properly unless you rerun all process groups that contain the same participant. In a subsequent processing, the system bases the calculations for a participant on the previous process group. If you recalculate the initial process group without recalculating other process groups that contain the same participant, the calculations might be incorrect if the participant reaches a defined limit.

The system generates a message for all participants who have contributions in multiple process groups. You can select those participants and process them separately by selecting the run method of Process by Participant.

Purchase Calculations

The Gather Contributions process identifies each participant's contributions that are available to the purchase process. The system performs several calculations for each participant to determine the number of shares that a participant may purchase.

By process group and stock plan for the purchase period:

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Calculation	*Method*
Total contributions	Sum of all the participant contributions from ST_CONTRIB_PART for the process group and stock offering / purchase period and plan.
Shares purchased	Total contributions / (purchase price × proration %). For an antidilution purchase, this is total contributions / antidilution price.
Purchase value	Purchase price × shares purchased.
Residual contributions	Total contributions − purchase value.

Across all process groups and stock plans for the purchase period within the current purchase period:

Calculation	*Method*
Shares purchased	Sum of all shares purchased for the stock offering and plan which are outside of the current process group but within the stock offering / purchase period and plan.
Grant value	Shares purchased × grant FMV.

Across all process groups and stock plan for the purchase period outside the current purchase period but within the same offering period:

Calculation	*Method*
Shares purchased	Sum of all shares purchased for the stock offering and plan that are within the current stock offering and plan but outside the purchase period + shares purchased (purchase period) (see previous).
Grant value	Sum of (shares purchased for the stock offering and plan that are within the current stock offering and plan but outside the purchase period × individual grant FMVs) + sum (shares purchased (purchase period) × grant FMV).

Across all process groups for the same stock regardless of stock plan:

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Calculation	*Method*
Grant value − calendar year	Sum (shares purchased for the stock × grant FMV) when the purchase period end date is between 01/01 of the year of the purchase period end date and 12/31 of the year of the purchase period end date.
Grant value − years outstanding	Sum (shares purchased for the stock × grant FMV) when the purchase period end date is between 01/01 of the year of the offering period begin date and 12/31 of the year of the offering period end date.

Order of Limits

Because you define multiple limits for a stock purchase plan, the order in which the system processes the limits is important. The order is:

1. Purchase period contribution limit.
2. Offering period contribution limit.
3. Purchase period participant share limit.
4. Purchase period grant value limit.
5. Offering period participant share limit.
6. Offering period grant value limit.
7. Purchase value limit (IRS section 423).

As a participant reaches these limits the system recalculates the following based on the limit:

1. Contributions available to purchase stock.
2. Shares purchased.
3. Grant value.
4. Purchase value.
5. Residual contributions.

Processing Results

The system holds all contributions gathered for participants that you've selected with a Hold Purchase flag. These contributions are carried forward or refunded, depending on the stock purchase plan setup rules.

After you calculate the final shares for a process group, you can view each participant's final shares using the Review Contributions page.

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The participant issuance instructions determine whether the purchase process issues a certificate or makes a deposit to a brokerage firm. If no issuance instructions exist for a participant, the default option is to issue a certificate. If a certificate is issued, the mailing address established for the employee is used. If no mailing address is established, the home address is used.

Residual Contributions

Contributions left over from the purchase, called *residual contributions*, are refunded to the participant or carried forward to a future purchase. Contributions are typically leftover due to rounding, fractional shares, participant limits, or a Hold Purchase flag.

The stock purchase plan rules define the handling of residual contributions in the purchase process. The leftover residual contributions are converted back to the currency code of the process group. The exchange rate used is the reverse of the exchange rate used to convert from the source currency to the stock currency. The price is rounded according to the number of decimal places defined for the currency code. You can view a participant's residual contributions using the Review Residual Contributions page.

Steps for Running the Stock Purchase Process

To purchase stock:

1. Run the Purchase Stock process using the Purchase Stock page.
2. View purchase results using the Review Contributions page and the Review Residual Contributions page.

Page Used to Run the Purchase Stock Process

Page Name	*Definition Name*	*Navigation*	*Usage*
Process Stock Purchase	ST_RUNCTL_PURCH	Stock, Stock Purchases, Process Stock Purchase	Run the Purchase Stock process. Specify the purchase ID definition to use and the processes to run.

Purchasing Stock

Access the Process Stock Purchase page (Stock, Stock Purchases, Process Stock Purchase).

Gather Date Enter the date on which the contributions were gathered.

Purchase Process Flags

Select the process or processes to run. Each process can be run separately or in a combined sequence.

Update Participants Run this process at any time.

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Gather Contributions If you have Payroll for North America, you must run the payroll process first.

Convert Currencies Run this after you gather contributions.

Calculate Prices Run this after you gather contributions and convert currencies.

Purchase Stock Run all other processes before running the Purchase Stock process.

Run Method Select a run method:

Process All: Process all groups and individuals defined in the purchase ID.

Process by Group: Select a process group to process in the Process Group field.

Process by Participant: Select individual participants to process. The Participant(s) to be Processed group box becomes available so that you can select participants.

Viewing Stock Purchase Participant Summaries

This section discusses how to:

- View a participant's stock purchase summary.
- View a participant's issuance instructions.

After you run the Purchase Stock process and the system calculates the final shares, view the purchase results.

Pages Used to View Stock Purchase Participant Summaries

Page Name	*Definition Name*	*Navigation*	*Usage*
Review Participant Summary	ST_PARTIC_PURCH	Stock, Stock Purchases, Review Participant Summary	View the results of a participant's purchase after you calculate the final shares. You must first run the Purchase Stock process using the Purchase Stock process page.
Purchase Issuance Instructions	ST_PARTIC_PURCH2	Click the Broker/Branch Information link on the Review Participant Summary page.	View a participant's issuance instructions.
Address Information	ST_EMPL_PURCH_SEC	Click the Address link on the Purchase Issuance Instructions page.	View a participant's mailing address for stock certificates.

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Page Name	Definition Name	Navigation	Usage
Participants w/o Purchase	ST_RUNCTL_STESPID	Stock, Purchase Reports, Purchase, Participants w/o Purchase	Define run parameters for the Participants w/o Purchase report (STES005A). This report identifies participants who are participants in a period but did not purchase stock. Use this report to audit terminations and leaves of absence.

Viewing a Participant's Stock Purchase Summary

Access the Review Participant Summary page (Stock, Stock Purchases, Review Participant Summary).

Period End Date Displays the offering period end date.

Purchase Value Displays the purchase value, calculated by multiplying the number of shares purchased by the purchase FMV.

Total Discount Displays the purchase discount.

Residual Amount Displays the amount remaining after the purchase.

Previous Carry Forward Displays the amounts carried forward.

Residual Type Identifies how the residual amount is handled: *Refund* or *Carry Forward.*

Broker/Branch Information Click to access the Purchase Issuance Instructions page.

Viewing a Participant's Issuance Instructions

Access the Purchase Issuance Instructions page (click the Broker/Branch Information link on the Review Participant Summary page).

Period End Date Displays the offering period end date.

Issuance Type Displays *Broker* or *Certificate.*

Transfer Control Number Displays the control number generated when the Transfer Agent Instructions report has run.

Transfer Issue Date Displays the date on which the transaction is sent to the transfer agent.

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Broker/Branch

If the issuance type is *Broker*, these fields display data.

Control Nbr (control number) Displays the control number generated at issuance.

Certificate

If the issuance type is *Certificate*, these fields display data.

Address Click to access the Address page, where you view the address to which the stock certificate should be mailed.

The system displays address information from the participant's issuance instructions. If there are no issuance instructions, information from the participant's personal data appears.

Running the Confirm Purchase Process

This section provides an overview of the Confirm Purchase Process and lists the page that you use to run the Confirm Purchase process.

The Confirm Purchase Process

You can do preliminary runs of all stock purchase processes until you run the Confirm Purchase process (ESPP_CONFIRM). When you confirm a purchase for a process group, the system confirms all calculations for the purchase, including any carry forward or refund, and marks as *Processed* the contribution status of all gathered contributions in a purchase ID. It also changes the preliminary system status to *Confirm.* You can no longer process the purchase period and you cannot make future adjustments.

If participants have residual amounts that are to be refunded through Payroll for North America, the system creates a payroll transaction for each refund.

Page Used to Run the Confirm Purchase Process

Page Name	*Definition Name*	*Navigation*	*Usage*
Confirm Stock Purchase	ST_RUNCTL_CNFRM	Stock, Stock Purchases, Confirm Stock Purchase	Confirm a stock purchase. You must first run the Purchase Stock process.

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Running the UnConfirm Purchase Process

This section discusses the Unconfirm Purchase process and lists the page that you use to unconfirm a purchase process.

The Unconfirm Purchase Process

To correct errors in a confirmed run, you can undo a confirmation by running the Unconfirm Purchase process, correct errors and confirm again. When you unconfirm a purchase for a process group, all confirmations for the purchase, including any carry forward or refunds, are undone.

If you undo a refund confirmation that's been sent to Payroll for North America, you must do additional processing. If Payroll for North America has not processed the transaction, it is removed from the Payroll Transaction table (PSHUP_TXN). If the system has processed the transaction, the refund must manually be reversed. Process the reversal manually using the Payroll Reverse Refunds report. You cannot undo a purchase confirmation from which there is a disposition.

Page Used to Unconfirm a Purchase Process

Page Name	*Definition Name*	*Navigation*	*Usage*
Unconfirm Stock Purchase	ST_RUNCTL_UNCNFRM	Stock, Stock Purchases, Unconfirm Stock Purchase	Undo the results of a confirmed purchase process so that you can correct errors.

Viewing Process Results

This section discusses how to view messages that are generated by the Purchase Stock process.

See Also

Chapter 5, "Setting Up Stock Purchase Plans," Defining Processing Messages and Hold Reasons, page 90

Chapter 5, "Setting Up Stock Purchase Plans," Defining Offering and Purchase Periods, page 82

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Pages Used to View Process Results

Page Name	*Definition Name*	*Navigation*	*Usage*
Review Messages	ST_ESPP_MESSAGES	Stock, Stock Purchases, Review Messages	View any messages that resulted from the Purchase Stock process.
Review Offering Periods	ST_OFFERING_INQ	Set Up HRMS, Product Related, Stock, Purchase Plans, Review Offering Periods	View the offering periods for a selected stock ID and stock plan and their related purchase periods.
Purchase Period Inquiry	ST_PURCH_PD_INQ	Click the offering ID on the Review Offering Periods page.	View the purchase period begin and end dates.
Purchase Price Inquiry	ST_PURCH_PRC_INQ	Click the Purchase Prices link on the Purchase Period Inquiry page.	View purchase price information for the purchase periods.
Currency Conversion	ST_RUNCTL_STESPID	Stock, Purchase Reports, Purchase, Currency Conversion	Define run parameters for the Currency Conversion report (STES003). Use this report to view the results of a currency conversion for audit and reconciliation.
Purchase Summary	ST_RUNCTL_STESPID	Stock, Purchase Reports, Purchase, Purchase Summary	Define run parameters for the Purchase Summary report (STES004). Use this report to view the results of the preliminary or final purchase process.

Viewing Messages from the Purchase Stock Process

Access the Review Messages page (Stock, Stock Purchases, Review Messages).

This page displays PeopleSoft-delivered processing messages as well as messages that you add using the stock purchase Message Table setup page.

Process Type Displays the type of process that produced the message.

Message ID The system can produce multiple messages per participant.

Message Data Displays the field values associated with the message. Up to four field values can appear.

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Chapter 20

Administering Refunds

This chapter provides an overview of the process for refunding participant contributions and discusses how to:

- Identify unprocessed contributions that are available for refund.
- Run the Refund Contributions process.

Understanding the Process for Refunding Participant Contributions

This section lists prerequisites and provides an overview of refund processing.

Prerequisites

Before you begin refunding participant contribution:

- Have your benefits administrator enroll stock purchase plan participants.
- Gather participant contributions.

See Also

Chapter 18, "Administering Participant Contributions," Steps for Running the Gather Contributions Process, page 231

Chapter 1, "Getting Started with Stock Administration," Stock Administration Integrations, page 1

Refund Processing

There are many reasons why you might return your participants' contributions. For example, a participant is no longer enrolled in your stock purchase plan, but has made contributions; a carry forward amount from a previous purchase is too large; or your stock purchase plan rules require that you refund any funds remaining after the purchase of the shares.

You can refund contributions as long as you haven't run the Confirm Purchase process. The types of contributions you can refund are:

- Unprocessed manual contributions that haven't been gathered by the Gather Contributions process.

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- Processed contributions that have been gathered by the Gather Contributions process, but have not been used to make a stock purchase.
- Unused contributions left over from a previous stock purchase.

Identifying Unprocessed Contributions that Can be Refunded

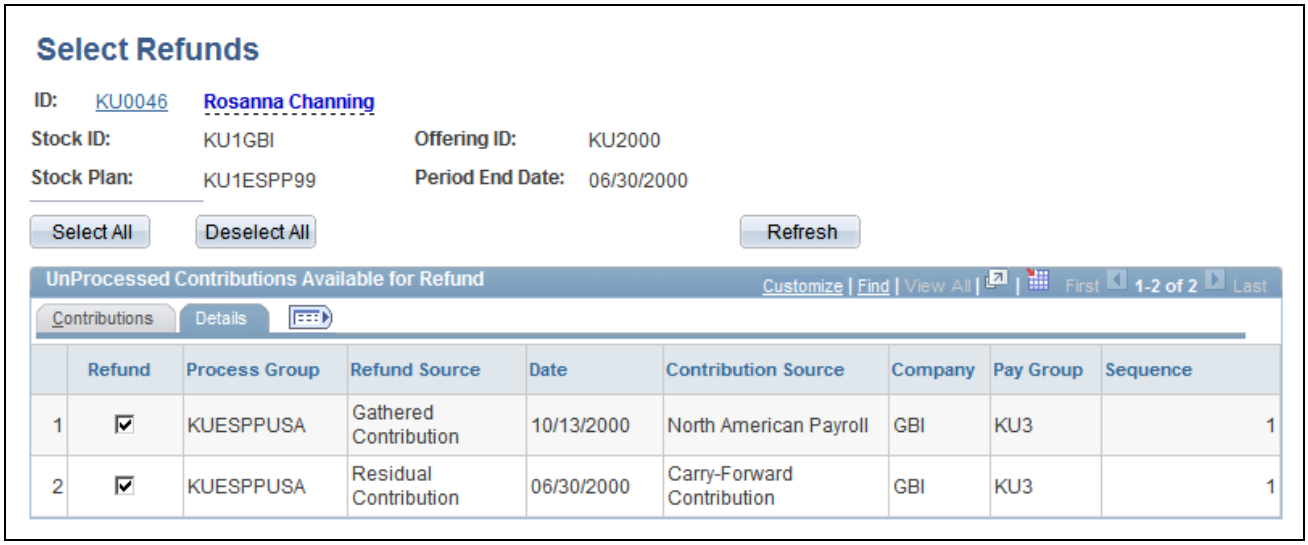
The first step is to identify a participant's unprocessed contributions available for refund.

Page Used to Identify Refunds

Page Name	*Definition Name*	*Navigation*	*Usage*
Select Refunds	ST_CONTRIB_REFUND	Stock, Refunds, Select Refunds	Select a participant's unprocessed contributions for refund. You must first enroll participants and gather participant contributions.

Identifying Refunds

Access the Select Refunds page (Stock, Refunds, Select Refunds).



Select Refunds page: Details tab

ID Click to access the Employee Information page to view employee information.

Period End Date Displays the offering period end date.

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Select All	Click to refund all available contributions. The system selects all Refund fields.
Clear All	Click to undo all the selections.
Refresh	Click to run the ESPP_REFRESH AE process and refresh the page with all contributions available for refund.
Refund	Select to refund this individual contribution.
Refund Source	Displays the source of the refund: *Gathered Contribution, Manual Contribution,* or *Residual Contribution.*
Date	Displays the date of the contribution.

Running the Refund Contributions Process

This section provides an overview of the steps for refunding contributions and discusses how to:

- View the results of a refund.
- Reverse a refund.

Steps for Refunding Contributions

The Refund Contributions Application Engine process (ESPP_REFUND) refunds all the selected contributions, updates the refunded contributions status, and writes summary and detail records to the Stock Purchase Refunds Tables (ST_REFUND_ESPP and ST_REFUND_DTL). These tables provide a refund history in case you must reverse the refunds.

To refund contributions:

1. Refresh the contributions available for refund using the Select Refunds page.
2. Select the contributions to refund using the Select Refunds page.
3. Run the Refund Contributions process using the Process Refund page.
4. View refund results using the Review Refunds page.
5. If you must reverse the refund, run the Reverse Refund process using the Reverse Refunds page.

Occasionally, you must reverse a refund. For refunds processed through PeopleSoft Enterprise Payroll for North America, the system stores transactions in a temporary payroll transaction file (PSHUP_TXN). When you reverse active refund transactions that haven't been processed by Payroll for North America, the system deletes them from the transaction file and populates the reversal date with the current run date.

Use the Reverse Refunds page to reverse an unprocessed refund. When you click the Reverse Refund button, the system removes the temporary payroll transaction from Payroll for North America with an AE process (ESPP_REF_REV).

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Pages Used to Run the Refund Contributions Process

Page Name	*Definition Name*	*Navigation*	*Usage*
Process Refunds	ST_RUNCTL_RFND	Stock, Refunds, Process Refunds	Run a process to refund selected contributions. You must first specify the contributions to refund on the Refunds page.
Review Refunds	ST_REFUND_ESPP	Stock, Refunds, Review Refunds	View the results of the Refund process.
Reverse Refunds	ST_RUNCTL_REVREF	Stock, Refunds, Reverse Refunds	Reverse a participant's previously processed refund.
Refunds to Payroll	ST_RUNCTL_STESRC1	Stock, Purchase Reports, Refund, Refunds to Payroll	Define run parameters for the Refunds to Payroll report (STES018). This report lists refunds that must be processed manually by your payroll administrator.
Refunds to Payroll Reversals	ST_RUNCTL_STESRC1	Stock, Purchase Reports, Refund, Refunds to Payroll Reversals	Define run parameters for the Refunds to Payroll Reversals report (STES007). This report lists refunds that you must reverse and must process manually.

Viewing the Results of a Refund

Access the Review Refunds page (Stock, Refunds, Review Refunds).

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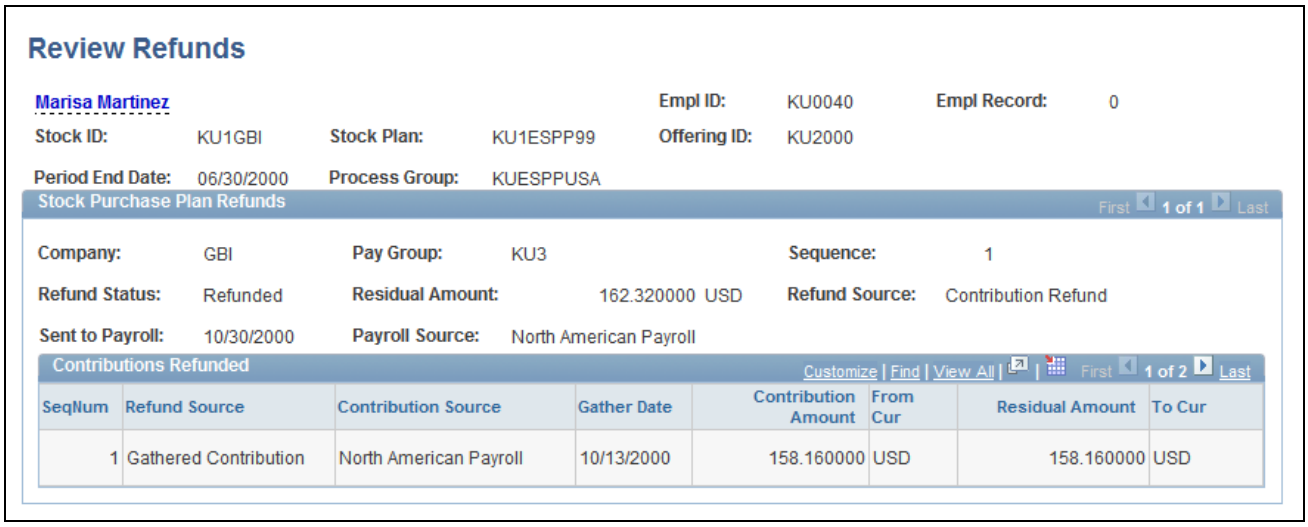

Review Refunds page

Refund Status Displays *Reversed* or *Refunded.*

Residual Amount Displays the amount remaining after a previous purchase.

Sent to Payroll Displays the date on which the refund was sent to payroll.

Reversing a Refund

Access the Reverse Refunds page (Stock, Refunds, Reverse Refunds).

Status Displays *Reversed* or *Refunded.*

Residual Amount Displays the amount remaining after a previous purchase.

Sent to Payroll Displays the date the reversal was sent to payroll.

Reverse Refund Click to run the Reverse Refund process.

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Chapter 21

Administering Stock Purchase Dispositions

This chapter provides an overview of stock purchase dispositions and discusses how to track dispositions.

Understanding Stock Purchase Dispositions

This section lists prerequisites and provides an overview of dispositions.

Prerequisites

Before you begin processing participant dispositions:

- Establish disposition holding periods using the Governing Body Rules - Stock Purchase Rules page.
- Set up earnings codes using the Stock Details - Stock Purchases page.
- Confirm a stock purchase using the Confirm Stock Process page.

Dispositions Overview

A sale or transfer of stock purchased through a stock purchase plan, is called a *qualifying disposition* or *disqualifying disposition,* depending on the holding period requirements set up in the governing body rules.

For IRS governed plans, a disqualifying disposition is a sale or transfer of stock that has been held less than two years from the grant date and less than one year from the purchase date. A corporation is entitled to a tax deduction equal to the participant's ordinary income on the disqualifying disposition. To claim the tax deduction, a corporation must report the ordinary income on the participant's W-2 form. When the holding period is met, the sale is considered a qualifying disposition.

Because companies receive a tax break if the disqualifying disposition holding period is not met, participants are encouraged to report stock sales to their companies. If shares are held at a brokerage firm, a company might require that the brokerage firm report the dispositions. You must determine the best way to gather information about participant dispositions so that you can track the tax implications of the transactions.

Stock Administration determines if dispositions are qualified or disqualified according to your business rules. If you use PeopleSoft Enterprise Payroll for North America, you can send the disposition information directly to payroll for reporting in the participant's earnings statement.

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Tracking Dispositions

This section provides an overview of tracking dispositions and discusses how to:

- Record a participant's stock sales.
- View stock disposition payroll details.
- Generate a reporting table for stock disposition queries.

Understanding Tracking Dispositions

You record dispositions on the Stock Purchases - Dispositions page. Depending on the holding period rules you defined on the Governing Body Rules - Stock Purchase Rules page, the system determines whether the disposition is qualified or not.

If you use Payroll for North America and the participant's pay group is USA, you can send the disposition information directly to payroll. Otherwise you can send the Reconciliation report to your payroll administrator.

The country code must be USA to integrate with Payroll for North America. After the disposition is confirmed and you send the disposition to payroll, the system sends the transaction to the Payroll Transaction Table (PSHUP_TXN). When the payroll process executes, it associates the transaction with a particular pay run.

Pages Used to Track Dispositions

Page Name	*Definition Name*	*Navigation*	*Usage*
Stock Purchases - Dispositions	ST_ESPP_DISPOSN	Stock, Stock Purchases, Dispositions	Record a participant's stock sales. You must first confirm a purchase.
Stock Purchase Disposition Payroll Data	ST_PAYROLL_SBP	Click the Sent to Payroll date link on the Stock Purchases - Dispositions page.	View payroll details.
Create Query Reporting Table	PRCSRUNCNTL_LC_SBP	Stock, Stock Purchases, Create Query Reporting Table	Generate a temporary table that consolidates purchase disposition information for query reporting.

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Page Name	*Definition Name*	*Navigation*	*Usage*
Dispositions to Payroll	ST_RUNCTL_STESRC1	Stock, Purchase Reports, Disposition, Dispositions to Payroll	Define run parameters for the Dispositions to Payroll report (STES020). This report displays disqualifying dispositions and qualifying dispositions to payroll for W-2 reportable income.
Dispostns to Payroll Reversals (dispositions to payroll reversals)	ST_RUNCTL_STESRC1	Stock, Purchase Reports, Disposition, Dispostns to Payroll Reversals	Define run parameters for the Dispositions to Payroll Reversals report (STES017). This report displays errors sent to payroll that must be reversed.
Disposition Reconciliation	ST_RUNCTL_STESRC1	Stock, Purchase Reports, Disposition, Disposition Reconciliation	Define run parameters for the Disposition Reconciliation report (STES016). This report lists dispositions entered for the purchased stock.

Recording a Participant's Stock Sales

Access the Stock Purchases - Dispositions page (Stock, Stock Purchases, Dispositions).

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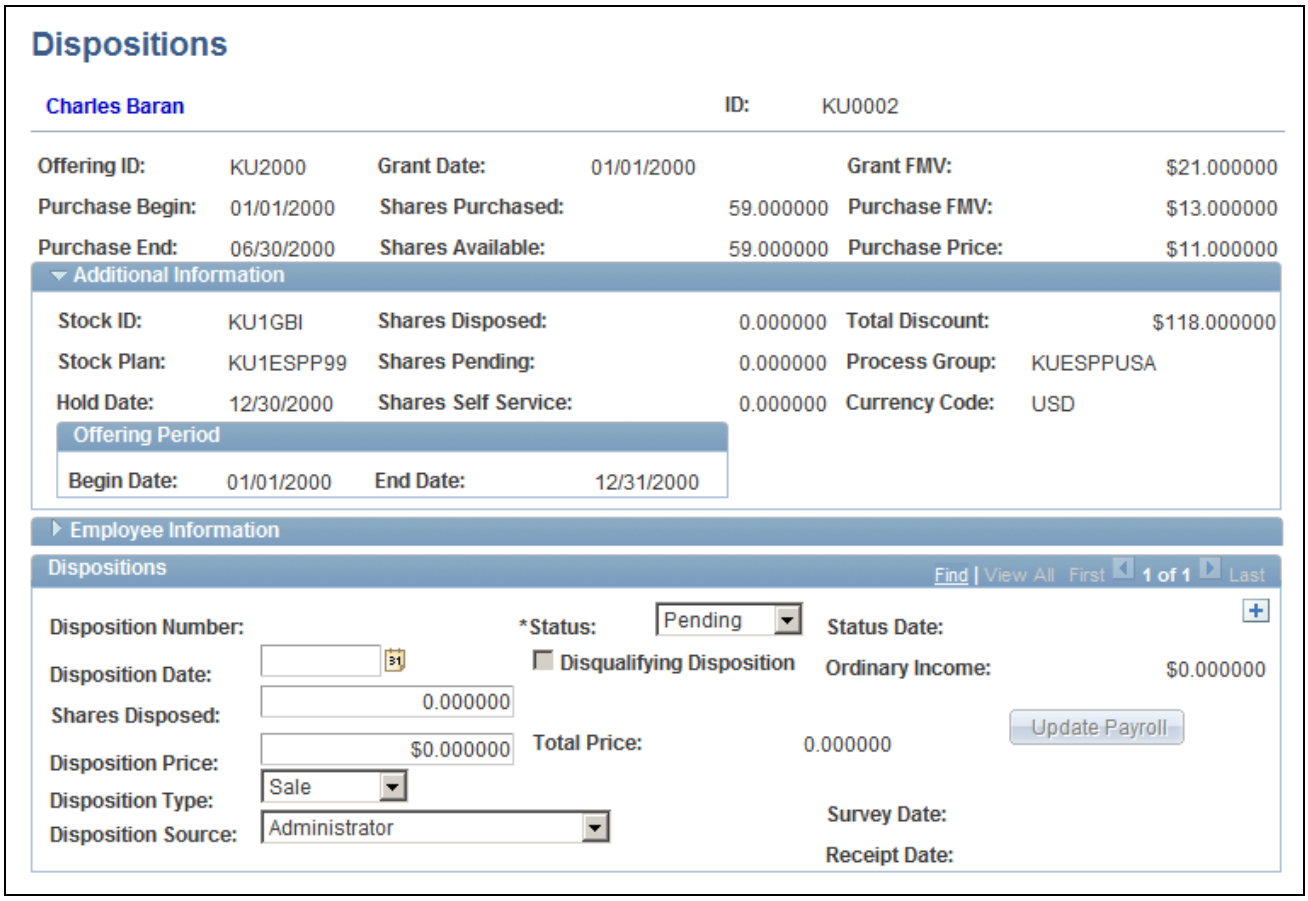

Stock Purchases - Dispositions page

Stock Purchase Information

Shares Available Displays the number of shares remaining that can be sold or transferred. This number is recalculated each time you enter a disposition or when the disposition status changes. The number of shares available equals the number of shares purchased less the sum of shares disposed.

Grant FMV Displays the grant FMV associated with the grant, which is used for calculating ordinary income.

Additional Information

Hold Date This date is the purchase period end date plus the holding period number of months specified for the stock purchase plan. This date must be greater than or equal to this date, or the system produces a warning message.

Shares Disposed This number is recalculated each time you enter a disposition or when the disposition status changes.

Shares Pending Displays the number of shares that are pending confirmation.

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Shares Self Service Displays the number of shares entered as disposed through self-service.

Total Discount Displays the discount off the purchase price.

Process Group Displays the process group at the time of the stock purchase. Process groups are defined on the Process Groups setup page.

Begin Date and **End Date** Displays the offering period begin and end dates.

Disposition Information

The system checks the rules defined on the Governing Body Rules - Stock Purchase Rules page to determine if the required holding period is met for preferential tax treatment. If the requirements are not met, the disposition is not qualified.

Disposition Number This number is assigned when you save the page and comes from the Stock Table. It provides an audit trail of all dispositions and cannot be deleted.

Disposition Date Enter the date of the sale or transfer, which is used to determine whether the disposition is qualifying or disqualifying.

Note. This date cannot be earlier than the hold date specified at the stock plan level.

Shares Disposed Enter the number of shares sold or transferred.

Disposition Price Enter the sale or transfer price of the disposition.

Disposition Type Select *Sale* (default) or *Transfer.* You must enter the type after the disposition status is changed to *Confirmed.*

Disposition Source Select:

Administrator: Source of the disposition information is the stock administrator. (Default.)

Self Service: Participant reported disposition using the self-service page.

Third Party: Broker reports the disposition.

Status Select the disposition's current status: *Confirmed, Pending* (default), and *Void.*

Disqualifying Disposition If the system determines that the sale is a disqualifying disposition, it selects this check box.

Total Price Displays the price of the sale, calculated by multiplying the disposition price by the shares disposed.

Status Date Displays the date on which the status changed.

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Ordinary Income Displays ordinary income resulting for the disposition.

Sent to Payroll Displays the date on which the transaction was sent to Payroll for North America or the manual payroll report was run for a disqualifying disposition with ordinary income. Click the date to access the Stock Purchase Disposition Payroll Data page, where you view payroll details.

Update Payroll Click to send the disposition information to payroll.

Survey Date This date appears after the stock purchase Disposition Survey report is run and the survey is printed.

Receipt Date This date appears after the stock purchase Disposition Receipt report is run and the receipt is printed.

Viewing Stock Disposition Payroll Details

Access the Stock Purchase Disposition Payroll Data page (click the Sent to Payroll date link on the Stock Purchases - Dispositions page).

Sent to Payroll Date Displays the date on which the transaction was sent to payroll or the manual report was run.

Sent to Payroll Source Identifies how income and taxes were sent to the payee, either through Payroll for North America or manual report.

Paycheck Number Displays the paycheck number when the transaction was processed through Payroll for North America. This field is blank if a manual report was used.

Generating a Reporting Table for Stock Disposition Queries

You can generate a temporary table that consolidates information from ST_ESPP_PURCH and ST_ESPP_DISPOSN tables for query reporting.

Use the Create Query Reporting Table page to run the process that generates the table.

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Chapter 22

Accounting for Stock-Based Compensation Plans

This chapter provides an overview of the accounting features for stock-based compensation plans and discusses how to:

- Specify your organization's financial accounting standard.
- Select FAS 123 values for stock purchase plans.
- Create option groups.
- Process retirement eligibility.
- Collect data for the Valuation process.
- Create a valuation ID.
- Value stock options.
- Value stock purchases.
- Identify missing valuation records.

Understanding Accounting Features for Stock-Based Compensation

This section provides overviews of the system-supported standards for reporting equity-based compensation and the setup steps for complying with FAS 123.

Supported Accounting Standards

Under FAS 123, companies that offer equity-based compensation plans must report the fair value of plan-related compensation in their financial disclosure statements. Stock Administration provides the tools and reports that you need to comply with these requirements.

The system supports two standards for reporting the value of equity-based compensation:

- FAS 123, which specifies that companies must report the fair value of stock options and stock purchases as of their grant dates.

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- APB 25, under which companies can report the intrinsic value of equity-based compensation.

  Companies that comply with APB 25 must still make *pro forma* disclosures of net income and, if publicly traded, earnings-per-share, as though they had adopted FAS 123.

PeopleSoft Enterprise Stock Administration uses the widely-accepted Black-Scholes option pricing model to calculate the fair value of stock options and stock purchases granted within the system. Black-Scholes uses six inputs in its valuation calculation. Four of these inputs are stored in the system or can be estimated by running reports that gather and calculate historical data.

Setup Steps for FAS 123 Compliance

To prepare Stock Administration to perform stock option and stock purchase valuations:

1. Select the accounting standard (FAS 123 or APB 25) by which your company discloses the equity compensation on its financial statements
2. Select a valuation plan type (stock purchase plans only).
3. Create option groups (stock options only).

Selecting a Financial Accounting Standard

This section discusses how to select your company's accounting standard for reporting equity compensation on financial statements.

When you make the selection, also enter the disclosure date. If you select FAS 123, identify the year in which you adopted the standard.

Note. FAS 123 regulations state that if your company adheres to APB 25 and then adopts FAS 123, you cannot revert to APB 25 at a later time.

Page Used to Select a Financial Accounting Standard

Page Name	*Definition Name*	*Navigation*	*Usage*
Stock Table	STOCK_TBL	Set Up HRMS, Product Related, Stock, Stock Rules, Stock Table	Select a financial accounting standard (FAS 123 or APB 25) for reporting equity compensation.

See Also

Chapter 3, "Defining Stock Administration Business Rules," Setting Up Stock Rules, page 18

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Selecting FAS 123 Values for Stock Purchase Plans

This section lists the pages that you use to select FAS 123 values for stock purchase plans.

A valuation plan type determines how the share value is calculated for a stock purchase plan offering. Each stock purchase plan can be associated with one valuation plan type. Valuation plan types range from Plan Type A to Plan Type I, and their definitions can be found in FASB statement 123.

Pages Used to Select FAS 123 Values for a Stock Purchase Plan

Page Name	*Definition Name*	*Navigation*	*Usage*
Stock Purchase Plan Rules - Purchase	ST_ESPP_PLAN4	Set Up HRMS, Product Related, Stock, Purchase Plans, Stock Purchase Plan Rules, Purchase	Select the valuation plan type that is appropriate to a specific stock purchase plan.
Stock Purchase Plan Rules - General	ST_ESPP_PLAN1	Set Up HRMS, Product Related, Stock, Purchase Plans, Stock Purchase Plan Rules, General	Select the FAS 123 Compensatory Plan check box if the plan is considered compensatory according to FAS 123.

See Also

Chapter 5, "Setting Up Stock Purchase Plans," Defining Stock Purchase Plan Rules, page 71

Creating Option Groups

To create option groups, use the Option Group Security (ST_GROUP_FIELD_SEC) component.

This section provides an overview of option group setup and discusses how to:

- Define option group security.
- Define selection criteria for option groups.

Option Group Setup

An option group is a group of active grants that are to be valued similarly, for example, grants with the same expected life or grants issued to members who have like exercise patterns, such as executives.

You create option groups by defining the set of criteria the system uses to select the grants to be valued. You can base your selection criteria on data contained in the following records: PERSON, PERS_DATA_EFFDT, PER_ORG_ASGN, JOB, ST_INSIDER_TBL, ST_GRANT, ST_GRANT_VEST, ST_GRANT_EXER.

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Because some of these records contain sensitive data, such as compensation rates and birth dates, you can prevent users within specific permission lists from including certain records and fields in their selection criteria.

To define option groups:

1. Define security for option groups.

   Identify the records and fields that are available to users when creating and viewing option groups. This step is typically performed during system implementation.

2. Define the selection criteria for including options in the same group for valuation purposes.

3. Save the selection criteria.

Note. Once you create a group ID, you cannot delete it online.

See Also

Enterprise PeopleTools PeopleBook: Security Administration

Pages Used to Set Up Option Groups

Page Name	*Definition Name*	*Navigation*	*Usage*
Option Group Security	ST_GRP_FLD_SEC	Set Up HRMS, Product Related, Stock, Option Plans, Option Group Security	Define security for option groups.
Define Option Group page	ST_GROUP1	Stock, Valuation, Define Option Group, Selection Criteria	Define the selection criteria for option groups.

Defining Option Group Security

Access the Option Group Security page for a given row security permission list (Set Up HRMS, Product Related, Stock, Option Plans, Option Group Security).

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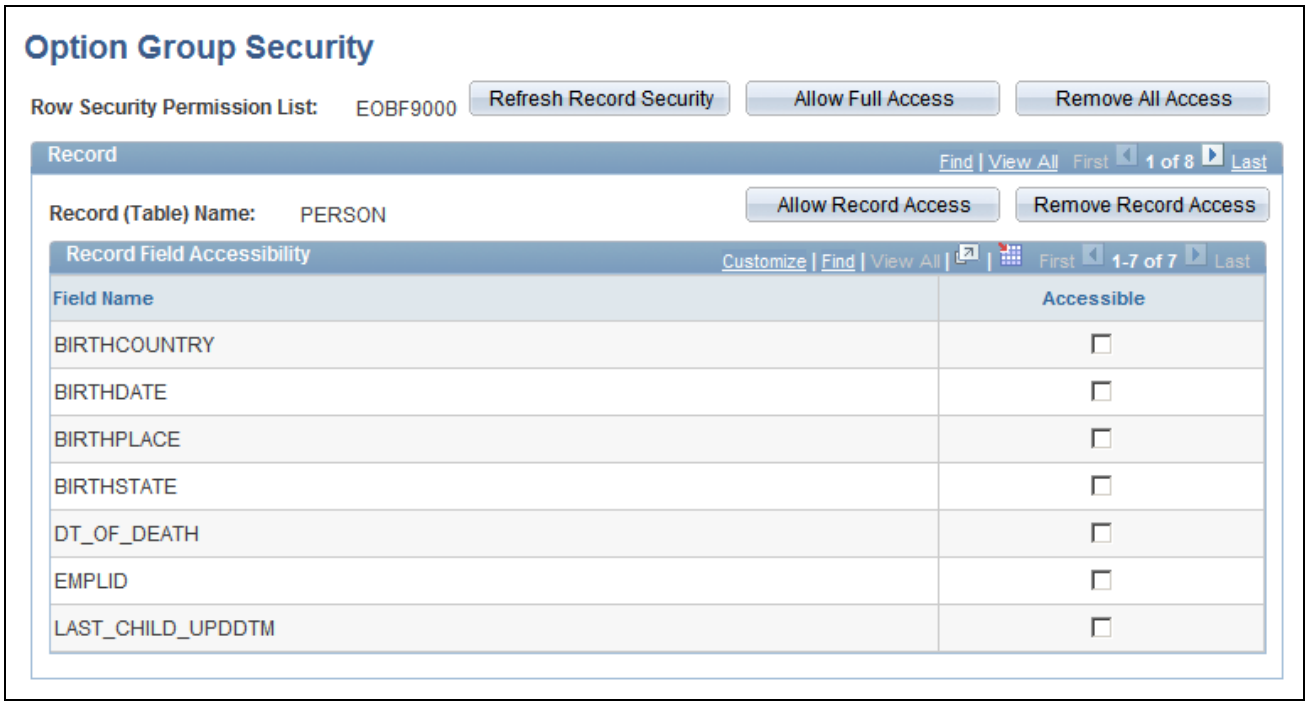

Option Group Security page

You can limit access to the following eight records, depending on your row security permission list: PERSON, PERS_DATA_EFFDT, PER_ORG_ASGN, JOB, ST_INSIDER_TBL, ST_GRANT, ST_GRANT_VEST, ST_GRANT_EXER.

Refresh Record Security When you click this button, the system retrieves the records and fields that you have authority to access (as determined by the row security permission list assigned to you). It also clears any access instructions that were previously defined for the row security permission list that is identified on this page.

The refresh feature is appropriate when you have added fields to the selected records and now want to grant users access to the new fields when they create groups. For example, if you add fields to the JOB table, then click this button, the system retrieves all fields in the JOB table including the ones that you added.

Warning! If you refresh record security after you grant access to certain records and fields, all access is cleared for you to redefine.

Allow Full Access Click to enable users that are associated with the row security permission list to access all eight records when creating and viewing groups. The system automatically selects all fields for all of the records that you have authority to access, according to the row security permission list that is assigned to you.

Remove All Access Click to prevent all users that are associated with the row security permission list from using any of the eight records and related fields as selection criteria when creating groups. Users are also prevented from viewing groups whose membership is based on these records. The system deselects all check boxes for all eight records.

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Record (Table) Name The name of the record that are you are viewing appears in this field. Records are displayed alphabetically by name.

Allow Record Access To enable users to access all fields in the record that is currently displayed, click this button. The system automatically selects the Accessible check box to the right of each field name.

Remove Record Access To prevent users from accessing all fields in the record that is currently displayed, click this button. The system automatically deselects the Accessible check box to the right of each field name.

Record Field Accessibility

Field Name This field displays the name of the field within the selected record.

Accessible Select this check box to enable users to include the field within the selection criteria that they specify when creating groups.

Defining Selection Criteria for Option Groups

Access the Define Option Group - Selection Criteria page using a unique group ID (Stock, Valuation, Define Option Group, Selection Criteria).

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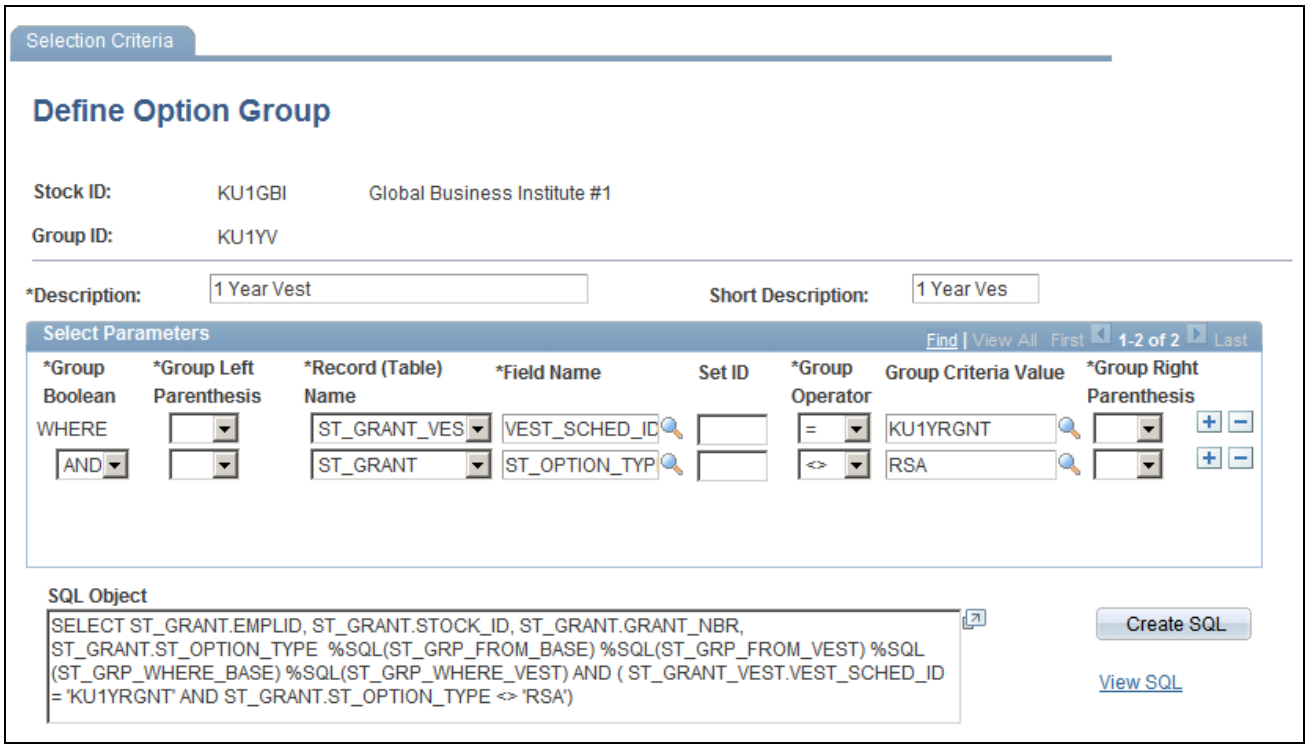

Define Option Group - Selection Criteria page

Select Parameters

Use this group box to define the selection criteria for adding options to the group. The system uses the criteria that you enter to generate the WHERE clause of a SQL select statement. The WHERE clause can contain up to 254 characters.

To add more than one row, save after you add each row. Adding a new row when an unsaved row exists causes the system to assign the same sequence number to both rows, which prevents you from saving.

Group Left Parenthesis Select a bracket type. The system processes the statement in brackets before it processes the rest of the SQL WHERE clause. You can select a single open bracket *(* or up to five open brackets *(((((*.

Record (Table) Name Select a record name. Only records with access given in the Option Group Security page are available. This is the record from which you can choose fields.

Field Name Select a field name. Only fields with access given in the Option Group Security page are available. This field can now be defined with any valid value as part of your selection criteria.

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SetID If you select *Job* in the Record field and one of the fields listed below in the Field Name field, select the SetID with which the field is associated. In all other cases, the SetID field is unavailable for entry.

SAL_ADMIN_PLAN

GRADE

STEP

DEPTID

JOBCODE

LOCATION

Group Operator If you want to perform a mathematical operation, select the appropriate symbol. Valid entries are: <, <=, <>, =, >, >=, and *LIKE*. If you select *LIKE*, you can type in a partial value in the Value field. For example, the letter *S*.

Group Criteria Value Select a value for the field.

If you selected *LIKE* as the operator, do not enter quotation marks or the % sign in the Value field.

This field is case sensitive. Enter the value exactly as it is defined in the database.

If entering a date, be sure to enter the proper date format for your environment. For example, to select January 1, 2000 as the date, enter 00-JAN-01 if using Oracle; enter 2000-01-01 if using SQL Server or DB2/UNIX.

Group Right Parenthesis Select the closing bracket type.

If you want to add another parameter to your selection criteria (the WHERE clause), select *AND* or *OR*.

SQL Object The system displays the WHERE clause in this field when you click the Create SQL button.

Create SQL Click to add the options that fit your criteria to the option group. This button also updates the MetaSQL in the SQL Object field.

View SQL Click to view the SQL code generated by the WHERE clause.

Prompts with Dependencies

In some cases, the Group Criteria Value field on the Selection Criteria page does not provide a list of valid values to choose from. This is because the field name you selected, by itself, does not give the system enough information to retrieve the appropriate set of values. That is, the values for the selected field are dependent on the values for one or more other fields.

The following table lists the fields whose values are dependent on other fields. While you can type a value for any of these fields in the Group Criteria Value field, the system may not return the results you expect, if the value you enter is not unique.

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Record	*Field Name*	*Table*	*Dependencies*
JOB	ACTION_REASON	ACTN_REASON_TBL	ACTION
JOB	CONTRACT_NUM	CNT_ACTIVE_VW	EMPL_ID
JOB	HOLIDAY_SCHEDULE	HOLIDAY_VW	REG_REGION
JOB	PAYGROUP	PAYGROUP_TBL	COMPANY
JOB	EMPL_TYPE	PAYGRP_EMPLTYPE	COMPANY, EMPL_TYPE, PAYGROUP
JOB	GRADE	SAL_GRADE_TBL	SAL_ADMIN_PLAN, SETID
JOB	STEP	SAL_STEP_TBL	GRADE, SAL_ADMIN_PLAN, SETID
JOB	REG_REGION	REG_STANDARD_VW	OPRCLASS
JOB	REVIEW_RATING	REVW_RATING_TBL	RATING_MODEL

Processing Retirement Eligibility

This section provides an overview of retirement eligibility and discusses how to process retirement eligibility.

Understanding Retirement Eligibility

When you account for stock options, the valuation expense is distributed over the service period or vesting period of the option. However, if the optionee is eligible for retirement and the plan specifies that the options vest immediately upon retirement, then the service period ends as of the retirement eligibility date, and the remaining expense is due at that time. In this case, the total valuation expense is spread over the time from the grant date through the date of retirement eligibility.

The Stock – Retirement Eligibility (ST_RET_ELIG) Application Engine process determines which grants have met the retirement eligibility criteria or forecast eligibility criteria that you defined for the stock plan. The process evaluates each active grant in the system beginning on the grant date or the agreement date (depending on how you set up the stock option plan). Grants continue to be evaluated until the option either completely vests or expires.

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For each grant being evaluated, the system compares the optionee's age and length of service with the retirement eligibility requirements and forecast eligibility requirements. When an optionee meets the eligibility criteria, the process updates the Retirement Eligible check box, the Retire Eligible Dt field, and the Forecast Retirement Eligible check box on the Maintain Grants - General page. Optionees are eligible for retirement when they meet either the normal retirement or early retirement conditions.

Note. You should process retirement eligibility daily. When an optionee becomes eligible for retirement, the Stock Option Valuation Expense Report (STFS007) processing changes. Even though the optionee has not actually retired, the expense is still accelerated and expense realized from the date of grant to the date of eligibility.

Vesting schedules are not modified when optionees become eligible for retirement; vesting modifications occur only when the optionee actually retires, and is part of the integration with PeopleSoft Human Resources.

See Also

Chapter 4, "Setting Up Stock Option Plans," Defining General Rules for a Stock Option Plan, page 52

Chapter 9, "Administering Grants," Entering, Updating, and Viewing the Basic Parameters of a Grant, page 146

Page Used to Process Retirement Eligibility

Page Name	*Definition Name*	*Navigation*	*Usage*
Process Retirement Eligibility	ST_RUNCTL_STFS016	Stock, Valuation, Process Retirement Eligibility, Process Retirement Eligibility	Run the Stock – Retirement Eligibility (ST_RET_ELIG) Application Engine process to update optionee retirement eligibility information.

Processing Retirement Eligibility

Access the Process Retirement Eligibility page (Stock, Valuation, Process Retirement Eligibility, Process Retirement Eligibility).

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Process Retirement Eligibility page

Collecting Data for the Valuation Process

To collect data for the valuation process, use the Estimate Table (ST_ESTIMATE) and Valuation (ST_VALUATION) components.

This section provides overviews of the data that is required to run the Valuation process and the steps for collecting and entering valuation data, and discusses how to:

- Run the Expected Life Years Analysis report.
- Run the Expected Volatility report.
- Enter variables for valuing stock options.

Data Required for the Valuation Process

The Valuation process, which uses the Black-Scholes Option Pricing model, requires six variables. Two of the variables are already stored in the system, two you can derive from system-generated reports, and the remaining two you acquire from outside sources. The variables and their sources are as follows:

Variable	***Source***
Grant fair market value (FMV)	Stock Administration
Grant price	Stock Administration
Expected life of the option	Derived from the Expected Life report
Expected volatility of the stock price	Derived from the Expected Volatility report
Expected dividend yield	Acquired outside the system

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Variable	*Source*
Risk-free interest rate	Acquired outside the system

Steps for Collecting and Entering Valuation Data

To collect and enter report data for the Valuation process:

1. Run the Expected Life Years Analysis report.

   This report helps you determine the expected life years for the Black-Scholes model. The expected remaining life of an option is the length of time before the optionee is expected to exercise the option in full. The report calculates the weighted average expected remaining life for the outstanding shares of the option. The system uses prior exercise information for a designated group of options plus other parameters that you enter to produce the Expected Life Years Analysis report.

2. Run the Expected Volatility report.

   The Expected Volatility report helps you estimate the future volatility of a stock by calculating volatility based on historical stock prices entered through the Maintain Daily Prices page. It analyzes price movements over periods of months, weeks, days, or some other frequency that you choose and can serve as a benchmark from which you can project the expected stock volatility.

3. Enter variables on the Estimate Table page.

   Use the Estimate Table page to create an Estimate ID and to record the expected volatility rates, risk-free interest rates, and expected dividend rates that you want the Black-Scholes Pricing Model to use when it values your stock options.

Pages Used to Collect Data for the Valuation Process

Page Name	*Definition Name*	*Navigation*	*Usage*
Expected Life Years Analysis	ST_RUNCTL_STFS001	Stock, Valuation, Expected Life Years Analysis	Run the Expected Life Years Analysis report.
Expected Volatility Report	ST_RUNCTL_STFS002	Stock, Valuation, Expected Volatility Report	Run the Expected Volatility report.
Estimate Table	ST_ESTIMATE	Set Up HRMS, Product Related, Stock, Stock Rules, Estimate Table	Enter variables for valuing stock options.

Running the Expected Life Years Analysis Report

Access the Expected Life Years Analysis page (Stock, Valuation, Expected Life Years Analysis).

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Note. The Expected Life Years Analysis report does not include stock options that are cancelled or that allow exercise before vesting. Additionally, options included in the report must have at least one active exercise.

Valuation Method The valuation method that you select determines how the system estimates the expected life of the grant. You can select one of two valuation methods:

Single Method measures and calculates the expected life from the grant date.

Multiple Method measures and calculates the expected life from each of its vesting dates.

Include Grants

Enter selection criteria in the Include Grants group box and click the Refresh Group button. The grants that meet your selection criteria appear in the Grant(s) to be Processed group box. You can add or remove individual grants from this list.

To be included in the report calculation, a grant must be active and have at least one active exercise record.

Percentage Exercised If applicable, enter the minimum percentage of a grant that must be already exercised in order to be included in the report.

View SQL Click this link if you want to see the WHERE clause of the SQL statement that represents your selection criteria.

See Also

Appendix A, "Delivered Workflow for Stock Administration," Delivered Workflow for Stock Administration, page 305

Running the Expected Volatility Report

Access the Expected Volatility Report page (Stock, Valuation, Expected Volatility Report).

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Frequency Type The value that you select in this field determines the number of days the system uses to calculate the annualized volatility.

Valid values are *Annual*, *Biweekly*, *Daily*, *Monthly*, *Quarterly*, *Semimonthly*, or *Weekly*.

For example, if you calculate volatility for the date range, 01/01/2001 to 12/31/2001, and select *Weekly* in this field, the system retrieves the fair market value of the stock (based on the FMV method selected for the stock during set up) for every seventh day of the period defined by the from date and the end date. It then determines the annualized volatility by averaging the 52 periods in a year.

If you select *Daily*, the system bases the annualized volatility on 250 trading days in a year.

Note. The FASB recommends using at least 20 to 30 periods to compute a statistically valid measure (preferably more for long-term options). Ideally, this measurement should be based on a historical period equal to the expected life of the options.

See Also

Appendix A, "Delivered Workflow for Stock Administration," Delivered Workflow for Stock Administration, page 305

Entering Variables for Valuing Stock Options

Access the Estimate Table page (Set Up HRMS, Product Related, Stock, Stock Rules, Estimate Table).

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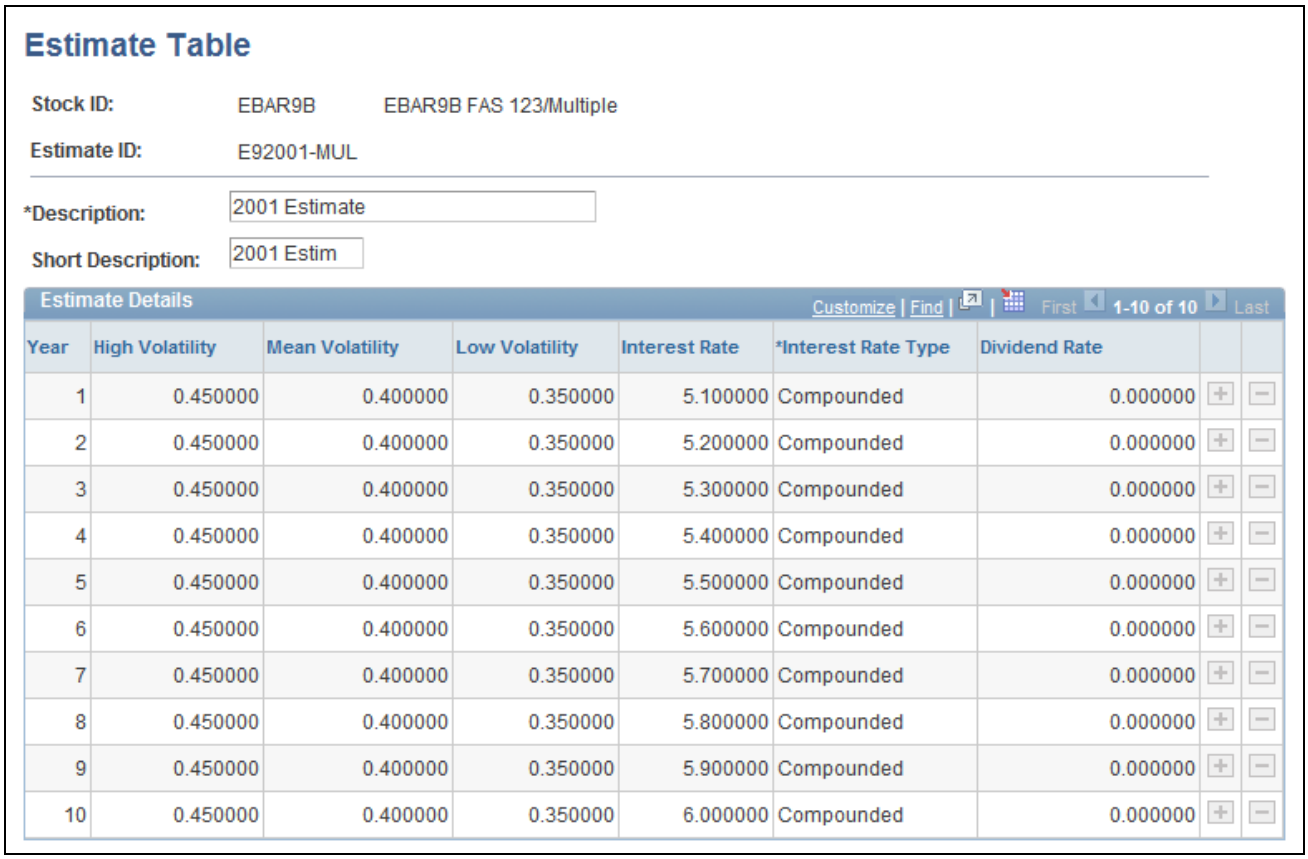

Estimate Table

Stock ID: EBAR9B EBAR9B FAS 123/Multiple

Estimate ID: E92001-MUL

*Description: 2001 Estimate

Short Description: 2001 Estim

Estimate Details — Customize | Find | First 1-10 of 10 Last

Year	High Volatility	Mean Volatility	Low Volatility	Interest Rate	*Interest Rate Type	Dividend Rate
1	0.450000	0.400000	0.350000	5.100000	Compounded	0.000000
2	0.450000	0.400000	0.350000	5.200000	Compounded	0.000000
3	0.450000	0.400000	0.350000	5.300000	Compounded	0.000000
4	0.450000	0.400000	0.350000	5.400000	Compounded	0.000000
5	0.450000	0.400000	0.350000	5.500000	Compounded	0.000000
6	0.450000	0.400000	0.350000	5.600000	Compounded	0.000000
7	0.450000	0.400000	0.350000	5.700000	Compounded	0.000000
8	0.450000	0.400000	0.350000	5.800000	Compounded	0.000000
9	0.450000	0.400000	0.350000	5.900000	Compounded	0.000000
10	0.450000	0.400000	0.350000	6.000000	Compounded	0.000000

Estimate Table page

Enter a separate row of variables for each year up to the maximum expected life years of the options. For example, if the maximum expected life years for any option is 8.5, enter nine rows of data in the estimate table.

Important! Once an Estimate ID is used in a confirmed valuation, you cannot modify data in that estimate.

High Volatility, Mean Volatility, Low Volatility Enter the high, mean and low volatility rates that you think are appropriate for the stock. Use the Expected Volatility report to help you determine these rates.

Interest Rate For U.S. employers, the risk-free interest rate must be the rate currently available for zero-coupon U.S. government issues with a remaining term equal to the expected life of the options.

Interest Rate Type Identify whether the interest rate represents a *Compounded* or *Simple* rate.

Dividend Rate Enter the expected dividend rate for the year.

Note. To value a group of restricted stock options or options that can be exercised before they are vested, create an Estimate ID and enter zeros for all of the estimated values. Enter zero for the expected life years when you launch the valuation process.

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See Also

Appendix B, "Stock Administration Reports," page 307

Creating a Valuation ID

This section provides an overview of valuation IDs and discusses how to create a valuation ID.

Valuation IDs

A valuation ID links together:

- The stock that you want to value (Stock ID).
- The valuation method (single or multiple).
- The estimate ID that represents the volatility, interest rate, and dividend rate figures that you entered on the Estimate Table page.
- The volatility type (high, mean, or low) that you deem appropriate for the valuation process.

  Volatility types correspond to the estimate ID's high, mean, and low values.

When you run the Valuation process for stock options or stock purchases, you select the valuation ID that you want the system to use.

Page Used to Create the Valuation ID

Page Name	*Definition Name*	*Navigation*	*Usage*
Valuation Table	ST_VALUATION	Set Up HRMS, Product Related, Stock, Stock Rules, Valuation Table	Create a valuation ID and link it to a stock's valuation method, estimated variables for the Valuation process, and volatility type.

Creating the Valuation ID

Access the Valuation Table page (Set Up HRMS, Product Related, Stock, Stock Rules, Valuation Table).

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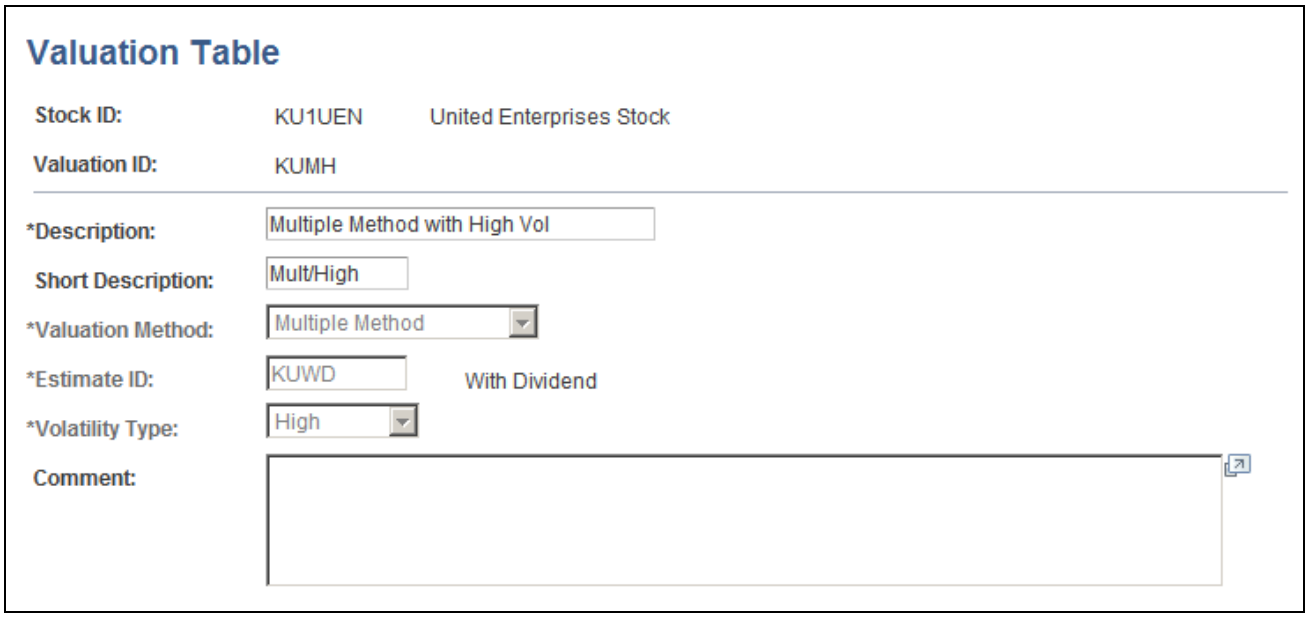

Valuation Table page

You can modify any entries on this page until you confirm the valuation.

Valuing Stock Options

This section provides an overview of the procedure for running the Process Grant Valuation process (STFS003) and discusses how to:

- Run the Process Grant Valuation process.
- View grant valuations.
- Revalue repriced options.
- Reverse a stock valuation.

Note. The system must have a valuation for all grants issued after the Original Fair Value date that is noted on the Stock Table page. Any grants that do not have a valuation record, are reported on the Valuation Audit report.

Procedure for Running the Process Grant Valuation Process

The Process Grant Valuation process executes the Black-Scholes Pricing model for the grants that you select. You can run the process in preview or confirmation mode.

To run the process:

1. Access the Process Grant Valuation page.
2. Specify the stock ID, valuation ID, and expected life years for the grants to be valued.

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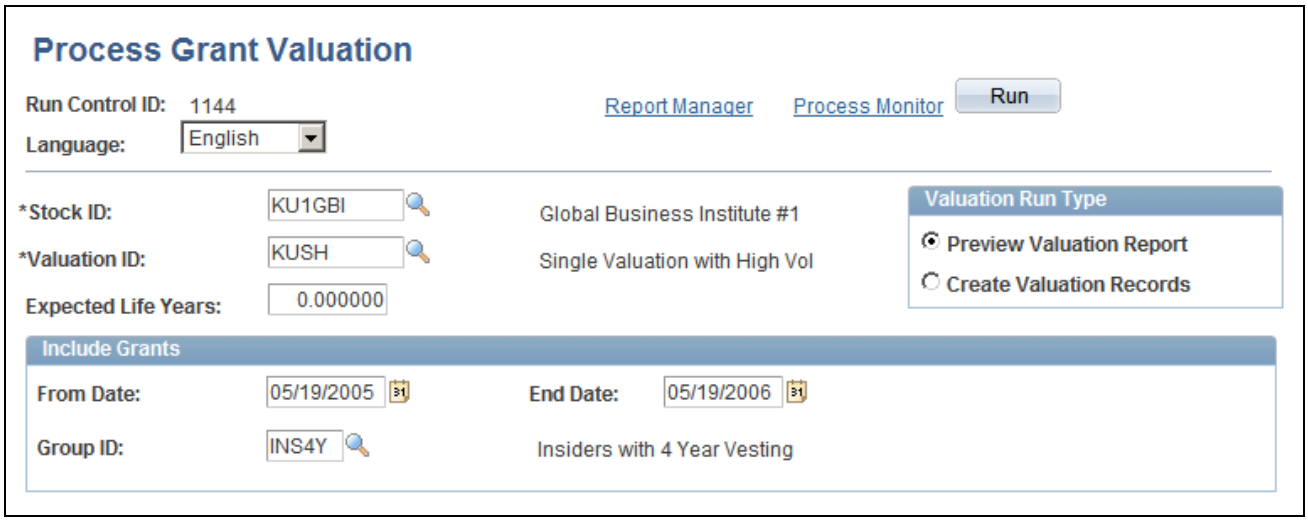
3. Indicate whether you want to preview or confirm a valuation.
4. Select the grants to include in the process.
5. Run the process.

Pages Used to Value Stock Options

Page Name	*Definition Name*	*Navigation*	*Usage*
Process Grant Valuation	ST_RUNCTL_VALUE	Stock, Valuation, Process Grant Valuation	Run the Process Grant Valuation (Black Scholes) process.
Maintain Grants - Valuation	ST_GRANT_VALUE	Stock, Grants, Maintain Grants, Valuation	View grant valuation information including the shares valued, the grant FMV, and expected life years for a selected employee and grant.
Grant Valuation	ST_GRANT_VAL_SEC	Click the Value Per Share amount displayed on the Maintain Grants - Valuation page.	For grants valued with the multiple valuation method, display detailed information for each valuation period.
Reverse Grant Valuation	ST_RUNCTL_UNVALUE	Stock, Valuation, Reverse Grant Valuation	Deletes specific grant valuations.

Running the Process Grant Valuation Process

Access the Process Grant Valuation page (Stock, Valuation, Process Grant Valuation).



Process Grant Valuation page

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Expected Life Years Enter the expected remaining life that you deem appropriate for the group of options you're valuing. (You can use the Expected Life Year Analysis report to help determine this number.)

The figure you enter determines which set of variables the system retrieves from the Estimate Table for use in the Black-Scholes Model. The system rounds up if you enter a number with a decimal that equals or exceeds .50. For example, 3.5 and 3.6 are rounded up to 4.

If the Valuation ID represents the multiple valuation method, the Valuation process automatically adds the number you enter in this field to the length of each vesting period.

The expected life must extend beyond the first vesting date but cannot extend beyond the last expiration date. For example, assume today is 07/01/2001, the first vesting date is 07/01/2003, and the last expiration date is 07/01/2011. In this case, the expected life years can be between 2 and 10.

Valuation Run Type

Preview Valuation Report and **Create Valuation Records** You can preview the valuation for a group of grants before you create it. Previewing prints the Valuation Detail report without saving the valuation records to the database. This report details the valuation calculation results for each grant processed. You can preview a valuation, change the values on the Valuation Table and run the preview process again.

When you create a valuation record for each grant processed, the system also prints the Valuation Detail report. Once you create a Valuation ID for a given run, you cannot modify it unless you first reverse all valuation records for that Valuation ID.

Include Grants

Enter selection criteria in the Include Grants group box.

Specify the Stock ID, Valuation ID, and expected life years for the grants you want to value and whether you want to preview or confirm a valuation.

Viewing Grant Valuations

Access the Maintain Grants - Valuation page (Stock, Grants, Maintain Grants, Valuation).

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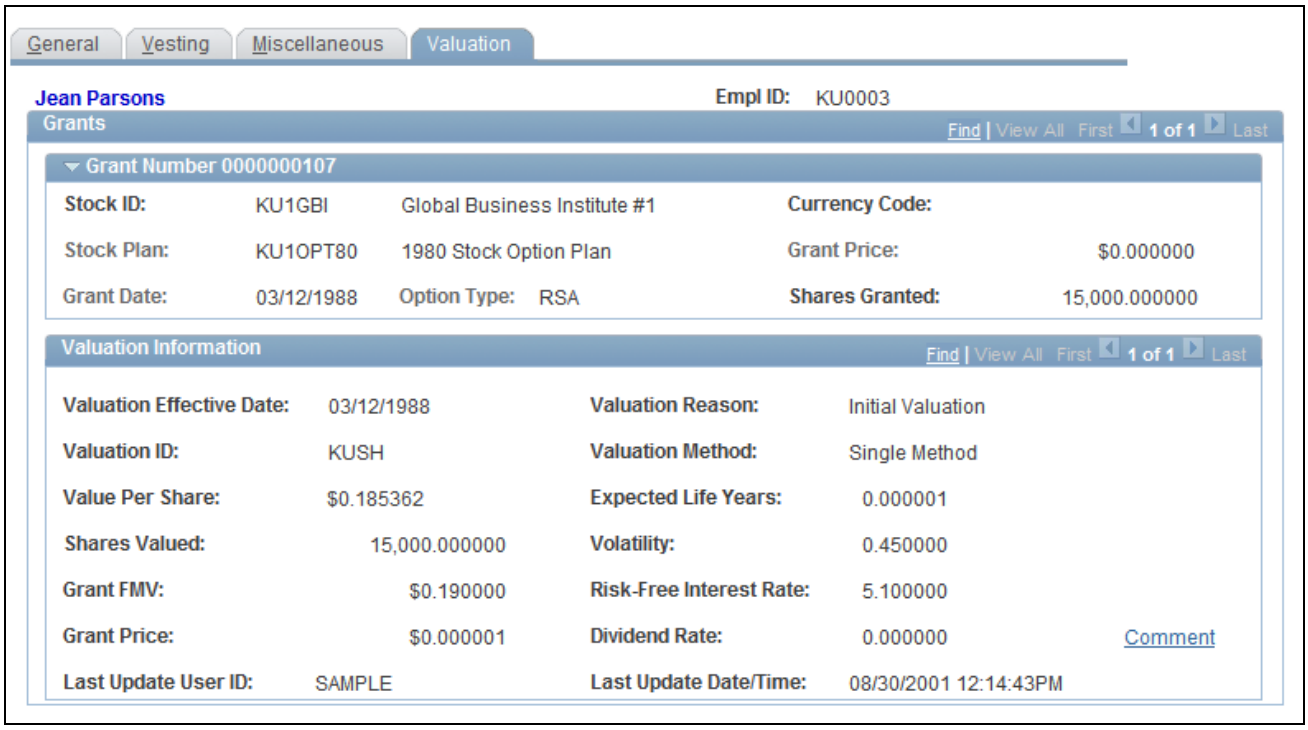

Maintain Grants - Valuation page

Note. When you use the multiple valuation method to value grants, the values on this page reflect the weighted averages for the grant.

Valuation Reason When a grant valuation is first confirmed, the valuation reason is set to *Initial Valuation.*

Reprice appears in this field if this grant has been revalued after repricing.

Value Per Share This field displays the fair value per share and appears as a hyperlink if the multiple valuation method was used. Click the link to open the Grant Valuation page, where you can see detailed information for each valuation period.

Revaluing Repriced Options

You can revalue grants *after* the initial valuation; but only if the revaluation is due to repricing, that is, the original grant has been cancelled and reissued. (A reprice grant number must appear for the new grant on the Maintain Grants - Miscellaneous page.)

You must use the same valuation method (single or multiple) to value the repriced grants; however you do not need to use the same Valuation ID.

To revalue the options, run the Process Grant Valuation process for the new grants. The system automatically revalues the cancelled grant, if the new grant is linked to the cancelled grant via the reprice grant number.

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Reversing a Stock Valuation

Access the Reverse Grant Valuation page (Stock, Valuation, Reverse Grant Valuation).

To unconfirm valuations for grants that have been previously valued:

1. Specify the Stock ID.
2. Select the grants for which you want to reverse the valuation process by entering selection criteria in the Include Grant Valuations group box.
3. Click the Refresh Group button.

   The grants that meet your selection criteria appear in the Grant(s) to be Processed group box. You can add or remove individual grants from this list.
4. Click Run.

Valuing Stock Purchases

This section provides an overview of the procedures for the stock purchase valuation process and discusses how to:

- Produce the Estimate Contributions report.
- Calculate the valuation of a stock offering.

Valuation Procedure for Stock Purchases

For stock purchases, the system estimates the fair value of the entire offering based on the fair market value of the stock on the offering begin date or the first grant date.

To value stock purchases:

1. Produce the Estimate Contributions report.

   The Estimate Contributions report calculates the actual contributions for a stock offering.

   For each employee associated with the stock plan and offering ID you select, the report lists the grant date, purchase date, and total actual contributions for confirmed stock purchases. It also reports the total and average contribution for all employees.

   This information helps you estimate future contributions for the stock offering, which you must enter before launching the Valuation process.

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2. Run the valuation process to calculate the fair value per share.

   After you estimate contributions for a stock offering, you create an offering ID and launch the online process to value the offering. The system uses the Black-Scholes Model to calculate the value per share for each valuation period. Valuation periods are determined by the valuation method:

   - For the single valuation method, the stock offering is valued as a whole. The valuation period runs from the offering begin date to the offering end date.
   - For the multiple valuation method, the stock offering is valued for each purchase date, and can have more than one valuation period. The valuation period runs from the purchase begin date to the purchase end date.

     Because there is only one valuation for each stock offering, the valuation record is not effective-dated. You cannot revalue stock purchase offerings.

     The value per share is calculated based on the stock purchase plan's valuation plan type.

Pages Used to Value Stock Purchases

Page Name	*Definition Name*	*Navigation*	*Usage*
Estimate Contributions Report	ST_RUNCTL_STFS005	Stock, Valuation, Estimate Contributions Report	Produce the Estimate Contributions report to help you estimate future contributions for the valuation process.
Create Offering Valuation	ST_OFFER_VALUE	Stock, Valuation, Create Offering Valuation, Create Offering Valuation	Run the valuation process.
FAS 123 Purchase Expense	ST_RUNCTL_STFS004	Stock, Valuation, FAS 123 Purchase Expense	Creates the FAS 123 Purchase Expense report, which calculates the fair value expense using estimated or actual contribution data.

Producing the Estimate Contributions Report

Access the Estimate Contributions Report page (Stock, Valuation, Estimate Contributions Report).

Change Percent If you complete this field, the system first calculates the actual contributions for the stock offering and then increases or decreases the result by the percentage you specify.

For example, if you think that contributions for a future offering will be 10% higher than the current contributions, enter 10. You can enter a positive or negative number in this field.

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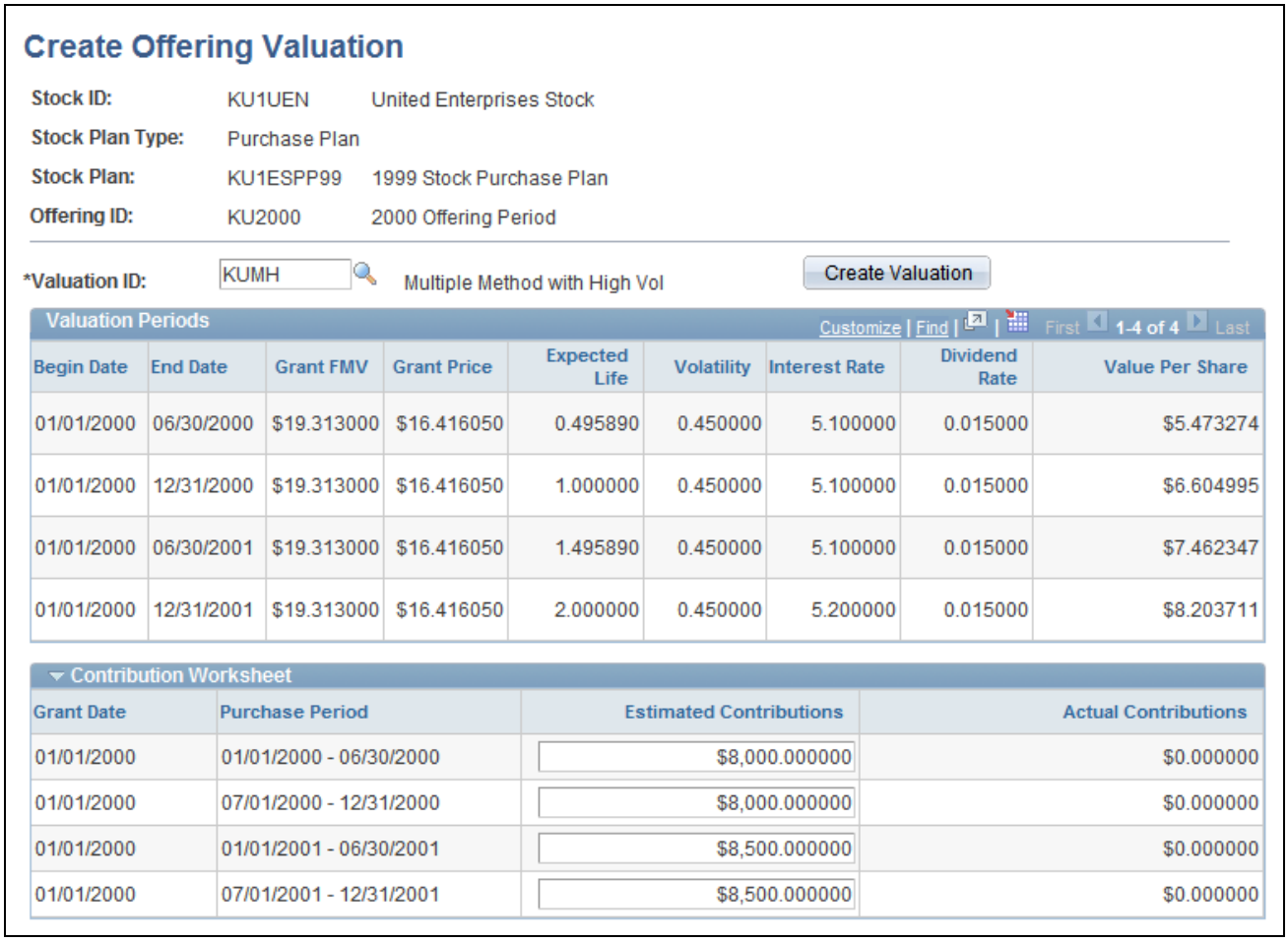
See Also

Appendix B, "Stock Administration Reports," page 307

Calculating the Valuation of a Stock Offering

Access the Create Offering Valuation page (Stock, Valuation, Create Offering Valuation, Create Offering Valuation).



Create Offering Valuation

Create Offering Valuation

Stock ID:	KU1UEN	United Enterprises Stock
Stock Plan Type:	Purchase Plan	
Stock Plan:	KU1ESPP99	1999 Stock Purchase Plan
Offering ID:	KU2000	2000 Offering Period

*Valuation ID: KUMH Multiple Method with High Vol Create Valuation

Valuation Periods — Customize | Find | First 1-4 of 4 Last

Begin Date	End Date	Grant FMV	Grant Price	Expected Life	Volatility	Interest Rate	Dividend Rate	Value Per Share
01/01/2000	06/30/2000	$19.313000	$16.416050	0.495890	0.450000	5.100000	0.015000	$5.473274
01/01/2000	12/31/2000	$19.313000	$16.416050	1.000000	0.450000	5.100000	0.015000	$6.604995
01/01/2000	06/30/2001	$19.313000	$16.416050	1.495890	0.450000	5.100000	0.015000	$7.462347
01/01/2000	12/31/2001	$19.313000	$16.416050	2.000000	0.450000	5.200000	0.015000	$8.203711

Contribution Worksheet

Grant Date	Purchase Period	Estimated Contributions	Actual Contributions
01/01/2000	01/01/2000 - 06/30/2000	$8,000.000000	$0.000000
01/01/2000	07/01/2000 - 12/31/2000	$8,000.000000	$0.000000
01/01/2000	01/01/2001 - 06/30/2001	$8,500.000000	$0.000000
01/01/2000	07/01/2001 - 12/31/2001	$8,500.000000	$0.000000

To run the Valuation process for a stock offering:

1. Select the Valuation ID.
2. Enter the estimated contribution for each purchase period.

   The Contribution Worksheet group box lists, for each grant date with an offering, the purchase periods to be processed. At the beginning of an offering, enter the total estimated contributions for each purchase period that is associated with the grant. You can use the Estimate Contributions report to help determine the figures that you enter. The Actual Contributions field displays any actual contributions that have been made for each grant date/purchase period combination that is confirmed.

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3. Click the Create Valuation button to begin the process.

   The Valuation Periods group box displays the results of the Valuation process.

Identifying Missing Valuation Records

This section provides an overview of missing valuation records and lists the page that you use to identify missing records.

See Also

Appendix B, "Stock Administration Reports," page 307

Missing Valuation Records

After you run the valuation process for stock options or stock purchases, generate a Valuation Audit report to identify any missing valuation records.

- For stock options, the report lists all stock options that have no valuation record for the specified valuation method.
- For stock purchases, the report lists all active stock offerings for the selected stock that have no valuation record for the specified valuation method.

Page Used to Identify Missing Valuation Reports

Page Name	*Definition Name*	*Navigation*	*Usage*
Valuation Audit Report	ST_RUNCTL_STFS004	Stock, Valuation, Valuation Audit Report	Generates the Valuation Audit report that identifies stock options and stock purchases that are dated after the FAS 123 Disclosure date that do not contain a valuation record.

Expensing Stock Options

This section provides overviews of expense option types, estimating forfeitures, and repricing awards and discusses how to run the FAS 123 Option Expense report.

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Option Expense Types

In compliance with FAS 123R, PeopleSoft Stock Administration allows you to use four combinations of accounting distribution and valuation methods to expense options:

- Single valuation method with ratable distribution.
- Single valuation method with straight-line distribution.
- Multiple valuation method with ratable distribution.
- Multiple valuation method with straight-line distribution.

Note. PeopleSoft Stock Administration does not support the accelerated attribution method for expensing options.

Estimating Forfeitures

Under FAS 123R, stock option grant expenses must initially be calculated using a forfeiture estimation and the expense recorded must later be reconciled based on actual forfeiture outcomes. When a grant vests, the total of expenses taken over time must be equal to the grant's value. Similarly, if an employee terminates or otherwise forfeits an unvested grant, the total of expenses taken over time must be equal to zero. In every expense period, the expense to date for some grants will be based on a forfeiture estimate, while the expense-to-date for others will not because they reflect vesting and forfeiture events in the period.

The Estimated Annual Forfeiture Rate is used to estimate the annual percentage of currently unvested, granted shares that are expected to be forfeited prior to vesting. The rate can be changed from period to period based on experience and events in order to maintain estimation accuracy. The system assumes that the full estimated forfeiture percentage applies at the beginning of the life of a grant and then decreases towards zero as the grant's vest date approaches in order to accurately calculate the estimated rate.

Expensing Repriced Awards

Under FAS 123R, expenses for repriced shares are calculated using a fixed amount of additional expense.

The incremental cost for repriced awards is the excess, if any, of the fair value of the modified (new) award over the fair value of the original (cancelled) award immediately before its terms are modified. When re-valuing the original award at the cancellation date, the term is based on the remaining original term.

Example

To illustrate how repricing expenses are calculated under FAS 123R for both the original and replacement options, use the example of Worldwide Enterprises Corporation, which grants options having a fair market value of $1,500,000 on January 1, 2007. The options are scheduled to 100% vest on December 31, 2009. Worldwide Enterprises' stock price subsequently declines and by December 31, 2007, the options are underwater. On that date, Worldwide Enterprises reprices the options by canceling them and granting replacement options priced at the current market value of the stock.

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The repricing expense for Worldwide Enterprises under FAS 123R are determined as of the date the replacement options are granted and, except for forfeitures, are not adjusted further. Since the repricing occurs one-third of the way through the service period, assume that the company has already recorded $500,000 in expenses to date for the underwater options. Worldwide Enterprises must continue to record the remaining $1,000,000 expense for the underwater options. In addition, the company must determine the incremental expense for the replacement options.

The incremental expense is the difference between the fair market value of the replacement options and the underwater options at the time they are cancelled. In this example, assume that the fair market value of the replacement options is $600,000, and that of the cancelled underwater options is $200,000. The incremental expense is $400,000 ($600,000 - $200,000). Worldwide Enterprises records a total expense of $1,900,000 (the original option expense of $1,500,000 plus the $400,000 incremental expense for the replacement options). Since the company has already recorded $500,000 of the original expense before the repricing, it records an expense of $1,400,000 over the service period of the replacement options.

Page Used to Run the FAS 123 Option Expense Report

Page Name	*Definition Name*	*Navigation*	*Usage*
FAS 123 Option Expense	ST_RUNCTL_STFS007	Stock, Valuation, FAS 123 Option Expense	Run the FAS 123 Option Expense report (STFS007) to calculate option expenses.

Running FAS 123 Expense Reports

Access the FAS 123 Option Expense page (Stock, Valuation, FAS 123 Option Expense).

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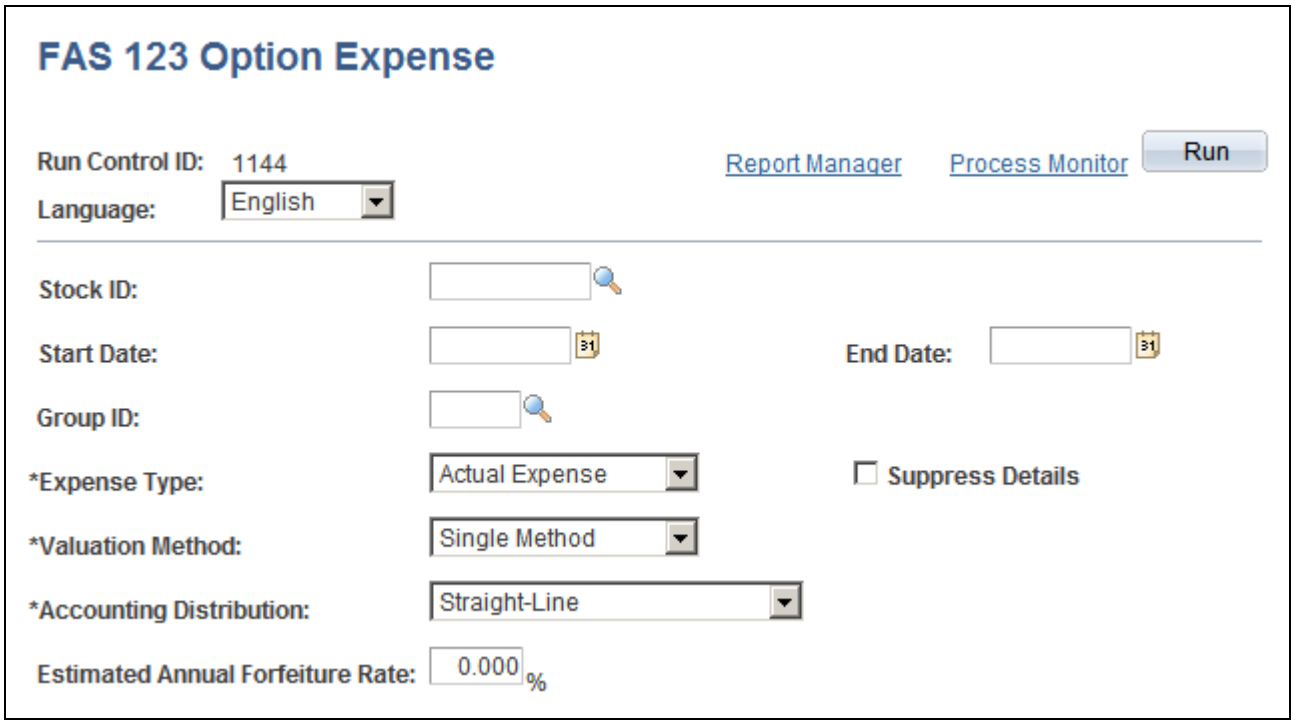

FAS 123 Option Expense page

Start Date and **End Date** Enter the beginning date and ending date for the expense period for which the report is to be run. The date will determine which grants are included in the report. The system does not include in the report grants that are fully vested before the start date or grants with a grant date later than the end date.

Important! Run separate reports for the period that you use APB 25 as your accounting standard and the period that you use FAS 123 as your accounting standard. Running the report for dates that straddle the two accounting standards does not produce appropriate results.

Expense Type Select the expense type: *Actual Expense, Actual Expense/Proforma Expense,* or *Proforma Expense.*

Suppress Details Select this check box to limit the fields displayed in the report.

Valuation Method Select the method used to calculate the value of shares within a grant:

- *Single Method:* Uses one valuation for all shares within a grant.
- *Multiple Method:* Uses different valuations for each valuation period.

Accounting Distribution Select the distribution method used to calculate attribution expenses:

- *Straight-Line:* The entire grant is expensed in a straight-line fashion.
- *Ratable:* Each vesting tranche is expensed in a straight-line fashion, which accelerates expenses.

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Estimated Annual Forfeiture Rate	The estimated percentage of shares per year that will likely not vest over the life of the grant.

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Chapter 23

Using Stock Administration Self-Service

This chapter provides an overview of Stock Administration self-service and discusses how to:

- View and enter issuance instructions.
- View stock option information.
- View stock option activity information.
- View stock purchase activity.
- Report stock sales.
- View employee stock options.

Understanding Stock Administration Self-Service

This section discusses:

- Self-service components.
- Self-service roles and security.

Stock Administration Self-Service Components

The Stock Administration self-service transactions interact with Human Resources. These transactions enable employees to view and update their stock information. An additional transaction enables managers to view information about employees' grants and vesting details.

- Issuance Instructions enables employees to enter and view issuance information for each stock ID. They can view the details of issuance instructions and select broker or certificate issuance for stock options and stock purchase plans.
- View Stock Options enables employees to view a summary of active stock option grants, see the shares that are currently available for exercise, and view detailed vesting information for each active grant. They can view information as of today's date or enter a past or future date. If employees have grants in multiple stock IDs, they can switch to a different stock ID to view that summary information.
- View Stock Purchase Activity enables employees to view details of their contributions, purchases, and sales. They can view transactions as of today's date or for a date range. They can also print receipts and statements.

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- Report Stock Sales enables employees to record stock dispositions (sales) and cancel pending dispositions. They can enter new dispositions, view the details of pending dispositions, and cancel pending dispositions.
- View Employees' Stock Options enables managers to view information about all active grants, along with vesting details, for a selected employee. Managers can view information as of today's date or enter a past or future date. By adding further information, managers can determine net potential gain.

Stock Administration Self-Service Roles and Security

This section discusses how to specify the information that an employee can access.

Specifying the Information That An Employee Can Access

Self-service transactions are targeted to specific roles, such as applicant, employee, faculty, manager, and optionee. These roles help determine:

- The transactions that an employee can access.
- The data that an employee can access.

User profiles determine the default access to transactions. You create user profiles on the Maintain Security page in the User Profile component. You assign a role to each user profile.

Profiles are linked to access control lists. Each access control list identifies the pages that users can access. To modify access to specific web pages for each role, you modify the access control list.

User profiles also control the data that each employee can access.

See Also

Enterprise PeopleTools PeopleBook: Security Administration

Viewing and Entering Issuance Instructions

This section lists the pages used to review and enter issuance instructions.

Pages Used to View and Enter Issuance Instructions

Page Name	*Definition Name*	*Navigation*	*Usage*
Issuance Instructions	ST_ISSUANCE_OPT	Self-Service, Stock Activity, Issuance Instructions	Employees and optionees view, add, and edit issuance instructions.

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Page Name	*Definition Name*	*Navigation*	*Usage*
Portfolio	ST_PORTFOLIO	Click the Portfolio link on the Issuance Instructions page.	View different stock in a portfolio. This is only available if there are multiple stocks for the employee.
Brokerage Information	ST_ISSUANCE_BRK	Click a Stock Plan Type link on the Issuance Instructions page.	View brokerage instructions.
Certificate Information	ST_ISSUANCE_CNT	Click the Add an Issuance Instruction button on the Issuance Instructions page. Select a stock plan type, and select the Issuance Type *Certificate.* Then click the Continue button. Enter information on the Enter Issuance Instructions page, and click the Save button. Click the OK button on the Save Confirmation page.	View certificate instructions.
Choose Stock Plan Type and Issuance Type	ST_ISSUANCE_ADD	Click the Add an Issuance Instruction button on the Issuance Instructions page.	Enter the stock plan type, effective date, and issuance type for the issuance instructions.
Company and Stock Information	ST_COMPANY_DETAIL	Click the Company Stock Information link on one of the following pages: • Issuance Instructions • Stock Option • Stock Option Activity • Stock Purchase Activity • Shares Available to Sell • Stock Options Summary	View information about the company and stock.
Change Issuance Type	ST_ISSUANCE_EDIT	Click the Edit button on the Issuance Instructions page.	Change the issuance type in the issuance instructions.
Change Issuance Instructions - Certificate	ST_ISSUANCE_EDIT_C	Click the Continue button on the Change Issuance Type page, where the issuance type is certificate.	Change certificate issuance instructions.

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Page Name	Definition Name	Navigation	Usage
Enter Issuance Instructions: Certificate	ST_ISSUANCE_EDIT_C	Click the Add an Issuance Instruction button on the Issuance Instructions page. Select a stock plan type, and select the Issuance Type *Certificate*. Then click the Continue button.	Enter certificate issuance instructions.
Change Issuance Instructions: Broker	ST_ISSUANCE_EDIT_B	Click the Edit button on the Issuance Instructions page, where the issuance type is broker, to access the Change Issuance Type page. Select the *Broker* option, and then click the Continue button.	Change broker information.

Viewing Stock Option Information

This section provides an overview of the pages used to view stock option information and lists these pages.

Understanding the Pages Used to View Stock Option Information

Employees use the Stock Option Summary pages to:

- View a summary of active stock option grants.
- See the shares that are currently available for exercise.
- View detailed vesting information for each active grant.
- View information on potential net gains.

Employees can view information as of today's date or a past or future date. Employees with multiple stock IDs can switch to a different stock ID to view the summary information for that stock.

Pages Used to View Stock Option Information

Page Name	Definition Name	Navigation	Usage
Stock Option Summary	ST_GRANT_SUMM_OPT	Self-Service, Stock Activity, Stock Option Summary	View a summary of stock option grants as of a specified date.

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Page Name	*Definition Name*	*Navigation*	*Usage*
Stock Option Information	ST_GRANT_DETAIL	Click the Grant Number link on the Stock Option Summary page.	View details of a stock option grant.
Vesting Schedule	ST_GRANT_VEST_SS	Click the Vesting Schedule link on the Stock Option Information page.	View the vesting schedule for a selected grant.
Calculate Potential Gain	ST_GRANT_MODEL1	Click the Calculate Potential Gain link on the Stock Option Summary page.	Calculate an employee's potential net gain.
Stock Options Position	ST_GRANT_MODEL3	Click the Calculate Gain button on the Calculate Potential Gain page. Enter information on the Calculate Potential Gain page, and then click the Calculate Gain button.	View results of the potential net gain calculation.
Exercisable Gain Chart	ST_SHARES_CHART	Click the Go To link at the bottom of the Stock Option Positions page.	View a chart of current exercisable net gain plus 24 months of future vesting net gain. **Note.** The Go To link at the bottom of the Stock Options Positions page is Exercisable Net Gain if a tax rate is entered or Exercisable Gain Chart if no tax is entered.
Shares Exercisable Chart	ST_SHARES_CHART	Click the Shares Exercisable Chart link on the Stock Option Summary page.	View a chart of current exercisable shares plus 24 months of future vested shares.

Viewing Stock Option Activity Information

This section provides an overview of the pages used to view stock option activity information and lists these pages.

Understanding the Pages Used to View Stock Option Activity Information

Employees use the Stock Option Activity pages to view stock option activity over a specified period of time. This activity includes exercises, releases, sales, cancellations and expirations, repurchases, and stock splits.

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Employees can view information from the grant date of the first active stock option through today's date or for a specified range of dates. Employees with multiple stock IDs can switch to a different stock ID to view that activity.

Pages Used to View Stock Option Activity Information

Page Name	*Definition Name*	*Navigation*	*Usage*
Stock Option Activity	ST_OPTN_ACTIVITY	Self-Service, Stock Activity, Stock Option Activity	View the stock option activity by clicking links to other pages.
Change Date Range	ST_DATE_RANGE	Click the date range link on the Stock Option Activity page.	Change dates for stock option or stock purchase activity.
Shares Granted	ST_GRANT_ACTIVITY	Click the Shares Granted link on the Stock Option Activity page.	View details about the shares granted.
Shares Exercised	ST_EXER_ACTIVITY	Click the Shares Exercised link on the Stock Option Activity page.	View details about the shares exercised.
Shares Released	ST_REL_ACTIVITY	Click the Shares Released link on the Stock Option Activity page.	View details about the shares released.
Shares Sold	ST_SALE_ACTIVITY	Click the Shares Sold link on the Stock Option Activity page.	View details about the shares sold.
Shares Repurchased	ST_REPUR_ACTIVITY	Click the Shares Repurchased link on the Stock Option Activity page.	View details about the shares repurchased. **Note.** A link to this page appears only if shares were repurchased.
Shares Cancelled/Expired	ST_CANCEL_ACTIVITY	Click the Shares Cancelled/Expired link on the Stock Option Activity page.	View details about the shares cancelled and expired. **Note.** A link to this page appears only if shares were cancelled or expired.

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Page Name	Definition Name	Navigation	Usage
Stock Split History	ST_STOCK_SPLIT	Click the Stock Split History link on the Stock Option Activity page or the Stock Purchase Activity page.	View the history of a stock split. **Note.** A link to this page appears only if stock shares were split.

Viewing Stock Purchase Activity

This section provides an overview of the pages used to view stock purchase activity and lists these pages.

Understanding the Pages Used to View Stock Purchase Activity

Employees use the Stock Purchase Activity pages to view the details of shares purchased and sold. Employees can view transactions as of today's date or for a specified range of dates.

Pages Used to View Stock Purchase Activity

Page Name	Definition Name	Navigation	Usage
Stock Purchase Activity	ST_ESPP_ACTIVITY	Self-Service, Stock Activity, Stock Purchase Activity	View the stock purchase activity by clicking links to other pages.
Shares Purchased	ST_PURCH_ACTIVTY	Click the Shares Purchased link on the Stock Purchase Activity page.	View details about the shares purchased. **Note.** A link to this page appears only if shares were purchased.
Shares Sold	ST_ESPP_ACT_SALE	Click the Shares Sold link on the Stock Purchase Activity page.	View details about the shares sold. **Note.** A link to this page appears only if shares were sold.

Reporting Stock Sales

This section provides an overview of the pages used to report stock sales and lists these pages.

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Understanding the Pages Used to Report Stock Sales

Typically, companies require that employees report sales of stock acquired through company stock plans. This enables the companies to receive any applicable tax deductions. Employees can use the Report Stock Sales pages to enter new dispositions, view the details of pending dispositions, and cancel pending dispositions.

Pages Used to Report Stock Sales

Page Name	*Definition Name*	*Navigation*	*Usage*
Shares Available to Sell	ST_SHARES_AVAIL	Self-Service, Stock Activity, Report Stock Sales	View the shares available to sell, and report a stock sale.
List of All Stock Sales	ST_SALES_SUMMARY	Click the List of All Stock Sales link on the Shares Available to Sell page.	View a list of all stock sales.
Enter Sale Information	ST_EXERCISE_SALE	Click the Report Sale button for the share source Option Exercise on the Shares Available to Sell page. Click the Edit button on the List All Stock Sales page where the share source is option exercise.	Report sales of option exercise shares.
Enter Sale Information - Restricted Release	ST_RELEASE_SALE	Click the Report Sale button for the share source Restricted Release on the Shares Available to Sell page. Click the Edit button on the List of All Stock Sales page, where the share source is restricted release.	Report sales of released shares.
Enter Sale Information - Stock Purchase	ST_ESPP_SALE	Click the Report Sale button for the share source Stock Purchased on the Shares Available to Sell page. Click the Edit button on the List of All Stock Sales page, where the share source is stock purchase.	Report sales of stock purchase shares.
Save Confirmation	EO_SAVE_CONFIRM	Click the Save button on one of the Enter Sale Information pages.	Confirm that the stock sale was recorded.

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Page Name	Definition Name	Navigation	Usage
Delete Confirmation	EO_DEL_CONFIRM	Click the Delete button on the List of All Stock Sales page.	Confirm that you want to delete a stock sale.

Viewing Employee Stock Options

This section provides an overview of the pages used to view employee stock options and lists these pages.

Understanding the Pages Used to View Employee Stock Options

Managers use the Employee Stock Option pages to view information about all active grants and vesting details for selected employees, who must be direct reports. Managers can view information as of today's date or for a past or future date. By adding further information, managers can also determine an employee's potential net gain.

Pages Used to View Employee Stock Options

Page Name	Definition Name	Navigation	Usage
Employee Stock Options - Select Employee	OPRROWS	Manager Self Service, Compensation and Stock, Employee Stock Option Summary	View an employee's stock option information.
Stock Option Summary	ST_GRANT_SUMM_MGR	Click an employee name on the Employee Stock Options: Select Employee page.	View a summary of an employee's stock option information.
Calculate Potential Gain	ST_GRANT_MODEL1	Click the Calculate Potential Gain link on the Stock Option Summary page.	Calculate an employee's potential net gain.
Stock Option Position	ST_GRANT_MODEL2	Click the Calculate Gain button on the Calculate Potential Gain page.	View the results of the potential net gain calculation.
Unvested New Gain Chart	ST_SHARES_CHART	Click the Unvested Net Gain Chart link on the Stock Option Summary page.	View an employee's unvested shares.
Unvested Chart	ST_SHARES_CHART	Click the Shares Unvested Chart link on the Stock Option Summary page.	View a chart of the unvested shares.

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Appendix A

Delivered Workflow for Stock Administration

This appendix discusses the workflow for Stock Administration.

See Also

PeopleSoft Enterprise HRMS 9.1 Application Fundamentals PeopleBook, "Delivered Workflows for PeopleSoft HRMS"

Enterprise PeopleTools PeopleBook: Workflow Technology

Enterprise PeopleTools PeopleBook: Using PeopleSoft Applications

Delivered Workflow for Stock Administration

This section discusses the Stock Administration work list workflow.

Stock Action Work List

This section discusses the stock action work list workflow.

Description

Event Description	When a change is made to an employee's Job record, if the action added or changed matches the Stock Action list (defined in Stock Action Reasons), then a worklist item is sent to the Stock Administrator to take appropriate action.
Action Description	When you select the worklist entry, the system transfers you to the Transaction Maintenance page, where you can view and process the action. The system will collect all applicable grants and process option modifications based on the stock action rules defined.
Notification Method	Email and Worklist

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Workflow Objects

Event	JOB_DATA
Workflow Action	Manual
Role	Stock Administrator
Email Template	Stock Admin
Business Process	Trigger_Stock_Event
Business Activity	Stock_Action
Business Event	Stock_Action_List

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Appendix B

Stock Administration Reports

This appendix provides an overview of Stock Administration reports and enables you to:

- View summary tables of all reports.
- View report details and source records.

Note. These reports are only for stock administration use. If you want to distribute these reports to plan participants or others outside of your stock administration organization, consult with your information system security administrator.

For samples of these reports, see the PDF files published on CD-ROM with your documentation (for online users) or the PeopleSoft HRMS Reporting Tools (for hard copy users).

See Also

Enterprise PeopleTools PeopleBook: PeopleSoft Process Scheduler

Stock Administration Reports: A to Z

These tables list the Stock Administration reports, sorted alphanumerically by report ID.

General Stock Administration Reports Using the Common Run Control Page

Report ID and Report Name	*Description*	*Navigation*	*Run Control Page*
STSU001 Governing Body Rules	View governing body information.	Set Up HRMS, Product Related, Stock, Foundation Rules, Governing Body Rules Rpt	PRCSRUNCNTL
STSU002 Exchange Table	View Exchange Table information.	Set Up HRMS, Product Related, Stock, Foundation Rules, Exchange Table Rpt	PRCSRUNCNTL

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Report ID and Report Name	Description	Navigation	Run Control Page
STSU003 Transfer/Escrow Agency	View transfer and escrow agency information.	Set Up HRMS, Product Related, Stock, Foundation Rules, Transfer/Escrow Agency	PRCSRUNCNTL
STSU004 Brokerage Table	View Brokerage Table information.	Set Up HRMS, Product Related, Stock, Foundation Rules, Brokerage Table Rpt	PRCSRUNCNTL
STSU006 FMV Method Table	View FMV Method Table information.	Set Up HRMS, Product Related, Stock, Foundation Rules, FMV Method Table Rpt	PRCSRUNCNTL
STSU026 Process Groups	View process group information.	Set Up HRMS, Product Related, Stock, Foundation Rules, Process Groups Rpt	PRCSRUNCNTL
STSU017 Stock Agent Detail	View Stock Agent Table information.	Set Up HRMS, Product Related, Stock, Stock Rules, Stock Agent Report	PRCSRUNCNTL
STSU018 Stock Branch Detail	View Stock Branch Table information.	Set Up HRMS, Product Related, Stock, Stock Rules, Stock Branch Report	PRCSRUNCNTL
STSU019 Stock Detail	View stock detail information.	Set Up HRMS, Product Related, Stock, Stock Rules, Stock Detail Report	PRCSRUNCNTL
STSU008 Stock Exchange	View Stock Exchange Table information.	Set Up HRMS, Product Related, Stock, Stock Rules, Stock Exchange Report	PRCSRUNCNTL
STSU012 Stock Agreement	View Stock Agreement Table information.	Set Up HRMS, Product Related, Stock, Stock Rules, Stock Agreement Report	PRCSRUNCNTL
STSU010 Stock Legend	View Stock Legend Table information.	Set Up HRMS, Product Related, Stock, Stock Rules, Stock Legend Report	PRCSRUNCNTL
STSU014 Stock Blackout	View stock blackout information.	Set Up HRMS, Product Related, Stock, Stock Rules, Stock Blackout Report	PRCSRUNCNTL
STSU015 Stock Treasury	View Stock Treasury Table information.	Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Treasury Report	PRCSRUNCNTL

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Report ID and Report Name	Description	Navigation	Run Control Page
STSU016 Stock Plan	View Stock Plan Table information.	Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Plan Report	PRCSRUNCNTL
STSU024 Stock Allocation	View Stock Allocation Table information.	Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Class Report	PRCSRUNCNTL
STSU013 Stock Split Information	View stock split information.	Stock, Stock Splits, Stock Split Report	PRCSRUNCNTL

Stock Option Reports Using the Common Run Control Page

Report ID and Report Name	Description	Navigation	Run Control Page
STSU005 Tax Information	View tax information.	Set Up HRMS, Product Related, Stock, Option Plans, Tax Information Report	PRCSRUNCNTL
STSU021 Vesting Schedule	View vesting schedule information.	Set Up HRMS, Product Related, Stock, Option Plans, Vesting Schedule Report	PRCSRUNCNTL
STSU011 Stock Fiscal Year	View stock fiscal year information.	Set Up HRMS, Product Related, Stock, Option Plans, Stock Fiscal Year Report	PRCSRUNCNTL
STSU020 Stock Option Plan Rules	View stock option plan rules information.	Set Up HRMS, Product Related, Stock, Option Plans, Stock Option Plan Rules Rpt	PRCSRUNCNTL
STSU025 Grant Reason	View Grant Reason Table information.	Set Up HRMS, Product Related, Stock, Option Plans, Grant Reason Report	PRCSRUNCNTL
STSU009 Stock Reprice	View stock reprice information.	Stock, Option Reprices, Repricing Report	PRCSRUNCNTL

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Stock Purchase Reports Using the Common Run Control Page

Report ID and Report Name	*Description*	*Navigation*	*Run Control Page*
STSU022 Stock Purchase Plan Rules	View stock purchase plan rules information.	Set Up HRMS, Product Related, Stock, Purchase Plans, Stock Purch Plan Rules Rpt	PRCSRUNCNTL
STSU023 Offering/Purchase Periods	View offering and purchase period information.	Set Up HRMS, Product Related, Stock, Purchase Plans, Offering/Purchase Periods Rpt	PRCSRUNCNTL
STSU027 Hold Reason Table	View Hold Reason Table information.	Set Up HRMS, Product Related, Stock, Purchase Plans, Hold Reason Table Rpt	PRCSRUNCNTL

General Stock Administration Reports

Report ID and Report Name	*Description*	*Navigation*	*Run Control Page*
STSU007 Daily Prices	Reports the daily prices for a given stock ID and within a given date range.	Stock, Daily Prices, Daily Prices Report	ST_RUNCTL_STSU007
STOK001 Stock Activity Details	Reports details of stock activity.	Stock, Option Reports, Statements/Receipts, Stock Activity Details Stock, Purchase Reports, Statements/Receipts, Stock Activity Details	ST_RUNCTL_STOK001
STOK002 Stock Activity Summary	Provides a summary of stock activity.	Stock, Option Reports, Statements/Receipts, Stock Activity Summary Stock, Purchase Reports, Statements/Receipts, Stock Activity Summary	ST_RUNCTL_STOK002

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Stock Option Reports

Report ID and Report Name	*Description*	*Navigation*	*Run Control Page*
STOPMSG Message Report - Variable Comp	Shows processing messages.	Stock, Grants, Variable Comp Message Report	ST_RUNCTL_STOPMSG
STOP035 Reprice Election Forms	Produces election forms for optionees to sign to accept a stock reprice. You must first run the Reprice Eligibility for the Reprice ID.	Stock, Option Reprices, Create Reprice Election Forms	ST_RUNCTL_REPRC2
STOP009 Options Exercise Receipts	Shows detailed information about an exercise. You can send this report to an optionee when you complete the exercise.	Stock, Option Reports, Statements/Receipts, Exercise Receipts	ST_RUNCTL_STOP009
STOP010 Options Release Receipts	Shows detailed information about a release. You can send this report to an optionee when you complete the release.	Stock, Option Reports, Statements/Receipts, Release Receipts	ST_RUNCTL_STOP010
STOP011 Options Repurchase Receipts	Shows detailed information about a repurchase. You can send this report to an optionee when you complete the repurchase.	Stock, Option Reports, Statements/Receipts, Repurchase Receipts	ST_RUNCTL_STOP011
STOP023 Options Disposition Receipts	Shows detailed information about a disqualified disposition. You can send this to an optionee to use with income reported on the W-2 form.	Stock, Option Reports, Statements/Receipts, Disposition Receipts	ST_RUNCTL_STOP023
STOP002 Options Shares Granted	Shows the options granted during a specified date range. Use this to verify data entry, prepare the annual report, prepare forms 10-K and 10-Q, and reconcile the plan summary.	Stock, Option Reports, Grant Transactions, Shares Granted	ST_RUNCTL_STOP002

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Report ID and Report Name	*Description*	*Navigation*	*Run Control Page*
STOP003 Options Shares Exercised	Shows the options exercised during a specific date range. Use this report to verify data entry, prepare the annual report, prepare forms 10-K and 10-Q, and reconcile the plan summary.	Stock, Option Reports, Grant Transactions, Shares Exercised	ST_RUNCTL_STOP003
STOP004 Option Shares Released	Shows the options released during a specific date range.	Stock, Option Reports, Grant Transactions, Shares Released	ST_RUNCTL_STOP004
STOP006 Option Shares Repurchased	Shows options repurchased during a specific date range.	Stock, Option Reports, Grant Transactions, Shares Repurchased	T_RUNCTL_ STOP006
STOP015 Options Transfer Agent Instn exercises (options transfer agent instruction exercises)	Shows all option exercises confirmed within a specified date range. This report summarizes the information required by your transfer agent for the issuance of stock certificates.	Stock, Option Reports, Agent/Broker, Transfer Agent Instructions	ST_RUNCTL_STOP015
STOP016 Options Transfer Agent Instn Repurchase (options transfer agent instructions repurchase)	Shows all option repurchases confirmed within a specified date range. It summarizes the information required by your transfer agent for the issuance of stock certificates.	Stock, Option Reports, Agent/Broker, Transfer Agent Instructions	ST_RUNCTL_STOP015
STOP017 Options Transfer Agent Instn Releases (options transfer agent instructions releases)	Shows all option releases confirmed within a specified date range. It summarizes the information required by your transfer agent for the issuance of stock certificates.	Stock, Option Reports, Agent/Broker, Transfer Agent Instructions	ST_RUNCTL_STOP015
STOP018 Options Broker Deposits Exercises	You must have entered an exercise or release for which the shares issued are to be deposited with the stockbroker.	Stock, Option Reports, Agent/Broker, Broker Deposits	ST_RUNCTL_STOP018

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Report ID and Report Name	Description	Navigation	Run Control Page
STOP018A Options Broker Deposits Releases	Lists all exercises confirmed within a specific date range for which the shares are to be delivered to the stockbroker.	Stock, Option Reports, Agent/Broker, Broker Deposits	ST_RUNCTL_STOP018
STOP018B Options Broker Deposits	Lists all releases confirmed within a specific date range for which the shares are to be delivered to the stockbroker.	Stock, Option Reports, Agent/Broker, Broker Deposits	ST_RUNCTL_STOP018
STOP019 Options Broker Invoices	Use to run the Options Broker Invoices report. You must have entered an exercise or release for which the payment method was Same Day Sale or Sell to Cover.	Stock, Option Reports, Agent/Broker, Broker Invoices	ST_RUNCTL_STOP019
STOP019A Options Broker Invoices - Exercises	Lists all same day sale and sell to cover exercises confirmed within a specified date range.	Stock, Option Reports, Agent/Broker, Broker Invoices	ST_RUNCTL_STOP019
STOP019B Options Broker Invoices - Releases	Lists all same day sale and sell to cover releases confirmed within a specified date range. It includes information required by the broker to distribute funds due to the company from the release.	Stock, Option Reports, Agent/Broker, Broker Invoices	ST_RUNCTL_STOP019
STOP007 Options Vesting Forecast	Shows the future vest dates for restricted exercises. Use this to plan when you can release restricted shares.	Stock, Option Reports, Grant Transactions, Restricted Vesting Forecast	ST_RUNCTL_STOP007
STOP005 Options Shares Cancelled	Lists all options canceled during a specified date range.	Stock, Option Reports, Grant Transactions, Shares Cancelled	ST_RUNCTL_STOP005
STOP008 Shares Subject to Repurchase	Lists all shares that were exercised before vest but have not been released as of the specified date.	Stock, Option Reports, Grant Transactions, Subject to Repurchase	ST_RUNCTL_STOP008
STOP001 Option Plan Summary	Lists all plan activity that occurred during the specified date range.	Stock, Option Reports, Regulatory, Plan Summary Stock, Purchase Reports, Regulatory, Plan Summary	ST_RUNCTL_STES001

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Report ID and Report Name	Description	Navigation	Run Control Page
STOP012 Options Income/Taxes	Lists W-2 income and taxes from an exercise or release when your system is not integrated with Payroll for North America.	Stock, Option Reports, Reconciliation, Income/Taxes	ST_RUNCTL_STOP012
STOP013 Options Income/Tax Reversals	Lists all voided exercises and releases for which you calculated W-2 income and taxes.	Stock, Option Reports, Reconciliation, Income/Tax Reversals	ST_RUNCTL_STOP012
STOP020 ISO Dispositions to Payroll	Lists all W-2 income generated from disqualifying dispositions not reported through Payroll for North America.	Stock, Option Reports, Reconciliation, ISO DD to Payroll	ST_RUNCTL_STOP020
STOP021 ISO Disposition Reversals to Payroll	Lists all voided disqualifying dispositions for which W-2 income that was calculated was sent to payroll.	Stock, Option Reports, Reconciliation, ISO DD to Payroll Reversals	ST_RUNCTL_STOP020
STOP022 ISO Dispositions to Accounting/Tax	Lists all disqualifying dispositions processed within the specified date range.	Stock, Option Reports, Reconciliation, ISO DD to Acctg/Tax	ST_RUNCTL_STOP022
STRR001 Potential Diluted - Detail	Lists the details of the potential diluted shares outstanding calculation.	Stock, Option Reports, Regulatory, Potential Diluted	ST_RUNCTL_STRR001
STRR001 Potential Diluted - Summary	Summarizes the potential dilutive option shares outstanding calculation. It displays the dilutive and antidilutive values that used in the earnings per share calculation.	Stock, Option Reports, Regulatory, Potential Diluted	ST_RUNCTL_STRR001
STRR003 Common Stock Transactions - Detail	Lists the option shares and stock purchase shares issued during the period.	Stock, Option Reports, Regulatory, Common Transactions	ST_RUNCTL_STRR003
STRR005 ISO Limit	Lists, by optionee, the amount of the $100,000 ISO limit used each year for every ISO grant and shows the remaining available value for each year.	Stock, Option Reports, Regulatory, ISO Limit	ST_RUNCTL_STRR005

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Stock Purchase Reports with Common Run Control Page

Report ID and Report Name	*Description*	*Navigation*	*Run Control Page*
STES014 Message	Shows processing messages.	Stock, Stock Purchases, Messages Report	ST_RUNCTL_STESPID
STES002A Participant Contributions	View contributions for audits and reconciliation.	Stock, Purchase Reports, Purchase, Contributions	ST_RUNCTL_STESPID
STES003 Currency Conversion	View the results of a currency conversion for audit and reconciliation.	Stock, Purchase Reports, Purchase, Currency Conversion	ST_RUNCTL_STESPID
STES005A Participants Without Purchase	Identifies participants who are participants in a period but did not purchase stock. Use this report to audit terminations and leaves of absence.	Stock, Purchase Reports, Purchase, Participants w/o Purchase	ST_RUNCTL_STESPID
STES004 Purchase Summary	View the results of the preliminary or final purchase process.	Stock, Purchase Reports, Purchase, Purchase Summary	ST_RUNCTL_STESPID

Stock Purchase Payroll Reports

Report ID and Report Name	*Description*	*Navigation*	*Run Control Page*
STES018 Refunds to Payroll	Lists refunds that must be processed manually by your payroll administrator.	Stock, Purchase Reports, Refund, Refunds to Payroll	ST_RUNCTL_STESRC1
STES007 Refund Reversals to Payroll	Lists refunds that you must reverse and must process manually.	Stock, Purchase Reports, Refund, Refund to Payroll Reversals	ST_RUNCTL_STESRC1
STES020 Dispositions to Payroll	Reports disqualifying dispositions and qualifying dispositions to payroll for W-2 reportable income.	Stock, Purchase Reports, Disposition, Dispositions to Payroll	ST_RUNCTL_STESRC1
STES017 Disposition Reversals	Reports errors sent to payroll that must be reversed.	Stock, Purchase Reports, Disposition, Dispostns to Payroll Reversals	ST_RUNCTL_STESRC1

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Report ID and Report Name	Description	Navigation	Run Control Page
STES016 Disposition Reconciliation	Lists dispositions entered for the purchased stock.	Stock, Purchase Reports, Disposition, Disposition Reconciliation	ST_RUNCTL_STESRC1

Additional Stock Purchase Reports

Report ID and Report Name	Description	Navigation	Run Control Page
STES001 Plan Summary	Lists all plan activity that occurred during the specified date range.	Stock, Option Reports, Regulatory, Plan Summary	ST_RUNCTL_STES001
STES010 Purchase Receipts	Displays a summary of purchases by participant. This statement is required by the IRS.	Stock, Purchase Reports, Statement/Receipts, Purchase Receipts	ST_RUNCTL_STES010
STES006 Refund/Carry-Forward	Reports back to pay groups the unused contributions after a purchase.	Stock, Purchase Reports, Refund, Refund/Carry Forward	ST_RUNCTL_STESPID
STES015 Grant Value Limit Detail	Use to audit participants for IRS grant value limit by corporate interpretation.	Stock, Purchase Reports, Regulatory, Purchase Limit Summary	ST_RUNCTL_STES015
STES008 Transfer Agent Instructions	Use to instruct the transfer agent to issue shares and adjust the plan balance.	Stock, Purchase Reports, Agent/Broker, Transfer Agent Instructions	ST_RUNCTL_STES008
STES009 Broker Deposits	Use to inform brokers of shares to be deposited into participants' accounts after a purchase. You must first purchase stock for which the issuance instruction is Broker.	Stock, Purchase Reports, Agent/Broker, Broker Deposits	ST_RUNCTL_STES009
STES013 Disposition Receipts	Reports a summary of dispositions. The statement is required by the IRS.	Stock, Purchase Reports, Statement/Receipts, Disposition Receipts	ST_RUNCTL_STES013
STES011 Disposition Survey	Use to survey participants about dispositions or to confirm a reported disposition. You must first purchase stock and have participants who have not reported dispositions.	Stock, Purchase Reports, Disposition, Surveys	ST_RUNCTL_STES011

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Stock Option and Stock Purchase Valuation Reports

Report ID and Report Name	*Description*	*Navigation*	*Run Control Page*
STFS002 Expected Volatility	Calculates the historical annualized volatility for a particular stock. This information is used by the Black Scholes model.	Stock, Valuation, Expected Volatility Report	ST_RUNCTL_STFS002
STFS004 Option Valuation Audit	Identifies stock options dated after the FAS 123 Disclosure date that do not contain a valuation record.	Stock, Valuation, Valuation Audit Report	ST_RUNCTL_STFS004
STFS006 Purchase Valuation Audit	Identifies stock purchases dated after the FAS 123 Disclosure date that do not contain a valuation record.	Stock, Valuation, Valuation Audit Report	ST_RUNCTL_STFS004

Stock Option Valuation and Disclosure Reports

Report ID and Report Name	*Description*	*Navigation*	*Run Control Page*
STFS001 Expected Life Years Analysis	Provides assistance in determining the expected term input for the Black-Scholes model.	Stock, Valuation, Expected Life Years Analysis	ST_RUNCTL_STFS001
STFS007 FAS 123 Option Expense	For the date range that you enter, calculates the FAS 123 option expense for the prior, current, and future periods.	Stock, Valuation, FAS 123 Option Expense	ST_RUNCTL_STFS007
STFS009 APB 25 Option Expense	For the date range that you enter, calculates the APB 25 option expense for the prior, current, and future periods. Includes discounted options only.	Stock, Valuation, APB 25 Expense	ST_RUNCTL_STFS009
STFS010 Variable Accounting Accrual	Calculates the accounting accruals for ISO/SAR, NQ/SAR, and repriced options as of the date you specify.	Stock, Valuation, Variable Accounting Accrual	ST_RUNCTL_STFS010

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Report ID and Report Name	Description	Navigation	Run Control Page
STFS011 Grant Valuation Report - Detail	Provides option valuation information for all options for a specified stock ID and date range. Also reports weighted averages.	Stock, Valuation, Grant Valuation Report	ST_RUNCTL_STFS011
STFS014 Outstanding/Exercisable by Price	Lists, by grant price, all options that are outstanding or exercisable for a given stock ID as of the date that you enter. Also provides assistance in determining the price ranges to use in the Disclosure Summary.	Stock, Option Reports, Grant Transactions, Outstand/Exercisable By Price	ST_RUNCTL_STFS014
STFS015 Disclosure Summary	Provides information required for the company financial report, which summarizes grant, exercise, cancellation, and expiration information for the period of time that you specify. Also reports fair market value information.	Stock, Option Reports, Regulatory, Disclosure Summary	ST_RUNCTL_STFS015

Stock Purchase Valuation and Disclosure Reports

Report ID and Report Name	Description	Navigation	Run Control Page
STFS005 Estimate Contributions	For each employee associated with the stock plan and offering ID that you select, the report lists the grant date, purchase date, and total actual contributions for confirmed stock purchases.	Stock, Valuation, Estimate Contributions Report	ST_RUNCTL_STFS005
STFS008 FAS 123 Purchase Expense	Running this report calculates the purchase expense for the prior, current, and future periods, depending on the date range entered.	Stock, Valuation, FAS 123 Purchase Expense	ST_RUNCTL_STFS004
STFS012 Stock Purchase Valuation Report - Details	Provides purchase valuation information for a stock ID and stock plan.	Stock, Valuation, Offering Valuation Report	ST_RUNCTL_STFS011

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