

PeopleSoft 8.3 Stock Administration PeopleBook

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About the HRMS PeopleBooks

The HRMS PeopleBooks provide you with the information you will need for implementing and using PeopleSoft Human Resources Management System (HRMS) products.

This section describes information you should know before you begin working with PeopleSoft products and documentation, including PeopleSoft-specific documentation conventions, information specific to the PeopleSoft HRMS product line, how to order additional copies of our documentation, and so on.

Before You Begin

To benefit fully from the information covered in these books, you need to have a basic understanding of how to use PeopleSoft applications. We recommend that you complete at least one PeopleSoft introductory training course.

You should be familiar with navigating around the system and adding, updating, and deleting information using PeopleSoft windows, menus, and pages. You should also be comfortable using the World Wide Web and the Microsoft® Windows or Windows NT graphical user interface.

Because we assume you already know how to navigate the PeopleSoft system, much of the information in these books is not procedural. That is, it does not typically provide step-by-step instructions on using tables, pages, and menus. Instead, we provide you with all the information you need to use the system most effectively and to implement your PeopleSoft application according to your organizational or departmental needs. These books expand on the material covered in PeopleSoft training classes.

PeopleSoft Application Fundamentals for HRMS PeopleBook

The individual HRMS PeopleBooks provide you with implementation and processing information for the individual HRMS products. However, there is additional, essential information describing the setup and design of each HRMS product contained in the companion volume of documentation called *PeopleSoft Application Fundamentals for HRMS PeopleBook.*

The *PeopleSoft Application Fundamentals for HRMS PeopleBook* consists of important topics that apply to many or all PeopleSoft applications across the HRMS product line. Whether you are implementing a single HRMS product, some combination of products within the product line, or the entire PeopleSoft HRMS system, you should be familiar with the contents of this central PeopleBook. It is the starting point for fundamentals such as setting up control tables and administering security.

In the *PeopleSoft Applications Fundamentals for HRMS PeopleBook*, we've included common information pertinent to all applications in the HRMS product line, such as defining general options. If you're upgrading from a previous PeopleSoft release, you may notice that we've

removed some topics or topic headings from the individual application PeopleBooks and consolidated them in this single reference book. You'll now find only application-specific information in your individual application PeopleBooks. This makes the documentation as a whole less redundant. Throughout each PeopleBook, we provide cross-references to *PeopleSoft Application Fundamentals for HRMS* and other PeopleBooks.

Related Documentation

To add to your knowledge of PeopleSoft applications and tools, you may want to refer to the documentation of other PeopleSoft applications. You can access additional documentation for this release from PeopleSoft Customer Connection (www4.peoplesoft.com/cc). We post updates, troubleshooting documentation, and other items on Customer Connection, as well. In addition, documentation for this release is available on CD-ROM and in hard copy.

Important! Before upgrading, it is *imperative* that you check PeopleSoft Customer Connection for updates to the upgrade instructions. We continually post updates as we refine the upgrade process.

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Complete documentation for this release is provided on the CD-ROM *PeopleSoft 8.3 HRMS PeopleBooks,* SKU HR83PBR0, and *PeopleTools 8.14 PeopleBooks,* SKU PTB814R0.

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Telephone	Contact Consolidated Publishing Incorporated (CPI) at **800 888 3559.**
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PeopleBooks Standard Page Element Definitions

Throughout our product documentation, you will encounter fields that are used on many application pages or panels. This section lists the most common fields and provides standard definitions.

Field	*Definition*
Address 1, Address 2, Address 3	Freeflow text entry fields that enable you to describe street, street number, apartment number, and other address information.
As of Date	The last date for which a report or process includes data.
Block (Bloque)	In Spanish addresses, a building or buildings that are close together may be called a Block (Bloque). Include the Block name in the address, if necessary.
Business Unit	An identification code that represents a high-level organization of business information. You can use a business unit to define regional or departmental units within a larger organization.
City	Name of city for address.
Comment(s)	Freeflow text entry that enables you to add comments.
Company	A business organization. For US companies using PeopleSoft Payroll for North America or PeopleSoft Pension Administration, a business unit that has a unique federal Employer Identification Number (EIN) for payroll reporting purposes.

Field	*Definition*
Country	Country for address. Other address fields will be adjusted to reflect Country choice. Select a country from the list of valid values and press TAB to move through the field. The system automatically displays the appropriate address fields using the standardized address formats previously set up in the Country Table. Enter the appropriate address data in the fields that appear.
County (also **Prefecture** and **Parish**)	Name of county (prefecture/parish) for address, if applicable.
Currency Code	The 3-letter code in which the currency is specified.
Description	Freeflow text up to 36 characters that describes what you are defining.
Department	An identification code that represents an organization in a company.
Door (Puerta)	In Spanish addresses, identifies the door name or number.
Effective Date	Date on which a table row becomes effective; the date that an action begins. For example, if you want to close out a ledger on June 30, the effective date for the ledger closing would be July 1. This date also determines when you can view and change the information. Pages or panels and batch processes that use the information use the current row.
Email	The email address for a person or organization.
EmplID (employee ID)	Unique identification code for an individual associated with your organization.
Empl Rcd# (Employee Record Number)	A system-assigned number that indicate an employee has more than one record in the system.
Fax (also **Fax Number)**	The fax number for a person or organization.
Floor (Piso)	In Spanish addresses, identifies the floor name or number.
House	Identifies the type of house.
Initials	Initials of individual.
Language	Language spoken by employee/applicant/non-employee.
Language or Language Code	The language in which you want the field labels and report headings of your reports to print. The field values appear as you enter them. Language also refers to the language spoken by an employee, applicant, or non-employee.
Last Run On	The date that a report or process was last run.
Locality	A tax location within an organization.
Name	Name of individual.

Field	*Definition*
National ID	Identification code used by countries to track information on their residents for payroll, identification, benefits, and other purposes. For example, for US residents this would be their Social Security Number; for German residents it would be their Social Insurance Number, and for UK residents it would be their National Insurance Code.
Number	The number related to a street, avenue, or other address field in Spanish addresses. When an address has no number, enter s/n (sin numero) to indicate that there is no number.
Phone	The phone number for a person or organization.
Phone Extension	The phone extension number for a person or organization.
Phone Type	Identifies the type of phone number entered in the Telephone field. Valid values are ***Business, Campus, Cellular, Dormitory, FAX, Home, Other, Pager 1, Pager 2,*** or ***Telex.***
Post Code (also Postal)	Postal code for address.
Prefix	Prefix for individual (such as Mr., Ms., Mrs., Dr., and so on)
Process Frequency group box	Designates the appropriate frequency in the **Process Frequency** group box: **Once** executes the request the next time the batch process runs. After the batch process runs, the process frequency is automatically set to **Don't Run**. **Always** executes the request every time the batch process runs. **Don't Run** ignores the request when the batch process runs.
Process Monitor	This button takes you to the Process List page, where you can view the status of submitted process requests.
Regulatory Region	A regulatory region can be any region where there are specific laws and regulations that are addressed by functionality in PeopleSoft Human Resources. Many country-specific transactions are driven by regulatory requirements where Regulatory Region is used for transaction processing.
Report ID	Identifies a report.
Report Manager	This button takes you to the Report List page, where you can view report content, check the status of a report, and see content detail messages (which show you a description of the report and the distribution list).
Request ID	A request identification that represents a set of selection criteria for a report or process.
Run	This button takes you to the Process Scheduler request page, where you can specify the location where a process or job runs and the process output format.

Field	*Definition*
Run Control ID	Identifies specific run control settings for a panel.
Run Date	The date that a process was run or a report was generated.
Run Time	The time that a process was run or a report was generated.
SetID	An identification code that represents a set of control table information. SetIds enable the sharing of a set of control table information across two or more Business Units.
Short Description	Freeflow text up to 15 characters.
Stair (Escalera)	In Spanish addresses, identifies the stair name or number.
State (also **Province)**	State (Province) for address.
Status	Indicates whether a row in a table is ***Active*** or ***Inactive.***
Street Type	Identifies whether an address is a place, street, avenue, road, or so on. Spanish law requires addresses in official documents to include the Street Type.
Telephone (Phone)	The telephone number for a person or organization.
User ID	The system identifier for the individual who generates a transaction.

See Also

PeopleTools Development Tools: Application Designer PeopleBook, "Creating Field Definitions," Understanding Effective Dates

PeopleSoft Process Scheduler

PeopleBook Standard Group Boxes

The following group boxes and field groupings appear throughout PeopleSoft HRMS. We have documented them once here.

Entering Name Information

The following fields appear wherever you enter or display naming information:

Format Using Select the country with name format appropriate for this employee. The system will display the appropriate fields for this format in the Person Name group box.

Refresh the Name Field Click to refresh the Name field after you've edited any of the name fields. The system will refresh the name field when you save.

Person Name or Current Name

The following fields appear in the Person Name group box. You will not see all of the fields listed below at any one time. The system displays the fields necessary for the country you select in the Format Using field.

Title — Select a title. If you are reporting employee information under the German Duevo Directive, this field is required and must be completed according to the Duevo rules.

Prefix and **Name Prefix** — Select a Prefix or Name Prefix, if applicable.

Royal Prefix — Select a Royal Prefix, if applicable.

First Name — Enter the employee's official first name.

Preferred First Name — For The Netherlands, enter the employee's preferred first name, if different from the First Name. The system will use the preferred name when you generate form letters or mailing labels for this employee.

Last Name Preference — For the Netherlands, choose this link to provide additional name information for married employees. The Last Name Preference page contains three fields: Last Name Partner, Prefix Partner and Last Name Preference.

Middle — Enter the employee's middle name, if applicable.

Last Name — Enter the employee's official last name.

Suffix — Select a suffix, if applicable.

Second Last Name — For Spanish employees, enter the second surname (mother's surname).

Alternate Character Name — Use this field to enter the employee's name using alternate characters (such as Japanese phonetic characters).

Note. You can enter names using Japanese characters with or without a space between the surname and given name. Names using Roman alphanumeric characters require a comma delimiter.

Warning! Be sure to select the correct character set on the Installation Table – Alternate Characters page. Using the wrong character set generates an error message.

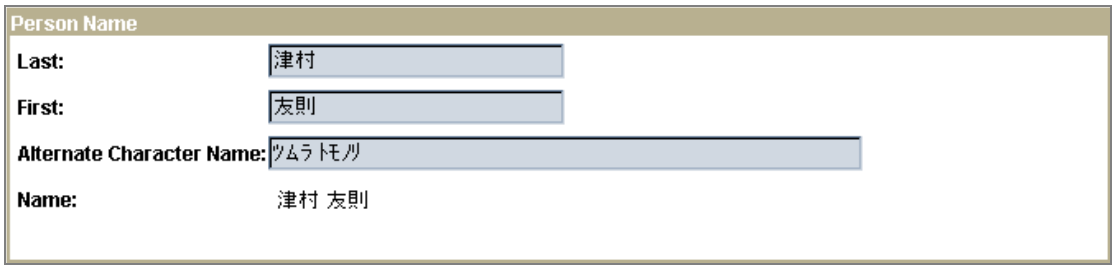
Royal Suffix — Select the appropriate royal suffix. If you are reporting employee information under the German Duevo Directive, this field is required and must be completed according to the Duevo rules.

Name — The system displays the employee's name as it will appear in the system.

Displaying Japanese Names on Pages

Pages that display personal name fields usually display them in First Name, Last Name order. When the country is Japan, however (JPN in the Format Using field), those fields appear in the Last Name, First Name order.

Another difference is that the Name field displays "Last Name[space]First Name," not "Last Name,First Name"; that is, a space separates the last and first names, not a comma.



Japanese name format on a page

See Also

PeopleSoft Applications Fundamentals for HRMS PeopleBook, "Setting Up PeopleSoft HRMS," Working With Double-Byte Characters

Entering Address Information

The following fields appear in address group boxes throughout PeopleSoft HRMS. You may not see all of the fields listed below as the system displays only the fields necessary for the country in use. Determine which address fields are required for each country on the Country Table – Address Format page.

Country	Select the country with address format appropriate for this address. The system will display the appropriate fields for this format in the address group box.
Address 1, **Address 2**, **Address 3**, and **Address 4**	Freeflow text entry fields that enable you to describe street, street number, apartment number, and other address information.
City	Enter the city.
County	Enter the county, if applicable.
State (State, Province, or other)	Enter the state or province.
Postal	Enter the postal, such as zip or postal code.
Number 1, and **Number 2**	Enter the number related to a street, avenue, or other address field in Spanish addresses. When an address has no number, enter s/n (sin numero) to indicate that there is no number.

House Type Enter the house type, if applicable.

Postal Search Click **Postal Search** to use international address formats.

Entering or Viewing Pay Components

Amounts Tab



Pay Components - Amounts

Rate Code Rate codes are IDs for pay components. The system inserts any compensation information associated with this rate code in the compensation grid.

Note. If a seniority rate code is inserted as a default value on the Job Data - Compensation page, the values for these rate codes are unavailable for entry.

Seq (sequence) The sequence number of the rate code if it is used more than once.

Details Click the **Details** button to open the Comp Rate Code Secondary Panel page.

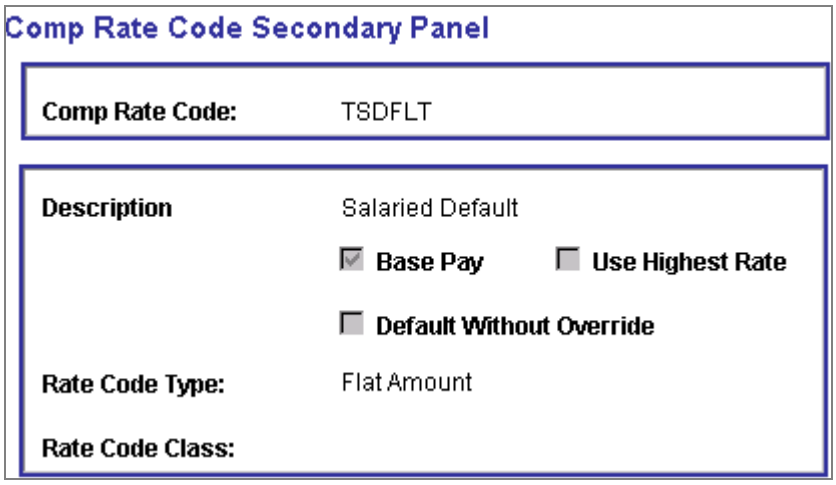
Comp Rate, (compensation rate) **Currency**, and **Frequency** The compensation rate, its currency, and the frequency (for example, annually, weekly, or hourly) the comp rate will be paid.

Apply FTE If selected, the system multiplies the rate code value by the FTE factor for annualization and deannualization. FTE is the percent of full time the employee should normally work in the corresponding job. This field isn't available for ***Percent*** rate codes.

Points The salary points associated with this rate code, if any.

Percent If the rate code rate type is ***Percent,*** the system displays the percent to be applied to the job compensation rate or to a rate code group if you are using rate code groups.

Rate Code Group A rate code group enables you to be more specific when calculating percentages based components as part of your employee compensation package.



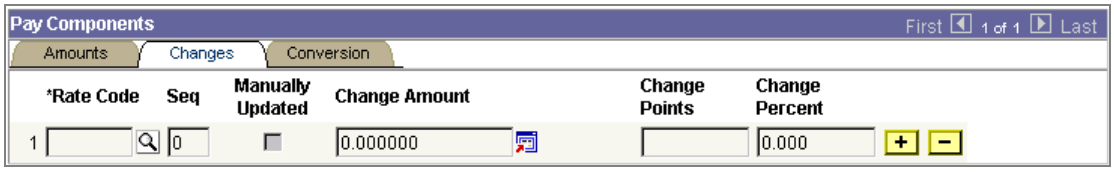
Comp Rate Code Secondary Panel

Access this page by clicking the Details link on the Amounts page. Displays additional information about the rate code.

See Also

PeopleSoft Application Fundamentals for HRMS PeopleBook, "Working With Multiple Components of Pay," **Defining Rate Codes**

Changes Tab



Pay Components – Changes page

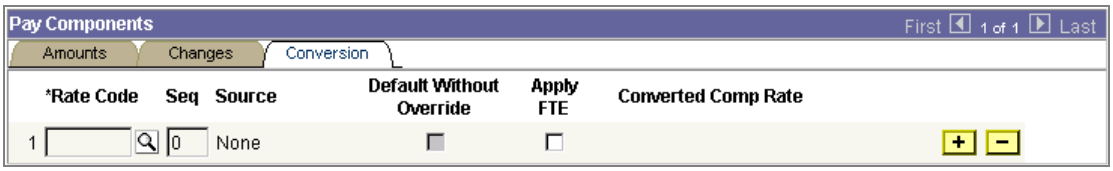
This page displays the change in an employee's salary.

Manually Updated The system selects this if you have manually updated the pay components.

Change Amount The overall change amount to this pay component rate.

Change Points The overall change amount (in points) to this pay component, if applicable.

Change Percent The overall percentage change to this pay component, if applicable.



Pay Components – Conversion

This page displays the conversion rates in an employee's salary.

Source The system displays the source of the rate code, such as ***Absorbing Premium***, ***Seniority Pay***, ***Job Code***, or ***Manual***.

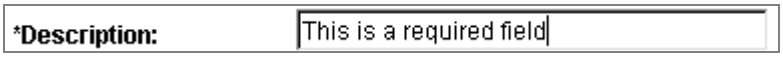
Default Without Override Selected if the worker's compensation package cannot be manually updated on the Job Data – Compensation page.

Apply FTE Indicates if the converted rate code value will be multiplied by the FTE factor for annualization and deannualization.

Converted Comp Rate Displays the converted compensation rate for this pay component. The system converts all base pay components to the Job currency and compensation frequency.

Required Fields on Pages

When you see a field on a page with an asterisk (*) preceding the field name, it means the field is required. You can not save a page without entering data into all of the required fields on a page.



Example of a required field label

In some unique instances a field may be required even though there is no asterisk preceding the field name. In such cases, you will be prompted to enter data in these fields before saving the page.

Typographical Conventions and Visual Cues

To help you locate and interpret information, we use a number of standard conventions in our online documentation.

Please take a moment to review the following typographical cues:

`monospace font` Indicates PeopleCode.

Bold	Indicates field names and other page elements, such as buttons and group box labels, when these elements are documented below the page on which they appear. When we refer to these elements elsewhere in the documentation, we set them in Normal style (not in bold). We also use boldface when we refer to navigational paths, menu names, or process actions (such as **Save** and **Run**).
Italics	Indicates a PeopleSoft or other book-length publication. We also use italics for *emphasis* and to indicate specific field values. When we cite a field value under the page on which it appears we use this style: ***field value.*** We also use italics when we refer to words as words or letters as letters, as in the following: Enter the number *0*, not the letter *O*.
KEY+KEY	Indicates a key combination action. For example, a plus sign (+) between keys means that you must hold down the first key while you press the second key. For ALT+W, hold down the ALT key while you press W.
See Also	PeopleBooks provide cross-references under the heading "See Also." Capitalized titles in italics indicate the title of a PeopleBook; titles in quotes indicate the title of a chapter; titles in normal font refer to sections within the PeopleBook. Here's an example: ***See Also*** *About These HRMS PeopleBooks,* **PeopleSoft 8.3 HRMS PeopleBooks Preface**

Note. Text in this bar indicates information that you should pay particular attention to as you work with your PeopleSoft system. If the note is preceded by **Important!,** the note is crucial and includes information that concerns what you need to do for the system to function properly.

Warning! Text within this bar indicates a crucial configuration consideration. Pay very close attention to these warning messages.

Process Introductory Table

In the documentation, each business process in the application is accompanied by an introductory table with pertinent information about the pages used in the process.

Page	*System Name*	*Navigation*	*Usage*
Name of the page.	Gives the system name of the page as specified in the PeopleTools Application Designer. For example, the system name of the Detail Calendar panel is DETAIL_CALENDAR1.	Provides the path for accessing the page.	Describes how you would use the page.

USF U.S. Federal Government Functionality

Any functionality that is specific to the U.S. Federal Government sector will be designated by a USF marker. Most often this will appear at the beginning of a section heading (such as with this section), but the USF designation might also appear in a note or within text, if appropriate.

E&G Education and Government Functionality

Any functionality that is specific to the Education and Government sector will be designated by an E&G marker. Most often this will appear at the beginning of a section heading (such as with this section), but the E&G designation might also appear in a note or within text, if appropriate.

Local Country Functionality

Any functionality that is specific to an individual country will be designated by the three-character ISO code for that country. For example, functionality specific to Germany would be indicated by a DEU designation at the beginning of a section heading. Most often this will appear at the beginning of a section heading (such as with this section), but the country designation might also appear in a Note or within text, if appropriate.

Comments and Suggestions

Your comments are important to us. We encourage you to tell us what you like, or what you would like changed about our documentation, PeopleBooks, and other PeopleSoft reference and training materials. Please send your suggestions to:

PeopleSoft HRMS Product Documentation Manager
PeopleSoft, Inc.
4460 Hacienda Drive
Pleasanton, CA 94588

Or send comments by email to the authors of the PeopleSoft documentation at:

DOC@PEOPLESOFT.COM

While we cannot guarantee to answer every email message, we will pay careful attention to your comments and suggestions. We are always improving our product communications for you.

CHAPTER 1

About the Peoplesoft 8.3 Stock Administration Peoplebook

This book provides you with the information you will need for implementing and using PeopleSoft Stock Administration.

General information you should know before you begin using PeopleSoft documentation is presented in About These HRMS PeopleBooks. It provides information about the following topics:

- Using related documentation such as the PeopleSoft 8.3 Application Fundamentals for HRMS PeopleBook.
- Ordering documentation on the Internet, on CD-ROM, and in hardcopy.
- PeopleBooks standard page element definitions.
- Required fields on pages.
- Typographical conventions and visual clues in the documentation.
- Process introductory table explanation.
- U.S. Federal Government functionality designation within the documentation.
- Education and Government functionality designation within the documentation.
- Local country functionality designation within the documentation.
- Comments and suggestions about the documentation.

Note. We strongly recommend that you read About These HRMS PeopleBooks. In particular, the PeopleSoft HRMS Application Fundamentals section explains where you can find information about topics that apply to many PeopleSoft applications across the HRMS product line. For example, you can find information about setting up control tables, administering security, and setting language and currency preferences in the *PeopleSoft 8.3 Application Fundamentals for HRMS PeopleBook.*

See Also

PeopleSoft HRMS PeopleBooks Preface, "About These HRMS PeopleBooks"

CHAPTER 2

Overview of Your Stock Administration System

In this chapter, we discuss key features of PeopleSoft Stock Administration and how the application integrates with other PeopleSoft HRMS applications.

PeopleSoft Stock Administration Features

PeopleSoft Stock Administration gives you the tools to administer and maintain stock option and stock purchase plans for your workforce. As a fully integrated solution with stock-centric functionality, Stock Administration enables you to leverage data and functionality that you are already using as part of your human resources, payroll, and benefits packages.

General Stock Administration Features

You can define business rules and manage stock administration to set up basic business rules that define how the system handles common elements for stock option plans, stock purchase plans, and regulatory reports.

With PeopleSoft 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.
- Create multiple FMV methods.
- Calculate the fair market value (FMV).
- Identify individuals for proxy and Section 16 reporting.
- Value stock options and purchases in compliance with FAS 123.

Stock Option Features

Use the stock options functionality to track and report on stock options granted to optionees, including Incentive Stock Options (ISOs), Non-Qualified Stock Options (NQs), and Restricted Stock Awards (RSAs). You can establish stock option plans; create vesting schedules; grant options; monitor exercise, release, and repurchase activity; and cancel options and record stock sales information.

PeopleSoft Stock Administration enables you to:

- Generate grants based on stock awards allocated in variable compensation and individual grants from plans.
- Create vesting schedules tailored to your plans.
- Administer plans that enable exercises before shares have vested and to repurchase shares that are exercised before vest.
- Identify eligible individuals for repricing and them to elect which grants they want to reprice. You can set restrictions on the reprice grants, such as vesting and exercise restrictions.
- Exercise an ISO as an NQ 90 days after termination.
- Track 83(b) filings and administer restricted stock awards, exercises, releases, and repurchases.
- Integrate with PeopleSoft Payroll for North America to process ordinary income and taxes on restricted stock transactions.

Stock Purchase Features

Stock purchase functionality is closely integrated with PeopleSoft Benefits and PeopleSoft Payroll for North America. Use PeopleSoft Benefits pages to enroll your employees in stock purchase and PeopleSoft Payroll for North America pages to administer employee authorized stock purchase payroll deductions. You can identify participants in your stock purchase plan, calculate their plan contributions, and deduct the correct amount from their payroll. You can specify company-specific limits and rules, administer the stock purchase by purchase period, and capture stock sale information.

With PeopleSoft Stock Administration, you can:

- Integrate with PeopleSoft Benefits and PeopleSoft Benefits Administration to leverage your benefits enrollment, deduction, and eligibility checking functionality as you set up and administer stock purchases.
- Administer fixed and rolling offerings.
- Capture multiple grant dates in a purchase period.
- Process and track Non-HR-administered employee stock purchase participants.

- Accept multi-currency contributions and refunds.
- Monitor the Section 423 $25K limit and other rules and limits defined under your stock purchase plans.

Predefined Administrative and Regulatory Reports

These reports make it easier for you to comply with stock regulatory requirements and help you administer your stock plans:

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

Integrating With Other PeopleSoft HRMS Applications

PeopleSoft Stock Administration runs within PeopleSoft Human Resources and is not a stand-alone application.

Integrating With PeopleSoft Human Resources

In PeopleSoft 8, Stock Administration is integrated with PeopleSoft Human Resources. You set up your Stock Action tables and receive workflow notification when plan participants have a change in HR status.

Stock Actions

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

Non-employees

The system handles employees and non-employees. In addition to regular employees, there are stock non-employees, such as members of boards of directors and contractors; and non-HR- administered employees, such as employees of a subsidiary or foreign office.

Multiple Jobs

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

Variable Compensation

Stock awards are awarded in the Variable Compensation business process. This integration also enables stock awards to be included with all other variable monetary and non-monetary awards for total variable compensation reporting and history. Once approved, awards are sent to the Stock Administration system, using Application Messaging, to grant and administer the stock awards. Both PeopleSoft Stock Administration and Variable Compensation use the Group Build feature, so that when groups are used, they are consistent.

When splitting or repricing stock, coordinate with Variable Compensation.

Integrating With Base Benefits and PeopleSoft Benefits Administration

You enroll and administer your stock purchase plan participants through the PeopleSoft Benefits system: either the Base Benefits business process within PeopleSoft Human Resources or PeopleSoft Benefits Administration. A stock purchase plan is a savings plan of the reserved plan type of '4A' to indicate stock purchase. You set up your stock purchase plans using the plan type 4A, then enroll eligible employees, including employees not administered in PeopleSoft Human Resources, directly through the Base Benefits business process or through the automated eligibility and event-driven Benefits Administration system.

Integrating With PeopleSoft Payroll for North America

The following stock option and stock purchase transactions are integrated with PeopleSoft Payroll for North America:

Integrated Stock Option Transactions

- 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 by clicking the Calculate Taxes button on the Exercises - Taxes page or the Releases - Taxes page in PeopleSoft Stock Administration. You can then send ordinary income and taxes to the payroll system's Load/Reset Paysheet transaction record (PSHUP_TXN) by clicking the Update Payroll button on the applicable Taxes page. Payroll loads these transactions using the Load/Reset Paysheet process. This process updates employee balances but does not issue a check.

- Dispositions.

You can send ordinary income from dispositions to the Load/Reset Paysheet transaction record (PSHUP_TXN) in Payroll for North America by clicking the Update Payroll button on the Exercise Disposition or Release Disposition page in Stock Administration.

Integrated Stock Purchase Transactions

- Contributions.

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

- Refunds.

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

- Dispositions.

You can send ordinary income from dispositions to the Load/Reset Paysheet transaction record (PSHUP_TXN) in Payroll for North America by clicking the Update Payroll button on the Stock Purchase Dispositions page in Stock Administration.

CHAPTER 3

Defining Stock Administration Business Rules

This chapter provides an overview of defining business rule for Stock Administration and discusses how to:

- Set up foundation tables.
- Set up stock rules.
- Define stock details.
- Linking a stock exchange to a stock.
- Create stock agreement IDs and legends
- Define blackout rules.
- Define process groups.
- Allocate shares to the treasury, stock classes, and plans.

Understanding Stock Administration Business Rules

You start building your stock administration system by entering information about regulatory requirements, the stock exchange on which your company's stock is traded, and the transfer and escrow agencies you use. You also specify the brokerage firms and branches that handle your stock transactions and the methods you use to value your stock.

Next, you create a unique identifier—the stock ID—that's used throughout the Stock Administration system. If your stock's profile changes over time, for example, your company goes public or you switch to a different stock exchange, the stock ID remains the same. You use it to add details for system defaults for your stock option and stock purchase plans, and can override these defaults at the plan level.

After creating your stock profile, you allocate shares to your treasury, stock classes, and stock plans. Finally, you set up the tax percentage defaults that are invoked when participants exercise options

Common Elements Used in This Chapter

Allocation Date	The date that shares are allocated to the treasury, stock class, or stock plan, as applicable.
Allocation Type	Available types are ***Adjustment, Board App*** (board approved), ***Init Alloc*** (initial allocation), ***Shldr App*** (shareholder approved), or ***Split*** (stock split).
Governing Body	The regulatory body that governs your equity compensation plans.
Shares Allocated	The number of shares 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	Identifies the treasury from which shares are being allocated.
Use Captive Broker	Requires that participants use a captive broker with options transactions that require a broker.
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.

Before You Begin

Before setting up your common rules:

- Select PeopleSoft Stock Administration on the Installation table.
- Set up a unique Holiday Schedule for each stock exchange where your stock trades using the Holiday Schedule Table page.
- Review your application integration decisions.

See Also

"Overview of Your Stock Administration System," Integrating With Other PeopleSoft HRMS Applications

PeopleSoft Application Fundamentals for HRMS PeopleBook, "Setting Up PeopleSoft HRMS"

PeopleSoft Payroll for North America PeopleBook, "Defining Tables That Support the Payroll Process"

Setting Up Foundation Tables

Generally set up only during installation, foundation tables change infrequently. They are the basis upon which you build your stock plans.

Governing Body Rules

The Governing Body Rules setup component defines the regulatory requirements of the PeopleSoft Stock Administration application. The tables behind these pages store rules that help ensure that the processes and reports that you generate are accurate and comply with these regulations.

The system displays the 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 and 423 regulations became effective. You can change the default amounts if, for instance, 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.

In this section we discuss how to:

- Define the governing body rules for your Stock Administration system.
- Define the stock exchanges on which your stocks trade.
- Define the transfer/escrow agents for your stock.
- Define the brokerage firms and branches that your participants use.
- Define the FMV (fair market value) methods your system uses.

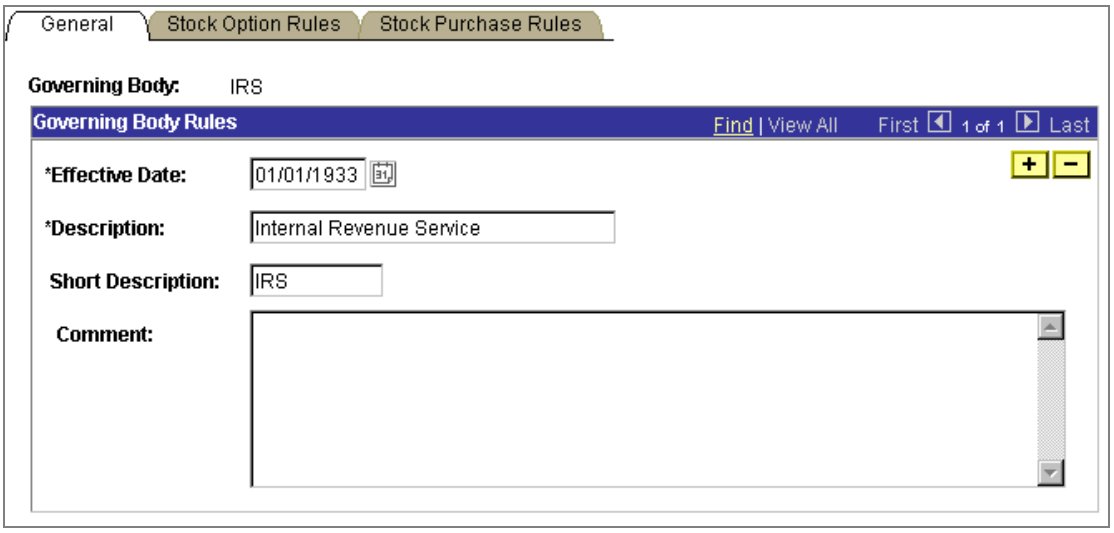
Pages Used to Set Up Foundation Tables

Page Name	*Object Name*	*Navigation*	*Usage*
Governing Body Rules - General	ST_GOVERN_BODY 1	Define Business Rules, Define Stock Administration, Setup, Governing Body Rules, General	Define the governing body for your stock plans and add comments.
Governing Body Rules - Stock Option Rules	ST_GOVERN_BODY 2	Define Business Rules, Define Stock Administration, Setup, Governing Body Rules, Stock Option Rules	Define the ISO Section 422 rules and Section 83B filing days for your stock options system.
Governing Body Rules - Stock Purchase Rules	ST_GOVERN_BODY 3	Define Business Rules, Define Stock Administration, Setup, Governing Body Rules, Stock Purchase Rules	Define the Section 423 rules for your stock purchase system.

Page Name	Object Name	Navigation	Usage
Exchange Table - General	ST_EXCHANGE_TBL1	Define Business Rules, Define Stock Administration, Setup, Exchange Table, General	Define the stock exchanges where the stocks administered in your system are traded.
Exchange Table - Address	ST_EXCHANGE_TBL2	Define Business Rules, Define Stock Administration, Setup, Exchange Table, Address	Define the address of the stock exchange.
Transfer/Escrow Agency - General	ST_AGENT1	Define Business Rules, Define Stock Administration, Setup, 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	Define Business Rules, Define Stock Administration, Setup, Transfer/Escrow Agency, Address	Define the address of the agencies that provide transfer or escrow service.
Brokerage Table	ST_BROKERAGE	Define Business Rules, Define Stock Administration, Setup, Brokerage Table,	Define the brokerage firms that your company has approved for stock participants to use when participating in your stock plans.
Brokerage/Branch Table	ST_BRKR_BRANCH	Define Business Rules, Define Stock Administration, Setup, Brokerage/Branch Table,	Define the branches of the brokerage firms your participants use.
FMV Method Table	ST_FMV_MTHD_TBL	Define Business Rules, Define Stock Administration, Setup, FMV Method Table	Define the different fair market value (FMV) methods you use for stock transactions.

Defining the General Governing Body Rules

Access the Governing Body Rules - General page.

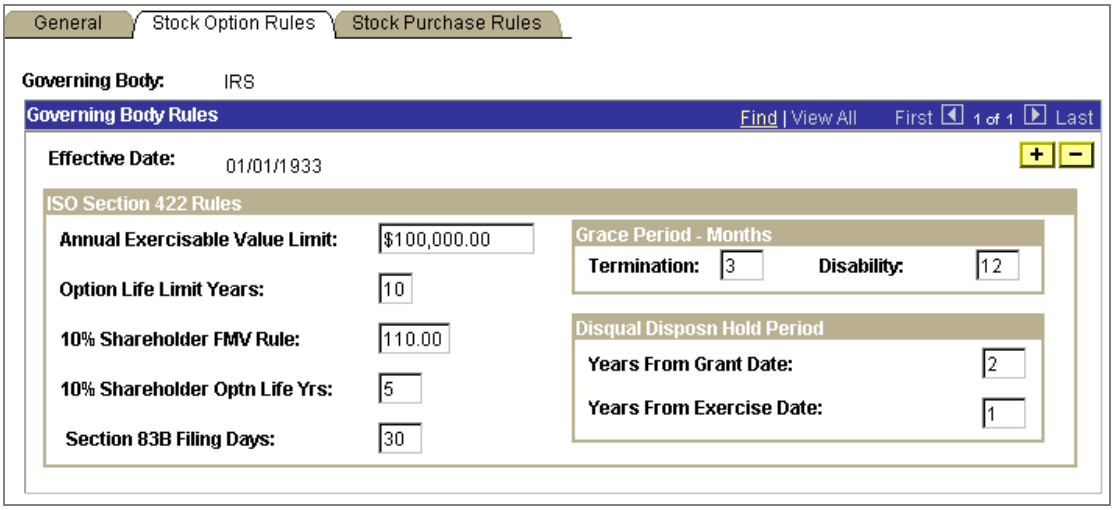


Governing Body Rules - General page.

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 Stock Option Rules

Access the Governing Body Rules - Stock Option Rules page.



Governing Body Rules - Stock Option Rules page

ISO Section 422 Rules

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 the grant date and when an option expires.
10% Shareholder FMV Rule	The percentage of FMV that the price of an option 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 when an option granted to a 10% shareholder expires.
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.

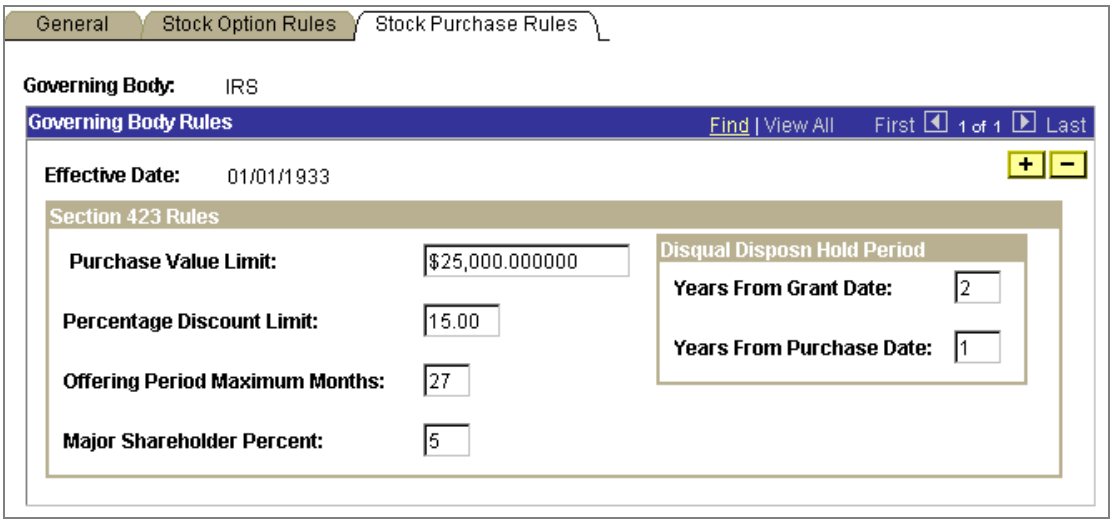
Disqual Disposn Hold Period (disqualifying disposition hold period)

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 Stock Purchase Rules

Access the Governing Body Rules - Stock Purchase Rules page.



Governing Body Rules - Stock Purchase Rules page

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.

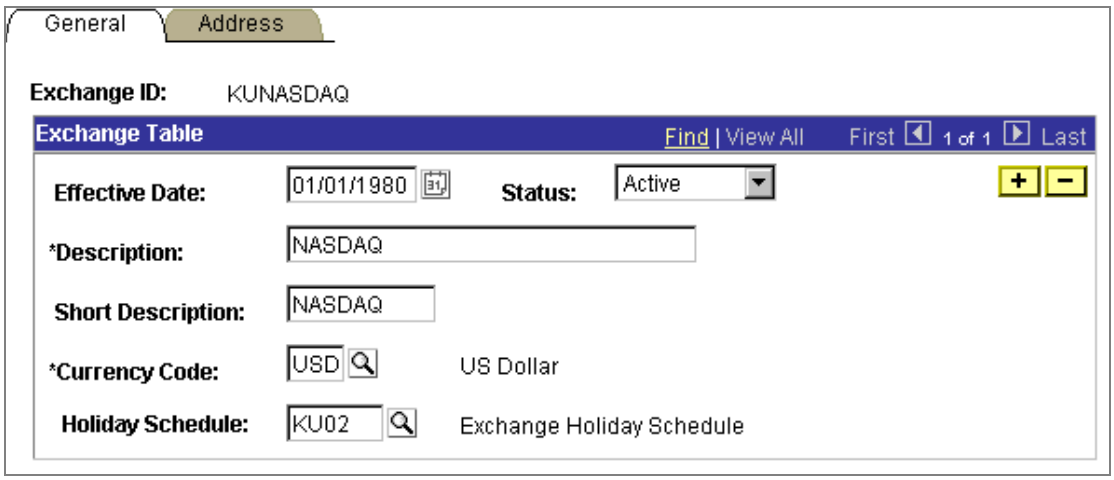
Offering Period Maximum Months The maximum number of months in an offering period.

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

Defining Your Stock Exchange

Access the Exchange Table - General page.

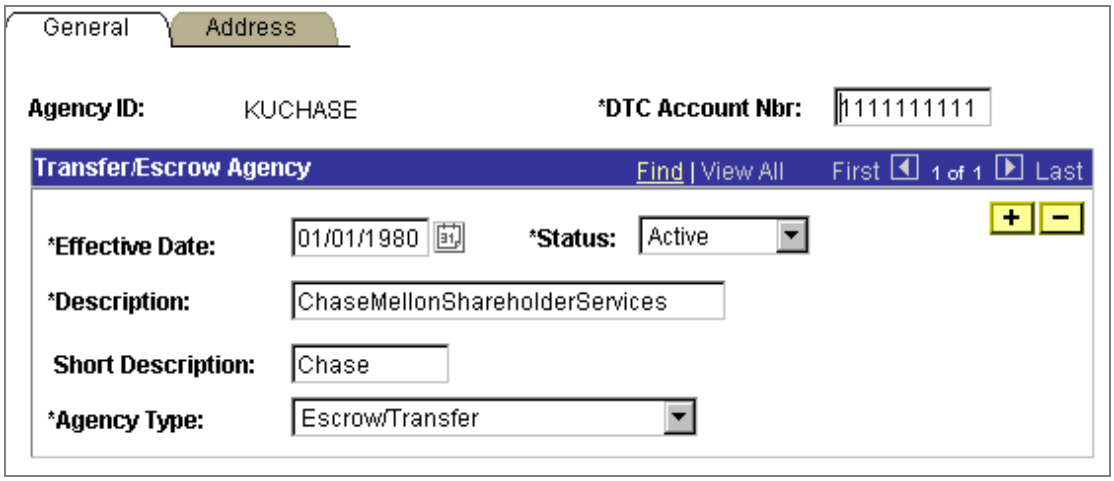


Exchange Table - General page

Holiday Schedule The holiday schedule for this exchange.

Defining Your Transfer/Escrow Agencies

Access the Transfer/Escrow Agency - General page.



Transfer/Escrow Agency - General page

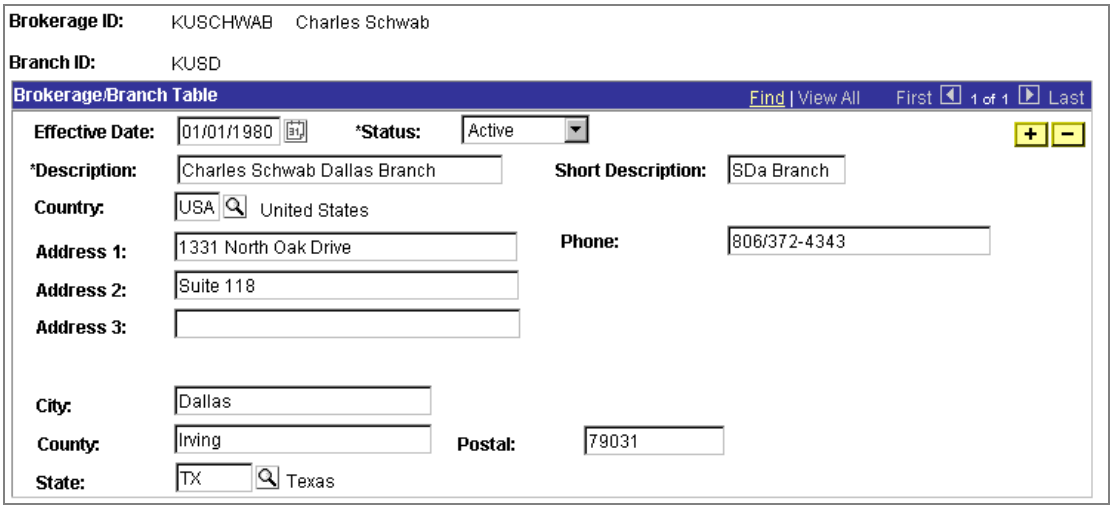
DTC Account Nbr (Depository Trust Company account number) The electronic ID of the transfer agent, escrow agent, or institution for electronically issued shares. This ID can be alphanumeric.

Agency Type The type of service 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.

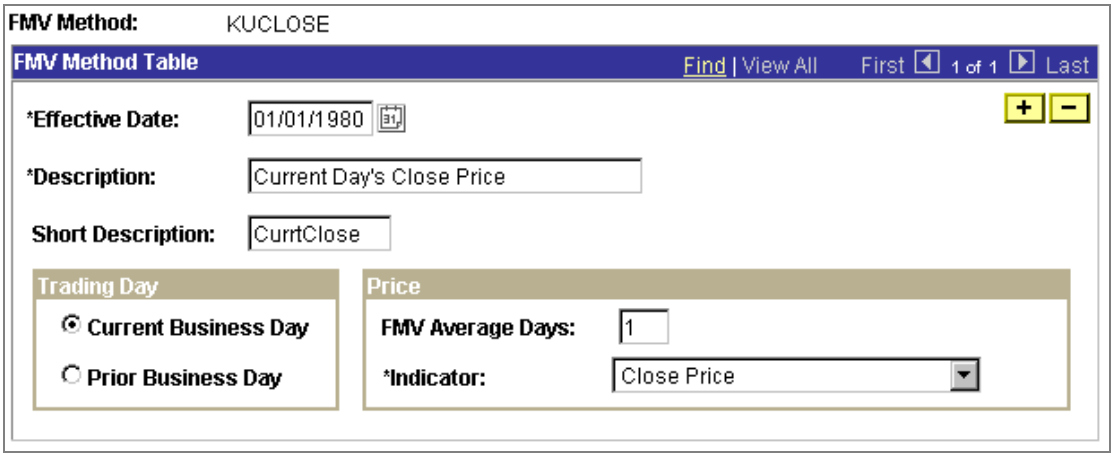


Brokerage/Branch Table page

Note. The system stores history about deactivated branches.

Defining FMV Methods

Access the FMV Method Table page.



FMV Method Table page

PeopleSoft 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 Application Fundamentals for HRMS PeopleBook, "Working With Currencies"

PeopleSoft Payroll for North America PeopleBook, "Defining Tables That Support the Payroll Process"

Setting Up Stock Rules

After you set up foundation tables, you create a key identifier for your company's stock and add default values for your stock option and stock purchase plans. You're creating a specific profile for the stock that you can override 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.

In this section we discuss how to:

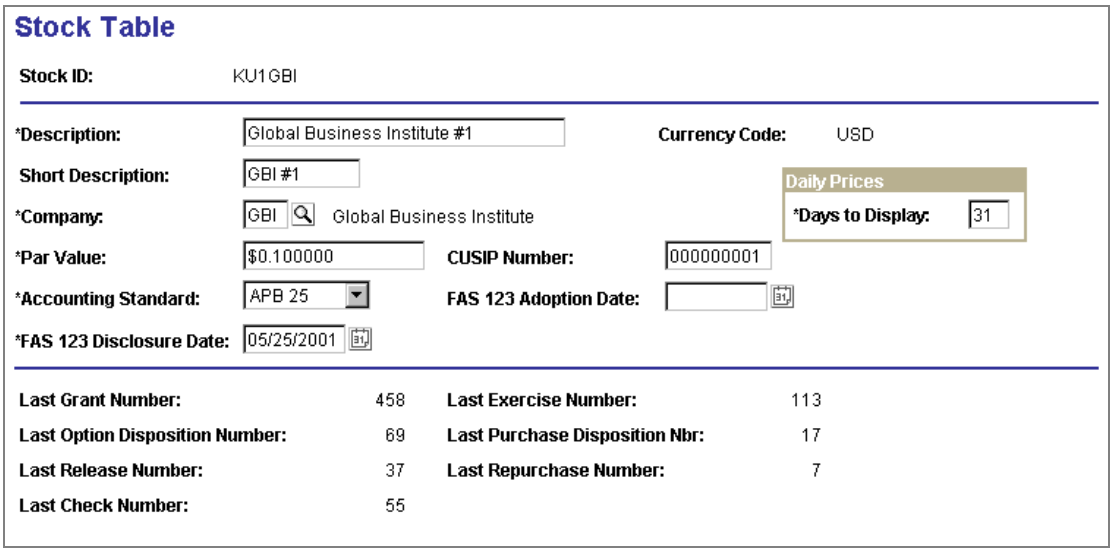
- Create a stock ID that uniquely identifies a stock.
- Link escrow and transfer agencies to a stock.
- Link brokerages and their branches to a stock.
- Define brokerage branch contacts.

Pages Used to Set Up Stock Rules

Page Name	*Object Name*	*Navigation*	*Usage*
Stock Table	STOCK_TBL	Define Business Rules, Define Stock Administration, Setup, Stock Table, Stock Table	Create a unique stock ID that identifies a stock.
Stock Agent Table	STOCK_AGENT	Define Business Rules, Define Stock Administration, Setup, Stock Agent Table, Stock Agent Table	Link agencies that provide escrow and transfer agent service for your stock with a stock ID, and add contact information.
Stock Branch Table - General	STOCK_BRANCH1	Define Business Rules, Define Stock Administration, Setup, Stock Branch Table, General	Link brokerages and brokerage branches with individual stock IDs, and define fee options and captive broker authorization.
Stock Branch Table - Contact	STOCK_BRANCH2	Define Business Rules, Define Stock Administration, Setup, Stock Branch Table, Contact	Define brokerage branch contacts.

Creating a Stock ID

Access the Stock Table page.



Stock Table page

Par Value	Enter the stock's par value. This is the lowest price the stock can trade and is informational only.
CUSIP Number	Enter the stock's CUSIP number.
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.
FAS 123 Disclosure 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 Daily Prices page.

Displayed Tracking Numbers

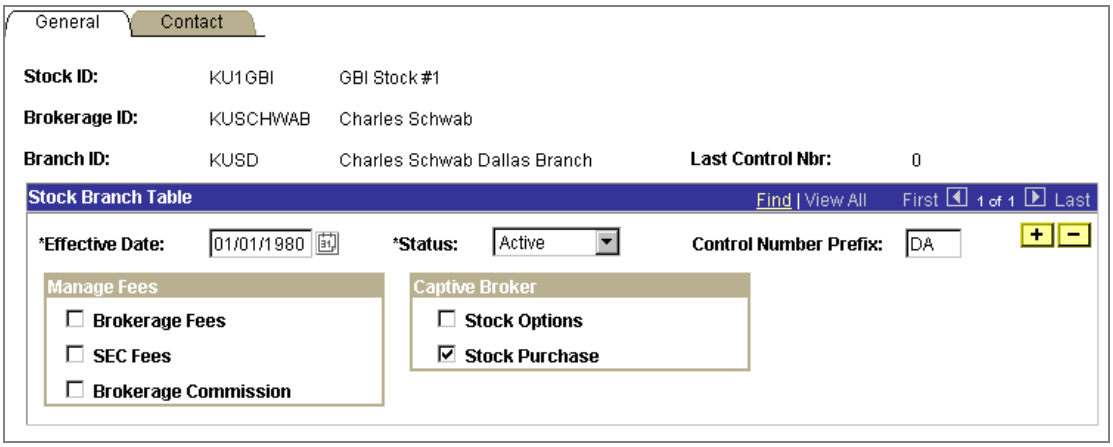
These tracking numbers (Last Grant Number, Last Exercise Number, and so on) are display-only and are continuously updated to reflect transactions processed by PeopleSoft Stock Administration. The numbers start at 0 (zero) for each new stock ID.

See Also

"Managing Stock Administration," Specifying Daily Stock Prices

Linking Brokerage Branches to Stock IDs

Access the Stock Branch Table - General page.



Stock Branch Table - General page

Last Control Nbr 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

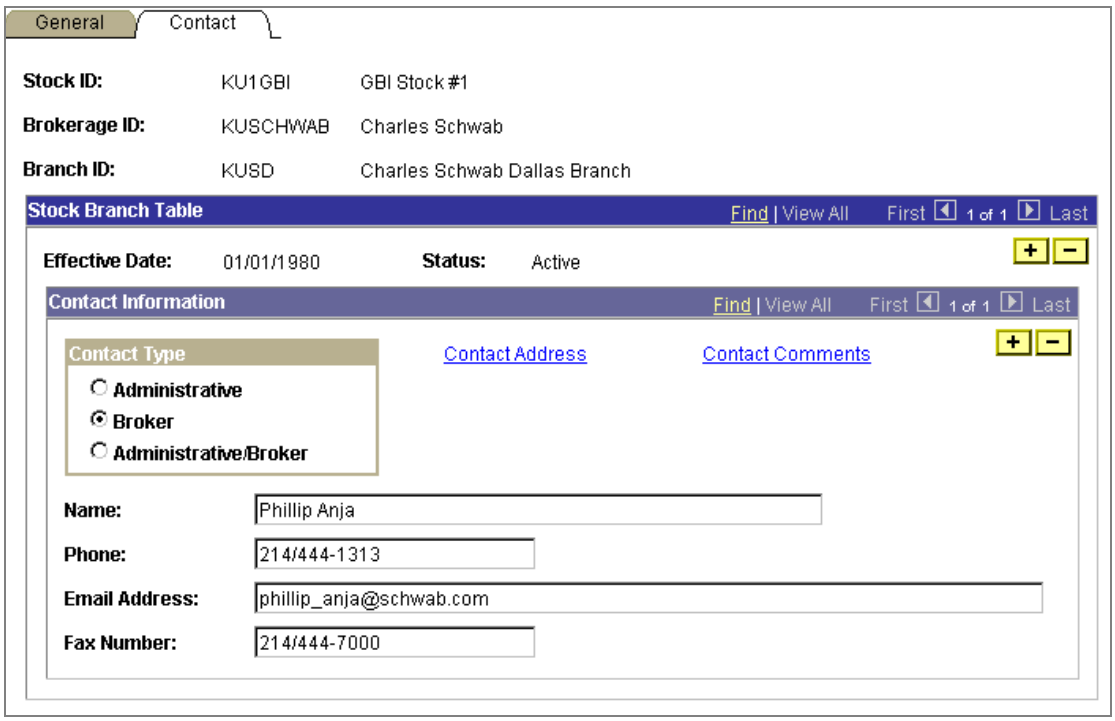
Select which of the fee fields you want to enable on the Exercise Sales and Release Sales pages. You may select more than one.

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.



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.

Defining Stock Details

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

In this section we discuss how to:

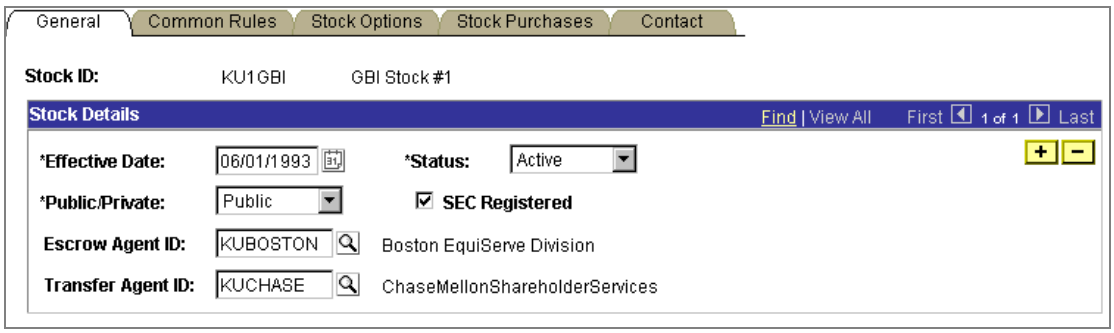
- Define the general characteristics of your stock.
- Define rules that are common to stock option and stock purchase plans.
- Define stock option plan rules.
- Define stock options earnings codes.
- Define rules that are specific to your stock purchase plans.

Pages Used to Define Stock Details

Page Name	*Object Name*	*Navigation*	*Usage*
Stock Details - General	STOCK_DTL1	Define Business Rules, Define Stock Administration, Setup, 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	Define Business Rules, Define Stock Administration, Setup, 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 Option	STOCK_DTL3	Define Business Rules, Define Stock Administration, Setup, 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 Option page.	Define stock option earnings codes.
Stock Details - Stock Purchases	STOCK_DTL4	Define Business Rules, Define Stock Administration, Setup, 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 Purchase page.	Define the stock purchase earnings codes for disqualified and qualified dispositions.
Stock Details - Contact	STOCK_DTL5	Define Business Rules, Define Stock Administration, Setup, 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.



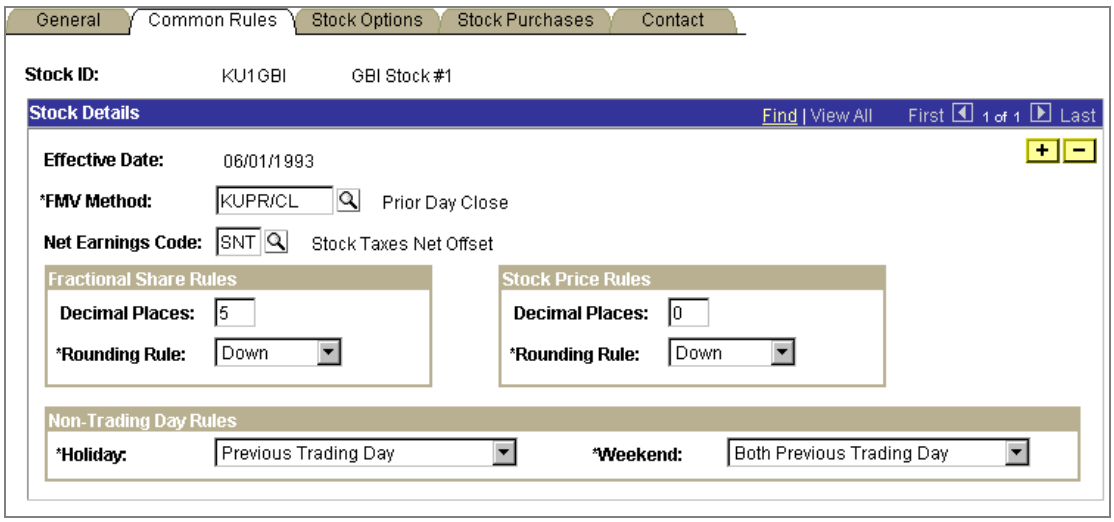
Stock Details - General page

Public/Private Selecting ***Private*** indicates that the stock is not publicly traded on an exchange and the 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.



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.

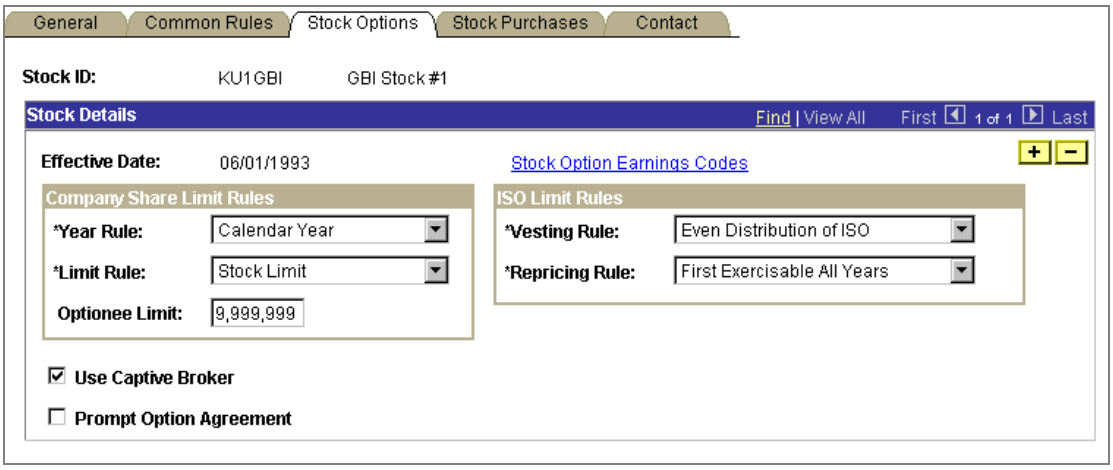
Net Earnings Code Select the earnings code that is used to net out the taxes sent to PeopleSoft Payroll for North America so that a check is not generated.

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

Rounding Rule	Defines how to round the fractional shares and stock prices.
Holiday	The day's price to use when an FMV calculation includes a holiday.
Weekend	The combination of day's prices to use when an FMV calculation includes a weekend.

Defining Rules for Stock Option Plans

Access the Stock Details - Stock Options page.



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.
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.
Limit Rule	Select ***Stock Limit*** if your company limits the number of shares granted to each optionee for this stock ID. Select ***Stock Plan*** if your company limits the number of shares granted to each optionee by stock plan.
Optionee Limit	The number of shares each optionee is limited to.
Vesting Rule	The rule used to handle 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.

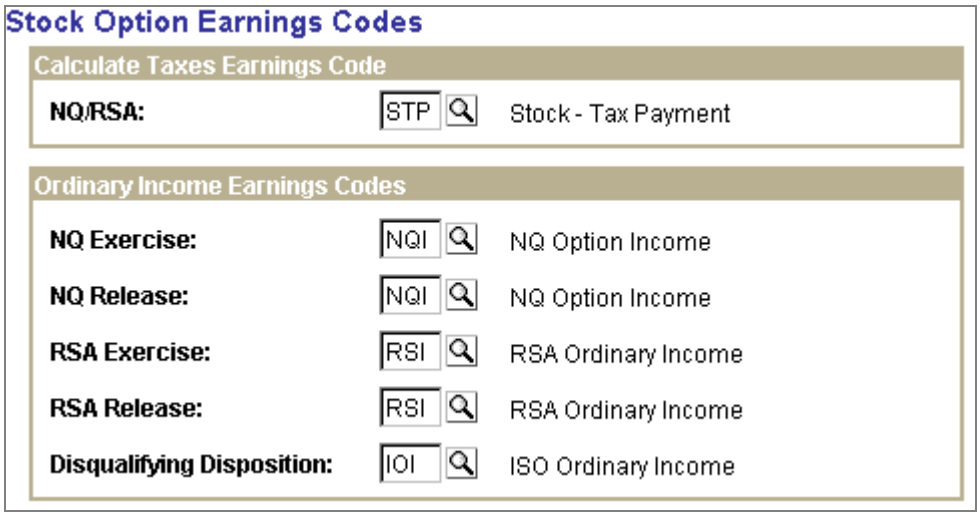
Repricing Rule	The rule used to determine how repriced grants contribute to the ISO limit. Select ***First Exercisable All Years*** to look at the shares first exercisable in all years. Select ***First Exercisable as of Reprice*** to look at the shares first exercisable the year of the reprice up to the reprice date.
Prompt Option Agreement	Enables the system to prompt a warning message for exercise transactions that do not have a related agreement on file.

See Also

"Overview of Your Stock Options System," Validating ISO Limits

Defining Stock Option Earnings Codes

Access the Stock Option Earnings Codes page.



Stock Option Earnings Codes page

Select the earnings codes for sending option income and taxes to PeopleSoft 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

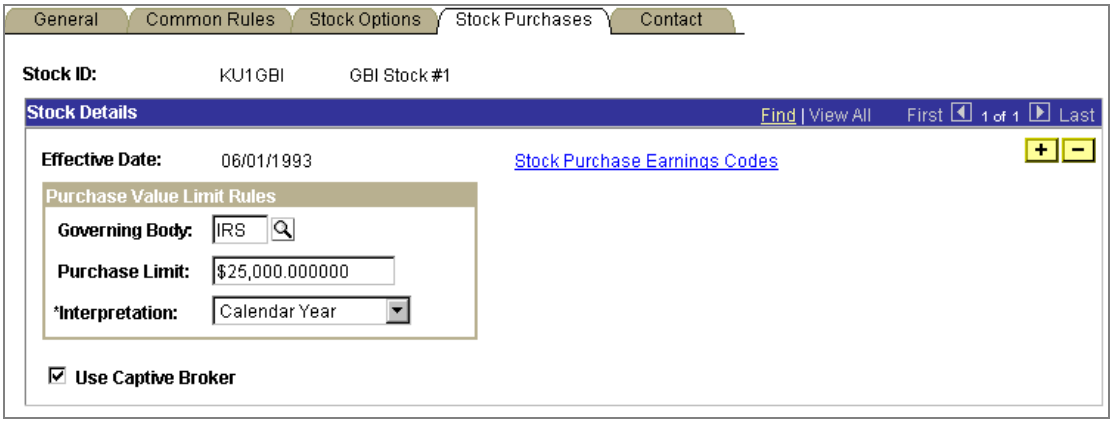
Select the ordinary income earnings code to use for each type of stock option transactions.

See Also

PeopleSoft Payroll for North America PeopleBook, "Defining Earnings and Using Earnings Codes"

Defining Stock Purchase Plan Rules

Access the Stock Details - Stock Purchases page.



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.

Purchase Limit The purchase value limit defined on the Governing Body Rules- Stock Purchase Rules page is the default. You can change the value.

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

See Also

PeopleSoft Payroll for North America PeopleBook, “Defining Earnings and Using Earnings Codes”

Linking a Stock Exchange to a Stock ID

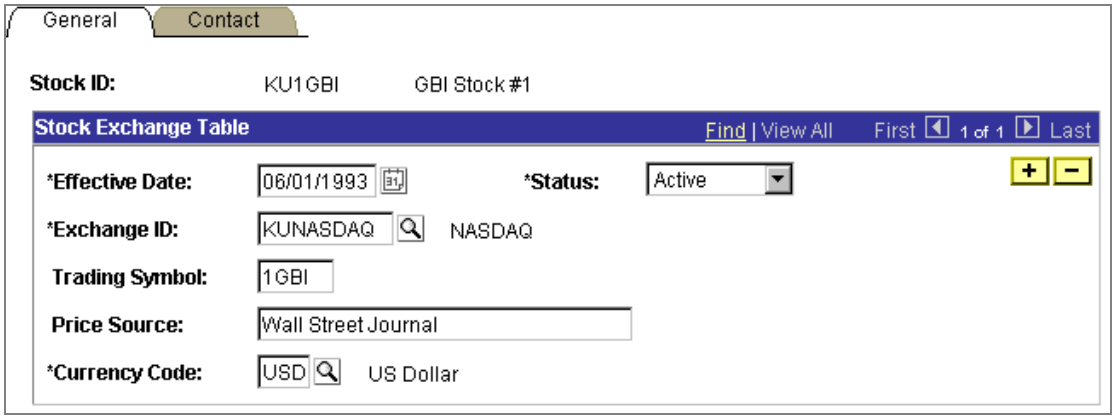
The Stock Exchange Table component contains details about an exchange where a stock is traded and stores exchange contact information and stock ticker symbol for a stock.

Pages Used to Link a Stock Exchange to a Stock

Stock Exchange Table - General	STOCK_EXCHANGE1	Define Business Rules, Define Stock Administration, Setup, Stock Exchange Table, General	Link a stock ID with a stock exchange and define exchange details.
Stock Exchange Table - Contact	STOCK_EXCHANGE2	Define Business Rules, Define Stock Administration, Setup, Stock Exchange Table, Contact	Define stock exchange contacts.

Linking a Stock ID to a Stock Exchange

Access the Stock Exchange Table - General page.



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.

Creating Stock Agreement IDs and Stock Legends

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

In this section, we explain how to:

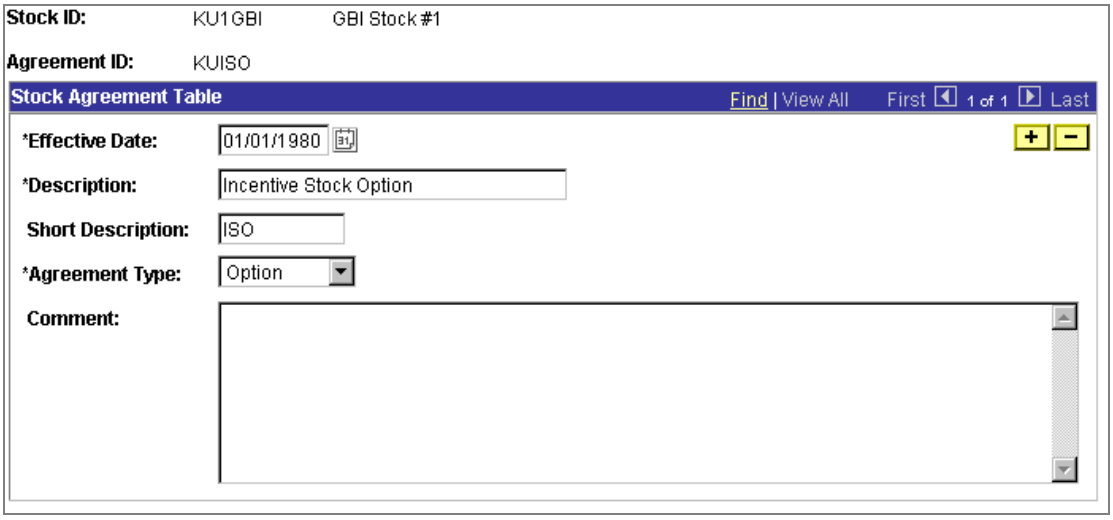
- Create stock agreement IDs.
- Create stock legends.

Pages Used to Create Stock Agreement IDs and Legends

Page Name	*Object Name*	*Navigation*	*Usage*
Stock Agreement Table	STOCK_AGREEMENT	Define Business Rules, Define Stock Administration, Setup, Stock Agreement Table, Stock Agreement	Create an agreement ID that's included on an individual's stock agreements.
Stock Legend Table	STOCK_LEGEND	Define Business Rules, Define Stock Administration, Setup, Stock Legend Table, Stock Legend	Establish legends for display on the Transfer Agent Issuance Instructions report.

Creating Stock Agreement IDs

Access the Stock Agreement Table page.

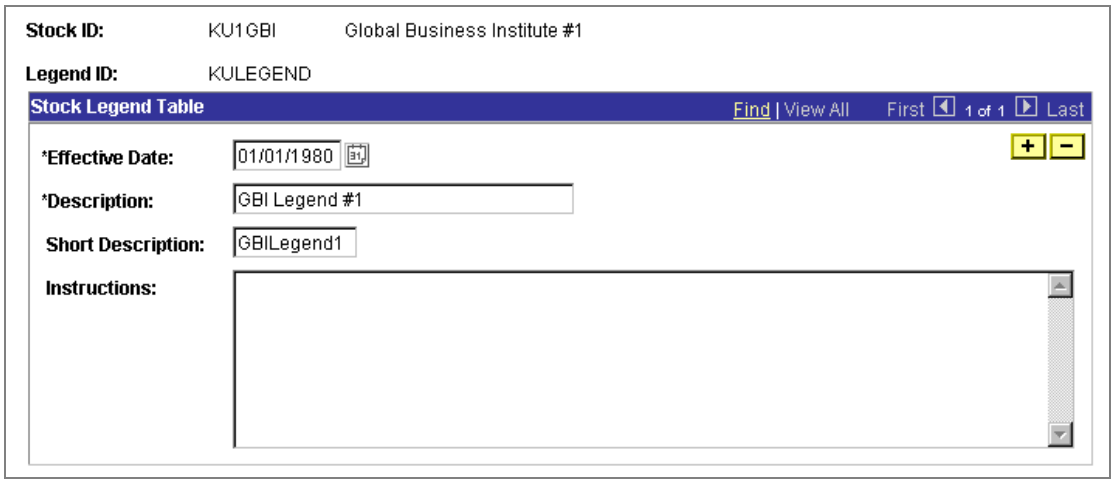


Stock Agreement Table page

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.



Stock Legend Table page

Instructions Enter the legend instructions for the transfer agent.

Defining Blackout Rules

You define the blackout periods when designated groups or individuals are blocked from buying or selling company stock. You can select a combination of insiders, 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.

In this section, we discuss how to:

- Define blackout periods.
- Select individuals subject to the blackout period.

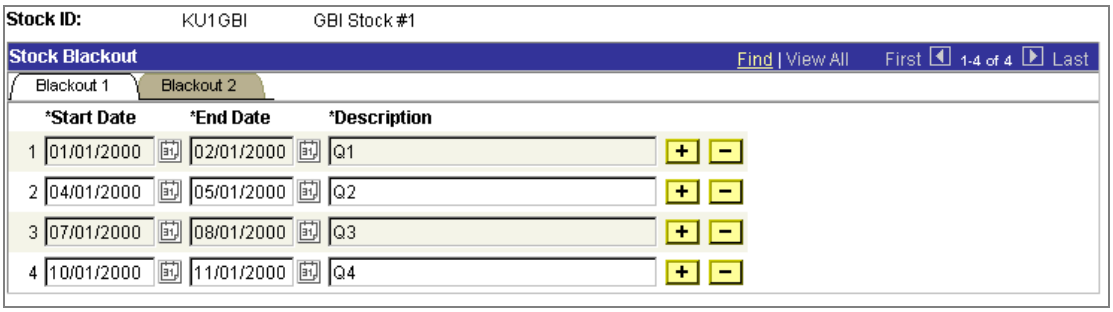
Pages Used to Define Blackout Rules

Page Name	*Object Name*	*Navigation*	*Usage*
Stock Blackout	ST_BLACKOUT	Define Business Rules, Define Stock Administration, Setup, Stock Blackout, Stock Blackout	Define the blackout periods when designated groups or individuals are prevented from buying or selling company stock.

Page Name	Object Name	Navigation	Usage
Additional Insider(s)	ST_BLACKOUT_SEC	Click Additional Insider(s) on the Stock Blackout page.	Select additional individuals subject to the blackout period.

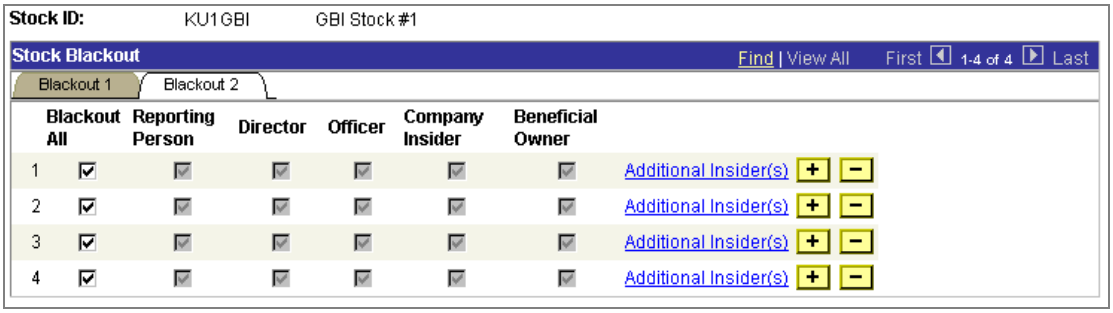
Defining Blackout Periods

Access the Stock Blackout page.



Stock Blackout - Blackout 1 page

Blackout 2 Tab



Stock Blackout - Blackout 2 page

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 Insiders(s)** is made unavailable.

Reporting Person, Director, Office, 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

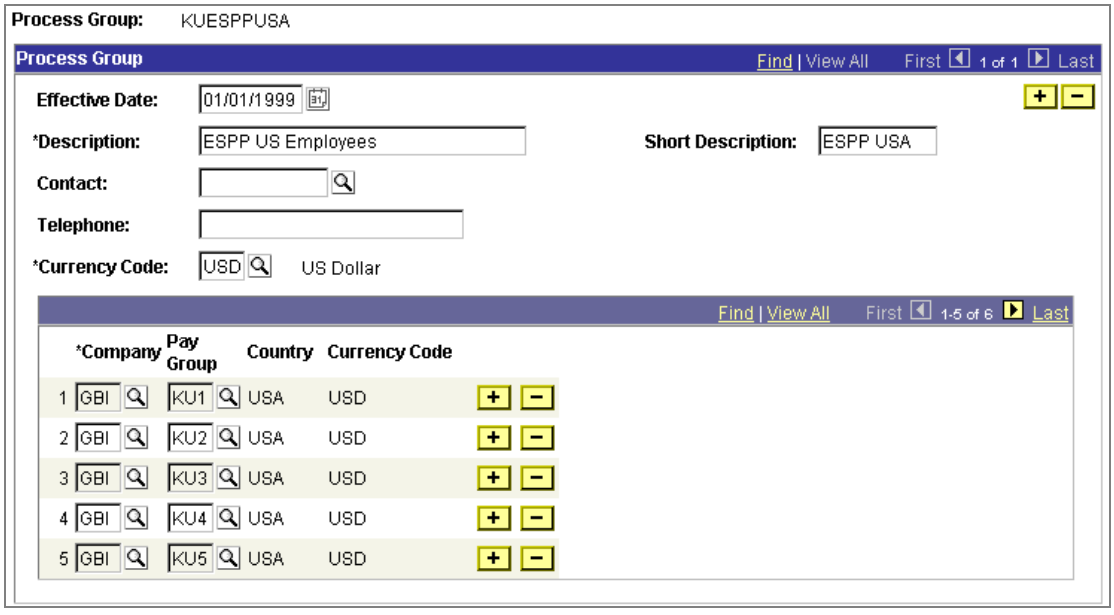
By using process groups you can group participants for processing, reconciliation, and reporting. You assign participants based on the company and pay group of the contributions gathered from PeopleSoft Payroll for North America or from manual contributions. For stock options, you can use Process groups 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:

Page Used to Set Up Process Groups

Page Name	*Object Name*	*Navigation*	*Usage*
Process Group	ST_PROCESS_GRP	Define Business Rules, Define Stock Administration, Setup, Process Group	Use the Process Group page to define how contributions from companies and pay groups are combined as a unit for processing.

Setting Up Process Groups

Access the Process Group page.



Process Group page

Contact	The EmplID of the contact for the process group.
Company	The company to include in the process group. Only companies with the same currency may be included in a process group.
Pay Group	The pay group within a company to include in the process group. Only pay groups with the same currency may be included in a process group. **Note.** The currency codes for the company and pay group must match.

See Also

PeopleSoft Payroll for North America PeopleBook, "Defining Your Organizational Framework"

PeopleSoft Application Fundamentals for HRMS PeopleBook, "Setting Up Companies, Agencies, and Locations" and "Working With Currencies"

Allocating Shares to the Treasury, Stock Classes, and Plans

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

Using the Stock Treasury table, you set up your initial stock allocation. Later, you change your 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 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 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.

In this section, we discuss how to:

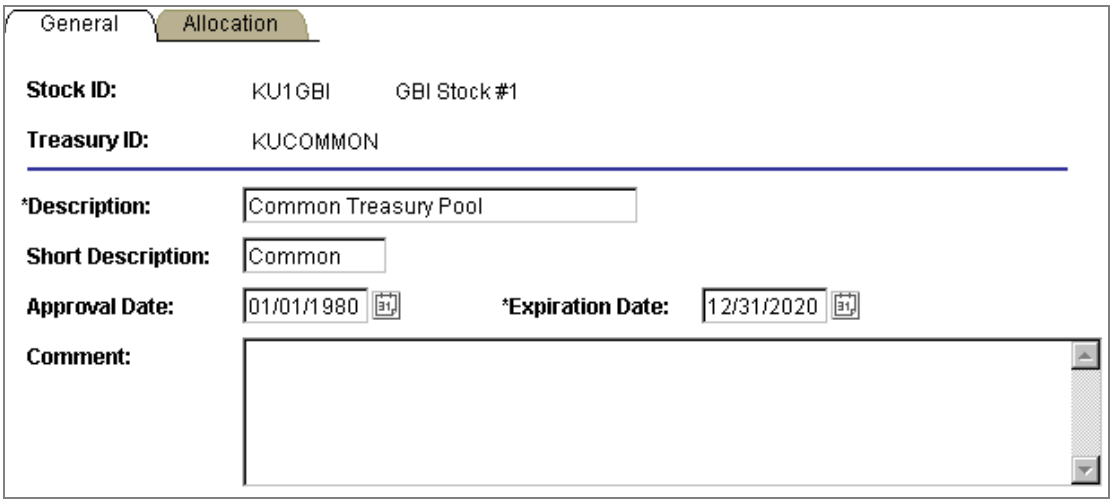
- Define and allocate treasury pools to stock IDs
- Associate stock classes with a stock ID and allocate shares.
- Define stock plans for a stock ID and allocate shares

Pages Used to Allocate Shares

Page Name	Object Name	Navigation	Usage
Stock Treasury Table - General	STOCK_TREASURY 1	Define Business Rules, Define Stock Administration, Setup, Stock Treasury Table, General	Define your treasury pools and relate them to a stock ID.
Stock Treasury Table - Allocation	STOCK_TREASURY 2	Define Business Rules, Define Stock Administration, Setup, Stock Treasury Table, Allocation	Define the allocations to the treasury.
Stock Treasury Details	STOCK_TREASURY _SEC	Click Details on the Stock Treasury Table page.	Add comments about the treasury allocation and view the treasury ID record change history.
Stock Class Table - General	STOCK_CLASS1	Define Business Rules, Define Stock Administration, Setup, Stock Class Table, General	Set up different classes of equity securities and relate them to a stock ID.
Stock Class Table - Allocation	STOCK_CLASS2	Define Business Rules, Define Stock Administration, Setup, Stock Class Table, Allocation	Define allocations to stock classes.
Stock Class Table - Details	STOCK_CLASS_SEC	Click Details on the Stock Class Table - Allocation page.	Add comments about the stock class and view the stock class record change history.
Stock Plan Table - General	STOCK_PLAN1	Define Business Rules, Define Stock Administration, Setup, Stock Plan Table, General	Define your stock plans and relate them to a stock ID.
Stock Plan Table - Allocation	STOCK_PLAN2	Define Business Rules, Define Stock Administration, Setup, Stock Plan Table, Allocation	Track changes made to a specific stock plan.
Stock Plan Details	STOCK_PLAN_SEC	Click Details on the Stock Plan Table - Allocation page.	Add comments about the stock plan and view the stock plan record change history.

Associating Treasury IDs with Stock IDs

Access the Stock Treasury Table - General page.



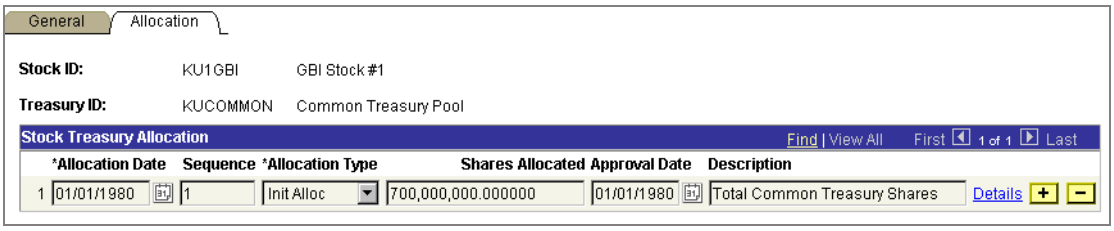
Stock Treasury Table - General page

Approval Date Enter the date that the treasury was approved.

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

Defining Treasury Allocations

Access the Stock Treasury Table - Allocation page



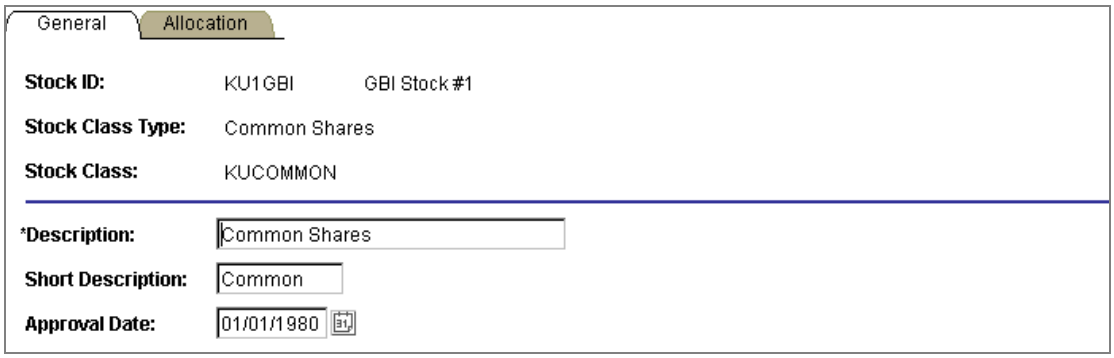
Stock Treasury Table - Allocation page

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.

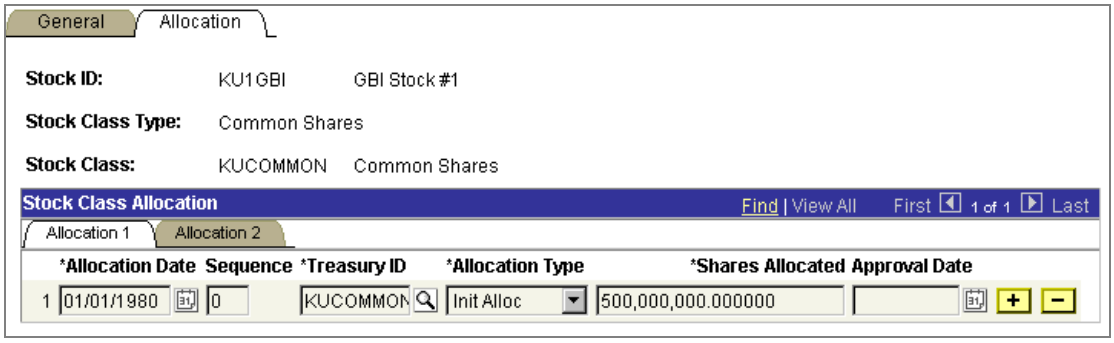


Stock Class Table - General setup page

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

Defining Class Allocations

Access the Stock Class Table - Allocation page.



Stock Class Table - Allocation: Allocation 1 page

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

Allocation 2 Tab

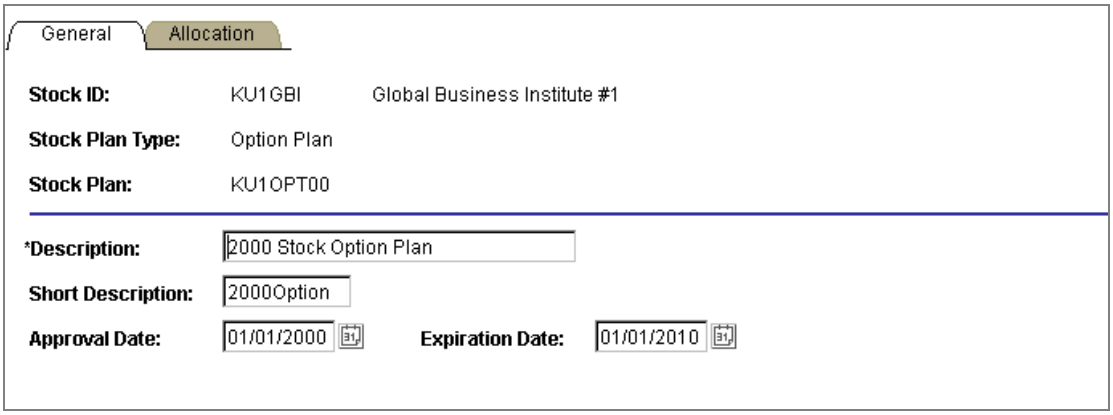


Stock Class Table - Allocation: Allocation 2 page

Details Click to access the Stock Class Table 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.



Stock Plan Table - General page

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.

See Also

"Overview of Your Stock Administration System," Integrating With Other PeopleSoft HRMS Applications

Allocating Stock to a Stock Plan

Access the Stock Plan Table - Allocation page.

This page resembles the Stock Class Table - Allocation page.

See Also

Defining Class Allocations

CHAPTER 4

Managing Stock Administration

This chapter describes 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.
- Review your application integration decisions.

See Also

"Defining Stock Administration Business Rules"

"Overview of Your Stock Administration System," Integrating With Other PeopleSoft HRMS Applications

Administering Participant Information

With PeopleSoft Stock Administration's tight integration with PeopleSoft Human Resources you can quickly access human resources participant information that is needed to administer your stock plans. Without leaving the stock administration application, you can enter issuance instructions and specify insiders, and view job, employment, and payroll data.

Here's how you administer participant information:

- Enter issuance instructions.
- View participant information.

- Enter address information.
- Enter insider data.
- View personal profiles.
- Enter mass issuance update data.
- View mass issuance messages.

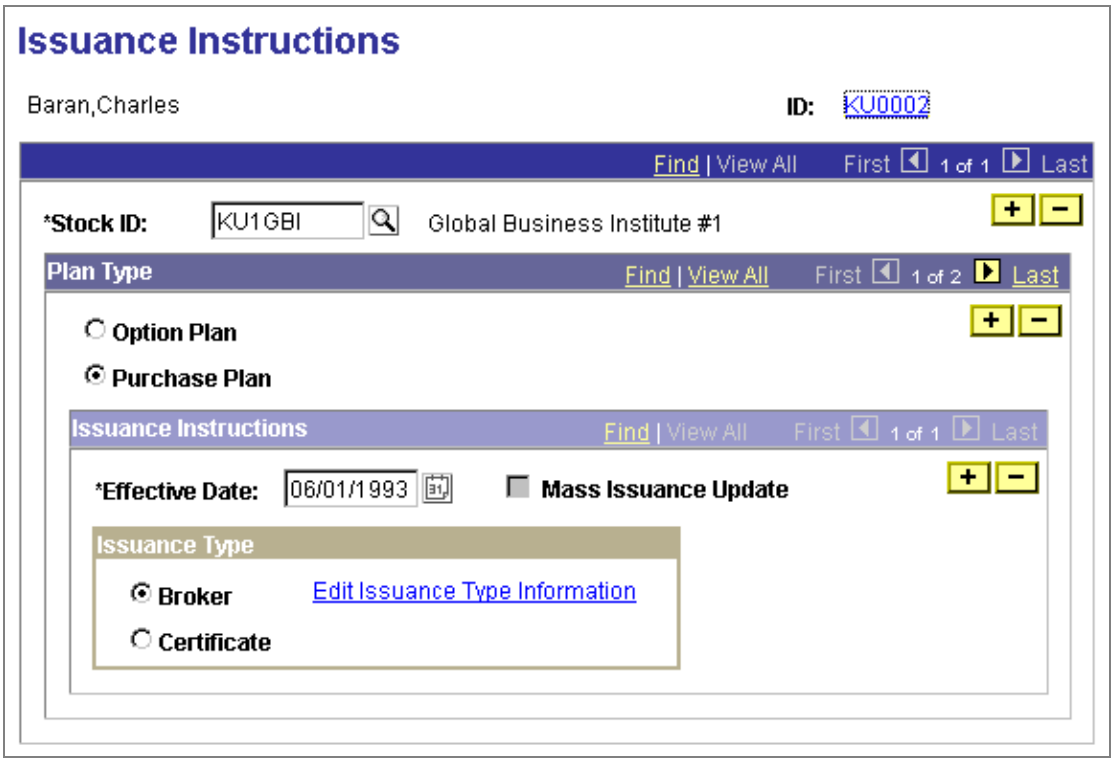
Pages Used to Administer Participant Information

Page Name	*Object Name*	*Navigation*	*Usage*
Issuance Instructions	ST_ISSUANCE	Compensate Employees, Administer Stock, Use, Issuance Instructions	Enter or modify issuance and registration instructions for individual participants.
Employee Information	ST_EMPL2_SEC	Click the employee ID number on one of numerous pages in the PeopleSoft Stock Administration application.	View participant information. The information is current as of today's date.
Issuance Instructions – Broker Issuance Information	ST_ISSUANCE_SEC1	Click Edit Issuance Type Information on the Issuance Instructions page.	Enter additional issuance instructions for broker.
Issuance Instructions – Certificate Address	ST_ISSUANCE_SEC2	Click Edit Issuance Type Information on the Issuance Instructions page.	Provide mailing instructions for stock certificates.
Insider Data	ST_INSIDER_TBL	Compensate Employees, Administer Stock, Use, Insiders	Designate individuals subject to SEC Section 16 reporting requirements and Regulation S-K proxy requirements.
Personal Profile	ST_PERS_PROFILE	Compensate Employees, Administer Stock, Inquire, Personal Profile	View PeopleSoft Human Resources information.
Mass Issuance Update	ST_RUNCTL_ISUUPD	Compensate Employees, Administer Stock, Process, Mass Issuance Update	Change the brokerage choice for a group of participants. You must first set up the stock ID and brokerage branch.

Page Name	Object Name	Navigation	Usage
Mass Issuance Messages	ST_ISSU_MESSAGE	Compensate Employees, Administer Stock, Inquire, Mass Issuance Messages	View mass issuance update processing messages. You must first run the Mass Issuance Update process.

Entering Issuance Instructions

Access the Issuance Instructions page.



Issuance Instructions page

ID Click this number to access the Employee Information page where you can view employee information.

Plan Type Select ***Option Plan*** or ***Stock 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.

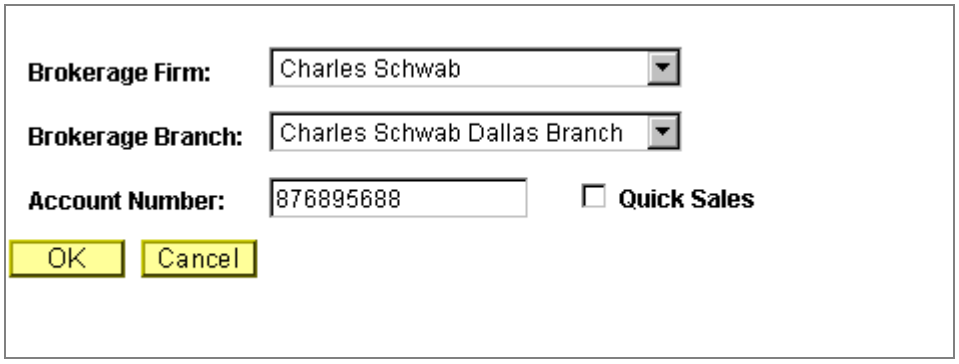
Mass Issuance Update This check box is selected if the issuance instructions were created by a mass issuance update.

Issuance Type Indicate where to send the shares: ***Broker*** or ***Certificate.***

Edit Issuance Type Information	Click to display a page where you can enter additional issuance instructions. The page that appears links depends on the issuance type.

Entering Broker Issuance Information

Access the Issuance Instructions - Broker Issuance Information page.

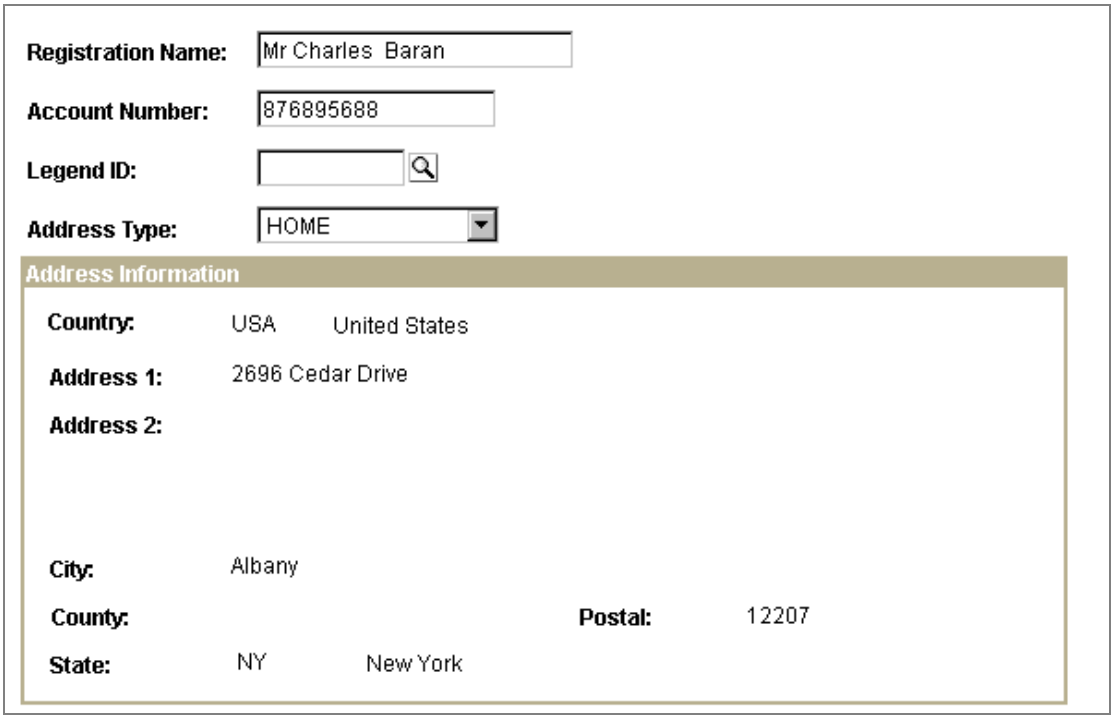


Issuance Instructions – Broker Issuance Information page

Account	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 Certificate Address Information

Access the Issuance Instructions - Address page.



Issuance Instructions – Certificate Address page

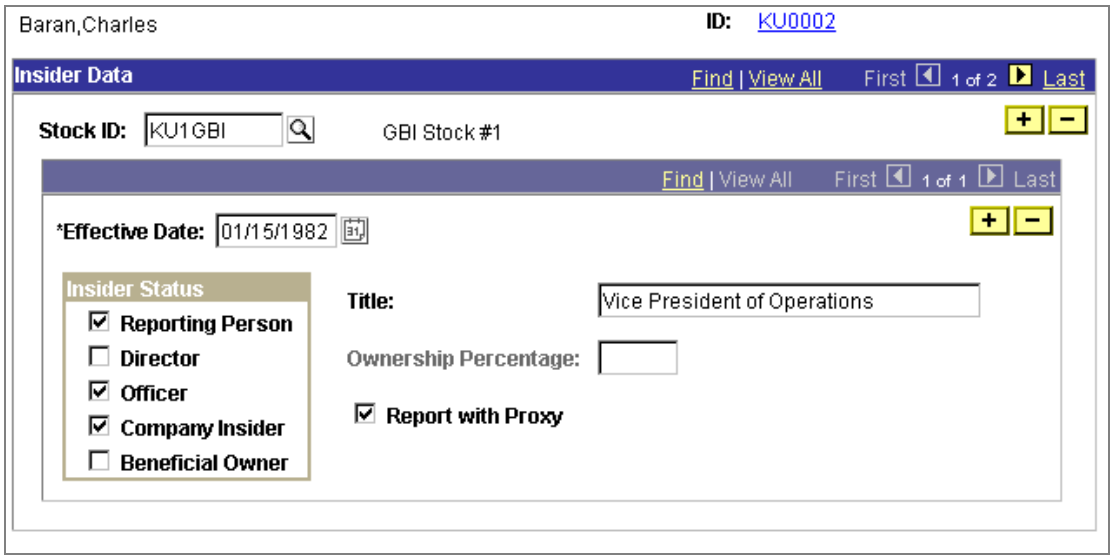
Legend ID — If *Stock Purchase Plan* is selected as the plan type on the Issuance Instructions page, this field is available. Legend IDs are set up on the Stock Legend Table page.

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

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

Entering Insider Data

Access the Insider Data page.



Insider Data page

ID Click this number to view employee information.

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.

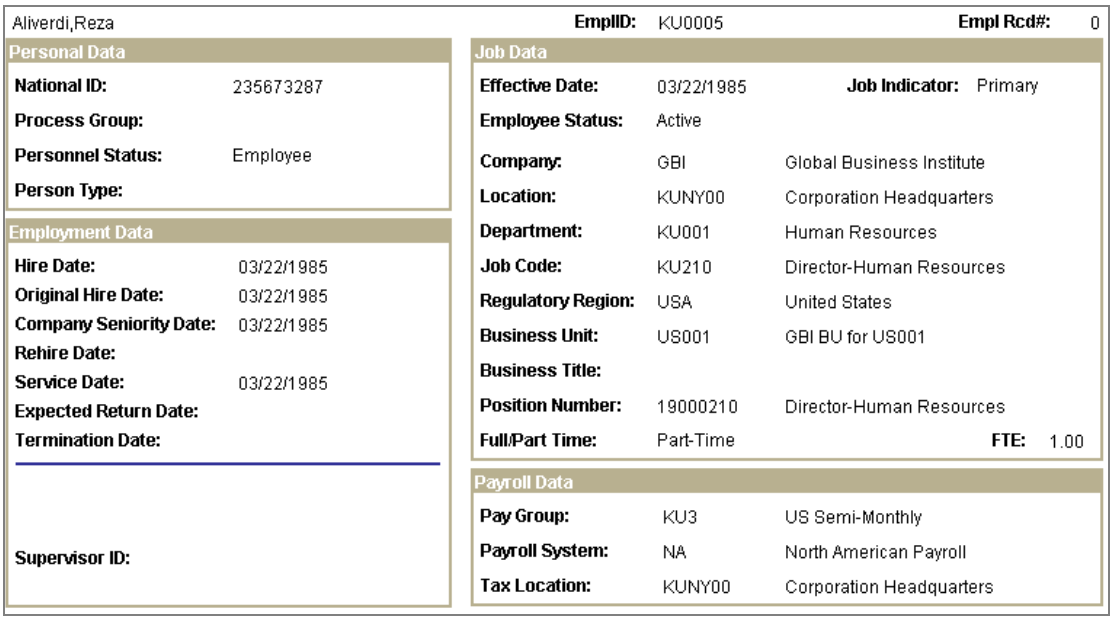
Title The system defaults the business title stored in the HR Job table. If there is more than one job for an individual, the primary job defaults. The system uses the lowest active record number if there is no primary job flagged. You can enter a different title if you like.

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.

Viewing Personal Profiles

Access the Personal Profile page.



Aliverdi,Reza — EmplID: KU0005 — Empl Rcd#: 0

Personal Data

National ID:	235673287
Process Group:	
Personnel Status:	Employee
Person Type:	

Employment Data

Hire Date:	03/22/1985
Original Hire Date:	03/22/1985
Company Seniority Date:	03/22/1985
Rehire Date:	
Service Date:	03/22/1985
Expected Return Date:	
Termination Date:	
Supervisor ID:	

Job Data

Effective Date:	03/22/1985	Job Indicator:	Primary
Employee Status:	Active		
Company:	GBI	Global Business Institute	
Location:	KUNY00	Corporation Headquarters	
Department:	KU001	Human Resources	
Job Code:	KU210	Director-Human Resources	
Regulatory Region:	USA	United States	
Business Unit:	US001	GBI BU for US001	
Business Title:			
Position Number:	19000210	Director-Human Resources	
Full/Part Time:	Part-Time	FTE:	1.00

Payroll Data

Pay Group:	KU3	US Semi-Monthly
Payroll System:	NA	North American Payroll
Tax Location:	KUNY00	Corporation Headquarters

Personal Profile page

All fields on this page are display-only.

See Also

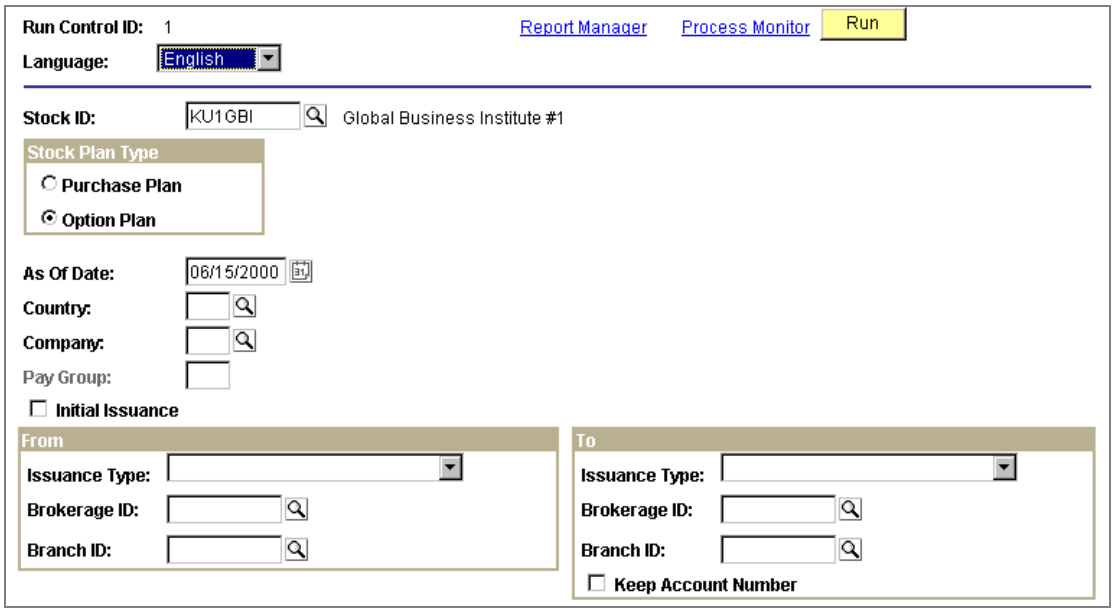
PeopleSoft Human Resources PeopleBook: Administer Workforce, "Overview of the Hiring Process"

PeopleSoft Human Resources PeopleBook: Base Benefits, "Enrolling Participants"

PeopleSoft Human Resources PeopleBook: Base Benefits, "Setting Up Dependent and Beneficiary Information"

Entering Mass Issuance Update Data

Access the Mass Issuance Update page.



Mass Issuance Update page

As Of Date Enter the date that you want the mass issuance to be effective. The system displays an error message on the 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.

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.

Specifying Daily Stock Prices

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. To specify daily stock prices, companies need to:

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

Pages Used to Enter Daily Prices and View FMV Prices

Page Name	*Object Name*	*Navigation*	*Usage*
Daily Prices Tracking	ST_DAILY_PRICES	Compensate Employees, Administer Stock, Use, Daily Prices Tracking, Daily Prices Table	Enter the various daily prices tracked for a specific stock ID.
Plan FMVs	ST_DAILY_PLNPRC	Click the Fair Market Value button on the Daily Prices Tracking page.	View the FMV prices for the day selected.

Entering Daily Prices

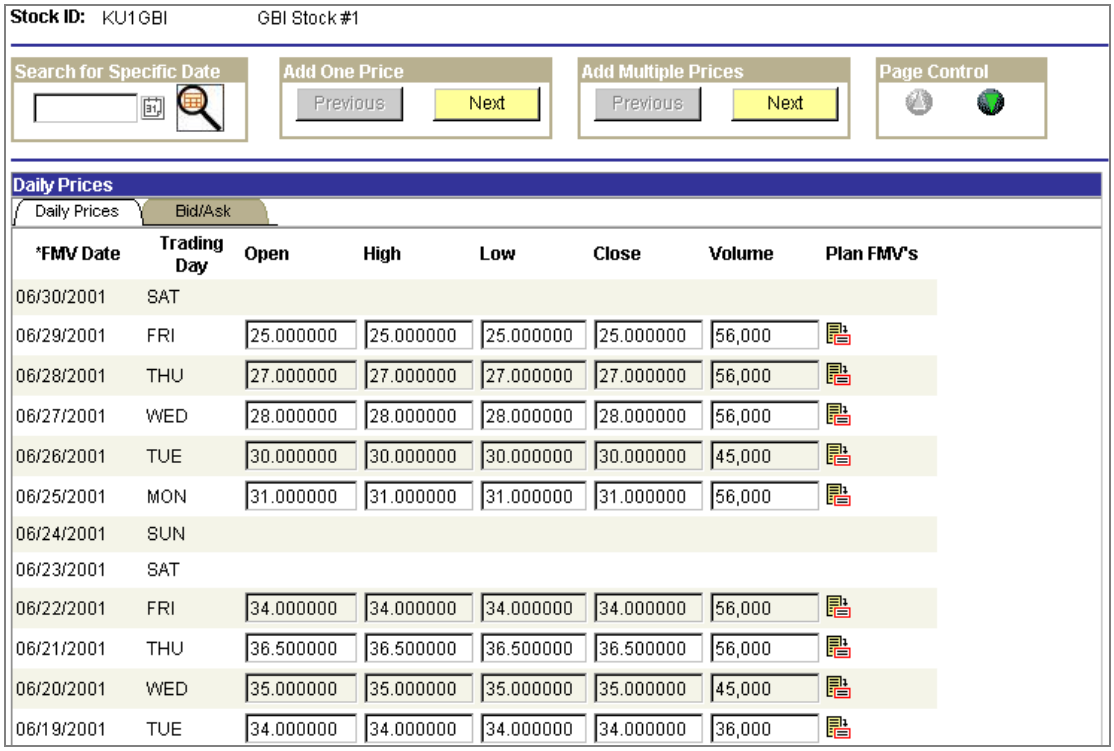
Before you can enter daily prices, you must define:

- Stock ID on the Stock Table page.
- FMV methods on the FMV Method Table page.

- FMV method on the Stock Details - Common Rules page.

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.

Access the Daily Prices Tracking page.



*FMV Date	Trading Day	Open	High	Low	Close	Volume	Plan FMV's
06/30/2001	SAT						
06/29/2001	FRI	25.000000	25.000000	25.000000	25.000000	56,000	
06/28/2001	THU	27.000000	27.000000	27.000000	27.000000	56,000	
06/27/2001	WED	28.000000	28.000000	28.000000	28.000000	56,000	
06/26/2001	TUE	30.000000	30.000000	30.000000	30.000000	45,000	
06/25/2001	MON	31.000000	31.000000	31.000000	31.000000	56,000	
06/24/2001	SUN						
06/23/2001	SAT						
06/22/2001	FRI	34.000000	34.000000	34.000000	34.000000	56,000	
06/21/2001	THU	36.500000	36.500000	36.500000	36.500000	56,000	
06/20/2001	WED	35.000000	35.000000	35.000000	35.000000	45,000	
06/19/2001	TUE	34.000000	34.000000	34.000000	34.000000	36,000	

Daily Prices Tracking 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.

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 from the Daily Prices Tracking page.



Plan FMVs page

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.

Exercise FMV, Swap/Trade FMV, Release FMV, and **Repurchase FMV** are based on the rules defined on the same page.

Offer FMV — The system displays the FMV based on the FMV date and the rules defined on the Stock Purchase Plan Rules - FMV Rules page.

Stock Purchase FMV is based on the rules defined on the same page.

Calculating Stock Balances

This section provides an overview of high-level, comprehensive share balance and allocation processing and describes how to calculate the:

- Stock treasury balance.
- Stock class balance.
- Available stock option shares.
- Stock options outstanding.
- Stock purchase balance.

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 PeopleSoft Stock Administration captures online transactions and batch processes and provides reports that you can use for financial disclosure, auditing, and regulatory reporting. By entering an “As of Date” on the share balance inquiry pages and selecting 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 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

"Administering Variable Compensation Grants"

Pages Used to Calculate Stock Balances

Page Name	*Object Name*	*Navigation*	*Usage*
Stock Treasury Balance	ST_TREASURY_BAL	Compensate Employees, Administer Stock, Inquire, Stock Treasury Balance	Runs the ST_TRSR_BAL process, which calculates treasury shares available to issue based on a specific date. You must first allocate shares on the Stock Treasury Table - General page.

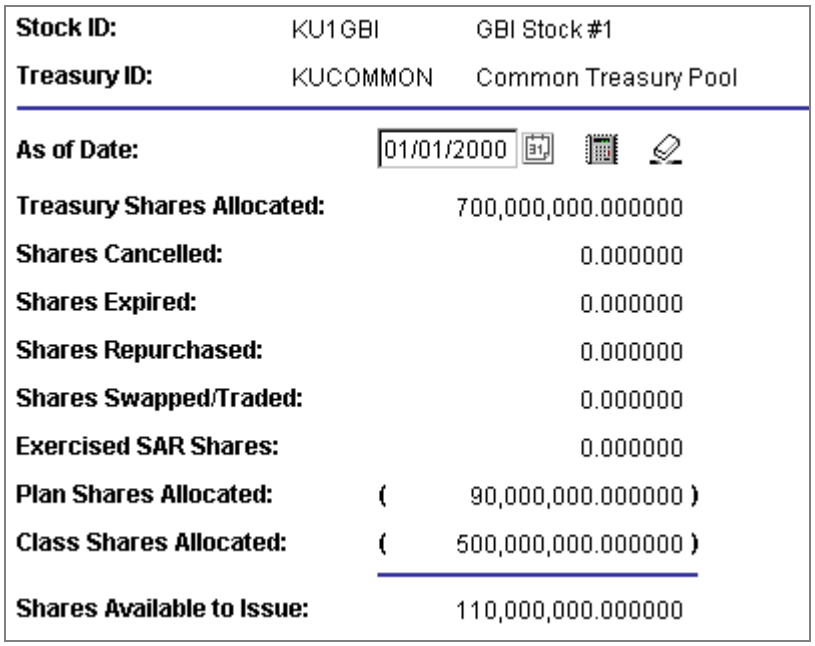
Page Name	Object Name	Navigation	Usage
Stock Class Balance	STOCK_CLASS_BAL	Compensate Employees, Administer Stock, Inquire, Stock Class Balance	Runs the ST_CLASS_BAL process, which calculates class shares outstanding based on a specific date. You must first allocate shares on the Stock Class Table page.
Stock Option Balance - Shares Available	STOCK_PLAN_BAL1	Compensate Employees, Administer Stock, Inquire, Stock Option Balance, Shares Available	Runs the ST_OPTN_BAL process, which calculates the stock option plan shares available to issue based on an as of date. You must first define a stock ID on the Stock Table page and allocate shares to a stock option plan on the Stock Plan Table page.
Stock Option Balance - Options Outstanding	STOCK_PLAN_BAL2	Compensate Employees, Administer Stock, Inquire, Stock Option Balance, 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 Balance	STOCK_ESPP_BAL	Compensate Employees, Administer Stock, Inquire, Stock Purchase Balance, Shares Available	Run the ST_ESPP_BAL process, which calculates the stock purchase plan shares available to issue based on an as of date. You must first define a stock ID on the Stock Table page and allocate shares to a stock purchase plan on the Stock Plan Table page.

Common Elements Used in This Section

	Click the Calculate button to generate balances based on the as of date.
	Click the Clear button to clear the share balance values for the page.
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.

Calculating the Stock Treasury Balance

Access the Stock Treasury Balance page.



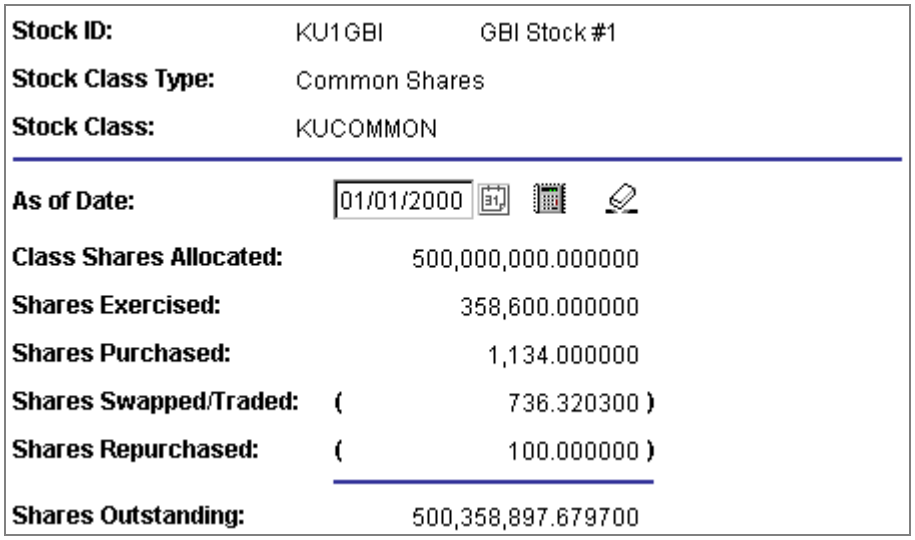
Stock Treasury Balance page

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

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

Calculating the Stock Class Balance

Access the Stock Class Balance inquiry page.

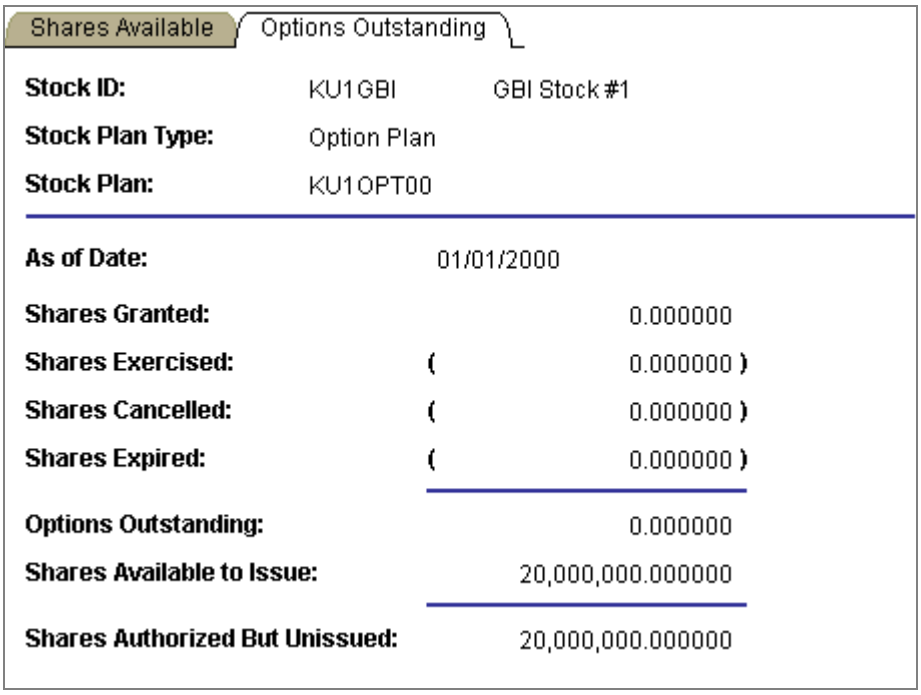


Stock Class Balance inquiry page

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.

Viewing Stock Options Outstanding

Access the Stock Option Balance - Options Outstanding page.

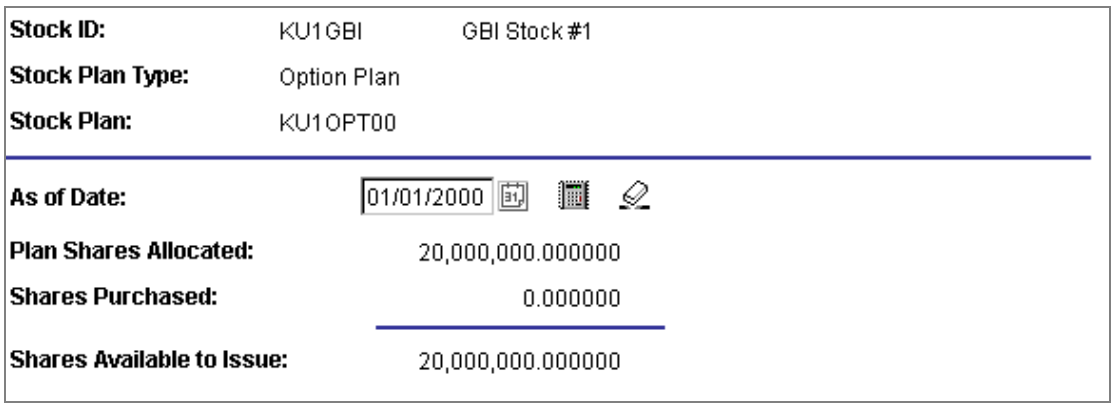


Stock Option Balance - Options Outstanding page

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 Balances.

Access the Stock Purchase Balance page



Stock Purchase Balance page

Shares Purchased Shares issued from active stock purchases.

Managing Stock Splits

In this section, we cover the following tasks for managing stock splits:

- Defining the parameters of a stock split.
- Running the stock split process.

Understanding Stock Splits

A stock split is a far-reaching change that touches all stock shares in your stock administration system. You must split not only your outstanding stock but your outstanding stock options. 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.

You should 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 Stock Split page.

2. Run the stock split process.

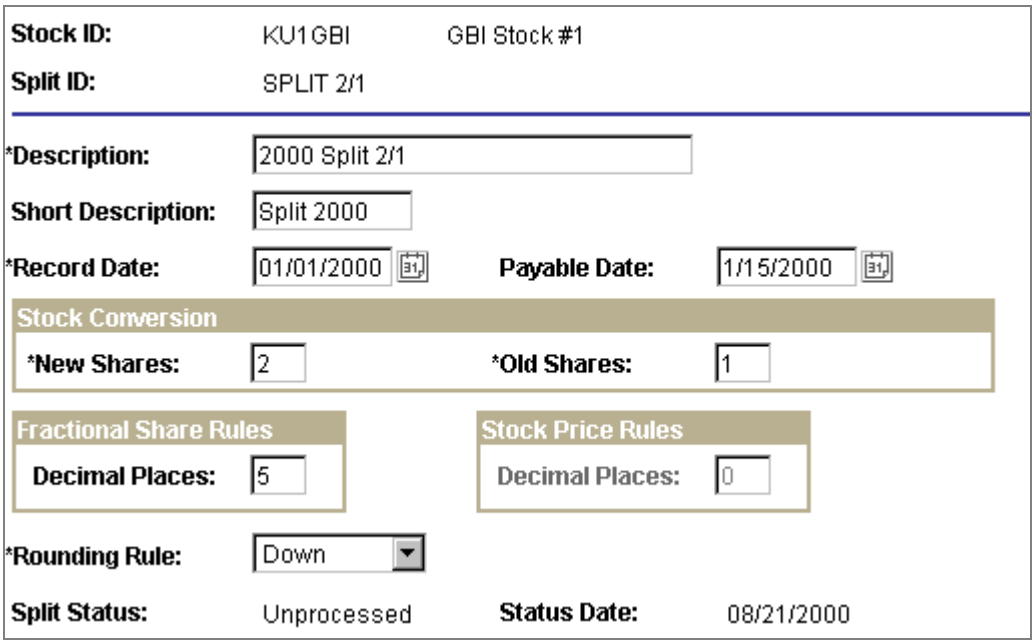
   Run the stock split process using the Stock Split Process page. You can run only stock splits with a split status of unprocessed.

Pages Used to Manage Stock Splits

Page Name	*Object Name*	*Navigation*	*Usage*
Stock Splits Setup	ST_SPLIT	Compensate Employees, Administer Stock, Setup, Stock Splits	Create a stock split ID and define the parameters of the stock split.
Stock Split	ST_RUNCTL_SPLIT	Compensate Employees, Administer Stock, Process, Stock Split	Process a stock split. You must first define a stock split ID on the Stock Spit setup page.

Defining the Stock Split Parameters

Access the Stock Split Setup page.



Stock Splits Setup 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 - 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 - Rules page are the default. You can make them more restrictive.

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

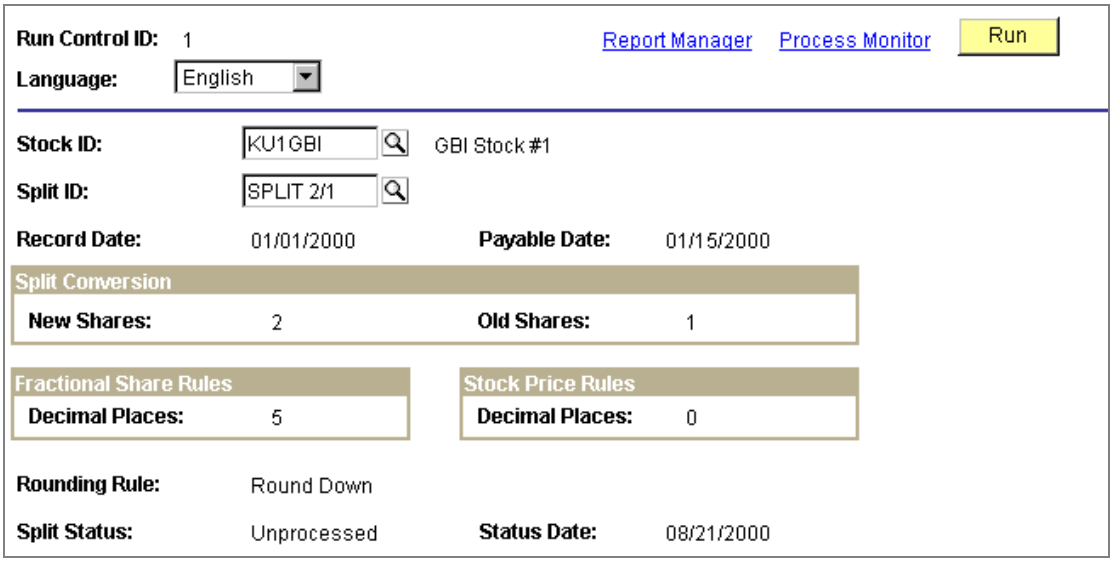
Rounding Rule — Select a rounding rule to use for fractional shares. Valid values include ***Standard, Up,*** and ***Down.*** The default value is ***Down.***

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

Status Date — Last date that the split status changed.

Running the Stock Split Process

Access the Stock Split process page.



Stock Split process page

Once you select the **Stock ID** and the **Split ID,** the system displays the parameters you defined for the stock split on the Stock Split Setup page.

See Also

Defining the Stock Split Parameters

Managing Dispositions

In this section we discuss how to:

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

See Also

PeopleSoft eEquity PeopleBook, "Introducing PeopleSoft eEquity "

"Administering Stock Option Dispositions"

"Administering Stock Purchase Dispositions"

Pages Used to Manage Dispositions

Page	*Object Name*	*Navigation*	*Usage*
Confirm Self Service Disp	ST_RUNCTL_SSDISP	Compensate Employees, Administer Stock, Process, Confirm Self Service Sales	Confirm stock dispositions that are reported through PeopleSoft eEquity.
Batch Up Dispositions	ST_RUNCTL_SENDDISP	Compensate Employees, Administer Stock, Process, Batch Up Dispositions	Collect all confirmed disposition information and send to Payroll for North America for processing.

CHAPTER 5

Overview of Your Stock Options System

This chapter provides an overview of the stock option plan functions of PeopleSoft Stock Administration and discusses:

- Creating stock option plans.
- Granting options.
- Exercising and Releasing options.

Creating Stock Option Plans

In this section we discuss the creation of stock option plans and the various types of stock options the system supports.

With PeopleSoft Stock Administration you can 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 the design of a stock program by management, 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.

Stock Option Types

PeopleSoft 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.

Granting Options

In this section, we discuss stock option grants and validating 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.

Validating 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 PeopleSoft 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

Vest Date	*Shares Vested*	*Vest Value*	*Value Over Limit*	*Shares Over Limit*	*% Over Limit*	*NQ Shares Granted*	*ISO Shares Granted*
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.

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.

Exercising and Releasing Options

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.

In this section, we discuss:

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

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 AMT income is recognized.

When you calculate ordinary income PeopleSoft Stock Administration enables you to calculate taxes by integrating with PeopleSoft 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 AMT income is calculated or when ordinary income is zero. PeopleSoft Stock Administration does not support the calculation and collection of taxes based upon AMT income pursuant to the IRS guidelines under circular E. Consult your payroll administrator or tax advisor for further information.

AMT income 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.

PeopleSoft 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 coverthe 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. PeopleSoft 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 AMT Income 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)	AMT Income = 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

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 AMT Income at Release

ATM 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)	AMT Income = 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
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 PeopleSoft 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 PeopleSoft Payroll for North America in order to correlate tax class to tax type.

Payroll Integration Issues

If you use PeopleSoft 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:

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 = AMT Income	$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 PeopleSoft 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.

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 PeopleSoft 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 AMT income 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
AMT Income	($12 - $3.4) x 100 = $860
Total Shares Exercised	100
Shares Required for Swap	28
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.

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
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:

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 = AMT Income	$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

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.

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
Total Due Optionee	$497.51

Shares Cancelled on SAR Exercise	100
Optionee receives	42 shares

CHAPTER 6

Setting Up Stock Option Plans

This chapter provides an overview of stock option plans and describes how to:

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

Overview of Stock Option Plans

One of the first steps in building your stock option plan is to specify the vesting schedules for exercising options. Then, you define your basic stock option plan rules including option types allowed, payment and income methods, share rules, FMV rules, and other option parameters. Finally, you define stock actions, changes in optionees' status that can affect how they participate in your stock plan.

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

To set up stock option plans:

1. Define the vesting schedules used for processing stock options using the Vesting Schedule page.
2. Define the stock fiscal year calendars using the Stock Fiscal Year page.
3. Define the stock option plan rules using the Stock Option Plan component.
4. Define the tax rules.
5. Define the various reasons you grant stock options using the Grant Reason Table page.
6. Define the stock actions that integrate with PeopleSoft Human Resources actions.

Before you Begin

Before you begin setting up your stock option plans you should:

- Define your stock administration business rules and create the common setup tables.
- Review your application integration decisions.

See Also

"Defining Stock Administration Business Rules"

"Overview of Your Stock Administration System," Integrating With Other PeopleSoft HRMS Applications

Creating Vesting Schedules

You create vesting schedules that govern when and in what proportions shares become available to optionees. The vesting schedules are used when you grant options.

In this section we discuss:

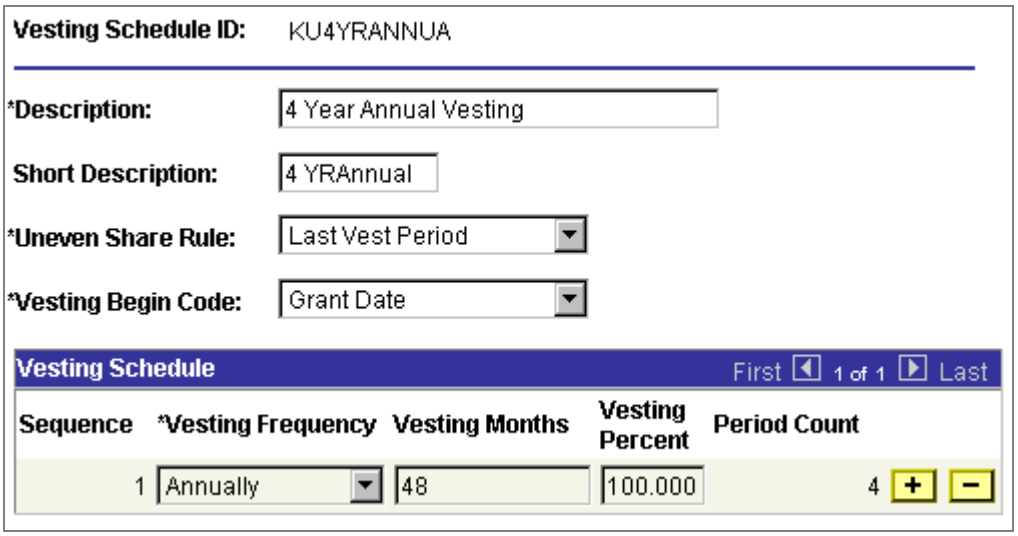
- Setting up vesting schedules.
- Common vesting schedules.

Page Used to Setup a Vesting Schedule

Page Name	*Object Name*	*Navigation*	*Usage*
Vesting Schedule	ST_VEST_SCHED	Define Business Rules, Define Stock Option Plans, Setup, Vesting Schedule	Define the vesting schedules used for granting stock options.

Setting Up a Vesting Schedule

Access the Vesting Schedule page.



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.

First Vest Period. Allocate to the first vesting period.

First Full Share. Accumulate over the vesting periods until they add up to one full share unit, then adds them 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 Stock Option Grant - Vesting page or the Generate Grants - Grant page.

Sequence

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.

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 Date 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	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 setup 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:

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
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 Stock Option Grants - Vesting 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.

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 the Stock Fiscal Year Calendars

This section explains how to define the fiscal year calendar for a stock.

You need to 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.

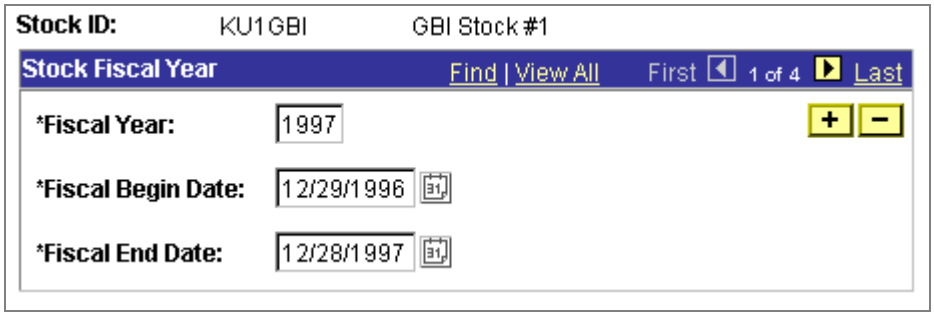
Let's say you have a stock option plan that limits grants to 50,000 shares per optionee in a fiscal year. At the time of a grant, the system validates that the number of shares granted does not exceed the limit for the fiscal year as defined under the Stock Details - Rules page and the Stock Option Plan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

Page Used to Define the Stock Fiscal Year

Page Name	*Object Name*	*Navigation*	*Usage*
Stock Fiscal Year	STOCK_FISCAL_YR1	Define Business Rules, Define Stock Option Plans, Setup, Stock Fiscal Year	Define your 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.



Stock Fiscal Year setup 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

After creating your vesting schedules, you can define your various option plans. The option types you can have within your stock plans are 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).

You'll use the Stock Option Plan Rules component to define the various plan choices. You must first define a Stock ID on the Stock Table page and a Stock Plan on the Stock Plan Table page.

This section discusses how to:

- Define general rules for a stock option plan.
- Define 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.

See Also

"Overview of Your Stock Options System," Stock Option Types

"Defining Stock Administration Business Rules," Defining FMV Methods

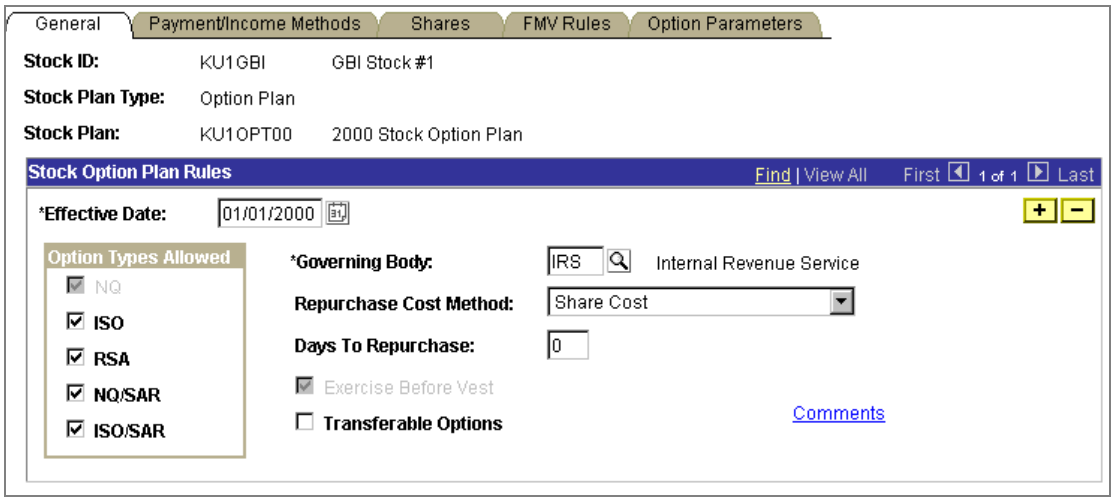
"Defining Stock Administration Business Rules," Defining Common Rules for Stock Option and Stock Purchase Plans

Pages Used to Define Stock Option Plan Rules

Page Name	*Object Name*	*Navigation*	*Usage*
Stock Option Plan Rules - General	ST_OPTION_PLAN1	Define Business Rules, Define Stock Option Plans, Setup, Stock Option Plan Rules, General	Define various option plan choices such as option types allowed, 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	Define Business Rules, Define Stock Option Plans, Setup, Stock Option Plan Rules, Payment/Income Methods	Select all payment and income methods allowed within a plan. Also define how income is calculated for the option types allowed under your plan.
Stock Option Plan Rules - Shares	ST_OPTION_PLAN3	Define Business Rules, Define Stock Option Plans, Setup, Stock Option Plan Rules, Shares	Define how shares that are never issued or reacquired are accounted for in the system (return to plan or to Treasury).
Stock Option Plan Rules - FMV Rules	ST_OPTION_PLAN4	Define Business Rules, Define Stock Option Plans, Setup, Stock Option Plan Rules, FMV Rules	Define the FMV methods that are used for various types of transactions. Also define rules for non-trading days.
Stock Option Plan Rules - Option Parameters	ST_OPTION_PARMS	Define Business Rules, Define Stock Option Plans, Setup, 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.



Stock Option Plan Rules – General setup page

Option Types Allowed Select any option type your stock plan allows. Values are: **NQ, ISO, RSA, NQ/SAR,** and **ISO/SAR.** You can grant options and set up 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. One option type must be selected. When **RSA** is selected, **Exercise Before Vest** is automatically selected.

Governing Body Select from available options.

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 ***Grant Price*** 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.

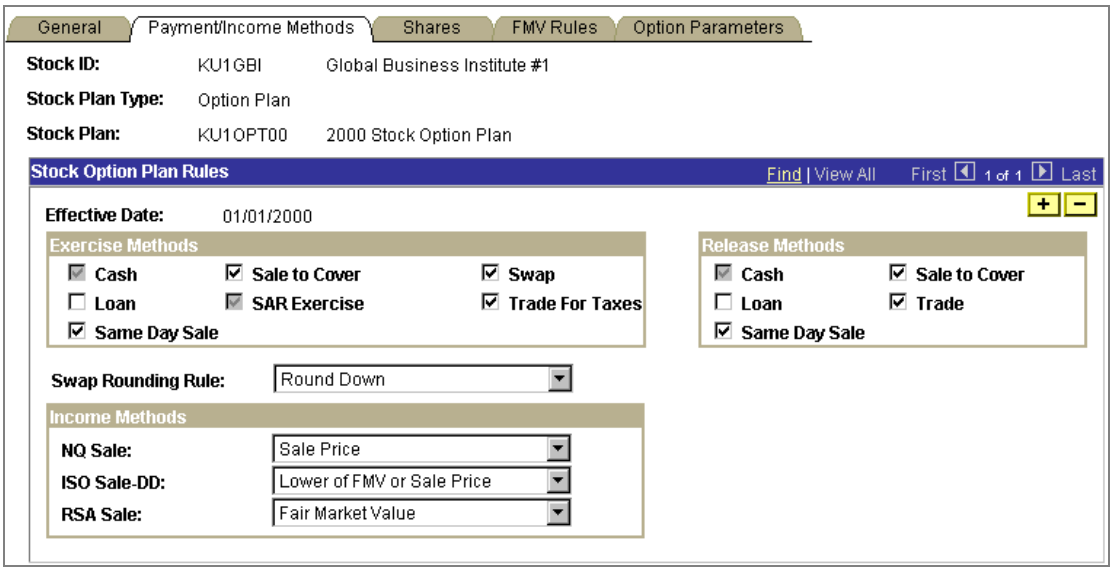
Days to Repurchase If you select **Exercise Before Vest,** this option is available. Enter the number of days the company has to repurchase from optionees' shares exercised but unvested.

Exercise Before Vest If you select NQ or ISO option types, this choice is available. If you selected 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.

Defining the Payment and Income Methods for a Stock Option Plan

Access the Stock Option Plan Rules - Payment/Income Methods page.



Stock Option Plan Rules – Payment/Income Methods page

Exercise Methods Select the methods allowed by your stock plan. Values are ***Cash***, ***Loan***, ***Same Day Sale***, ***Sale to Cover***, ***SAR Exercise***, ***Swap***, and ***Trade For Taxes***. If you selected SAR option type on the General page, SAR Exercise is automatically selected.

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

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

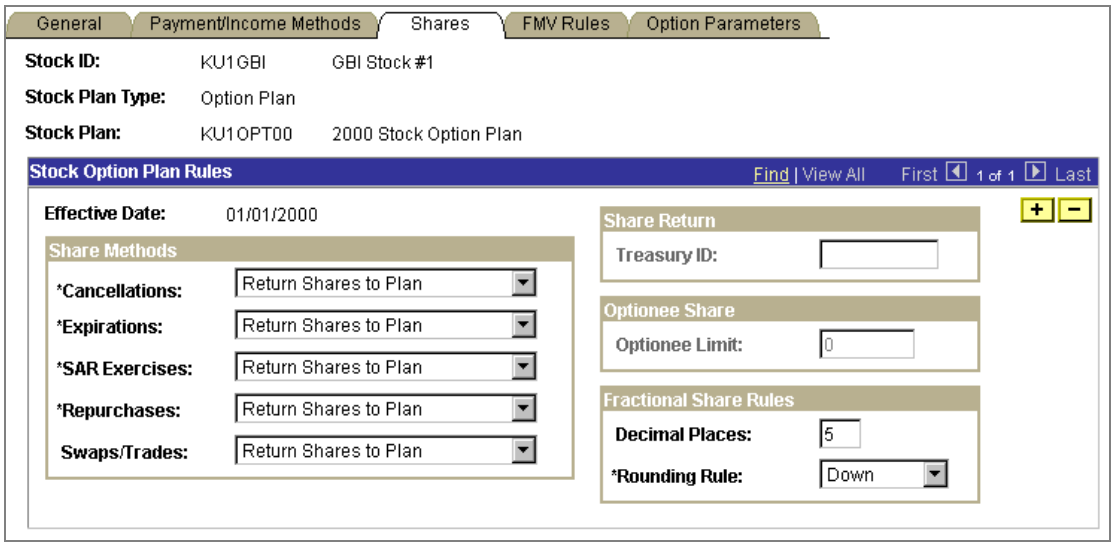
Depending on the option type selected, use these methods to calculate income on Same Day Sales, Sell to Cover exercises, and disqualifying dispositions. Valid values for the **NQ Sale, ISO Sale – DD,** and **RSA Sale** fields are: ***Sale Price, Lower of FMV or Sale Price,*** or ***Fair Market Value*** (the default).

See Also

"Overview of Your Stock Administration System"

Defining Rules to Account for Reacquired or Unissued Shares

Access the Stock Option Plan Rules - Shares page.



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.

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 Select from available options. 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 this field is defined on the Stock Details - Stock Options page, the values default and the field is unavailable.

Fractional Share Rules

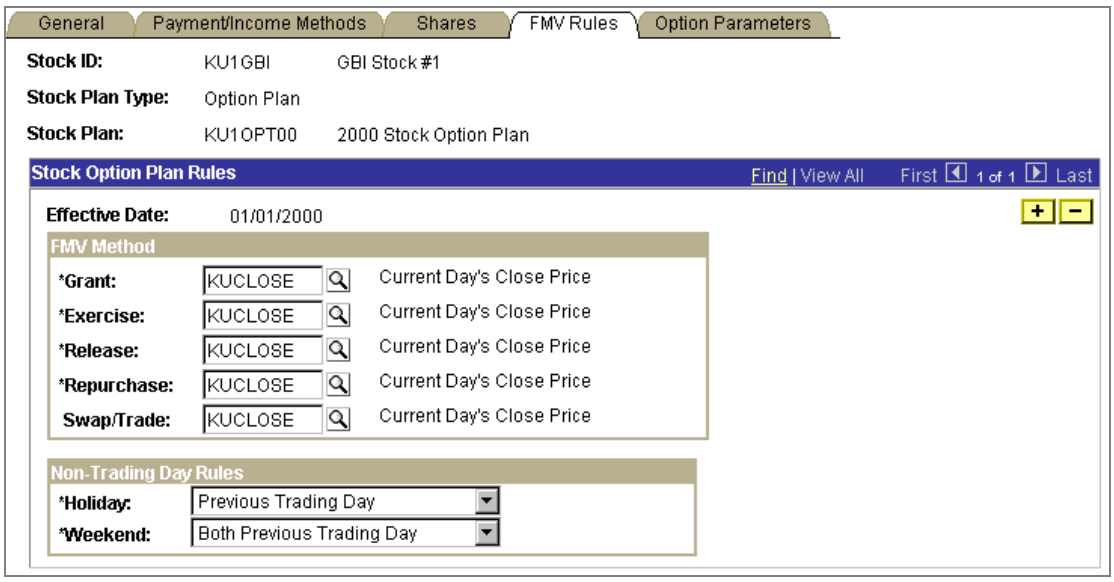
If you allowed fractional shares on the Stock Details - Common Rules page you can further restrict the number of decimal places here. Your selections on the Stock Details - Common Rules determine the default values shown here; you can make the values more restrictive.

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 setup 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.



Stock Option Plan Rules – FMV Rules page

FMV Method

Define the FMV methods that are used 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.

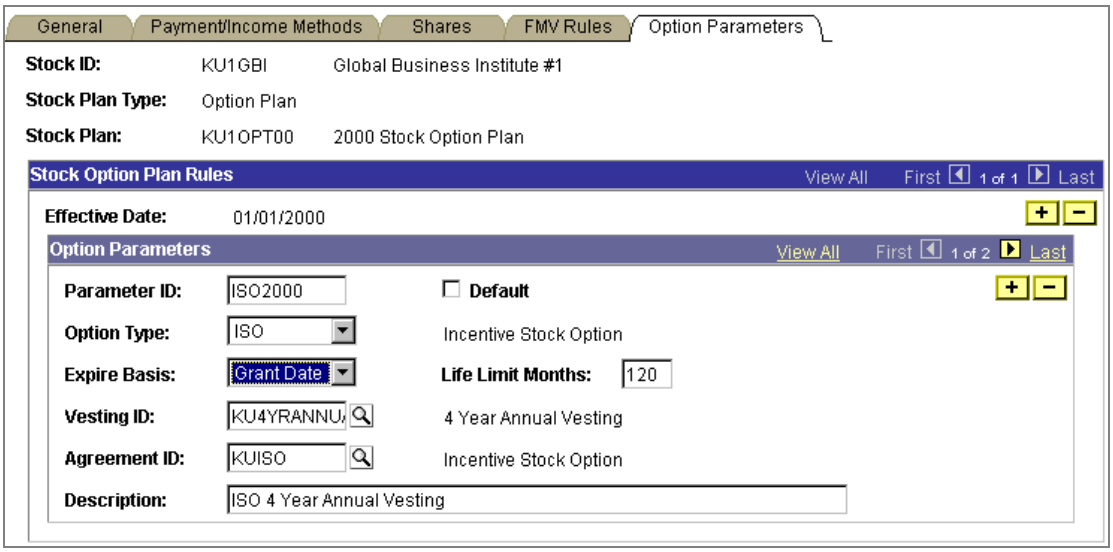
See Also

"Defining Stock Administration Business Rules," Defining FMV Methods

"Defining Stock Administration Business Rules," Defining Common Rules for Stock Option and Stock Purchase Plans

Defining Option Parameters for a Stock Option Plan

Access the Stock Option Plan Rules – Option Parameters page.



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 Date + 1, Vest Date,*** and ***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 in the Governing Body Rules.

Defining Stock Action Rules

Changes to an employee's Human Resource status may affect the employee's participation in your stock option plan. You define how your stock option plan processes change based on HR status changes. The stock action rules you define here integrate with PeopleSoft Human Resources.

This section provides an overview of stock action rules and describes how to:

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

The Stock Action Table

This table defines all unique stock actions that integrate with PeopleSoft Human Resources. The effective-dated table describes each stock action and the type of each stock action. 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)
RFL (Return from Leave	R (Return from Leave)
TER (Termination)	T (Termination)

The Stock Action Reason Table

This table correlates HR action and 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 Action and Action/Reason combinations can correlate to the same stock action.

Some HR Action/Action 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:

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

"Overview of Your Stock Administration System," Integrating With Other PeopleSoft HRMS Applications

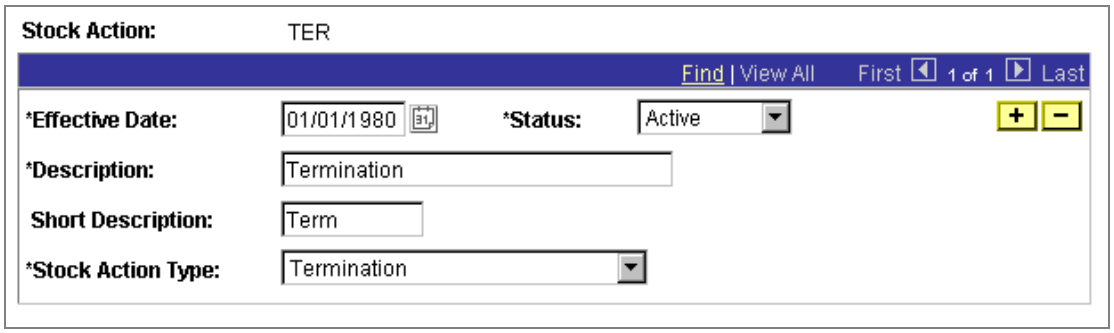
Pages Used to Define Stock Action Rules

Page Name	*Object Name*	*Navigation*	*Usage*
Stock Action Table	STOCK_ACTN_TBL	Define Business Rules, Define Stock Option Plans, Setup, Stock Action Table, Stock Action	Define a stock action and associate it with a stock action type.

Page Name	Object Name	Navigation	Usage
Stock Action Reason Table	ST_ACTN_RSN_TBL	Define Business Rules, Define Stock Option Plans, Setup, Stock Action Reason Table, Stock Action Reason	Define the correlation between HR Action/Reason code combinations and a Stock Action. You must first define a Stock Action on the Stock Action Table page
Stock Action Rules	ST_ACTN_RULE	Define Business Rules, Define Stock Option Plans, Setup, Stock Action Rules, Stock Action Rules	Define the rules by which existing grants and vesting schedules should be modified due to Stock Actions. You must first relate an Action and a Reason Code to a Stock Action on the Stock Action Reason Table page.

Defining a Stock Action

Access the Stock Action Table page by entering a three-digit code that uniquely identifies an action associated with changes in an employee's job.

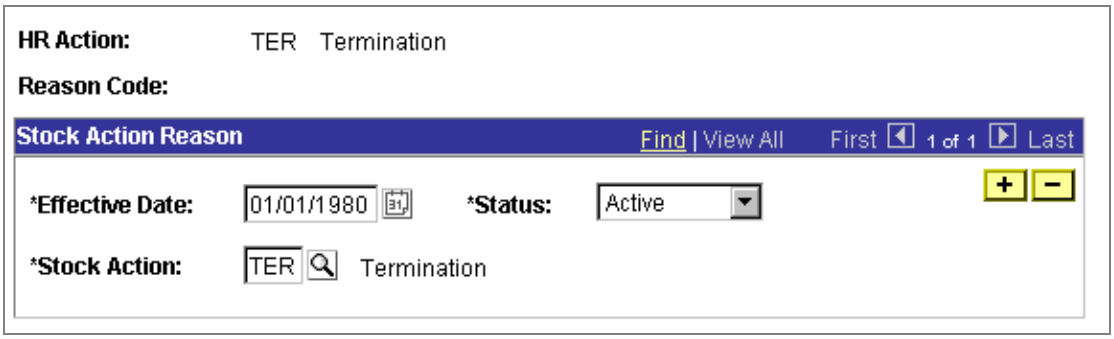


Stock Action Table page

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.



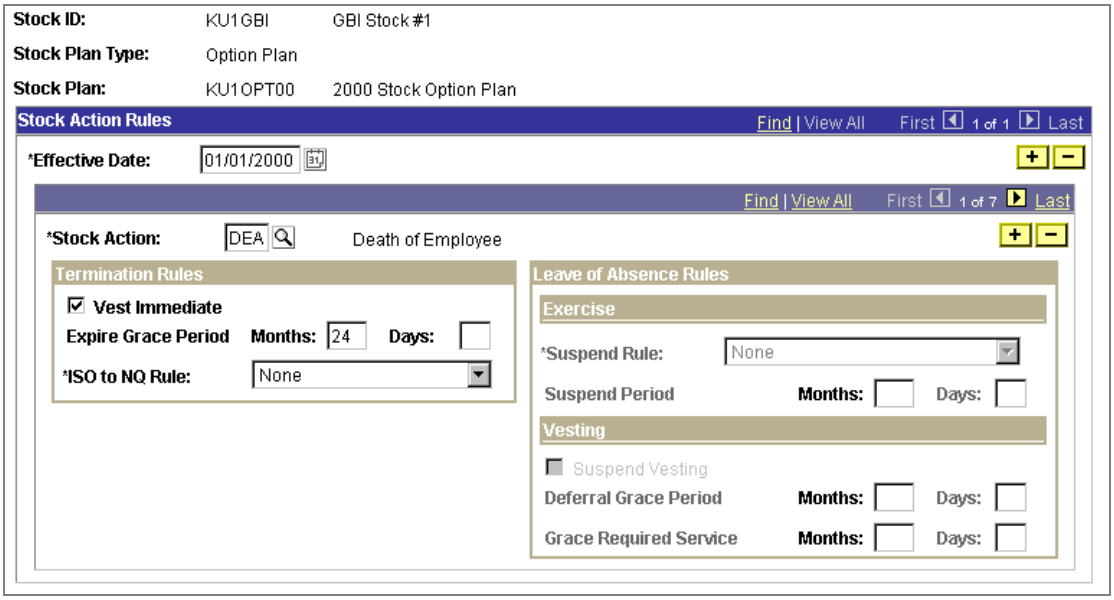
Stock Action Reason Table page

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.

Stock Action Select from available options.

Defining Rules for a Stock Action

Access the Stock Action Rules page.



Stock Action Rules page

Stock Action Select from available options.

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	Defines 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.

Leave Of Absence – Exercise

If the Stock Plan Type is Leave of Absence, these fields become available.

Suspend Rule	Identifies how the right to exercise is to be suspended during a leave of absence. Select ***Until RFL*** to suspend exercise rights until the optionee returns. Select ***Defined*** to suspend exercise rights for a defined period of time. Select ***None*** (the default) to allow optionees to exercise grants while on leave.
Suspend Period	Available if you selected a **Suspend Rule** of ***Defined.*** Enter the number of days or months to suspend the right to exercise options.

Leave of Absence – Vesting

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.

Note. 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.

Setting Up Tax Rules

By setting up default tax percentages and amounts you can limit the amount of manual tax calculation 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 PeopleSoft 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.

This section provides an overview of tax rules and describes how to define:

- Tax classes within a tax type.
- Default country tax types.
- Default state tax types.
- Default local tax types.

See Also

"Overview of Your Stock Administration System," Integrating With Other PeopleSoft HRMS Applications

PeopleSoft Payroll for North America PeopleBook, "Maintaining Payroll Data"

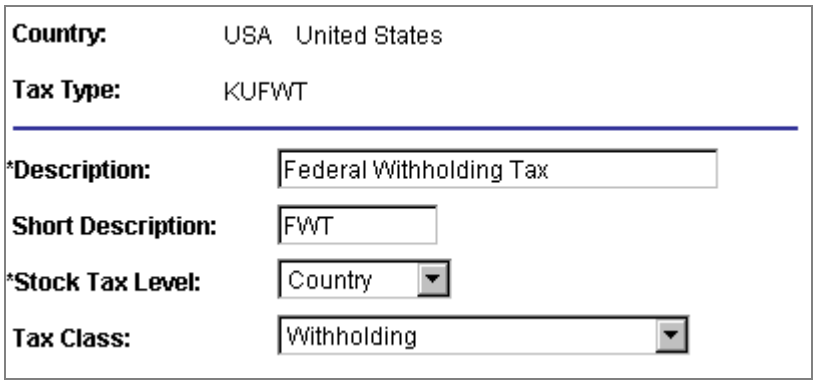
Pages Used to Define Tax Rules

Page Name	*Object Name*	*Navigation*	*Usage*
Stock Tax Types	ST_TAX_TYPE	Define Business Rules, Define Stock Option Plans, Setup, Stock Tax Types	Define the tax classes used by your payroll department. Define tax classes for a tax type and country.
Stock Country Tax	ST_COUNTRY_TAX	Define Business Rules, Define Stock Option Plans, Setup, Stock Country Tax	Define default country tax types. You must first define Tax Types on the Stock Tax Types page.

Page Name	Object Name	Navigation	Usage
Stock State Tax	ST_STATE_TAX	Define Business Rules, Define Stock Option Plans, Setup, Stock State Tax	Define default state tax types. You must first define Tax Types on the Stock Tax Types page.
Stock Local Tax	ST_LOCAL_TAX	Define Business Rules, Define Stock Option Plans, Setup, Stock Local Tax	Define default local tax types. You must first define Tax Types on the Stock Tax Types page.

Defining Tax Classes Within a Tax Type

Access the Stock Tax Types page.



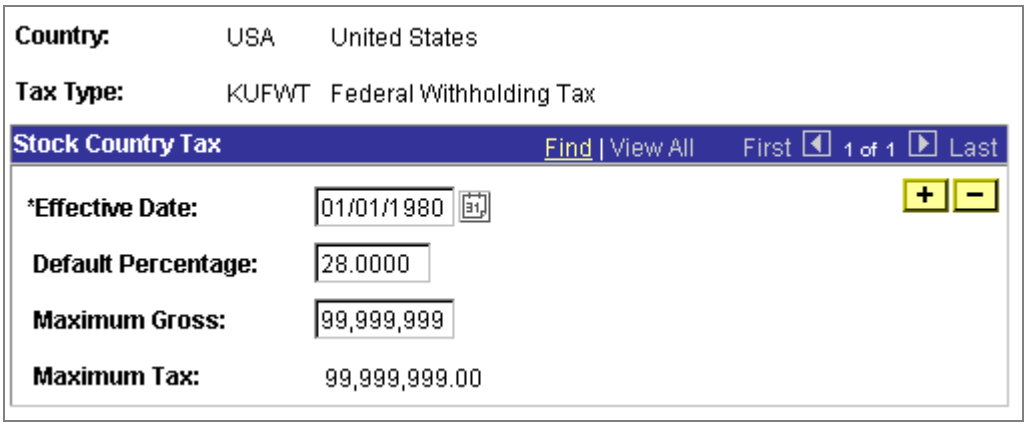
Stock Tax Types page

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

Tax Class Select from available options. If your PeopleSoft Stock Administration system is integrated with PeopleSoft 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 Tax Types

Access the Stock Country Tax page.



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 Default State Tax Types

Access the Stock State Tax page.

The data-entry fields on this page are identical to those on the Stock Country Tax page.

See Also

Defining Default Country Tax Types

Defining Default Local Tax Types

Access the Stock Local Tax page.

The data-entry fields on this page are identical to those on the Stock Country Tax page.

See Also

Defining Default Country Tax Types

Defining Grant Reasons

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. Setup is optional.

Page Used to Define Grant Reasons

Page Name	*Object Name*	*Navigation*	*Usage*
Grant Reason Table	ST_GRNT_RSN_TBL	Define Business Rules, Define Stock Option Plans, Setup, Grant Reason Table, Stock Grant Reason	Define the various reasons you grant stock options.

CHAPTER 7

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 Expire Variable Comp Plan process.

Understanding Variable Compensation

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:

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 PeopleSoft 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 PeopleSoft Stock Administration Stock Option Plan to the Variable Comp Stock Fund.

   Responsibility: Stock Administrator.

   In PeopleSoft 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.

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.

   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.

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

5. Generate the grants in PeopleSoft 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 All on the Generate 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.

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 PeopleSoft 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 Expire Variable Comp 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 Human Resources PeopleBook: Manage Variable Compensation, "Funding Variable Compensation Plans and Groups"

"Administering Grants"

"Managing Stock Administration," Managing Stock Splits

"Administering Reprice"

Before You Begin

Before you begin administering your variable compensation grants you should:

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

Integrating with Variable Compensation

PeopleSoft Stock Administration uses two Enterprise Integration Points (EIPs) to grant and award variable compensation grants. The system uses the following application messages to transfer award and grant data between PeopleSoft Stock Administration and the Variable Compensation business process.

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

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 message channel to *Run.*

Third-party Stock Administration Subscription to EIP 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 Application Messaging Gateway.

See Also

EIP Catalog database that can be found under Open Integration Framework in the Documentation section of the Customer Connection website.

PeopleTools PeopleBook: Application Messaging

Allocating Stock to the Variable Comp Stock Fund

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

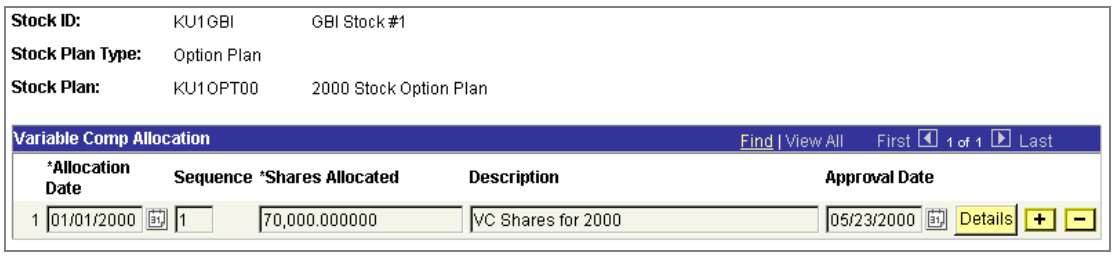
You can also allocate stock units for future fund allocations. Stock balances are adjusted when grants are generated, not when the stock units are allocated.

Page Used to Allocate Stock to the Variable Compensation Stock Fund

Page Name	*Object Name*	*Navigation*	*Usage*
Variable Comp Allocation	ST_VC_ALLOC	Define Business Rules, Define Stock Option Plans, Setup, Variable Comp Allocation	Allocate stock to the Variable Comp stock fund.
Stock VC Allocation Details	ST_VC_PLAN_SEC	Define Business Rules, Define Stock Option Plans, Setup, Variable Comp Allocation Click the Details button.	Add comments about a stock allocation.

Allocating Stock

Access the Variable Comp Allocation page.



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

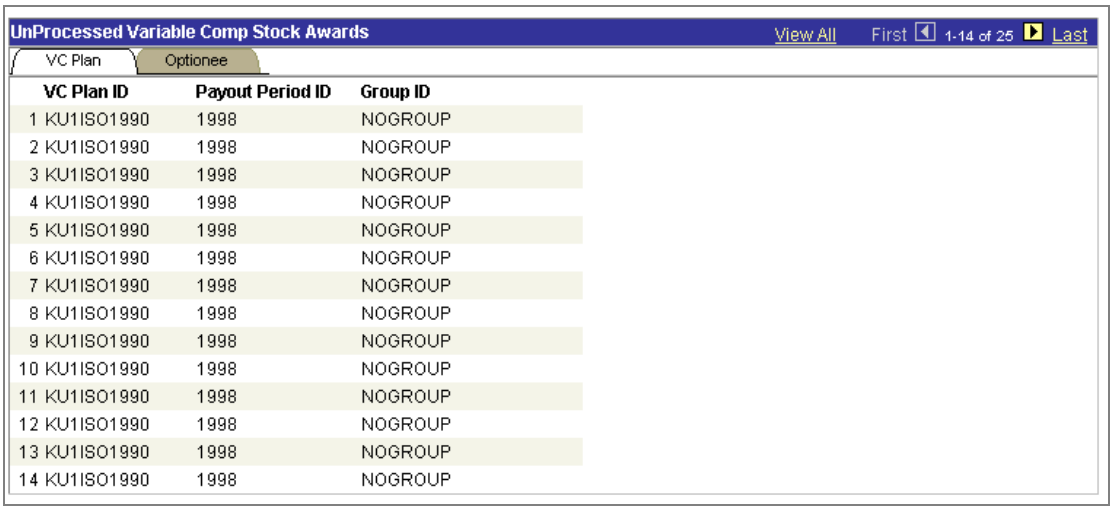
In this section we discuss how to view unprocessed Variable Comp Stock awards after they've been published to Stock Administration.

Page Used to View Unprocessed Variable Comp Stock Awards

Page Name	*Object Name*	*Navigation*	*Usage*
Unprocessed VC Stock Awards	VC_ST_AWARD	Compensate Employees, Administer Stock Options, Inquire, Unprocessed VC Stock Awards	View unprocessed Variable Comp awards after they have been published to Stock Administration.

Viewing the Unprocessed Variable Compensation Stock Awards

Access the Unprocessed VC Stock Awards page.

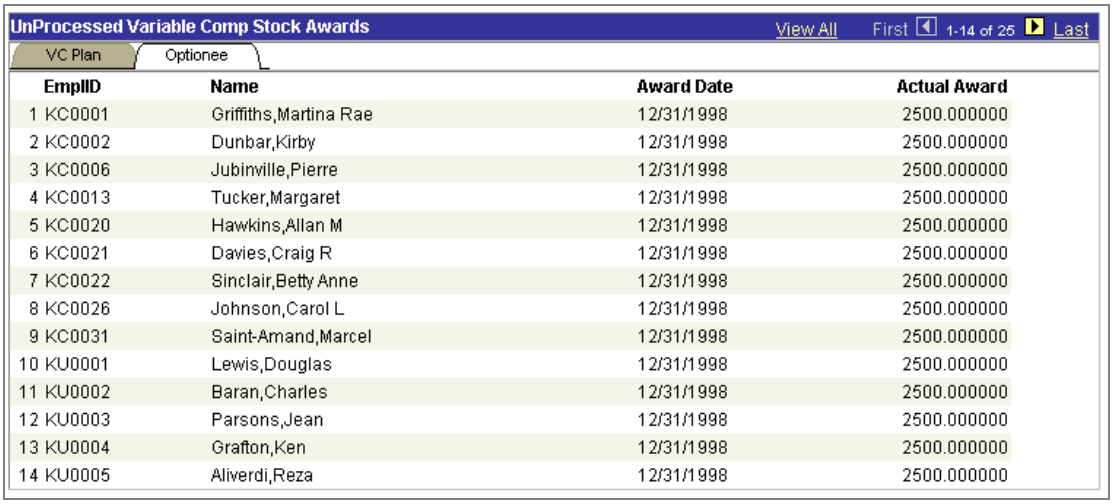

UnProcessed Variable Comp Stock Awards View All First 1-14 of 25 Last

VC Plan | Optionee

	VC Plan ID	Payout Period ID	Group ID
1	KU1ISO1990	1998	NOGROUP
2	KU1ISO1990	1998	NOGROUP
3	KU1ISO1990	1998	NOGROUP
4	KU1ISO1990	1998	NOGROUP
5	KU1ISO1990	1998	NOGROUP
6	KU1ISO1990	1998	NOGROUP
7	KU1ISO1990	1998	NOGROUP
8	KU1ISO1990	1998	NOGROUP
9	KU1ISO1990	1998	NOGROUP
10	KU1ISO1990	1998	NOGROUP
11	KU1ISO1990	1998	NOGROUP
12	KU1ISO1990	1998	NOGROUP
13	KU1ISO1990	1998	NOGROUP
14	KU1ISO1990	1998	NOGROUP

Unprocessed VC Stock Awards: VC Plan page

Optionee Tab


UnProcessed Variable Comp Stock Awards View All First 1-14 of 25 Last

VC Plan | Optionee

	EmplID	Name	Award Date	Actual Award
1	KC0001	Griffiths,Martina Rae	12/31/1998	2500.000000
2	KC0002	Dunbar,Kirby	12/31/1998	2500.000000
3	KC0006	Jubinville,Pierre	12/31/1998	2500.000000
4	KC0013	Tucker,Margaret	12/31/1998	2500.000000
5	KC0020	Hawkins,Allan M	12/31/1998	2500.000000
6	KC0021	Davies,Craig R	12/31/1998	2500.000000
7	KC0022	Sinclair,Betty Anne	12/31/1998	2500.000000
8	KC0026	Johnson,Carol L	12/31/1998	2500.000000
9	KC0031	Saint-Amand,Marcel	12/31/1998	2500.000000
10	KU0001	Lewis,Douglas	12/31/1998	2500.000000
11	KU0002	Baran,Charles	12/31/1998	2500.000000
12	KU0003	Parsons,Jean	12/31/1998	2500.000000
13	KU0004	Grafton,Ken	12/31/1998	2500.000000
14	KU0005	Aliverdi,Reza	12/31/1998	2500.000000

Unprocessed Variable Comp Stock Awards: Optionee page

Generating Grants

This section describes how to:

- Define the basic parameter for the grant generation process.
- View and exclude individuals from the grant generation process.
- Enter grant detail information for generating grants.

See Also

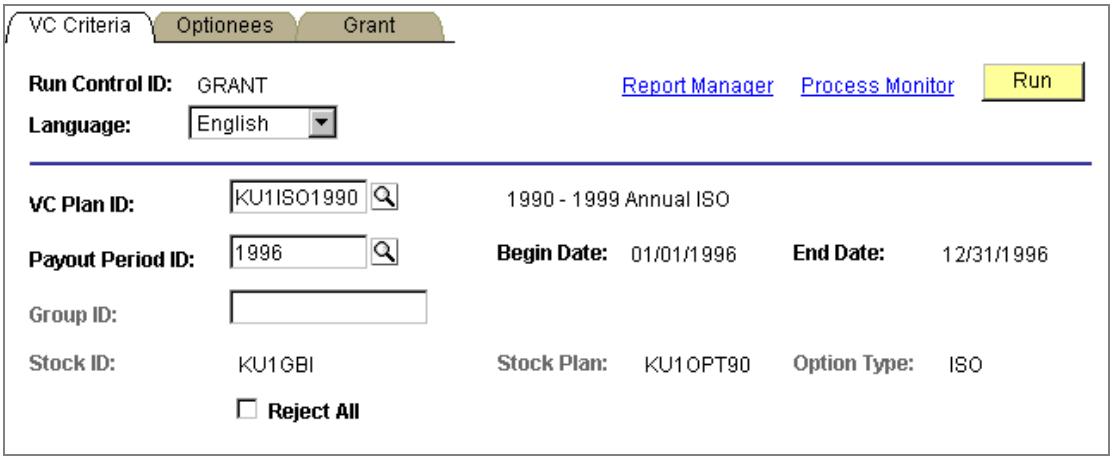
"Overview of Your Stock Options System," Validating ISO Limits

Pages Used to Generate Grants

Page Name	*Object Name*	*Navigation*	*Usage*
Generate Grants - VC Criteria	ST_RUNCTL_GEN_GRNT	Compensate Employees, Administer Stock Options, Process, Generate 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.
Generate Grants - Optionees	ST_GEN_OPTIONEES	Compensate Employees, Administer Stock Options, Process, Generate Grants, Optionees	View awards to be processed based on the criteria entered on the VC Criteria page. You can exclude individuals you do not want to process.
Generate Grants - Grant	ST_GEN_GRANT	Compensate Employees, Administer Stock Options, Process, Generate 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.

Defining Basic Parameters for the Grant Generation Process

Access the Generate Grants - VC Criteria page.



Generate Grants - VC Criteria page

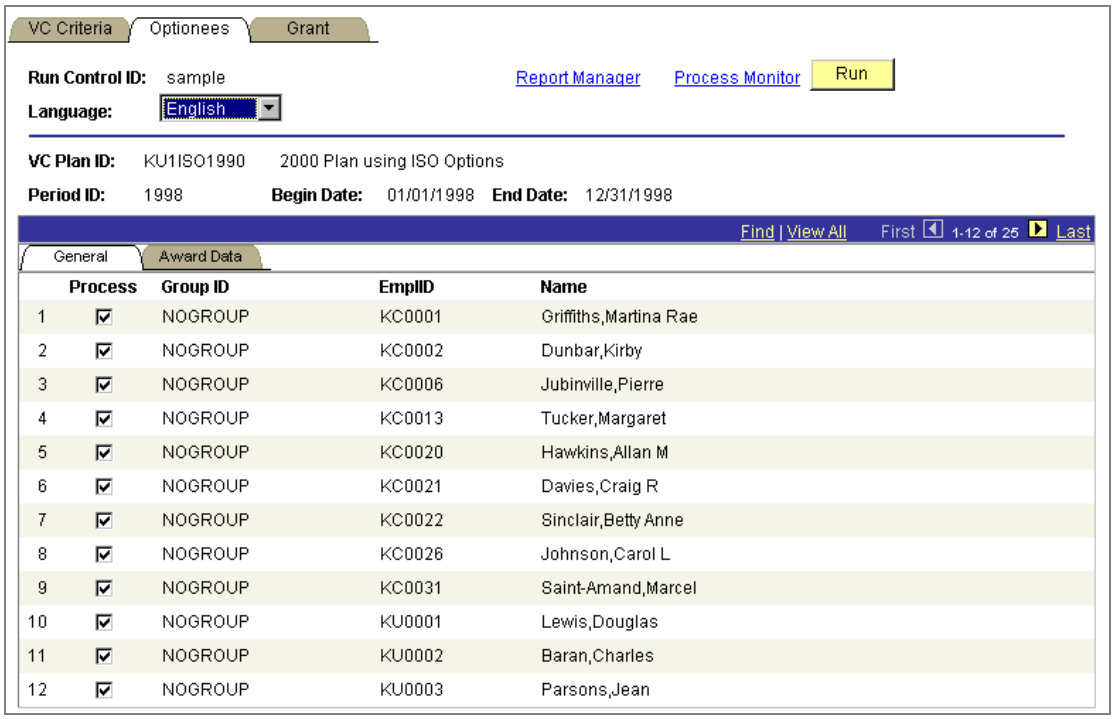
Group ID If you use groups, this field is available. Select a group ID or leave the field blank to process all groups.

Reject All 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 Generate Grants - Optionees page.



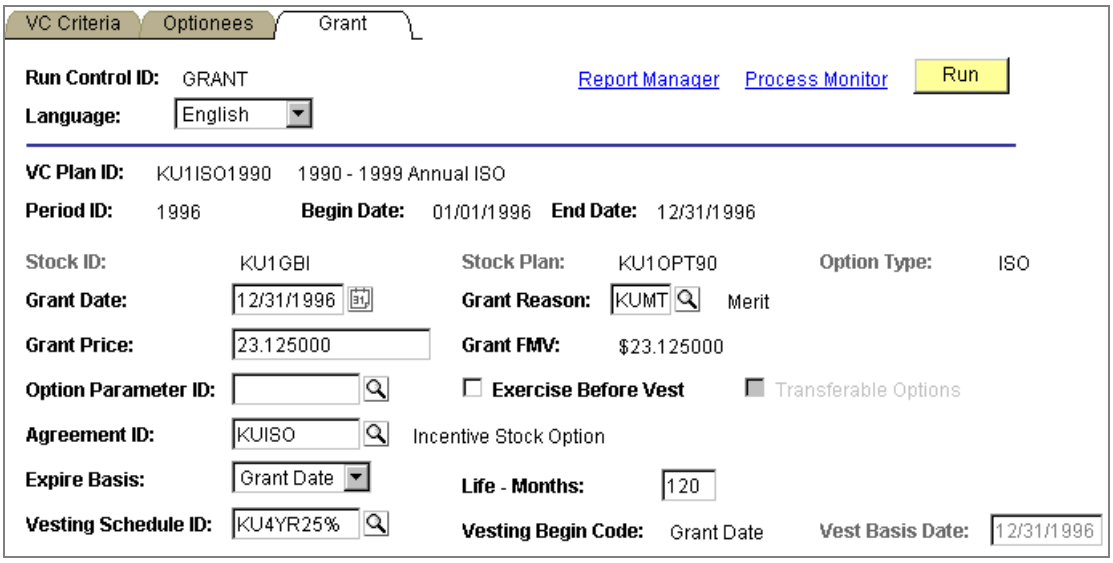
Generate Grants – Optionees page

Process If selected, the award is processed. To exclude the award from processing, clear 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 Generate Grants - Grant page.



Generate Grants - Grant process page

Period ID The payout period ID.

Running the Expire Variable Comp Plans Process

When the Variable Comp plans or funding periods expire, return the shares back to the stock plan. Schedule this process to run periodically. When you use the Expire Variable Comp Plans page to run the ST_VC_EXPIRE process, the AE program 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 Expire Variable Comp Plans Process

Page Name	*Object Name*	*Navigation*	*Usage*
Expire Variable Comp Plans Process	PRSCRUNCTL	Define Business Rules, Define Stock Option Plans, Process, Expire Variable Comp Plans	Expire Variable Comp plans.

CHAPTER 8

Administering Grants

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

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

Overview of Administering Grants

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

"Administering Variable Compensation Grants"

Before You Begin

Before you begin granting stock options, you should:

- Create the vesting schedules.
- Set up your stock option plans.
- Create your grant reasons.
- 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***.
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 Stock Option Plan Balance component 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.
Vest Basis Date	You can enter this date if the system displays the vesting begin code,
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 describes 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

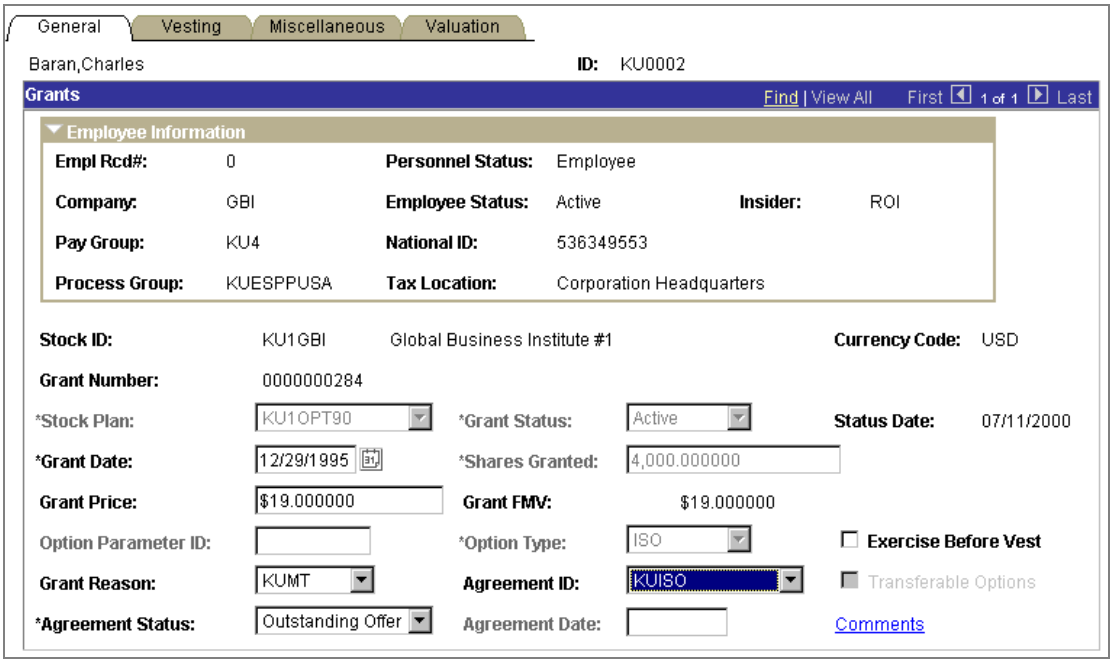
Page Name	*Object Name*	*Navigation*	*Usage*
Grants - General	ST_GRANT	Compensate Employees, Administer Stock Options, Use, Grants, General	Award a new grant or update an existing grant from an individual plan to an optionee. You must first set up and allocate stock to your stock option plans.
Grants – General: Comments	ST_GRANT_CMT_SEC	Compensate Employees, Administer Stock Options, Use, Grants, General Click the Comments link.	Add comments for a grant.
Grants - Vesting	ST_GRANT_VEST	Compensate Employees, Administer Stock Options, Use, Grants, Vesting	Create a new vesting schedule or update an existing vesting schedule associated with a grant and validate ISO limits.
Grants - Miscellaneous	ST_GRANT_MISC	Compensate Employees, Administer Stock Options, Use, Grants, Miscellaneous	View and enter information about cancellations, human resources, and reprice for a selected optionee. You can also view variable compensation information.

See Also

"Accounting for Stock-Based Compensation Plans," Viewing Grant Valuations

Entering, Updating, and Viewing the Basic Parameters of a Grant

Access the Grants - General page.



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 Stock Option Plan Balance component 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.

ISO Limit 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.

Total Shares Displays the total shares of the two grants if the ISO limit is reached and two grants, one ISO and one NQ, are created.

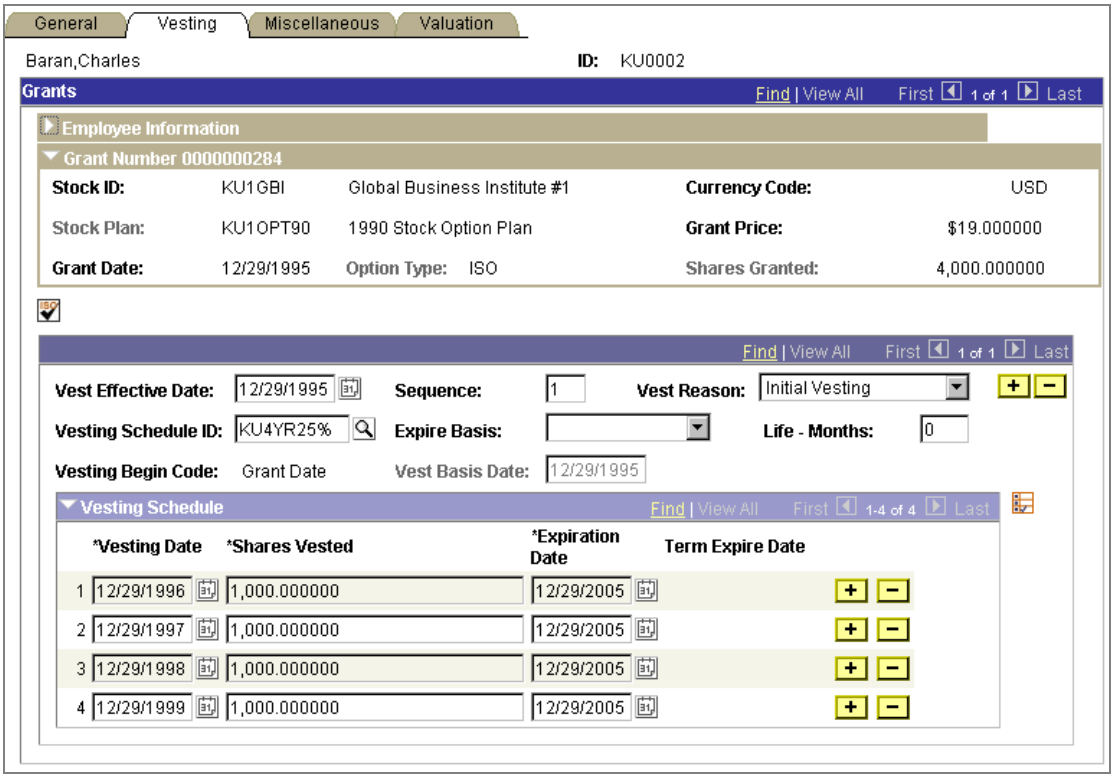
Option Parameter ID	Option parameter IDs are defined on the Stock Option Plan Rules - Option Parameters page. The predefined values default to the following fields: **Option Type, Expire Basis, Life Months, Vesting Schedule,** and **Agreement ID.** You can change the default values. This field is not required and can only be entered for a new grant.
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.

See Also

"Managing Stock Administration," Calculating Stock Balances

Creating a Vesting Schedule and Validating ISO Limits

Access the Grants - Vesting page.



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.

ISO Validation



If the option type is ISO or ISO/SAR, you must click this button to launch the online validate ISO AE process before you can save pending and active grants.

Any shares that exceed the ISO limit are displayed as an NQ grant and you receive a message that the limit is exceeded. When you save the grant transaction, if the grant exceeds the ISO limit, the system creates two grants: one ISO grant up to the limit and one NQ grant for the amount over the limit. To avoid this, cancel the grant transaction without saving. These values vary according to the ISO method used.

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, Return from Leave, Performance Vesting, Reprice,*** and ***Termination.***

Vesting Schedule

The vesting schedule associated with the stock option plan is the default.

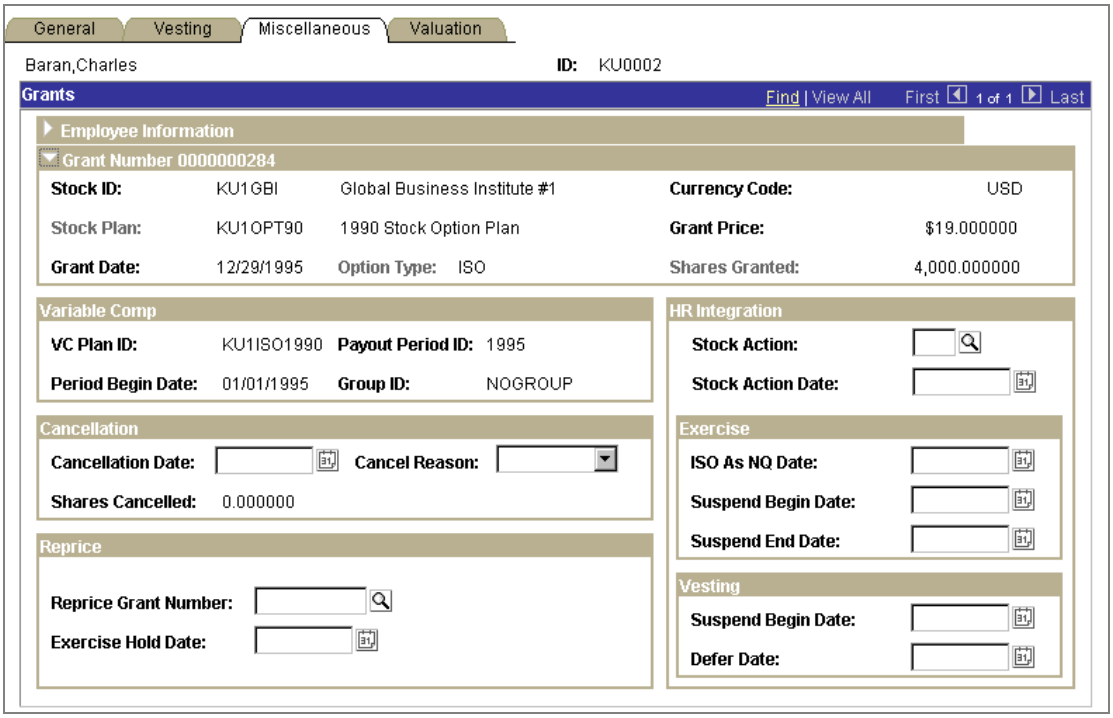
	If you entered a vesting schedule ID, you can click the **Create Vesting Schedule** button to create the vesting schedule.
Vesting Date	Displays the vesting date for each period. You can change the date, however, the date cannot exceed the life of the option or be before the date of the grant or after 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

"Overview of Your Stock Options System," Validating ISO Limits

Recording Grant Cancellation, Human Resources, and Repricing Information

Access the Grants - Miscellaneous page.



Grants - Miscellaneous page

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 you 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

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. You 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.

This section describes how to:

- Select grants to modify through the Modify Grants component.
- Select optionees whose grants you want to modify.
- Modify the grant parameters.

See Also

"Overview of Your Stock Options System," Validating ISO Limits

Creating, Updating, and Viewing Grants

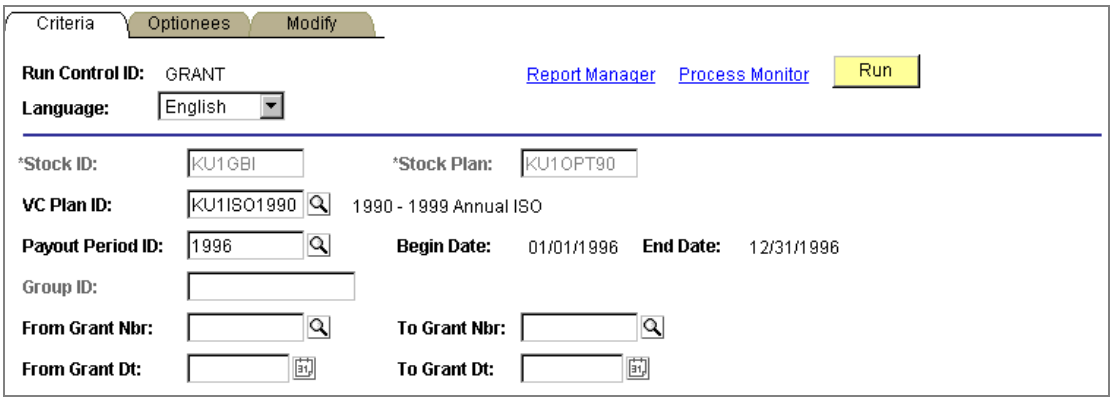
Pages Used to Modify Grants

Page Name	*Object Name*	*Navigation*	*Usage*
Modify Grants - Criteria	ST_RUNCTL_MOD_GRNT	Compensate Employees, Administer Stock Options, Process, Modify Grants, Criteria	Enter the criteria to select the grant or grants to modify.
Modify Grants - Optionees	ST_MOD_OPTIONEES	Compensate Employees, Administer Stock Options, Process, Modify Grants, Optionees	Specify the optionees whose grants you want to modify.

Page Name	Object Name	Navigation	Usage
Modify Grants - Modify	ST_MOD_GRANT	Compensate Employees, Administer Stock Options, Process, Modify Grants, Modify	Modify the grant parameters.

Selecting Grants to Modify

Access the Modify Grants - Criteria process page.



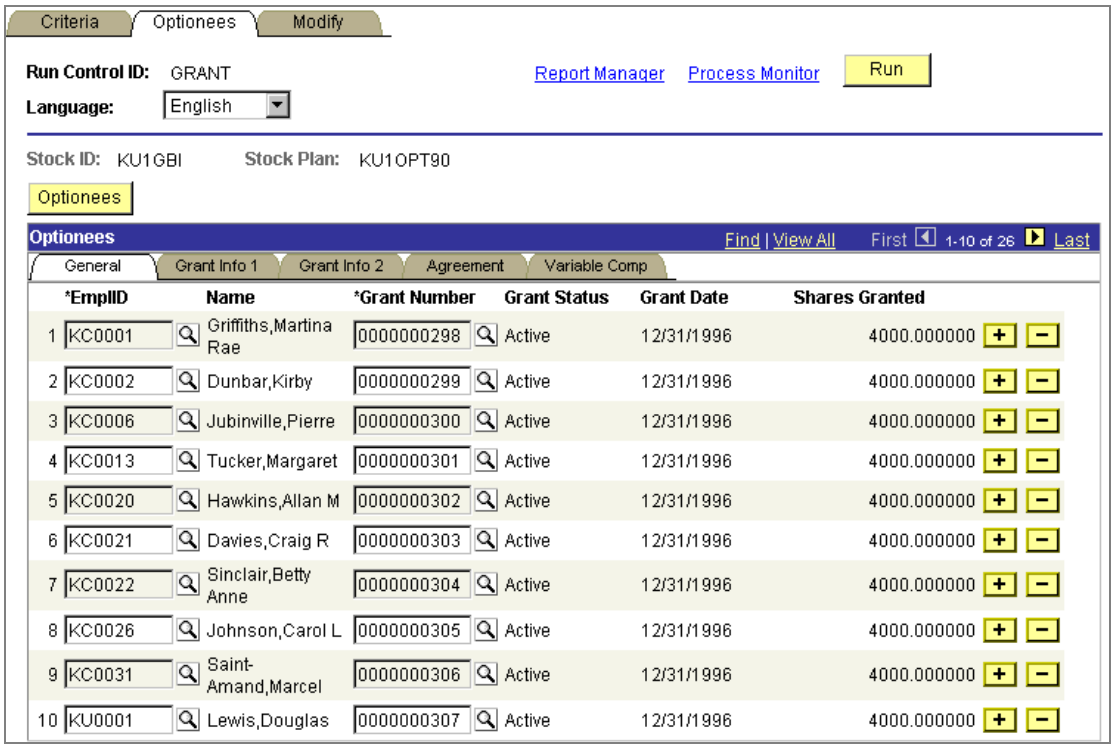
Modify Grants - Criteria process page

Enter the selection criteria for the grants you want to modify.

Note. You can start the Modify Grants process by clicking the Run button on any page in this component.

Selecting Optionees Whose Grants You Want to Modify

Access the Modify Grants - Optionees page.



Modify Grants - Optionees: General page

Note. Multiple views of this page are available by clicking the tabs in the scroll area. We document fields common to all views first.

Common Page Information

Optionees — Click to populate the grid with grant information matching the criteria entered on the Modify Grants - Criteria page.

Empl ID, Name, Grant, and **Grant Number** — Add or delete grants that you want to modify.

Grant Info 1 Tab

This tab resembles the General tab, and displays the option type, grant reason, and grant price.

Grant Info 2 Tab

This tab resembles the General tab, and displays the vesting ID. It also indicates whether the grant can be exercised before vest or transferred.

Agreement Tab

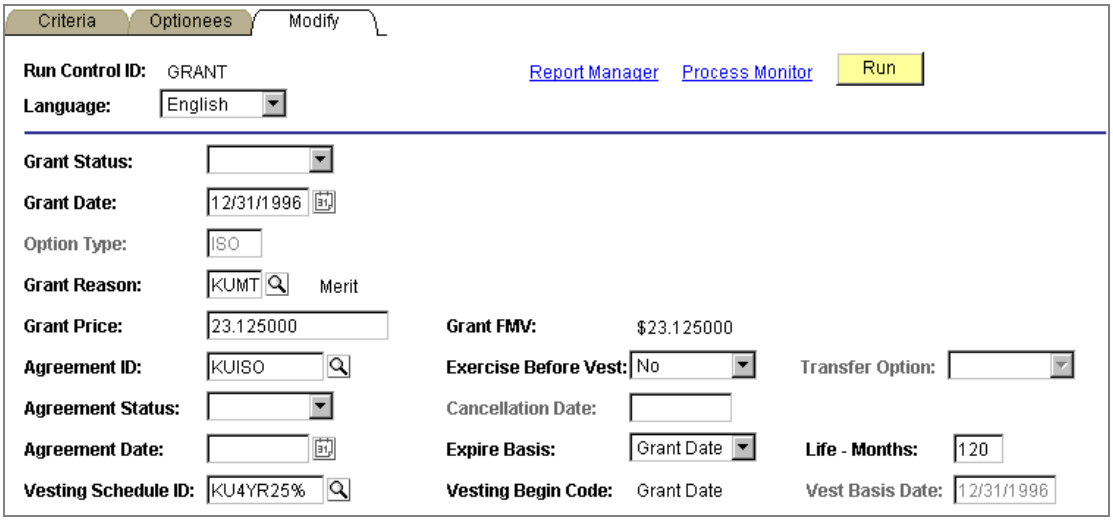
This tab resembles the General tab, and displays the agreement ID, agreement status and date.

Variable Comp Tab

This tab resembles the General tab, and displays the variable comp plan ID, period ID, group ID, and employee record number.

Modifying the Grant Parameters

Access the Modify Grants - Modify process page.



Modify Grants - Modify process 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

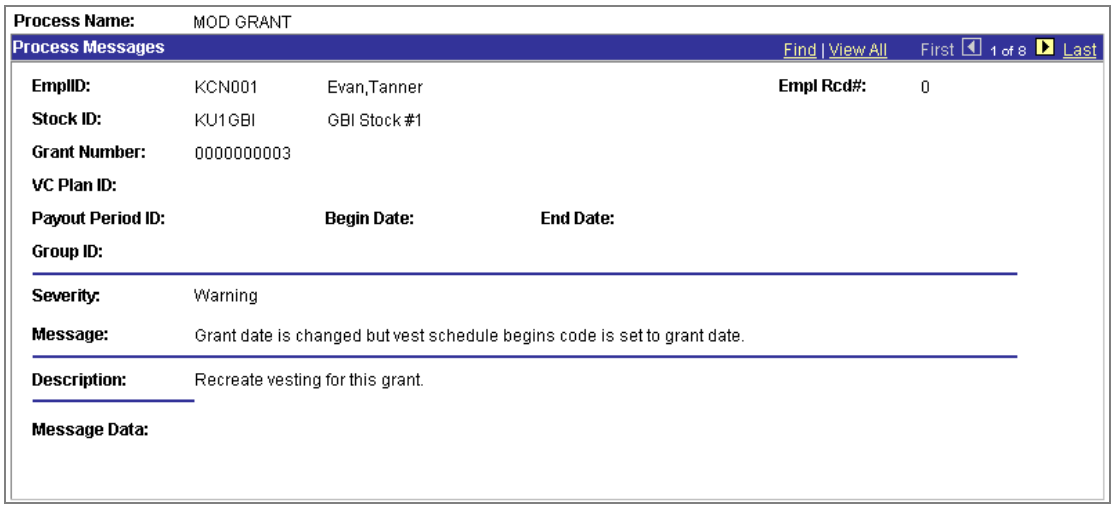
After you run the Generate Grants or the Modify Grants processes, you can view processing messages.

Page Used to View Grant Processing Results

Page Name	*Object Name*	*Navigation*	*Usage*
Grant Messages	ST_GRNT_MESSAGE	Compensate Employees, Administer Stock Options, Inquire, Grant Messages	View the messages from the Generate Grants or Modify Grants process.

Viewing Grant Messages

Access the Grant Messages page.



Grant Messages page

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 display.

CHAPTER 9

Administering Exercises

In this chapter, we provide an overview of administering exercises and discuss how to:

- View exercise information for stock options.
- Enter exercise information for stock options.

Understanding Administering Exercises

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.

Before You Begin

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, where you can view employee information.
Restricted Exercise	Selected if the exercised shares are unvested.

Viewing Exercise Information

In this section, we discuss how to:

- Select an exercise to view.
- View exercise transactions.

Pages Used to View Exercise Information

Page Name	*Object Name*	*Navigation*	*Usage*
Exercise Grant Transactions	ST_EXER_SRCH1	Compensate Employees, Administer Stock Options, Use, Exercises	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	Compensate Employees, Administer Stock Options, Use, Exercises Click a grant number.	View exercise transactions for a grant and access the Exercise component.

Selecting an Exercise to View

Access the Exercise Grant Transactions page.



Locherty,Betty ID: KU0007

Stock ID: KU1GBI GBI Stock #1

Grant Transactions — Find | View All — First 1-10 of 12 Last

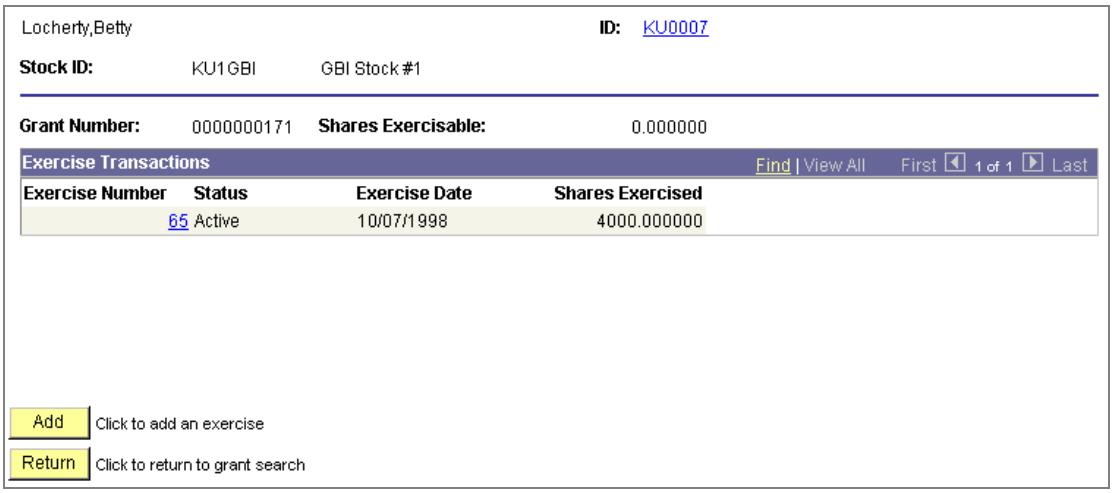
Grant Number	Grant Date	Stock Plan	Option Type	Grant Price	Shares Exercisable
0000000129	04/07/1989	KU1OPT80	RSA	$0.000000	0.000000
0000000149	12/29/1989	KU1OPT80	NQ	$0.200000	4,000.000000
0000000171	12/31/1990	KU1OPT90	NQ	$0.200000	0.000000
0000000198	12/31/1991	KU1OPT90	NQ	$0.200000	4,000.000000
0000000220	12/31/1992	KU1OPT90	NQ	$0.250000	4,000.000000
0000000243	12/31/1993	KU1OPT90	ISO	$2.109000	1,000.000000
0000000262	12/31/1994	KU1OPT90	ISO	$10.375000	4,000.000000
0000000289	12/29/1995	KU1OPT90	ISO	$19.000000	4,000.000000
0000000313	12/31/1996	KU1OPT90	ISO	$23.125000	3,000.000000
0000000346	12/31/1997	KU1OPT90	ISO	$22.125000	2,000.000000

Exercise Grant Transactions page

Grant Number Click to access the Exercise Transactions page, where you can view shares exercised for the grant and access the Exercises component.

Viewing Exercise Transactions

Access the Exercise Transactions page.



Locherty,Betty ID: KU0007

Stock ID: KU1GBI GBI Stock #1

Grant Number: 0000000171 Shares Exercisable: 0.000000

Exercise Transactions — Find | View All — First 1 of 1 Last

Exercise Number	Status	Exercise Date	Shares Exercised
65	Active	10/07/1998	4000.000000

Add Click to add an exercise

Return Click to return to grant search

Exercise Transactions page

Exercise Number Click to access the Exercises - General page, where you can view the details of the exercise.

Add Click to access the Exercises - General page, where you can add an exercise.

Entering Exercise Information

In this section, we discuss how to:

- Enter general exercise information.
- Calculate taxes for an exercise.
- Calculate cost information for an exercise.
- Enter issuance instructions for exercised shares.
- Enter certificate information.
- Add escrow information.
- Enter brokerage instructions.
- Select legends to display on issuance instructions.
- Record fees and commissions on sales of exercised shares.
- Enter payment information.

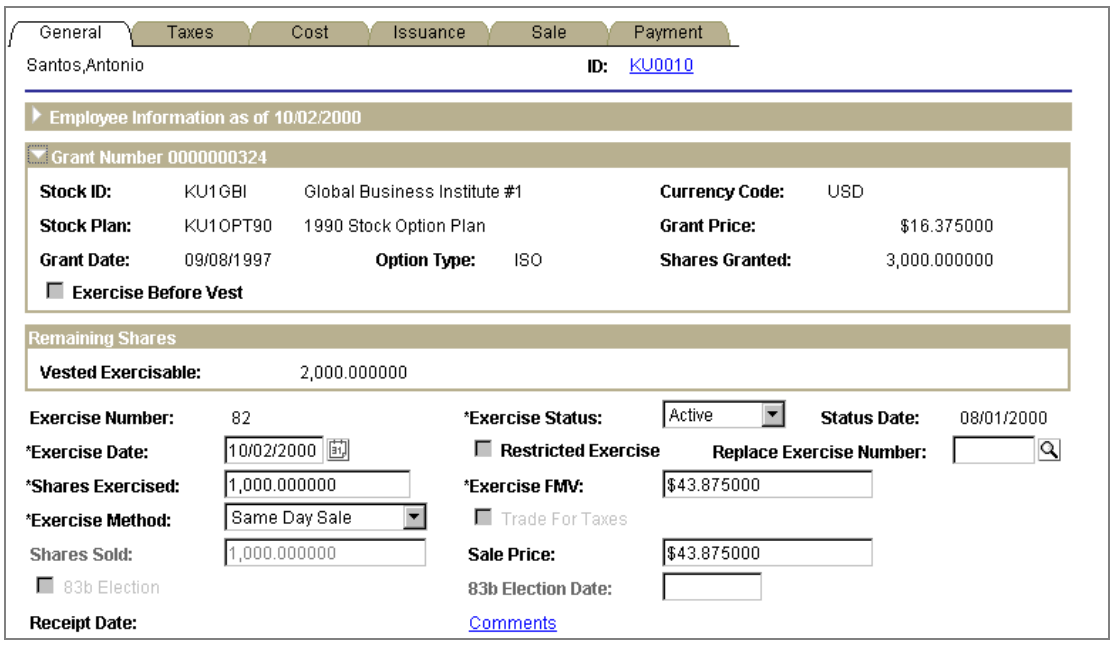
Pages Used to Enter Exercise Information

Page Name	*Object Name*	*Navigation*	*Usage*
Exercises - General	ST_GRANT_EXER	Compensate Employees, Administer Stock Options, Use, Exercises Click on the Grant Number then click the Add button.	Define basic information for the exercise, including the number of shares exercised and the methods for calculating the costs and taxes due.
Exercises - General: 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. Select the Taxes tab.	Calculate the taxes related to the exercise
Exercises - Cost	ST_EXER_COST	Access the Exercises – General page. Select the Exercises tab.	Determine the total cost due to the company for the exercised shares and related taxes. Enter swap and trade information.

Page Name	*Object Name*	*Navigation*	*Usage*
Exercises - Issuance	ST_EXER_ISSUE	Access the Exercises – General page. Select the Issuance tab.	Designate how the transfer agent is to issue exercised shares.
Certificate Escrow Information	ST_EXER_CERT_SEC	Click Certificate on the Exercise - Issuance page. Click Escrow on the Exercise – Issuance page.	Add either: • Registration and address information. • Escrow information.
Broker/Branch Information	ST_EXER_BROKER_SEC	Click Broker on the Exercise – Issuance page.	Add brokerage information.
Legend	ST_EXER_LEGEND_SEC	Click Legend on the Exercise - Issuance page.	Select the legends to display on the issuance instructions.
Exercises - Sale	ST_EXER_SALE	Access the Exercises – General page. Select the Sale tab.	Record fees and commissions that the optionee pays to sell exercised shares.
Exercises - Payment	ST_EXER_PAYMENT	Access the Exercises – General page. Select the Payment tab.	Record payments made to the company on the exercise and view outstanding balances.
Exercises - Payment: Comments	ST_EPYMT_CMT_SEC	Click the Comments link on the Exercise – Payment page.	Enter comments for a payment.

Entering General Exercise Information

Access the Exercises - General 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.

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.

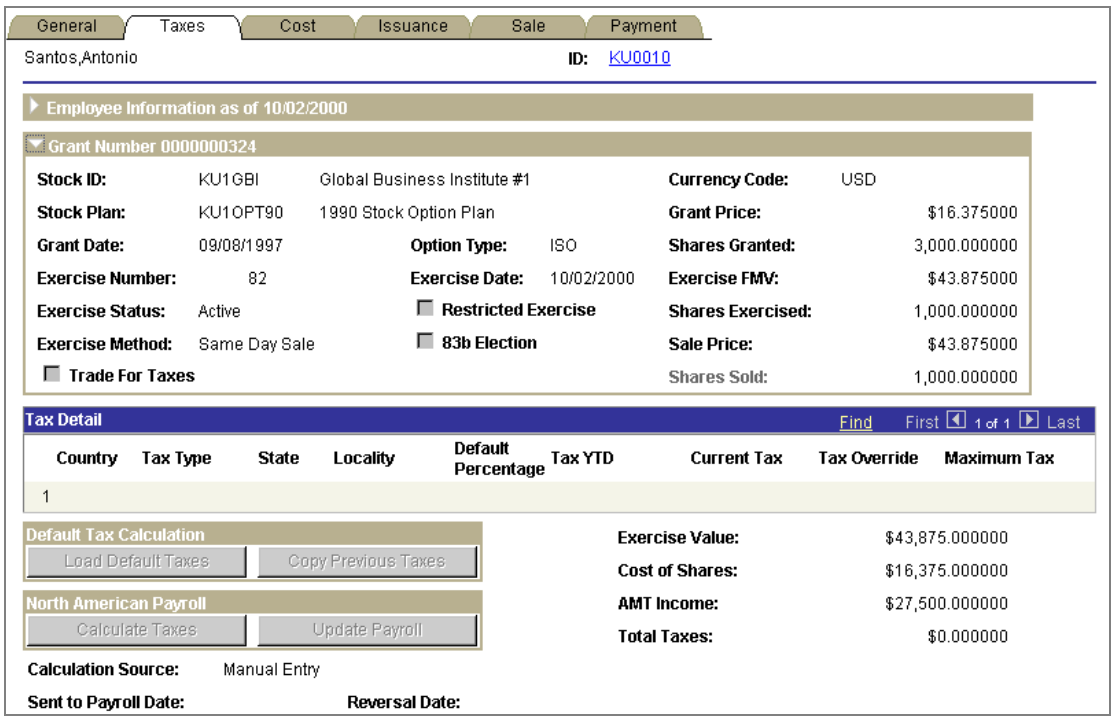
Replace Exercise Number If this is a replacement exercise, select a replacement exercise number from the available choices. You must first void the original exercise before you can create a new, replacement exercise. You associate the two exercises with the Replace Exercise Number for audit purposes.

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 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.

Calculating Taxes for an Exercise

Access the Exercises - Taxes page.



Exercises - Taxes page

Calculate the taxes by integrating with PeopleSoft Payroll for North America, using the stock tax tables, or entering taxes manually. If you use PeopleSoft 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.

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 PeopleSoft 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.

PeopleSoft Payroll for North America

If you use PeopleSoft Payroll for North America, you can calculate the taxes owed and send them directly to payroll.

Calculate Taxes Click to have PeopleSoft 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.

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 PeopleSoft 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

AMT Value Displays the alternative minimum tax value, if any.

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 Payroll Reversal Report to notify your payroll administrator that the transaction should be reversed.

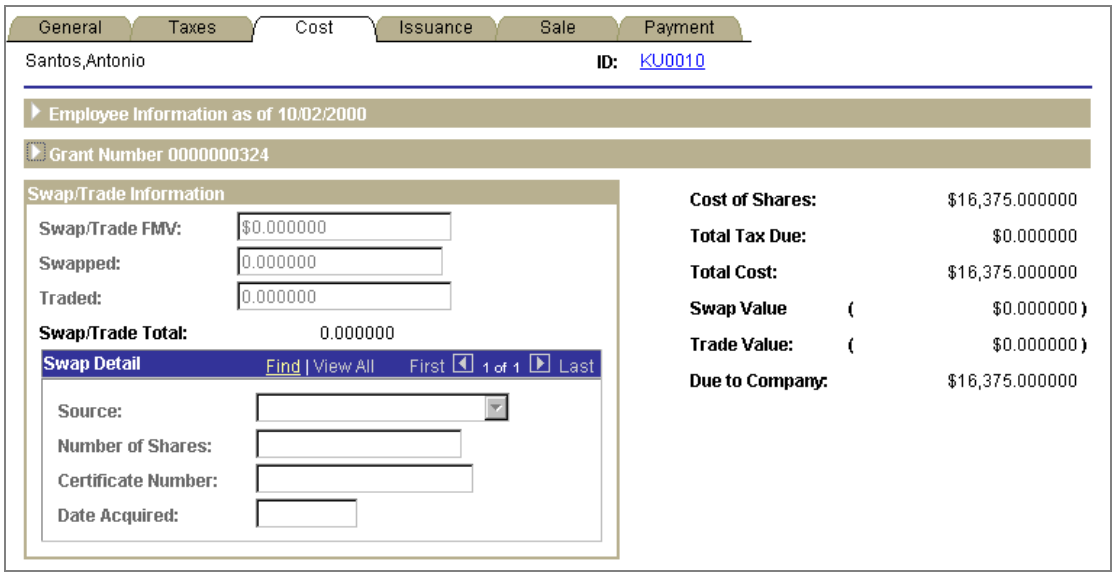
See Also

"Overview of Your Stock Administration System," Integrating With Other PeopleSoft HRMS Applications

"Setting Up Stock Option Plans," Setting Up Tax Rules

Calculating the Costs for an Exercise

Access the Exercises - Cost page.



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.

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.

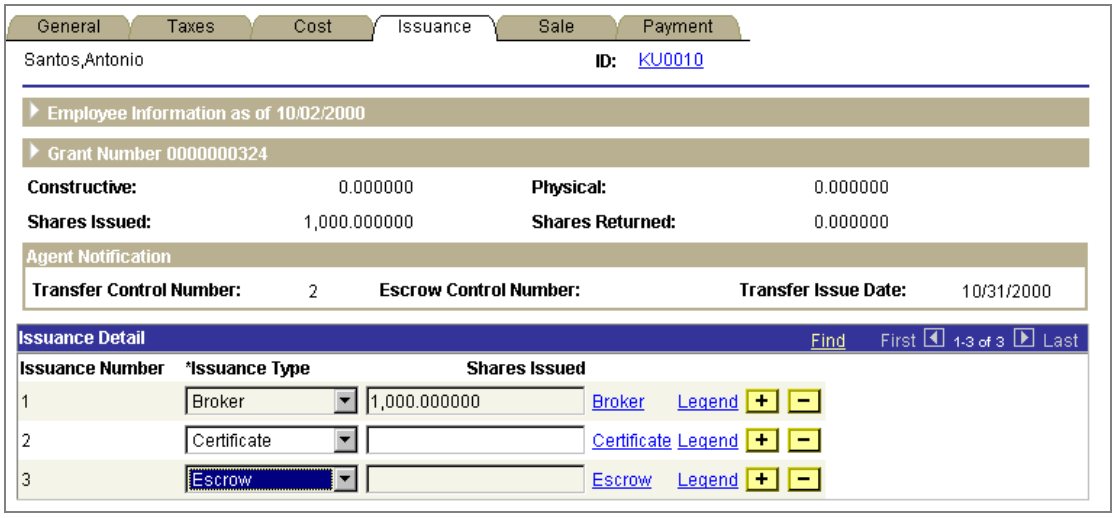
Total Cost — Cost of shares plus total taxes due.

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.



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.

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.

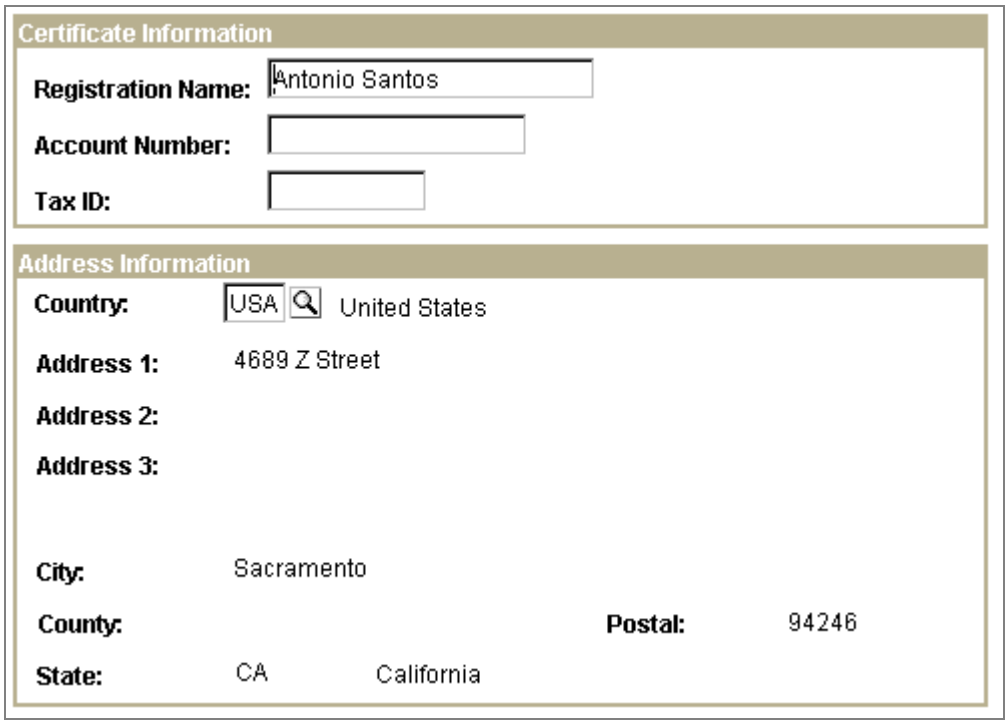
Issuance Type — If the exercised shares are unvested, ***Escrow*** is the default. If the exercise is a same day sale or sell to cover, ***Broker*** is the default. If the exercise is any other type, the information on the optionee's Issuance Instructions page defaults. If issuance instructions are not 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, and **Certificate** — Click to access the Broker page, Escrow Information page, or Certificate page, respectively.

Entering Certificate Information

Access the Certificate page.



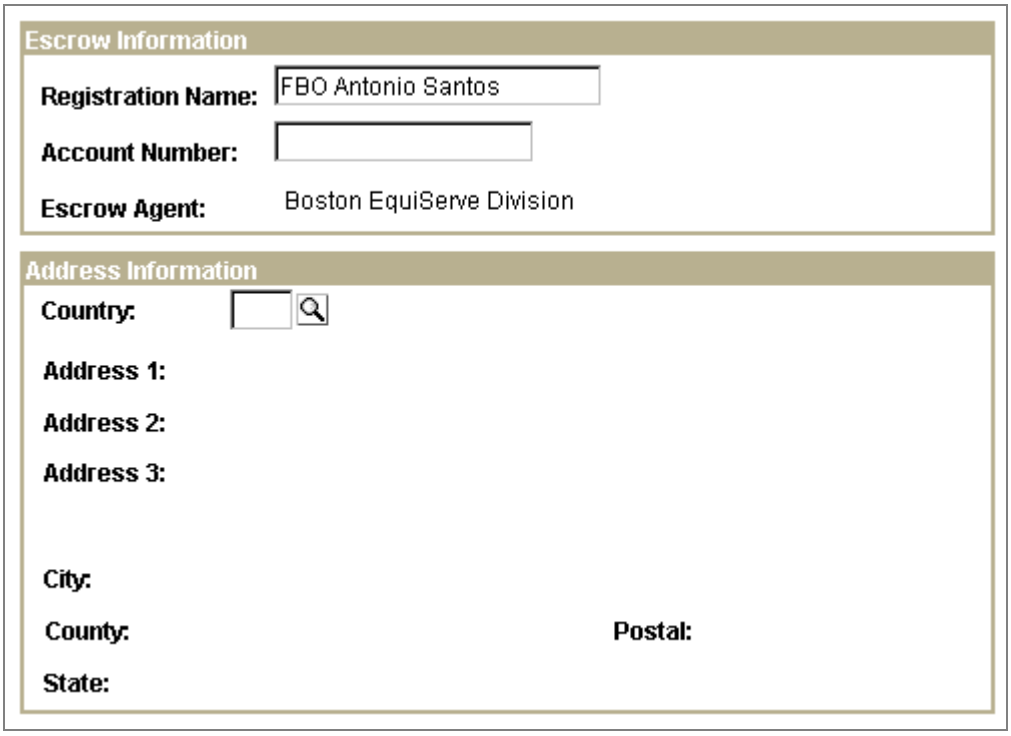
Certificate page

The information from the Issuance Instructions 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.

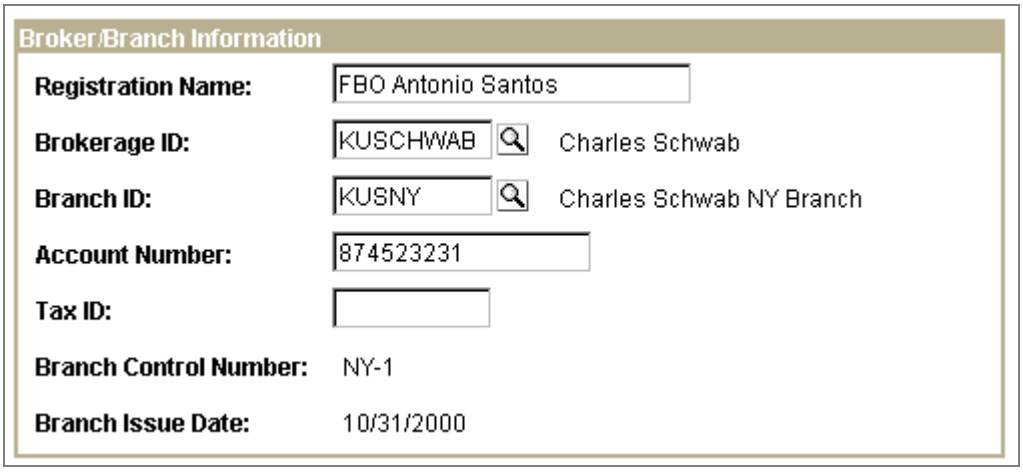


Escrow Information page

Registration Name Enter the name that is to appear on the escrow account.

Entering Broker Instructions

Access the Broker page.



Broker page

Registration Name Enter the name that is to appear on the brokerage account.

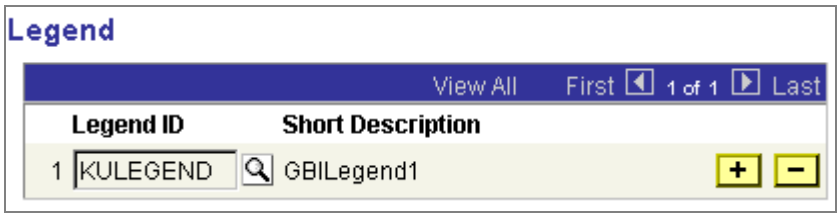
Tax ID Enter the tax ID of the individual or organization to whom the stock is being issued, if not the optionee.

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.

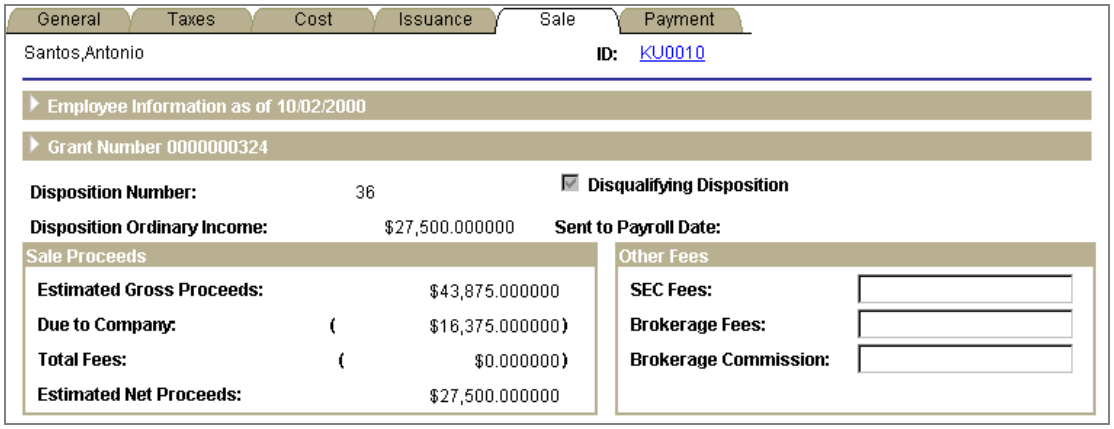


Legend page

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 Fees and Commissions for the Sale of Exercised Shares

Access the Exercises - Sale page.



Exercises - Sale page

Sales Summary Information

Disposition Number Displays the number assigned when a same day sale or sell to cover is saved.

Disqualifying Disposition If the option type is ISO or ISO/SAR and the exercise method is SDS or STC the system selects this check box when the transaction is a disqualifying disposition.

Ordinary Income Displays the disqualifying disposition ordinary income calculated for the exercise when the option type is ISO or ISO/SAR and the exercise method is SDS or STC.

Sent to Payroll Date Displays the date a disqualifying disposition was reported to payroll.

Sale Proceeds

The system displays the following amounts:

Estimated Gross Proceeds The gross sales proceeds for the shares that were sold at exercise (sale price times the number of shares sold).

Due to Company Amount due the company from the stock broker for the exercise.

Total Fees Sum of the SEC fees, brokerage fees, and brokerage commission.

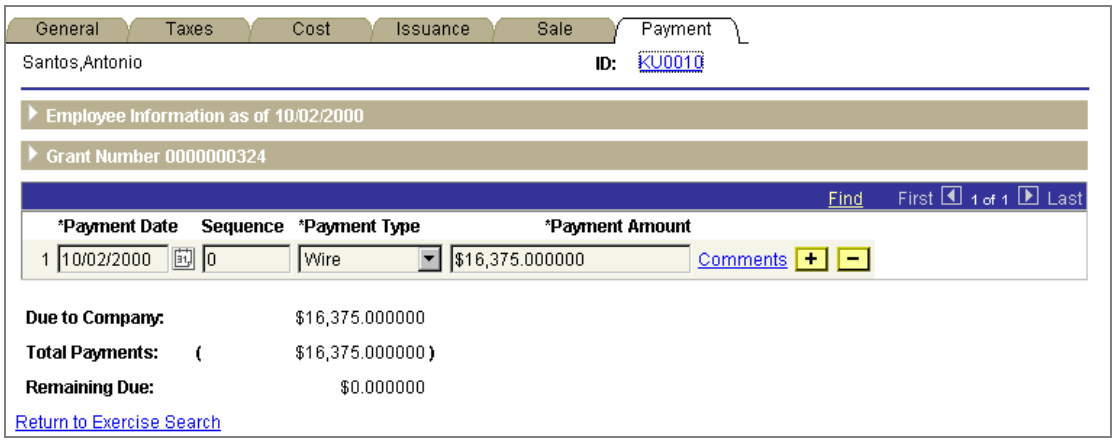
Estimated Net Proceeds Estimated amount that the optionee will receive from the sale after the amount due the company and any applicable fees are deducted from the **Estimated Gross Proceeds** field.

Other Fees

Enter other fees, as applicable.

Recording Payments for Exercised Shares

Access the Exercises - Payment page.



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.

CHAPTER 10

Administering Releases

In this chapter, we provide an overview of administering releases and discuss how to:

- View release information for restricted shares.
- Enter release information for restricted shares.

Understanding Administering Releases

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.

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.

Before You Begin

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.

ID Click to access the Employee Information page, where you 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.

Viewing Release Information

In this section, we discuss how to:

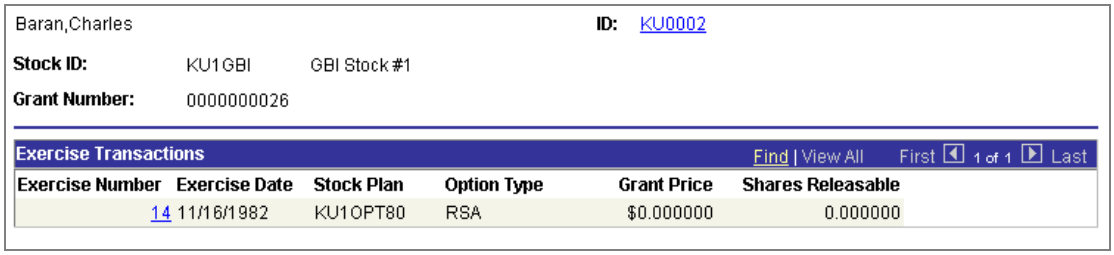
- Select the exercise associated with the release you want to view.
- View release transactions.

Pages Used to View Exercise Information

Page Name	*Object Name*	*Navigation*	*Usage*
Release Exercise Transactions	ST_REL_SRCH1	Compensate Employees, Administer Stock Options, Use, Releases	Select the exercise for which you want to view releases.
Release Transactions	ST_REL_SRCH2	Compensate Employees, Administer Stock Options, Use, Releases Click an exercise number.	View release transactions and access the Releases component.

Selecting the Exercise for the Release

Access the Release Exercise Transactions page.

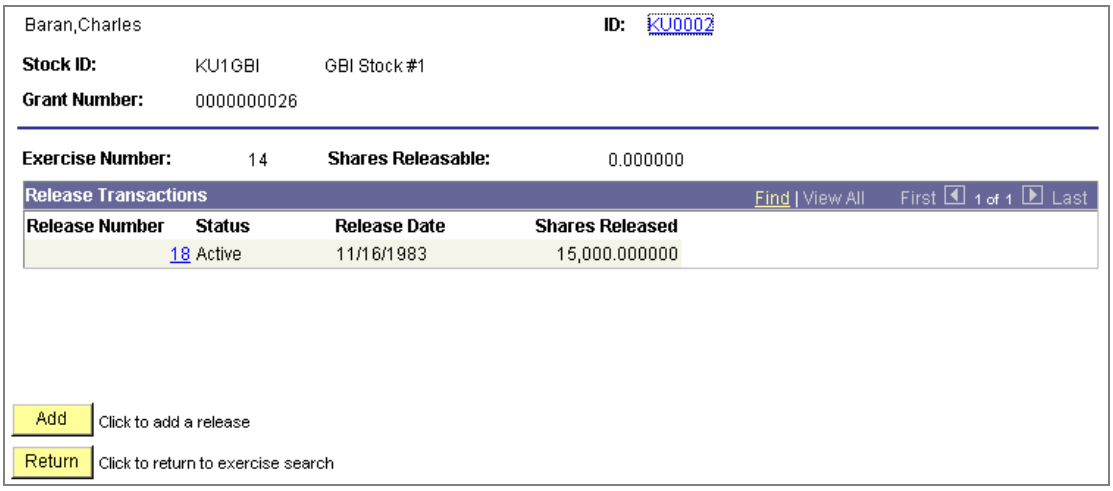


Release Exercise Transactions page

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.



Release Transactions 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.

Entering Release Information

In this section, we discuss how to:

- Enter general release information.
- Calculate taxes for released shares.
- Calculate costs for an release.
- Enter issuance instructions.
- Enter certificate information.
- Add escrow information.
- Add brokerage instructions.
- Select legends to display on issuance instructions.
- Record fees and commissions on shares sold.
- Enter payment information.

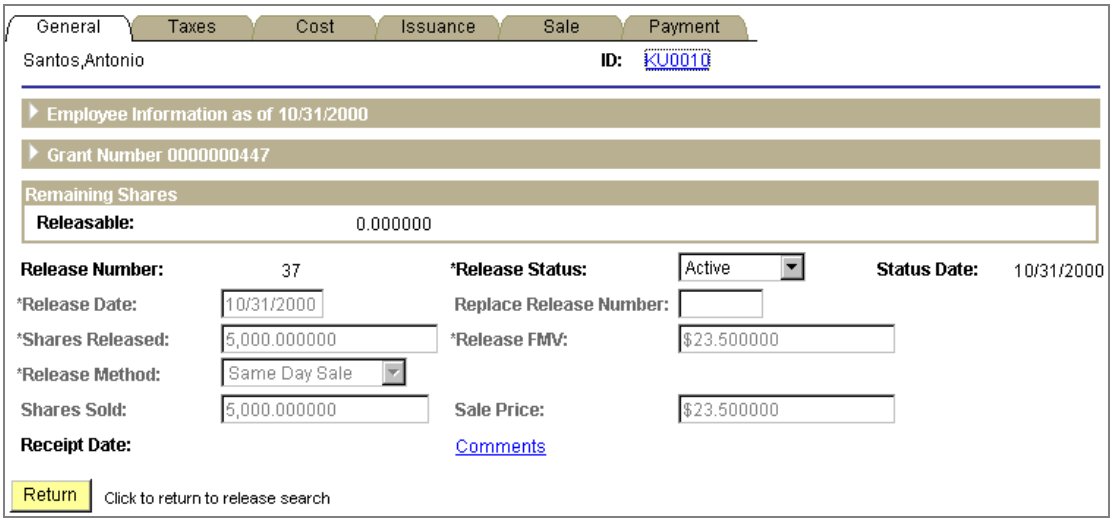
Pages Used to Enter or Modify Release Information

Page Name	*Object Name*	*Navigation*	*Usage*
Releases - General	ST_EXER_RELEASE	Compensate Employees, Administer Stock Options, Use, Releases Click a release number.	Enter or modify the basic parameters of a release of restricted shares.
Comments	ST_EXER_REL_SEC	Click Comments on the Releases - General page.	Enter comments for the release.
Releases - Taxes	ST_REL_TAXES	Click a release number on the Release Transactions page. Select the Taxes tab.	Calculate any necessary taxes for the release.
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	Click a release number on the Release Transactions page. Select 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.
Releases - Issuance	ST_REL_ISSUE	Click a release number on the Release Transactions page. Select the Issuance tab.	Instruct 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.
Certificate Information Escrow Information	ST_REL_CERT_SEC	Click Certificate on the Releases - Issuance page. Click Escrow on the Releases - Issuance page.	Add either: • Registration and address information. • Escrow information.
Broker/Branch Information	ST_REL_BROKER_SEC	Click Broker on the Release - Issuance page.	Add brokerage information.

Page Name	Object Name	Navigation	Usage
Legend	ST_REL_LEGEND_SEC	Click Legend on the Releases - Issuance page.	Select the legends to display on the issuance instructions.
Releases - Sale	ST_REL_SALE	Click a release number on the Release Transactions page. Click the Sale tab.	Record fees and view net proceeds that the optionee receives for a Same Day Sale or Sell to Cover Release.
Releases - Payment	ST_REL_PAYMENT	Click a release number on the Release Transactions page. Click the Payment tab.	Record payments made to the company on releases and view outstanding balances
Comment	ST_RPYMT_CMT_SEC	Click Comments on the Releases - Payments page.	Enter comments for a payment.

Entering General Release Information

Access the Releases - General page.



Releases - General page

Remaining Shares

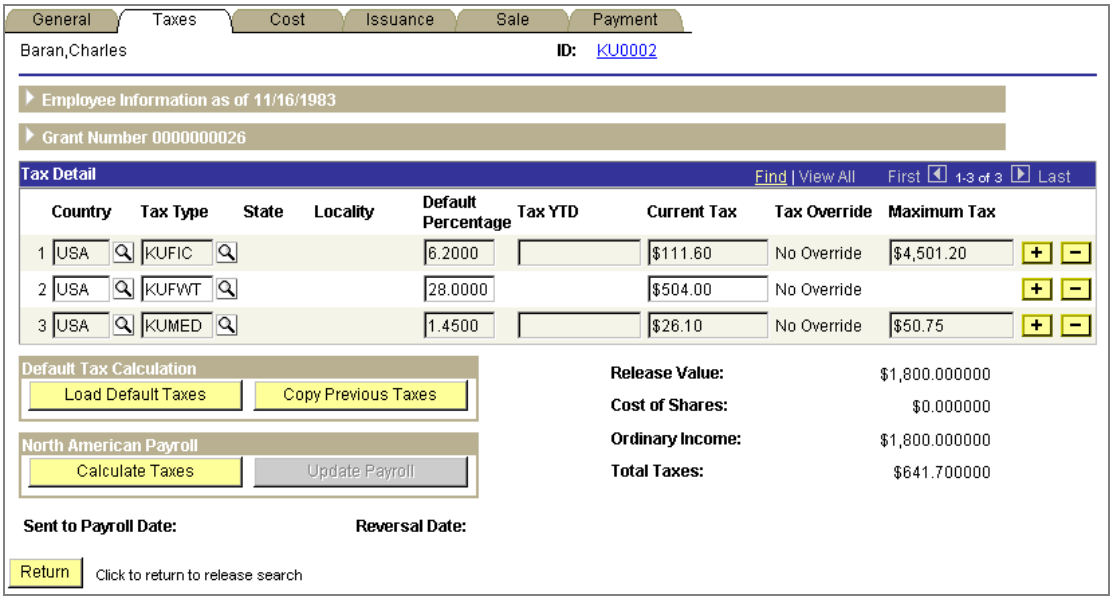
Releasable Displays the number of shares that are releasable as of the release date entered.

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.
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.



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 Payroll for North America by using the stock tax tables or by entering taxes manually. If you use PeopleSoft 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.

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 PeopleSoft 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.

PeopleSoft Payroll for North America

If you use PeopleSoft Payroll for North America, you can calculate the taxes owed and send them directly to payroll.

Calculate Taxes Click to have PeopleSoft 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 Payroll Reversal report was run.

Calculated Values

The system displays the following information:

AMT Value Alternative minimum tax value.

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 Payroll Reversal report to notify your payroll administrator that the transaction should be reversed.

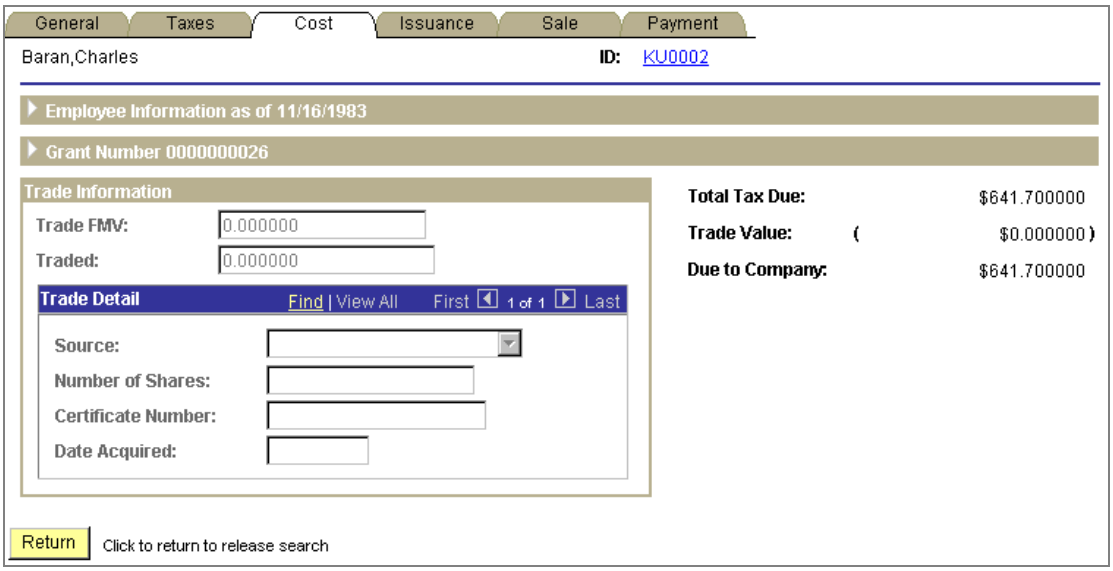
See Also

"Overview of Your Stock Administration System," Integrating With Other PeopleSoft HRMS Applications"

"Setting Up Stock Option Plans," Setting Up Tax Rules

Calculating Costs for a Release

Access the Releases - Cost page.



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.

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

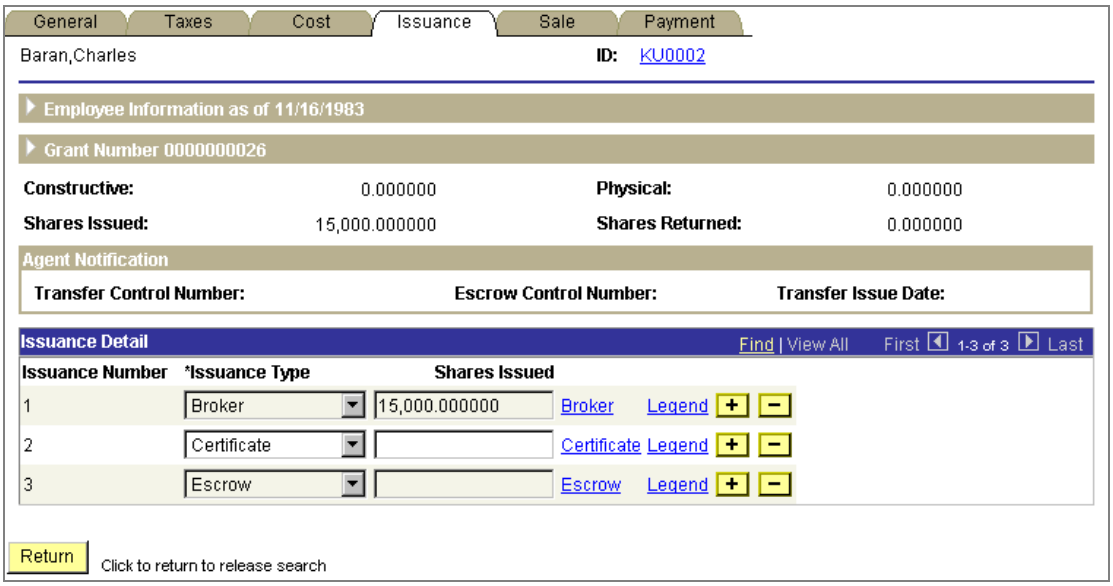
Total Tax Due — Displays the total taxes due calculated on the Releases - Taxes page.

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

Access the Releases - Issuance page.



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.

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.

This page is identical to the Certificate page in the Exercises component.

See Also

"Administering Exercises," Entering Certificate Information

Adding Escrow Information

Access the Escrow page.

This page is identical to the Escrow Information page in the Exercises component.

See Also

"Administering Exercises," Entering Escrow Information

Entering Brokerage Instructions

This page is identical to the Broker/Branch Information page in the Exercises component.

See Also

"Administering Exercises," Entering Broker Instructions

Selecting Legends to Display on Issuance Instructions

Access the Legend page.

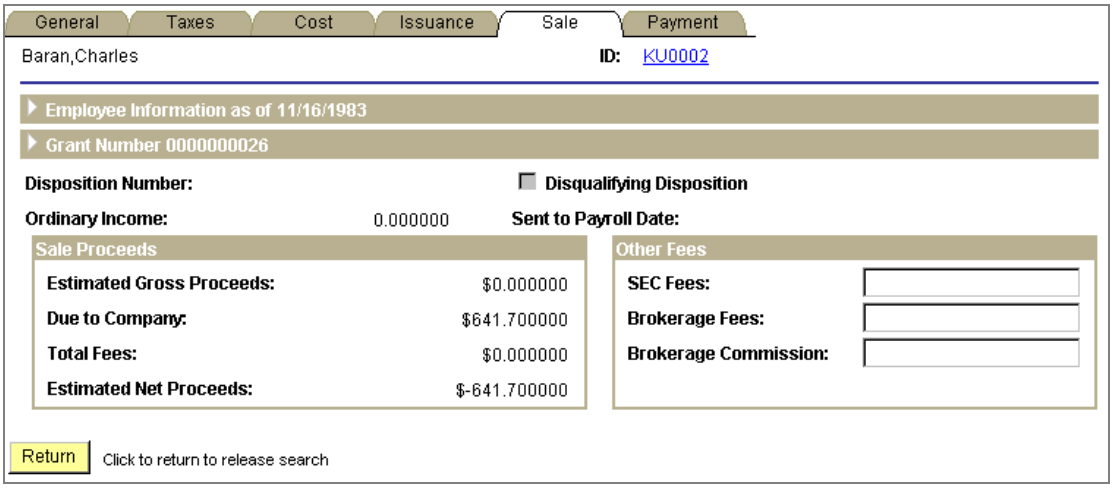
This page is identical to the Legend page in the Exercises component.

See Also

"Administering Exercises," Selecting Legends to Display on Issuance Instructions

Recording Fees and Commissions for the Sale of Released Shares

Access the Releases - Sale page.



Releases - Sale page

Sales Summary Information

Disposition Number Displays the disposition number assigned when a Same Day Sale or Sell to Cover is saved.

Disqualifying Disposition If the option type is ISO and the payment method is SDS or STC, the system selects this check box when the transaction is a disqualifying disposition.

Ordinary Income Displays the disqualifying disposition ordinary income calculated when the option type is ISO and the payment method is SDS or STC.

Sent to Payroll Date Displays the date on which a disqualifying disposition was reported to payroll.

Sale Proceeds

The system displays the following amounts:

Estimated Gross Proceeds The gross sales proceeds for the shares sold at exercise.

This field is calculated as the Sale Price field multiplied by the number of Shares Sold field.

Due to Company The amount due to the company from the stock broker for the exercise.

Total Fees Sum of the SEC fees, brokerage fees, and brokerage commission.

Estimated Net Proceeds Estimated amount that the optionee receives from the sale after the amount due to the company and any applicable fees are deducted from the Estimated Gross Proceeds field.

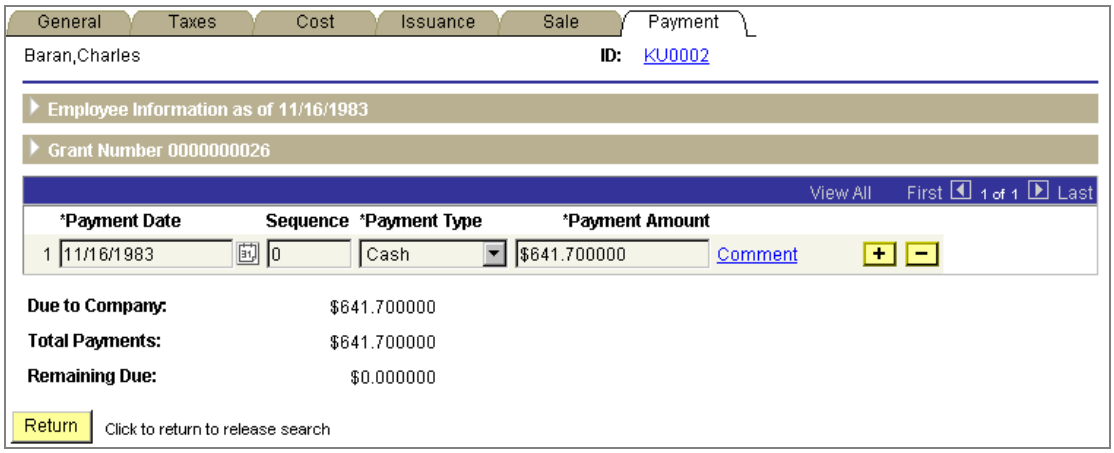
This field is calculated as the Estimated Gross Proceeds field less the Due to the Company field less the Total Fees field.

Other Fees

Enter other fees, as applicable.

Recording Payments for Shares

Access the Releases - Payment page.



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.

Remaining Due This field is calculated by subtracting the Total Payments field from the Due to Company field.

CHAPTER 11

Administering Stock Option Dispositions

In this chapter, we provide an overview of stock option dispositions and discuss how to track options dispositions.

Understanding 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 PeopleSoft 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 set up on the Stock Option Plan Rules - Payment/Income Methods page for ISO sales. This rule determines the price used to calculate the ordinary income on the disposition. The value also depends on whether the transaction is an exercise or release, and if the optionee filed an 83b election.

The ways disqualifying dispositions are calculated for ISOs and ISO/SARs are:

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)

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)

Processing Dispositions

You might want to survey the transfer agents, brokerages, and the optionees to determine if a transaction represents a true disposition or just 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 (Disqualifying Disposition check box is selected) you can send the ordinary income to payroll to include it on the individual's W-2.

If you use PeopleSoft Payroll for North America, click the Update Payroll button to send this income to payroll for processing. If you do not use PeopleSoft Payroll for North America, or the optionee is not paid through this system, run the Disqualifying Disposition Payroll report and send it to your payroll administrator for processing. After you've sent the ordinary income to payroll, either through the integrated process or the manual report, the Sent to Payroll date indicates the day the transaction was sent or the manual report was run.

If you must adjust or cancel a disposition after you've sent the ordinary income to payroll, change the status 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 PeopleSoft Payroll for North America and the transaction has not been processed by PeopleSoft Payroll for North America, the system deletes the transaction from the table. You receive a message that the transaction was successfully deleted. If PeopleSoft Payroll for North America processed the transaction or the manual payroll report was run, run the Disqualifying Disposition Reversal report and give it to your payroll administrator.

Before You Begin

Before you begin recording stock option dispositions:

- Process optionee exercises and releases.
- Receive information about disposition from optionees, transfer agents, or brokers.

Common Elements in This Chapter

ID	Click the ID number to access the Employee Information page, where you view employee information.
Shares Self Service	Displays the number of shares reported as disposed through the self-service page in self-service status.
Shares Disposed	Displays the number of shares disposed in confirmed status.
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.
Status	The default for a new record is ***Pending,*** unless the shares were already sold through a same day sale or sell to cover transaction. Then, the status is ***Confirmed.*** When the status is changed to ***Confirmed,*** ordinary income can be sent to PeopleSoft Payroll for North America by a transaction record, if integrated, or displayed on a manual payroll report when saved. If you must change a transaction that's been sent to payroll, change 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 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 PeopleSoft Payroll for North America or a manual report.

Paycheck Number Displays the paycheck number when the transaction was processed through PeopleSoft Payroll for North America. This field is blank if a manual report was used.

Tracking Options Dispositions

The Stock Option Dispositions page displays summary information about an optionee's exercises and releases. When you click an exercise number, you access the Exercise Disposition page that displays the details of an optionee's exercise and enables you to enter a disposition for that exercise or view and modify an existing disposition. When you click a release number, you access the Release Disposition page that displays the details of an optionee's release and enables you to enter a disposition for that release or view and modify an existing disposition.

In this section, we discuss how to:

- View a summary of exercises and releases.
- Enter an exercise disposition.
- View exercise disposition payroll details.
- Enter a release disposition.
- View release disposition payroll details.

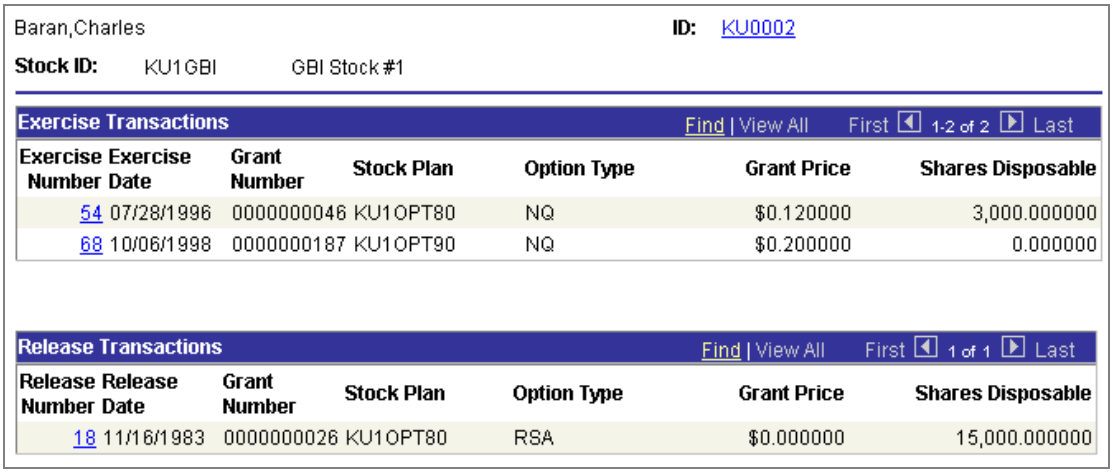
Pages Used to Track Options Dispositions

Page Name	*Object Name*	*Navigation*	*Usage*
Stock Option Dispositions	ST_OPTN_DISPOSN	Compensate Employees, Administer Stock Options, Use, 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	Compensate Employees, Administer Stock Options, Use, Dispositions Click an Exercise Number.	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.

Page Name	*Object Name*	*Navigation*	*Usage*
Release Disposition	ST_REL_DISPOSN	Compensate Employees, Administer Stock Options, Use, Dispositions Click a Release Number.	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 a Summary of Exercises and Releases

Access the Stock Option Dispositions page.



Stock Option Dispositions page

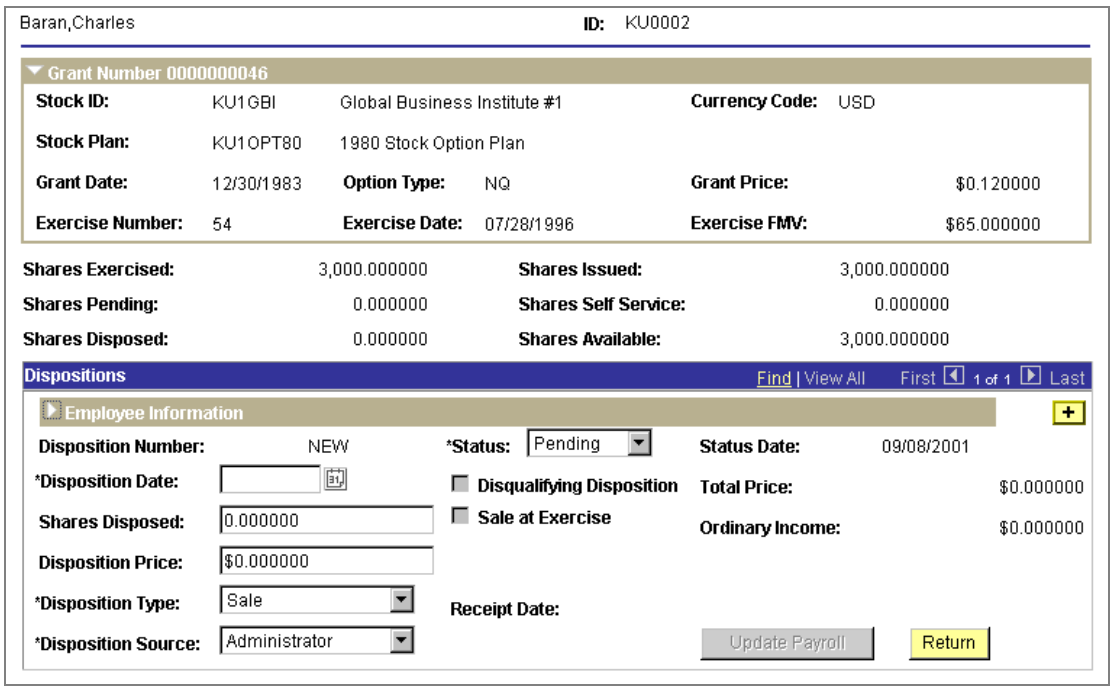
Exercise Number Click to access the Exercise Disposition page, where you can view exercise details and enter a disposition for the exercise.

Shares Disposable Displays the number of shares 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.



Exercise Disposition page

Grant Information

The system displays grant information for the selected exercise.

Employee Information

Employee information appears as of the disposition date.

Disposition Information

Disposition Date Displays today's date. Enter the sale or transfer date. The date must be greater than or equal to the exercise date. If the optionee is an insider and the date is during a black-out 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.

Total Price Displays the grant price multiplied by the number of shares sold.

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.

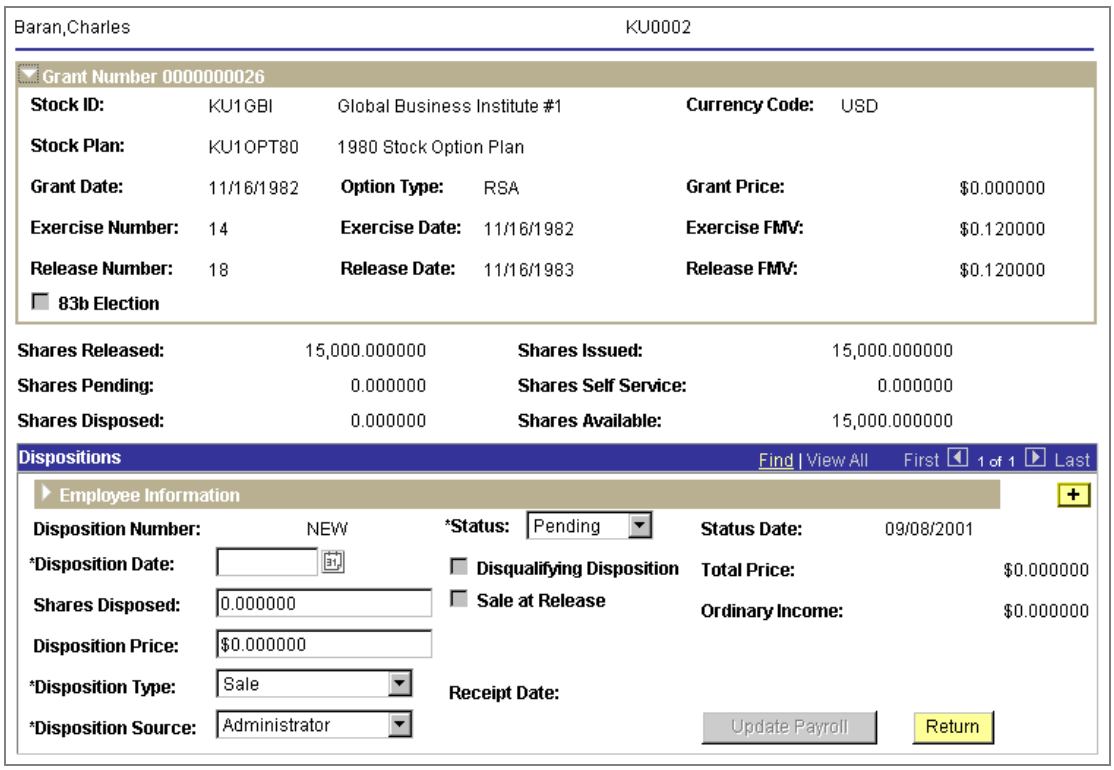
Ordinary Income	If the transaction is a disqualifying disposition and the Disqualifying Disposition check box is selected, the system calculates and displays the ordinary income.
Disposition Price	The Exercise FMV, which you can change, is the default.
Disposition Type	Select ***Sale*** (default) or ***Transfer.***
Receipt Date	Displays the date on which the disposition receipt was run.
Disposition Source	Select how the disposition was reported: ***Administrator, Self-Service,*** and ***Third Party. Administrator*** is the default.
Sent to Payroll Date	Displays the date on which the transaction was sent to PeopleSoft 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.
Update Payroll	Click to send the ordinary income to PeopleSoft Payroll for North America.

See Also

"Overview of Your Stock Administration System," Integrating With PeopleSoft Payroll for North America

Entering a Release Disposition

Access the Release Disposition page.



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 Displays today's date, which you can change. Enter the sale or transfer date. The date must be greater than or equal to the release date. If the optionee is an insider and the date is during a black-out 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.

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	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: ***Administrator, Self-Service,*** and ***Third Party. Administrator*** is the default.
Sent to Payroll Date	Displays the date on which the transaction was sent to PeopleSoft 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.
Update Payroll	Click to send the transaction to payroll.

CHAPTER 12

Administering Repurchases

In this chapter, we provide an overview of administering repurchases and discuss how to view and record share repurchases.

Understanding Administering Repurchases

This section explains how to record the repurchase of shares from restricted exercises.

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.

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

"Setting Up Stock Option Plans," Defining Stock Option Plan Rules

Before You Begin

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

ID Click the ID number to access the Employee Information page, where you can view employee information.

Viewing and Recording Share Repurchases

In this section, we discuss how to:

- Select a grant
- Record repurchase transactions.
- View repurchase transactions.

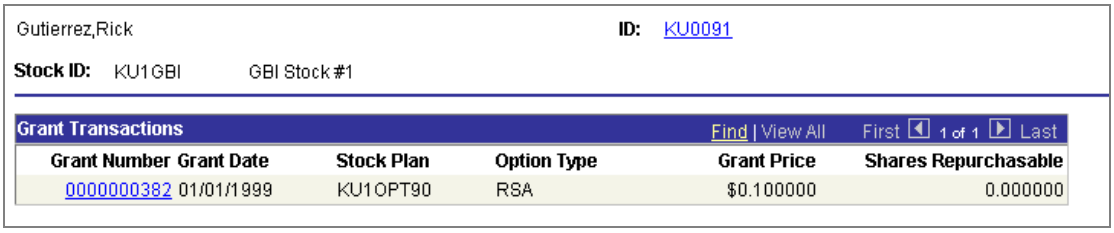
Pages Used to View and Record Share Repurchases

Page Name	*Object Name*	*Navigation*	*Usage*
Repurchase Grant Transactions	ST_REPURCH_SRCH1	Compensate Employees, Administer Stock Options, Use, Repurchases	Select the grant for which you want to view or record repurchase transactions.
Repurchases	ST_GRANT_REPURCH	Compensate Employees, Administer Stock Options, Use, Repurchases Click a grant number then click a repurchase number on the Repurchase Transactions page.	Record repurchase transactions.

Page Name	Object Name	Navigation	Usage
Comments	ST_REPURCH_CMT_SEC	Click the Comment link on the Repurchases page.	Enter comments for a repurchase.
Repurchase Transactions	ST_REPURCH_SRCH2	Compensate Employees, Administer Stock Options, Use, Repurchases Click a grant number.	View repurchase transactions and access the Repurchases page.

Selecting a Grant

Access the Repurchase Grant Transaction page.

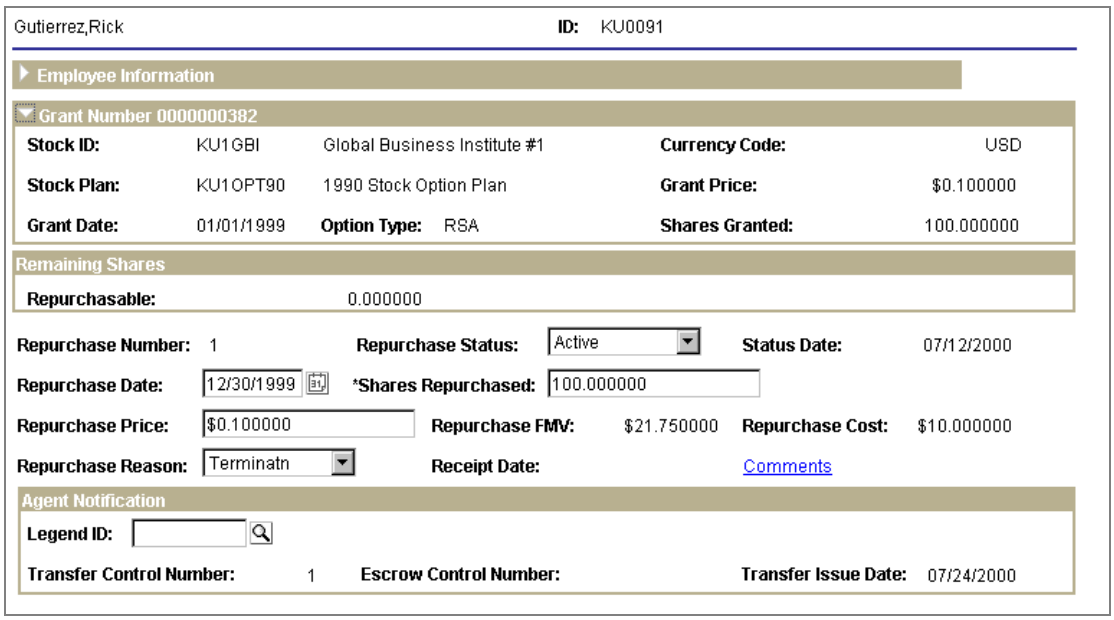


Repurchase Grant Transactions page

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.

Recording Repurchase Transactions

Access the Repurchases page.



Repurchases 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 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 Displays the tax location of the primary job.

Remaining Shares

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 ***Termination, Corporate Repurchase,*** or ***Other.***

Receipt Date — Displays the date on which the repurchase receipt was generated.

Comments — Click to access the Comments page, where you add comments about the repurchase.

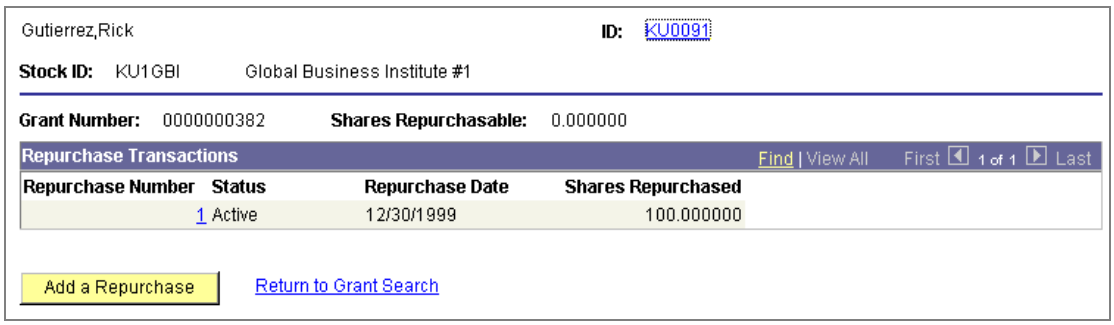
Agent Notification

Legend ID — Select a legend ID to include with the repurchase issuance instructions.

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.

Viewing Repurchase Transactions

Access the Repurchase Transactions page.



Repurchase Transactions 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 Click to access the Repurchases page, where you can add a new repurchase.

Return Click to return to the Repurchase Grant Transactions page.

CHAPTER 13

Processing Stock Actions

In this chapter, we provide an overview of stock actions and discuss how to:

- Run the Stock Action process.
- View the results of the Stock Action process.

Understanding Stock Actions

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 PeopleSoft 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 PeopleSoft 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 PeopleSoft 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 PeopleSoft 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

"Setting Up Stock Option Plans," Defining Stock Action Rules

PeopleSoft Application Fundamentals for HRMS PeopleBook, "Using PeopleSoft Workflow"

PeopleSoft Human Resources PeopleBook: Administer Workforce, "Setting Up the Administer Workforce Business Process," Defining Reasons for Personnel Actions

Before You Begin

Before you begin processing stock actions:

- Set up the Stock Action Table using the Stock Action Table setup page.
- Define the correlation between Human Resources action and action reason combinations using the Stock Action Reason Table setup page.
- Define the rules by which existing grants and vesting schedules are modified using the Stock Action Rules setup page.

Common Elements in This Chapter

ID	Click the ID number to access the Employee Information page where you 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.

Running the Stock Action Process

In this section, we provide an overview of the Stock Action process and discuss 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.

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 on leave. 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.

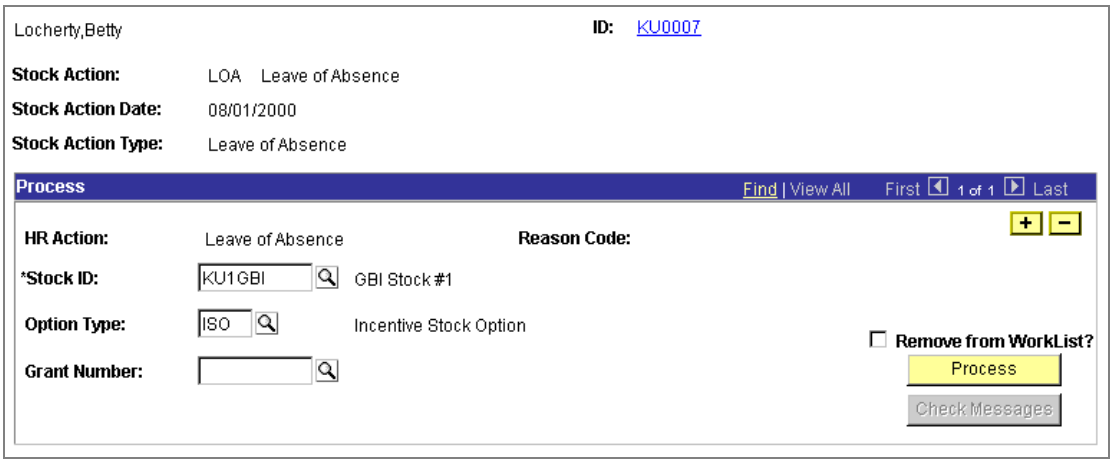
Pages Used to Run the Stock Action Process

Page Name	*Object Name*	*Navigation*	*Usage*
Stock Action (Work List)	ST_ACTN_PRC_WL	Compensate Employees, Administer Stock Options, Process, Stock Action (Work List) You can access this page directly from a worklist created by workflow notification.	Review and process stock actions received from the worklist.
Stock Action (Manual)	ST_ACTN_PRC_MNL	Compensate Employees, Administer Stock Options, Process, Stock Action (Manual)	Reverse previously processed stock actions or enter actions manually.

Note. Before you run the Stock Action process, set up your Stock Action process table and rules and grant options to optionees.

Processing Stock Actions Received From the Worklist

Access the Stock Action (Work List) page for the optionee, stock action, and stock action date that you want to review or process.



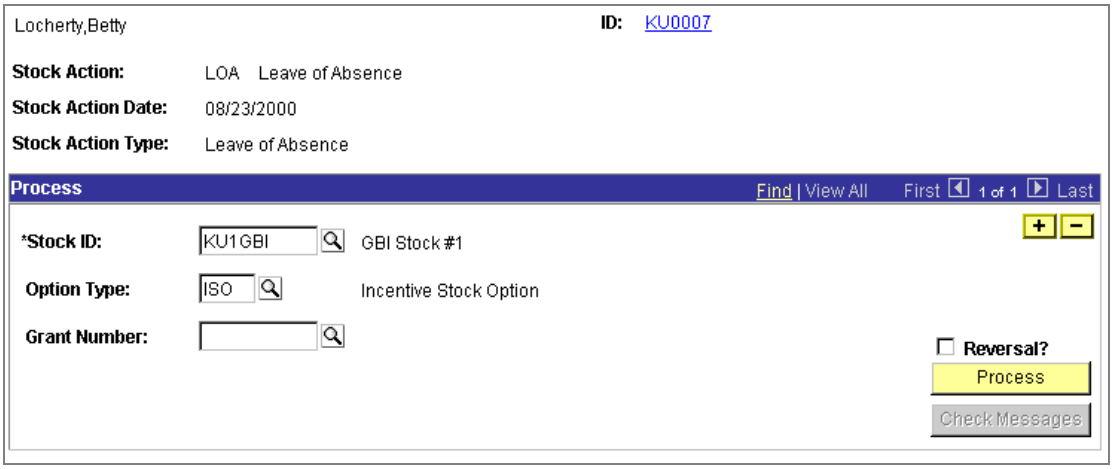
Stock Action (Work List) page

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 Stock Action (Manual) page for the optionee, stock action, and stock action date that you want to review or process.



Stock Action (Manual) page

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 Results

In this section we discuss how to review the results of the Stock Action process.

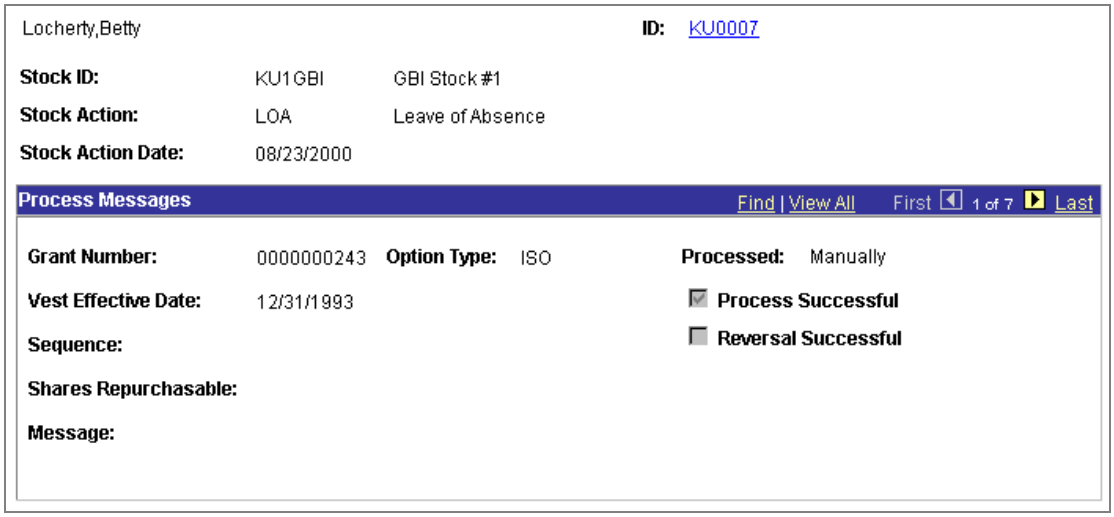
Grants that were skipped, and ones that require manual intervention, are displayed along with any processing messages. After reviewing the results, make adjustments using the Stock Action (Manual) page.

Page Used to View Results of the Stock Action Process

Page Name	*Object Name*	*Navigation*	*Usage*
Stock Action Messages	ST_ACTN_PRC_MSG	Compensate Employees, Administer Stock Options, Inquire, Stock Action Messages	View the results of the Stock Action process for an optionee.

Viewing the Results of the Stock Action Process

Access the Stock Action Messages page for the optionee, stock action, and stock action date that you want to review.



Stock Action Messages page

Process Messages

Processed Identifies how the stock action was processed: ***Worklist*** or ***Manually***.

CHAPTER 14

Administering Reprice

In this chapter, we provide an overview of reprice administration and discuss 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

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.

Before You Begin

Before you begin repricing your stock, back up all of your data before you run the Reprice Grants process.

Procedure for Repricing Stock

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 A: PeopleSoft Stock Administration Reports"

Setting Up Stock Reprice Parameters

Set up the stock reprice parameters using the Stock Reprice component.

In this section, we discuss how to:

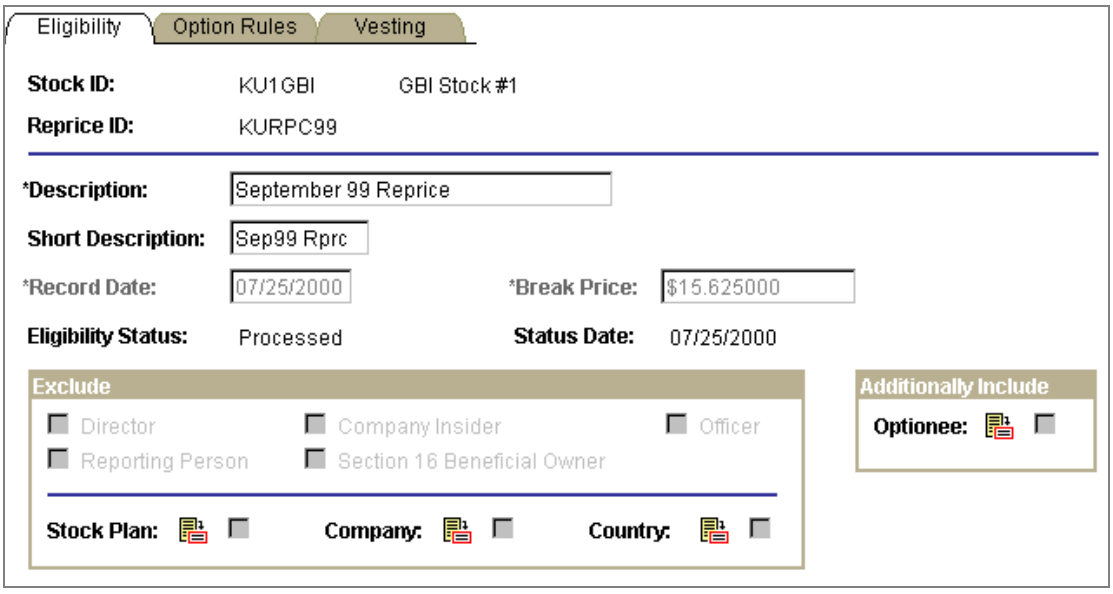
- Enter eligibility rules.
- Enter conversion rules.
- Define the vesting parameters.

Pages Used to Set Up Stock Reprice Parameters

Page Name	*Object Name*	*Navigation*	*Usage*
Stock Reprice - Eligibility	ST_REPRC1	Compensate Employees, Administer Stock Options, Setup, Stock Reprice	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.
Stock Reprice - Option Rules	ST_REPRC2	Compensate Employees, Administer Stock Options, Setup, Stock Reprice, Option Rules	Enter the new grant date, specify the features of the new grant, and specify how the option types are converted.
Stock Reprice - Vesting	ST_REPRC3	Compensate Employees, Administer Stock Options, Setup, Stock Reprice, Vesting	Define the vesting features of the new grant.

Entering Eligibility Rules for Repricing Stock

Access the Stock Reprice - Eligibility page.



Stock Reprice - Eligibility page

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.

To exclude specific stock plans, companies, or countries, select the appropriate check box, then click to search for the names of the items to exclude.

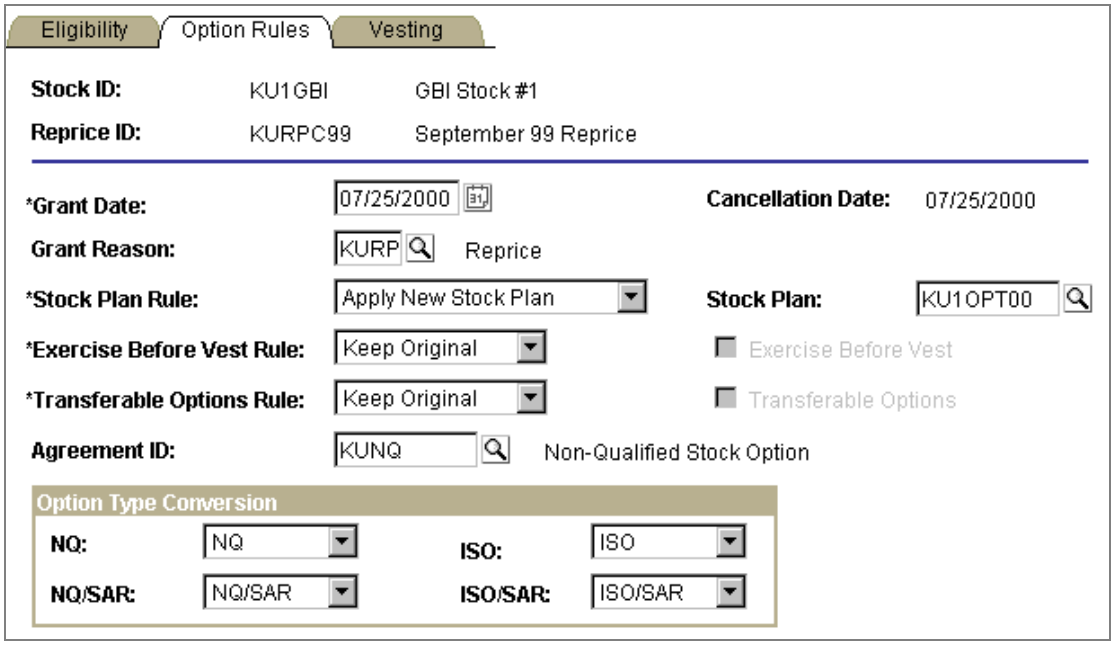
Additionally Include

You can include individuals excluded from the reprice by the Exclude rules you selected.

Optionee — Select this field to include specific individuals. Click to search for available individuals to include.

Entering Conversion Rules for Repricing Stock

Access the Stock Reprice - Option Rules page.



Stock Reprice - Option Rules page

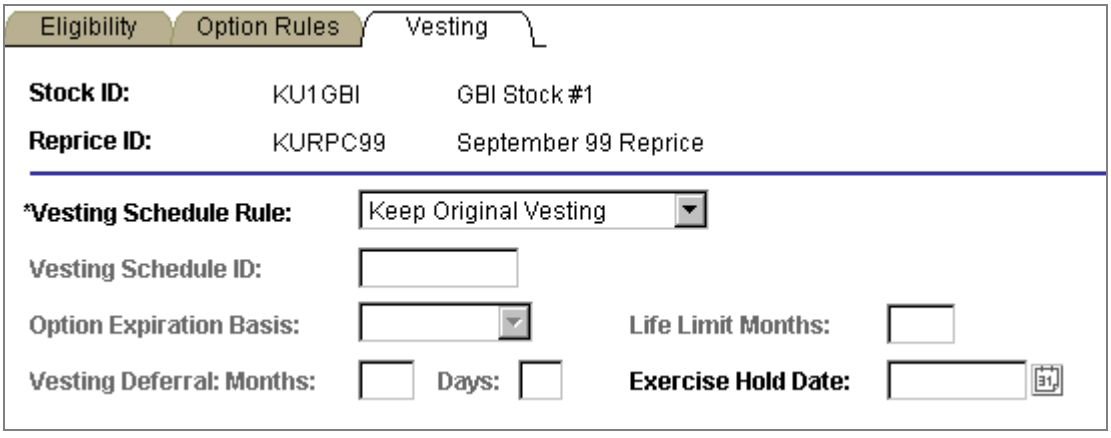
Grant Date	Enter the new options grant date.
Cancellation Date	Displays the grant date, which is used to cancel the original options.
Stock Plan Rule	Select ***Keep Original Stock Plan*** or ***Apply New Stock Plan.***
Stock Plan	If you selected a stock plan rule of Apply New Stock Plan, this field becomes 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.

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 Stock Reprice - Vesting page.



Stock Reprice - 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

In this section, we discuss how to:

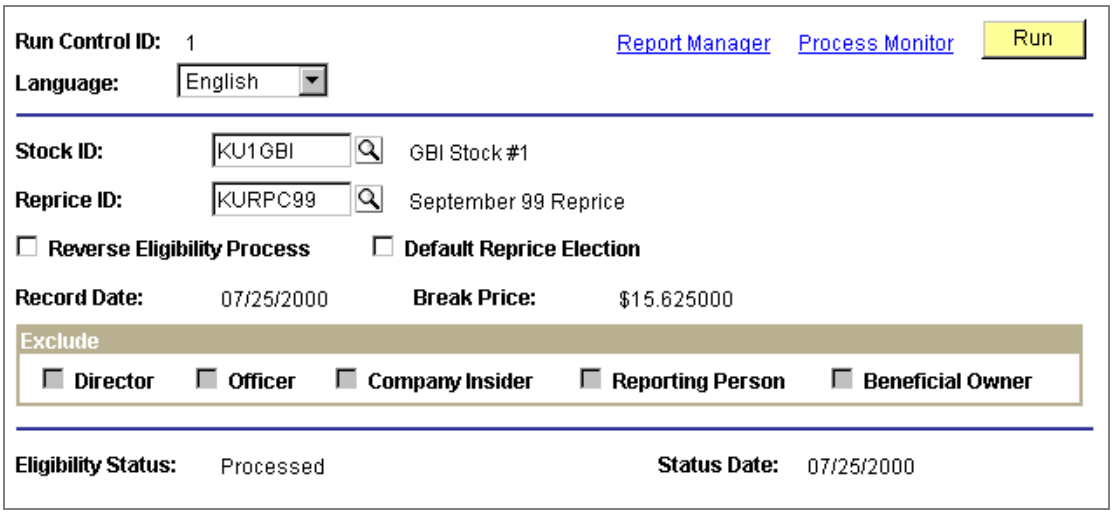
- Run the Reprice Eligibility process.
- Enter participant elections for a reprice.

Pages Used to Select Participants for a Reprice

Page Name	*Object Name*	*Navigation*	*Usage*
Reprice Eligibility	ST_RUNCTL_REPRC1	Compensate Employees, Administer Stock Options, Process, Reprice Eligibility, Reprice Eligibility	Run the reprice eligibility process using the reprice ID parameters set up using the Stock Reprice component.
Reprice Participation	ST_REPRC_PARTIC	Compensate Employees, Administer Stock Options, Use, Reprice 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 Reprice Eligibility page.



Reprice Eligibility page

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 Stock Reprice - Eligibility page.

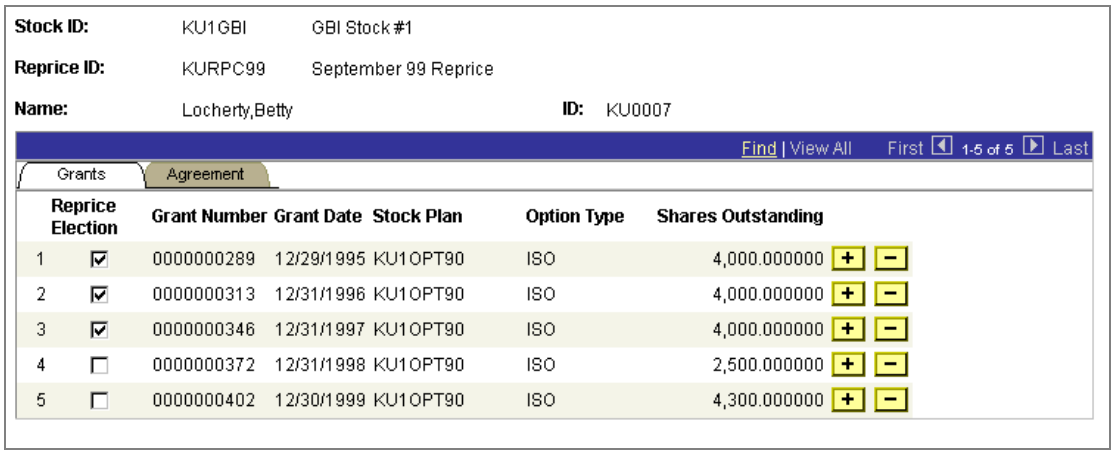
Reprice Status

Reprice 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 Reprice Participation page.

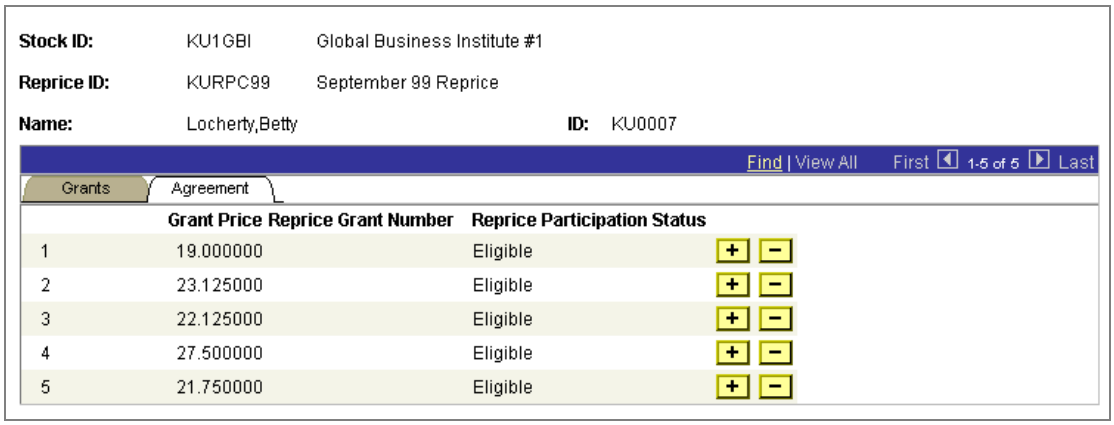


Reprice Participation: Grants page

Grants Tab

Reprice Election If the participant elects to participate in the reprice, select this check box.

Agreement Tab



Reprice Participation: Agreement page

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

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.

In this section, we discuss how to:

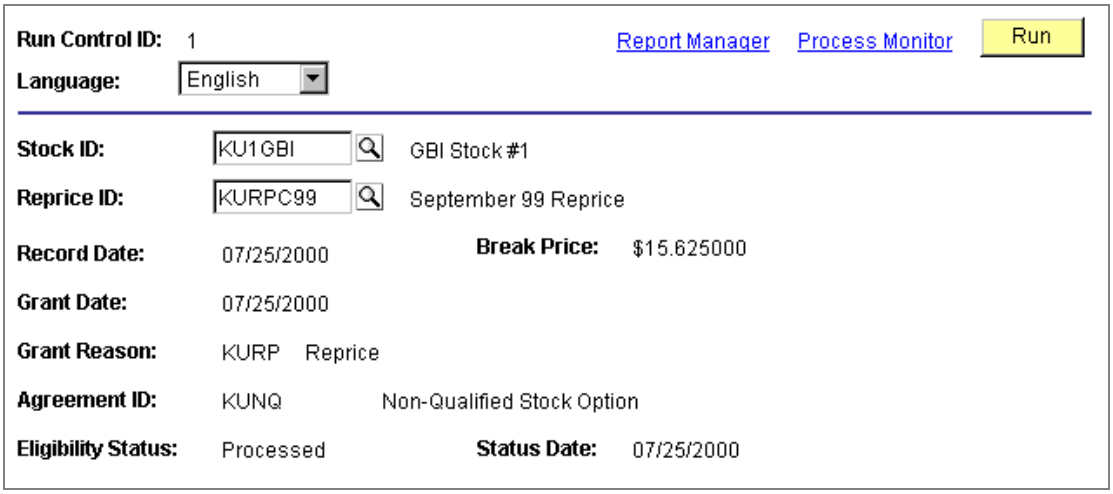
- Run the Reprice Grants process.
- Reverse a reprice process.

Pages Used to Run the Reprice Process

Page Name	*Object Name*	*Navigation*	*Usage*
Reprice Grants process	ST_RUNCTL_REPRC3	Compensate Employees, Administer Stock Options, Process, Reprice Grants	Run the Reprice Grants process.
Reverse Reprice Grants	ST_RUNCTL_REPRC4	Compensate Employees, Administer Stock Options, Process, Reverse Reprice Grants, Reverse Reprice Grants	Undo the results of previous reprice processing to correct errors.

Running the Reprice Grants Process

Access the Reprice Grants process page.



Reprice Grants process page

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 Reprice Grants process page.



Reverse Reprice Grants process page

Process Method Select ***Process All*** or ***Process by Individual.***

Viewing Reprice Messages

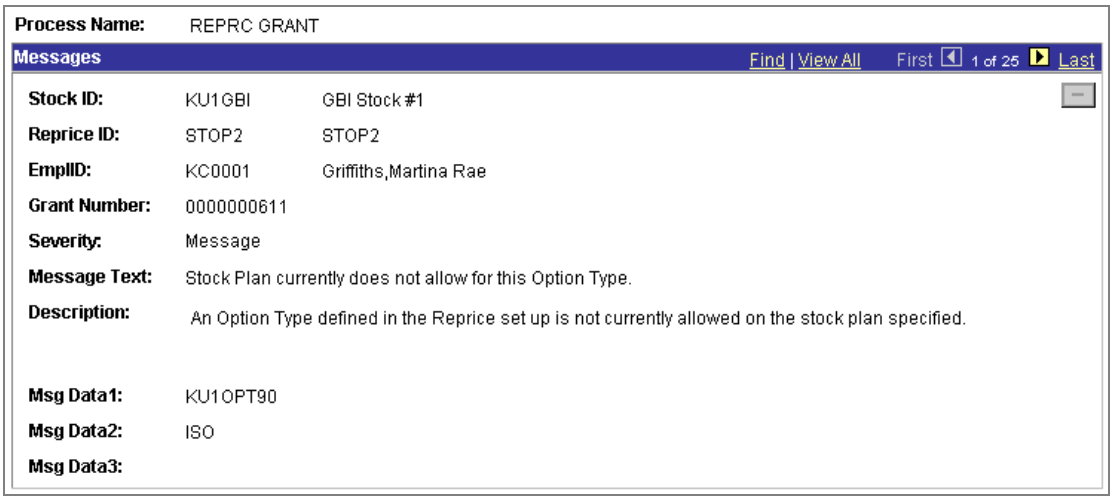
In this section, we discuss how to view messages after you run a repricing process.

Page Used to View Reprice Messages

Page Name	*Object Name*	*Navigation*	*Usage*
Reprice Messages	ST_REPRC_MESSAGE	Compensate Employees, Administer Stock Options, Inquire, 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.

Viewing Messages

Access the Reprice Messages inquiry page.



Reprice Messages inquiry page

Severity Displays the type of message produced: ***Error, Warning,*** or ***Message.***

Msg (Message) Data Displays the field values associated with the message. Up to four fields can display.

CHAPTER 15

Overview of Your Stock Purchase System

In this chapter, we provide overviews of:

- Stock purchase business process.
- Section 423 (IRC) plans.
- Antidilution issues.

Understanding the Stock Purchase Business Process

With PeopleSoft Stock Administration stock purchase functionality, you can create and manage your company's employee stock purchase plan. You can set up your plan to comply with several IRS and SEC rules, including the Section 423 annual maximum purchase amount, share discount amount, purchase holding periods, and offering holding periods.

Employee stock purchase plans enable eligible employees to purchase stock, often at a discounted price. Employees enroll in a company's plan during certain periods or intervals. They authorize the company to place payroll deductions in a trust for the purchase of 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, where company employees, including those not administered by PeopleSoft Human Resources, participate.

The 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. Employees can sell or transfer shares purchased through a stock purchase program. When they sell shares, any ordinary income is sent to payroll.

Understanding 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 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 that are not administered by PeopleSoft 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.
- 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.
- The maximum purchase discount is no more than 15 percent.
- The maximum offering length is no more than 27 months.

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. It adjusts the value to come under 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 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 crosses over a calendar year, then the unused portion of the limit is added to the next year limit. Here's an example:

Offering Period: 24 months

Begin	*End*
7/1/1999	6/30/2001

Purchase Periods: 6 months

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

Limit	$25,000
Value	$(17,500)
Remaining	**$7,500**

Year 2000 Calculation

Limit	$25,000
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

Limit	$25,000
Remaining from 1999	$2000
	$27,000
06/30/2000 Value	$(17,500)
Remaining	**$9,500**

Understanding Antidilution Issues

There's a potential for a stock purchase to 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 amount of shares that an individual participant can purchase. The IRS limit is discussed in the previous section, but corporations may 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 their stock purchase plans 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.

CHAPTER 16

Setting Up Stock Purchase Plans

In this chapter, we provide an overview of the stock purchase plan setup and discuss how to:

- Define the rules for your stock purchase plans.
- Define offering and purchasing periods for stock purchase plans.
- Define stock purchases.
- Check stock purchase data.

Understanding 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. Finally, you establish how the 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.

Before You Begin

Before you begin to set up your stock purchase plans:

- Review and decide how your stock administration application integrates with other PeopleSoft 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 PeopleSoft Payroll for North America, have your payroll administrator set up payroll for processing stock purchase contributions by setting up deductions.

- 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 batch processing with the Process Groups page.
  - Set up issuance instructions using the Issuance Instructions page.
  - Indicate your insiders using the Insider Data page.
  - Specify the daily prices using the Daily Prices Tracking page.

See Also

"Overview of Your Stock Administration System," Integrating With Other PeopleSoft HRMS Applications

"Defining Stock Administration Business Rules"

"Managing Stock Administration"

Defining Stock Purchase Plans

To set up your stock purchase plans:

1. Define your stock purchase plan rules.

   Define the various plan choices for each stock purchase plan using the Stock Purchase Plan Rules component.

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

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 using the Offering/Purchase Periods - Offering Period page.

3. Define the reasons for holding a participant's purchase on the Hold Reason Table page.
4. Define stock purchase processing messages with the Message Table page.
5. Define the details of the stock purchase.

   Define the detail of the purchase including process groups, currency conversions, and other processing parameters using the Stock Purchase - General page.

See Also

"Defining Stock Administration Business Rules," Defining Process Groups

Defining Stock Purchase Plan Rules

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.

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.

In this section, we discuss how to:

- Define basic rules for a stock purchase plan.
- Define FMV rules and nontrading days for a stock purchase plan.
- Define limits for the offering period and purchasing period.
- Define purchasing rules for a stock purchase plan.
- Define contribution rules for a stock purchase plan.
- Define disposition rules for a stock purchase plan.

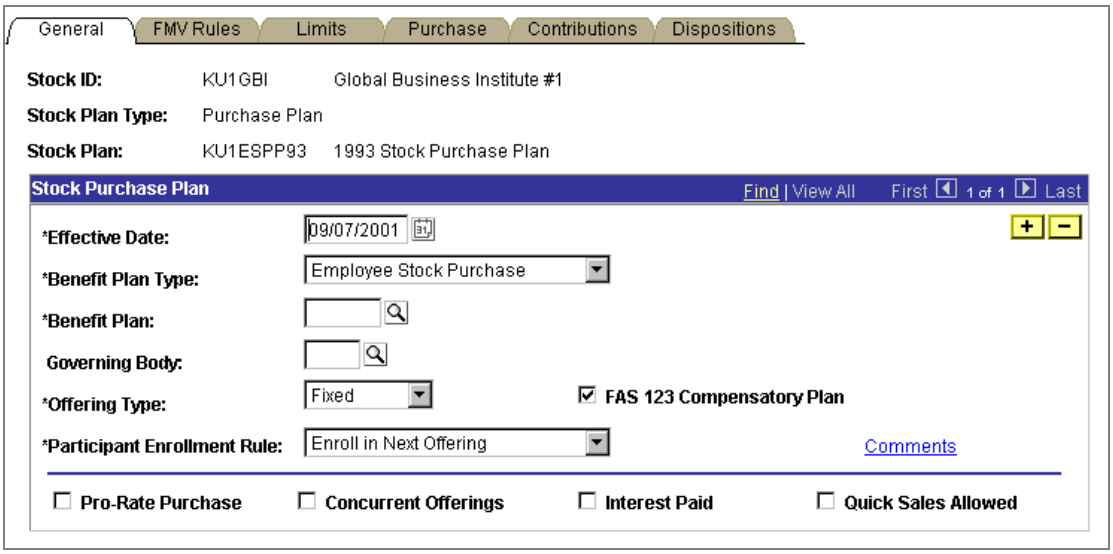
Pages Used to Define Stock Purchase Plan Rules

Page Name	Object Name	Navigation	Usage
Stock Purchase Plan Rules - General	ST_ESPP_PLAN1	Define Business Rules, Define Stock Purchase Plans, Setup, Stock Purchase Plan Rules, General	Link the stock ID to a benefit plan ID and define plan details, such as governing body, offering type, and when participants can enroll.
Plan Comments	ST_ESPP_PLAN7	Define Business Rules, Define Stock Purchase Plans, Setup, 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	Define Business Rules, Define Stock Purchase Plans, Setup, Stock Purchase Plan Rules, FMV Rules	Define the FMV rules for offering begin, grant, and purchase FMV. Specify how to handle nontrading days.
Stock Purchase Plan Rules - Limits	ST_ESPP_PLAN3	Define Business Rules, Define Stock Purchase Plans, Setup, Stock Purchase Plan Rules, Limits	Define the offering and purchase period lengths as well as any applicable company limits.
Stock Purchase Plan Rules - Purchase	ST_ESPP_PLAN4	Define Business Rules, Define Stock Purchase Plans, Setup, 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	Define Business Rules, Define Stock Purchase Plans, Setup, Stock Purchase Plan Rules, Contributions	Define the contribution rules.

Page Name	Object Name	Navigation	Usage
Stock Purchase Plan Rules - Dispositions	ST_ESPP_PLAN6	Define Business Rules, Define Stock Purchase Plans, Setup, Stock Purchase Plan Rules, Dispositions	Define the number of months participants must hold the stock before they sell it. This optional, company-specific 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.



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.

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.

FAS 123 Compensatory Plan

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

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

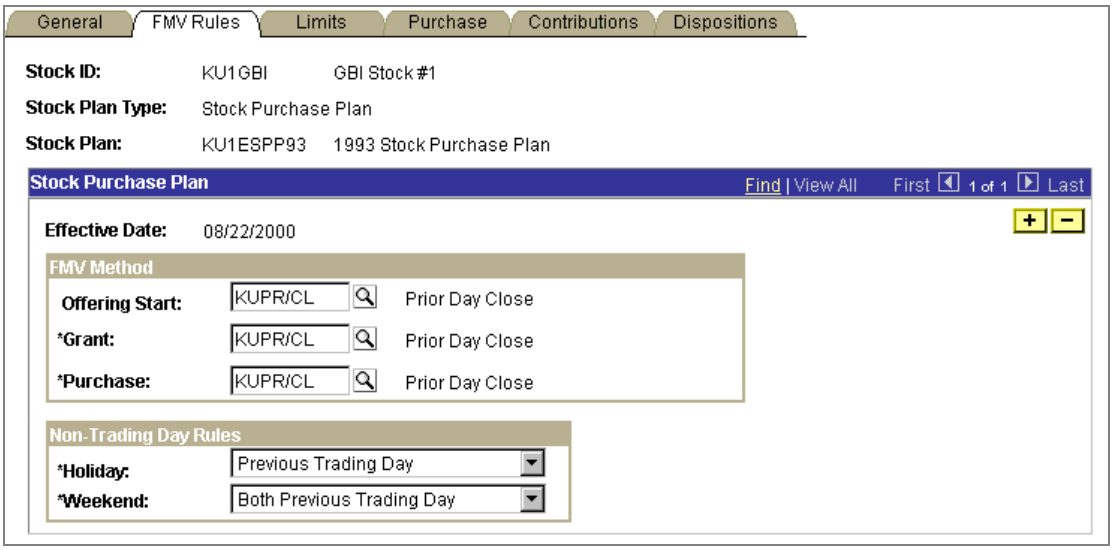
Select if you pay interest on contributions. This field is informational only.

Quick Sales Allowed

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

Defining FMV Rules and Nontrading Days for a Stock Purchase Plan

Access the Stock Purchase Plan Rules - FMV Rules page.



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 supercede 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.

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

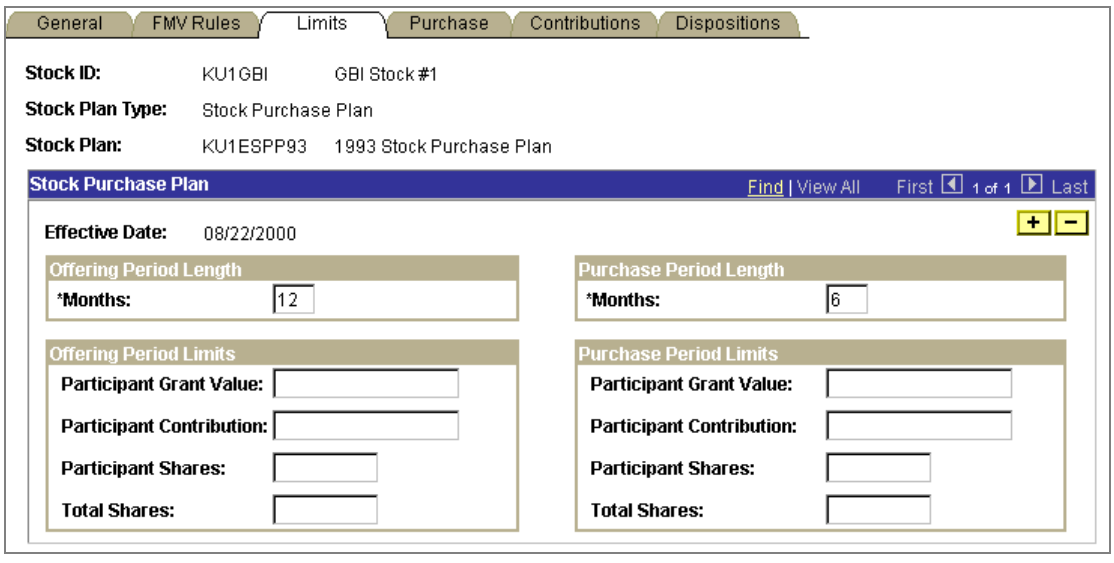
Saturday Next and ***Sunday Previous:*** Uses the next trading day's price for Saturday and the previous trading day's price for Sunday.

See Also

"Defining Stock Administration Business Rules," Defining Stock Details

Defining Limits for the Offering Period and Purchasing Period

Access the Stock Purchase Plan Rules - Limits page.



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.

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.

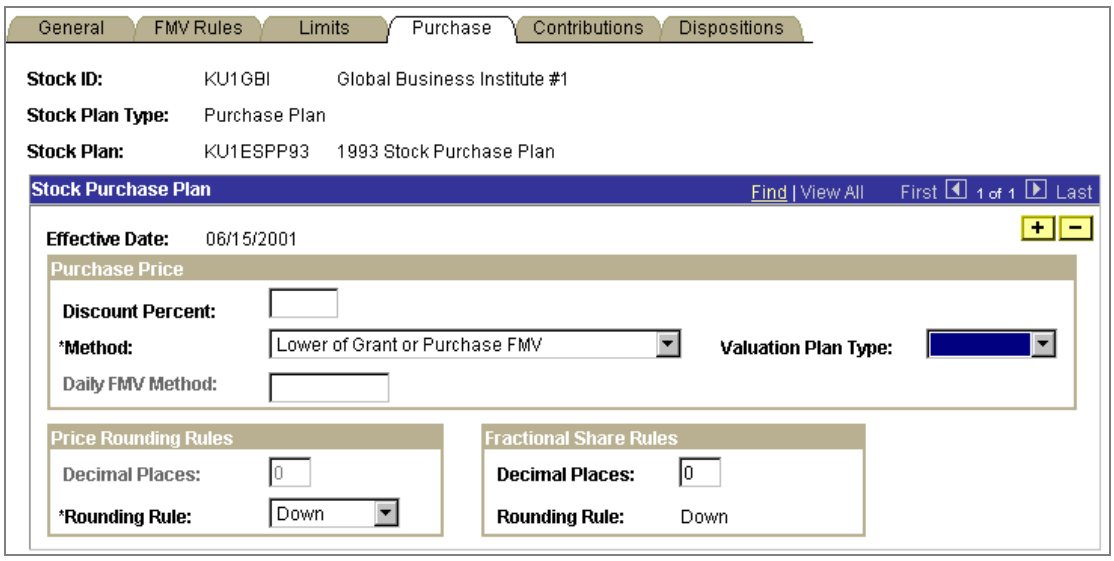
Total Shares Enter the total number of shares for all participants that can be issued in an offering period.

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.



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.

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

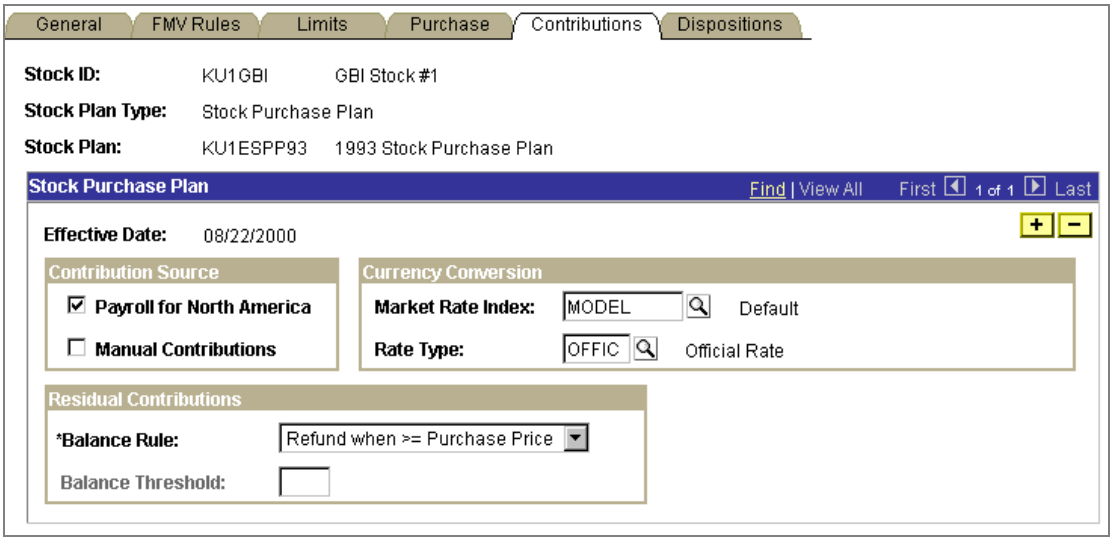
These fields become available for entry if fractional shares are allowed at the stock detail level. The fractional share rules defined on the Stock Details - Common Rules page are the default. You can make them more restrictive. If fractional shares are not allowed, The Decimal Places field is 0 and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



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 PeopleSoft 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 PeopleSoft 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.

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

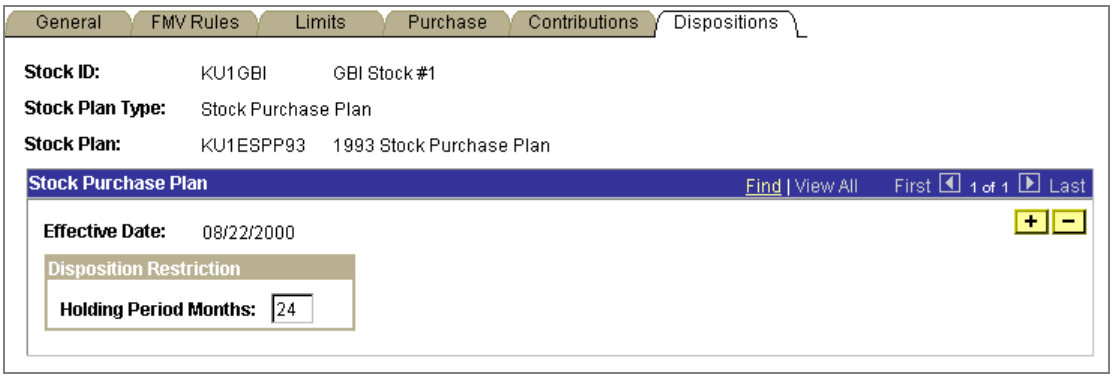
If you selected a balance rule of Carry Forward Balance or Refund Balance, this field becomes available for entry. Enter the minimum amount needed to carry forward or refund.

See Also

PeopleSoft Application Fundamentals for HRMS PeopleBook, "Working With Currencies"

Defining Disposition Rules for a Stock Purchase Plan

Access the Stock Purchase Plan Rules - Dispositions page.



Stock Purchase Plan Rules - Dispositions page

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.

Defining Offering and Purchase Periods

After you've defined your stock purchase plan rules, set up the offering period and purchase periods with the plan. Use the Offering/Purchase Periods component to define the offering and purchase period begin and end dates and the valid grant dates within the offering period. If you allow rolling plans, link the previous offering periods here.

Note. Before you can define offering and purchase periods, you must define a stock plan ID on the Stock Plan page. You must define the stock purchase plan rules in the Stock Purchase Plan Rules component.

In this section, we discuss how to:

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

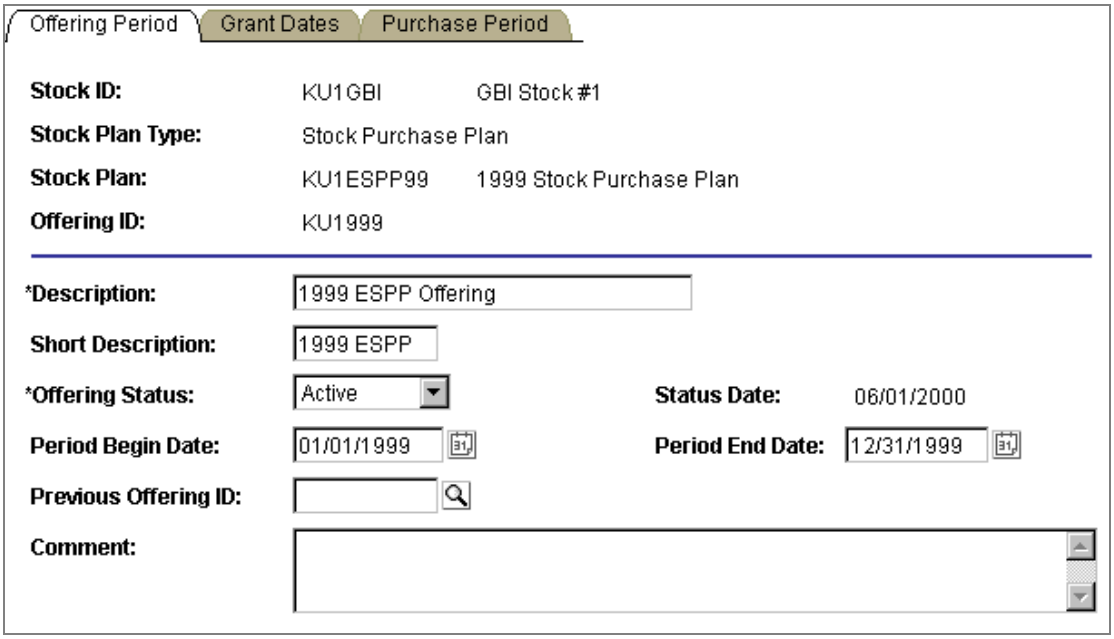
Pages Used to Define Offering and Purchase Periods

Page Name	*Object Name*	*Navigation*	*Usage*
Offering/Purchase Periods - Offering Period	ST_OFFERING_PD	Define Business Rules, Define Stock Purchase Plans, Setup, Offering/Purchase Periods, Offering Period	Define offering period begin and end dates.
Offering/Purchase Periods - Grant Dates	ST_OFFER_GRANT	Define Business Rules, Define Stock Purchase Plans, Setup, Offering/Purchase Periods, Grant Dates	Define grant dates within an offering period.

Page Name	Object Name	Navigation	Usage
Offering/Purchase Periods - Purchase Period	ST_PURCHASE_PD	Define Business Rules, Define Stock Purchase Plans, Setup, Offering/Purchase Periods, Purchase Period	Define purchase period begin and end dates.

Defining Offering Periods for a Stock Purchase Plan

Access the Offering/Purchase Periods - Offering Period page.



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.

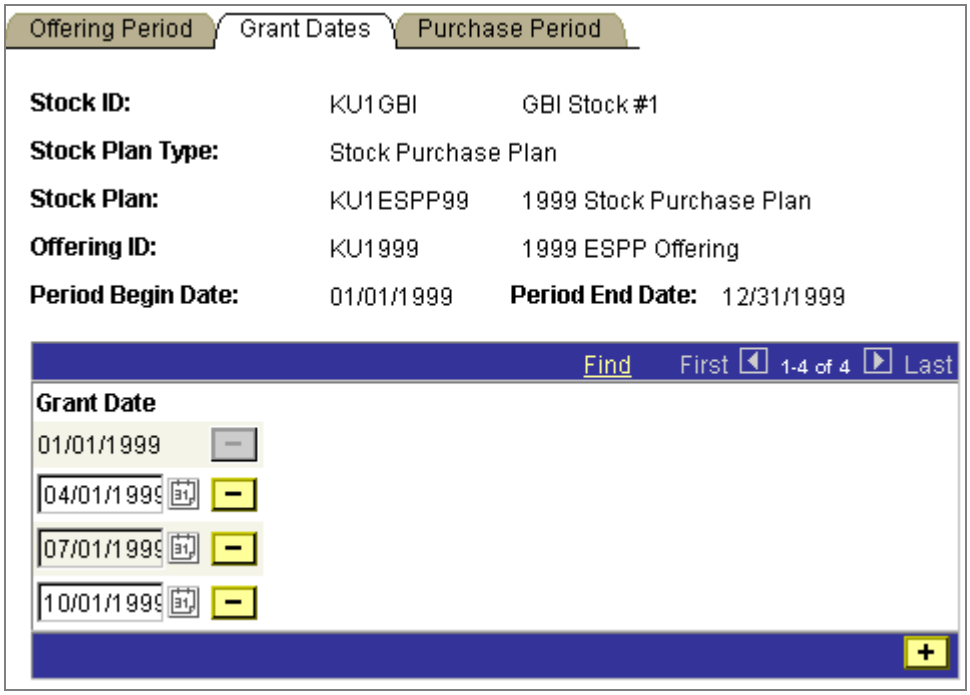
Period Begin Date Enter the date on which the offering period begins. The date cannot be less than the earliest effective date of the stock plan ID. The current system date is the default. The period begin date determines the purchase period begin date, and in turn the grant date.

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.

Defining Grant Dates for an Offering Period

Access the Offering/Purchase Periods - Grant Dates page.



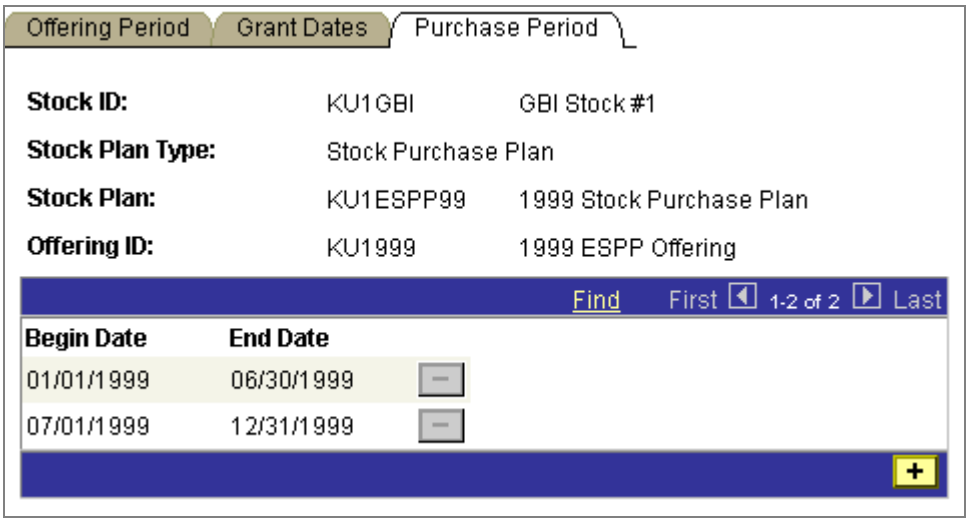
Offering/Purchase Periods - Grant Dates page

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.



Offering/Purchase Periods - Purchase Period page

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.

Defining Stock Purchases

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.

In this section, we discuss how to:

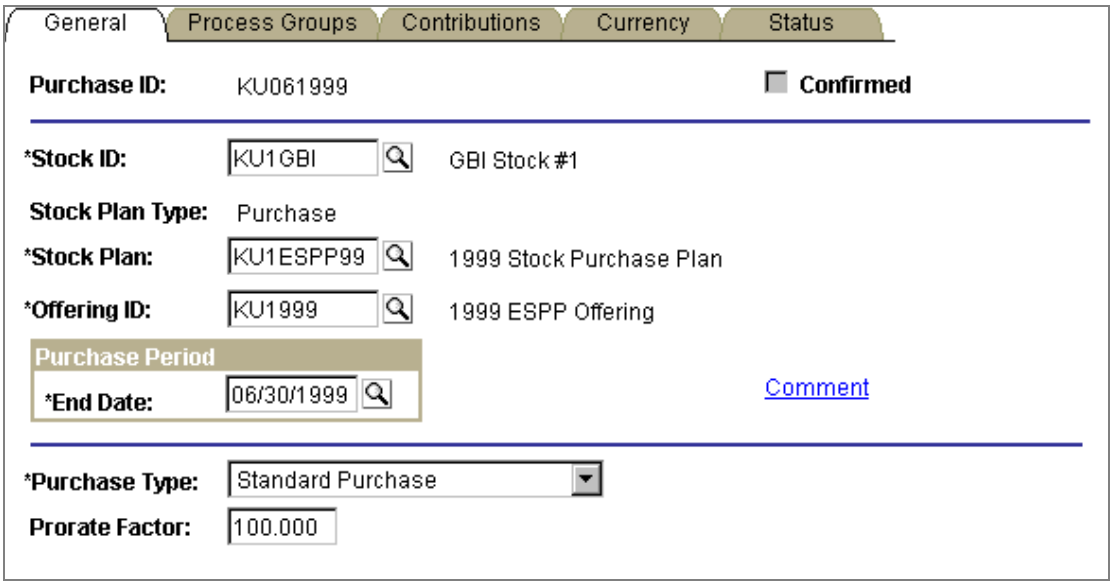
- Define the basic parameters of a purchase.
- Select process groups for a stock purchase.
- Define contribution parameters for a stock purchase.
- Define the currency parameters for a stock purchase.
- View the status of stock purchases and process groups.

Pages Used to Define Stock Purchases

Page Name	*Object Name*	*Navigation*	*Usage*
Stock Purchase - General	ST_PURCHASE_TBL 1	Compensate Employees, Administer Stock Purchases, Setup, Stock Purchase, General	Define basic purchase details.
Purchase Table Comments	ST_PURCHASE_TBL 5	Compensate Employees, Administer Stock Purchases, Setup, Stock Purchase, General Click the Comments link.	Add comments about the purchase.
Stock Purchase - Process Groups	ST_PURCHASE_TBL 2	Compensate Employees, Administer Stock Purchases, Setup, Stock Purchase, Process Groups	Define the process groups within the purchase.
Stock Purchase - Contributions	ST_PURCHASE_TBL 3	Compensate Employees, Administer Stock Purchases, Setup, Stock Purchase, Contributions	Define the contribution parameters.
Stock Purchase - Currency	ST_PURCHASE_TBL 4	Compensate Employees, Administer Stock Purchases, Setup, Stock Purchase, Currency Conversion	Define the currency parameters.
Stock Purchase - Status	ST_PURCHASE_TBL 6	Compensate Employees, Administer Stock Purchases, Setup, 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 Purchase - General page

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

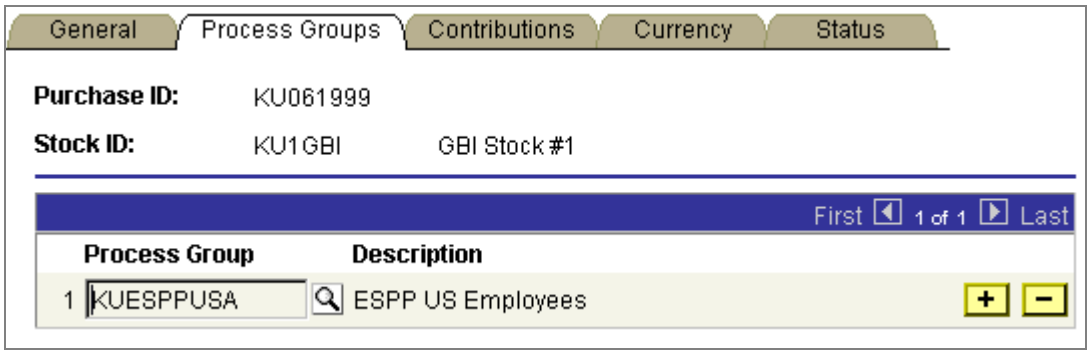
Comment Click to access the Purchase Table Comments page, where you add comments about the purchase.

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 Purchase - Process Groups page

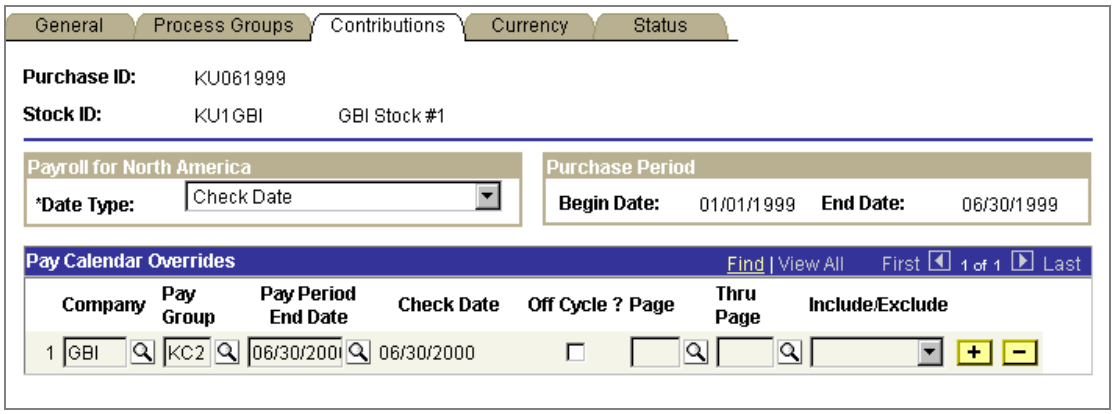
Process Group Select the process groups to include in this processing. Process Groups are defined in the Process Group component.

See Also

"Defining Stock Administration Business Rules," Defining Process Groups

Defining Contribution Parameters for a Stock Purchase

Access the Stock Purchase - Contributions page.



Stock Purchase - Contributions page

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.

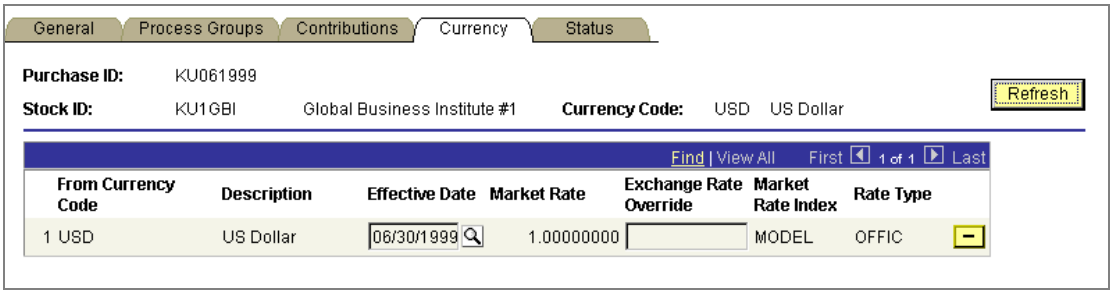
Off Cycle? — Select to include the calendar in an off-cycle check.

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.

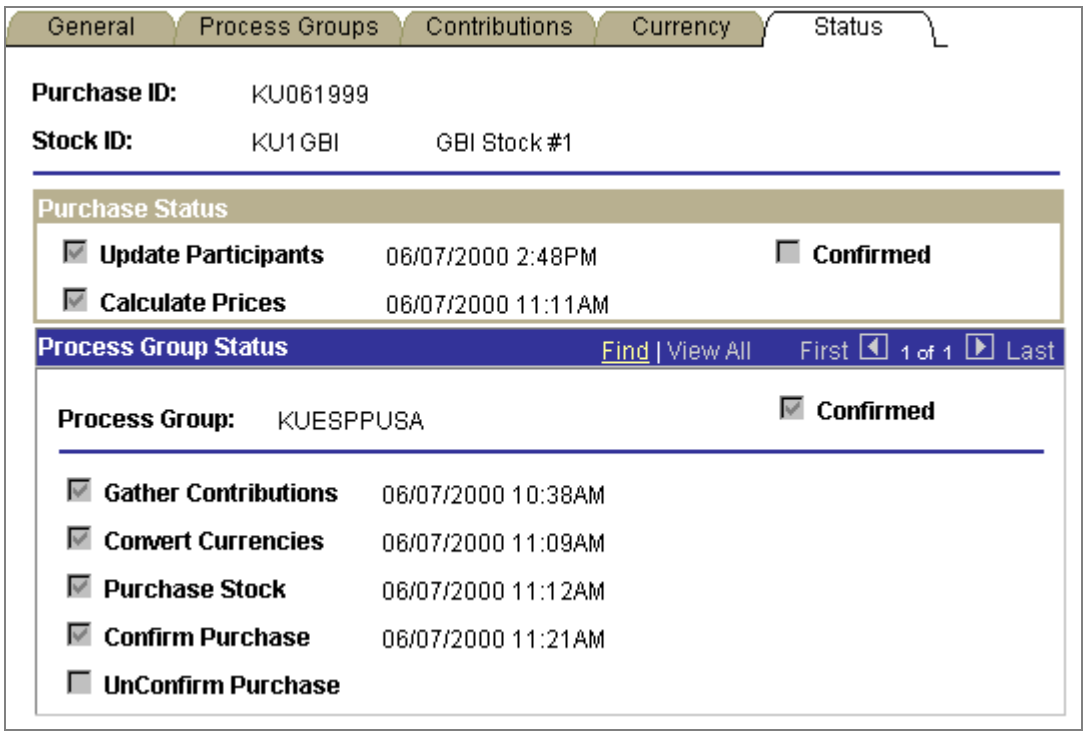


Stock Purchase - Currency page

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 Rule - Contribution page.

Viewing the Status of Stock Purchases and Process Groups

Access the Stock Purchase - Status page.



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

In this section, we list the processing messages delivered with the system and the pages you use to:

- Define messages for stock purchase processing.
- Define reasons for holding a purchase.

Delivered Processing Messages

The processing messages delivered with PeopleSoft 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.
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.
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	*Object Name*	*Navigation*	*Usage*
Message Table	ST_ESPP_MSG_TABLE	Compensate Employees, Administer Stock Purchases, Setup, Message Table	Define stock purchase processing messages.

Page Name	*Object Name*	*Navigation*	*Usage*
Hold Reason Table	ST_HOLD_REASON_TBL	Define Business Rules, Define Stock Purchase Plans, Setup, Hold Reason Table, Hold Reason	Define the reasons for holding a purchase. For example, a participant might withdraw from the program.

CHAPTER 17

Administering Enrollment

In this chapter, we provide an overview of enrollment administration and discuss how to:

- Run the Update Participants process.
- Adjust enrollment records.

Understanding Enrollment Administration

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.

Before You Begin

Before you enroll your participants:

- Set up your stock purchase plans.
- Have your benefits administrator define the stock purchase benefit plan and deduction codes.
- Have your benefits administrator enroll stock purchase plan participants.
- If you use PeopleSoft Payroll for North America, have your payroll administrator set up payroll for processing stock purchase contributions by setting up deductions.

See Also

"Setting Up Stock Purchase Plans"

PeopleSoft Human Resources PeopleBook: Base Benefits, "Setting Up Benefit Plans," "Enrolling Participants," and "Setting Up Benefit Support Tables," Setting Up Benefit Providers

PeopleSoft Payroll for North America PeopleBook, "Defining Deductions"

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 Purchase Stock Process page.

   Select the Update Participants Purchase Process Flag.
5. View enrollment records and make manual adjustments using the Purchase Participation page.

Adjusting Enrollment Records

After you enroll your employees in savings plans and execute the Update Participants process, view your participant's enrollment records and make adjustments using the Purchase Participation page.

In this section, we discuss how to enter participant information manually.

See Also

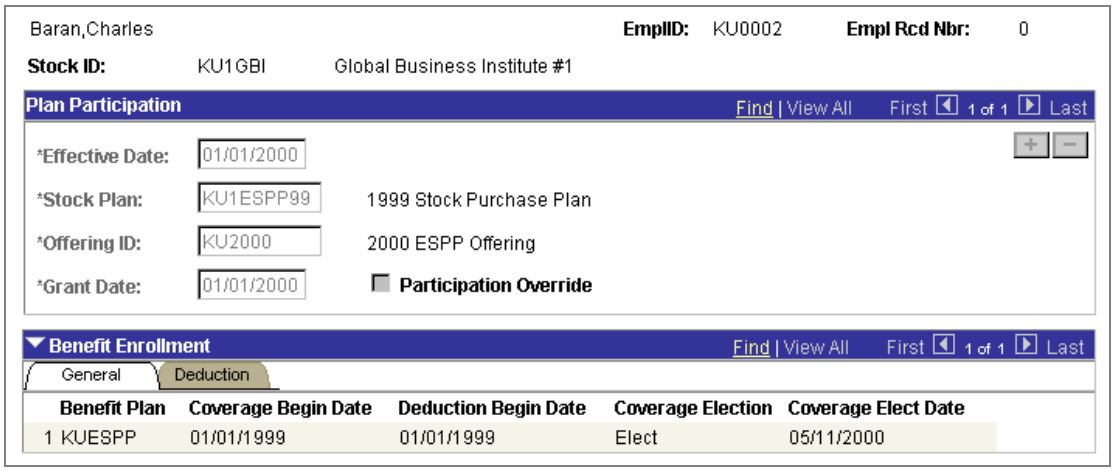
Running the Update Participants Process

Page Used to Adjust Enrollment Records

Page Name	*Object Name*	*Navigation*	*Usage*
Purchase Participation	ST_ESPP_PARTIC	Compensate Employees, Administer Stock Purchases, Use, Purchase Participation, ESPP Participation	View enrollment records and manually enter participant information. You must first run the Update Participants process using the Purchase Stock process page.

Entering Participant Information Manually

Access the Purchase Participation page.



Purchase Participation: General page

Common Page Information

Participation Override The system selects this check box when you make an online entry or change to participation. The system clears 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



Purchase Participation: Deduction page

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.

CHAPTER 18

Administering Participant Contributions

In this chapter, we provide an overview of participant contribution administration and discuss how to:

- View participant contributions for stock purchases.
- Enter instructions to hold stock purchases for participants.
- Manually gather contributions if you are not using PeopleSoft Payroll for North America.

Understanding Participant Contribution Administration

This chapter explains the steps you take to gather participant contributions in preparation for a stock purchase.

Before You Begin

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 Purchase Stock Process page.

See Also

"Overview of Your Stock Administration System," Integrating With Other PeopleSoft HRMS Applications

Gathering Participant Contributions

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 (ESPP_CONTRIB) 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:

- PeopleSoft 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 PeopleSoft Payroll for North America, manually, or both. Residual contributions are always gathered in the process. Contributions outside of PeopleSoft 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:

- PeopleSoft 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*.

PeopleSoft Payroll for North America

PeopleSoft 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. PeopleSoft 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 PeopleSoft 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.

PeopleSoft 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 PeopleSoft Payroll for North America in the Purchase Table.

Manual Contributions

Contributions not gathered by PeopleSoft 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 PeopleSoft Payroll for North America. Alternatively, if you don't use PeopleSoft 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.

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 Manual Contributions page.

3. Run the Gather Contributions process using the Purchase Stock Process page.

   Select the Gather Contributions Purchase Process Flag.

4. If you want to hold a purchase for an individual, select a hold reason on the Participant Contributions page.

5. View participant contributions and make manual adjustments using the Participant Contributions page and the Residual Contributions page.

See Also

"Administering Purchases," Running the Purchase Stock Process

Viewing Participant Contributions

In this section, we discuss how to:

- View a participant's contributions and place a hold on a purchase.
- View residual contributions.

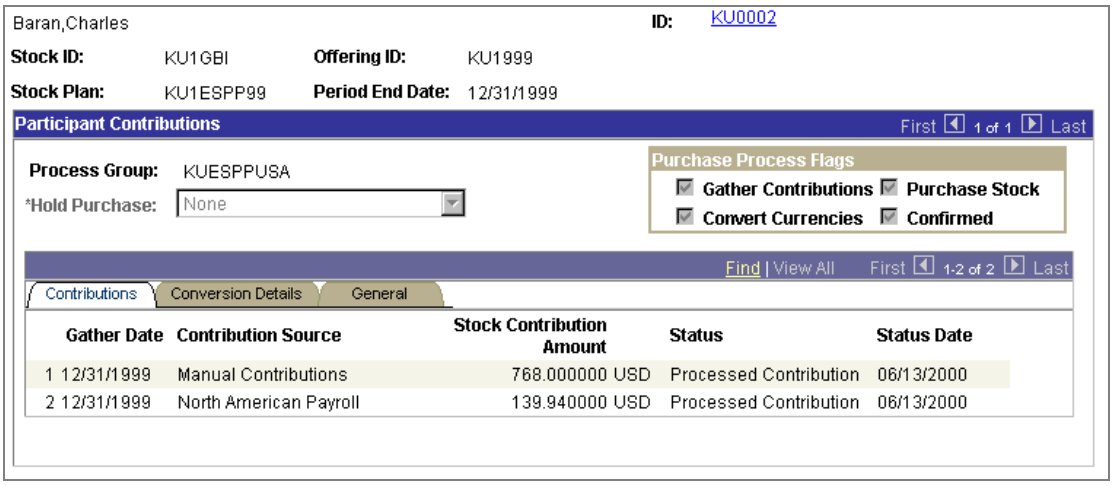
Pages Used to View Participant Contributions

Page Name	*Object Name*	*Navigation*	*Usage*
Participant Contributions	ST_CONTRIB_PARTIC	Compensate Employees, Administer Stock Purchases, Use, Participant Contributions	View a participant's contributions. You can place a hold on the purchase if you don't want to process the purchase.

Page Name	Object Name	Navigation	Usage
Residual Contributions	ST_CONTRIB_RSDL	Compensate Employees, Administer Stock Purchases, Inquire, 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 Participant Contributions page.



Participant Contributions: Contributions page

Common Page Information

ID Click to access the Employee Information page , where you 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.

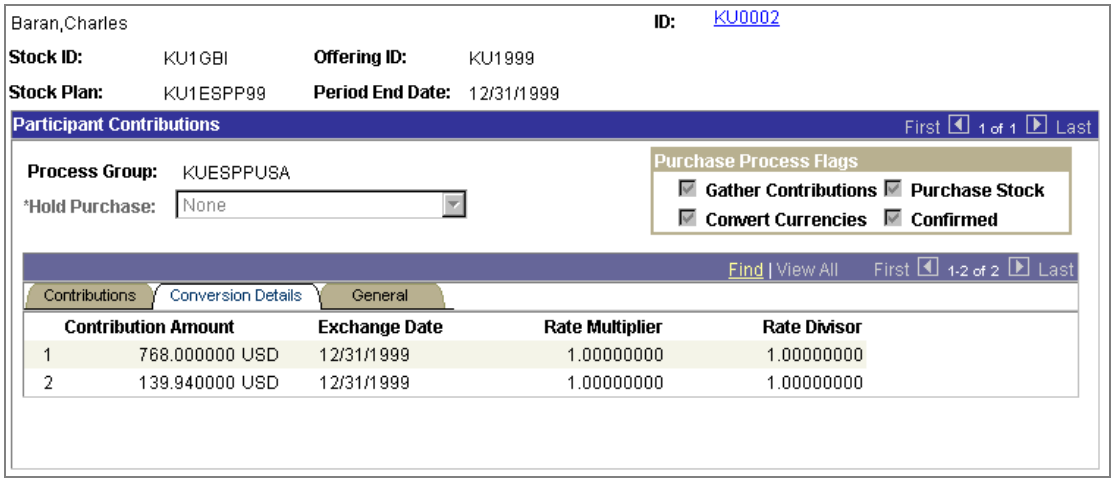
Contribution Source Valid values are ***PeopleSoft Payroll for North America, Manual, Carry Forward,*** or ***Residual Contribution.***

Stock Contribution Amount Displays the contribution amount converted to the stock currency.

Status Valid values are ***Processed, Refunded, New,*** and ***Other.***

Status Date Displays the date of the process status.

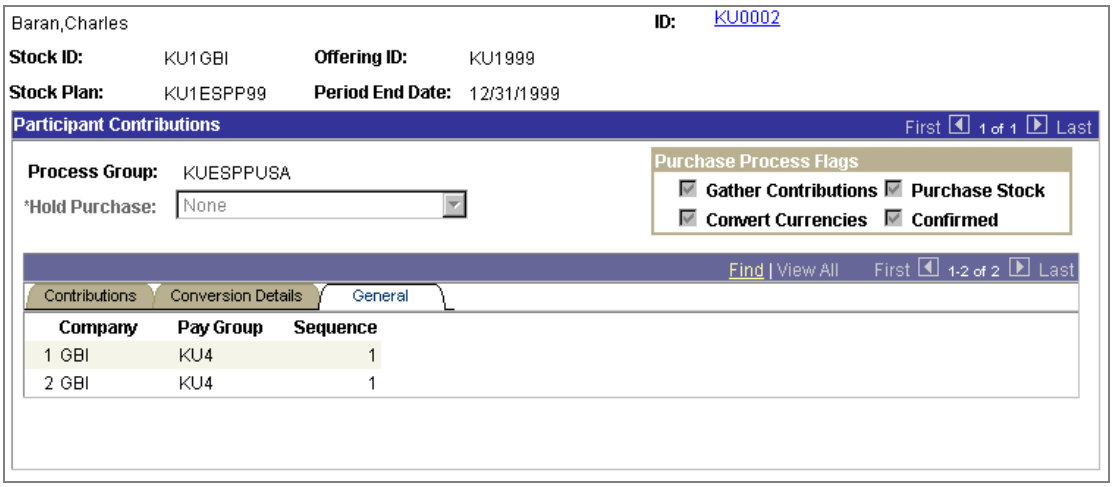
Conversion Details Tab



Participant Contributions: Conversion Details page

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



Participant Contributions: General page

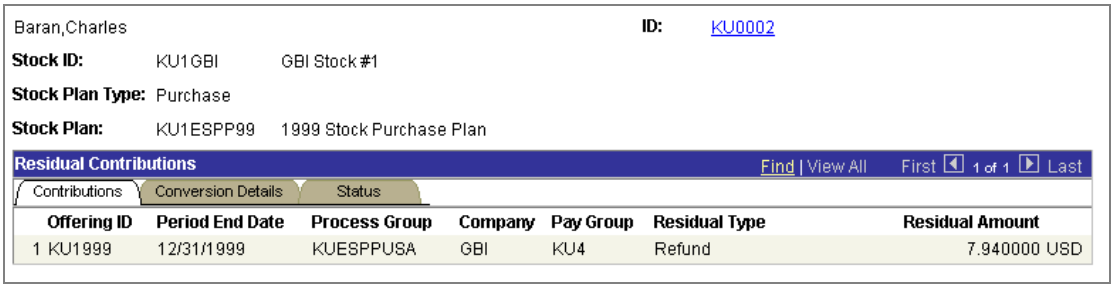
Sequence Displays the purchase sequence number. The system generates one sequence number for multiple transactions done in a single day.

See Also

PeopleSoft Application Fundamentals for HRMS PeopleBook, "Working With Currencies"

Viewing Residual Contributions

Access the Residual Contributions page.



Residual Contributions page

Common Page Information

ID Click to access the Employee Information page.

Contributions Tab

Residual Type Displays ***Carry Forward*** or ***Refund.***

Residual Amount Displays the amount of the residual contribution.

Currency Conversion Tab

Contribution Amount Displays the amount contributed in the original purchase.

 Click the Currency Conversion 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.

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 Manual Contributions

In this section, we provide an overview of manual contributions processing and discuss how to enter manual contributions.

Understanding Manual Contributions Processing

If you don't use PeopleSoft 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.

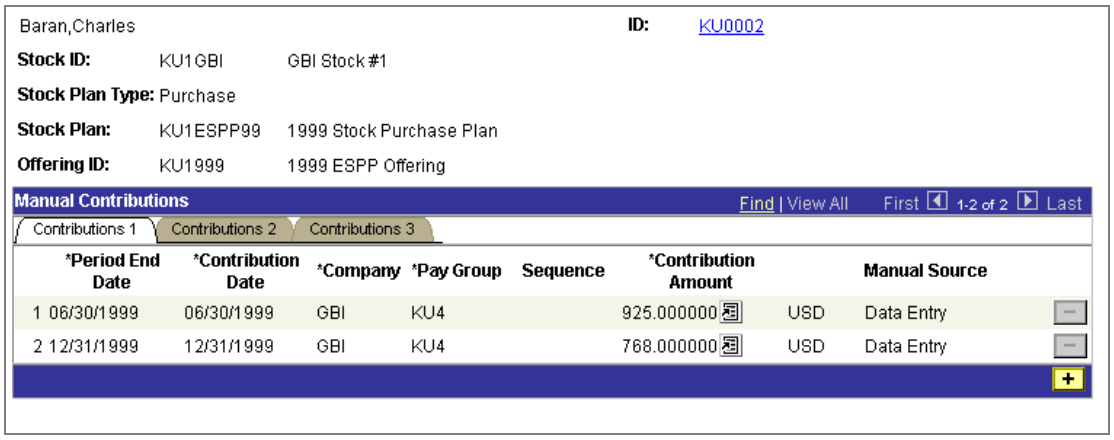
Field Name	Type	Notes
Stock_ID (Required)	Char(10)	Stock identifier from stock_tbl.
Stock_Plan_Type	Char(1)	E
Stock_Plan	Char(10)	Stock plan identifier from stock_plan_tbl.
Offering_ID	Char(10)	Offering identifier for the offering period in which the contributions should be processed.
Period_End_Dt	Date	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.

Page Used to Process Manual Contributions

Page Name	Object Name	Navigation	Usage
Manual Contributions	ST_CONTRIB_MANUAL	Compensate Employees, Administer Stock Purchases, Use, Manual Contributions, Contributions	Enter participants' contributions that are not automatically provided through PeopleSoft Payroll for North America. You must first enroll participants.

Entering Manual Contributions

Access the Manual Contributions page.



Manual Contributions page

Common Page Information

ID Click to access the Employee Information page, where you can 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.

Contribution Amount Enter the amount contributed in the original currency. To change to a different currency, click the Currency Conversation 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 ***Process Contributions.***

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.

CHAPTER 19

Administering Purchases

In this chapter, we provide an overview of purchase administration and discuss 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 purchase results.

Understanding Purchase Administration

The 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.

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.

Before You Begin

Before you administer participant purchases:

- Make sure that your system administrator set 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.

See Also

"Administering Participant Contributions," Gathering Participant Contributions

PeopleSoft Application Fundamentals for HRMS PeopleBook, "Working With Currencies"

Running the Convert Currencies Process

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.

PeopleSoft Stock Administration relies on several PeopleSoft 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:

- Click the Refresh button on the Stock Purchase - Currency Conversion 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 Purchase Process Flag on the Purchase Stock process 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.

To convert currencies:

1. Run the Convert Contributions process.

   Select the Convert Currency Purchase Process Flag on the Purchase Stock page.

2. View participant contributions and make manual adjustments using the Participant Contributions page and the Residual Contributions page.

See Also

*PeopleSoft Application Fundamentals for HRMS PeopleBook, "*Working With Currencies"

Running 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.

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.

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.

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 Purchase Process Flag on the Purchase Stock process page. This process runs each time the Calculate Prices process runs.
2. View purchase prices and make manual adjustments using the Purchase Prices page.

Page Used to Calculate Purchase Prices

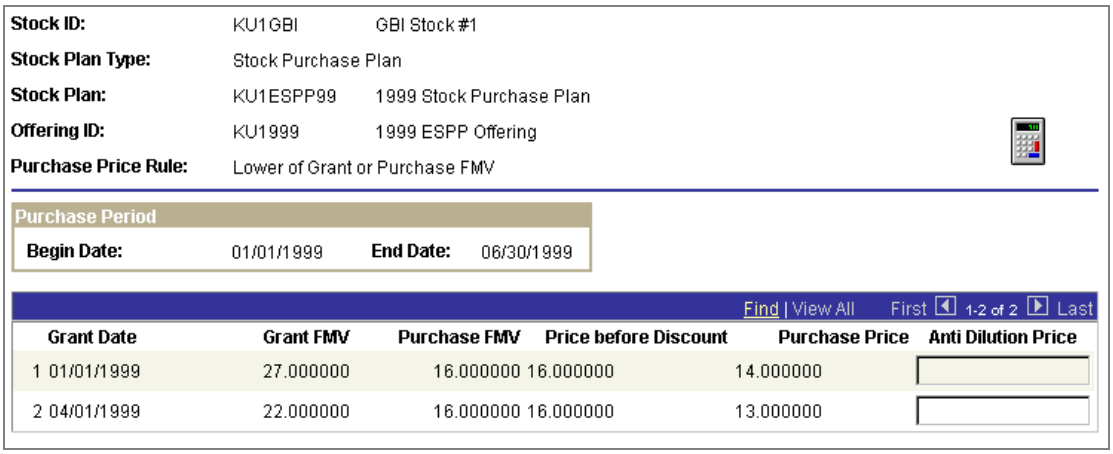
Page Name	*Object Name*	*Navigation*	*Usage*
Purchase Prices	ST_PURCHASE_PRC	Compensate Employees, Administer Stock Purchases, Use, Purchase Prices	View and calculate the prices associated with a stock purchase. You must first define the plan rules and enter daily prices for the purchase period. Enter prices if the plan's purchase price method is *User Defined*.

See Also

Page Used to Run the Purchase Stock Process

Calculating Prices

Access the Purchase Prices page.



Purchase Prices 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)

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

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 Purchase 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:

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).

Calculation	Method
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:

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 Participant Contributions page.

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 Residual Contributions page.

To purchase stock:

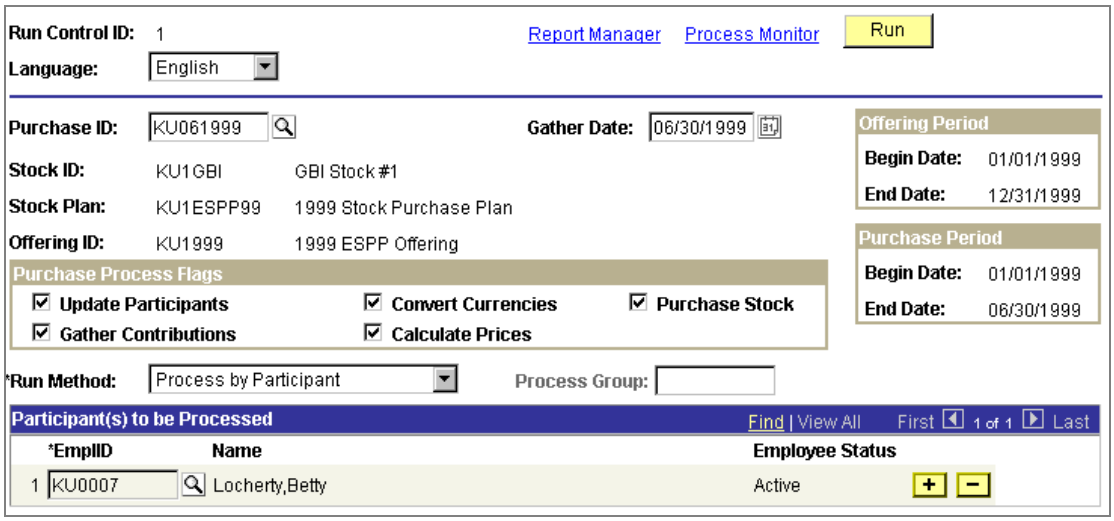
1. Run the Purchase Stock process using the Purchase Stock page.
2. View purchase results using the Participant Contributions page and the Residual Contributions page.

Page Used to Run the Purchase Stock Process

Page Name	*Object Name*	*Navigation*	*Usage*
Purchase Stock	ST_RUNCTL_PURCH	Compensate Employees, Administer Stock Purchases, Process, Purchase Stock, Parameters 1	Run the Purchase Stock process. Specify the purchase ID definition to use and the processes to run.

Purchasing Stock

Access the Purchase Stock page.



Purchase Stock process page

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.

Gather Contributions If you have PeopleSoft 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

After you run the Purchase Stock process and the system calculates the final shares, view the purchase results.

In this section, we discuss how to:

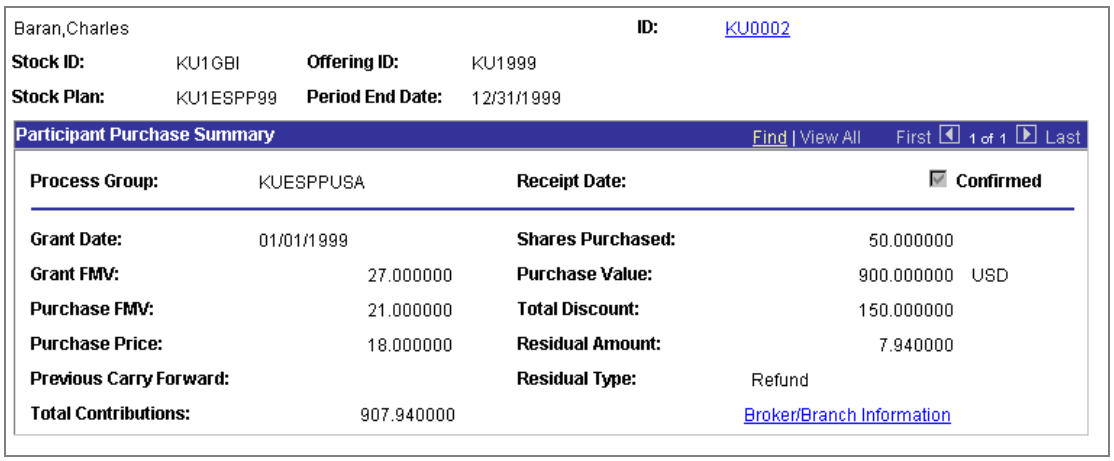
- View a participant's stock purchase summary.
- View a participant's issuance instructions.

Pages Used to View Stock Purchase Participant Summaries

Page Name	*Object Name*	*Navigation*	*Usage*
Participant Summary	ST_PARTIC_PURCH	Compensate Employees, Administer Stock Purchases, Inquire, 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_PURCH 2	Compensate Employees, Administer Stock Purchases, Inquire, Participant Summary Click the Broker/Branch Information link.	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.

Viewing a Participant's Stock Purchase Summary

Access the Participant Summary page.



Participant Summary page

ID Click to access the Employee Information page, where you can view employee information.

Period End Date Displays the offering period end date.

Previous Carry Forward Displays the amounts carried forward.

Purchase Value Displays the purchase value, calculated by multiplying the number of shares purchased by the purchase FMV.

Total Discount Displays the purchase discount.

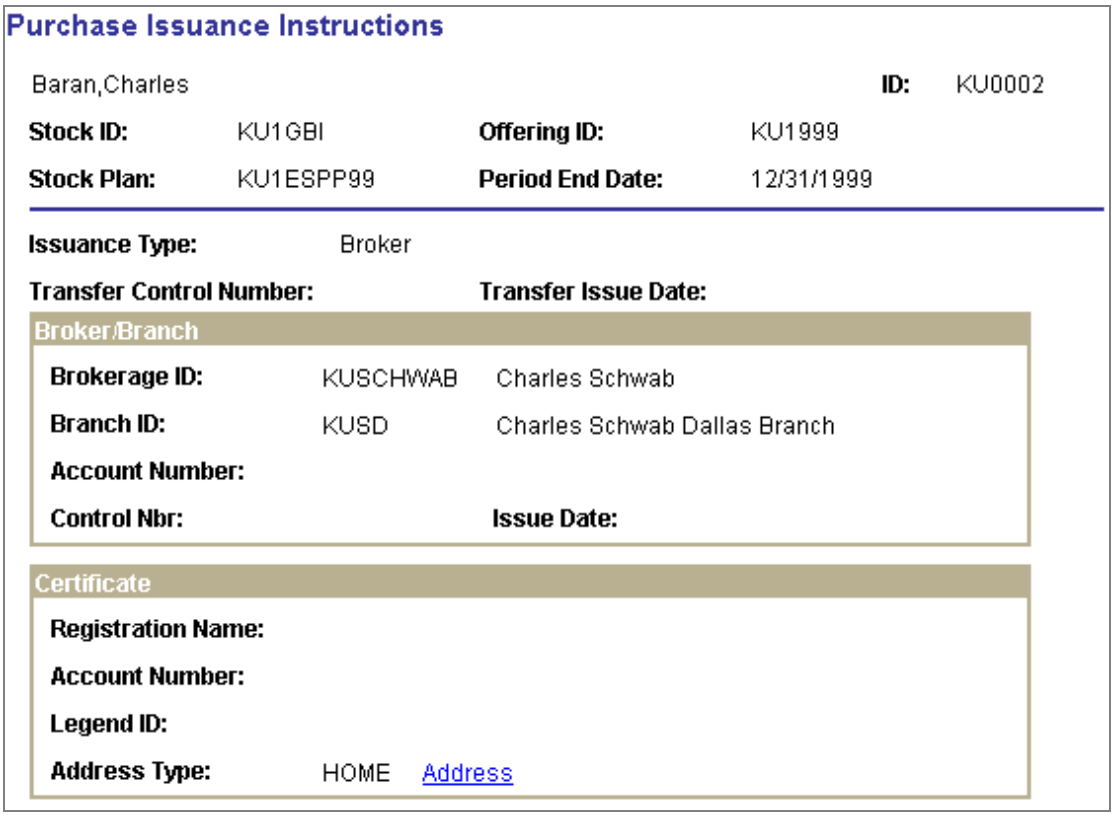
Residual Amount Displays the amount remaining after the purchase.

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.



Purchase Issuance Instructions 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.

Broker/Branch

If the issuance type is ***Broker,*** these fields display data.

Control Nbr 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

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.

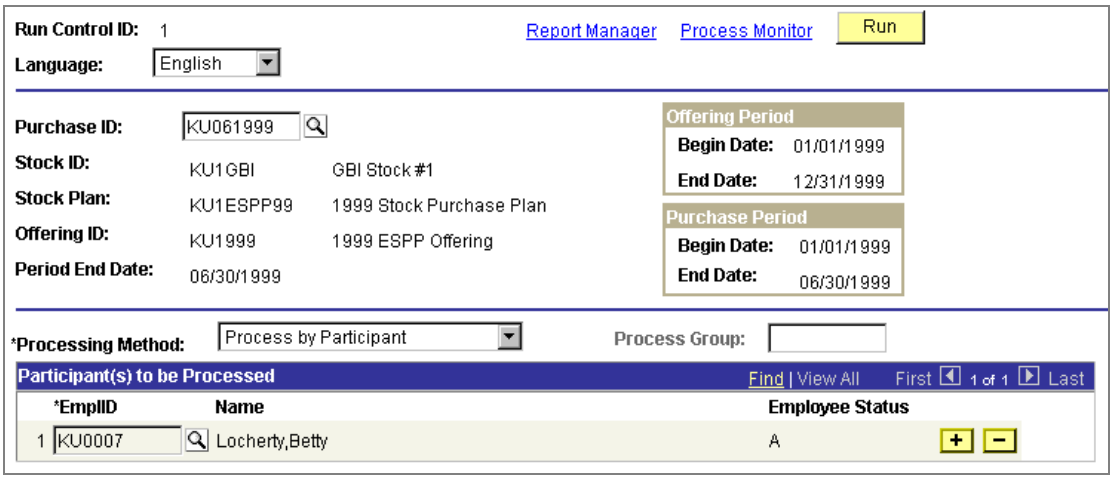
If participants have residual amounts that are to be refunded through PeopleSoft Payroll for North America, the system creates a payroll transaction for each refund.

Page Used to Run the Confirm Purchase Process

Page Name	*Object Name*	*Navigation*	*Usage*
Confirm Purchase	ST_RUNCTL_CNFRM	Compensate Employees, Administer Stock Purchases, Process, Confirm Purchase	Confirm a stock purchase. You must first run the Purchase Stock process.

Confirming a Purchase

Access the Confirm Purchase page.



Confirm Purchase process page

For a description of the fields that appear on this page, see the explanation of the Purchase Stock page.

See Also

Purchasing Stock

Running 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.

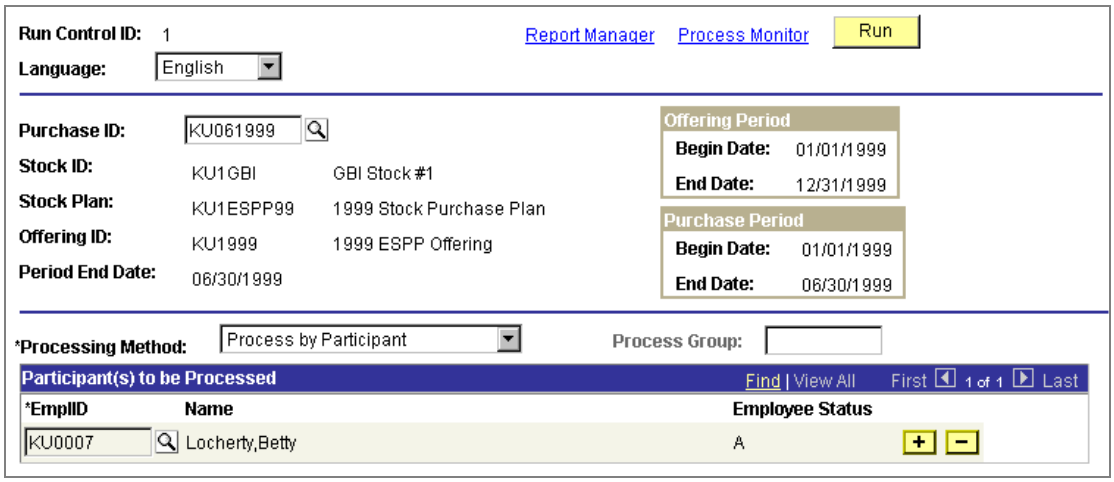
If you undo a refund confirmation that's been sent to PeopleSoft Payroll for North America, you must do additional processing. If PeopleSoft Payroll for North America has not processed the transaction, it is removed from the Payroll Transaction table (PSHUP_TXN). If the system has processed the transaction, 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	*Object Name*	*Navigation*	*Usage*
UnConfirm Purchase	ST_RUNCTL_UNCNFRM	Compensate Employees, Administer Stock Purchases, Process, UnConfirm Purchase, Parameters 1	Undo the results of a confirmed purchase process so that you can correct errors.

Undoing the Confirmation of a Purchase Process

Access the UnConfirm Purchase page.



UnConfirm Purchase page

For a description of the fields that appear on this page, see the explanation of the Purchase Stock page.

See Also

Purchasing Stock

Viewing Purchase Results

After you run a process you can view the results.

In this section, we discuss how to:

- View messages from the Purchase Stock process.
- View offering periods.
- View purchase periods.
- View purchase prices.

See Also

"Setting Up Stock Purchase Plans," Defining Processing Messages and Hold Reasons

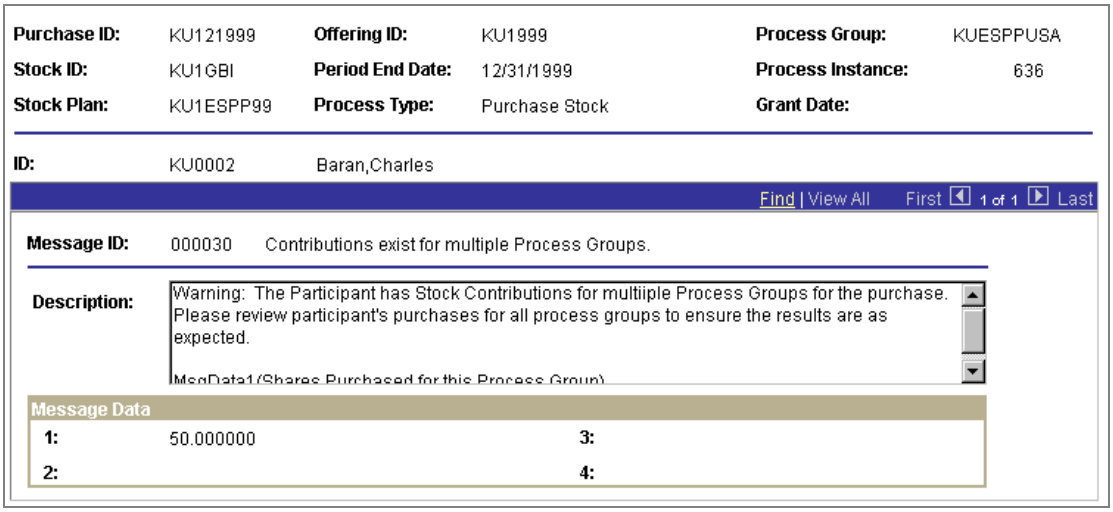
"Setting Up Stock Purchase Plans," Defining Offering and Purchase Periods

Pages Used to View Purchase Results

Page Name	Object Name	Navigation	Usage
Stock Purchase Messages	ST_ESPP_MESSAGES	Compensate Employees, Administer Stock Purchases, Inquire, Messages	View any messages that resulted from the Purchase Stock process.
Offering Periods	ST_OFFERING_INQ	Define Business Rules, Define Stock Purchase Plans, Inquire, Offering Periods, Plan Offering Periods	View the offering periods for a selected stock ID and stock plan and their related purchase periods.
Purchase Period	ST_PURCH_PD_INQ	Click the offering ID on the Offering Periods inquiry page.	View the purchase period begin and end dates.
Purchase Price	ST_PURCH_PRC_INQ	Click the period end date on the Purchase Period Inquiry page.	View purchase price information for the purchase periods.

Viewing Messages from the Purchase Stock Process

Access the Stock Purchase Messages inquiry page.



Stock Purchase Messages inquiry page

This page displays PeopleSoft-delivered processing messages as well as messages that you add using the stock purchase Message Table setup page.

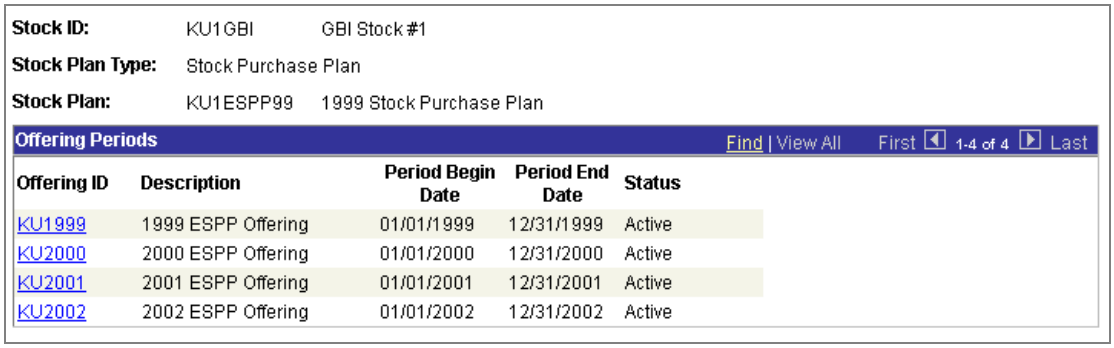
Process Type Displays the type of process that produced the message.

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.

Viewing Offering Periods

Access the Offering Periods page.



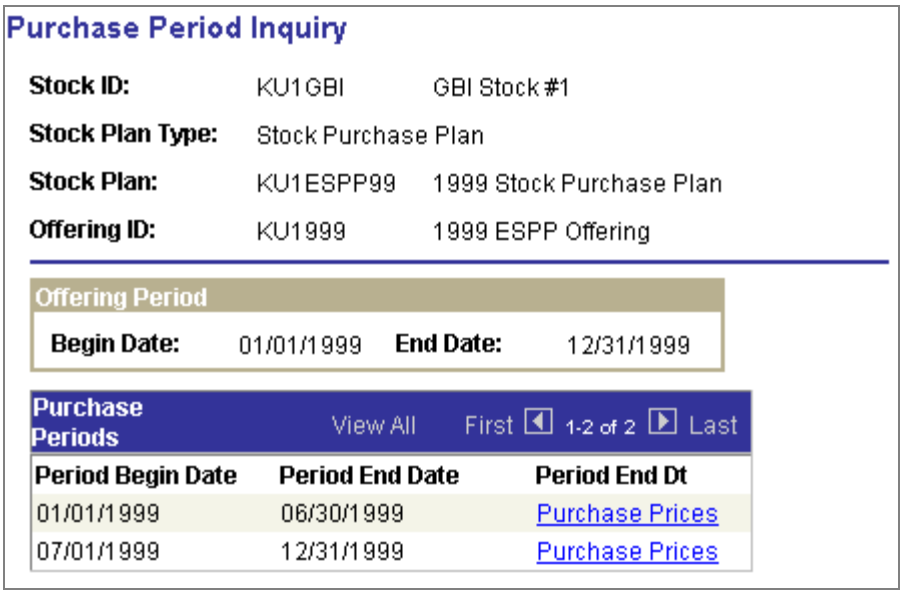
Offering Periods inquiry page

Note. Offering and purchase periods are set up using the Offering/Purchase Periods component.

Offering ID Click to access the Purchase Period page, which displays the purchase period begin and end dates within the offering ID and price information.

Viewing Purchase Periods

Access the Purchase Period page.

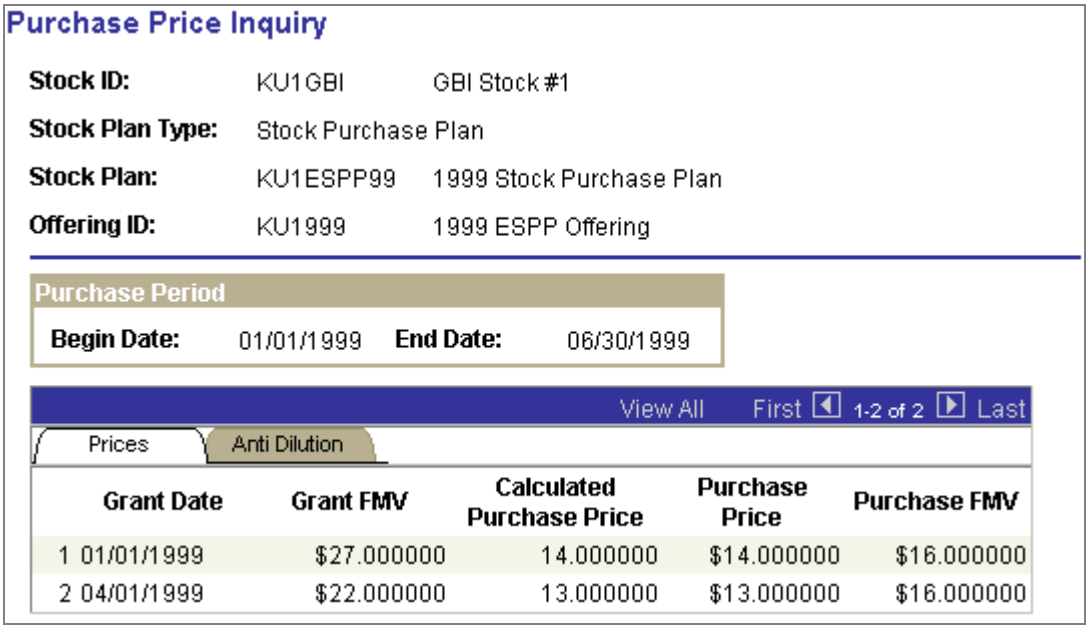


Purchase Period page

Period End Dt Click to access the Purchase Price page, which displays price information for the purchase periods.

Viewing Purchase Prices

Access the Purchase Price page.



Purchase Price page

Grant Date Displays the grant dates for the purchase period selected.

Anti Dilution Tab

This page displays the antidilution price for the grant.

CHAPTER 20

Administering Refunds

This chapter provides an overview of the process for refunding participant contributions and explains how to:

- Identify unprocessed contributions that are available for refund.
- Run the Refund Contributions process.

Understanding the Process for Refunding Participant Contributions

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.
- 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.

Before You Begin

Before you begin refunding participant contribution:

- Have your benefits administrator enroll stock purchase plan participants.
- Gather participant contributions.

See Also

"Administering Participant Contributions," Gathering Participant Contributions

"Overview of Your Stock Administration System," Integrating With Other PeopleSoft HRMS Applications

Identifying Refunds

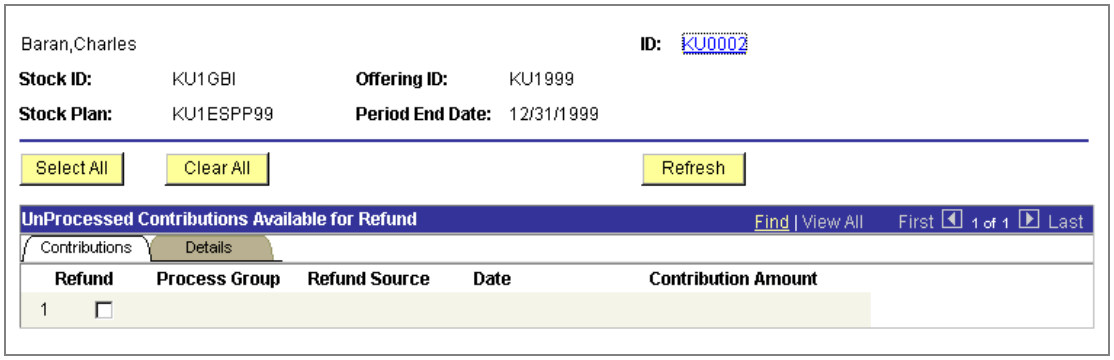
The first step is to identify a participant's unprocessed contributions available for refund.

Page Used to Identify Refunds

Page Name	*Object Name*	*Navigation*	*Usage*
Refunds	ST_CONTRIB_REFUND	Compensate Employees, Administer Stock Purchases, Use, Refunds	Select a participant's unprocessed contributions for refund. You must first enroll participants and gather participant contributions.

Identifying Refunds

Access the Refunds page.



Refunds page

ID Click to access the Employee Information page, where you view employee information.

Period End Date Displays the offering period end date.

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: ***PeopleSoft Payroll for North America, Manual,*** or ***Residual.***
Date	Displays the date of the contribution.

Running the Refund Contributions Process

In this section, we provide an overview of the Refund Contribution process and discuss how to:

- Run the Refund Contribution process.
- View the results of a refund.
- Reverse a refund.

Understanding the Refund Contribution Process

The next step is to execute the Refund Contributions process (ESPP_REFUND). The run control process runs the AE process (ESPP_RFND_RF), which 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.

Occasionally, you must reverse a refund. For refunds processed through PeopleSoft 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 PeopleSoft 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 Process page to reverse an unprocessed refund. When you click the Reverse Refund button, the system removes the temporary payroll transaction from PeopleSoft Payroll for North America with an AE process (ESPP_REF_REV).

To refund contributions:

1. Refresh the contributions available for refund using the Refunds page.
2. Select the contributions to refund using the Refunds page.
3. Run the Refund Contributions process using the Refund Contributions page.
4. View refund results using the Refunds page.
5. If you must reverse the refund, run the Reverse Refund process using the Reverse Refunds page.

Pages Used to Run the Refund Contributions Process

Page Name	*Object Name*	*Navigation*	*Usage*
Refund Contributions	ST_RUNCTL_RFND	Compensate Employees, Administer Stock Purchases, Process, Refund Contributions	Run a process to refund selected contributions. You must first specify the contributions to refund on the Refunds page.
Refunds	ST_REFUND_ESPP	Compensate Employees, Administer Stock Purchases, Inquire, Refunds	View the results of the Refund Contributions process.
Reverse Refunds	ST_RUNCTL_REVREF	Compensate Employees, Administer Stock Purchases, Process, Reverse Refunds	Reverse a participant's previously processed refund.

Running the Refund Contributions Process

Access the Refund Contributions page.



Refund Contributions process page

Viewing the Results of a Refund

Access the Refunds page.



Refunds: Contributions 1 page

Refund Status Displays ***Reversed*** or ***Refunded.***

Sent to Payroll Displays the date on which the refund was sent to payroll.

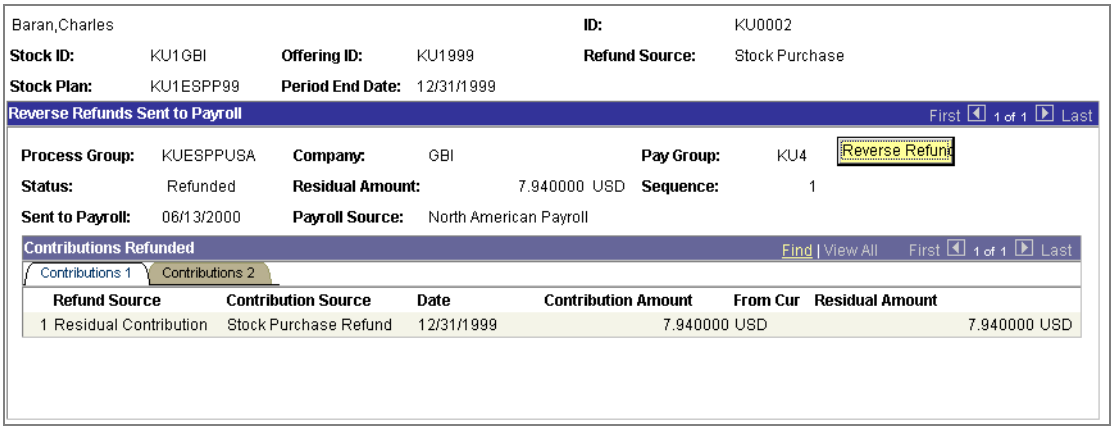
Residual Amount Displays the amount remaining after a previous purchase.

Refunds: Contributions 2 Tab

This page displays the company and pay group associated with the refund.

Reversing a Refund

Access the Reverse Refunds page.



Reverse Refunds: Contributions 1 page

Refund Status Displays ***Reversed*** or ***Refunded.***

Sent to Payroll Displays the date the reversal was sent to payroll.

Residual Amount Displays the amount remaining after a previous purchase.

Reverse Refund Click to run the Reverse Refund process.

Contributions 2 Tab

This page displays the company and pay group associated with the refund reversal.

CHAPTER 21

Administering Stock Purchase Dispositions

In this chapter, we provide an overview of stock purchase dispositions and discuss how to track dispositions.

Understanding Stock Purchase Dispositions

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.

PeopleSoft Stock Administration determines if dispositions are qualified or disqualified according to your business rules. If you use PeopleSoft Payroll for North America, you can send the disposition information directly to payroll for reporting in the participant's earnings statement.

Before You Begin

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 Purchase Process page.

Tracking Dispositions

In this section, we provide an overview of tracking dispositions and discuss 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 Purchase 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 PeopleSoft 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.

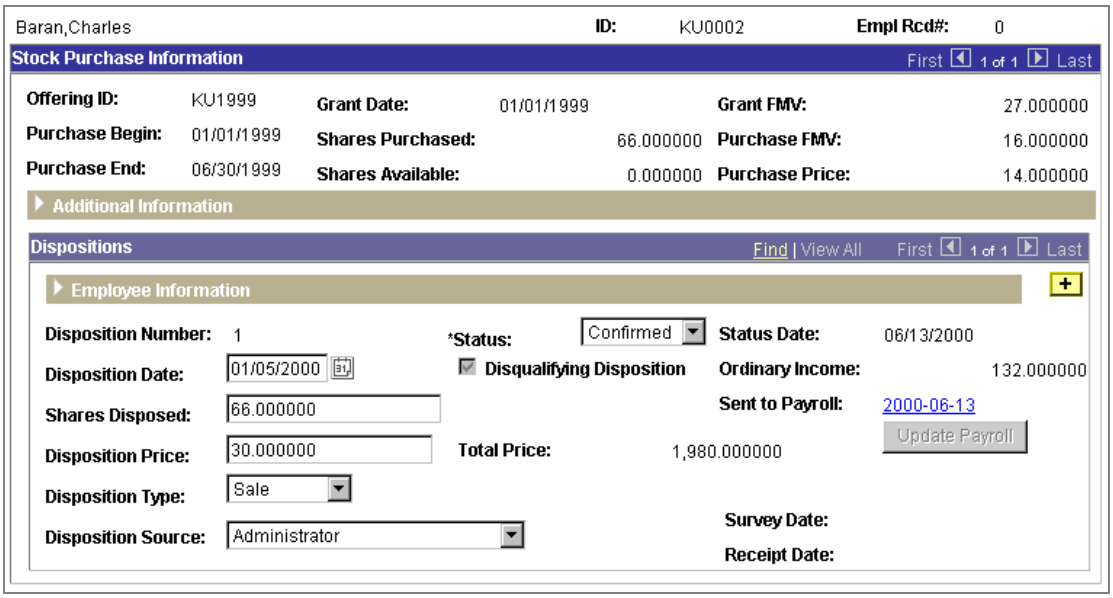
The country code must be USA to integrate with PeopleSoft Payroll for North America. After the disposition is confirmed and you send the disposition to payroll, the system sends the transaction to the Payroll Transaction Table (PSHUP_TXN). When the payroll process executes, it associates the transaction with a particular pay run.

Pages Used to Track Dispositions

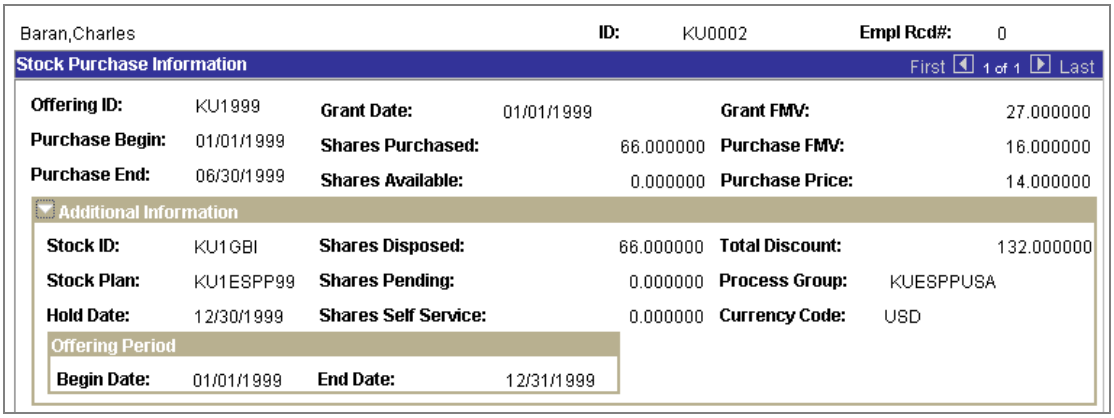
Page Name	*Object Name*	*Navigation*	*Usage*
Stock Purchase Dispositions	ST_ESPP_DISPOSN	Compensate Employees, Administer Stock Purchases, Use, Dispositions	Record a participant's stock sales. You must first confirm a purchase.
Stock Purchase Disposition Payroll Data	ST_PAYROLL_SBP	Compensate Employees, Administer Stock Purchases, Use, Dispositions Click the Sent to Payroll date.	View payroll details.
Generate Reporting Table	PRCSRUNCNTL_LC_SBP	Compensate Employees, Administer Stock Purchases, Process, Generate Reporting Table	Generate a temporary table that consolidates purchase disposition information for query reporting.

Recording a Participant's Stock Sales

Access the Stock Purchase Disposition page.



Stock Purchase Dispositions page (1 of 2)



Stock Purchase Dispositions page (2 of 2)

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.

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.
Ordinary Income	Displays ordinary income resulting for the disposition.
Sent to Payroll	Displays the date on which the transaction was sent to PeopleSoft 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.

Sent to Payroll Date:	06/13/2000
Sent to Payroll Source:	N A Payroll
Paycheck Number:	5
Process Group:	KUESPPUSA

Stock Purchase Disposition Payroll Data 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 PeopleSoft Payroll for North America or manual report.
Paycheck Number	Displays the paycheck number when the transaction was processed through PeopleSoft 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 Generate Reporting Table page to start the process that generates the table.

CHAPTER 22

Accounting for Stock-Based Compensation Plans

This chapter presents an overview of the accounting features PeopleSoft Stock Administration provides for stock based compensation plans and explains how to:

- Set up your system to perform FAS 123 stock valuation and reporting functions.
- Collect data for the Valuation process.
- Run the Valuation process for stock options.
- Run the Valuation process for stock purchases.

Overview of Accounting Features

Under FAS 123, companies that offer equity-based compensation plans must report the fair value of plan-related compensation in their financial disclosure statements. PeopleSoft Stock Administration provides the tools and reports you need to comply with these requirements.

The system supports two standards for reporting the value of equity-based compensation:

- FAS 123.

  According to FAS 123, companies must report the fair value of stock options and stock purchases as of their grant date.

- APB 25

  Under APB 25, companies are allowed to report the intrinsic value of equity-based compensation; however they must still make *pro forma* disclosures of net income and, if publicly traded, earnings-per-share, as though they had adopted FAS 123.

The system uses the widely-accepted, Black-Scholes option pricing model to calculate the fair value of the stock options and stock purchases granted within your 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.

Setting Up Your System for FAS 123 Compliance

To prepare Stock Administration to perform stock option and stock purchase valuations:

1. Select the financial accounting standard that is appropriate to your organization.
2. Select the valuation plan type (stock purchase plans only).
3. Set up option groups (stock options only).

Selecting a Financial Accounting Standard

The first step in the valuation of a stock-based compensation plan is to choose the accounting standard by which your company discloses the equity compensation on its financial statements, FAS 123 or APB 25, and enter the disclosure date. If you select FAS 123, you also identify the year in which you adopted the standard. Use the Stock Table page to enter your selections.

Note. According to FAS 123, if your company adheres to APB 25 and then adopts FAS 123, it cannot change back to APB 25 later.

See Also

"Defining Stock Administration Business Rules," Setting Up Stock Rules

Selecting 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. Definitions can be found in FASB statement 123.

To select the FAS 123 values for a stock purchase plan:

- Use the Stock Purchase Plan Rules - Purchase page to select the valuation plan type that is appropriate to a specific stock purchase plan.
- Use the Stock Purchase Plan Rules - General page, select the FAS 123 Compensatory Plan check box if the plan is considered compensatory according to FAS 123

See Also

"Setting up Stock Purchase Plans," Defining Stock Purchase Plan Rules

Setting Up Option Groups

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, EMPLOYMENT, JOB, ST_INSIDER_TBL, ST_GRANT, ST_GRANT_VEST, ST_GRANT_EXER.

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 set up an option group:

1. Set up security for option groups.
2. Create option groups.

See Also

PeopleTools PeopleBook: *Security,* "Working with Permission Lists"

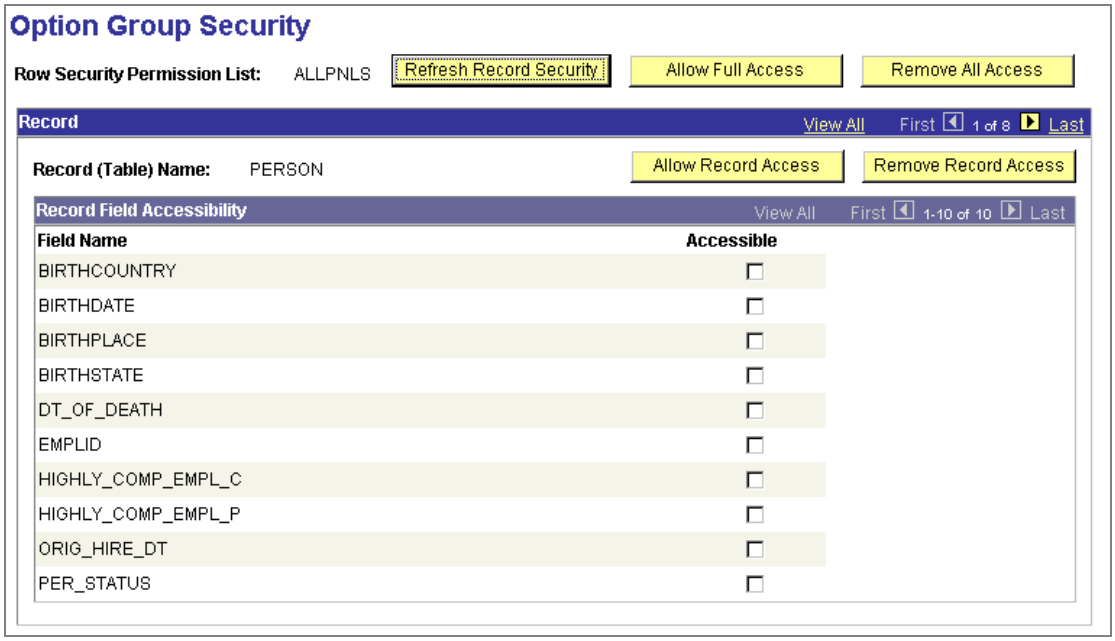
Pages Used to Set Up Option Groups

Page Name	*Object Name*	*Navigation*	*Usage*
Option Group Security	ST_GRP_FLD_SEC	Define Business Rules, Define Stock Option Plans, Setup, Option Group Security	Limit the records/fields that can be used as selection criteria for grouping stock options for valuation purposes.
Selection Criteria	ST_GROUP1	Compensate Employees, Administer Stock Options, Setup, Option Group, Selection Criteria	Specify the criteria for including options in the same group for valuation purposes.
Potential Group Population	ST_GROUP2	Compensate Employees, Administer Stock Options, Setup, Option Group, Selection Criteria, Potential Group Population	View the options that meet the selection criteria defined on the Selection Criteria page.

Defining Option Group Security

To set up security for option groups:

1. Access the Option Group Security page for a given row security permission list.
2. Identify the records and fields that are available to users when creating and viewing option groups.



Option Group Security page

Refresh Record Security

When you click this button, the system retrieves all 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 identified on this page.

The refresh feature is appropriate when you've added fields to the selected six records and now want to grant users access to the new fields when they create groups. For example, if you add fields to the PS_JOB table, then click this button, the system retrieves all fields in PS_JOB including the ones 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 associated with the row security permission list to access all six records when creating and viewing groups. The system automatically selects all fields for all records you have authority to access, per the row security permission list assigned to you.
Remove All Access	Click to prevent all users associated with the row security permission list from using any of the six 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 clears all check boxes for all six records.
Record (Table) Name	Identifies the name of the record you're viewing. Records are displayed alphabetically by name.
Allow Record Access	If you want users to be able 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 clears the **Accessible** check box to the right of each field name.

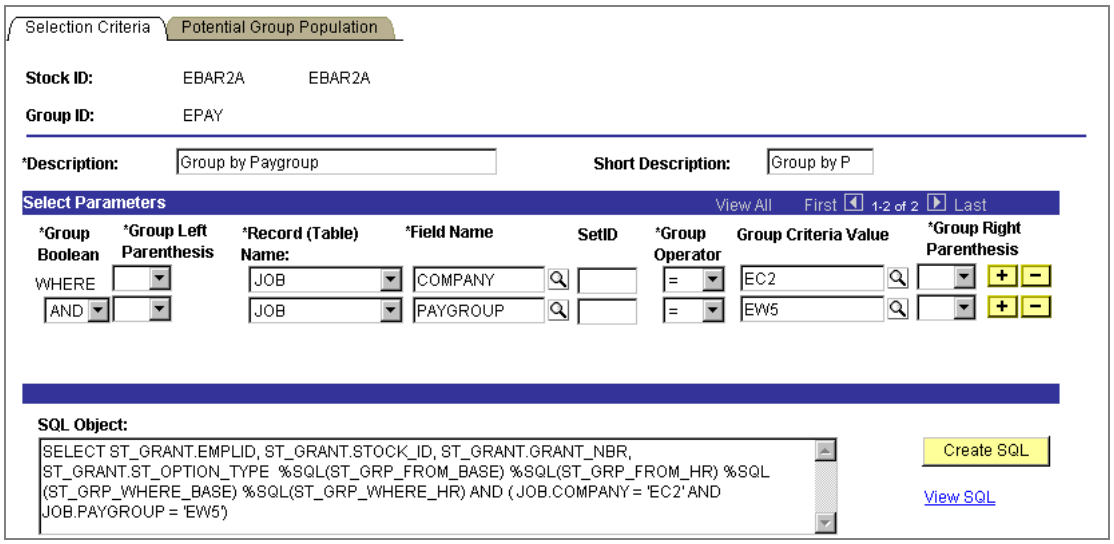
Record Field Accessibility

Field Name	The name of the field within the record.
Accessible	If selected, this check box indicates that users have the ability to include the field within the selection criteria they specify when creating groups.

Defining Selection Criteria for Option Groups

To create an option group:

1. Access the Selection Criteria page. (Access the page with a unique group ID for your option group.)
2. Define the criteria for selecting options for the 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 you enter to generate the WHERE clause of a SQL select statement. The WHERE clause can contain up to 254 characters.

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 any field.

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.

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
SALARY_MATRIX_CD
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.

(unlabeled) — 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 **Create SQL** 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 Value field, the system may not return the results you expect, if the value you enter is not unique.

Record	*Field Name*	*Table*	*Dependencies*
EMPLOYMENT	TIME_RPT_LOC	TIMERPT_LOC_TBL	COMPANY
JOB	ACTION_REASON	ACTN_REASON_TBL	ACTION
	CONTRACT_NUM	CNT_ACTIVE_VW	EMPL_ID
	HOLIDAY_SCHEDULE	HOLIDAY_VW	REG_REGION
	PAYGROUP	PAYGROUP_TBL	COMPANY

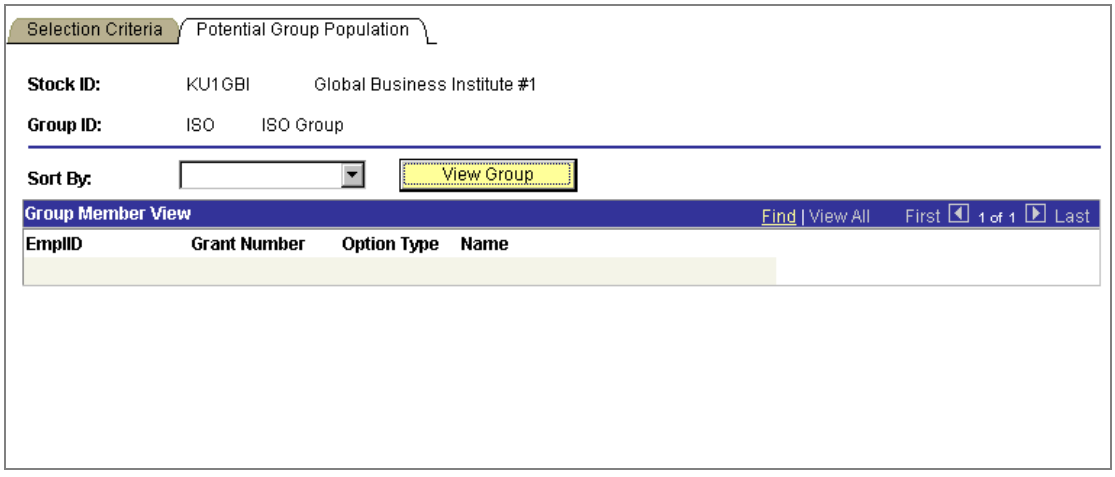
Record	Field Name	Table	Dependencies
	EMPL_TYPE	PAYGRP_EMPLTYPE	COMPANY, EMPL_TYPE, PAYGROUP
	GRADE	SAL_GRADE_TBL	SAL_ADMIN_PLAN, SETID
	STEP	SAL_STEP_TBL	GRADE, SAL_ADMIN_PLAN, SETID
	REG_REGION	REG_STANDARD_VW	OPRCLASS
	REVIEW_RATING	REVW_RATING_TBL	RATING_MODEL

Viewing a Potential Group of Options

Before you save your selection criteria, you may wish to preview the list of options that currently meet your specifications. This feature helps ensure that you've defined the correct selection criteria. The system automatically applies the selection criteria again, when you launch the Valuation process.

You can sort the list of options by employee ID, grant number, option type, or name.

Once you create a group ID, you cannot delete it online.



Potential Group Population page

Collecting Data for the Valuation Process

The Black-Scholes Option Pricing model, which is used by the Valuation process, 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
Risk-free interest rate	Acquired outside the system

To collect report data for the Valuation process:

1. Run the Expected Life Years Analysis report.
2. Run the Expected Volatility report.
3. Enter variables on the Estimate Table page.

Pages Used to Collect Data for the Valuation Process

Page Name	*Object Name*	*Navigation*	*Usage*
Expected Life Years Analysis	ST_RUNCTL_STFS001	Compensate Employees, Administer Stock Options, Report, Expected Life Years Analysis	Generate the Expected Life Years Analysis report, which helps you determine the expected term input for the Black-Scholes model
Expected Volatility	ST_RUNCTL_STFS002	Compensate Employees, Administer Stock, Report, Expected Volatility	Use this report to review historical volatility of a stock to assist in determining the expected volatility for the future
Estimate Table	ST_ESTIMATE	Define Business Rules, Define Stock Administration, Setup, Estimate Table	Specify the expected volatility rates, risk-free interest rates, and expected dividend rates to be used by the Black-Scholes pricing model

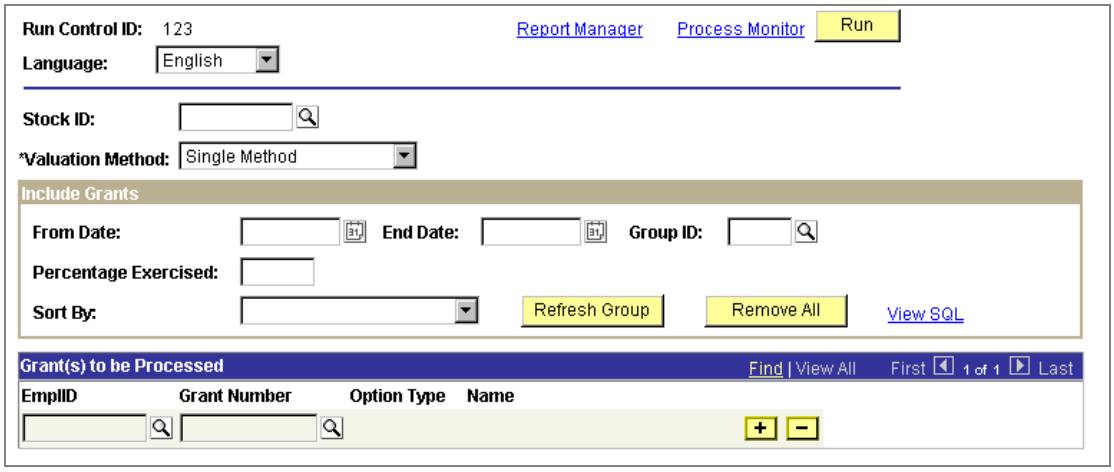
Running the Expected Life Years Analysis Report

The expected remaining life of an option is the length of time before the optionee is expected to exercise the option in full.

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. This report calculates the weighted average expected remaining life for the outstanding shares of the option.

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.

Access the Expected Life Years Analysis page.



Expected Life Years Analysis page

Valuation Method

The valuation method 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.

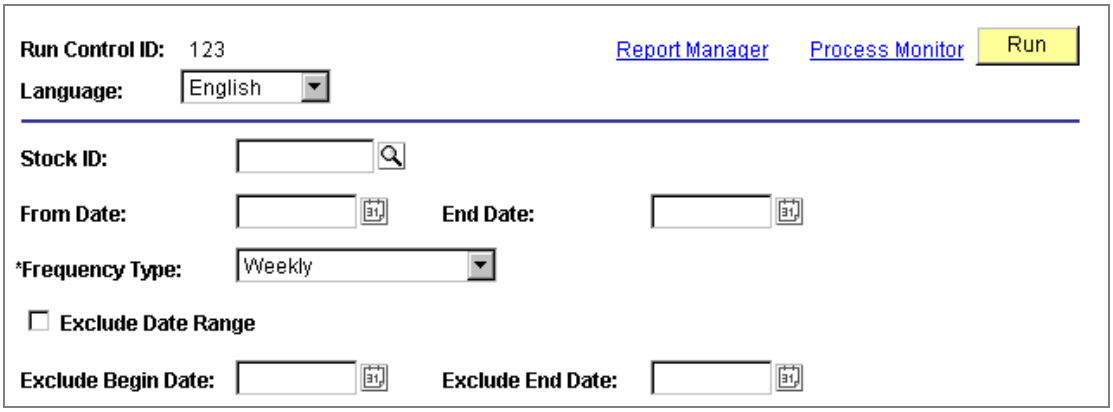
See Also

"Appendix A: PeopleSoft Stock Administration Reports"

Running 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 Daily Prices Tracking 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.

Access the Expected Volatility page.



Expected Volatility page

Frequency Type

The value you select in this field determines the number of days the system uses to calculate the annualized volatility.

Valid values are ***Daily, Weekly, Biweekly, Semimonthly, Monthly, Quarterly,*** or ***Annually.***

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: PeopleSoft Stock Administration Reports"

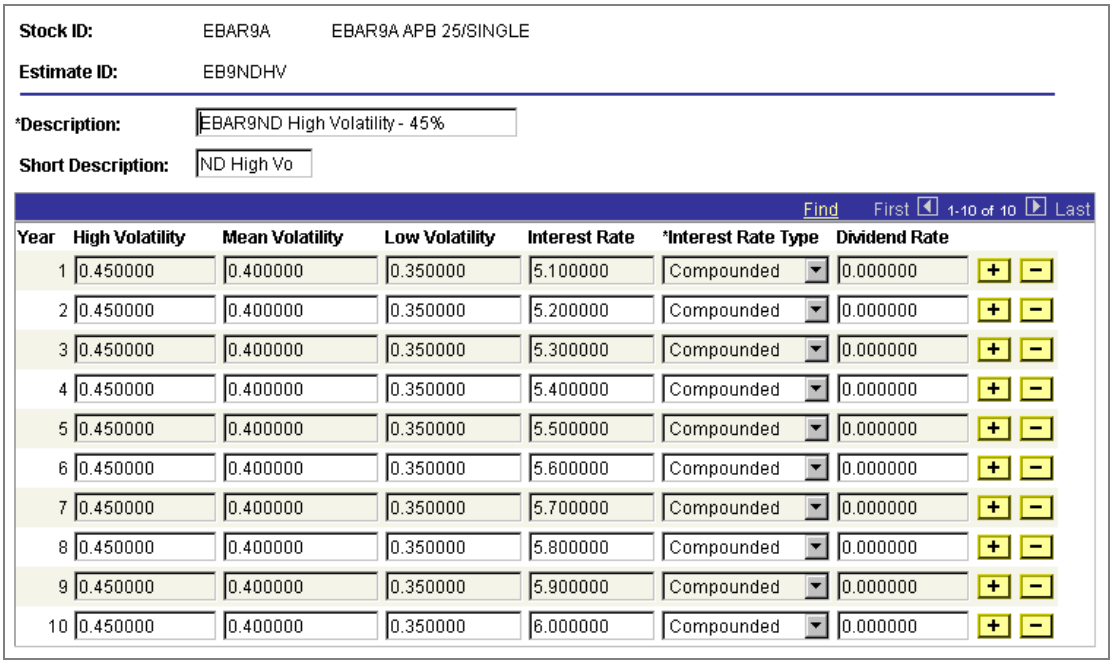
Entering the Valuation Variables on the Estimate Table

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.

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, you enter 9 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.

Access the Estimate Table page.



Stock ID: EBAR9A EBAR9A APB 25/SINGLE

Estimate ID: EB9NDHV

***Description:** EBAR9ND High Volatility - 45%

Short Description: ND High Vo

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

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 you entered 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.

See Also

"Appendix A: PeopleSoft Stock Administration Reports"

Creating a Valuation ID

A Valuation ID links together:

- The stock 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 you entered on the Estimate Table.
- 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.

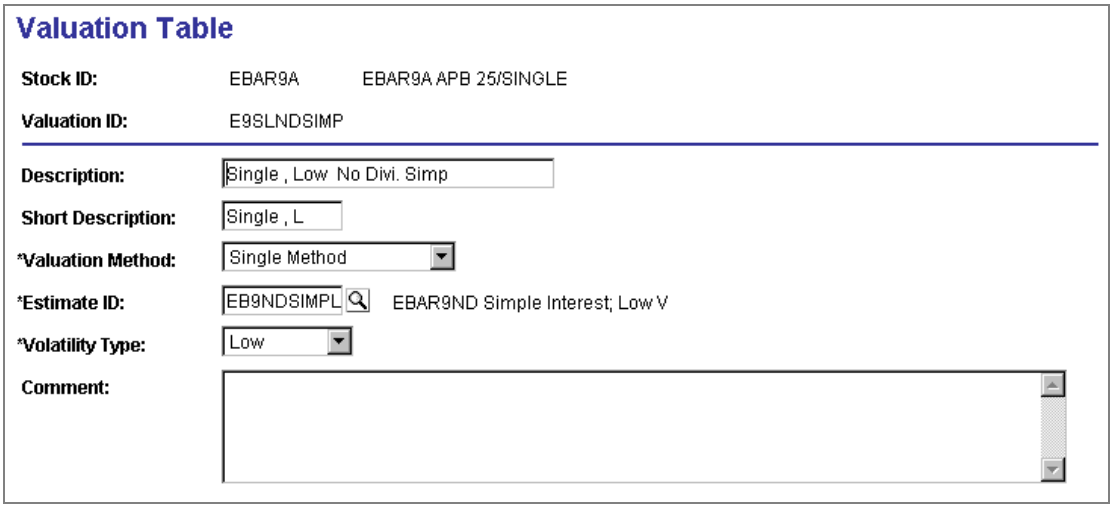
When you run the Valuation process for stock options or stock purchases, you must select the Valuation ID you want the system to use.

Page Used to Create the Valuation ID

Page Name	*Object Name*	*Navigation*	*Usage*
Valuation Table	ST_VALUATION	Define Business Rules, Define Stock Administration, Setup, Valuation Table	Link a stock's valuation method, estimated variables for Valuation process, and volatility type.

Creating the Valuation ID

Access the Valuation Table page.



Valuation Table page

You can modify any entries on this page until you confirm the valuation.

Valuing Stock Options

This section explains how to run the Valuation process for stock options, how to review the results, and how to create and reverse a valuation.

Note. The system must have a valuation for all grants issued after the SFAS 123 disclosure 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.

Pages Used to Value Stock Options

Page Name	*Object Name*	*Navigation*	*Usage*
Grant Valuation	ST_RUNCTL_VALUE	Compensate Employees, Administer Stock Options, Process, Grant Valuation	Launch the valuation (Black Scholes) process.
Valuation	ST_GRANT_VALUE	Compensate Employees, Administer Stock Options, Use, Grants, Valuation	Display the results of the valuation process for a selected grant.
Grant Valuation	ST_GRANT_VAL_SEC	Click the Value Per Share amount displayed on the Valuation page.	For grants valued with the multiple valuation method, display detailed information for each valuation period.

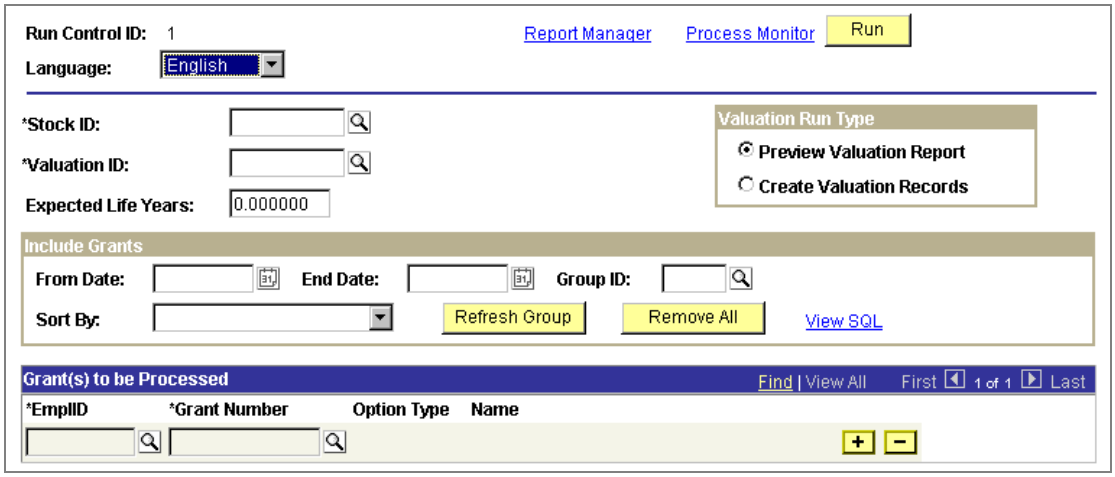
Page Name	Object Name	Navigation	Usage
Reverse Grant Valuation	ST_RUNCTL_UNVALUE	Compensate Employees, Administer Stock Options, Process, Reverse Grant Valuation	Deletes specific grant valuations.

Running the Stock Option Valuation Process

The 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 Valuation process:

1. Access the Grant Valuation page.
2. Specify the Stock ID, Valuation ID, and expected life years for the grants you wish to value.
3. Specify whether you want to preview or confirm a valuation.
4. Select the grants to include in the process.
5. Launch the valuation process.



Grant Valuation page

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.

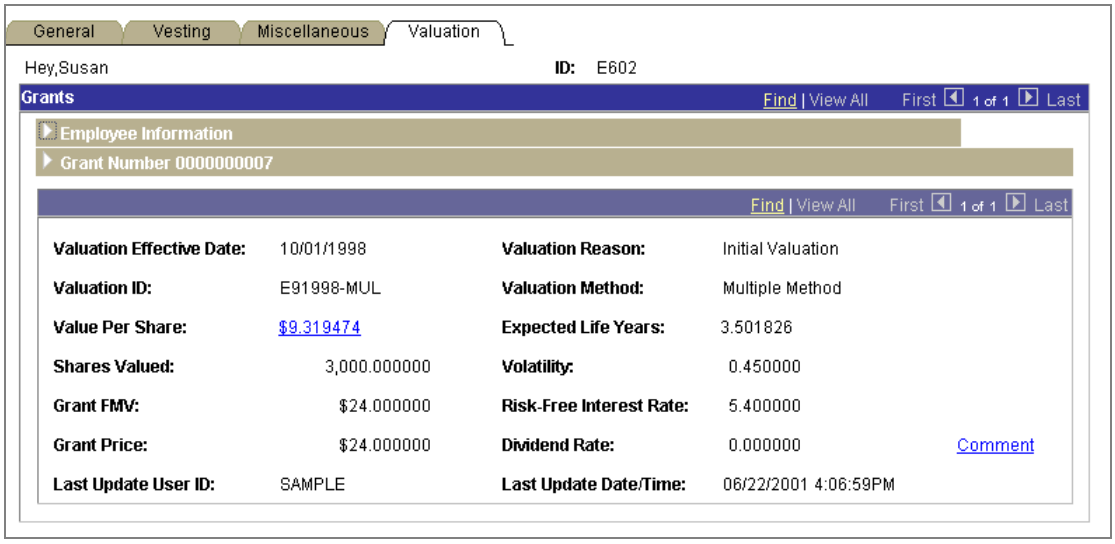
Include Grants

Enter selection criteria in the Include Grants group box 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.

Viewing Grant Valuations

After you create valuation records using the Valuation process, you can review the results for a particular employee and grant.

Access the Grant - Valuation page.



Grants – Valuation page

Note. When the multiple valuation method is used 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 - Detail 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 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.

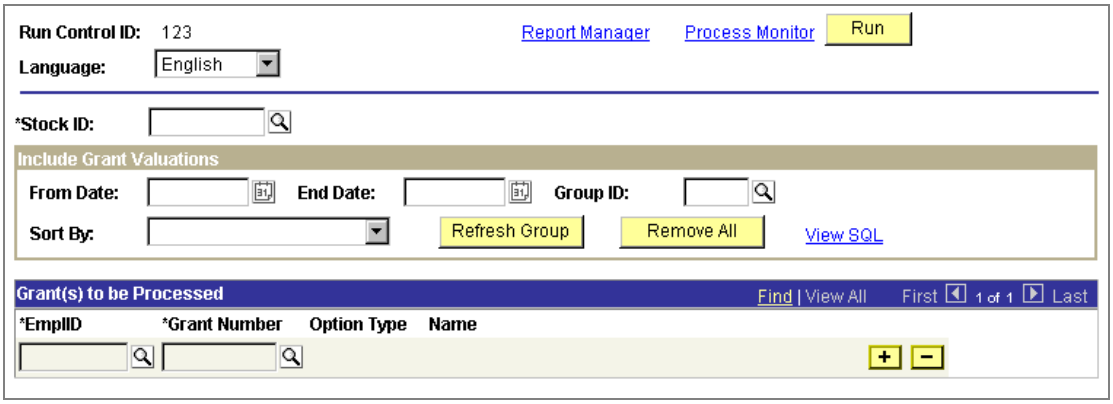
To revalue the options, run the Valuation process for the new grants. The system automatically revalues the cancelled grant, if the new grant is linked to the cancelled grant via the reprice grant number.

Reversing a Stock Valuation

You can unconfirm valuations for grants that have been previously valued.

To unconfirm a valuation:

1. Access the Reverse Grant Valuation page.
2. Specify the Stock ID.
3. Select the grants for which you want to reverse the valuation process.



Unconfirm Grant Valuation page

Enter selection criteria in the **Include Grant Valuations** 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.

Valuing 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.
2. Calculate the offering valuation.
3. Run the Valuation Data Check report

Pages Used to Value Stock Purchases

Page Name	*Object Name*	*Navigation*	*Usage*
Estimate Contributions	ST_RUNCTL_STFS005	Compensate Employees, Administer Stock Purchases, Report, Estimate Contributions	Creates the Estimate Contributions report to help you estimate future contributions for the valuation process.
Offering Valuation	ST_OFFER_VALUE	Compensate Employees, Administer Stock Purchases, Use, Offering Valuation	Create the offering ID and launch the Black-Scholes model to calculate the fair value per share.
FAS 123 Expense	ST_RUNCTL_STFS008	Compensate Employees, Administer Stock Purchases, Report, FAS 123 Expense Detail	Creates the FAS 123 Expense Report, which calculates the fair value expense using estimated or actual contribution data.

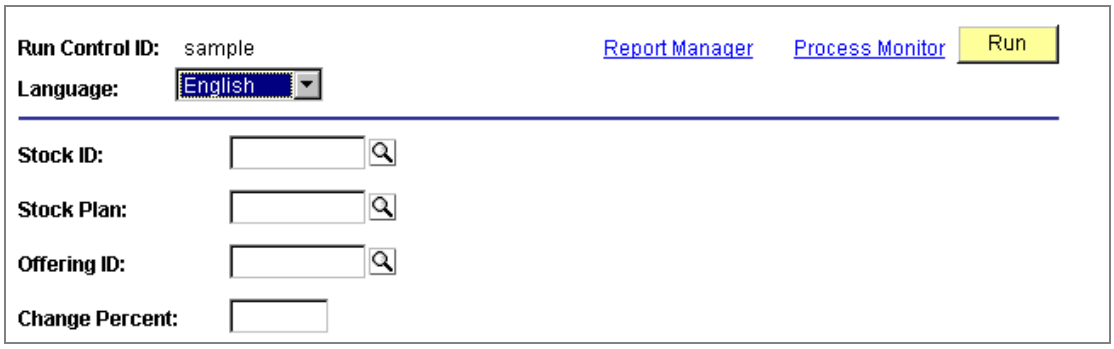
Producing the Estimate Contributions Report

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.

Access the Estimate Contributions page.



Estimate Contributions - Run Control page

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.

See Also

"Appendix A: PeopleSoft Stock Administration Reports"

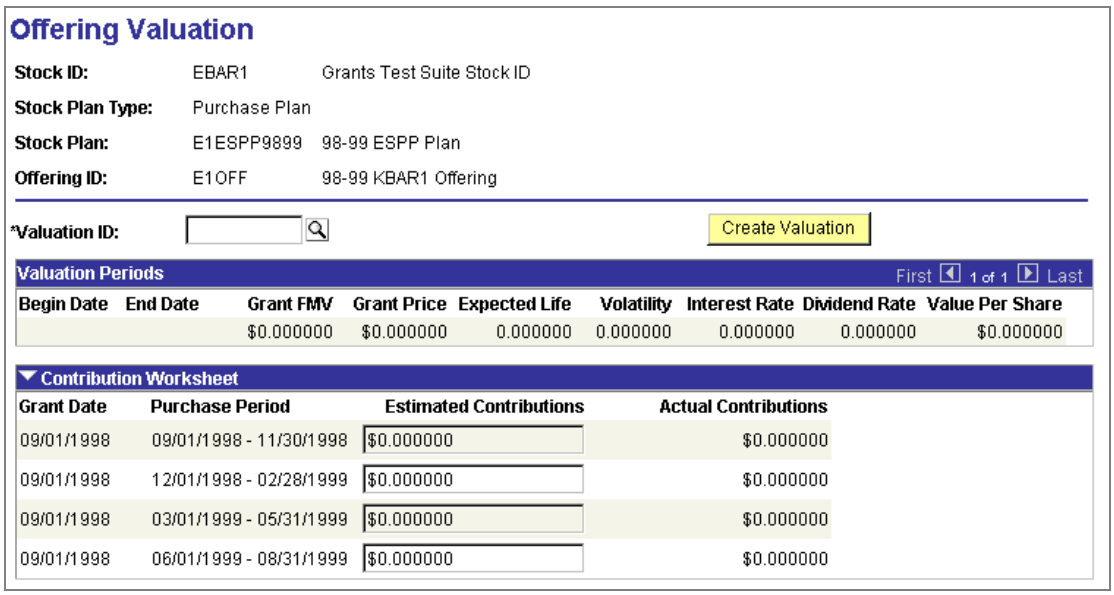
Calculating the Valuation of a Stock Offering

After you estimate contributions for a stock offering, you create an offering ID and launch an 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.
- Access the Offering Valuation page.



Offering Valuation page

To start the Valuation process for a stock offering:

1. Select the Valuation ID.
2. Enter your contribution estimates for each purchase period.
3. Click the Create Valuation button to launch the Valuation process.

Valuation Periods

This group box displays the results of the Valuation process.

Contribution Worksheet

For each grant date with an offering, the system lists the purchase periods that will be processed. At the beginning of an offering, you enter the total estimated contributions for each purchase period.

Estimated Contributions — Enter the estimated contributions for each purchase period associated with the grant.

You can use the Estimate Contributions report to help determine the figures you enter.

Actual Contributions — Displays actual contributions, if any, that have been made for each grant date/purchase period combination that is confirmed.

Identifying Missing Valuation Records

After you run the valuation process, generate a Valuation Audit report to identify missing valuation records for stock options or stock purchases.

- 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 do not have a valuation record for the specified valuation method.

See Also

"Appendix A: PeopleSoft Stock Administration Reports"

CHAPTER 23

Appendix A: PeopleSoft Stock Administration Reports

This appendix provides an overview of PeopleSoft Stock Administration reports and enables you to:

- View summary tables of all reports.
- View report details and source records.

Warning! 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 in-house information system security administrator.

Note. 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

PeopleTools PeopleBook: Process Scheduler

PeopleSoft Stock Administration Reports: General Description

These tables list the PeopleSoft Stock Administration reports, sorted alphanumerically by report ID. The reports listed are all SQR reports. If you need more information about a report, refer to the report details at the end of this appendix.

See Also

PeopleSoft Stock Administration Reports: A to Z

General PeopleSoft 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.	Define Business Rules, Define Stock Administration, Report, Governing Body Rules	PRSCRUNCTL
STSU002 Exchange Table	View Exchange Table information.	Define Business Rules, Define Stock Administration, Report, Exchange Table	PRSCRUNCTL
STSU003 Transfer/Escrow Agency	View transfer and escrow agency information.	Define Business Rules, Define Stock Administration, Report, Transfer/Escrow Agency	PRSCRUNCTL
STSU004 Brokerage Table	View Brokerage Table information.	Define Business Rules, Define Stock Administration, Report, Brokerage Table	PRSCRUNCTL
STSU006 FMV Method Table	View FMV Method Table information.	Define Business Rules, Define Stock Administration, Report, FMV Method Table	PRSCRUNCTL
STSU026 Process Groups	View process group information.	Define Business Rules, Define Stock Administration, Report, Process Groups	PRSCRUNCTL
STSU017 Stock Agent Table	View Stock Agent Table information.	Define Business Rules, Define Stock Administration, Report, Stock Agent Table	PRSCRUNCTL
STSU018 Stock Branch Table	View stock branch information.	Define Business Rules, Define Stock Administration, Report, Stock Branch Table	PRSCRUNCTL
STSU019 Stock Detail	View stock detail information.	Define Business Rules, Define Stock Administration, Report, Stock Detail	PRSCRUNCTL
STSU008 Stock Exchange Table	View Stock Exchange Table information.	Define Business Rules, Define Stock Administration, Report, Stock Exchange Table	PRSCRUNCTL

Report ID and Report Name	Description	Navigation	Run Control Page
STSU012 Stock Agreement Table	View Stock Agreement Table information.	Define Business Rules, Define Stock Administration, Report, Stock Agreement Table	PRSCRUNCTL
STSU010 Stock Legend Table	View Stock Legend Table information.	Define Business Rules, Define Stock Administration, Report, Stock Legend Table	PRSCRUNCTL
STSU015 Stock Treasury Table	View Stock Treasury Table information.	Define Business Rules, Define Stock Administration, Report, Stock Treasury Table	PRSCRUNCTL
STSU016 Stock Plan Table	View Stock Plan Table information.	Define Business Rules, Define Stock Administration, Report, Stock Plan Table	PRSCRUNCTL
STSU024 Stock Allocation	View Stock Allocation Table information.	Define Business Rules, Define Stock Administration, Report, Stock Allocation	PRSCRUNCTL
STSU014 Stock Blackout	View stock blackout information.	Define Business Rules, Define Stock Administration, Report, Stock Blackout	PRSCRUNCTL
STSU013 Stock Split	View stock split information.	Compensate Employees, Administer Stock, Report, Stock Split	PRSCRUNCTL

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.	Define Business Rules, Define Stock Option Plans, Report, Tax Information	PRSCRUNCTL
STSU021 Vesting Schedule	View vesting schedule information.	Define Business Rules, Define Stock Option Plans, Report, Vesting Schedule	PRSCRUNCTL

Report ID and Report Name	Description	Navigation	Run Control Page
STSU011 Stock Fiscal Year	View stock fiscal year information.	Define Business Rules, Define Stock Option Plans, Report, Stock Fiscal Year	PRSCRUNCTL
STSU020 Stock Option Plan Rules	View stock option plan rules information.	Define Business Rules, Define Stock Option Plans, Report, Stock Option Plan Rules	PRSCRUNCTL
STSU025 Grant Reason Table	View Grant Reason Table information.	Define Business Rules, Define Stock Option Plans, Report, Grant Reason Table	PRSCRUNCTL
Stock Reprice STSU009	View stock reprice information.	Compensate Employees, Administer Stock Options, Report, Stock Reprice	PRSCRUNCTL

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.	Define Business Rules, Define Stock Purchase Plans, Report, Stock Purchase Plan Rules	PRSCRUNCTL
STSU023 Offering/Purchase Periods	View offering and purchase period information.	Define Business Rules, Define Stock Purchase Plans, Report, Offering/Purchase Periods	PRSCRUNCTL
STSU027 Hold Reason Table	View Hold Reason Table information.	Define Business Rules, Define Stock Purchase Plans, Report, Hold Reason Table	PRSCRUNCTL

General PeopleSoft Stock Administration Reports

These are pages used by both stock options and stock purchases.

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.	Compensate Employees, Administer Stock, Report, Daily Prices	ST_RUNCTL_STSU007
STOK001 Stock Activity Details	Reports details of stock activity.	Compensate Employees, Administer Stock Options, Report, Stock Activity Details Compensate Employees, Administer Stock Purchase, Report, Stock Activity Details	ST_RUNCTL_STOK001
STOK002 Stock Activity Summary	Provides a summary of stock activity.	Compensate Employees, Administer Stock Options, Report, Stock Activity Summary Compensate Employees, Administer Stock Purchase, Report, Stock Activity Summary	ST_RUNCTL_STOK002

Stock Option Reports

Report ID and Report Name	Description	Navigation	Run Control Page
STOPMSG Message Report - Variable Comp	Shows processing messages.	Compensate Employees, Administer Stock Options, Report, Variable Comp Messages	ST_RUNCTL_STOPMSG
STOP035 Reprice Election Forms	Produces election forms for optionees to sign to accept a stock reprice.	Compensate Employees, Administer Stock Options, Report, 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.	Compensate Employees, Administer Stock Options, Report, Exercise Receipts	ST_RUNCTL_STOP009

Report ID and Report Name	*Description*	*Navigation*	*Run Control Page*
STOP010 Options Release Receipts	Shows detailed information about a release. You can send this report to an optionee when you complete the release.	Compensate Employees, Administer Stock Options, Report, 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.	Compensate Employees, Administer Stock Options, Report, Options 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.	Compensate Employees, Administer Stock Options, Report, 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.	Compensate Employees, Administer Stock Options, Report, Shares Granted	ST_RUNCTL_STOP002
STOP003 Options Shares Exercised	Shows the options exercised during a specific date range.	Compensate Employees, Administer Stock Options, Report, Shares Exercised	ST_RUNCTL_STOP003
STOP004 Option Shares Released	Shows the options released during a specific date range.	Compensate Employees, Administer Stock Options, Report, Shares Released	ST_RUNCTL_STOP004
STOP006 Option Shares Repurchased	Shows options repurchased during a specific date range.	Compensate Employees, Administer Stock Options, Report, Shares Repurchased	T_RUNCTL_STOP006
STOP015 Options Transfer Agent Instn (instruction) exercises	Shows all option exercises confirmed within a specified date range.	Compensate Employees, Administer Stock Options, Report, Options, Transfer Agent Instructions	ST_RUNCTL_STOP015

Report ID and Report Name	*Description*	*Navigation*	*Run Control Page*
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.	Compensate Employees, Administer Stock Options, Report, Options, 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.	Compensate Employees, Administer Stock Options, Report, Options, 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.	Compensate Employees, Administer Stock Options, Report, Broker Deposits	ST_RUNCTL_STOP018
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.	Compensate Employees, Administer Stock Options, Report, 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.	Compensate Employees, Administer Stock Options, Report, Broker Deposits	ST_RUNCTL_STOP018
STOP019 Options Broker Invoices	Use to run the Options Broker Invoices report.	Compensate Employees, Administer Stock Options, Report, 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.	Compensate Employees, Administer Stock Options, Report, Broker Invoices,	ST_RUNCTL_STOP019

Report ID and Report Name	*Description*	*Navigation*	*Run Control Page*
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.	Compensate Employees, Administer Stock Options, Report, 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.	Compensate Employees, Administer Stock Options, Report, Restricted Vesting Forecast	ST_RUNCTL_STOP007
STOP005 Options Shares Cancelled	Lists all options canceled during a specified date range.	Compensate Employees, Administer Stock Options, Report, 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.	Compensate Employees, Administer Stock Options, Report, Shares Subject to Repurchase	ST_RUNCTL_STOP008
STOP001 - Option Plan Summary	Lists all plan activity that occurred during the specified date range.	Compensate Employees, Administer Stock Options, Report, Plan Summary	ST_RUNCTL_STES001
STOP012 Options Income/Taxes	Lists W-2 income and taxes from an exercise or release when you're not integrated with PeopleSoft Payroll for North America.	Compensate Employees, Administer Stock Options, Report, Options Income/Taxes	ST_RUNCTL_STOP012
STOP012 Options Income/Tax Reversals	Lists all voided exercises and releases for which you calculated W-2 income and taxes.	Compensate Employees, Administer Stock Options, Report, Options Income/Tax Reversals	ST_RUNCTL_STOP012

Report ID and Report Name	*Description*	*Navigation*	*Run Control Page*
STOP020 ISO DD to Payroll	Lists all W-2 income generated from disqualifying dispositions not reported through PeopleSoft Payroll for North America.	Compensate Employees, Administer Stock Options, Report, ISO DD to Payroll	ST_RUNCTL_STOP020
STOP021 ISO DD Reversals to Payroll	Lists all voided disqualifying dispositions for which W-2 income that was calculated was sent to payroll.	Compensate Employees, Administer Stock Options, Report, ISO DD Reversals to Payroll	ST_RUNCTL_STOP020
STOP022 SO DD to Acctg /Tax	Lists all disqualifying dispositions processed within the specified date range.	Compensate Employees, Administer Stock Options, Report, ISO DD to Acctg/Tax	ST_RUNCTL_STOP022
STRR001 Potential Diluted - Detail	Lists the details of the potential diluted shares outstanding calculation.	Compensate Employees, Administer Stock Options, Report, Potential Diluted Outstanding	ST_RUNCTL_STRR001
STRR001 Potential Diluted - Summary	Summarizes the potential dilutive option shares outstanding calculation. It displays the dilutive and antidilutive values that it used in the earnings per share calculation.	Compensate Employees, Administer Stock Options, Report, Potential Diluted Outstanding	ST_RUNCTL_STRR001
STRR003 Common Transactions - Detail	Lists the option shares and stock purchase shares issued during the period.	Compensate Employees, Administer Stock Options, Report, Common Transactions - Detail	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.	Compensate Employees, Administer Stock Options, Report, ISO Limit	ST_RUNCTL_STRR005

Stock Purchase Reports with Common Run Control Page

Report ID and Report Name	*Description*	*Navigation*	*Run Control Page*
STES014 Message	Shows processing messages.	Compensate Employees, Administer Stock Purchases, Report, Messages	ST_RUNCTL_STESPID
STES002 Participant Contributions	View contributions for audits and reconciliation.	Compensate Employees, Administer Stock Purchases, Report, Participant Contributions	ST_RUNCTL_STESPID
STES003 Currency Conversion	View the results of a currency conversion for audit and reconciliation.	Compensate Employees, Administer Stock Purchases, Report, Currency Conversion	ST_RUNCTL_STESPID
STES005A Participants w/o Purchase	Identifies participants who are participants in a period but did not purchase stock. Use this report to audit terminations and leaves of absence.	Compensate Employees, Administer Stock Purchases, Report, Participants w/o Purchase	ST_RUNCTL_STESPID
STES004 Purchase Summary	View the results of preliminary or final purchase process.	Compensate Employees, Administer Stock Purchases, Report, 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.	Compensate Employees, Administer Stock Purchases, Report, Refunds to Payroll	ST_RUNCTL_STESRC1
STES007 Refund Reversals	Lists refunds that you must reverse and must process manually.	Compensate Employees, Administer Stock Purchases, Report, Refund Reversals	ST_RUNCTL_STESRC1

Report ID and Report Name	Description	Navigation	Run Control Page
STES020 Dispositions to Payroll	Reports disqualifying dispositions and qualifying dispositions to payroll for W-2 reportable income.	Compensate Employees, Administer Stock Purchases, Report, Dispositions to Payroll	ST_RUNCTL_STESRC1
STES017 Disposition Reversals	Reports errors sent to payroll that must be reversed.	Compensate Employees, Administer Stock Purchases, Report, Disposition Reversals	ST_RUNCTL_STESRC1
STES016 Disposition Reconciliation	Lists dispositions entered for the purchased stock.	Compensate Employees, Administer Stock Purchases, Report, 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.	Compensate Employees, Administer Stock Purchase, Report, Plan Summary	ST_RUNCTL_STES001
STES010 Purchase Receipts	Displays a summary of purchases by participant. This is an IRS-required statement.	Compensate Employees, Administer Stock Purchases, Report, Purchase Receipts	ST_RUNCTL_STES010
STES006 Refund/Carry Fwd	Reports back to pay groups the unused contributions after a purchase.	Compensate Employees, Administer Stock Purchases, Report, Refund/Carry-Forward	ST_RUNCTL_STES006
STES015 Grant Value Limit Detail	Use to audit participants for IRS grant value limit by corporate interpretation.	Compensate Employees, Administer Stock Purchases, Report, Grant Value Limit Detail	ST_RUNCTL_STES015

Report ID and Report Name	Description	Navigation	Run Control Page
STES008 Transfer Agent Instruct	Use to instruct the transfer agent to issue shares and adjust the plan balance.	Compensate Employees, Administer Stock Purchases, Report, 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.	Compensate Employees, Administer Stock Purchases, Report, Broker Deposits	ST_RUNCTL_STES009
STES013 Disposition Receipt	Reports a summary of dispositions. This is an IRS-required statement.	Compensate Employees, Administer Stock Purchases, Report, Disposition Receipt	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.	Compensate Employees, Administer Stock Purchases, Report, Disposition Survey	ST_RUNCTL_STES011

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.	Compensate Employees, Administer Stock, Report, Expected Volatility	ST_RUNCTL_STFS002
STFS004 (options) STFS006 (purchases) Valuation Audit	Identifies stock options and stock purchases dated after the FAS 123 Disclosure date that do not contain a valuation record.	Compensate Employees, Administer Stock, Report, Valuation Audit	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.	Compensate Employees, Administer Stock Options, Report, Expected Life Years Analysis	ST_RUNCTL_STFS001
STFS007 FAS 123 Expense Detail/Summary	For the date range that you enter, calculates the FAS 123 option expense for the prior, current, and future periods.	Compensate Employees, Administer Stock Options, Report, FAS 123 Expense Detail/Summary	ST_RUNCTL_STFS007
STFS009 APB 25 Expense Detail/Summary	For the date range that you enter, calculates the APB 25 option expense for the prior, current, and future periods. Includes discounted options only.	Compensate Employees, Administer Stock Options, Report, APB 25 Expense Detail/Summary	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.	Compensate Employees, Administer Stock Options, Report, Variable Accounting Accrual	ST_RUNCTL_STFS010
STFS011 Valuation Detail/Summary	Provides option valuation information for all options for a specified stock ID and date range. Also reports weighted averages.	Compensate Employees, Administer Stock Options, Report, Valuation Detail/Summary	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.	Compensate Employees, Administer Stock Options, Report, Outstanding/Exercisable by Price	ST_RUNCTL_STFS014

Report ID and Report Name	Description	Navigation	Run Control Page
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.	Compensate Employees, Administer Stock Options, Report, 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, lists the grant date, purchase date, and total actual contributions for confirmed stock purchases.	Compensate Employees, Administer Stock Purchases, Report, Estimate Contributions	ST_RUNCTL_STFS005
STFS008 FAS 123 Expense Detail	Calculates the purchase expense for the prior, current, and future periods, depending on the date range entered.	Compensate Employees, Administer Stock Purchases, Report, FAS 123 Expense Detail	ST_RUNCTL_STFS008
STFS012 Valuation Detail/Summary	Provides purchase valuation information for a stock ID and stock plan.	Compensate Employees, Administer Stock Purchases, Report, Valuation Detail/Summary	ST_RUNCTL_STFS012

PeopleSoft Stock Administration Reports: A to Z

This section provides detailed information on individual reports including important fields and source records. The reports are listed alphabetically by report ID.

Common Page Elements

The following fields appear on multiple run control pages.

Start Date and **End Date**	Enter the first and last dates on which you want to collect data.
Reprint	Select if you are reprinting the report.
Option Type	Select an option type of ***ISO, ISO/SAR, NQ, NQ/SAR,*** or ***RSA.***
Grant Status	Select a grant status of ***Active, Pending,*** or ***Void.***
Transaction Type	Select ***Exercise*** or ***Release.***
Corporate Tax Rate	Enter in decimal format.

STES001 - Plan Summary

Use the Plan Activity Summary report to view a summary of historical purchases and calculate shares available for issue.

Sorted by: stock plan, purchase period, grant date.

Source Record

ST_ESPP_PURCH

STES002 - Participant Contributions

Sorted by: process group and name or company and pay group.

Source Record

ST_CONTRIB_PART

STES003 - Currency Conversion

Sorted by: process group and name or company and pay group.

STES004 - Purchase Summary

Sorted by: process group and name.

Source Record

ST_ESPP_PURCH

STES005A - Participants w/o Purchase

Sorted by: process group and name or company/pay group and name.

STES006 - Refund/Carry Fwd

Sorted by: process group, name.

Source Records

ST_ESPP_PURCH, ST_CONTRIB_RSDL

STES007 - Refund Reversals

Sorted by: stock plan, process group, name.

STES008 - Transfer Agent Instruct

Sorted by: issuance type, broker/branch, stock plan, name.

Source Record

ST_ESPP_PURCH

STES009 - Broker Deposits

Sorted by Broker, Branch, Stock Plan, Name.

Source Record

ST_ESPP_PURCH

STES010 - Purchase Receipts

Stock ID, Stock Plan, and **Offering ID**	Display the stock ID, stock plan, and offering ID associated with the purchase ID.
Sort By	Specify how to sort the data: ***Country/Postal Code Name, Name,*** or ***Process Group/Name.***

Sorted by: process group, name.

Source Records

ST_ESPP_PURCH, ST_CONTRIB_RSDL

STES011 - Disposition Survey

Survey Type Select ***Shares Available to Sell*** or ***Survey Pending Sales/Transfers.***

Survey Sort Select ***Country/Postal Code/Name, Name,*** or ***Process Group/Name.***

Sorted by: county/postal code/name, name, process group/name.

STES013 - Disposition Receipt

Sorted by: EmplID.

Source Records

ST_ESPP_PURCH, ST_ESPP_DISPOSN

STES014 - Messages

Sorted by: process group, process type, EmplID.

Source Record

ST_ESPP_MESSAGE

STES015 - Grant Value Limit Detail

Interpretation Displays the method used to interpret the grant value limit.

Calendar Year Enter the year for which you want to generate the report.

Sort By: Select ***EmplID*** or ***Name.***

Sorted by: name or EmplID.

Source Record

ST_ESPP_PURCH

STES016 - Disposition Reconciliation

Sorted by: process group, name.

Source Records

ST_ESPP_PURCH, ST_ESPP_DISPSN

STES017 - Disposition Reversals

Sorted by: stock ID, stock plan, process group, name.

Source Record

ST_RUNCTL_STESRC1

STES018 - Refunds to Payroll

Sorted by Process Group, Name.

Source Records

ST_ESPP_PURCH, ST_CONTRIB_RSDL

STES020 - Dispositions to Payroll

Sorted by: name.

Source Records

ST_ESPP_PURCH, ST_ESPP_DISPOSN

STOK001 - Stock Activity Details

ESPP	Select to collect stock purchase data.
Options	Select to collect stock options data.

Select **Process Group, Employee,** or **Insider** to indicate how you want the data collected. In the field to the right, select the process group, employee, or insider to include.

Sorted by: process group, name

Source Records

ST_GRANT, ST_GRANT_EXER, ST_EXER_RELEASE, ST_EXER_DISPOSN, ST_REL_DISPOSN, ST_STOK001_TBL, ST_GRNT_REPURCH, ST_ESPP_PURCH, ST_ESPP_DISPOSN.

STOK002 - Stock Activity Summary

As of Date	Enter the date to use to calculate the stock activity information.
ESPP	Select to collect stock purchase data.
Options	Select to collect stock options data.

Sorted by: process group, EmplID

Source Records

ST_GRANT, ST_GRANT_EXER, ST_EXER_RELEASE, ST_EXER_DISPOSN, ST_REL_DISPOSN, ST_STOK002_TBL, ST_GRANT_REPURCH, ST_ESPP_PURCH, ST_ESPP_DISPOSN.

STES001 - Options Plan Summary

Use this report to reconcile plan balances and to prepare the annual report proxy and forms 10-K and 10-Q.

Sorted by stock plan, purchase period, grant date.

Source Records

ST_GRANT, ST_GRNT_VST_DTL, ST_STOP001_TBL, ST_GRANT_EXER, ST_PLAN_ALLOC, ST_OPTION_PLAN, ST_GRNT_REPURCH, ST_EXER_RELEASE

STOP003 - Options Shares Exercised

Use this report to verify data entry, prepare the annual report, prepare forms 10-K and 10-Q, and reconcile the plan summary.

Exercise Status	Select an exercise status of ***Active, Pending,*** or ***Void.***

STOP004 - Option Shares Released

Release Status Select a release status of ***Active, Pending,*** or ***Void.***

STOP005 - Options Shares Cancelled

Use this report to verify data entry, prepare the annual report, prepare forms 10-K and 10-Q, and reconcile the plan summary.

You must have run an HR action process for terminations, repriced options, or manually canceled options because of termination, reprice, or rescind.

STOP006 - Option Shares Repurchased

Repurchase Status Select a repurchase status of ***Active*** or ***Void.***

STOP008 - Options Subject to Repurchase

Grant Type Select a grant type of ***Active, Pending,*** or ***Void.***

As of Date Enter the date to use to calculate the repurchase information.

STOP009 - Options Exercise Receipts

EmplID If you selected Employee, select the employee to include, the grant number, and the exercise number.

Sorted by: stock ID, stock plan, name

STOP012 - Options Income/Taxes

Use this report to notify your payroll administrator of the W-2 income and taxes that must be included on an optionee's W-2.

Enter an exercise or release for which taxes were calculated but were not automatically transferred to PeopleSoft Payroll for North America to update payroll balances.

STOP012 - Options Income/Tax Reversals

Use this report to notify your payroll administrator to reverse previously reported income and taxes.

You must first have voided an exercise or release and set the payroll date.

STOP015 - Options Transfer Agent Instn

This report summarizes the information required by your transfer agent for the issuance of stock certificates.

Control Number If you selected Reprint, this field is available. Enter a control number.

STOP018 - Options Broker Deposits

Transfer Control Number Enter the transfer control number generated by the Transfer Agent Instruction report.

STOP018A - Options Broker Deposits - Exercises

Source Records

ST_GRANT_EXER, PERSONAL_DATA, PERS_NID_VW, ST_BRKR_BRANCH, ST_BROKER_TBL, ST_EXER_ISSUE, ST_BRKR_DTL, STOCK_BRANCH_DTL, STOCK_BRANCH

STOP018B - Options Broker Deposits - Releases

Source Records

ST_EXER_RELEASE, PERSONAL_DATA, PERS_NID_VW, ST_BRKR_BRANCH, ST_BROKER_TBL, ST_REL_ISSUE, ST_BRKR_DTL, STOCK_BRANCH_DTL, STOCK_BRANCH

STOP019 - Options Broker Invoices

You must have entered an exercise or release for which the payment method was Same Day Sale or Sell to Cover.

Transfer Control Number Enter the transfer control number generated by the Transfer Agent Instruction report.

Reprint Select if you are reprinting this report.

STOP019A - Options Broker Invoices - Exercises

This report includes information required by the broker to distribute funds due to the company from the exercise.

STOP020 - ISO DD to Payroll

Use this report to notify your payroll administrator of disqualifying disposition income that must be included in an optionee's W-2.

You must first enter a disqualifying disposition that was not reported through PeopleSoft Payroll for North America.

Sort Sequence

- If run by Process Group: Process Group, Name, Grant Date, Exercise or Release Date, Disposition Date.
- If run by Employee: Name, Grant Date, Exercise or Release Date, Disposition Date.

STOP020 - ISO DD Reversals to Payroll

Use this report to notify your payroll administrator to reverse a previous entry.

You must first void a disqualifying disposition and set the payroll date.

Sort Sequence

- If run by Process Group: Process Group, Name, Grant Date, Exercise or Release Date, Disposition Date.
- If run by Employee: Name, Grant Date, Exercise or Release Date, Disposition Date.

STOP022 - ISO DD to Acctg/Tax

Use this report to send to your account and tax departments the potential tax deduction resulting from the disqualifying dispositions.

You must first enter a disqualifying disposition.

Sort Sequence

- If run by Process Group: Process Group, Name, Grant Date, Exercise or Release Date, Disposition Date.
- If run by Employee: Name, Grant Date, Exercise or Release Date, Disposition Date.

STOP023 - Options Disposition Statement

Transaction Type — If you selected Employee, this field becomes available. Select a transaction type of ***Exercise*** or ***Release.***

Grant Number — If you selected Employee and either transaction type, this field becomes available. Select the grant number to include.

Exercise Number — If you selected Employee and either transaction type, this field becomes available. Select the exercise number to include.

Disposn Number (disposition number) — If you selected Employee and the Exercise transaction type, this field becomes available. Select the exercise disposition number to include.

Release Number — If you selected Employee and the Release transaction type, this field becomes available. Select the release number to include.

Disposn Number — If you selected Employee and the Release transaction type, this field becomes available. Select the release disposition number to include.

STOP035 - Reprice Election Forms

You must first run the Reprice Eligibility for the Reprice ID.

Process Method — Select a process method: ***Process All*** or ***Process by Individual.***

Status Date — Displays the date on which the status last changed.

EmplID — Select the employee ID of the participants to include on the reprice election forms.

Source Records

ST_REPRC_TBL, ST_GRANT, ST_GRNT_VST_DTL, ST_REPRC_PARTIC, ST_STOP035_TAO, ST_GRANT_EXER, RUN_CTL_ST_RP1_ST_INSIDER_TBL

STFS006 and STFS007 - FAS 123 Expense Detail/Summary

The following table shows how the expense type that you select on the run control page, along with the accounting standard (FAS 123 or APB 25) selected for the stock ID, determines which stock option grants are included in the report.

Accounting Standard	*Expense Type*	
APB 25	ProForma	Includes all grants with valuation records for which the employee status is not Non Employee Consultant.
APB 25	Actual	Includes all grants with valuation records for which the employee status is Non Employee Consultant.
FAS 123	Actual	Includes all grants with valuation records.
FAS 123	ProForma	Not applicable.

From Date, To Date Expense amounts that occur on, or after, the from date and on, or before, the to date are considered current period expenses.

Expense Type Select the type of expense to include in the report: ***Actual Expense, Actual/Proforma Expense,*** or ***Proforma Expense.*** The system uses this information to determine which grants to include.

Proforma is a valid option for accounting standard FAS 123 only.

Valuation Method Select the valuation method to apply: ***Single Method*** or ***Multiple Method.***

Accounting Distribution Applies only to the single valuation method. Select the distribution method to use to calculate expenses: ***Ratable*** or ***Straight-line***.

Forfeiture Type Indicate how to calculate the adjustment for option cancellations and repricings:

Actual. The system determines the expense credit for only those grants that have canceled or repriced shares.

Estimate. The system applies the rate that you enter in the **Forfeiture Rate** field across all grants.

Source Records

ST_GRANT, ST_GRANT_VALUE

STFS008 - FAS 123 Expense Detail

This report calculates the purchase expense for the periods that you enter. The valuation method that you select determines the type of purchase offering valuations to include in the report.

STFS009 - APB 25 Expense Detail/Summary

Accounting Distribution	Select the distribution method to use to calculate expenses: ***Ratable*** or ***Straight-line.***
Suppress Details	To generate the summary report, select this check box.

STFS010 - Variable Accounting Accrual

Use this report to calculate current period accounting accrual for all outstanding ISAR, NSAR, and repriced options. The system calculates the current period accrual based on the difference between the previous and current accrual. The current period accrual is the actual amount that should be booked. It can be positive or negative depending on the change in the ending FMV from period to period.

You can generate a detail or summary version of this report.

As Of Date	Enter the ending date of the current reporting period.
Prior As Of Date	Enter the ending date of the previous reporting period.
Suppress Details	To generate the summary report, select this check box.

Source Records

ST_GRANT, ST_GRNT_VST_DTL, ST_STOCK_DTL, ST_GRANT_EXER, ST_EXER_RELEASE, ST_STFS010_TMP, and ST_STFS010_TAO

STFS011 - Valuation Detail/Summary (Stock Options)

The report format varies depending on whether you select single method or multiple method as the valuation method. For the single method, a single row of data is reported for each grant for each employee. For the multiple method, all vesting rows are reported for each employee grant with an appropriate weighted average total for each grant.

Source Records

ST_GRANT, ST_GRANT_VALUE, ST_GRANT_VAL_DTL, ST_VAL_TBL, PERSON_NAME

STFS012 - Valuation Detail/Summary (Stock Purchases)

This report provides purchase valuation estimates, estimated contributions, and totals for all stock offerings within the dates that you specify for a particular stock ID and stock plan. Weighted averages are provided at the end of the report when the multiple method of valuation applies.

The format of this report is similar to the format of the Valuation Detail/Summary report (STFS011) for stock options.

From Date and **End Date** — These dates determine the purchase periods that are included in the report.

When the offering begin date falls within the date range selected, it is included in the report.

Source Records

ST_OFFER_VALUE, ST_OFFER_VAL_DTL, ST_VALUE_TBL, ST_OFFER_EST, ST_ESPP_PURCH, ST_PURCHASE_PD, ST_OFFERING_PD

STFS014 - Outstanding/Exercisable by Price

Report data is sorted by grant price, employee name, and grant number with subtotals by grant price and final totals at the end of the report. You can print a detailed or summary version of this report.

As Of Date — Enter the date on which individuals must have outstanding options to be included in the report.

Source Records

ST_EXER_RELEASE, ST_GRANT, ST_GRANT_EXER, ST_GRNT_VEST_DTL, PERSON_NAME, and temporary tables ST_STFS014 and STFS014A

STFS015 - Disclosure Summary

Provides a summary of all grants, exercises, cancellations, and expirations that occur during a specified date range and within the range of grant prices that you specify. Also provides fair market value information based on the current outstanding options granted.

Source Records

ST_GRANT, ST_GRANT_EXER, ST_GRNT_VEST_DTL, ST_EXER_RELEASE, and temporary tables ST_STFS015 and STFS015A

STOPMSG - Message - Variable Comp

Source Records

ST_GRNT_MESSAGE, MESSAGE_CATALOG

STRR001 - Potential Diluted - Detail

This report weights the option shares outstanding by the number of days they were outstanding during the period specified and is used to calculate earnings per share.

Source Records

STOCK_DTL, ST_FMV_MTHD_TBL, ST_DAILY_PRICES, ST_GRANT, ST_GRNT_VST_DTL, ST_GRANT_EXER, ST_STRR001_TAO, ST_OPTION_PLAN

STRR001 - Potential Diluted - Summary

Source Records

STOCK_DTL, ST_FMV_MTHD_TBL, ST_DAILY_PRICES, ST_GRANT, ST_GRNT_VST_DTL, ST_GRANT_EXER, ST_STRR001_TAO, ST_OPTION_PLAN

STRR003 - Common Transactions - Detail

This report weights the issued shares according to the amount of time they were issued for the period. Use this report to help balance the common stock issued during the period.

Sorted by: Transaction Date.

Source Records

STOCK_DTL, ST_FMV_MTHD_TBL, ST_DAILY_PRICES, ST_GRANT_EXER, ST_ESPP_PURCH

STRR004 - Common Transactions - Summary

This report weights the issued shares according to the amount of time they were issued for the period. Use this report to help balance the common stock issued during the period.

Sorted by: Transaction Date.

Source Records

STOCK_DTL, ST_FMV_MTHD_TBL, ST_DAILY_PRICES, ST_GRANT_EXER, ST_ESPP_PURCH

STRR005 - ISO Limit

This report lists eight years of exercisable values based on the start year indicated. Use this report to identify options that exceed the limit and should be modified, and to plan for future grant options.

Start Year Enter the year with which you want to start the ISO limit report.

Sorted by: EmplID.

PERSONAL_DATA, ST_OPTION_PLAN

STSU001 - Governing Body Rules

Sorted by: effective date

Source Record

ST_GOVERN_BODY

STSU002 - Exchange Table

Sorted by: effective date

Source Record

ST_EXCHANGE_TBL

STSU003 - Transfer/Escrow Agency

Sorted by: effective date

Source Records

ST_AGENT_TBL, ST_AGENT_DTL

STSU004 - Brokerage Table

Sorted by: effective date

Source Records

ST_BROKER_TBL, ST_BRKR_BRANCH

STSU005 - Tax Information

Sorted by: effective date

Source Records

ST_TAX_TYPE_TBL, ST_COUNTRY_TAX, ST_STATE_TAX, ST_LOCAL_TAX

STSU006 - FMV Method Table

Sorted by: effective date

Source Record

ST_FMV_MTHD_TBL

STSU007 - Daily Prices

Sorted by: stock ID, FMV date

Parameters: stock ID, start date, end date

Source Record

ST_DAILY_PRICES

STSU008 - Stock Exchange Table

Sorted by: stock ID, effective date

Source Record

STOCK_EXCHANGE

STSU009 - Stock Reprice

Sorted by: stock ID, reprice ID

Source Records

ST_REPRC_TBL, ST_REPRC_PLAN

STSU010 - Stock Legend Table

Sorted by: stock ID, effective date

Source Record

STOCK_LEGEND

STSU011 - Stock Fiscal Year

Sorted by: stock ID, fiscal year

Source Record

STOCK_FISCAL_YR

STSU012 - Stock Agreement Table

Sorted by: stock ID, effective date

Source Record

STOCK_AGREEMENT

STSU013 - Stock Split

Sorted by: effective date

Source Record

ST_SPLIT_TBL

STSU014 - Stock Blackout

Sorted by: effective date

Source Records

ST_BLACKOUT_TBL, ST_BLACKOUT_LST

STSU015 - Stock Treasury Table

Sorted by: stock ID

Source Records

STOCK_TREASURY, STO_TRSR_ALLOC

STSU016 - Stock Plan Table

Sorted by: stock ID

Source Records

STOCK_PLAN_TBL, ST_PLAN_ALLOC

STSU017 - Stock Agent Table

Sorted by: stock ID

Source Records

ST_STOCK_AGENT, ST_STOCK_AGENT_DTL

STSU018 - Stock Branch Table

Sorted by: stock ID

Source Records

STOCK_BRANCH, STOCK_BRANCH_DTL

STSU019 - Stock Detail

Sorted by: stock ID, effective date

Source Records

STOCK_TBL, STOCK_DTL

STSU020 - Stock Option Plan Rules

Sorted by: stock ID, stock plan, effective date

Source Records

ST_OPTION_PLAN, ST_OPTION_PARMS

STSU021 - Vesting Schedule

Source Records

ST_VEST_SCHED, ST_VEST_DEFN

STSU022 - Stock Purchase Plan Rules

Sorted by: stock ID, stock plan, effective date

Source Record

ST_ESPP_PLAN

STSU023 - Offering/Purchase Periods

Sorted by: stock ID, stock plan, offering ID, purchase period end date

Source Records

ST_OFFERING_PD, ST_PURCHASE_PD

STSU024 - Stock Allocation

Sorted by: stock ID

Source Records

STOCK_CLASS_TBL, ST_CLASS_ALLOC

STSU025 - Grant Reason Table

Sorted by: grant reason

Source Record

ST_GRNT_RSN_TBL

STSU026 - Process Groups

Sorted by: process group

Source Records

ST_PROCESS_GRP, ST_PRCS_GRP_DTL

STSU027 - Hold Reason Table

Sorted by: hold reason

Source Record

ST_HOLD_RSN_TBL

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