

PeopleSoft®

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PeopleSoft 8.8  
Stock Administration PeopleBook

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Stock Administration PeopleBook  
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# About This PeopleBook

PeopleBooks provide you with the information that you need to implement and use PeopleSoft applications.

This preface discusses:

- PeopleSoft application prerequisites.
- PeopleSoft application fundamentals.
- Related documentation.
- Typographical elements and visual cues.
- Comments and suggestions.
- Common elements in PeopleBooks.

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**Note.** PeopleBooks document only page elements that require additional explanation. If a page element is not documented with the process or task in which it is used, then either it requires no additional explanation or it is documented with common elements for the section, chapter, PeopleBook, or product line. Elements that are common to all PeopleSoft applications are defined in this preface.

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## PeopleSoft Application Prerequisites

To benefit fully from the information that is covered in these books, you should have a basic understanding of how to use PeopleSoft applications.

See *Using PeopleSoft Applications*.

You might also want to complete at least one PeopleSoft introductory training course.

You should be familiar with navigating the system and adding, updating, and deleting information by 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.

These books do not review navigation and other basics. They present the information that you need to use the system and implement your PeopleSoft applications most effectively.

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## PeopleSoft Application Fundamentals

Each application PeopleBook provides implementation and processing information for your PeopleSoft database. However, additional, essential information describing the setup and design of your system appears in a companion volume of documentation called the application fundamentals PeopleBook. Each PeopleSoft product line has its own version of this documentation.

The application fundamentals PeopleBook consists of important topics that apply to many or all PeopleSoft applications across a product line. Whether you are implementing a single application, some combination of applications within the product line, or the entire product line, 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.

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## Related Documentation

This section discusses how to:

- Obtain documentation updates.
- Order printed documentation.

### Obtaining Documentation Updates

You can find updates and additional documentation for this release, as well as previous releases, on the PeopleSoft Customer Connection Website. Through the Documentation section of PeopleSoft Customer Connection, you can download files to add to your PeopleBook Library. You'll find a variety of useful and timely materials, including updates to the full PeopleSoft documentation that is delivered on your PeopleBooks CD-ROM.

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**Important!** Before you upgrade, you must check PeopleSoft Customer Connection for updates to the upgrade instructions. PeopleSoft continually posts updates as the upgrade process is refined.

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### See Also

PeopleSoft Customer Connection Website, <http://www.peoplesoft.com/corp/en/login.asp>

### Ordering Printed Documentation

You can order printed, bound volumes of the complete PeopleSoft documentation that is delivered on your PeopleBooks CD-ROM. PeopleSoft makes printed documentation available for each major release shortly after the software is shipped. Customers and partners can order printed PeopleSoft documentation by using any of these methods:

- Web
- Telephone
- Email

### Web

From the Documentation section of the PeopleSoft Customer Connection Website, access the PeopleSoft Press Website under the Ordering PeopleBooks topic. The PeopleSoft Press Website is a joint venture between PeopleSoft and Consolidated Publications Incorporated (CPI), the book print vendor. Use a credit card, money order, cashier's check, or purchase order to place your order.

## Telephone

Contact CPI at 800 888 3559.

## Email

Send email to CPI at [psoftpress@cc.larwood.com](mailto:psoftpress@cc.larwood.com).

## See Also

PeopleSoft Customer Connection Website, <http://www.peoplesoft.com/corp/en/login.asp>

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# Typographical Conventions and Visual Cues

This section discusses:

- Typographical conventions.
- Visual cues.

## Typographical Conventions

The following table contains the typographical conventions that are used in PeopleBooks:

| Typographical Convention or Visual Cue | Description                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Bold</b>                            | Indicates PeopleCode function names, method names, language constructs, and PeopleCode reserved words that must be included literally in the function call.                                                                                                                                                                                             |
| <i>Italics</i>                         | Indicates field values, emphasis, and PeopleSoft or other book-length publication titles. In PeopleCode syntax, italic items are placeholders for arguments that your program must supply.<br><br>We also use italics when we refer to words as words or letters as letters, as in the following: Enter the number <i>O</i> , not the letter <i>O</i> . |
| 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.                                                                                                                                           |
| Monospace font                         | Indicates a PeopleCode program or other code example.                                                                                                                                                                                                                                                                                                   |
| (quotation marks)                      | Indicate chapter titles in cross-references and words that are used differently from their intended meanings.                                                                                                                                                                                                                                           |

| Typographical Convention or Visual Cue | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| . . . (ellipses)                       | Indicate that the preceding item or series can be repeated any number of times in PeopleCode syntax.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| { } (curly braces)                     | Indicate a choice between two options in PeopleCode syntax. Options are separated by a pipe ( ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| [ ] (square brackets)                  | Indicate optional items in PeopleCode syntax.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| & (ampersand)                          | When placed before a parameter in PeopleCode syntax, an ampersand indicates that the parameter is an already instantiated object.<br><br>Ampersands also precede all PeopleCode variables.                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| (ISO)                                  | Information that applies to a specific country, to the U.S. federal government, or to the education and government market, is preceded by a three-letter code in parentheses.<br><br>The code for the U.S. federal government is USF; the code for education and government is E&G, and the country codes from the International Standards Organization are used for specific countries. Here is an example:<br><br>(DEU) If you're administering German employees, German law requires you to indicate special nationality and citizenship information for German workers using nationality codes established by the German DEUEV Directive. |
| Cross-references                       | PeopleBooks provide cross-references either below the heading See Also or on a separate line preceded by the word <i>See</i> . Cross-references lead to other documentation that is pertinent to the immediately preceding documentation.                                                                                                                                                                                                                                                                                                                                                                                                     |

## Visual Cues

PeopleBooks contain the following visual cues.

### Notes

Notes indicate information that you should pay particular attention to as you work with the PeopleSoft system.

---

**Note.** Example of a note.

---

A note that is preceded by *Important!* is crucial and includes information that concerns what you must do for the system to function properly.

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**Important!** Example of an important note.

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## Warnings

Warnings indicate crucial configuration considerations. Pay close attention to warning messages.

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**Warning!** Example of a warning.

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## Comments and Suggestions

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

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

Or send email comments to [doc@peoplesoft.com](mailto:doc@peoplesoft.com).

While we cannot guarantee to answer every email message, we will pay careful attention to your comments and suggestions.

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## Common Elements in These PeopleBooks

|                                    |                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>As of Date</b>                  | The last date for which a report or process includes data.                                                                                                                                                                                                                                                                                           |
| <b>Business Unit</b>               | An ID 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.                                                                                                                                                                          |
| <b>Description</b>                 | Enter up to 30 characters of text.                                                                                                                                                                                                                                                                                                                   |
| <b>Effective Date</b>              | The date on which a table row becomes effective; the date that an action begins. For example, 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. |
| <b>Once, Always, and Don't Run</b> | <p>Select Once to run the request the next time the batch process runs. After the batch process runs, the process frequency is automatically set to Don't Run.</p> <p>Select Always to run the request every time the batch process runs.</p> <p>Select Don't Run to ignore the request when the batch process runs.</p>                             |

|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Report Manager</b>    | Click to access 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).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Process Monitor</b>   | Click to access the Process List page, where you can view the status of submitted process requests.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Run</b>               | Click to access the Process Scheduler request page, where you can specify the location where a process or job runs and the process output format.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Request ID</b>        | An ID that represents a set of selection criteria for a report or process.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>User ID</b>           | An ID that represents the person who generates a transaction.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>SetID</b>             | An ID that represents a set of control table information, or TableSets. TableSets enable you to share control table information and processing options among business units. The goal is to minimize redundant data and system maintenance tasks. When you assign a setID to a record group in a business unit, you indicate that all of the tables in the record group are shared between that business unit and any other business unit that also assigns that setID to that record group. For example, you can define a group of common job codes that are shared between several business units. Each business unit that shares the job codes is assigned the same setID for that record group. |
| <b>Short Description</b> | Enter up to 15 characters of text.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

## **See Also**

*Using PeopleSoft Applications*

*PeopleSoft Process Scheduler*

# PeopleSoft Stock Administration Preface

This preface discusses:

- PeopleSoft application fundamentals.
- PeopleBook structure.

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**Note.** This PeopleBook documents only page elements that require additional explanation. If a page element is not documented with the process or task in which it is used, then either it requires no additional explanation or it is documented with common elements for the section, chapter, PeopleBook, or product line.

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## PeopleSoft Application Fundamentals

The *PeopleSoft Stock Administration PeopleBook* provides you with implementation and processing information for your PeopleSoft Stock Administration system. Additionally, essential information describing the setup and design of your system appears in a companion volume of documentation called *PeopleSoft Application Fundamentals for HRMS PeopleBook*. Each PeopleSoft product line has its own version of application fundamentals documentation.

*PeopleSoft Application Fundamentals for HRMS PeopleBook* consists of important topics that apply to many or all PeopleSoft applications across the PeopleSoft HRMS product line. No matter which PeopleSoft HRMS products you are implementing, 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.

### See Also

*PeopleSoft Application Fundamentals for HRMS PeopleBook*

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## PeopleBook Structure

PeopleSoft PeopleBooks follow a common structure. By understanding this structure, you can use this PeopleBook more efficiently.

| Chapters                                             | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Preface                                              | <p>This is the chapter you're reading now. It explains:</p> <ul style="list-style-type: none"> <li>• How to use the Application Fundamentals book.</li> <li>• How PeopleBooks are structured.</li> <li>• Common elements that are used in the PeopleBook. For example, if a data field is used on multiple pages, it might be defined only once in this chapter rather than repeatedly throughout the book.</li> </ul>                                                                                                                                                                                                                                        |
| Getting Started With PeopleSoft Stock Administration | <p>This chapter discusses product implementation guidelines. It explains:</p> <ul style="list-style-type: none"> <li>• The business processes documented within the book.</li> <li>• Integrations between the product and other products.</li> <li>• A high-level guide to how our documentation maps to the overall implementation process; it doesn't offer step-by-step guidance on how to perform an actual implementation.</li> </ul>                                                                                                                                                                                                                    |
| Understanding PeopleSoft Stock Administration        | <p>This is an introductory chapter that broadly explains the product and the functionality within the product.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Setup and Implementation                             | <p>This can be one or more chapters. These chapters contain documentation to assist you in setting up and implementing the product. For example, if functionality X is part of a product, this chapter would be devoted to explaining how to set up functionality X, not necessarily how to use functionality X. You would look to the corresponding business process chapter to learn how to use the functionality.</p> <p><b>Note.</b> There may be times when a small amount of business process information is included in a setup chapter if the amount of business process documentation was insufficient to create a separate section in the book.</p> |



| Chapters         | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Business Process | <p>This can be one or more chapters. These chapters contain documentation that addresses specific business processes with each chapter generally devoted to a specific functional area. For example, if functionality X is part of a product, this chapter would be devoted to explain how the functionality works, not necessarily how to set up functionality X. You would look to the corresponding setup and implementation chapter to learn how to set up the functionality.</p> <p><b>Note.</b> There may be times when a small amount of setup and implementation information is included in a business process chapter if the amount of setup and implementation documentation was insufficient to create a separate chapter in the book.</p> |
| Appendices       | (optional) If the book requires it, one or more appendices might be included in the book. Appendices contain information considered supplemental to the primary documentation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Reports Appendix | (optional) This appendix contains an abbreviated list of all of the product's reports. The detailed documentation on the use of these reports is usually included in the related business process chapter.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |



# CHAPTER 1

## Getting Started With PeopleSoft Stock Administration

This chapter lists stock administration business processes and provides an overview of the implementation tasks required for PeopleSoft Stock Administration.

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### PeopleSoft Stock Administration Business Processes

This PeopleBook discusses the following PeopleSoft Stock Administration business processes:

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

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### Implementing PeopleSoft Stock Administration

Stock Administration table-loading implementation includes setting up the following:

- PeopleSoft HRMS fundamental tables.
- Stock Administration application tables.
- Additional Stock Administration application tables.

In the planning phases of your implementation, take advantage of all PeopleSoft information sources including installation guides and table-loading sequences.

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**Important!** The order in which you set up tables that are required to implement PeopleSoft Stock Administration may vary because each individual application isn't necessarily set up in sequence. For example, you may set up core Human Resources tables, tables for Stock Administration, several tables specific to a country or industry, then additional Stock Administration core tables. The order in which you set up tables may also depend on the features you want to use. The information provided in this chapter offers a high-level guide on how our documentation maps to the overall implementation process and is not a step-by-step guide on how to perform an actual implementation.

---

## Setting Up PeopleSoft HRMS Fundamental Tables

PeopleSoft Stock Administration requires setting up fundamental HRMS tables that are common to multiple HRMS applications. The information that you define in these tables establishes the foundation for Stock Administration setup.

| Step                                              | Reference                                                                                                   |
|---------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| 1. □ Set up PeopleSoft HRMS fundamental tables. □ | <i>PeopleSoft 8.8 Application Fundamentals for HRMS PeopleBook</i> , “Getting Started With PeopleSoft HRMS” |

## Setting Up Core PeopleSoft Stock Administration Tables

The steps discussed in this section suggest the order in which you define your core Stock Administration tables to support these business processes:

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

**Note.** The order in which you set up stock option plans and stock purchase plans is not important because these business processes are independent of each other.

| Step                                                                                                                                        | Reference                                                                                                                                                                                                                                                                                                                  |
|---------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. (Optional) Set up payroll tables if you are integrating with Payroll for North America.                                                  | <i>PeopleSoft 8.8 Payroll for North America PeopleBook</i> , “Getting Started With PeopleSoft Payroll for North America”                                                                                                                                                                                                   |
| 2. (Optional) Set up benefits tables if you are integrating with the Base Benefits business process and PeopleSoft Benefits Administration. | <ul style="list-style-type: none"> <li>• <i>PeopleSoft 8.8 Human Resources PeopleBook: Manage Base Benefits</i>, “Getting Started With PeopleSoft Human Resources Base Benefits”</li> <li>• <i>PeopleSoft 8.8 Benefits Administration PeopleBook</i>, “Getting Started With PeopleSoft Benefits Administration”</li> </ul> |
| 3. Set up Stock Administration foundation tables.                                                                                           | <a href="#">Chapter 3, “Defining Stock Administration Business Rules,” Setting Up Foundation Tables, page 12</a>                                                                                                                                                                                                           |
| 4. Define stock IDs and stock rules.                                                                                                        | <a href="#">Chapter 3, “Defining Stock Administration Business Rules,” Setting Up Stock Rules, page 18</a>                                                                                                                                                                                                                 |
| 5. Set up stock attributes that change over time, such as the transfer agent, rounding rules, and earnings codes.                           | <a href="#">Chapter 3, “Defining Stock Administration Business Rules,” Defining Stock Details, page 22</a>                                                                                                                                                                                                                 |
| 6. Define the Stock Exchanges where your stock is traded and link them to stock IDs.                                                        | <a href="#">Chapter 3, “Defining Stock Administration Business Rules,” Linking a Stock Exchange to a Stock ID, page 27</a>                                                                                                                                                                                                 |
| 7. (Optional). Define Stock Agreement IDs and legends.                                                                                      | <a href="#">Chapter 3, “Defining Stock Administration Business Rules,” Creating Stock Agreement IDs and Stock Legends, page 28</a>                                                                                                                                                                                         |

| Step                                                                                                                                                                                 | Reference                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| 8. Set up blackout rules that determine when certain individuals are prevented from buying or selling company stock.                                                                 | <a href="#">Chapter 3, “Defining Stock Administration Business Rules,” Defining Blackout Rules, page 30</a>                                     |
| 9. Define the process groups that group participants by pay group.                                                                                                                   | <a href="#">Chapter 3, “Defining Stock Administration Business Rules,” Defining Process Groups, page 32</a>                                     |
| 10. Allocate stock to treasury, stock classes, and plans.                                                                                                                            | <a href="#">Chapter 3, “Defining Stock Administration Business Rules,” Allocating Shares to the Treasury, Stock Classes, and Plans, page 33</a> |
| 11. (Optional) To set up stock option plans, define vesting schedules, fiscal years, stock option plan rules, stock action rules, tax rules, and reasons for granting stock options. | <a href="#">Chapter 4, “Setting Up Stock Option Plans,” page 39</a>                                                                             |
| 12. (Optional) To set up stock purchase plans, define stock purchase plan rules, offering and purchase periods, stock purchase IDs, processing messages, and hold reasons.           | <a href="#">Chapter 5, “Setting Up Stock Purchase Plans,” page 61</a>                                                                           |

## Setting Up Additional PeopleSoft Tables

This step defines information in additional tables that use the information defined in your core tables as their foundation.

Setting up these additional tables prepares your system to integrate with the Human Resources: Variable Compensation business process.

| Step                                                | Reference                                                                                                                                                       |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. (Optional). Set up Variable Compensation tables. | <i>PeopleSoft 8.8 Human Resources PeopleBook: Manage Variable Compensation</i> , “Getting Started With PeopleSoft Human Resources Manage Variable Compensation” |



## CHAPTER 2

# Understanding PeopleSoft Stock Administration

This chapter provides an overview of PeopleSoft Stock Administration and discusses:

- Key features of PeopleSoft Stock Administration.
- Integration with other PeopleSoft HRMS applications.

---

## PeopleSoft Stock Administration Business Processes

PeopleSoft Stock Administration supports the following business processes:

- Managing stock administration.
- Administering stock options.
- Administering variable compensation grants.
- Administering grants.
- Administering exercises.
- Administering releases.
- Administering stock option dispositions.
- Administering repurchases.
- Processing stock actions.
- Administering reprice.
- Administering enrollment.
- Administering participant contributions.
- Administering purchases.
- Administering refunds.
- Administering stock purchase dispositions.
- Accounting for stock-based compensation plans.

---

## Key Features of PeopleSoft Stock Administration

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

### General Stock Administration

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

- Support multiple plans.
- Track and maintain plan balances, common issued and outstanding shares, and treasury shares.
- Store transfer agent, escrow agent, and broker instructions.
- Track insider activity.
- Track daily stock prices.
- Calculate the fair market value (FMV).
- Create multiple FMV methods.
- Identify individuals for proxy and Section 16 reporting.
- Value stock options and purchases in compliance with FAS 123.

### Stock Options

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

- Generate grants from plans based on stock awards allocated in variable compensation and individual grants.
- Create vesting schedules tailored to your plans.
- Administer plans that enable exercises before shares have vested and to repurchase shares that are exercised before vesting.
- Identify eligible individuals for repricing and enable them to elect which grants they want to reprice. You can set restrictions (for example, vesting and exercise restrictions) on the reprice grants.
- 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 Purchases

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



Stock purchase functionality enables you to:

- Integrate with PeopleSoft Benefits and PeopleSoft Benefits Administration to leverage benefits enrollment, deduction, and eligibility checking as you enroll employees in stock purchase plans.
- Integrate with PeopleSoft Payroll for North America to administer employee-authorized stock purchase payroll deductions.
- Administer fixed and rolling offerings.
- Capture multiple grant dates in a purchase period.
- Process and track employee stock purchase participants who are not administered by HR.
- Accept multi-currency contributions and refunds.
- Monitor the Section 423 \$25K limit and other rules and limits defined in your stock purchase plans.

## Predefined Administrative and Regulatory Reports

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

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

---

## Integrating With Other PeopleSoft HRMS Applications

PeopleSoft Stock Administration is an application that is required to operate within PeopleSoft Human Resources.

### Integrating With PeopleSoft Human Resources

By integrating PeopleSoft Stock Administration with PeopleSoft Human Resources, you can set up Stock Action tables and receive workflow notification when a plan participant's HR status changes.

#### Stock Actions

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

## Non-Employees

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

## Multiple Jobs

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

## Variable Compensation

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

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

## See Also

Chapter 8, "Administering Variable Compensation Grants," Understanding Variable Compensation, page 117

## Integrating With the Base Benefits Business Process and PeopleSoft Benefits Administration

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

## Integrating With PeopleSoft Payroll for North America

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

### Stock Option Transactions

The integrated stock option transactions are:

- Exercises and releases.

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

- Dispositions.

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

## **Integrated Stock Purchase Transactions**

The integrated stock purchase transactions are:

- Contributions.

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

- Refunds.

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

- Dispositions.

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



## CHAPTER 3

# Defining Stock Administration Business Rules

This chapter provides an overview on defining business rules 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

Start building your stock administration system by creating a stock profile that includes:

- Information about regulatory requirements.
- The stock exchange on which your company's stock is traded.
- The transfer and escrow agencies you use.
- The brokerage firms and branches that handle your stock transactions.
- The methods you use to value your stock.

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

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

### Prerequisites

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.
- Review your application integration decisions.

## See Also

Chapter 2, “Understanding PeopleSoft Stock Administration,” Integrating With Other PeopleSoft HRMS Applications, page 7

*PeopleSoft 8.8 Application Fundamentals for HRMS PeopleBook*, “Installing PeopleSoft HRMS”

*PeopleSoft 8.8 Global Payroll PeopleBook*, “Using Schedules,” Defining Holiday Schedules

## Common Elements Used in This Chapter

|                              |                                                                                                                                                                                            |
|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Allocation Date</b>       | Date on which shares are allocated to the treasury, stock class, or stock plan, as applicable.                                                                                             |
| <b>Allocation Type</b>       | Available types are <i>Adjustment</i> , <i>Board App</i> (board approved), <i>Init Alloc</i> (initial allocation), <i>Shldr App</i> (shareholder approved), or <i>Split</i> (stock split). |
| <b>Governing Body</b>        | Regulatory body that governs equity compensation plans.                                                                                                                                    |
| <b>Shares Allocated</b>      | 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.  |
| <b>Treasury ID</b>           | Identifies the treasury from which shares are being allocated.                                                                                                                             |
| <b>Use Captive Broker</b>    | Requires that participants use a captive broker for options transactions that require a broker.                                                                                            |
| <b>Years from Grant Date</b> | Minimum number of years from grant date to sale date for an ISO sale to be considered a qualified disposition.                                                                             |

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## 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 component defines the regulatory requirements of the PeopleSoft Stock Administration application. The tables you set up on these pages store rules ensuring that the processes and reports you generate are accurate and in compliance with these regulations.

The system displays default amounts defined by the IRS for qualified stock option plans and employee stock purchase plans as of 1/1/1933, the date that IRS Section 422 and 423 regulations became effective. You can change the default amounts if, for example, you want to make all your equity plans more restrictive. If you make the amounts more generous, your plans may not comply with regulatory agency rules and securities laws.

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_BODY1  | Set Up HRMS, Product Related, Stock, Foundation Rules, Governing Body Rules, General              | Define the governing body for your stock plans and add comments.                                          |
| Governing Body Rules - Stock Option Rules   | ST_GOVERN_BODY2  | Set Up HRMS, Product Related, Stock, Foundation Rules, Governing Body Rules, Stock Option Rules   | Define ISO Section 422 rules and Section 83B filing days for your stock option system.                    |
| Governing Body Rules - Stock Purchase Rules | ST_GOVERN_BODY3  | Set Up HRMS, Product Related, Stock, Foundation Rules, Governing Body Rules, Stock Purchase Rules | Define Section 423 rules for your stock purchase system.                                                  |
| Stock Exchange Table - General              | ST_EXCHANGE_TBL1 | Set Up HRMS, Product Related, Stock, Foundation Rules, Stock Exchange Table, General              | Define the stock exchanges where the stocks administered in your system are traded.                       |
| Stock Exchange Table - Contact              | ST_EXCHANGE_TBL2 | Set Up HRMS, Product Related, Stock, Foundation Rules, Stock Exchange Table, Contact              | Specify contact information for the stock exchange.                                                       |
| Transfer/Escrow Agency - General            | ST_AGENT1        | Set Up HRMS, Product Related, Stock, Foundation Rules, Transfer/Escrow Agency, General            | Define the agencies that provide escrow or transfer agent service for stocks administered in your system. |
| Transfer/Escrow Agency - Address            | ST_AGENT2        | Set Up HRMS, Product Related, Stock, Foundation Rules, Transfer/Escrow Agency, Address            | Define the address of the agencies that provide transfer or escrow service.                               |
| Brokerage Table                             | ST_BROKERAGE     | Set Up HRMS, Product Related, Stock, Foundation Rules, Brokerage Table                            | Define the brokerage firms that your company has approved for stock plan participants.                    |
| Brokerage/Branch Table                      | ST_BRKR_BRANCH   | Set Up HRMS, Product Related, Stock, Foundation Rules, Brokerage/Branch Table                     | Define the branches of the brokerage firms your participants use.                                         |
| FMV Method Table                            | ST_FMV_MTHD_TBL  | Set Up HRMS, Product Related, Stock, Foundation Rules, FMV Method Table                           | Define the different fair market value (FMV) methods you use for stock transactions.                      |

| Page Name                  | Object Name | Navigation                                                                        | Usage                                                                                                                                 |
|----------------------------|-------------|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| Governing Body Rules Rpt   | PRSCRUNCTL  | Set Up HRMS, Product Related, Stock, Foundation Rules, Governing Body Rules Rpt   | Define run parameters for the Governing Body Rules report (STSU001). Use the report to view governing body information.               |
| Exchange Table Rpt         | PRSCRUNCTL  | Set Up HRMS, Product Related, Stock, Foundation Rules, Exchange Table Rpt         | Define run parameters for the Exchange Table report (STSU002). Use the report to view exchange table information.                     |
| Transfer/Escrow Agency Rpt | PRSCRUNCTL  | Set Up HRMS, Product Related, Stock, Foundation Rules, Transfer/Escrow Agency Rpt | Define run parameters for the Transfer/Escrow Agency report (STSU003). Use the report to view transfer and escrow agency information. |
| Brokerage Table Rpt        | PRSCRUNCTL  | Set Up HRMS, Product Related, Stock, Foundation Rules, Brokerage Table Rpt        | Define run parameters for the Brokerage Table report (STSU004). Use the report to view Brokerage Table information.                   |
| FMV Method Table Rpt       | PRSCRUNCTL  | Set Up HRMS, Product Related, Stock, Foundation Rules, FMV Method Table Rpt       | Define run parameters for the FMV Method Table report (STSU006). Use the report to view FMV Method Table information.                 |

## Defining the General Governing Body Rules

Access the 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.



|                                                                                           |              |                              |   |                      |    |
|-------------------------------------------------------------------------------------------|--------------|------------------------------|---|----------------------|----|
| General                                                                                   |              | Stock Option Rules           |   | Stock Purchase Rules |    |
| Governing Body: IRS                                                                       |              |                              |   |                      |    |
| Governing Body Rules <span style="float: right;">Find   View All First 1 of 1 Last</span> |              |                              |   |                      |    |
| Effective Date: 01/01/1933 <span style="float: right;">+ -</span>                         |              |                              |   |                      |    |
| ISO Section 422 Rules                                                                     |              |                              |   |                      |    |
| Annual Exercisable Value Limit:                                                           | \$100,000.00 | Grace Period - Months        |   |                      |    |
| Option Life Limit Years:                                                                  | 10           | Termination:                 | 3 | Disability:          | 12 |
| 10% Shareholder FMV Rule:                                                                 | 110.00       | Disqual Disposal Hold Period |   |                      |    |
| 10% Shareholder Optn Life Yrs:                                                            | 5            | Years From Grant Date:       |   | 2                    |    |
| Section 83B Filing Days:                                                                  | 30           | Years From Exercise Date:    |   | 1                    |    |

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 Disposal 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.

The screenshot displays the 'Governing Body Rules' interface for 'Stock Purchase Rules'. At the top, there are tabs for 'General', 'Stock Option Rules', and 'Stock Purchase Rules'. Below the tabs, the 'Governing Body' is set to 'IRS'. The 'Effective Date' is '01/01/1933'. The 'Section 423 Rules' section contains several input fields: 'Purchase Value Limit' is \$25,000.000000, 'Percentage Discount Limit' is 15.00, 'Offering Period Maximum Months' is 27, and 'Major Shareholder Percent' is 5. A 'Disqual Disposn Hold Period' box is also present, with 'Years From Grant Date' set to 2 and 'Years From Purchase Date' set to 1. Navigation buttons like 'Find', 'View All', 'First', 'Last', and page indicators '1 of 1' are visible at the top right of the form area.

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

**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 Transfer/Escrow Agencies

Access the Transfer/Escrow Agency - General page.

**General** | **Address**

**Agency ID:** KUNEWYORK **DTC Account Nbr:** 3333333333

| Transfer/Escrow Agency |                      | Find   View All | First  | 1 of 1 | Last |
|------------------------|----------------------|-----------------|--------|--------|------|
| *Effective Date:       | 01/01/1980           | *Status:        | Active |        |      |
| *Description:          | The Bank of New York |                 |        |        |      |
| Short Description:     | New York             |                 |        |        |      |
| *Agency Type:          | Escrow/Transfer      |                 |        |        |      |

Transfer/Escrow Agency - General page

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

**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.

**Note.** The system stores history about deactivated branches.

## Defining FMV Methods

Access the FMV Method Table page.

**FMV Method:** E5PR/CL

| FMV Method Table   |                                | Find   View All | First | 1 of 1 | Last |
|--------------------|--------------------------------|-----------------|-------|--------|------|
| *Effective Date:   | 01/01/1993                     |                 |       |        |      |
| *Description:      | Average Close for 5 prior days |                 |       |        |      |
| Short Description: | 5PR/CL                         |                 |       |        |      |

**Trading Day**

☐ Current Business Day  
☒ Prior Business Day

**Price**

**FMV Average Days:** 5  
**\*Indicator:** Close Price

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.

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## See Also

*PeopleSoft 8.8 Application Fundamentals for HRMS PeopleBook*, "Working With Currencies"

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## 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     | Set Up HRMS, Product Related, Stock, Stock Rules, Stock Table                 | Create a unique stock ID that identifies a stock.                                                                          |
| Stock Agent Table            | STOCK_AGENT   | Set Up HRMS, Product Related, Stock, Stock Rules, Stock Agent Table           | Link 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 | Set Up HRMS, Product Related, Stock, Stock Rules, 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 | Set Up HRMS, Product Related, Stock, Stock Rules, Contact                     | Define brokerage branch contacts.                                                                                          |
| Stock Agent Report           | PRSCRUNCTL    | Set Up HRMS, Product Related, Stock, Stock Rules, Stock Agent Report          | Define run parameters for the Stock Agent Table report (STSU017). Use the report to view Stock Agent Table information.    |
| Stock Branch Report          | PRSCRUNCTL    | Set Up HRMS, Product Related, Stock, Stock Rules, Stock Branch Report         | Define run parameters for the Stock Branch Table report (STSU018). Use the report to view Stock Branch Table information.  |

## Creating a Stock ID

Access the Stock Table page.

| Stock Table                     |                                                                               |                                                                                      |                                                        |
|---------------------------------|-------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------|
| Stock ID:                       | EBAR1                                                                         |                                                                                      |                                                        |
| *Description:                   | <input type="text" value="Grants Test Suite Stock ID"/>                       | Currency Code:                                                                       | USD                                                    |
| Short Description:              | <input type="text" value="KBAR1"/>                                            | <div>Daily Prices</div> <div>*Days to Display: <input type="text" value="31"/></div> |                                                        |
| *Company:                       | <input type="text" value="EC1"/> <input type="button" value="Q"/> Company EC1 |                                                                                      |                                                        |
| *Par Value:                     | <input type="text" value="\$10.000000"/>                                      | CUSIP Number:                                                                        | <input type="text" value="000000001"/>                 |
| *Accounting Standard:           | <input type="text" value="APB 25"/> <input type="button" value="v"/>          | FAS 123 Adoption Date:                                                               | <input type="text"/> <input type="button" value="B1"/> |
| *FAS 123 Disclosure Date:       | <input type="text" value="05/25/2001"/> <input type="button" value="B1"/>     |                                                                                      |                                                        |
| Last Grant Number:              | 75                                                                            | Last Exercise Number:                                                                | 5                                                      |
| Last Option Disposition Number: | 33                                                                            | Last Purchase Disposition Nbr:                                                       | 31                                                     |
| Last Release Number:            | 1                                                                             | Last Repurchase Number:                                                              | 0                                                      |
| Last Check Number:              | 2                                                                             |                                                                                      |                                                        |

Stock Table page

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Par Value</b>               | Enter the stock's par value. This is the lowest price the stock can trade and is informational only.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>CUSIP Number</b>            | Enter the stock's CUSIP number.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Accounting Standard</b>     | Select the financial accounting standard that your organization has adopted for valuing stock options and stock purchases. Values are: <i>FAS 123</i> and <i>APB 25</i> .                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>FAS 123 Adoption Date</b>   | If applicable, enter the date your organization adopted FAS 123.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>FAS 123 Disclosure Date</b> | <p>Enter the date your company either adopted the expense recognition requirements of FAS 123 or began to disclose the proforma impact of FAS 123.</p> <p>If you selected FAS 123 as the accounting standard, enter the first day of your company's first fiscal year <i>after</i> 12/15/1995.</p> <p>If you selected APB 25 enter the first day of your company's first fiscal year <i>after</i> 12/15/1994.</p> <hr/> <p><b>Note.</b> When you run the Valuation Audit report, the system identifies all grants issued after this date that do not have a valuation record.</p> <hr/> |
| <b>Days to Display</b>         | 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

Chapter 6, “Managing Stock Administration,” Specifying Daily Stock Prices, page 88

## Linking Brokerage Branches to Stock IDs

Access the Stock Branch Table - General page.

The screenshot displays the 'Stock Branch Table - General' page. At the top, there are tabs for 'General' and 'Contact'. Below the tabs, the following information is displayed:

- Stock ID:** EBAR1 Grants Test Suite Stock ID
- Brokerage ID:** EBARNEY Smith Barney
- Branch ID:** EBARNYLA Barny LA Branch
- Last Control Nbr:** 0

Below this information is a section titled 'Stock Branch Table'. It includes a search bar with 'Find | View All' and a pagination indicator 'First 1 of 1 Last'. The table has two main sections:

- Manage Fees:**
  - ☐ Brokerage Fees
  - ☐ SEC Fees
  - ☒ Brokerage Commission
- Captive Broker:**
  - ☒ Stock Options
  - ☐ Stock Purchase

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.

**General** **Contact**

**Stock ID:** EBAR1 Grants Test Suite Stock ID

**Brokerage ID:** EBARNEY Smith Barney

**Branch ID:** EBARNYLA Barny LA Branch

**Stock Branch Table** Find | View All First 1 of 1 Last

**Effective Date:** 01/01/1993 **Status:** Active

**Contact Information** Find | View All First 1 of 1 Last

**Contact Type**

- ☒ Administrative
- ☐ Broker
- ☐ Administrative/Broker

**Name:** N

**Phone:** Mary Smith

**Email Address:** 5102345678

**Fax Number:** 567/890-3456

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     | Set Up HRMS, Product Related, Stock, Stock Rules, Stock Details, General         | Define general characteristics of the stock, such as public/private status, SEC registration, and escrow and transfer agents.                    |
| Stock Details - Common Rules    | STOCK_DTL2     | Set Up HRMS, Product Related, Stock, Stock Rules, Stock Details, Common Rules    | Define rules common to stock option and stock purchase plans, including fractional share, stock price, and non-trading day rules.                |
| Stock Details - Stock Option    | STOCK_DTL3     | Set Up HRMS, Product Related, Stock, Stock Rules, Stock Details, Stock Options   | Define rules specific to stock option plans, such as earnings codes, company share limit, ISO limit rule, captive broker, and agreement details. |
| Stock Option Earnings Codes     | STOCK_DTL_SEC1 | Click Stock Option Earnings Codes on the Stock Details - Stock Option page.      | Define stock option earnings codes.                                                                                                              |
| Stock Details - Stock Purchases | STOCK_DTL4     | Set Up HRMS, Product Related, Stock, Stock Rules, Stock Details, Stock Purchases | Define rules specific to stock purchase plans, such as earnings codes, purchase value limit, and captive broker.                                 |
| Stock Purchase Earnings Codes   | STOCK_DTL_SEC2 | Click Stock Purchase Earnings Codes on the Stock Details - Stock Purchase page.  | Define the stock purchase earnings codes for disqualified and qualified dispositions.                                                            |
| Stock Details - Contact         | STOCK_DTL5     | Set Up HRMS, Product Related, Stock, Stock Rules, Stock Details, Contact         | Add the name, phone number, email address, and fax number of the stock administrator.                                                            |
| Stock Detail Report             | PRSCRUNCTL     | Set Up HRMS, Product Related, Stock, Stock Rules, Stock Detail Report            | Define run parameters for the Stock Detail report (STSU019). Use the report to view Stock Detail information.                                    |

## Defining the General Characteristics of Your Stock

Access the Stock Details - General page.

Stock ID: EBAR1 Grants Test Suite Stock ID

Stock Details Find | View All First 1 of 1 Last

\*Effective Date: 01/01/1993 \*Status: Active

\*Public/Private: Public ☒ SEC Registered

Escrow Agent ID: ECHASE Chase Agency

Transfer Agent ID:

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 ID: EBAR1 Grants Test Suite Stock ID

Stock Details Find | View All First 1 of 1 Last

Effective Date: 01/01/1993

\*FMV Method: EHIGH/LOW Average of High/Low

Net Earnings Code: SNT Stock Taxes Net Offset

**Fractional Share Rules**

Decimal Places: 5

\*Rounding Rule: Down

**Stock Price Rules**

Decimal Places: 6

\*Rounding Rule: Down

**Non-Trading Day Rules**

\*Holiday: Next Trading Day

\*Weekend: Both Previous Trading Day

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.

|                      |                                                                                    |
|----------------------|------------------------------------------------------------------------------------|
| <b>Rounding Rule</b> | Defines how to round the fractional shares and stock prices.                       |
| <b>Holiday</b>       | The day's price to use when an FMV calculation includes a holiday.                 |
| <b>Weekend</b>       | 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.

General Common Rules **Stock Options** Stock Purchases Contact

Stock ID: EBAR1 Grants Test Suite Stock ID

Stock Details Find | View All First 1 of 1 Last

Effective Date: 01/01/1993 [Stock Option Earnings Codes](#)

**Company Share Limit Rules**

\*Year Rule: Calendar Year

\*Limit Rule: Plan Limit

Optionee Limit: 0

☐ Use Captive Broker

☐ Prompt Option Agreement

**ISO Limit Rules**

\*Vesting Rule: Even Distribution of ISO

\*Repricing Rule: First Exercisable All Years

Stock Details - Stock Options page

|                                    |                                                                                                                                                                                                                                                                                                                    |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Stock Option Earnings Codes</b> | Click to access the Stock Option Earnings Code page, where you can define stock option earnings codes.                                                                                                                                                                                                             |
| <b>Year Rule</b>                   | Select either <i>Calendar Year</i> or <i>Fiscal Year</i> to indicate how your company calculates any company-mandated annual share limits on stock option grants to optionees. Select <i>Calendar Year</i> if your company does not impose a share limit.                                                          |
| <b>Limit Rule</b>                  | Select <i>Stock Limit</i> if your company limits the number of shares granted to each optionee for this stock ID. Select <i>Stock Plan</i> if your company limits the number of shares granted to each optionee by stock plan.                                                                                     |
| <b>Optionee Limit</b>              | The number of shares each optionee is limited to.                                                                                                                                                                                                                                                                  |
| <b>Vesting Rule</b>                | The rule used to handle the amount over the ISO limit. Select <i>Even Distribution of ISO</i> to use the same percentage over the limit to determine the total non-qualifying (NQ) shares. Select <i>Maximum ISO limit each year</i> to use the actual percentage over the limit to determine the total NQ shares. |
| <b>Repricing Rule</b>              | The rule used to determine how repriced grants contribute to the ISO limit. Select <i>First Exercisable All Years</i> to look at the shares first exercisable in all years. Select <i>First Exercisable as of Reprice</i> to look at the shares first exercisable the year of the reprice up to the reprice date.  |
| <b>Prompt Option Agreement</b>     | Enables the system to prompt a warning message for exercise transactions that do not have a related agreement on file.                                                                                                                                                                                             |

**See Also**

Chapter 7, “Administering Stock Option Plans,” Validating ISO Limits, page 101

**Defining Stock Option Earnings Codes**

Access the Stock Option Earnings Codes page.

| Stock Option Earnings Codes                                             |     |                         |
|-------------------------------------------------------------------------|-----|-------------------------|
| <b>Calculate Taxes Earnings Code</b>                                    |     |                         |
| NQ/RSA:                                                                 | STP | Stock - Tax Payment     |
| <b>Ordinary Income Earnings Codes</b>                                   |     |                         |
| NQ Exercise:                                                            | SOI | Stock - Ordinary Income |
| NQ Release:                                                             | SOI | Stock - Ordinary Income |
| RSA Exercise:                                                           | SOI | Stock - Ordinary Income |
| RSA Release:                                                            | SOI | Stock - Ordinary Income |
| Disqualifying Disposition:                                              | SOI | Stock - Ordinary Income |
| <input type="button" value="OK"/> <input type="button" value="Cancel"/> |     |                         |

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 8.8 Payroll for North America PeopleBook*, “Defining Earnings Codes and Earnings Programs”

**Defining Stock Purchase Plan Rules**

Access the Stock Details - Stock Purchases page.

General Common Rules Stock Options **Stock Purchases** Contact

Stock ID: EBAR1 Grants Test Suite Stock ID

Stock Details Find | View All First 1 of 1 Last

Effective Date: 01/01/1993 [Stock Purchase Earnings Codes](#)

**Purchase Value Limit Rules**

Governing Body: IRS

Purchase Limit: \$25,000.000000

\*Interpretation: Years Offering Outst:

☒ Use Captive Broker

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 8.8 Payroll for North America PeopleBook*, “Defining Earnings Codes and Earnings Programs”

## 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

| Page Name                      | Object Name     | Navigation                                                                      | Usage                                                                                                                         |
|--------------------------------|-----------------|---------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| Stock Exchange Table - General | STOCK_EXCHANGE1 | Set Up HRMS, Product Related, Stock, Stock Rules, Stock Exchange Table, General | Link a stock ID with a stock exchange and define exchange details.                                                            |
| Stock Exchange Table - Contact | STOCK_EXCHANGE2 | Set Up HRMS, Product Related, Stock, Stock Rules, Stock Exchange Table, Contact | Define stock exchange contacts.                                                                                               |
| Stock Exchange Report          | PRSCRUNCTL      | Set Up HRMS, Product Related, Stock, Stock Rules, Stock Exchange Report         | Define run parameters for the Stock Exchange Table report (STSU008). Use the report to view Stock Exchange Table information. |

## Linking a Stock ID to a Stock Exchange

Access the Stock Exchange Table - General page.

The screenshot shows the 'Stock Exchange Table - General' page. At the top, there are two tabs: 'General' and 'Contact'. The 'General' tab is active. Below the tabs, the 'Stock ID' is 'EBAR1' and the 'Grants Test Suite Stock ID' is 'Grants Test Suite Stock ID'. The main form area contains several fields: '\*Effective Date' (01/01/1993), '\*Status' (Active), '\*Exchange ID' (ENASDAQ), 'Trading Symbol' (EIMT), 'Price Source' (Wall Street Journal), and '\*Currency Code' (USD). The 'Exchange ID' field is linked to 'The Nasdaq Stock Exchange' and the 'Currency Code' field is linked to 'US Dollar'. There are also navigation buttons like 'Find', 'View All', 'First', '1 of 1', and 'Last'.

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 | Set Up HRMS, Product Related, Stock, Stock Rules, Stock Agreement Table  | Create an agreement ID that's included on an individual's stock agreements.                                                     |
| Stock Legend Table     | STOCK_LEGEND    | Set Up HRMS, Product Related, Stock, Stock Rules, Stock Legend Table     | Establish legends for display on the Transfer Agent Issuance Instructions report.                                               |
| Stock Agreement Report | PRSCRUNCTL      | Set Up HRMS, Product Related, Stock, Stock Rules, Stock Agreement Report | Define run parameters for the Stock Agreement Table report (STSU012). Use the report to view Stock Agreement Table information. |
| Stock Legend Report    | PRSCRUNCTL      | Set Up HRMS, Product Related, Stock, Stock Rules, Stock Legend Report    | Define run parameters for the Stock Legend Table report (STSU010). Use the report to view Stock Legend Table information.       |

## Creating Stock Agreement IDs

Access the Stock Agreement Table page.

**Stock ID:** EBAR1 Grants Test Suite Stock ID

**Agreement ID:** E0193AGREE

**Stock Agreement Table** Find | View All First 1 of 1 Last

**\*Effective Date:** 01/01/1993 

**\*Description:** EBAR1 PLAN

**Short Description:** EBAR1

**\*Agreement Type:** Option 

**Comment:** 

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.

The screenshot displays the 'Stock Legend Table' page. At the top, it shows 'Stock ID: EBAR1' and 'Grants Test Suite Stock ID'. Below that, 'Legend ID: EBAR1LE' is entered. The main form area has a title bar 'Stock Legend Table' with navigation links 'Find | View All' and 'First 1 of 1 Last'. The form fields are:
 

- \*Effective Date: 01/01/1993 (with a calendar icon)
- \*Description: EBAR1 LEGEND
- Short Description: EBAR1LE
- Instructions: EBAR1LE (in a large text area)

 There are also '+' and '-' buttons next to the Effective Date field.

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     | Set Up HRMS Product Related, Stock, Stock Rules, Stock Blackout         | Define the blackout periods when designated groups or individuals are prevented from buying or selling company stock. |
| Additional Insider(s) | ST_BLACKOUT_SEC | Click Additional Insider(s) on the Stock Blackout page.                 | Select additional individuals subject to the blackout period.                                                         |
| Stock Blackout Report | PRSCRUNCTL      | Set Up HRMS, Product Related, Stock, Stock Rules, Stock Blackout Report | Define run parameters for the Stock Blackout report (STSU014). Use the report to view stock blackout information.     |

## Defining Blackout Periods

Access the Stock Blackout page.

**Stock ID:** EBAR1 Grants Test Suite Stock ID

**Stock Blackout** Customize | Find | View All | First 1 of 1 Last

Blackout 1 | Blackout 2

|   | *Start Date | *End Date  | *Description                   |   |   |
|---|-------------|------------|--------------------------------|---|---|
| 1 | 01/01/2002  | 04/01/2002 | Black out period for insider's | + | - |

Stock Blackout - Blackout 1 page

**Stock ID:** EBAR1 Grants Test Suite Stock ID

**Stock Blackout** Customize | Find | View All | First 1 of 1 Last

Blackout 1 | Blackout 2

|   | Blackout All             | Reporting Person         | Director                            | Officer                  | Company Insider                     | Beneficial Owner         |                       |   |   |
|---|--------------------------|--------------------------|-------------------------------------|--------------------------|-------------------------------------|--------------------------|-----------------------|---|---|
| 1 | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Additional Insider(s) | + | - |

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 | Set Up HRMS, Product Related, Stock, Foundation Rules, Process Group      | Use the Process Group page to define how contributions from companies and pay groups are combined as a unit for processing. |
| Process Groups Rpt | PRSCRUNCTL     | Set Up HRMS, Product Related, Stock, Foundation Rules, Process Groups Rpt | Define run parameters for the Process Groups report (STSU026). Use the report to view process group information.            |

### Setting Up Process Groups

Access the Process Group page.

**Process Group:** KUESPPUSA

**Process Group** Find | View All First 1 of 1 Last

**Effective Date:** 01/01/1999

**\*Description:** ESPP US Employees **Short Description:** ESPP USA

**Contact:**

**Telephone:**

**\*Currency Code:** USD US Dollar

**Detailed Information** Customize | Find | View All | First 1-5 of 6 Last

|   | *Company | Pay Group | Country | Currency Code |  |  |
|---|----------|-----------|---------|---------------|--|--|
| 1 | GBI      | KU1       | USA     | USD           |  |  |
| 2 | GBI      | KU2       | USA     | USD           |  |  |
| 3 | GBI      | KU3       | USA     | USD           |  |  |
| 4 | GBI      | KU4       | USA     | USD           |  |  |
| 5 | GBI      | KU5       | USA     | USD           |  |  |

Process Group page

#### Contact

The EmplID of the contact for the process group.

|                  |                                                                                                                                            |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Company</b>   | The company to include in the process group. Only companies with the same currency may be included in a process group.                     |
| <b>Pay Group</b> | 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 8.8 Application Fundamentals for HRMS PeopleBook*, “Setting Up Organization Foundation Tables”

*PeopleSoft 8.8 Application Fundamentals for HRMS PeopleBook*, “Working With Currencies”

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## 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_TREASURY1 | Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Treasury Table, General    | Define your treasury pools and relate them to a stock ID. |
| Stock Treasury Table - Allocation | STOCK_TREASURY2 | Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Treasury Table, Allocation | Define the allocations to the treasury.                   |

| Page Name                      | Object Name        | Navigation                                                                                        | Usage                                                                                                                         |
|--------------------------------|--------------------|---------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| 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       | Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Class Table, General                | Set up different classes of equity securities and relate them to a stock ID.                                                  |
| Stock Class Table - Allocation | STOCK_CLASS2       | Set Up HRMS, Product Related, Stock, Allocation Tables, 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        | Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Plan Table, General                 | Define your stock plans and relate them to a stock ID.                                                                        |
| Stock Plan Table - Allocation  | STOCK_PLAN2        | Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Plan Table, Allocation              | Track changes made to a specific stock plan. This page is similar to the Stock Class Table - Allocation page.                 |
| 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.                                              |
| Stock Treasury Table           | PRSCRUNCTL         | Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Treasury Table                      | Define run parameters for the Stock Treasury Table report (STSU015). Use the report to view Stock Treasury Table information. |
| Stock Plan Report              | PRSCRUNCTL         | Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Plan Table, Stock Plan Report       | Define run parameters for the Stock Plan Table report (STSU016). Use the report to view Stock Plan Table information.         |
| Stock Allocation Report        | PRSCRUNCTL         | Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Plan Table, Stock Allocation Report | Define run parameters for the Stock Allocation report (STSU024). Use the report to view Stock Allocation information.         |

## Associating Treasury IDs with Stock IDs

Access the Stock Treasury Table - General page.

GeneralAllocation

Stock ID:EBAR1Grants Test Suite Stock ID

Treasury ID:EIMTR

\*Description:Treasury ID for EBAR1

Short Description:KIMTR

Approval Date:01/01/1993Expiration Date:12/30/2010

Comment:

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

GeneralAllocation

Stock ID:EBAR1Grants Test Suite Stock ID

Treasury ID:EIMTRTreasury ID for EBAR1

Stock Treasury Allocation

|   | *Allocation Date | Sequence | *Allocation Type | Shares Allocated | Approval Date | Description |         |     |
|---|------------------|----------|------------------|------------------|---------------|-------------|---------|-----|
| 1 | 01/01/1993       | 1        | Init Alloc       | 900,000.000000   | 01/01/1993    | Total Shar  | Details | + - |

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.

GeneralAllocation

Stock ID:

EBAR1

Grants Test Suite Stock ID

Stock Class Type:

Common Shares

Stock Class:

ECOMM

\*Description:

Common Shares

Short Description:

Common

Approval Date:

01/01/1993

Stock Class Table - General page

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

Defining Class Allocations

Access the Stock Class Table - Allocation page.

GeneralAllocation

Stock ID:

EBAR1

Grants Test Suite Stock ID

Stock Class Type:

Common Shares

Stock Class:

ECOMM

Common Shares

Stock Class Allocation

CustomizeFindView All

First1 of 1Last

Allocation 1Allocation 2

|   | *Allocation Date | Sequence | *Treasury ID | *Allocation Type | *Shares Allocated | Approval Date |  |  |
|---|------------------|----------|--------------|------------------|-------------------|---------------|--|--|
| 1 | 01/01/1993       | 1        | EIMTR        | Init Alloc       | 100,000.000000    |               |  |  |

Stock Class Table - Allocation: Allocation 1 page

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

| General                   |                                                                                                                           | Allocation                 |                                                                                                                             |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------|----------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| <b>Stock ID:</b>          | EBAR1                                                                                                                     | Grants Test Suite Stock ID |                                                                                                                             |
| <b>Stock Plan Type:</b>   | Option Plan                                                                                                               |                            |                                                                                                                             |
| <b>Stock Plan:</b>        | EQ2000                                                                                                                    |                            |                                                                                                                             |
| <b>*Description:</b>      | <input type="text" value="NQ Plan for VC"/>                                                                               |                            |                                                                                                                             |
| <b>Short Description:</b> | <input type="text" value="NQ Plan fo"/>                                                                                   |                            |                                                                                                                             |
| <b>Approval Date:</b>     | <input type="text" value="02/01/2000"/>  | <b>Expiration Date:</b>    | <input type="text" value="02/01/2010"/>  |

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.

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## See Also

Chapter 2, "Understanding PeopleSoft Stock Administration," Integrating With Other PeopleSoft HRMS Applications, page 7





## CHAPTER 4

# 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.

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## 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.

## Prerequisites

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

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

## See Also

Chapter 3, “Defining Stock Administration Business Rules,” page 11

Chapter 2, “Understanding PeopleSoft Stock Administration,” Integrating With Other PeopleSoft HRMS Applications, page 7

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## 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.

## Pages Used to Set Up a Vesting Schedule

| Page Name               | Object Name   | Navigation                                                                 | Usage                                                                                                                 |
|-------------------------|---------------|----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| Vesting Schedule        | ST_VEST_SCHED | Set Up HRMS, Product Related, Stock, Option Plans, Vesting Schedule        | Define the vesting schedules used for granting stock options.                                                         |
| Vesting Schedule Report | PRSCRUNCTL    | Set Up HRMS, Product Related, Stock, Option Plans, Vesting Schedule Report | Define run parameters for the Vesting Schedule report (STSU021). Use the report to view Vesting Schedule information. |

## Setting Up a Vesting Schedule

Access the Vesting Schedule page.

**Vesting Schedule ID:** KU4YR25%

---

**\*Description:** 4 Year 25% Vest

**Short Description:** 4 Year 25%

**\*Uneven Share Rule:** Last Vest Period

**\*Vesting Begin Code:** Grant Date

| Vesting Schedule |                    |                |                 |              |   | Customize   Find    |  | First | 1-4 of 4 | Last |
|------------------|--------------------|----------------|-----------------|--------------|---|--------------------------------------------------------------------------------------------------------|--|-------|----------|------|
| Sequence         | *Vesting Frequency | Vesting Months | Vesting Percent | Period Count |   |                                                                                                        |  |       |          |      |
| 1                | Vest Date          | 12             | 25.000          | 1            | + | -                                                                                                      |  |       |          |      |
| 2                | Vest Date          | 12             | 25.000          | 1            | + | -                                                                                                      |  |       |          |      |
| 3                | Vest Date          | 12             | 25.000          | 1            | + | -                                                                                                      |  |       |          |      |
| 4                | Vest Date          | 12             | 25.000          | 1            | + | -                                                                                                      |  |       |          |      |

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 | Set Up HRMS, Product Related, Stock, Stock Rules, Stock Fiscal Year         | Define your fiscal year calendar for a stock ID. You must first define a Stock ID on the Stock Table page.              |
| Stock Fiscal Year Report | PRSCRUNCTL       | Set Up HRMS, Product Related, Stock, Option Plans, Stock Fiscal Year Report | Define run parameters for the Stock Fiscal Year report (STSU011). Use the report to view stock fiscal year information. |

## Defining the Fiscal Year for a Stock

Access the Stock Fiscal Year page.

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

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

---

## Defining Stock Option Plan Rules

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

[Chapter 7, "Administering Stock Option Plans," Stock Option Types, page 100](#)

[Chapter 3, "Defining Stock Administration Business Rules," Defining FMV Methods, page 17](#)

[Chapter 3, "Defining Stock Administration Business Rules," Defining Common Rules for Stock Option and Stock Purchase Plans, page 24](#)



## Pages Used to Define Stock Option Plan Rules

| Page Name                                        | Object Name     | Navigation                                                                                         | Usage                                                                                                                                                |
|--------------------------------------------------|-----------------|----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| Stock Option Plan Rules - General                | ST_OPTION_PLAN1 | Set Up HRMS, Product Related, Stock, Option Plans, Stock Option Plan Rules, General                | Define 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 | Set Up HRMS, Product Related, Stock, Option Plans, 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 | Set Up HRMS, Product Related, Stock, Option Plans, 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 | Set Up HRMS, Product Related, Stock, Option Plans, 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 | Set Up HRMS, Product Related, Stock, Option Plans, Stock Option Plan Rules, Option Parameters      | Define by Parameter ID various combinations of option features that you may use when granting options for a particular stock plan.                   |
| Stock Option Plan Rules Rpt                      | PRSCRUNCTL      | Set Up HRMS, Product Related, Stock, Option Plans, Stock Option Plan Rules Rpt                     | Define run parameters for the Stock Option Plan Rules report (STSU020). Use the report to view stock option plan rules information.                  |

## Defining General Rules for a Stock Option Plan

Access the Stock Option Plan Rules - General page.

**General** | Payment/Income Methods | Shares | FMV Rules | Option Parameters

**Stock ID:** EBAR1 Grants Test Suite Stock ID

**Stock Plan Type:** Option Plan

**Stock Plan:** EN2000 2000 Plan for VC Testing

**Stock Option Plan Rules** Find | View All First 1 of 1 Last

**\*Effective Date:** 01/01/2000

**Option Types Allowed**

- ☒ NQ
- ☒ ISO
- ☐ RSA
- ☐ NQ/SAR
- ☐ ISO/SAR

**\*Governing Body:** IRS Internal Revenue Service

**Repurchase Cost Method:** Share Cost

**Days To Repurchase:** 0

☒ Exercise Before Vest

☐ Transferable Options

[Comments](#)

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.

| General                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Payment/Income Methods                            | Shares                                              | FMV Rules                                         | Option Parameters                                 |                  |  |                 |                   |                     |                                          |                                                   |                                          |                                          |                                                   |                                          |                                       |                                                     |                                          |                                           |                                                   |  |  |                                                   |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|-----------------------------------------------------|---------------------------------------------------|---------------------------------------------------|------------------|--|-----------------|-------------------|---------------------|------------------------------------------|---------------------------------------------------|------------------------------------------|------------------------------------------|---------------------------------------------------|------------------------------------------|---------------------------------------|-----------------------------------------------------|------------------------------------------|-------------------------------------------|---------------------------------------------------|--|--|---------------------------------------------------|--|
| <b>Stock ID:</b> EBAR1 Grants Test Suite Stock ID<br><b>Stock Plan Type:</b> Option Plan<br><b>Stock Plan:</b> EN2000 2000 Plan for VC Testing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                   |                                                     |                                                   |                                                   |                  |  |                 |                   |                     |                                          |                                                   |                                          |                                          |                                                   |                                          |                                       |                                                     |                                          |                                           |                                                   |  |  |                                                   |  |
| <b>Stock Option Plan Rules</b> Find   View All First 1 of 1 Last                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                   |                                                     |                                                   |                                                   |                  |  |                 |                   |                     |                                          |                                                   |                                          |                                          |                                                   |                                          |                                       |                                                     |                                          |                                           |                                                   |  |  |                                                   |  |
| <b>Effective Date:</b> 01/01/2000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                   |                                                     |                                                   |                                                   |                  |  |                 |                   |                     |                                          |                                                   |                                          |                                          |                                                   |                                          |                                       |                                                     |                                          |                                           |                                                   |  |  |                                                   |  |
| <table border="1"> <thead> <tr> <th colspan="3">Exercise Methods</th> <th colspan="2">Release Methods</th> </tr> </thead> <tbody> <tr> <td><input checked="" type="checkbox"/> Cash</td> <td><input checked="" type="checkbox"/> Sale to Cover</td> <td><input checked="" type="checkbox"/> Swap</td> <td><input checked="" type="checkbox"/> Cash</td> <td><input checked="" type="checkbox"/> Sale to Cover</td> </tr> <tr> <td><input checked="" type="checkbox"/> Loan</td> <td><input type="checkbox"/> SAR Exercise</td> <td><input checked="" type="checkbox"/> Trade For Taxes</td> <td><input checked="" type="checkbox"/> Loan</td> <td><input checked="" type="checkbox"/> Trade</td> </tr> <tr> <td><input checked="" type="checkbox"/> Same Day Sale</td> <td></td> <td></td> <td><input checked="" type="checkbox"/> Same Day Sale</td> <td></td> </tr> </tbody> </table> |                                                   |                                                     |                                                   |                                                   | Exercise Methods |  |                 | Release Methods   |                     | <input checked="" type="checkbox"/> Cash | <input checked="" type="checkbox"/> Sale to Cover | <input checked="" type="checkbox"/> Swap | <input checked="" type="checkbox"/> Cash | <input checked="" type="checkbox"/> Sale to Cover | <input checked="" type="checkbox"/> Loan | <input type="checkbox"/> SAR Exercise | <input checked="" type="checkbox"/> Trade For Taxes | <input checked="" type="checkbox"/> Loan | <input checked="" type="checkbox"/> Trade | <input checked="" type="checkbox"/> Same Day Sale |  |  | <input checked="" type="checkbox"/> Same Day Sale |  |
| Exercise Methods                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                   |                                                     | Release Methods                                   |                                                   |                  |  |                 |                   |                     |                                          |                                                   |                                          |                                          |                                                   |                                          |                                       |                                                     |                                          |                                           |                                                   |  |  |                                                   |  |
| <input checked="" type="checkbox"/> Cash                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <input checked="" type="checkbox"/> Sale to Cover | <input checked="" type="checkbox"/> Swap            | <input checked="" type="checkbox"/> Cash          | <input checked="" type="checkbox"/> Sale to Cover |                  |  |                 |                   |                     |                                          |                                                   |                                          |                                          |                                                   |                                          |                                       |                                                     |                                          |                                           |                                                   |  |  |                                                   |  |
| <input checked="" type="checkbox"/> Loan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <input type="checkbox"/> SAR Exercise             | <input checked="" type="checkbox"/> Trade For Taxes | <input checked="" type="checkbox"/> Loan          | <input checked="" type="checkbox"/> Trade         |                  |  |                 |                   |                     |                                          |                                                   |                                          |                                          |                                                   |                                          |                                       |                                                     |                                          |                                           |                                                   |  |  |                                                   |  |
| <input checked="" type="checkbox"/> Same Day Sale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                   |                                                     | <input checked="" type="checkbox"/> Same Day Sale |                                                   |                  |  |                 |                   |                     |                                          |                                                   |                                          |                                          |                                                   |                                          |                                       |                                                     |                                          |                                           |                                                   |  |  |                                                   |  |
| <b>Swap Rounding Rule:</b> Round Up                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                   |                                                     |                                                   |                                                   |                  |  |                 |                   |                     |                                          |                                                   |                                          |                                          |                                                   |                                          |                                       |                                                     |                                          |                                           |                                                   |  |  |                                                   |  |
| <table border="1"> <thead> <tr> <th colspan="2">Income Methods</th> </tr> </thead> <tbody> <tr> <td><b>NQ Sale:</b></td> <td>Fair Market Value</td> </tr> <tr> <td><b>ISO Sale-DD:</b></td> <td>Fair Market Value</td> </tr> <tr> <td><b>RSA Sale:</b></td> <td>Fair Market Value</td> </tr> </tbody> </table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                   |                                                     |                                                   |                                                   | Income Methods   |  | <b>NQ Sale:</b> | Fair Market Value | <b>ISO Sale-DD:</b> | Fair Market Value                        | <b>RSA Sale:</b>                                  | Fair Market Value                        |                                          |                                                   |                                          |                                       |                                                     |                                          |                                           |                                                   |  |  |                                                   |  |
| Income Methods                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                   |                                                     |                                                   |                                                   |                  |  |                 |                   |                     |                                          |                                                   |                                          |                                          |                                                   |                                          |                                       |                                                     |                                          |                                           |                                                   |  |  |                                                   |  |
| <b>NQ Sale:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Fair Market Value                                 |                                                     |                                                   |                                                   |                  |  |                 |                   |                     |                                          |                                                   |                                          |                                          |                                                   |                                          |                                       |                                                     |                                          |                                           |                                                   |  |  |                                                   |  |
| <b>ISO Sale-DD:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Fair Market Value                                 |                                                     |                                                   |                                                   |                  |  |                 |                   |                     |                                          |                                                   |                                          |                                          |                                                   |                                          |                                       |                                                     |                                          |                                           |                                                   |  |  |                                                   |  |
| <b>RSA Sale:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Fair Market Value                                 |                                                     |                                                   |                                                   |                  |  |                 |                   |                     |                                          |                                                   |                                          |                                          |                                                   |                                          |                                       |                                                     |                                          |                                           |                                                   |  |  |                                                   |  |

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**

[Chapter 2, “Understanding PeopleSoft Stock Administration,” page 5](#)

## Defining Rules to Account for Reacquired or Unissued Shares

Access the Stock Option Plan Rules - Shares page.

**General** | **Payment/Income Methods** | **Shares** | **FMV Rules** | **Option Parameters**

**Stock ID:** EBAR1 Grants Test Suite Stock ID

**Stock Plan Type:** Option Plan

**Stock Plan:** EN2000 2000 Plan for VC Testing

**Stock Option Plan Rules** Find | View All First 1 of 1 Last

**Effective Date:** 01/01/2000

**Share Methods**

- \*Cancellations: Return Shares to Plan
- \*Expirations: Return Shares to Plan
- \*SAR Exercises: Return Shares to Plan
- \*Repurchases: Return Shares to Plan
- Swaps/Trades: Return Shares to Plan

**Share Return** + -

**Treasury ID:**

**Optionee Share**

**Optionee Limit:** 0

**Fractional Share Rules**

**Decimal Places:** 5

**\*Rounding Rule:** Up

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.

The screenshot displays the 'Stock Option Plan Rules - FMV Rules' page. At the top, there are tabs: 'General', 'Payment/Income Methods', 'Shares', 'FMV Rules' (which is active), and 'Option Parameters'. Below the tabs, the following information is displayed:

- Stock ID:** EBAR1 Grants Test Suite Stock ID
- Stock Plan Type:** Option Plan
- Stock Plan:** EN2000 2000 Plan for VC Testing

Below this is a section titled 'Stock Option Plan Rules' with a search bar and navigation controls. The 'Effective Date' is set to 01/01/2000. The 'FMV Methods' section contains a table with the following data:

| FMV Methods  |           |                     |
|--------------|-----------|---------------------|
| *Grant:      | EHIGH/LOW | Average of High/Low |
| *Exercise:   | EHIGH/LOW | Average of High/Low |
| *Release:    | EHIGH/LOW | Average of High/Low |
| *Repurchase: | EHIGH/LOW | Average of High/Low |
| *Swap/Trade: | EHIGH/LOW | Average of High/Low |

The 'Non-Trading Day Rules' section contains two dropdown menus:

- \*Holiday: Previous Trading Day
- \*Weekend: Both Previous Trading Day

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

[Chapter 3, “Defining Stock Administration Business Rules,” Defining FMV Methods, page 17](#)

[Chapter 3, “Defining Stock Administration Business Rules,” Defining Common Rules for Stock Option and Stock Purchase Plans, page 24](#)

## Defining Option Parameters for a Stock Option Plan

Access the Stock Option Plan Rules – Option Parameters page.

The screenshot shows the 'Stock Option Plan Rules – Option Parameters' page. At the top, there are tabs for 'General', 'Payment/Income Methods', 'Shares', 'FMV Rules', and 'Option Parameters'. Below the tabs, the 'Stock ID' is 'EBAR1' (Grants Test Suite Stock ID), 'Stock Plan Type' is 'Option Plan', and 'Stock Plan' is 'EN2000' (2000 Plan for VC Testing). The 'Stock Option Plan Rules' section shows an 'Effective Date' of '01/01/2000'. The 'Option Parameters' section includes a 'Parameter ID' field, a 'Default' checkbox, an 'Option Type' dropdown, an 'Expire Basis' dropdown, a 'Life Limit Months' field, 'Vesting ID' and 'Agreement ID' fields with search icons, and a 'Description' text area. Navigation controls like 'Find', 'View All', 'First', '1 of 1', and 'Last' are visible at the top of the parameter section.

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

Chapter 2, “Understanding PeopleSoft Stock Administration,” Integrating With Other PeopleSoft HRMS Applications, page 7

## Pages Used to Define Stock Action Rules

| Page Name                 | Object Name     | Navigation                                                                   | Usage                                                                                                                                                                                                               |
|---------------------------|-----------------|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Stock Action Table        | STOCK_ACTN_TBL  | Set Up HRMS, Product Related, Stock, Option Plans, Stock Action Table        | Define a stock action and associate it with a stock action type.                                                                                                                                                    |
| Stock Action Reason Table | ST_ACTN_RSN_TBL | Set Up HRMS, Product Related, Stock, Option Plans, Stock Action Reason Table | 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    | Set Up HRMS, Product Related, Stock, Option Plans, 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. |
| Grant Reason Report       | PRSCRUNCTL      | Set Up HRMS, Product Related, Stock, Option Plans, Grant Reason Report       | Define run parameters for the Grant Reason Table report (STSU025). Use the report to view Grant Reason Table information.                                                                                           |

## Defining a Stock Action

Access the Stock Action Table page.

**Stock Action:** ELA

Find | View All First 1 of 1 Last

**\*Effective Date:** 01/01/1993 **\*Status:** Active

**\*Description:** Leave of Absence

**Short Description:** LOA

**\*Stock Action Type:** Leave of Absence

Stock Action Table page

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

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

Access the Stock Action Reason Table page.

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

## Defining Rules for a Stock Action

Access the Stock Action Rules page.

**Stock ID:** KU1GBI Global Business Institute #1

**Stock Plan Type:** Option Plan

**Stock Plan:** KU1OPT00 2000 Stock Option Plan

**Stock Action Rules** Find | View All First 1 of 1 Last

**\*Effective Date:** 01/01/2000

**\*Stock Action:** DEA Death of Employee

**Termination Rules**

☒ **Vest Immediate**

**Expire Grace Period** Months: 24 Days: 0

**\*ISO to NQ Rule:** None

**Leave of Absence Rules**

**Exercise**

**\*Suspend Rule:** None

**Suspend Period** Months: 0 Days: 0

**Vesting**

☒ **Suspend Vesting**

**Deferral Grace Period** Months: 0 Days: 0

**Grace Required Service** Months: 0 Days: 0

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.

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**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.

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.

---

**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.

---



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

---

## See Also

Chapter 2, "Understanding PeopleSoft Stock Administration," Integrating With Other PeopleSoft HRMS Applications, page 7

## Pages Used to Define Tax Rules

| Page Name         | Object Name    | Navigation                                                               | Usage                                                                                                                                                                                        |
|-------------------|----------------|--------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Stock Tax Types   | ST_TAX_TYPE    | Set Up HRMS, Product Related, Stock, Option Tax Rules, 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 | Set Up HRMS, Product Related, Stock, Option Tax Rules, Stock Country Tax | Define default country tax types. You must first define Tax Types on the Stock Tax Types page.                                                                                               |
| Stock State Tax   | ST_STATE_TAX   | Set Up HRMS, Product Related, Stock, Option Tax Rules, Stock State Tax   | Define default state tax types. You must first define Tax Types on the Stock Tax Types page.<br><br>The data-entry fields on this page are identical to those on the Stock Country Tax page. |
| Stock Local Tax   | ST_LOCAL_TAX   | Set Up HRMS, Product Related, Stock, Option Tax Rules, Stock Local Tax   | Define default local tax types. You must first define Tax Types on the Stock Tax Types page.<br><br>The data-entry fields on this page are identical to those on the Stock Country Tax page. |

## Defining Tax Classes Within a Tax Type

Access the Stock Tax Types page.

|                           |                                                      |
|---------------------------|------------------------------------------------------|
| <b>Country:</b>           | USA United States                                    |
| <b>Tax Type:</b>          | EFWT                                                 |
| <b>*Description:</b>      | <input type="text" value="Federal Withholding Tax"/> |
| <b>Short Description:</b> | <input type="text"/>                                 |
| <b>*Stock Tax Level:</b>  | <input type="text" value="Country"/> ▼               |
| <b>Tax Class:</b>         | <input type="text" value="Withholding"/> ▼           |

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.

|                  |      |                         |
|------------------|------|-------------------------|
| <b>Country:</b>  | USA  | United States           |
| <b>Tax Type:</b> | EFWT | Federal Withholding Tax |

**Stock Country Tax**
Find | View All
First ◀ 1 of 1 ▶ Last

|                            |               |  |  |  |
|----------------------------|---------------|--|--|--|
| <b>*Effective Date:</b>    | 01/01/1990    |  |  |  |
| <b>Default Percentage:</b> | 28.0000       |  |  |  |
| <b>Maximum Gross:</b>      | 99,999,999    |  |  |  |
| <b>Maximum Tax:</b>        | 99,999,999.00 |  |  |  |

Stock Country Tax page

|                           |                                                                                                                                                               |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Default Percentage</b> | 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. |
| <b>Maximum Gross</b>      | Enter a maximum gross income. To indicate that there is no limit, enter 99,999,999.                                                                           |
| <b>Maximum Tax</b>        | The system displays the Maximum Tax based on data you entered in Default Percentage and Maximum Gross.                                                        |

## 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. Set up is optional.

### Pages Used to Define Grant Reasons

| Page Name           | Object Name     | Navigation                                                             | Usage                                                                                                      |
|---------------------|-----------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| Grant Reason Table  | ST_GRNT_RSN_TBL | Set Up HRMS, Product Related, Stock, Option Plans, Grant Reason Table  | Define the various reasons you grant stock options.                                                        |
| Grant Reason Report | PRSCRUNCTL      | Set Up HRMS, Product Related, Stock, Option Plans, Grant Reason Report | Define run parameters for the Grant Reason Table report (STSU005). Use the report to view tax information. |

## CHAPTER 5

# 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.

### Prerequisites

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**

Chapter 2, “Understanding PeopleSoft Stock Administration,” Integrating With Other PeopleSoft HRMS Applications, page 7

Chapter 3, “Defining Stock Administration Business Rules,” page 11

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## Defining Stock Purchase Plans

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

To set up 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**

*PeopleSoft 8.8 Payroll for North America PeopleBook*, “Defining Earnings Codes and Earnings Programs”



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## 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.

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.

---

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

---

## Pages Used to Define Stock Purchase Plan Rules

| Page Name                                 | Object Name   | Navigation                                                                                                              | Usage                                                                                                                                                                                                            |
|-------------------------------------------|---------------|-------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Stock Purchase Plan Rules - General       | ST_ESPP_PLAN1 | Set Up HRMS, Product Related, Stock, Purchase Plans, 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 | Set Up HRMS, Product Related, Stock, Purchase Plans, Stock Purchase Plan Rules, General<br><br>Click the Comments link. | Add comments about the stock purchase plan.                                                                                                                                                                      |
| Stock Purchase Plan Rules - FMV Rules     | ST_ESPP_PLAN2 | Set Up HRMS, Product Related, Stock, Purchase Plans, Stock Purchase Plan Rules, FMV Rules                               | 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 | Set Up HRMS, Product Related, Stock, Purchase Plans, 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 | Set Up HRMS, Product Related, Stock, Purchase Plans, Stock Purchase Plan Rules, Purchase                                | Define the purchase rules of your plan, such as purchase price calculation and share and price rounding rules.                                                                                                   |
| Stock Purchase Plan Rules - Contributions | ST_ESPP_PLAN5 | Set Up HRMS, Product Related, Stock, Purchase Plans, Stock Purchase Plan Rules, Contributions                           | Define the contribution rules.                                                                                                                                                                                   |
| Stock Purchase Plan Rules - Dispositions  | ST_ESPP_PLAN6 | Set Up HRMS, Product Related, Stock, Purchase Plans, Stock Purchase Plan Rules, Dispositions                            | Define the 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. |
| Stock Purch Plan Rules Rpt                | PRSCRUNCTL    | Set Up HRMS, Product Related, Stock, Purchase Plans, Stock Purch Plan Rules Rpt                                         | Define run parameters for the Stock Purchase Plan Rules report (STSU022). Use the report to view stock purchase plan rules information.                                                                          |

## Defining Basic Rules for a Stock Purchase Plan

Access the Stock Purchase Plan Rules - General page.

| General                                                                                                                                                                                            | FMV Rules | Limits | Purchase | Contributions | Dispositions |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--------|----------|---------------|--------------|
| <b>Stock ID:</b> EBAR4      EBAR4 Stock<br><b>Stock Plan Type:</b> Purchase Plan<br><b>Stock Plan:</b> E4ESPP00      2000 ESPP Plan                                                                |           |        |          |               |              |
| <b>Stock Purchase Plan</b> <span style="float: right;">Find   View All    First 1 of 1 Last</span>                                                                                                 |           |        |          |               |              |
| <b>*Effective Date:</b> 01/01/2000 <span style="float: right;">+ -</span>                                                                                                                          |           |        |          |               |              |
| <b>*Benefit Plan Type:</b> Employee Stock Purchase                                                                                                                                                 |           |        |          |               |              |
| <b>*Benefit Plan:</b> ESPPJ  ST Plan 10                                                                                                                                                            |           |        |          |               |              |
| <b>Governing Body:</b> IRS  Internal Revenue Service                                                                                                                                               |           |        |          |               |              |
| <b>*Offering Type:</b> Fixed <input checked="" type="checkbox"/> FAS 123 Compensatory Plan                                                                                                         |           |        |          |               |              |
| <b>*Participant Enrollment Rule:</b> Enroll in Next Offering <a href="#">Comments</a>                                                                                                              |           |        |          |               |              |
| <input checked="" type="checkbox"/> Pro-Rate Purchase <input checked="" type="checkbox"/> Concurrent Offerings <input type="checkbox"/> Interest Paid <input type="checkbox"/> Quick Sales Allowed |           |        |          |               |              |

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.

The screenshot displays the 'Stock Purchase Plan Rules - FMV Rules' page. At the top, there are tabs for 'General', 'FMV Rules', 'Limits', 'Purchase', 'Contributions', and 'Dispositions'. The 'FMV Rules' tab is selected. Below the tabs, the following information is displayed:

- Stock ID:** EBAR4 (EBAR4 Stock)
- Stock Plan Type:** Purchase Plan
- Stock Plan:** E4ESPP00 (2000 ESPP Plan)

Below this information is a section titled 'Stock Purchase Plan' with a sub-header 'Effective Date: 01/01/2000'. To the right of the date are 'Find', 'View All', 'First', '1 of 1', and 'Last' buttons. Below the date is a section titled 'FMV Method' with three rows:

- Offering Start:** EHIGH/LOW (Average of High/Low)
- \*Grant:** EOPEN (Current Day's Open Price)
- \*Purchase:** EOPEN (Current Day's Open Price)

Below the FMV Method section is a section titled 'Non-Trading Day Rules' with two rows:

- \*Holiday:** Next Trading Day
- \*Weekend:** Both Previous Trading Day

Stock Purchase Plan Rules - FMV Rules page

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

## FMV Method

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

|                       |                                                                                                                                                                                    |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Offering Start</b> | Select an FMV method. This field is informational only.                                                                                                                            |
| <b>Grant</b>          | 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.                                   |
| <b>Purchase</b>       | 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.

|                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Holiday</b> | When a FMV calculation includes a holiday, select <i>Previous Trading Day</i> to use the previous trading day's price, or <i>Next Trading Day</i> to use the next trading day's price.                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Weekend</b> | When a FMV calculation includes a weekend, select one of the following:<br><br><i>Both Previous Trading Day:</i> Uses the previous trading day's price for both weekend days.<br><br><i>Both Next Trading Day:</i> Uses the next trading day's price for both weekend days.<br><br><i>Saturday Previous and Sunday Next:</i> Uses the previous trading day's price for Saturday and the next trading day's price for Sunday.<br><br><i>Saturday Next and Sunday Previous:</i> Uses the next trading day's price for Saturday and the previous trading day's price for Sunday. |

## See Also

[Chapter 3, "Defining Stock Administration Business Rules," Defining Stock Details, page 22](#)

## Defining Limits for the Offering Period and Purchasing Period

Access the Stock Purchase Plan Rules - Limits page.

| General                                                                                                                                                                                                                                        | FMV Rules | Limits | Purchase                                                                                                                                                                                                                                       | Contributions | Dispositions |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------|
| <b>Stock ID:</b> EBAR4      EBAR4 Stock<br><b>Stock Plan Type:</b> Purchase Plan<br><b>Stock Plan:</b> E4ESPP00      2000 ESPP Plan                                                                                                            |           |        |                                                                                                                                                                                                                                                |               |              |
| <b>Stock Purchase Plan</b> <span style="float: right;">Find   View All    First 1 of 1 Last</span>                                                                                                                                             |           |        |                                                                                                                                                                                                                                                |               |              |
| <b>Effective Date:</b> 01/01/2000 <span style="float: right;">+ -</span>                                                                                                                                                                       |           |        |                                                                                                                                                                                                                                                |               |              |
| <b>Offering Period Length</b><br><b>*Months:</b> <input type="text" value="1"/>                                                                                                                                                                |           |        | <b>Purchase Period Length</b><br><b>*Months:</b> <input type="text" value="1"/>                                                                                                                                                                |               |              |
| <b>Offering Period Limits</b><br><b>Participant Grant Value:</b> <input type="text"/><br><b>Participant Contribution:</b> <input type="text"/><br><b>Participant Shares:</b> <input type="text"/><br><b>Total Shares:</b> <input type="text"/> |           |        | <b>Purchase Period Limits</b><br><b>Participant Grant Value:</b> <input type="text"/><br><b>Participant Contribution:</b> <input type="text"/><br><b>Participant Shares:</b> <input type="text"/><br><b>Total Shares:</b> <input type="text"/> |               |              |

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.

The screenshot displays the 'Purchase' tab of the 'Stock Purchase Plan Rules' page. At the top, there are tabs for 'General', 'FMV Rules', 'Limits', 'Purchase' (which is active), 'Contributions', and 'Dispositions'. Below the tabs, the following information is displayed:

- Stock ID:** EBAR4 (EBAR4 Stock)
- Stock Plan Type:** Purchase Plan
- Stock Plan:** E4ESPP00 (2000 ESPP Plan)

The main section is titled 'Stock Purchase Plan' and includes a search bar with 'Find | View All' and navigation buttons 'First', '1 of 1', and 'Last'. Below this, the 'Effective Date' is set to '01/01/2000'. The 'Purchase Price' section contains the following fields:

- Discount Percent:** 10.00
- \*Method:** Lower of Grant or Purchase FMV
- Valuation Plan Type:** A:Max Shrs on Grant Price
- Daily FMV Method:** (empty field)

There are two sub-sections at the bottom:

- Price Rounding Rules:**
  - Decimal Places:** 0
  - \*Rounding Rule:** Down
- Fractional Share Rules:**
  - Decimal Places:** 0
  - Rounding Rule:** Down

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.

|                            |                                                                                                                                                                                                                                      |
|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Valuation Plan Type</b> | Select the appropriate valuation plan type, as defined in FAS 123. Valid values range from Type A to Type I.                                                                                                                         |
| <b>Daily FMV Method</b>    | 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.

|                       |                                                                                                                                                |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Decimal Places</b> | 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.      |
| <b>Rounding Rule</b>  | Select a rounding rule to use when calculating a price or FMV in the Calculate Prices process: <i>Standard</i> , <i>Up</i> , and <i>Down</i> . |

## 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.

|                       |                                                                                                                                    |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------|
| <b>Decimal Places</b> | Enter a number between 0 and 6 to determine the number of decimal places to round when calculating the number of shares purchased. |
| <b>Rounding Rule</b>  | Displays <i>Down</i> , 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.



| General                                                                                                                                      | FMV Rules | Limits                                                                                                         | Purchase | Contributions | Dispositions |
|----------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------------------------------------------------------------------------------------------------------------|----------|---------------|--------------|
| <b>Stock ID:</b> EBAR4 EBAR4 Stock<br><b>Stock Plan Type:</b> Purchase Plan<br><b>Stock Plan:</b> E4ESPP00 2000 ESPP Plan                    |           |                                                                                                                |          |               |              |
| <b>Stock Purchase Plan</b> Find   View All First 1 of 1 Last                                                                                 |           |                                                                                                                |          |               |              |
| <b>Effective Date:</b> 01/01/2000                                                                                                            |           |                                                                                                                |          |               |              |
| <b>Contribution Source</b><br><input checked="" type="checkbox"/> Payroll for North America<br><input type="checkbox"/> Manual Contributions |           | <b>Currency Conversion</b><br><b>Market Rate Index:</b> MODEL Default<br><b>Rate Type:</b> OFFIC Official Rate |          |               |              |
| <b>Residual Contributions</b><br><b>*Balance Rule:</b> Refund when >= Purchase Price<br><b>Balance Threshold:</b>                            |           |                                                                                                                |          |               |              |

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

**Defining Disposition Rules for a Stock Purchase Plan**

Access the 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.

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.

**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.

## Pages Used to Define Offering and Purchase Periods

| Page Name                                   | Object Name    | Navigation                                                                                      | Usage                                                                                                                                      |
|---------------------------------------------|----------------|-------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Offering/Purchase Periods - Offering Period | ST_OFFERING_PD | Set Up HRMS, Product Related, Stock, Purchase Plans, Offering/Purchase Periods, Offering Period | Define offering period begin and end dates.                                                                                                |
| Offering/Purchase Periods - Grant Dates     | ST_OFFER_GRANT | Set Up HRMS, Product Related, Stock, Purchase Plans, Offering/Purchase Periods, Grant Dates     | Define grant dates within an offering period.                                                                                              |
| Offering/Purchase Periods - Purchase Period | ST_PURCHASE_PD | Set Up HRMS, Product Related, Stock, Purchase Plans, Offering/Purchase Periods, Purchase Period | Define purchase period begin and end dates.                                                                                                |
| Offering/Purchase Periods Rpt               | PRSCRUNCTL     | Set Up HRMS, Product Related, Stock, Purchase Plans, Offering/Purchase Periods Rpt              | Define run parameters for the Offering/Purchase Periods report (STSU023). Use the report to view offering and purchase period information. |

## Defining Offering Periods for a Stock Purchase Plan

Access the Offering/Purchase Periods - Offering Period page.

| Offering Period              |                                            | Grant Dates             | Purchase Period                         |
|------------------------------|--------------------------------------------|-------------------------|-----------------------------------------|
| <b>Stock ID:</b>             | EBAR4                                      | EBAR4 Stock             |                                         |
| <b>Stock Plan Type:</b>      | Purchase Plan                              |                         |                                         |
| <b>Stock Plan:</b>           | E4ESPP00                                   | 2000 ESPP Plan          |                                         |
| <b>Offering ID:</b>          | E4OFF00                                    |                         |                                         |
| <b>*Description:</b>         | <input type="text" value="2000 Offering"/> |                         |                                         |
| <b>Short Description:</b>    | <input type="text" value="2000 Offer"/>    |                         |                                         |
| <b>*Offering Status:</b>     | <input type="text" value="Active"/>        | <b>Status Date:</b>     | 03/07/2000                              |
| <b>Period Begin Date:</b>    | <input type="text" value="01/01/2000"/>    | <b>Period End Date:</b> | <input type="text" value="01/31/2000"/> |
| <b>Previous Offering ID:</b> | <input type="text"/>                       |                         |                                         |
| <b>Comment:</b>              | <div><div></div><div></div></div>          |                         |                                         |

Offering/Purchase Periods - Offering Period page

|                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Offering ID          | Enter a unique ID to associate with the offering.                                                                                                                                                                                                                                                                                                                                                                                                   |
| Offering Status      | Select <i>Active</i> if the offering is available for enrollment. Select <i>Cancelled</i> if the offering was cancelled before its expiration date. Select <i>Expired</i> 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 PeriodGrant DatesPurchase Period

Stock ID:EBAR4EBAR4 Stock

Stock Plan Type:Purchase Plan

Stock Plan:E4ESPP002000 ESPP Plan

Offering ID:E4OFF002000 Offering

Period Begin Date:01/01/2000Period End Date:01/31/2000

Grant DateCustomizeFind1 of 1FirstLast

Grant Date

01/01/2000

-

+

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.

|                   |                                                                                                                                                                                                                                                                                                                                                                        |
|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Begin Date</b> | 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.                                                                                                                                                                                                         |
| <b>End Date</b>   | 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.

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.

---

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

---

## Pages Used to Define Stock Purchases

| Page Name                                | Object Name      | Navigation                                                                                 | Usage                                                                         |
|------------------------------------------|------------------|--------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| Stock Purchase - General                 | ST_PURCHASE_TBL1 | Stock, Stock Purchase Definitions, Stock Purchase, General                                 | Define basic purchase details.                                                |
| Stock Purchase - Purchase Table Comments | ST_PURCHASE_TBL5 | Stock, Stock Purchase Definitions, Stock Purchase, General<br><br>Click the Comments link. | Add comments about the purchase.                                              |
| Stock Purchase - Process Groups          | ST_PURCHASE_TBL2 | Stock, Stock Purchase Definitions, Stock Purchase, Process Groups                          | Define the process groups within the purchase.                                |
| Stock Purchase - Contributions           | ST_PURCHASE_TBL3 | Stock, Stock Purchase Definitions, Stock Purchase, Contributions                           | Define the contribution parameters.                                           |
| Stock Purchase - Currency                | ST_PURCHASE_TBL4 | Stock, Stock Purchase Definitions, Stock Purchase, Currency Conversion                     | Define the currency parameters.                                               |
| Stock Purchase - Status                  | ST_PURCHASE_TBL6 | Stock, Stock Purchase Definitions, Stock Purchase, Status                                  | View the status of the overall purchase and the status of each process group. |

## Defining the Basic Parameters of a Purchase

Access the Stock Purchase - General page.

**General** | Process Groups | Contributions | Currency | Status

**Purchase ID:** EFS63000 ☐ **Confirmed**

---

**\*Stock ID:** EBAR9A EBAR9A APB 25/SINGLE

**Stock Plan Type:** Purchase

**\*Stock Plan:** E9AESP EBAR9A Purchase Fixed Single P

**\*Offering ID:** EFS1-600 E9A Single Fixed 1 Purch

**Purchase Period**

**\*End Date:** 06/30/2000 [Comment](#)

**\*Purchase Type:** Standard Purchase

**Prorate Factor:** 100.000

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.

**General** **Process Groups** Contributions Currency Status

**Purchase ID:** E2PI25ET23  
**Stock ID:** EBAR2A EBAR2A

| Process Detail |               | Customize       | First | 1 of 1 | Last |
|----------------|---------------|-----------------|-------|--------|------|
|                | Process Group | Description     |       |        |      |
| 1              | EMOPAYROLL    | Monthly Payroll |       |        |      |

Stock Purchase - Process Groups page

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

### See Also

Chapter 3, “Defining Stock Administration Business Rules,” Defining Process Groups, page 32

## Defining Contribution Parameters for a Stock Purchase

Access the Stock Purchase - Contributions page.

**General** **Process Groups** **Contributions** Currency Status

**Purchase ID:** E2PI25ET23  
**Stock ID:** EBAR2A EBAR2A

**Payroll for North America**

\*Date Type: Check Date

**Purchase Period**

**Begin Date:** **End Date:** 06/30/2000

| Pay Calendar Overrides |         |           |                     |            |                          |      |           | Customize       | Find | View All | First | 1 of 1 | Last |
|------------------------|---------|-----------|---------------------|------------|--------------------------|------|-----------|-----------------|------|----------|-------|--------|------|
|                        | Company | Pay Group | Pay Period End Date | Check Date | Off Cycle ?              | Page | Thru Page | Include/Exclude |      |          |       |        |      |
| 1                      |         |           |                     |            | <input type="checkbox"/> |      |           |                 |      |          |       |        |      |

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.

| Currency Information |             |                |             |                        |                   |           |
|----------------------|-------------|----------------|-------------|------------------------|-------------------|-----------|
| From Currency Code   | Description | Effective Date | Market Rate | Exchange Rate Override | Market Rate Index | Rate Type |
| 1                    |             |                |             |                        | MODEL             | -         |

Stock Purchase - Currency page

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



|                               |                                                                                                                                                                                                                    |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Refresh</b>                | 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. |
| <b>From Currency Code</b>     | Displays the contribution source currency code.                                                                                                                                                                    |
| <b>Market Rate</b>            | Displays the calculated exchange rate for the market rate index, rate type, and currency specified.                                                                                                                |
| <b>Exchange Rate Override</b> | To use a different rate than the Convert Currencies process, enter an override rate here. The default is zero.                                                                                                     |
| <b>Market Rate Index</b>      | Displays the index used in the Convert Currencies process. This is specified on the Stock Purchase Plan Rule - Contribution page.                                                                                  |
| <b>Rate Type</b>              | 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.

The screenshot displays the 'Status' tab of the 'Stock Purchase' page. At the top, there are five tabs: 'General', 'Process Groups', 'Contributions', 'Currency', and 'Status'. The 'Status' tab is selected. Below the tabs, the 'Purchase ID' is 'E2PI25ET23' and the 'Stock ID' is 'EBAR2A'. The 'Purchase Status' section contains two checkboxes: 'Update Participants' and 'Calculate Prices', followed by a 'Confirmed' checkbox. The 'Process Group Status' section includes a 'Find' button, 'View All', 'First', '1 of 1', and 'Last' buttons. Below these, the 'Process Group' is 'EMOPAYROLL' and there is a 'Confirmed' checkbox. At the bottom, there are five checkboxes: 'Gather Contributions', 'Convert Currencies', 'Purchase Stock', 'Confirm Purchase', and 'UnConfirm Purchase'.

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.

|                  |                                                                                                  |
|------------------|--------------------------------------------------------------------------------------------------|
| <b>Confirmed</b> | The system selects this check box when all processes have been confirmed for all process groups. |
|------------------|--------------------------------------------------------------------------------------------------|

## Process Group Status

|                             |                                                                                                                                                       |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Process Group</b>        | Displays the process groups within the purchase ID.                                                                                                   |
| <b>Confirmed</b>            | The system selects this check box when all processes for this Process Group are confirmed.                                                            |
| <b>Gather Contributions</b> | 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.

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                                                                                                                   |
|-----------------------------------|--------------------|----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| Purchase Msgs (purchase messages) | ST_ESPP_MSG_TABLE  | Stock, Stock Purchase Definitions, Purchase Msgs                           | Define stock purchase processing messages.                                                                              |
| Hold Reason Table                 | ST_HOLD_REASON_TBL | Set Up HRMS, Product Related, Stock, Purchase Plans, Hold Reason Table     | Define the reasons for holding a purchase. For example, a participant might withdraw from the program.                  |
| Hold Reason Table Rpt             | PRSCRUNCTL         | Set Up HRMS, Product Related, Stock, Purchase Plans, Hold Reason Table Rpt | Define run parameters for the Hold Reason Table report (STSU027). Use the report to view Hold Reason Table information. |

## CHAPTER 6

# 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.

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## 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

Chapter 2, “Understanding PeopleSoft Stock Administration,” Integrating With Other PeopleSoft HRMS Applications, page 7

Chapter 3, “Defining Stock Administration Business Rules,” page 11

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## 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                                                                                                             |
|--------------------------------------------------------------|------------------|-----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| Maintain Issuance Instructions                               | ST_ISSUANCE      | Stock, Issuance/Profiles, Maintain 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.                                      |
| Maintain Issuance Instructions - Broker Issuance Information | ST_ISSUANCE_SEC1 | Click Edit Issuance Type Information on the Maintain Issuance Instructions page.                          | Enter additional issuance instructions for broker.                                                                |
| Maintain Issuance Instructions - Certificate Address         | ST_ISSUANCE_SEC2 | Click Edit Issuance Type Information on the Maintain Issuance Instructions page.                          | Provide mailing instructions for stock certificates.                                                              |
| Maintain Insiders                                            | ST_INSIDER_TBL   | Stock, Issuance/Profiles, Maintain Insiders                                                               | Designate individuals subject to SEC Section 16 reporting requirements and Regulation S-K proxy requirements.     |
| Review Personal Profile                                      | ST_PERS_PROFILE  | Stock, Issuance/Profiles, Review Personal Profile                                                         | View PeopleSoft Human Resources information.                                                                      |
| Update Mass Issuance                                         | ST_RUNCTL_ISUUPD | Stock, Issuance/Profiles, Update Mass Issuance                                                            | Change the brokerage choice for a group of participants. You must first set up the stock ID and brokerage branch. |
| Review Mass Issuance Messages                                | ST_ISSU_MESSAGE  | Stock, Issuance/Profiles, Review Mass Issuance Messages                                                   | View mass issuance update processing messages. You must first run the Update Mass Issuance process.               |

## Entering Issuance Instructions

Access the 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.

|                                       |                                                                                                                                         |
|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| <b>Mass Issuance Update</b>           | This check box is selected if the issuance instructions were created by a mass issuance update.                                         |
| <b>Issuance Type</b>                  | Indicate where to send the shares: <i>Broker</i> or <i>Certificate</i> .                                                                |
| <b>Edit Issuance Type Information</b> | 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.

|                    |                                                                                                                                                                                                              |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Account</b>     | Enter the participant's brokerage account number. The field holds up to 17 alphanumeric characters.                                                                                                          |
| <b>Quick Sales</b> | If <i>Stock Purchase Plan</i> 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.

|                       |                                                                                                                                                                              |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Legend ID</b>      | If <i>Stock Purchase Plan</i> 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. |
| <b>Account Number</b> | Enter the participant's transfer agent account number. The field holds up to 17 alphanumeric characters.                                                                     |
| <b>Address Type</b>   | Options are <i>Home</i> or <i>Mailing</i> . The system displays the address information entered in PeopleSoft Human Resources.                                               |

## Entering Insider Data

Access the Insider Data page.

Barry, Charlotte ID: [OXAREE03](#)

**Insider Data** Find | View All First 1 of 1 Last

Stock ID:  Grants Test Suite Stock ID

**Insider Information** Find | View All First 1 of 1 Last

\*Effective Date:

**Insider Status**

- ☐ Reporting Person
- ☐ Director
- ☐ Officer
- ☐ Company Insider
- ☐ Beneficial Owner

Title:

Ownership Percentage:

☐ Report with Proxy

Insider Data page

**ID** Click this number to view employee information.

## Insider Information

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

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

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

## Insider Status

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

## Entering Mass Issuance Update Data

Access the Mass Issuance Update page.



|                                                                                                               |                                |                                                                                                                   |                     |
|---------------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------------------------------------------------------------------------------------------|---------------------|
| Run Control ID: GN2                                                                                           | <a href="#">Report Manager</a> | <a href="#">Process Monitor</a>                                                                                   | <a href="#">Run</a> |
| Language: English                                                                                             |                                |                                                                                                                   |                     |
| Stock ID: KU1GBI                                                                                              | Global Business Institute #1   |                                                                                                                   |                     |
| <b>Stock Plan Type</b><br><input checked="" type="radio"/> Purchase Plan<br><input type="radio"/> Option Plan |                                |                                                                                                                   |                     |
| As Of Date: 11/06/2002                                                                                        |                                |                                                                                                                   |                     |
| Country:                                                                                                      |                                |                                                                                                                   |                     |
| Company:                                                                                                      |                                |                                                                                                                   |                     |
| Pay Group:                                                                                                    |                                |                                                                                                                   |                     |
| <input type="checkbox"/> Initial Issuance                                                                     |                                |                                                                                                                   |                     |
| <b>From</b><br>Issuance Type: Certificate<br>Brokerage ID:<br>Branch ID:                                      |                                | <b>To</b><br>Issuance Type: Broker<br>Brokerage ID:<br>Branch ID:<br><input type="checkbox"/> Keep Account Number |                     |

Update Mass Issuance page

**As Of Date**

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

|                            |                                                                                                                                  |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| <b>Brokerage ID</b>        | If you selected the <i>Broker</i> issuance type, this field becomes available. Select a brokerage ID from the available options. |
| <b>Branch ID</b>           | If you selected the <i>Broker</i> issuance type, this field becomes available. Select a branch ID from the available options.    |
| <b>Keep Account Number</b> | 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        | ST_DAILY_PRICES   | Stock, Daily Prices, Maintain Daily Prices                   | 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 page. | View the FMV prices for the day selected.                                                                                                                |
| Daily Prices Report | ST_RUNCTL_STSU007 | Stock, Daily Prices, Daily Prices Report                     | Define run parameters for the Daily Prices report (STSU007). Use the report to view the daily prices for a given stock ID and within a given date range. |

## Prerequisites to 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.

## Entering Daily Prices

Access the Daily Prices Tracking page.

**Stock ID:** KU1GBI      **Global Business Institute #1**

**Search for Specific Date**

**Add One Price**

**Add Multiple Prices**

**Page Control**

| Daily Prices |             |           |           |           |           |        |            |
|--------------|-------------|-----------|-----------|-----------|-----------|--------|------------|
| Daily Prices |             | Bid/Ask   |           |           |           |        |            |
| FMV Date     | Trading Day | Open      | High      | Low       | Close     | Volume | Plan FMV's |
| 06/30/2002   | SUN         |           |           |           |           |        |            |
| 06/29/2002   | SAT         |           |           |           |           |        |            |
| 06/28/2002   | FRI         | 54.062500 | 54.062500 | 54.062500 | 54.062500 |        |            |
| 06/27/2002   | THU         | 54.812500 | 54.812500 | 54.812500 | 54.812500 |        |            |
| 06/26/2002   | WED         | 54.687500 | 54.687500 | 54.687500 | 54.687500 |        |            |
| 06/25/2002   | TUE         | 53.937500 | 53.937500 | 53.937500 | 53.937500 |        |            |
| 06/24/2002   | MON         | 54.312500 | 54.312500 | 54.312500 | 54.312500 |        |            |
| 06/23/2002   | SUN         |           |           |           |           |        |            |
| 06/22/2002   | SAT         |           |           |           |           |        |            |
| 06/21/2002   | FRI         | 54.937500 | 54.937500 | 54.937500 | 54.937500 |        |            |
| 06/20/2002   | THU         | 54.437500 | 54.437500 | 54.437500 | 54.437500 |        |            |
| 06/19/2002   | WED         | 54.500000 | 54.500000 | 54.500000 | 54.500000 |        |            |
| 06/18/2002   | TUE         | 54.000000 | 54.000000 | 54.000000 | 54.000000 |        |            |
| 06/17/2002   | MON         | 56.875000 | 56.875000 | 56.875000 | 56.875000 |        |            |
| 06/16/2002   | SUN         |           |           |           |           |        |            |

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.

**Plan FMVs**

☒ Option Plan
 ☐ Purchase Plan

**Stock ID:** KU1GBI
 **Stock Plan:**   

**FMV Date:** 06/27/2002

| Bid Price   | Ask Price   | Open Price   | Close Price |
|-------------|-------------|--------------|-------------|
| \$54.812500 | \$54.812500 | \$54.812500  | \$54.812500 |
| Low Price   | High Price  | Stock Volume |             |
| \$54.812500 | \$54.812500 |              |             |

**Company FMV:** \$54.687500 Prior Day Close  
**Grant FMV:** \$54.812500 Current Day's Close Price  
**Exercise FMV:** \$54.812500 Current Day's Close Price  
**Swap/Trade FMV:** \$54.812500 Current Day's Close Price  
**Release FMV:** \$54.812500 Current Day's Close Price  
**Repurchase FMV:** \$54.812500 Current Day's Close Price

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.

|                    |                                                                                                                                                                                                                        |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Company FMV</b> | FMV based on the FMV date and the rules defined on the Stock Details - Common Rules page.                                                                                                                              |
| <b>Grant FMV</b>   | FMV based on the FMV date and the rules defined on the Stock Option Plan Rules - FMV Rules page.<br><br>Exercise FMV, Swap/Trade FMV, Release FMV, and Repurchase FMV are based on the rules defined on the same page. |
| <b>Offer FMV</b>   | The system displays the FMV based on the FMV date and the rules defined on the Stock Purchase Plan Rules - FMV Rules page.<br><br><i>Stock Purchase FMV</i> 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

[Chapter 8, "Administering Variable Compensation Grants," page 117](#)

## Common Elements Used in This Section

|                                 |                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Calculate Balance</b> button | Click the Calculate Balance button to generate balances based on the as of date.                                                                                                                                                                                                                                                                           |
| <b>Clear Balance</b> button     | Click the Clear Balance button to clear the share balance values for the page.                                                                                                                                                                                                                                                                             |
| <b>Shares Cancelled</b>         | 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.                                                                           |
| <b>Shares Expired</b>           | 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.                                                                          |
| <b>Shares Repurchased</b>       | 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.                                                                        |
| <b>Shares Swapped/Traded</b>    | 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. |
| <b>Exercised SAR Shares</b>     | Exercised SAR shares that are returned to the treasury or plan where the Share Payment Method is equal to SAR Exercise. The Exercise SAR Shares Method must be set to Return to Treasury or Return to Plan on the Stock Option Plan Rules – Shares page for shares to be allocated back to the treasury or plan.                                           |

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

## Pages Used to Calculate Stock Balances

| Page Name                         | Object Name     | Navigation                                                    | Usage                                                                                                                                                                                                                                                       |
|-----------------------------------|-----------------|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Treasury                          | ST_TREASURY_BAL | Stock, Review Balances Info, Treasury                         | 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.                                                                      |
| Class                             | STOCK_CLASS_BAL | Stock, Review Balances Info, Class                            | 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.                                                                                            |
| Option Plan - Shares Available    | STOCK_PLAN_BAL1 | Stock, Review Balances Info, Option Plan, 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.    |
| Option Plan - Options Outstanding | STOCK_PLAN_BAL2 | Stock, Review Balances Info, Option Plan, Options Outstanding | Calculate the Stock Option plan shares available to issue, options outstanding, and shares authorized but unissued based on an as of date.                                                                                                                  |
| Purchase Plan                     | STOCK_ESPP_BAL  | Stock, Review Balances Info, Purchase Plan                    | 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. |

## Calculating the Stock Treasury Balance

Access the Stock Treasury Balance page.

|                                   |            |                                                                                                                                                                                                                                                           |
|-----------------------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Stock ID:</b>                  | KU1GBI     | Global Business Institute #1                                                                                                                                                                                                                              |
| <b>Treasury ID:</b>               | KUCOMMON   | Common Treasury Pool                                                                                                                                                                                                                                      |
| <hr/>                             |            |                                                                                                                                                                                                                                                           |
| <b>As of Date:</b>                | 11/04/2002 |    |
| <b>Treasury Shares Allocated:</b> |            | 700,000,000.000000                                                                                                                                                                                                                                        |
| <b>Shares Cancelled:</b>          |            | 0.000000                                                                                                                                                                                                                                                  |
| <b>Shares Expired:</b>            |            | 0.000000                                                                                                                                                                                                                                                  |
| <b>Shares Repurchased:</b>        |            | 0.000000                                                                                                                                                                                                                                                  |
| <b>Shares Swapped/Traded:</b>     |            | 0.000000                                                                                                                                                                                                                                                  |
| <b>Exercised SAR Shares:</b>      |            | 0.000000                                                                                                                                                                                                                                                  |
| <b>Plan Shares Allocated:</b>     | (          | 90,000,000.000000 )                                                                                                                                                                                                                                       |
| <b>Class Shares Allocated:</b>    | (          | 500,000,000.000000 )                                                                                                                                                                                                                                      |
| <hr/>                             |            |                                                                                                                                                                                                                                                           |
| <b>Shares Available to Issue:</b> |            | 110,000,000.000000                                                                                                                                                                                                                                        |

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.

|                                |               |                                                                                                                                                                                                                                                               |
|--------------------------------|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Stock ID:</b>               | KU1GBI        | Global Business Institute #1                                                                                                                                                                                                                                  |
| <b>Stock Class Type:</b>       | Common Shares |                                                                                                                                                                                                                                                               |
| <b>Stock Class:</b>            | KUCOMMON      | Common Shares                                                                                                                                                                                                                                                 |
| <hr/>                          |               |                                                                                                                                                                                                                                                               |
| <b>As of Date:</b>             | 11/04/2002    |    |
| <b>Class Shares Allocated:</b> |               | 500,000,000.000000                                                                                                                                                                                                                                            |
| <b>Shares Exercised:</b>       |               | 450,350.000000                                                                                                                                                                                                                                                |
| <b>Shares Purchased:</b>       |               | 3,026.000000                                                                                                                                                                                                                                                  |
| <b>Shares Swapped/Traded:</b>  | (             | 736.320300 )                                                                                                                                                                                                                                                  |
| <b>Shares Repurchased:</b>     | (             | 100.000000 )                                                                                                                                                                                                                                                  |
| <hr/>                          |               |                                                                                                                                                                                                                                                               |
| <b>Shares Outstanding:</b>     |               | 500,452,539.679700                                                                                                                                                                                                                                            |

Stock Class Balance page

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

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



## Viewing Stock Options Outstanding

Access the Option Plan - Options Outstanding page.

| Shares Available                       |                   | Options Outstanding          |  |
|----------------------------------------|-------------------|------------------------------|--|
| <b>Stock ID:</b>                       | KU1GBI            | Global Business Institute #1 |  |
| <b>Stock Plan Type:</b>                | Option Plan       |                              |  |
| <b>Stock Plan:</b>                     | KU1OPT00          |                              |  |
| <hr/>                                  |                   |                              |  |
| <b>As of Date:</b>                     | 01/01/2001        |                              |  |
| <b>Shares Granted:</b>                 | 90,600.000000     |                              |  |
| <b>Shares Exercised:</b>               | (                 | 34,250.000000 )              |  |
| <b>Shares Cancelled:</b>               | (                 | 5,000.000000 )               |  |
| <b>Shares Expired:</b>                 | (                 | 0.000000 )                   |  |
| <hr/>                                  |                   |                              |  |
| <b>Options Outstanding:</b>            | 51,350.000000     |                              |  |
| <b>Shares Available to Issue:</b>      | 19,917,400.000000 |                              |  |
| <hr/>                                  |                   |                              |  |
| <b>Shares Authorized But Unissued:</b> | 19,968,750.000000 |                              |  |

Option Plan - Options Outstanding page

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

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

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

## Calculating Stock Purchase Balances

Access the Purchase Plan page

|                                   |                   |                                                                                       |                                                                                                                                                                             |
|-----------------------------------|-------------------|---------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Stock ID:</b>                  | KU1GBI            | Global Business Institute #1                                                          |                                                                                                                                                                             |
| <b>Stock Plan Type:</b>           | Option Plan       |                                                                                       |                                                                                                                                                                             |
| <b>Stock Plan:</b>                | KU1OPT00          | 2000 Stock Option Plan                                                                |                                                                                                                                                                             |
| <hr/>                             |                   |                                                                                       |                                                                                                                                                                             |
| <b>As of Date:</b>                | 11/04/2002        |  |   |
| <b>Plan Shares Allocated:</b>     | 20,000,000.000000 |                                                                                       |                                                                                                                                                                             |
| <b>Shares Purchased:</b>          | 0.000000          |                                                                                       |                                                                                                                                                                             |
| <hr/>                             |                   |                                                                                       |                                                                                                                                                                             |
| <b>Shares Available to Issue:</b> | 20,000,000.000000 |                                                                                       |                                                                                                                                                                             |

Purchase Plan 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                                                                                                       |
|--------------------|-----------------|-----------------------------------------|-------------------------------------------------------------------------------------------------------------|
| Define Split       | ST_SPLIT        | Stock, Stock Splits, Define Split       | Create a stock split ID and define the parameters of the stock split.                                       |
| Process Split      | ST_RUNCTL_SPLIT | Stock, Stock Splits, Process Split      | Process a stock split. You must first define a stock split ID on the Stock Split setup page.                |
| Stock Split Report | PRSCRUNCTL      | Stock, Stock Splits, Stock Split Report | Define run parameters for the Stock Split report (STSU013). Use the report to view stock split information. |

## Defining the Stock Split Parameters

Access the Define Split page.

|                               |                                            |                                                              |
|-------------------------------|--------------------------------------------|--------------------------------------------------------------|
| <b>Stock ID:</b>              | KU1UEN                                     | United Enterprises Stock                                     |
| <b>Split ID:</b>              | KU2FOR1                                    |                                                              |
| <hr/>                         |                                            |                                                              |
| <b>*Description:</b>          | <input type="text" value="2 for 1 split"/> |                                                              |
| <b>Short Description:</b>     | <input type="text" value="2 for 1 sp"/>    |                                                              |
| <b>*Record Date:</b>          | <input type="text" value="10/24/2000"/>    | <b>Payable Date:</b> <input type="text" value="10/24/2000"/> |
| <b>Stock Conversion</b>       |                                            |                                                              |
| <b>*New Shares:</b>           | <input type="text" value="2"/>             | <b>*Old Shares:</b> <input type="text" value="1"/>           |
| <b>Fractional Share Rules</b> |                                            |                                                              |
| <b>Decimal Places:</b>        | <input type="text" value="0"/>             |                                                              |
| <b>Stock Price Rules</b>      |                                            |                                                              |
| <b>Decimal Places:</b>        | <input type="text" value="0"/>             |                                                              |
| <b>*Rounding Rule:</b>        | <input type="text" value="Down"/>          |                                                              |
| <b>Split Status:</b>          | Processed                                  | <b>Status Date:</b> 10/23/2000                               |

Define Split page

### Record Date

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

### Payable Date

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

### Stock Conversion

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

## Fractional Share Rules

If fractional shares are allowed at the Stock Detail level, these fields become available and the fractional share rules defined on the Stock Details - 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.

---

## 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 8.8 eEquity PeopleBook*, “Understanding PeopleSoft eEquity”

Chapter 12, “Administering Stock Option Dispositions,” page 167

Chapter 21, “Administering Stock Purchase Dispositions,” page 235

## Pages Used to Manage Dispositions

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

## CHAPTER 7

# Administering Stock Option Plans

Details about stock option functionality are discussed in subsequent chapters. This chapter provides an overview of stock option plan functions and discusses:

- Creating stock option plans.
- Granting options.
- Exercising and releasing options.
- Producing stock option reports.

---

## 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.

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

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

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

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

## 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 least 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              |
| 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:

| <b>Vest Date</b> | <b>Shares Vested</b> | <b>Vest Value</b> | <b>Value Over Limit</b> | <b>Shares Over the Limit</b> | <b>% Over the Limit</b> | <b>NQ Shares Granted</b> | <b>ISO Shares Granted</b> |
|------------------|----------------------|-------------------|-------------------------|------------------------------|-------------------------|--------------------------|---------------------------|
| 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.

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## 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 cover the system must first look to the Stock Option Plan rules for sale income methods. The methods available for each option type are FMV; sales price; or lesser of FMV or sales price. The method chosen for the option type determines what price is used when calculating the ordinary income. If only some of the shares are sold the sale income method is used only to calculate the ordinary income for the shares sold. The remaining shares (exercised but not sold) use the FMV to calculate the remaining ordinary income.

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

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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<br><br>(Cash, Loan, Pay Deduction, Swap, Trade, Same Day Sale, Sell To Cover) | $\text{AMT Income} = \text{Exercise Value} - \text{Cost of Shares}$ <p>Where:</p> $\text{Exercise Value} = \text{Exercise FMV} \times \text{Shares Exercised}$ $\text{Cost of Shares} = \text{Grant Price} \times \text{Shares Exercised}$ |

### Calculating Ordinary Income at Exercise

| Share and Tax Payment Method                                 | Calculation                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No Sale Involved<br>(Cash, Loan, Pay Deduction, Swap, Trade) | $\text{Ordinary Income} = \text{Exercise Value} - \text{Cost of Shares}$ <p>Where:</p> $\text{Exercise Value} = \text{Exercise FMV} \times \text{Shares Exercised}$ $\text{Cost of Shares} = \text{Grant Price} \times \text{Shares Exercised}$                                                                                                                                                                     |
| Sale Involved<br>(Same Day Sale or Sell to Cover)            | $\text{Ordinary Income} = \text{Exercise Value} - \text{Cost of Shares}$ <p>Where:</p> $\text{Exercise Value} = (\text{Income Method Rule} \times \text{Shares Sold}) + (\text{Exercise FMV} \times (\text{Shares Exercised} - \text{Shares Sold}))$ $\text{Cost of Shares} = \text{Grant Price} \times \text{Shares Exercised}$ $\text{Income Method Rule} = \text{FMV, Sale Price or Lower of FMV or Sale Price}$ |

### 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<br>(Cash, Loan, Pay Deduction, Trade, Same Day Sale, Sell To Cover) | $\text{AMT Income} = \text{Release Value} - \text{Cost of Shares}$ <p>Where:</p> $\text{Release Value} = \text{Release FMV} \times \text{Shares Released}$ $\text{Cost of Shares} = \text{Grant Price} \times \text{Shares Released}$ |

## Calculating Ordinary Income at Release

| Share and Tax Payment Method                           | Calculation                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No Sale Involved<br>(Cash, Loan, Pay Deduction, Trade) | $\text{Ordinary Income} = \text{Release Value} - \text{Cost of Shares}$ <p>Where:</p> $\text{Release Value} = \text{Release FMV} \times \text{Shares Released}$ $\text{Cost of Shares} = \text{Grant Price} \times \text{Shares Released}$                                                                                                                                                                                                           |
| Sale Involved<br>(Same Day Sale or Sell to Cover)      | $\text{Ordinary Income} = \text{Release Value} - \text{Cost of Shares}$ <p>Where:</p> $\text{Release Value} = (\text{Income Method Rule} \times \text{Shares Sold}) + (\text{Release FMV} \times (\text{Shares Released} - \text{Shares Sold}))$ $\text{Cost of Shares} = \text{Grant Price} \times \text{Shares Released}$ $\text{Income Method Rule} = \text{FMV, Sale Price or Lower of FMV or Sale Price (FMV used determined by 83(b) filing)}$ |

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     | $\$3.40 \times 100 \text{ shares} = \$340$ |
| Exercise FMV x Shares Exercised = Exercise Value | $\$12 \times 100 \text{ shares} = \$1,200$ |
| 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      | $\$3.40 \times 100 \text{ shares} = \$340$ |
| Exercise FMV x Shares Exercised = Exercise Value  | $\$12 \times 100 \text{ shares} = \$1,200$ |
| 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         | $\$860 \times 28\% = \$240.80$  |
| State           | $\$860 \times 6\% = \$51.60$    |
| Social Security | $\$860 \times 6.2\% = \$53.32$  |
| Medicare        | $\$860 \times 1.45\% = \$12.47$ |

|                 |                              |
|-----------------|------------------------------|
| SDI             | $\$860 \times .5\% = \$4.30$ |
| 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           | $100 \times \$3.40 = \$340$ |
| Shares Required for Swap | $\$340/\$12 = 28.333$       |
| Swap Value               | $\$12 \times 28 = \$336$    |
| Additional Cash Required | $\$340 - \$336 = \$4$       |

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

Taxes are calculated as follows:

|                 |                                 |
|-----------------|---------------------------------|
| Federal         | $\$860 \times 28\% = \$240.80$  |
| State           | $\$860 \times 6\% = \$51.60$    |
| Social Security | $\$860 \times 6.2\% = \$53.32$  |
| Medicare        | $\$860 \times 1.45\% = \$12.47$ |

|                 |                              |
|-----------------|------------------------------|
| SDI             | $\$860 \times .5\% = \$4.30$ |
| Total Taxes Due | \$362.49                     |

The trade transaction is:

|                           |                             |
|---------------------------|-----------------------------|
| Shares Required for Trade | $\$362.49 / \$12 = 30$      |
| Value of Trade            | $\$12 \times 30 = \$360$    |
| 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                                                       | $\$3.40 \times 100 \text{ shares} = \$340$                           |
| (Lesser of FMV or Sale Price x Shares Sold) + (Shares Exercised – Shares Sold x FMV) = Exercise Value | $(\$12 \times 100 \text{ shares}) + ((100-100) \times 12) = \$1,200$ |
| 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     | $\$3.40 \times 100 \text{ shares} = \$340$ |
| Exercise FMV x Shares Exercised = Exercise Value | $\$12 \times 100 \text{ shares} = \$1,200$ |
| Exercise Value – Option Cost = Ordinary Income   | $\$1,200 - \$340 = \$860$                  |

Taxes are calculated as follows:

|                 |                                 |
|-----------------|---------------------------------|
| Federal         | $\$860 \times 28\% = \$240.80$  |
| State           | $\$860 \times 6\% = \$51.60$    |
| Social Security | $\$860 \times 6.2\% = \$53.32$  |
| Medicare        | $\$860 \times 1.45\% = \$12.47$ |



|                       |                              |
|-----------------------|------------------------------|
| SDI                   | $\$860 \times .5\% = \$4.30$ |
| 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                                                                                                       | $\$3.40 \times 100 \text{ shares} = \$340$                  |
| $(\text{Sale Price} \times \text{Shares Sold}) + ((\text{Shares Exercised} - \text{Shares Sold}) \times \text{Exercise FMV}) = \text{Exercise Value}$ | $(60 \times \$12.50) + ((100 - 60) \times 12) = \$1,230.00$ |
| Exercise Value – Cost of Shares = Ordinary Income                                                                                                     | $\$1,230 - \$340 = \$890$                                   |

Taxes are calculated as follows:

|                 |                                 |
|-----------------|---------------------------------|
| Federal         | $\$890 \times 28\% = \$249.20$  |
| State           | $\$890 \times 6\% = \$53.40$    |
| Social Security | $\$890 \times 6.2\% = \$55.18$  |
| Medicare        | $\$890 \times 1.45\% = \$12.91$ |

|                       |                              |
|-----------------------|------------------------------|
| SDI                   | $\$890 \times .5\% = \$4.45$ |
| 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         | $\$3.40 \times 100 \text{ shares} = \$340$ |
| SAR FMV x Shares Exercised = Exercise Value       | $\$12 \times 100 \text{ shares} = \$1,200$ |
| 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         | $\$860 \times 28\% = \$240.80$  |
| State           | $\$860 \times 6\% = \$51.60$    |
| Social Security | $\$860 \times 6.2\% = \$53.32$  |
| Medicare        | $\$860 \times 1.45\% = \$12.47$ |

|                 |                              |
|-----------------|------------------------------|
| SDI             | $\$860 \times .5\% = \$4.30$ |
| 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 |

## Producing Stock Option Reports

This section lists the stock option reports that are delivered with PeopleSoft Stock Administration.

### Pages Used to Produce Stock Option Reports

| Page Name              | Object Name       | Navigation                                                         | Usage                                                                                                                                                                                                                                                                  |
|------------------------|-------------------|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Stock Activity Details | ST_RUNCTL_STOK001 | Stock, Option Reports, Statements/Receipts, Stock Activity Details | Define run parameters for the Stock Activity Details report (STOK001). Use the report to view details of stock option activity.                                                                                                                                        |
| Stock Activity Summary | ST_RUNCTL_STOK002 | Stock, Option Reports, Statements/Receipts, Stock Activity Summary | Define run parameters for the Stock Activity Details report (STOK002). Use the report to view a summary of stock option activity.                                                                                                                                      |
| Shares Exercised       | ST_RUNCTL_STOP003 | Stock, Option Reports, Grant Transactions, Shares Exercised        | Define run parameters for the Shares Exercised report (STOP003). The report displays the options exercised during a specific date range. Use this report to verify data entry, prepare the annual report, prepare forms 10-K and 10-Q, and reconcile the plan summary. |

| Page Name                    | Object Name       | Navigation                                             | Usage                                                                                                                                                                                                                                          |
|------------------------------|-------------------|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Plan Summary                 | ST_RUNCTL_STES001 | Stock, Option Reports, Regulatory, Plan Summary        | Define run parameters for the Plan Summary report (STOP001). The report lists all plan activity that occurred during the specified date range.                                                                                                 |
| Common Transactions          | ST_RUNCTL_STRR003 | Stock, Option Reports, Regulatory, Common Transactions | Define run parameters for the Common Transactions report (STRR003). The report lists the option shares and stock purchase shares issued during the period.                                                                                     |
| ISO Limit                    | ST_RUNCTL_STRR005 | Stock, Option Reports, Regulatory, ISO Limit           | Define run parameters for the ISO Limit report (STRR005). The report 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.                       |
| Valuation Audit Report       | ST_RUNCTL_STFS004 | Stock, Valuation, Valuation Audit Report               | Define run parameters for the Valuation Audit report (STFS004). The report identifies stock options dated after the FAS 123 Disclosure date that do not contain a valuation record.                                                            |
| Expected Life Years Analysis | ST_RUNCTL_STFS001 | Stock, Valuation, Expected Life Years Analysis         | Define run parameters for the Expected Life Years Analysis report (STFS001). The report provides assistance in determining the expected term input for the Black-Scholes model.                                                                |
| FAS 123 Option Expense       | ST_RUNCTL_STFS007 | Stock, Valuation, FAS 123 Option Expense               | Define run parameters for the FAS 123 Option Expense report (STFS007). For the date range that you enter, running the report calculates the FAS 123 option expense for prior, current, and future periods.                                     |
| APB 25 Expense               | ST_RUNCTL_STFS009 | Stock, Option Reports, Expense, APB 25 Expense         | Define run parameters for the APB 25 Expense report (STFS009). For the date range that you enter, running the report calculates the APB 25 option expense for prior, current, and future periods. The report includes discounted options only. |

| Page Name                        | Object Name       | Navigation                                                                  | Usage                                                                                                                                                                                                                                                                                                                |
|----------------------------------|-------------------|-----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Variable Accounting Accrual      | ST_RUNCTL_STFS010 | Stock, Option Reports, Expense, Variable Accounting Accrual                 | Define run parameters for the Variable Accounting Accrual report (STFS010). The report calculates the accounting accruals for ISO/SAR, NQ/SAR, and repriced options as of the date you specify.                                                                                                                      |
| Offering Valuation Report        | ST_RUNCTL_STFS011 | Stock, Valuation, Offering Valuation Report                                 | Define run parameters for the Offering Valuation report (STFS011). The report provides option valuation information on all options for a specified stock ID and date range and also reports weighted averages.                                                                                                       |
| Outstanding/Exercisable by Price | ST_RUNCTL_STFS014 | Stock, Option Reports, Grant Transactions, Outstanding/Exercisable by Price | Define run parameters for the Outstanding/Exercisable by Price report (STFS014). The report lists, by grant price, all options that are outstanding or exercisable for a given stock ID as of the date that you enter. It also provides assistance in determining the price ranges to use in the Disclosure Summary. |
| Disclosure Summary               | ST_RUNCTL_STFS015 | Stock, Option Reports, Regulatory, Disclosure Summary                       | Define run parameters for the Disclosure Summary report (STFS015). The report provides data required for the company financial report, which summarizes grant, exercise, cancellation, and expiration information for the period of time that you specify. It also reports fair market value information.            |



## CHAPTER 8

# Administering Variable Compensation Grants

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

- Allocate stock to a variable compensation stock fund.
- View unprocessed variable compensation awards.
- Generate grants for variable compensation awards.
- Run the 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.

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

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

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

5. Generate the grants in 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 8.8 Human Resources PeopleBook: Manage Variable Compensation*, “Funding Variable Compensation Plans and Groups”

[Chapter 9, “Administering Grants,” page 125](#)

[Chapter 6, “Managing Stock Administration,” Managing Stock Splits, page 96](#)

[Chapter 15, “Administering Reprice,” page 185](#)

## Prerequisites

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.

## Pages Used to Allocate Stock to the Variable Compensation Stock Fund

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

## Allocating Stock

Access the Variable Comp Allocation page.

**Stock ID:** KU1GBI      Global Business Institute #1  
**Stock Plan Type:** Option Plan  
**Stock Plan:** KU1OPT00      2000 Stock Option Plan

| Variable Comp Allocation |                  |          |                   |                               |               |         | Customize | Find | View All | First | 1-2 of 2 | Last |
|--------------------------|------------------|----------|-------------------|-------------------------------|---------------|---------|-----------|------|----------|-------|----------|------|
|                          | *Allocation Date | Sequence | *Shares Allocated | Description                   | Approval Date |         |           |      |          |       |          |      |
| 1                        | 01/01/2000       | 1        | 70,000.000000     | VC Shares for 2000            | 01/01/2000    | Details | +         | -    |          |       |          |      |
| 2                        | 08/01/2000       | 2        | 1,000,000.000000  | Additional VC Shares for 2000 | 08/01/2000    | Details | +         | -    |          |       |          |      |

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 Variable Comp Stock Awards | VC_ST_AWARD | Stock, Grants, Review<br>Unprocessed VC Awards | View unprocessed Variable Comp awards after they have been published to Stock Administration. |

---

## 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

Chapter 7, “Administering Stock Option Plans,” Validating ISO Limits, page 101

## Pages Used to Generate Grants

| Page Name                      | Object Name        | Navigation                                   | Usage                                                                                                                                                                                                                                                              |
|--------------------------------|--------------------|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Create VC Grants - VC Criteria | ST_RUNCTL_GEN_GRNT | Stock, Grants, Create VC Grants, VC Criteria | Define the basic parameters of the grant generation process including the VC plan ID. Enter the VC plan, payout period, and group ID, for any unprocessed awards you want to generate. You must first award grants to the optionees through variable compensation. |
| Create VC Grants - Optionees   | ST_GEN_OPTIONEES   | Stock, Grants, Create VC Grants, Optionees   | 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.                                                                                                                         |
| Create VC Grants - Grant       | ST_GEN_GRANT       | Stock, Grants, Create VC Grants, Grant       | Enter the grant details that are required to generate the grants. During the process the vesting routine is used and the ISO validation occurs if the grant is ISO/SAR.                                                                                            |
| Variable Comp Message Report   | ST_RUNCTL_STOPMSG  | Stock, Grants, Variable Comp Message Report  | Define run parameters for the Variable Comp Message report (STOPMSG). The report displays processing messages when variable compensation grants are generated.                                                                                                     |

## Defining Basic Parameters for the Grant Generation Process

Access the Create VC Grants - VC Criteria page.

**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 Create VC 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 Create VC Grants - Grant 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  | Set Up HRMS, Product Related, Stock, Option Plans, Expire Variable Comp Plans | Expire Variable Comp plans. |

## CHAPTER 9

# Administering Grants

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

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

---

## Understanding 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

[Chapter 8, "Administering Variable Compensation Grants," page 117](#)

## Prerequisites

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

|                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Agreement ID</b>         | 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.                                                                                                                                                                                                                                                                                                                                                |
| <b>Employee Information</b> | This group box displays employee information as of the grant date.                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Exercise Before Vest</b> | 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.                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Expire Basis</b>         | Displays the value that is associated with the option parameter ID. You can select <i>Grant Date</i> , <i>Grant Date - 1</i> , <i>Vest Date</i> , or <i>Vest Date - 1</i> to indicate the date used to calculate the start of the option life months.                                                                                                                                                                                                                                                             |
| <b>Grant Date</b>           | 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.                                                                                                                                                                                                                                                                                                                 |
| <b>Grant FMV</b>            | Displays the Grant FMV calculated based on the Daily Prices table and defined using the Stock Option Plan Rules - FMV Rules page.                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Grant Number</b>         | Displays <i>NEW</i> 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.                                                                                                                                                                                                                                                                                                                                                   |
| <b>Grant Price</b>          | <p>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.</p> <p>If the option type is <i>ISO</i>, the grant price cannot be less than the FMV on the grant date.</p> <p>If the optionee is a 10% shareholder, the grant price of an <i>ISO/SAR</i> grant has to be at least the Grant FMV multiplied by the 10% shareholder FMV rule on the governing body rules table.</p> |
| <b>Grant Status</b>         | Valid values are <i>Active</i> , <i>Void</i> , and <i>Pending</i> .                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Life - Months</b>        | <p>Displays the value associated with the option parameter ID, which you can change. Enter the number of months that the option remains outstanding.</p> <p>If the option type is <i>ISO</i> or <i>ISO/SAR</i>, 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.</p>                                                                                                                                     |
| <b>Shares Granted</b>       | Number of shares to grant to an individual.                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Stock Plan</b>           | 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.                                                                                                                                                                                                                                                                                                             |



|                            |                                                                                                                                                                                                                                    |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Transfer Option</b>     | 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. |
| <b>Vesting Begin Code</b>  | Displays the value that is associated with the vesting schedule ID.                                                                                                                                                                |
| <b>Vesting Schedule ID</b> | 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                                                                                                                                                                                                                                                               |
|---------------------------------|-------------------|-------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Maintain Grants - General       | ST_GRANT          | Stock, Grants, Maintain Grants, General                                 | Award a new grant or update an existing grant from an individual plan to an optionee.<br><br>You must first set up and allocate stock to your stock option plans.                                                                                                   |
| Maintain Grants - Vesting       | ST_GRANT_VEST     | Stock, Grants, Maintain Grants, Vesting                                 | Create a new vesting schedule or update an existing vesting schedule associated with a grant and validate ISO limits.                                                                                                                                               |
| Maintain Grants - Miscellaneous | ST_GRANT_MISC     | Stock, Grants, Maintain Grants, Miscellaneous                           | View and enter information about cancellations, human resources, and reprice for a selected optionee. You can also view variable compensation information.                                                                                                          |
| Maintain Grants - Valuation     | ST_GRANT_VALUE    | Stock, Grants, Maintain Grants, Valuation                               | View valuation information such as shares valued, grant FMV, expected life years.                                                                                                                                                                                   |
| Grant Comments                  | ST_GRANT_CMT_SEC  | Stock, Grants, Maintain Grants, General<br><br>Click the Comments link. | Add comments for a grant.                                                                                                                                                                                                                                           |
| Shares Granted                  | ST_RUNCTL_STOP002 | Stock, Option Reports, Grant Transactions, Shares Granted               | Define run parameters for the Shares Granted report (STOP002). This report displays the options granted during a specified date range. Use the report to verify data entry, prepare the annual report, prepare forms 10-K and 10-Q, and reconcile the plan summary. |

### See Also

[Chapter 22, “Accounting for Stock-Based Compensation Plans,” Viewing Grant Valuations, page 254](#)

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

Access the Maintain Grants - General page.

| General              |                   | Vesting                           | Miscellaneous      | Valuation                                                |
|----------------------|-------------------|-----------------------------------|--------------------|----------------------------------------------------------|
| Chambers,Diane       |                   | ID: E307                          |                    |                                                          |
| Grants               |                   | Find   View All First 1 of 1 Last |                    |                                                          |
| Employee Information |                   |                                   |                    |                                                          |
| Stock ID:            | EBAR3             | EBAR3 Stock                       | Currency Code: USD |                                                          |
| Grant Number:        | 0000000024        |                                   |                    |                                                          |
| *Stock Plan:         | E3OPT97           | *Grant Status:                    | Active             | Status Date: 03/13/2000                                  |
| *Grant Date:         | 07/15/1997        | *Shares Granted:                  | 2,325.000000       |                                                          |
| Grant Price:         | \$30.500000       | Grant FMV:                        | \$0.000000         |                                                          |
| Option Parameter ID: |                   | *Option Type:                     | ISO                | <input checked="" type="checkbox"/> Exercise Before Vest |
| Grant Reason:        |                   | Agreement ID:                     |                    | <input type="checkbox"/> Transferable Options            |
| *Agreement Status:   | Outstanding Offer | Agreement Date:                   |                    | <a href="#">Comments</a>                                 |

Maintain Grants - General page

|                            |                                                                                                                                                                                                                                                                                                                                     |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Stock ID</b>            | Select the stock ID. The system displays the associated Currency Code associated with the stock ID.                                                                                                                                                                                                                                 |
| <b>Stock Plan</b>          | 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.                                                                                                              |
| <b>Status Date</b>         | Displays the date that the status was last changed and saved.                                                                                                                                                                                                                                                                       |
| <b>Grant Date</b>          | Enter the grant date. You get a warning if the individual is not active as of this date.                                                                                                                                                                                                                                            |
| <b>Grant Number</b>        | 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.                           |
| <b>Shares Granted</b>      | Displays the total shares of the two grants if the ISO limit is reached and two grants, one ISO and one NQ, are created.                                                                                                                                                                                                            |
| <b>Option Parameter ID</b> | 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. |
| <b>Option Type</b>         | The default value is the option type associated with the option parameter ID, if entered.                                                                                                                                                                                                                                           |
| <b>Agreement Status</b>    | Select <i>Accepted Offer</i> , <i>Outstanding Offer</i> , or <i>Rescinded Offer</i> to indicate the status of the agreement. If you select <i>Rescinded Offer</i> , you must set the cancel reason to <i>Rescind</i> 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

Chapter 6, “Managing Stock Administration,” Calculating Stock Balances, page 91

## Creating a Vesting Schedule and Validating ISO Limits

Access the Maintain Grants - Vesting page.

Chambers,Diane ID: E307

**Grants** Find | View All First 1 of 1 Last

**Employee Information**

|                |     |                   |                        |
|----------------|-----|-------------------|------------------------|
| Empl Rcd#:     | 0   | Personnel Status: | Employee               |
| Company:       | EC2 | Employee Status:  | Active                 |
| Pay Group:     | ES3 | National ID:      | 333338974              |
| Process Group: |     | Tax Location:     | Corporate Headquarters |

**Grant Number 0000000024**

|             |            |               |                |                 |              |
|-------------|------------|---------------|----------------|-----------------|--------------|
| Stock ID:   | EBAR3      | EBAR3 Stock   | Currency Code: | USD             |              |
| Stock Plan: | E3OPT97    | Option Shares | Grant Price:   | \$30.500000     |              |
| Grant Date: | 07/15/1997 | Option Type:  | ISO            | Shares Granted: | 2,325.000000 |

☒ ISO

**Vesting Schedule** Find | View All First 1 of 1 Last

Vest Effective Date: 07/15/1997 Sequence: 1 Vest Reason: Initial Vesting + -

Vesting Schedule ID: E4@25%GRN Expire Basis: Life - Months: 0

Vesting Begin Code: Grant Date Vest Basis Date: 07/15/1997

|   | *Vesting Date | *Shares Vested | *Expiration Date | Term Expire Date |   |   |
|---|---------------|----------------|------------------|------------------|---|---|
| 1 | 07/15/1998    | 581.250000     | 07/15/2007       |                  | + | - |
| 2 | 07/15/1999    | 581.250000     | 07/15/2007       |                  | + | - |
| 3 | 07/15/2000    | 581.250000     | 07/15/2007       |                  | + | - |
| 4 | 07/15/2001    | 581.250000     | 07/15/2007       |                  | + | - |

Maintain Grants - Vesting page

To create a vesting schedule and validate ISO limits:

1. Select a vesting schedule ID or manually define the individual vesting periods.
2. Complete other fields applicable to the vesting schedule.
3. For ISO options, click the Validate ISO button to determine if the value of the shares first exercisable exceeds the 100K limit.

|                            |                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Vest Effective Date</b> | 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.                                                                                                                                                                                                                                                                    |
| <b>Sequence</b>            | Displays a sequence number if you make a change to the vesting schedule.                                                                                                                                                                                                                                                                                                                                 |
| <b>Vest Reason</b>         | When you enter a new grant, the system default is the vesting reason <i>Initial Vesting</i> . To change the vesting schedule after the grant is saved, enter a new set of rows and select a different Vest Reason. Values are <i>Initial Vesting</i> , <i>Correction</i> , <i>Merger/Acquisition</i> , <i>Return from Leave</i> , <i>Performance Vesting</i> , <i>Reprice</i> , and <i>Termination</i> . |

## Vesting Schedule

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

|                                       |                                                                                                                                                                                                                                          |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Create Vesting Schedule button</b> | If you entered a vesting schedule ID, you can click this button to create the vesting schedule.                                                                                                                                          |
| <b>Vesting Date</b>                   | 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.                                              |
| <b>Shares Vested</b>                  | 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.                                                                        |
| <b>Expiration Date</b>                | Calculated from the Expire Basis and Life Months fields. You can change the date, however, if the option type is <i>ISO</i> , the date cannot exceed the option life limit set up on the Governing Body Rules - Stock Option Rules page. |
| <b>Term Expire Date</b>               | Available when the option is cancelled due to termination. Enter the grant expiration date.                                                                                                                                              |

## See Also

[Chapter 7, “Administering Stock Option Plans,” Validating ISO Limits, page 101](#)

## Recording Grant Cancellation, Human Resources, and Repricing Information

Access the Maintain Grants - Miscellaneous page.

| General                                                        |            | Vesting              |                 | Miscellaneous         |  | Valuation            |  |
|----------------------------------------------------------------|------------|----------------------|-----------------|-----------------------|--|----------------------|--|
| Chambers,Diane                                                 |            |                      |                 | ID: E307              |  |                      |  |
| <div>Grants</div> <div>Find   View All First 1 of 1 Last</div> |            |                      |                 |                       |  |                      |  |
| <b>Employee Information</b>                                    |            |                      |                 |                       |  |                      |  |
| Grant Number 0000000024                                        |            |                      |                 |                       |  |                      |  |
| Stock ID:                                                      | EBAR3      | EBAR3 Stock          | Currency Code:  | USD                   |  |                      |  |
| Stock Plan:                                                    | E3OPT97    | Option Shares        | Grant Price:    | \$30.500000           |  |                      |  |
| Grant Date:                                                    | 07/15/1997 | Option Type: ISO     | Shares Granted: | 2,325.000000          |  |                      |  |
| <b>Variable Comp</b>                                           |            |                      |                 | <b>HR Integration</b> |  |                      |  |
| VC Plan ID:                                                    |            | Payout Period ID:    |                 | Stock Action:         |  | <input type="text"/> |  |
| Period Begin Date:                                             |            | Group ID:            |                 | Stock Action Date:    |  | <input type="text"/> |  |
| <b>Cancellation</b>                                            |            |                      |                 | <b>Exercise</b>       |  |                      |  |
| Cancellation Date:                                             |            | <input type="text"/> |                 | ISO As NQ Date:       |  | <input type="text"/> |  |
| Cancel Reason:                                                 |            | <input type="text"/> |                 | Suspend Begin Date:   |  | <input type="text"/> |  |
| Shares Cancelled:                                              |            | 0.000000             |                 | Suspend End Date:     |  | <input type="text"/> |  |
| <b>Reprice</b>                                                 |            |                      |                 | <b>Vesting</b>        |  |                      |  |
| Reprice Grant Number:                                          |            | <input type="text"/> |                 | Suspend Begin Date:   |  | <input type="text"/> |  |
| Exercise Hold Date:                                            |            | <input type="text"/> |                 | Defer Date:           |  | <input type="text"/> |  |

Maintain 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

[Chapter 7, “Administering Stock Option Plans,” Validating ISO Limits, page 101](#)

[Chapter 9, “Administering Grants,” Creating, Updating, and Viewing Grants, page 127](#)

## Pages Used to Modify Grants

| Page Name                 | Object Name        | Navigation                              | Usage                                                       |
|---------------------------|--------------------|-----------------------------------------|-------------------------------------------------------------|
| Modify Grants - Criteria  | ST_RUNCTL_MOD_GRNT | Stock, Grants, Modify Grants, Criteria  | Enter the criteria to select the grant or grants to modify. |
| Modify Grants - Optionees | ST_MOD_OPTIONEES   | Stock, Grants, Modify Grants, Optionees | Specify the optionees whose grants you want to modify.      |
| Modify Grants - Modify    | ST_MOD_GRANT       | Stock, Grants, Modify Grants, Modify    | Modify the grant parameters.                                |

## Selecting Grants to Modify

Access the Modify Grants - Criteria 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.

Criteria
Optionees
Modify

Run Control ID: GN5
Report Manager
Process Monitor
Run

Language: English

Stock ID: KU1GBI
Stock Plan: KU1OPT00

Optionees

Optionees
Customize | Find | View All | First 1-10 of 41 Last

|    | General | Grant Info 1          | Grant Info 2  | Agreement    | Variable Comp |                |     |
|----|---------|-----------------------|---------------|--------------|---------------|----------------|-----|
|    | *EmplID | Name                  | *Grant Number | Grant Status | Grant Date    | Shares Granted |     |
| 1  | KC0001  | Griffiths,Martina Rae | 0000000421    | Active       | 07/06/2000    | 1000.000000    | + - |
| 2  | KC0001  | Griffiths,Martina Rae | 0000000429    | Active       | 07/25/2000    | 300.000000     | + - |
| 3  | KC0021  | Davies,Craig R        | 0000000422    | Active       | 07/06/2000    | 1000.000000    | + - |
| 4  | KC0021  | Davies,Craig R        | 0000000430    | Active       | 07/25/2000    | 450.000000     | + - |
| 5  | KC0026  | Johnson,Carol L       | 0000000423    | Active       | 07/06/2000    | 1000.000000    | + - |
| 6  | KC0026  | Johnson,Carol L       | 0000000432    | Active       | 07/25/2000    | 450.000000     | + - |
| 7  | KC0031  | Saint-Amand,Marcel    | 0000000424    | Active       | 07/06/2000    | 1000.000000    | + - |
| 8  | KC0031  | Saint-Amand,Marcel    | 0000000431    | Active       | 07/25/2000    | 350.000000     | + - |
| 9  | KD0001  | Breit-Gossmann,Heiner | 0000000450    | Active       | 01/03/2000    | 5000.000000    | + - |
| 10 | KD0002  | Amme,Isabella Maria   | 0000000451    | Active       | 07/05/2000    | 5000.000000    | + - |

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.

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                                                                |
|-----------------------|-----------------|--------------------------------------|----------------------------------------------------------------------|
| Review Grant Messages | ST_GRNT_MESSAGE | Stock, Grants, Review Grant Messages | View the messages from the Generate Grants or Modify Grants process. |

## Viewing Grant Messages

Access the 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 be displayed.



# CHAPTER 10

## 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.

### Prerequisites

Before you begin administering exercise transactions, you should:

- Set up the various stock tax types and default tax rates.
- Grant options to the optionees.
- Establish issuance instructions for your optionees.
- Make sure that the grants are active and not pending.
- Make sure that daily prices are current.

### Common Elements Used in This Chapter

|                             |                                                                                                              |
|-----------------------------|--------------------------------------------------------------------------------------------------------------|
| <b>83B Election</b>         | This field is only available for a restricted exercise. Use if the optionee files an IRC 83(b) tax election. |
| <b>Employee Information</b> | This group box displays employee information as of the exercise date.                                        |
| <b>Exercise Before Vest</b> | Selected if exercising before vesting is allowed for the option.                                             |

|                            |                                                                                                                                                                                      |
|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Exercise Number</b>     | The system displays <i>NEW</i> 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. |
| <b>ID</b>                  | Click to access the Employee Information page, where you can view employee information.                                                                                              |
| <b>Restricted Exercise</b> | 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 Options            | ST_EXER_SRCH1     | Stock, Grant Transactions, Exercise Options                          | Select the grant for which you want to view exercises. Also view an optionee's active and pending stock grants and number of exercisable shares.                                                                                                                    |
| Exercise Transactions       | ST_EXER_SRCH2     | Stock, Grant Transactions, Exercise Options<br>Click a grant number. | View exercise transactions for a grant and access the Exercise component.                                                                                                                                                                                           |
| Exercise Receipts           | ST_RUNCTL_STOP009 | Stock, Option Reports, Statements/Receipts, Exercise Receipts        | Define run parameters for the Exercise Receipts report (STOP009). The report displays detailed information about an exercise. You can send this report to an optionee when you complete the exercise.                                                               |
| Transfer Agent Instructions | ST_RUNCTL_STOP015 | Stock, Option Reports, Agent/Broker, Transfer Agent Instructions     | Define run parameters for the Transfer Agent Instructions report (STOP015). The report displays all option exercises confirmed within a specified date range and summarizes the information required by your transfer agent for the issuance of stock certificates. |

| Page Name                           | Object Name        | Navigation                                                             | Usage                                                                                                                                                                                                              |
|-------------------------------------|--------------------|------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Broker Deposits                     | ST_RUNCTL_STOP018  | Stock, Option Reports, Agent/Broker, Broker Deposits                   | Define run parameters for the Broker Deposits report (STOP018). Before running the report, you must have entered an exercise or release for which the shares issued are to be deposited with the stockbroker.      |
| Options Broker Deposits             | ST_RUNCTL_STOP018B | Stock, Option Reports, Agent/Broker, Broker Deposits                   | Define run parameters for the Options Broker Deposits report (STOP018B). This report lists all exercises confirmed within a specific date range for which the shares are to be delivered to the stockbroker.       |
| Broker Invoices                     | ST_RUNCTL_STOP019  | Stock, Option Reports, Agent/Broker, Broker Invoices                   | Define run parameters for the Broker Invoices report (STOP019). Before running this report, you must have entered an exercise or release for which the payment method was Same Day Sale or Sell to Cover.          |
| Options Broker Invoices - Exercises | ST_RUNCTL_STOP019A | Stock, Option Reports, Agent/Broker, Broker Invoices                   | Define run parameters for the Options Broker Invoices report (STOP019A). This report lists all same day sale and sell to cover exercises confirmed within a specified date range.                                  |
| Restricted Vesting Forecast         | ST_RUNCTL_STOP007  | Stock, Option Reports, Grant Transactions, Restricted Vesting Forecast | Define run parameters for the Restricted Vesting Forecast report (STOP007). This report displays the future vest dates for restricted exercises and can be used to plan on when you can release restricted shares. |
| Shares Cancelled                    | ST_RUNCTL_STOP005  | Stock, Option Reports, Grant Transactions, Shares Cancelled            | Define run parameters for the Shares Cancelled report (STOP005). This report lists all options canceled during a specified date range.                                                                             |
| Income/Taxes                        | ST_RUNCTL_STOP012  | Stock, Option Reports, Reconciliation, Income/Taxes                    | Define run parameters for the Income/Taxes report (STOP012). This report lists W-2 income and taxes from an exercise or release when your system is not integrated with PeopleSoft Payroll for North America.      |

| Page Name            | Object Name       | Navigation                                                  | Usage                                                                                                                                                                   |
|----------------------|-------------------|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Income/Tax Reversals | ST_RUNCTL_STOP012 | Stock, Option Reports, Reconciliation, Income/Tax Reversals | Define run parameters for the Income/Tax Reversals report (STOP012). This report lists all voided exercises and releases for which you calculated W-2 income and taxes. |

---

## 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      | Stock, Grant Transactions, Exercise Options<br><br>Click a grant number on the Exercise Options page, then click the Add button on the Exercise Transactions page. | Define basic information for the exercise, including the number of shares exercised and the methods for calculating the costs and taxes due. |
| Exercise Comments                            | ST_GRANT_EXER_SEC  | Click the Comments link on the Exercises - General page.                                                                                                           | Enter comments for an exercise.                                                                                                              |
| Exercises - Taxes                            | ST_EXER_TAXES      | Access the Exercises – General page and select the Taxes tab.                                                                                                      | Calculate the taxes related to the exercise                                                                                                  |
| Exercises - Cost                             | ST_EXER_COST       | Access the Exercises – General page and select the Cost tab.                                                                                                       | Determine the total cost due to the company for the exercised shares and related taxes. Enter swap and trade information.                    |
| Exercises - Issuance                         | ST_EXER_ISSUE      | Access the Exercises – General page and select the Issuance tab.                                                                                                   | Designate how the transfer agent is to issue exercised shares.                                                                               |
| Certificate Information , Escrow Information | ST_EXER_CERT_SEC   | <ul style="list-style-type: none"> <li>Click Certificate on the Exercise - Issuance page.</li> <li>Click Escrow on the Exercise - Issuance page.</li> </ul>        | Add either: <ul style="list-style-type: none"> <li>Registration and address information.</li> <li>Escrow and address information.</li> </ul> |
| 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 - Payment                          | ST_EXER_PAYMENT    | Access the Exercises – General page and select the Payment tab.                                                                                                    | Record payments made to the company on the exercise and view outstanding balances.                                                           |

## Entering General Exercise Information

Access the Exercises - General page.

| General                                                  |                                       | Taxes                                        | Cost                                                 | Issuance                              | Payment      |
|----------------------------------------------------------|---------------------------------------|----------------------------------------------|------------------------------------------------------|---------------------------------------|--------------|
| Chambers,Diane                                           |                                       |                                              | ID: <a href="#">E307</a>                             |                                       |              |
| <b>Employee Information as of</b>                        |                                       |                                              |                                                      |                                       |              |
| <b>Grant Number 0000000024</b>                           |                                       |                                              |                                                      |                                       |              |
| <b>Stock ID:</b>                                         | EBAR3                                 | EBAR3 Stock                                  | <b>Currency Code:</b>                                | USD                                   |              |
| <b>Stock Plan:</b>                                       | E3OPT97                               | Option Shares                                | <b>Grant Price:</b>                                  | \$30.500000                           |              |
| <b>Grant Date:</b>                                       | 07/15/1997                            | <b>Option Type:</b>                          | ISO                                                  | <b>Shares Granted:</b>                | 2,325.000000 |
| <input checked="" type="checkbox"/> Exercise Before Vest |                                       |                                              |                                                      |                                       |              |
| <b>Remaining Shares</b>                                  |                                       |                                              |                                                      |                                       |              |
| <b>Vested Exercisable:</b>                               |                                       | 0.000000                                     |                                                      | <b>Unvested Exercisable:</b> 0.000000 |              |
| <b>Exercise Number:</b>                                  | NEW                                   | <b>*Exercise Status:</b>                     | Active                                               | <b>Status Date:</b>                   | 11/06/2002   |
| <b>*Exercise Date:</b>                                   | <input type="text"/>                  | <input type="checkbox"/> Restricted Exercise | <b>Replace Exercise Number:</b> <input type="text"/> |                                       |              |
| <b>*Shares Exercised:</b>                                | <input type="text" value="0.000000"/> | <b>*Exercise FMV:</b>                        | <input type="text" value="\$0.000000"/>              |                                       |              |
| <b>*Exercise Method:</b>                                 | Cash                                  | <input type="checkbox"/> Trade For Taxes     |                                                      |                                       |              |
| <b>Shares Sold:</b>                                      | <input type="text"/>                  | <b>Sale Price:</b>                           | <input type="text"/>                                 |                                       |              |
| <input type="checkbox"/> 83b Election                    |                                       | <b>83b Election Date:</b>                    | <input type="text"/>                                 |                                       |              |
| <b>Receipt Date:</b>                                     | <a href="#">Comments</a>              |                                              |                                                      |                                       |              |

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.



|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Exercise FMV</b>      | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Exercise Method</b>   | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Trade For Taxes</b>   | <p>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:</p> <ul style="list-style-type: none"> <li>• The Trade For Taxes check box is not selected on the Payment/Income Method page.</li> <li>• 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.</li> <li>• The Exercise Method field equals SAR or Same Day Sale.</li> </ul> <p>When exercising unvested shares and 83b Election is not selected.</p> |
| <b>Shares Sold</b>       | If the exercise method is <i>Sell to Cover</i> , this field is available. Enter the number of shares sold. If the exercise method is <i>Same Day Sale</i> , the system displays the total shares exercised as shares sold.                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Sale Price</b>        | If the exercise method is <i>Same Day Sale</i> or <i>Sell to Cover</i> , this field is available. The exercise FMV is the default, but you can enter a different number.                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>83B Election Date</b> | If you select the 83B Election check box, this field becomes available. Enter the date that the optionee filed the 83B election.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Receipt Date</b>      | Displays the date that the exercise receipt was run.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

## Calculating Taxes for an Exercise

Access the Exercises - Taxes page.

| General                                         | Taxes      | Cost                                                | Issuance              | Payment                  |                          |             |              |             |  |
|-------------------------------------------------|------------|-----------------------------------------------------|-----------------------|--------------------------|--------------------------|-------------|--------------|-------------|--|
| Chambers,Diane                                  |            | ID: <a href="#">E307</a>                            |                       |                          |                          |             |              |             |  |
| <b>Employee Information as of</b>               |            |                                                     |                       |                          |                          |             |              |             |  |
| <b>Grant Number 0000000024</b>                  |            |                                                     |                       |                          |                          |             |              |             |  |
| <b>Stock ID:</b>                                | EBAR3      | EBAR3 Stock                                         | <b>Currency Code:</b> | USD                      |                          |             |              |             |  |
| <b>Stock Plan:</b>                              | E3OPT97    | Option Shares                                       | <b>Grant Price:</b>   | \$30.500000              |                          |             |              |             |  |
| <b>Grant Date:</b>                              | 07/15/1997 | <b>Option Type:</b>                                 | ISO                   | <b>Shares Granted:</b>   |                          |             |              |             |  |
| <b>Exercise Number:</b>                         | NEW        | <b>Exercise Date:</b>                               |                       | <b>Exercise FMV:</b>     |                          |             |              |             |  |
| <b>Exercise Status:</b>                         | Active     | <input type="checkbox"/> <b>Restricted Exercise</b> |                       | <b>Shares Exercised:</b> |                          |             |              |             |  |
| <b>Exercise Method:</b>                         | Cash       | <input type="checkbox"/> <b>83b Election</b>        |                       | <b>Sale Price:</b>       |                          |             |              |             |  |
| <input type="checkbox"/> <b>Trade For Taxes</b> |            |                                                     |                       | <b>Shares Sold:</b>      |                          |             |              |             |  |
| <b>Tax Detail</b>                               |            |                                                     |                       |                          |                          |             |              |             |  |
| Customize   Find   First 1 of 1 Last            |            |                                                     |                       |                          |                          |             |              |             |  |
| Country                                         | Tax Type   | State                                               | Locality              | Default Percentage       | Tax YTD                  | Current Tax | Tax Override | Maximum Tax |  |
| 1                                               |            |                                                     |                       |                          |                          |             |              |             |  |
| <b>Default Tax Calculation</b>                  |            |                                                     |                       |                          | <b>Exercise Value:</b>   |             |              |             |  |
| Load Default Taxes                              |            |                                                     |                       |                          | Copy Previous Taxes      |             |              |             |  |
| <b>North American Payroll</b>                   |            |                                                     |                       |                          | <b>Cost of Shares:</b>   |             |              |             |  |
| Calculate Taxes                                 |            |                                                     |                       |                          | Update Payroll           |             |              |             |  |
| <b>Calculation Source:</b>                      |            |                                                     |                       |                          | <b>AMT Income:</b>       |             |              |             |  |
| Manual Entry                                    |            |                                                     |                       |                          | \$0.000000               |             |              |             |  |
| <b>Sent to Payroll Date:</b>                    |            |                                                     |                       |                          | <b>Total Taxes:</b>      |             |              |             |  |
|                                                 |            |                                                     |                       |                          | \$0.000000               |             |              |             |  |
| <b>Reversal Date:</b>                           |            |                                                     |                       |                          | <b>Net Due Optionee:</b> |             |              |             |  |
|                                                 |            |                                                     |                       |                          | \$0.000000               |             |              |             |  |

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.

|                     |                                                                                                                                                                                                                   |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Current Tax</b>  | 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. |
| <b>Tax Override</b> | If you overrode the default taxes or inserted the tax amounts the system displays <i>Manual</i> . The default is <i>None</i> , which means no tax override.                                                       |
| <b>Maximum Tax</b>  | 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.

|                            |                                                                                                                                                                                                                                                        |
|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Load Default Taxes</b>  | 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. |
| <b>Copy Previous Taxes</b> | Click to copy the tax percentages used in the last exercise within the last calendar year. If there are no exercises for the current year, the system copies the percentages from the previous year and gives a warning message.                       |

### North American Payroll

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

|                             |                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Calculate Taxes</b>      | 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.                                                                                                                                          |
| <b>Update Payroll</b>       | 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.                                                                                                                                        |
| <b>Sent to Payroll Date</b> | 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. |
| <b>Reversal Date</b>        | Displays the date, if any, that the Payroll Reversal Report was run.                                                                                                                                                                                                                                                                             |

### Calculated Values

|                         |                                                                                                                                                            |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>AMT Value</b>        | Displays the alternative minimum tax value, if any.                                                                                                        |
| <b>Total Taxes</b>      | Displays the sum of all taxes displayed. These are the taxes that are due on exercise.                                                                     |
| <b>Net Due Optionee</b> | 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

Chapter 2, "Understanding PeopleSoft Stock Administration," Integrating With Other PeopleSoft HRMS Applications, page 7

Chapter 4, "Setting Up Stock Option Plans," Setting Up Tax Rules, page 58

## Calculating the Costs for an Exercise

Access the Exercises - Cost page.

| General                                                                                                                             |                                         | Taxes                                        |     | Cost              |                          | Issuance     |  | Payment |  |
|-------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|----------------------------------------------|-----|-------------------|--------------------------|--------------|--|---------|--|
| Chambers,Diane                                                                                                                      |                                         |                                              |     |                   | ID: <a href="#">E307</a> |              |  |         |  |
| Employee Information as of                                                                                                          |                                         |                                              |     |                   |                          |              |  |         |  |
| Grant Number 0000000024                                                                                                             |                                         |                                              |     |                   |                          |              |  |         |  |
| Stock ID:                                                                                                                           | EBAR3                                   | EBAR3 Stock                                  |     |                   | Currency Code:           | USD          |  |         |  |
| Stock Plan:                                                                                                                         | E3OPT97                                 | Option Shares                                |     |                   | Grant Price:             | \$30.500000  |  |         |  |
| Grant Date:                                                                                                                         | 07/15/1997                              | Option Type:                                 | ISO |                   | Shares Granted:          | 2,325.000000 |  |         |  |
| Exercise Number:                                                                                                                    | NEW                                     | Exercise Date:                               |     |                   | Exercise FMV:            |              |  |         |  |
| Exercise Status:                                                                                                                    | Active                                  | <input type="checkbox"/> Restricted Exercise |     | Shares Exercised: |                          |              |  |         |  |
| Exercise Method:                                                                                                                    | Cash                                    | <input type="checkbox"/> 83b Election        |     | Sale Price:       |                          |              |  |         |  |
| <input type="checkbox"/> Trade For Taxes                                                                                            |                                         |                                              |     | Shares Sold:      |                          |              |  |         |  |
| Swap/Trade Information                                                                                                              |                                         |                                              |     |                   |                          |              |  |         |  |
| Swap/Trade FMV:                                                                                                                     | <input type="text" value="\$0.000000"/> |                                              |     |                   |                          |              |  |         |  |
| Swapped:                                                                                                                            | <input type="text" value="0.000000"/>   |                                              |     |                   |                          |              |  |         |  |
| Traded:                                                                                                                             | <input type="text" value="0.000000"/>   |                                              |     |                   |                          |              |  |         |  |
| Swap/Trade Total:                                                                                                                   | 0.000000                                |                                              |     |                   |                          |              |  |         |  |
| Swap Detail <a href="#">Find</a>   <a href="#">View All</a>   <a href="#">First</a>   <a href="#">1 of 1</a>   <a href="#">Last</a> |                                         |                                              |     |                   |                          |              |  |         |  |
| Source:                                                                                                                             | <input type="text"/>                    |                                              |     |                   |                          |              |  |         |  |
| Number of Shares:                                                                                                                   | <input type="text"/>                    |                                              |     |                   |                          |              |  |         |  |
| Certificate Number:                                                                                                                 | <input type="text"/>                    |                                              |     |                   |                          |              |  |         |  |
| Date Acquired:                                                                                                                      | <input type="text"/>                    |                                              |     |                   |                          |              |  |         |  |
| Cost of Shares:                                                                                                                     |                                         |                                              |     |                   | \$0.000000               |              |  |         |  |
| Total Tax Due:                                                                                                                      |                                         |                                              |     |                   | \$0.000000               |              |  |         |  |
| Total Cost:                                                                                                                         |                                         |                                              |     |                   | \$0.000000               |              |  |         |  |
| Swap Value (                                                                                                                        |                                         |                                              |     |                   | \$0.000000 )             |              |  |         |  |
| Trade Value: (                                                                                                                      |                                         |                                              |     |                   | \$0.000000 )             |              |  |         |  |
| Due to Company:                                                                                                                     |                                         |                                              |     |                   | \$0.000000               |              |  |         |  |

Exercises - Cost page

## Swap/Trade Information

If a payment method is Swap for Shares or Trade for Taxes, these fields become available.

|                         |                                                                                                                                                                                                                                         |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Swap/Trade FMV</b>   | The swap trade FMV as defined on the Stock Option Plan Rules - FMV Rules page.                                                                                                                                                          |
| <b>Swapped</b>          | 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.                                                                                         |
| <b>Traded</b>           | 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. |
| <b>Swap/Trade Total</b> | 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.

|                           |                                                                                                                                                                                                                                                             |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Source</b>             | Select <i>Constructive Delivery</i> if the shares surrendered for the swap/trade are to be netted from the exercise and a physical certificate is not delivered. Select <i>Physical Delivery</i> if a physical certificate is surrendered for cancellation. |
| <b>Number of Shares</b>   | 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.                                                                              |
| <b>Certificate Number</b> | Enter the certificate number of the shares that were surrendered for the swap or trade, if any.                                                                                                                                                             |
| <b>Date Acquired</b>      | Enter the date that the swapped or traded shares were acquired.                                                                                                                                                                                             |

## Calculated Values

The system displays the following amounts.

|                       |                                                                                                      |
|-----------------------|------------------------------------------------------------------------------------------------------|
| <b>Cost of Shares</b> | Option price multiplied by number of shares exercised.                                               |
| <b>Total Tax Due</b>  | Total taxes due calculated on the Administer Exercises - Exercise Taxes page.                        |
| <b>Total Cost</b>     | Cost of shares plus total taxes due.                                                                 |
| <b>Swap Value</b>     | Number of shares swapped multiplied by the swap/trade FMV. Displayed if the exercise method is swap. |
| <b>Trade Value</b>    | Number of shares traded multiplied by the swap/trade FMV. Displayed if Trade for Taxes is selected.  |
| <b>Due to Company</b> | Total Cost minus the Swap Value, or the Trade Value , if any.                                        |

## Entering Issuance Instructions for Exercised Shares

Access the Exercises - Issuance page.

| General                                                                                                                   |                | Taxes                                        |                        | Cost         |                             | Issuance                 |                        | Payment |                                                                                                                                                                             |
|---------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------------------------|------------------------|--------------|-----------------------------|--------------------------|------------------------|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chambers,Diane                                                                                                            |                |                                              |                        |              |                             | ID: <a href="#">E307</a> |                        |         |                                                                                                                                                                             |
| Employee Information as of                                                                                                |                |                                              |                        |              |                             |                          |                        |         |                                                                                                                                                                             |
| Grant Number 0000000024                                                                                                   |                |                                              |                        |              |                             |                          |                        |         |                                                                                                                                                                             |
| Stock ID:                                                                                                                 | EBAR3          | EBAR3 Stock                                  |                        |              |                             | Currency Code:           | USD                    |         |                                                                                                                                                                             |
| Stock Plan:                                                                                                               | E3OPT97        | Option Shares                                |                        |              |                             | Grant Price:             | \$30.500000            |         |                                                                                                                                                                             |
| Grant Date:                                                                                                               | 07/15/1997     | Option Type:                                 | ISO                    |              |                             | Shares Granted:          | 2,325.000000           |         |                                                                                                                                                                             |
| Exercise Number:                                                                                                          | NEW            | Exercise Date:                               |                        |              |                             | Exercise FMV:            |                        |         |                                                                                                                                                                             |
| Exercise Status:                                                                                                          | Active         | <input type="checkbox"/> Restricted Exercise |                        |              |                             | Shares Exercised:        |                        |         |                                                                                                                                                                             |
| Exercise Method:                                                                                                          | Cash           | <input type="checkbox"/> 83b Election        |                        |              |                             | Sale Price:              |                        |         |                                                                                                                                                                             |
| <input type="checkbox"/> Trade For Taxes                                                                                  |                |                                              |                        | Shares Sold: |                             |                          |                        |         |                                                                                                                                                                             |
| Constructive:                                                                                                             | 0.000000       |                                              |                        |              | Physical:                   | 0.000000                 |                        |         |                                                                                                                                                                             |
| Shares Issued:                                                                                                            | 0.000000       |                                              |                        |              | Shares Returned:            | 0.000000                 |                        |         |                                                                                                                                                                             |
| Agent Notification                                                                                                        |                |                                              |                        |              |                             |                          |                        |         |                                                                                                                                                                             |
| Transfer Control Number:                                                                                                  |                |                                              | Escrow Control Number: |              |                             | Transfer Issue Date:     |                        |         |                                                                                                                                                                             |
| Issuance Detail                                                                                                           |                |                                              |                        |              |                             |                          |                        |         |                                                                                                                                                                             |
| Customize   Find    First 1 of 1 Last |                |                                              |                        |              |                             |                          |                        |         |                                                                                                                                                                             |
| Issuance Number                                                                                                           | *Issuance Type |                                              | Shares Issued          |              |                             |                          |                        |         |                                                                                                                                                                             |
| 1                                                                                                                         | Certificate    |                                              |                        |              | <a href="#">Certificate</a> |                          | <a href="#">Legend</a> |         |   |

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.

|                                        |                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Issuance Number</b>                 | Displays 1 when you first add an exercise. For each subsequent issuance that you create, the system generates a sequential number.                                                                                                                                                                                                                                                             |
| <b>Issuance Type</b>                   | If the exercised shares are unvested, <i>Escrow</i> is the default. If the exercise is a same day sale or sell to cover, <i>Broker</i> 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, <i>Certificate</i> is the default. You can change the default value. |
| <b>Shares Issued</b>                   | 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.                                                                                                                                                                                                                                        |
| <b>Broker, Escrow, and Certificate</b> | Click to access the Broker page, Escrow Information page, or Certificate page, respectively.                                                                                                                                                                                                                                                                                                   |

## Entering Certificate Information

Access the Certificate page.

The information from the Issuance Instructions is the default.

|                          |                                                                                                            |
|--------------------------|------------------------------------------------------------------------------------------------------------|
| <b>Registration Name</b> | Enter the name that is to appear on the stock certificate.                                                 |
| <b>Tax ID</b>            | 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.

|                          |                                                         |
|--------------------------|---------------------------------------------------------|
| <b>Registration Name</b> | Enter the name that is to appear on the escrow account. |
|--------------------------|---------------------------------------------------------|

## Entering Broker Instructions

Access the Broker page.

|                              |                                                                                                            |
|------------------------------|------------------------------------------------------------------------------------------------------------|
| <b>Registration Name</b>     | Enter the name that is to appear on the brokerage account.                                                 |
| <b>Tax ID</b>                | Enter the tax ID of the individual or organization to whom the stock is being issued, if not the optionee. |
| <b>Branch Control Number</b> | The system displays the branch control number after you run the Option Broker Deposits report.             |
| <b>Branch Issue Date</b>     | 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 ID

By selecting a legend ID, you can communicate further instructions to a transfer or escrow agent. The details of the legend ID print on the issuance instructions. You can use it, for example, to notify the transfer agent how to cancel swapped shares or place a specific legend on the back of a certificate. You can select multiple legends.

## Recording Payments for Exercised Shares

Access the Exercises - Payment page.

| General                                                                                                                  | Taxes      | Cost                                         | Issuance          | Payment      |
|--------------------------------------------------------------------------------------------------------------------------|------------|----------------------------------------------|-------------------|--------------|
| Chambers,Diane                                                                                                           |            | ID: <a href="#">E307</a>                     |                   |              |
| Employee Information as of                                                                                               |            |                                              |                   |              |
| Grant Number 0000000024                                                                                                  |            |                                              |                   |              |
| Stock ID:                                                                                                                | EBAR3      | EBAR3 Stock                                  | Currency Code:    | USD          |
| Stock Plan:                                                                                                              | E3OPT97    | Option Shares                                | Grant Price:      | \$30.500000  |
| Grant Date:                                                                                                              | 07/15/1997 | Option Type: ISO                             | Shares Granted:   | 2,325.000000 |
| Exercise Number:                                                                                                         | NEW        | Exercise Date:                               | Exercise FMV:     |              |
| Exercise Status:                                                                                                         | Active     | <input type="checkbox"/> Restricted Exercise | Shares Exercised: |              |
| Exercise Method:                                                                                                         | Cash       | <input type="checkbox"/> 83b Election        | Sale Price:       |              |
| <input type="checkbox"/> Trade For Taxes                                                                                 |            |                                              | Shares Sold:      |              |
| <a href="#">Customize</a>   <a href="#">Find</a>   <a href="#">First</a>   <a href="#">1 of 1</a>   <a href="#">Last</a> |            |                                              |                   |              |
| *Payment Date                                                                                                            | Sequence   | *Payment Type                                | *Payment Amount   |              |
| 1                                                                                                                        |            |                                              |                   |              |
| Due to Company:                                                                                                          |            | \$0.000000                                   |                   |              |
| Total Payments: (                                                                                                        |            | \$0.000000 )                                 |                   |              |
| Remaining Due:                                                                                                           |            | \$0.000000                                   |                   |              |
| <a href="#">Return to Grant Search</a>                                                                                   |            |                                              |                   |              |

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 11

## 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.

### Prerequisites

Before you begin releasing restricted shares:

- Grant options or awards that allow exercise before vesting, such as restricted stock awards.
- Exercise unvested shares.

### Common Elements in This Chapter

|                             |                                                                                                                                                                       |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>83B Election</b>         | Selected if the optionee filed an IRC 83(b) tax election.                                                                                                             |
| <b>Employee Information</b> | This group box displays employee information as of the release date.                                                                                                  |
| <b>ID</b>                   | Click to access the Employee Information page, where you view employee information.                                                                                   |
| <b>Release Number</b>       | Displays <i>NEW</i> 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 Release Information

| Page Name                                                                            | Object Name       | Navigation                                                                  | Usage                                                                                                                                                                                                                                                                      |
|--------------------------------------------------------------------------------------|-------------------|-----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Release Exercise Transactions                                                        | ST_REL_SRCH1      | Stock, Grant Transactions, Release Options                                  | Select the exercise for which you want to view releases.                                                                                                                                                                                                                   |
| Release Transactions                                                                 | ST_REL_SRCH2      | Stock, Grant Transactions, Release Options<br><br>Click an exercise number. | View release transactions and access the Releases component.                                                                                                                                                                                                               |
| Release Receipts                                                                     | ST_RUNCTL_STOP010 | Stock, Option Reports, Statements/Receipts, Release Receipts                | Define run parameters for the Release Receipts report (STOP010). The report displays detailed information about a release. You can send this report to an optionee when you complete the release.                                                                          |
| Shares Granted                                                                       | ST_RUNCTL_STOP002 | Stock, Option Reports, Grant Transactions, Shares Granted                   | Define run parameters for the Shares Granted report (STOP002). This report displays the options granted during a specified date range. Use the report to verify data entry, prepare the annual report, prepare forms 10-K and 10-Q, and reconcile the plan summary.        |
| Option Shares Released                                                               | ST_RUNCTL_STOP004 | Stock, Option Reports, Grant Transactions, Shares Released                  | Define run parameters for the Option Shares Released report (STOP004). This report displays the options released during a specified date range.                                                                                                                            |
| Options Transfer Agent Instn Releases (options transfer agent instructions releases) | ST_RUNCTL_STOP017 | Stock, Option Reports, Agent/Broker, Transfer Agent Instructions            | Define run parameters for the Options Transfer Agent Instruction report (STOP007). This report displays all option releases confirmed within a specified date range and summarizes the information required by your transfer agent for the issuance of stock certificates. |

| Page Name                   | Object Name       | Navigation                                                         | Usage                                                                                                                                                                                                                                                                                               |
|-----------------------------|-------------------|--------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Broker Deposits Releases    | ST_RUNCTL_STOP018 | Stock, Option Reports, Agent/Broker, Broker Deposits               | Define run parameters for the Options Broker Deposits Releases report (STOP018A). This report lists all exercises confirmed within a specific date range for which the shares are to be delivered to the stockbroker.                                                                               |
| Broker Invoices             | ST_RUNCTL_STOP019 | Stock, Option Reports, Agent/Broker, Broker Invoices               | Define run parameters for the Options Broker Invoices - Releases report (STOP019B). This report 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. |
| Income/Taxes                | ST_RUNCTL_STOP012 | Stock, Option Reports, Reconciliation, Income/Taxes                | Define run parameters for the Options Income/Taxes report (STOP012). This report lists W-2 income and taxes from an exercise or release when your system is not integrated with PeopleSoft Payroll for North America.                                                                               |
| Income/Tax Reversals        | ST_RUNCTL_STOP013 | Stock, Option Reports, Reconciliation, Income/Tax Reversals        | Define run parameters for the Options Income/Tax Reversals report (STOP013). This report lists all voided exercises and releases for which you calculated W-2 income and taxes.                                                                                                                     |
| ISO DD to Payroll           | ST_RUNCTL_STOP020 | Stock, Option Reports, Reconciliation, ISO DD to Payroll           | Define run parameters for the ISO DD to Payroll report (STOP020). This report lists all W-2 income generated from disqualifying dispositions not reported through PeopleSoft Payroll for North America.                                                                                             |
| ISO DD to Payroll Reversals | ST_RUNCTL_STOP021 | Stock, Option Reports, Reconciliation, ISO DD to Payroll Reversals | Define run parameters for the ISO DD to Payroll Reversals report (STOP021). This report lists all voided disqualifying dispositions for which W-2 income that was calculated was sent to payroll.                                                                                                   |

## Selecting the Exercise for the Release

Access the Release Exercise Transactions page.

|                        |                                                                                                                                                  |
|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Exercise Number</b> | 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.

|                          |                                                     |
|--------------------------|-----------------------------------------------------|
| <b>Shares Releasable</b> | Displays the number of shares that can be released. |
|--------------------------|-----------------------------------------------------|

|                       |                                                                                             |
|-----------------------|---------------------------------------------------------------------------------------------|
| <b>Release Number</b> | 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   | Stock, Grant Transactions, Releases-Hidden<br>Click a release number.                                                                                       | Enter or modify the basic parameters of a release of restricted shares.                                                                                                                                      |
| Release Comments                               | ST_EXER_REL_SEC   | Click Comments on the Releases - General page.                                                                                                              | Enter comments for the release.                                                                                                                                                                              |
| Releases - Taxes                               | ST_REL_TAXES      | Stock, Grant Transactions, Releases-Hidden, Taxes                                                                                                           | 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       | Stock, Grant Transactions, Releases-Hidden, Cost                                                                                                            | 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      | Access the Releases - General page and 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 and Escrow Information | ST_REL_CERT_SEC   | <ul style="list-style-type: none"> <li>Click Certificate on the Releases - Issuance page.</li> <li>Click Escrow on the Releases - Issuance page.</li> </ul> | Add either: <ul style="list-style-type: none"> <li>Registration and address information.</li> <li>Escrow and address information.</li> </ul>                                                                 |
| Broker/Branch Information                      | ST_REL_BROKER_SEC | Click Broker on the Release - Issuance page.                                                                                                                | Add brokerage information.                                                                                                                                                                                   |
| Legend                                         | ST_REL_LEGEND_SEC | Click Legend on the Releases - Issuance page.                                                                                                               | Select the legends to display on the issuance instructions.                                                                                                                                                  |
| Releases - Payment                             | ST_REL_PAYMENT    | Access the Releases - General page and select the Payment tab.                                                                                              | Record payments made to the company on releases and view outstanding balances.                                                                                                                               |

## Entering General Release Information

Access the Releases - General page.

| General                                   |                                       | Taxes                          | Cost                     | Issuance                 | Payment      |
|-------------------------------------------|---------------------------------------|--------------------------------|--------------------------|--------------------------|--------------|
| Chambers,Diane                            |                                       |                                | ID: <a href="#">E307</a> |                          |              |
| <b>Employee Information as of</b>         |                                       |                                |                          |                          |              |
| <b>Grant Number 0000000024</b>            |                                       |                                |                          |                          |              |
| <b>Stock ID:</b>                          | EBAR3                                 | EBAR3 Stock                    | <b>Currency Code:</b>    | USD                      |              |
| <b>Stock Plan:</b>                        | E3OPT97                               | Option Shares                  | <b>Grant Price:</b>      | \$30.500000              |              |
| <b>Grant Date:</b>                        | 07/15/1997                            | <b>Option Type:</b>            | ISO                      | <b>Shares Granted:</b>   | 2,325.000000 |
| <b>Exercise Number:</b>                   | 12                                    | <b>Exercise Date:</b>          | 07/16/1997               | <b>Exercise FMV:</b>     | \$15.000000  |
|                                           | <input type="checkbox"/> 83b Election |                                |                          | <b>Shares Exercised:</b> | 2,000.000000 |
| <b>Remaining Shares</b>                   |                                       |                                |                          |                          |              |
| <b>Releasable:</b>                        | 0.000000                              |                                |                          |                          |              |
| <b>Release Number:</b>                    | NEW                                   | <b>*Release Status:</b>        | Active                   | <b>Status Date:</b>      | 11/06/2002   |
| <b>*Release Date:</b>                     | <input type="text"/>                  | <b>Replace Release Number:</b> | <input type="text"/>     |                          |              |
| <b>*Shares Released:</b>                  | 0.000000                              | <b>*Release FMV:</b>           | \$0.000000               |                          |              |
| <b>*Release Method:</b>                   | Cash                                  | <b>Sale Price:</b>             | \$0.000000               |                          |              |
| <b>Shares Sold:</b>                       | 0.000000                              |                                |                          |                          |              |
| <b>Receipt Date:</b>                      | <a href="#">Comments</a>              |                                |                          |                          |              |
| <a href="#">Return to Exercise Search</a> |                                       |                                |                          |                          |              |

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.

| General                                                                                                            | Taxes      | Cost                                  | Issuance   | Payment                               |                       |         |             |              |             |
|--------------------------------------------------------------------------------------------------------------------|------------|---------------------------------------|------------|---------------------------------------|-----------------------|---------|-------------|--------------|-------------|
| Chambers,Diane                                                                                                     |            | ID: <a href="#">E307</a>              |            |                                       |                       |         |             |              |             |
| <b>Employee Information as of</b>                                                                                  |            |                                       |            |                                       |                       |         |             |              |             |
| <b>Grant Number 0000000024</b>                                                                                     |            |                                       |            |                                       |                       |         |             |              |             |
| <b>Stock ID:</b>                                                                                                   | EBAR3      | EBAR3 Stock                           |            | <b>Currency Code:</b> USD             |                       |         |             |              |             |
| <b>Stock Plan:</b>                                                                                                 | E3OPT97    | Option Shares                         |            | <b>Grant Price:</b> \$30.500000       |                       |         |             |              |             |
| <b>Grant Date:</b>                                                                                                 | 07/15/1997 | <b>Option Type:</b>                   | ISO        | <b>Shares Granted:</b> 2,325.000000   |                       |         |             |              |             |
| <b>Exercise Number:</b>                                                                                            | 12         | <b>Exercise Date:</b>                 | 07/16/1997 | <b>Exercise FMV:</b> \$15.000000      |                       |         |             |              |             |
|                                                                                                                    |            | <input type="checkbox"/> 83b Election |            | <b>Shares Exercised:</b> 2,000.000000 |                       |         |             |              |             |
| <b>Release Number:</b>                                                                                             | NEW        | <b>Release Date:</b>                  |            | <b>Release FMV:</b>                   |                       |         |             |              |             |
| <b>Release Status:</b>                                                                                             | Active     |                                       |            | <b>Shares Released:</b>               |                       |         |             |              |             |
| <b>Release Method:</b>                                                                                             | Cash       |                                       |            | <b>Sale Price:</b>                    |                       |         |             |              |             |
|                                                                                                                    |            |                                       |            | <b>Shares Sold:</b>                   |                       |         |             |              |             |
| <b>Tax Detail</b> <a href="#">Customize</a>   <a href="#">Find</a>   <a href="#">View All</a>    First 1 of 1 Last |            |                                       |            |                                       |                       |         |             |              |             |
|                                                                                                                    | Country    | Tax Type                              | State      | Locality                              | Default Percentage    | Tax YTD | Current Tax | Tax Override | Maximum Tax |
| 1                                                                                                                  |            |                                       |            |                                       |                       |         |             |              |             |
| <b>Default Tax Calculation</b>                                                                                     |            |                                       |            |                                       |                       |         |             |              |             |
| <input type="button" value="Load Default Taxes"/> <input type="button" value="Copy Previous Taxes"/>               |            |                                       |            |                                       |                       |         |             |              |             |
| <b>North American Payroll</b>                                                                                      |            |                                       |            |                                       |                       |         |             |              |             |
| <input type="button" value="Calculate Taxes"/> <input type="button" value="Update Payroll"/>                       |            |                                       |            |                                       |                       |         |             |              |             |
| <b>Calculation Source:</b> Manual Entry                                                                            |            |                                       |            |                                       |                       |         |             |              |             |
| <b>Sent to Payroll Date:</b>                                                                                       |            |                                       |            |                                       | <b>Reversal Date:</b> |         |             |              |             |

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.

|                           |                                                                                                                                                                                                                   |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Tax Type</b>           | Select the type of tax to calculate.                                                                                                                                                                              |
| <b>Default Percentage</b> | The system enters the default tax percentage based on the tax type. You can change the default percentage to modify the current tax amount.                                                                       |
| <b>Tax YTD</b>            | Enter the year-to-date tax amounts to have the system use these values when calculating taxes with limits.                                                                                                        |
| <b>Current Tax</b>        | 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. |
| <b>Tax Override</b>       | If you override the default taxes or inserted the tax amounts, the system displays <i>Manual</i> . The default is <i>None</i> , which means no tax override.                                                      |
| <b>Maximum Tax</b>        | 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.

|                            |                                                                                                                                                                                                                                          |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Load Default Taxes</b>  | 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. |
| <b>Copy Previous Taxes</b> | Click to copy the tax percentages used in the last release within the last calendar year. If there are no releases for the current year, the system copies the percentages from the previous year and provides a warning message.        |

## North American Payroll

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

|                             |                                                                                                                                                                                                                             |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Calculate Taxes</b>      | 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.                     |
| <b>Update Payroll</b>       | 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.                  |
| <b>Sent to Payroll Date</b> | 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. |
| <b>Reversal Date</b>        | 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

Chapter 2, "Understanding PeopleSoft Stock Administration," Integrating With Other PeopleSoft HRMS Applications, page 7

Chapter 4, "Setting Up Stock Option Plans," Setting Up Tax Rules, page 58

## Calculating Costs for a Release

Access the Releases - Cost page.

| General                           |                                       | Taxes                                 |                | Cost              |                          | Issuance |  | Payment |  |
|-----------------------------------|---------------------------------------|---------------------------------------|----------------|-------------------|--------------------------|----------|--|---------|--|
| Chambers,Diane                    |                                       |                                       |                |                   | ID: <a href="#">E307</a> |          |  |         |  |
| Employee Information as of        |                                       |                                       |                |                   |                          |          |  |         |  |
| Grant Number 0000000024           |                                       |                                       |                |                   |                          |          |  |         |  |
| Stock ID:                         | EBAR3                                 | EBAR3 Stock                           | Currency Code: | USD               |                          |          |  |         |  |
| Stock Plan:                       | E3OPT97                               | Option Shares                         | Grant Price:   | \$30.500000       |                          |          |  |         |  |
| Grant Date:                       | 07/15/1997                            | Option Type:                          | ISO            | Shares Granted:   | 2,325.000000             |          |  |         |  |
| Exercise Number:                  | 12                                    | Exercise Date:                        | 07/16/1997     | Exercise FMV:     | \$15.000000              |          |  |         |  |
|                                   |                                       | <input type="checkbox"/> 83b Election |                | Shares Exercised: | 2,000.000000             |          |  |         |  |
| Release Number:                   | NEW                                   | Release Date:                         |                | Release FMV:      |                          |          |  |         |  |
| Release Status:                   | Active                                |                                       |                | Shares Released:  |                          |          |  |         |  |
| Release Method:                   | Cash                                  |                                       |                | Sale Price:       |                          |          |  |         |  |
|                                   |                                       |                                       |                | Shares Sold:      |                          |          |  |         |  |
| Trade Information                 |                                       |                                       |                |                   |                          |          |  |         |  |
| Trade FMV:                        | <input type="text" value="0.000000"/> |                                       |                |                   |                          |          |  |         |  |
| Traded:                           | <input type="text" value="0.000000"/> |                                       |                |                   |                          |          |  |         |  |
| Trade Detail                      |                                       |                                       |                |                   |                          |          |  |         |  |
| Find   View All First 1 of 1 Last |                                       |                                       |                |                   |                          |          |  |         |  |
| Source:                           | <input type="text"/>                  |                                       |                |                   |                          |          |  |         |  |
| Number of Shares:                 | <input type="text"/>                  |                                       |                |                   |                          |          |  |         |  |
| Certificate Number:               | <input type="text"/>                  |                                       |                |                   |                          |          |  |         |  |
| Date Acquired:                    | <input type="text"/>                  |                                       |                |                   |                          |          |  |         |  |
| Total Tax Due:                    | \$0.000000                            |                                       |                |                   |                          |          |  |         |  |
| Trade Value:                      | (\$0.000000)                          |                                       |                |                   |                          |          |  |         |  |
| Due to Company:                   | \$0.000000                            |                                       |                |                   |                          |          |  |         |  |

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.

|                           |                                                                                                                                          |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Number of Shares</b>   | Enter the number of shares surrendered. Constructive delivery reduces the number of shares to be issued by the number of shares traded.  |
| <b>Certificate Number</b> | Enter the certificate number of the shares surrendered for the trade.                                                                    |
| <b>Date Acquired</b>      | Enter the date on which the traded shares were acquired.                                                                                 |
| <b>Calculated Values</b>  |                                                                                                                                          |
| <b>Total Tax Due</b>      | Displays the total taxes due calculated on the Releases - Taxes page.                                                                    |
| <b>Trade Value</b>        | If the share payment method is Trade, the system displays the trade value (number of shares traded multiplied by the swap or trade FMV). |
| <b>Due to Company</b>     | This value equals the total taxes due less the trade value.                                                                              |

## Entering Issuance Instructions

Access the Releases - Issuance page.

| General                                                                                                                               | Taxes                 | Cost                                  | Issuance                    | Payment                                                                                                                                                                                            |              |
|---------------------------------------------------------------------------------------------------------------------------------------|-----------------------|---------------------------------------|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Chambers,Diane                                                                                                                        |                       | ID: <a href="#">E307</a>              |                             |                                                                                                                                                                                                    |              |
| <b>Employee Information as of</b>                                                                                                     |                       |                                       |                             |                                                                                                                                                                                                    |              |
| <b>Grant Number 0000000024</b>                                                                                                        |                       |                                       |                             |                                                                                                                                                                                                    |              |
| <b>Stock ID:</b>                                                                                                                      | EBAR3                 | EBAR3 Stock                           | <b>Currency Code:</b>       | USD                                                                                                                                                                                                |              |
| <b>Stock Plan:</b>                                                                                                                    | E3OPT97               | Option Shares                         | <b>Grant Price:</b>         | \$30.500000                                                                                                                                                                                        |              |
| <b>Grant Date:</b>                                                                                                                    | 07/15/1997            | <b>Option Type:</b>                   | ISO                         | <b>Shares Granted:</b>                                                                                                                                                                             | 2,325.000000 |
| <b>Exercise Number:</b>                                                                                                               | 12                    | <b>Exercise Date:</b>                 | 07/16/1997                  | <b>Exercise FMV:</b>                                                                                                                                                                               | \$15.000000  |
|                                                                                                                                       |                       | <input type="checkbox"/> 83b Election |                             | <b>Shares Exercised:</b>                                                                                                                                                                           | 2,000.000000 |
| <b>Release Number:</b>                                                                                                                | NEW                   | <b>Release Date:</b>                  |                             | <b>Release FMV:</b>                                                                                                                                                                                |              |
| <b>Release Status:</b>                                                                                                                | Active                |                                       |                             | <b>Shares Released:</b>                                                                                                                                                                            |              |
| <b>Release Method:</b>                                                                                                                | Cash                  |                                       |                             | <b>Sale Price:</b>                                                                                                                                                                                 |              |
|                                                                                                                                       |                       |                                       |                             | <b>Shares Sold:</b>                                                                                                                                                                                |              |
| <b>Constructive:</b>                                                                                                                  | 0.000000              | <b>Physical:</b>                      | 0.000000                    |                                                                                                                                                                                                    |              |
| <b>Shares Issued:</b>                                                                                                                 | 0.000000              | <b>Shares Returned:</b>               | 0.000000                    |                                                                                                                                                                                                    |              |
| <b>Agent Notification</b>                                                                                                             |                       |                                       |                             |                                                                                                                                                                                                    |              |
| <b>Transfer Control Number:</b>                                                                                                       |                       | <b>Escrow Control Number:</b>         |                             | <b>Transfer Issue Date:</b>                                                                                                                                                                        |              |
| <b>Issuance Detail</b>                                                                                                                |                       |                                       |                             |                                                                                                                                                                                                    |              |
| Customize   Find   View All    First 1 of 1 Last |                       |                                       |                             |                                                                                                                                                                                                    |              |
| <b>Issuance Number</b>                                                                                                                | <b>*Issuance Type</b> | <b>Shares Issued</b>                  |                             |                                                                                                                                                                                                    |              |
|                                                                                                                                       | Certificate           |                                       | <a href="#">Certificate</a> | <a href="#">Legend</a>   |              |

Releases - Issuance page

### Shares Swapped/Traded

If shares are traded as part of the release, the system displays these amounts.

|                        |                                                                                                                                                    |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Constructive</b>    | The total number of constructively traded shares.                                                                                                  |
| <b>Physical</b>        | The total number of physically traded shares.                                                                                                      |
| <b>Shares Issued</b>   | The total number of shares issued from the release. This equals the number of shares released less the total number of constructive shares traded. |
| <b>Shares Returned</b> | 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

|                                |                                                                                                                                                |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Transfer Control Number</b> | Displays the transfer control number assigned by the Issuance Instructions report.                                                             |
| <b>Escrow Control Number</b>   | Displays the control number assigned by the Issuance Instructions report.                                                                      |
| <b>Transfer Issue Date</b>     | 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.

|                                        |                                                                                                                                                                                                                                                                                                                   |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Issuance Number</b>                 | Displays <i>I</i> when you first add a release. For each subsequent issuance you create, the system generates a sequential number.                                                                                                                                                                                |
| <b>Issuance Type</b>                   | If the release is an SDS or STC, the default is <i>Broker</i> . 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, <i>Certificate</i> is the default. You can change the default value. |
| <b>Shares Issued</b>                   | 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.                                                                                                                                                                 |
| <b>Broker, Escrow, and Certificate</b> | Click to access the Broker page, Escrow Information page, or Certificate page, respectively.                                                                                                                                                                                                                      |
| <b>Legend</b>                          | 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

[Chapter 10, “Administering Exercises,” Entering Certificate Information, page 149](#)

## **Adding Escrow Information**

Access the Escrow page.

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

### **See Also**

Chapter 10, “Administering Exercises,” Entering Escrow Information, page 149

## **Entering Brokerage Instructions**

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

### **See Also**

Chapter 10, “Administering Exercises,” Entering Broker Instructions, page 149

## **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**

Chapter 10, “Administering Exercises,” Selecting Legends to Display on Issuance Instructions, page 150

## **Recording Payments for Shares**

Access the Releases - Payment page.

| General                                                                                          | Taxes         | Cost                                  | Issuance        | Payment           |              |
|--------------------------------------------------------------------------------------------------|---------------|---------------------------------------|-----------------|-------------------|--------------|
| Chambers,Diane                                                                                   |               | ID: <a href="#">E307</a>              |                 |                   |              |
| Employee Information as of                                                                       |               |                                       |                 |                   |              |
| Grant Number 0000000024                                                                          |               |                                       |                 |                   |              |
| Stock ID:                                                                                        | EBAR3         | EBAR3 Stock                           | Currency Code:  | USD               |              |
| Stock Plan:                                                                                      | E3OPT97       | Option Shares                         | Grant Price:    | \$30.500000       |              |
| Grant Date:                                                                                      | 07/15/1997    | Option Type:                          | ISO             | Shares Granted:   | 2,325.000000 |
| Exercise Number:                                                                                 | 12            | Exercise Date:                        | 07/16/1997      | Exercise FMV:     | \$15.000000  |
|                                                                                                  |               | <input type="checkbox"/> 83b Election |                 | Shares Exercised: | 2,000.000000 |
| Release Number:                                                                                  | NEW           | Release Date:                         |                 | Release FMV:      |              |
| Release Status:                                                                                  | Active        |                                       |                 | Shares Released:  |              |
| Release Method:                                                                                  | Cash          |                                       |                 | Sale Price:       |              |
|                                                                                                  |               |                                       |                 | Shares Sold:      |              |
| <a href="#">Customize</a>   <a href="#">Find</a>   <a href="#">View All</a>    First 1 of 1 Last |               |                                       |                 |                   |              |
|                                                                                                  | *Payment Date | *Payment Type                         | *Payment Amount |                   |              |
| 1                                                                                                |               |                                       |                 |                   |              |
| Due to Company:                                                                                  |               | \$0.000000                            |                 |                   |              |
| Total Payments: (                                                                                |               | \$0.000000 )                          |                 |                   |              |
| Remaining Due:                                                                                   |               | \$0.000000                            |                 |                   |              |
| <a href="#">Return to Exercise Search</a>                                                        |               |                                       |                 |                   |              |

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 12

# 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:

$$[(\text{Sale Price or Exercise FMV or lesser of the two}) \times \text{Shares Disposed}] - (\text{Grant Price} \times \text{Shares Disposed})$$

### Release with No 83b Election Filed

Holding Period: Calculated from the Exercise Date

Ordinary Income Calculation:

$$[(\text{Sale Price or Release FMV or lesser of the two}) \times \text{Shares Disposed}] - (\text{Grant Price} \times \text{Shares Disposed})$$

## Release with 83b Election Filed

Holding Period: Calculated from the Exercise Date

Ordinary Income Calculation:

$[(\text{Sale Price or Exercise FMV or lesser of the two}) \times \text{Shares Disposed}] - (\text{Grant Price} \times \text{Shares Disposed})$

## 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.

---

## Prerequisites

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

|                            |                                                                                                          |
|----------------------------|----------------------------------------------------------------------------------------------------------|
| <b>ID</b>                  | Click the ID number to access the Employee Information page, where you view employee information.        |
| <b>Shares Self Service</b> | Displays the number of shares reported as disposed through the self-service page in self-service status. |

|                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Shares Disposed</b>        | Displays the number of shares disposed in confirmed status.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Shares Available</b>       | Displays the number of shares available. This equals Shares Issued – Share Pending – Shares Self Service – Shares Disposed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Disposition Number</b>     | Displays <i>NEW</i> 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Status</b>                 | The default for a new record is <i>Pending</i> , unless the shares were already sold through a same day sale or sell to cover transaction. Then, the status is <i>Confirmed</i> . When the status is changed to <i>Confirmed</i> , 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 <i>Void</i> . If an optionee reports a disposition through the self-service page, the status is <i>Self Srv</i> (self service) until you set it to <i>Confirmed</i> , either by running the Confirm Self Service process or changing the status to <i>Confirmed</i> online. |
| <b>Status Date</b>            | Displays the date on which the status was last changed and saved.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Sent to Payroll Date</b>   | Displays the date on which the transaction was sent to payroll or the day the manual report was run.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Sent to Payroll Source</b> | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Paycheck Number</b>        | 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                                                                                                                                                                                                                                  |
|-----------------------------------|-------------------|------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Maintain Dispositions             | ST_OPTN_DISPOSN   | Stock, Grant Transactions, Maintain Dispositions                 | View a summary of an optionee's exercises and releases. From this page, you can access the Exercise Disposition and Release Disposition pages, where you enter dispositions.                                                           |
| Exercise Disposition              | ST_EXER_DISPOSN   | Click an Exercise Number on the Maintain Dispositions page.      | Enter an exercise disposition.                                                                                                                                                                                                         |
| Exercise Disposition Payroll Data | ST_EXER_PR_SBP    | Click Sent to Payroll Date on the Exercise Disposition page.     | View payroll details.                                                                                                                                                                                                                  |
| Release Disposition               | ST_REL_DISPOSN    | Click a Release Number on the Maintain Dispositions page.        | Enter a release disposition.                                                                                                                                                                                                           |
| Release Disposition Payroll Data  | ST_REL_PR_SBP     | Click Sent to Payroll Date on the Release Disposition page.      | View payroll details.                                                                                                                                                                                                                  |
| Disposition Receipts              | ST_RUNCTL_STOP023 | Stock, Option Reports, Statements/Receipts, Disposition Receipts | Define run parameters for the Disposition Receipts report (STOP023). This report displays detailed information about a disqualified disposition. You can send this report for an optionee to use with income reported on the W-2 form. |
| ISO DD to Acctg /Tax              | ST_RUNCTL_STOP022 | Stock, Option Reports, Reconciliation, ISO DD to Acctg /Tax      | Define run parameters for the ISO DD to Acctg /Tax report (STOP022). This report lists details of the potential diluted shares outstanding calculation.                                                                                |

## Viewing a Summary of Exercises and Releases

Access the Maintain Dispositions page.

Lewis,Douglas

ID: [KU0001](#)**Stock ID:** KU1GBI Global Business Institute #1

| Exercise Transactions |               |              |            |             |             | Customize   Find   View All    | First  1-5 of 5  Last |
|-----------------------|---------------|--------------|------------|-------------|-------------|-------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exercise Number       | Exercise Date | Grant Number | Stock Plan | Option Type | Grant Price | Shares Disposable                                                                                                 |                                                                                                                                                                                             |
| <a href="#">34</a>    | 01/15/1986    | 0000000012   | KU1OPT80   | ISO         | \$0.100000  | 0.000000                                                                                                          |                                                                                                                                                                                             |
| <a href="#">83</a>    | 08/09/2000    | 0000000018   | KU1OPT80   | NQ          | \$0.100000  | 656.000000                                                                                                        |                                                                                                                                                                                             |
| <a href="#">57</a>    | 09/24/1997    | 0000000075   | KU1OPT80   | NQ          | \$0.160000  | 800.000000                                                                                                        |                                                                                                                                                                                             |
| <a href="#">40</a>    | 01/06/2000    | 0000000224   | KU1OPT90   | ISO         | \$2.109000  | 0.000000                                                                                                          |                                                                                                                                                                                             |
| <a href="#">74</a>    | 09/14/1999    | 0000000256   | KU1OPT90   | ISO         | \$10.375000 | 1,923.000000                                                                                                      |                                                                                                                                                                                             |

  

| Release Transactions |              |              |            |             |             | Customize   Find   View All    | First  1 of 1  Last |
|----------------------|--------------|--------------|------------|-------------|-------------|-------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Release Number       | Release Date | Grant Number | Stock Plan | Option Type | Grant Price | Shares Disposable                                                                                                 |                                                                                                                                                                                           |
| <a href="#">1</a>    | 01/01/2000   | 0000000001   | KU1OPT80   | RSA         | \$0.000000  | 20,000.000000                                                                                                     |                                                                                                                                                                                           |

Maintain Dispositions page

**Exercise Number**

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

**Shares Disposable**

Displays the number of shares 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.

Lewis,Douglas ID: KU0001

▶ Grant Number 000000012

|                   |              |                      |              |
|-------------------|--------------|----------------------|--------------|
| Shares Exercised: | 4,000.000000 | Shares Issued:       | 4,000.000000 |
| Shares Pending:   | 0.000000     | Shares Self Service: | 0.000000     |
| Shares Disposed:  | 4,000.000000 | Shares Available:    | 0.000000     |

Dispositions Find | View All First 1 of 1 Last

▶ Employee Information +

Disposition Number: 1 \*Status: Confirmed Status Date: 06/13/2000

\*Disposition Date: 01/15/1990 ☐ Disqualifying Disposition Total Price: \$800.000000

Shares Disposed: 4,000.000000 ☐ Sale at Exercise Ordinary Income: \$0.000000

Disposition Price: \$0.200000

\*Disposition Type: Sale Receipt Date:

\*Disposition Source: Administrator Update Payroll

[Return](#)

Exercise Disposition page

## Disposition Information

|                                  |                                                                                                                                                                                                                                                                                                |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Disposition Date</b>          | 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.                                                                   |
| <b>Disqualifying Disposition</b> | 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.                                                                                              |
| <b>Total Price</b>               | Displays the grant price multiplied by the number of shares sold.                                                                                                                                                                                                                              |
| <b>Sale at Exercise</b>          | 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.                                                                                                                                |
| <b>Ordinary Income</b>           | If the transaction is a disqualifying disposition and the Disqualifying Disposition check box is selected, the system calculates and displays the ordinary income.                                                                                                                             |
| <b>Disposition Price</b>         | The Exercise FMV, which you can change, is the default.                                                                                                                                                                                                                                        |
| <b>Disposition Type</b>          | Select <i>Sale</i> (default) or <i>Transfer</i> .                                                                                                                                                                                                                                              |
| <b>Receipt Date</b>              | Displays the date on which the disposition receipt was run.                                                                                                                                                                                                                                    |
| <b>Disposition Source</b>        | Select how the disposition was reported: <i>Administrator</i> , <i>Self-Service</i> , and <i>Third Party</i> . <i>Administrator</i> is the default.                                                                                                                                            |
| <b>Sent to Payroll Date</b>      | 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

[Chapter 2, “Understanding PeopleSoft Stock Administration,” Integrating With Other PeopleSoft HRMS Applications, page 7](#)

## Entering a Release Disposition

Access the Release Disposition page.

Lewis,Douglas KU0001

▶ Grant Number 0000000001

**Shares Released:** 20,000.000000 **Shares Issued:** 20,000.000000

**Shares Pending:** 0.000000 **Shares Self Service:** 0.000000

**Shares Disposed:** 0.000000 **Shares Available:** 20,000.000000

**Dispositions** Find | View All First 1 of 1 Last

▶ Employee Information +

**Disposition Number:** NEW **\*Status:** Pending **Status Date:** 11/06/2002

**\*Disposition Date:** [Calendar Icon] ☐ **Disqualifying Disposition** **Total Price:** \$0.000000

**Shares Disposed:** 0.000000 ☐ **Sale at Release** **Ordinary Income:** \$0.000000

**Disposition Price:** \$0.000000

**\*Disposition Type:** Sale **Receipt Date:**

**\*Disposition Source:** Administrator **Update Payroll**

[Return](#)

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.

|                                  |                                                                                                                                                                                                                                                                                              |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Disqualifying Disposition</b> | 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.                                                                                            |
| <b>Sale at Release</b>           | 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.                                                                                                                                |
| <b>Ordinary Income</b>           | If the transaction is a disqualifying disposition and the Disqualifying Disposition check box is selected, the system calculates and displays the ordinary income.                                                                                                                           |
| <b>Disposition Price</b>         | Exercise FMV, which you can change, is the default.                                                                                                                                                                                                                                          |
| <b>Disposition Type</b>          | Select <i>Sale</i> or <i>Transfer</i> . <i>Sale</i> is the default.                                                                                                                                                                                                                          |
| <b>Receipt Date</b>              | Displays the date on which the disposition receipt was run.                                                                                                                                                                                                                                  |
| <b>Disposition Source</b>        | Select how the disposition was reported: <i>Administrator</i> , <i>Self-Service</i> , and <i>Third Party</i> . <i>Administrator</i> is the default.                                                                                                                                          |
| <b>Sent to Payroll Date</b>      | 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. |
| <b>Reversal Date</b>             | Displays the date on which the manual Reverse Disqualifying Disposition report was run.                                                                                                                                                                                                      |
| <b>Update Payroll</b>            | Click to send the transaction to payroll.                                                                                                                                                                                                                                                    |



## CHAPTER 13

# 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

Chapter 4, “Setting Up Stock Option Plans,” Defining Stock Option Plan Rules, page 46

## Prerequisites

Before you begin a stock repurchase, you must have:

- Granted options to an optionee.
- Exercised unvested shares that have not been released.

## Common Elements in This Chapter

**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 Options                                                                       | ST_REPURCH_SRCH1   | Stock, Grant Transactions, Repurchase Options                                                 | Select the grant for which you want to view or record repurchase transactions.                                                                                                                                                                                                           |
| Repurchases                                                                              | ST_GRANT_REPURCH   | Click a repurchase number or the Add a Repurchase button on the Repurchase Transactions page. | Record repurchase transactions.                                                                                                                                                                                                                                                          |
| Grant Repurchase Comments                                                                | ST_REPURCH_CMT_SEC | Click the Comment link on the Repurchases page.                                               | Enter comments for a repurchase.                                                                                                                                                                                                                                                         |
| Repurchase Transactions                                                                  | ST_REPURCH_SRCH2   | Click a grant number on the Repurchase Options page.                                          | View repurchase transactions and access the Repurchases page.                                                                                                                                                                                                                            |
| Options Repurchase Receipts                                                              | ST_RUNCTL_STOP011  | Stock, Option Reports, Statements/Receipts, Repurchase Receipts                               | Define run parameters for the Options Repurchase Receipts report (STOP011). This report displays detailed information about a repurchase. You can send this report to an optionee when you complete the repurchase.                                                                      |
| Shares Repurchased                                                                       | ST_RUNCTL_STOP006  | Stock, Option Reports, Grant Transactions, Shares Repurchased                                 | Define run parameters for the Shares Repurchased report (STOP006). This report displays options repurchased during a specific date range.                                                                                                                                                |
| Options Transfer Agent Instn Repurchase (options transfer agent instructions repurchase) | ST_RUNCTL_STOP016  | Stock, Option Reports, Agent/Broker, Transfer Agent Instructions                              | Define run parameters for the Options Transfer Agent Instruction Repurchase report (STOP016). This report displays all option repurchases confirmed within a specified date range and summarizes the information required by your transfer agent for the issuance of stock certificates. |
| Subject to Repurchase                                                                    | ST_RUNCTL_STOP008  | Stock, Option Reports, Grant Transactions, Subject to Repurchase                              | Define run parameters for the Subject to Repurchase report (STOP008). This report lists all shares that were exercised before vest but have not been released as of the specified date.                                                                                                  |

### Selecting a Grant

Access the Repurchase Options 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.

|                                             |                               |                             |                                     |
|---------------------------------------------|-------------------------------|-----------------------------|-------------------------------------|
| Silverman,Ruth                              |                               | ID: E2PI02                  |                                     |
| <b>Employee Information</b>                 |                               |                             |                                     |
| <b>Grant Number 0000000021</b>              |                               |                             |                                     |
| <b>Stock ID:</b>                            | EBAR2A                        | EBAR2A                      | <b>Currency Code:</b> USD           |
| <b>Stock Plan:</b>                          | E2PIOPT98                     | OPTION STOCK PLAN           | <b>Grant Price:</b> \$0.000000      |
| <b>Grant Date:</b>                          | 01/01/1998                    | <b>Option Type:</b> RSA     | <b>Shares Granted:</b> 5,000.000000 |
| <b>Remaining Shares</b>                     |                               |                             |                                     |
| <b>Repurchasable:</b>                       | 333.332000                    |                             |                                     |
| <b>Repurchase Number:</b>                   | 1                             | <b>Repurchase Status:</b>   | Active                              |
| <b>Repurchase Date:</b>                     | 02/15/1998                    | <b>*Shares Repurchased:</b> | 3,000.000000                        |
| <b>Repurchase Price:</b>                    | \$10.000000                   | <b>Repurchase FMV:</b>      | \$41.438000                         |
| <b>Repurchase Reason:</b>                   | Terminatn                     | <b>Repurchase Cost:</b>     | \$30,000.000000                     |
| <b>Agent Notification</b>                   |                               | <b>Receipt Date:</b>        | <a href="#">Comments</a>            |
| <b>Legend ID:</b>                           |                               |                             |                                     |
| <b>Transfer Control Number:</b>             | <b>Escrow Control Number:</b> | <b>Transfer Issue Date:</b> |                                     |
| <a href="#">Return to Repurchase Search</a> |                               |                             |                                     |

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 a Repurchase button to access the Repurchases page.
4. Record the details of the repurchase.

### Employee Information

The displayed information is as of the repurchase date.

**Person Type**

Displays the person type, if the optionee is a nonemployee.

**Insider**

Displays the insider status, if the optionee is an insider.

**Pay Group**

Displays the pay group of the primary job.

**Tax Location**

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.

|                             |                                                                                                           |
|-----------------------------|-----------------------------------------------------------------------------------------------------------|
| <b>Shares Repurchasable</b> | Displays the number of shares available for repurchase as of the current date.                            |
| <b>Repurchase Number</b>    | Click the repurchase number to access the Repurchases page, which displays the details of the repurchase. |
| <b>Add a Repurchase</b>     | Click to access the Repurchases page, where you can add a new repurchase.                                 |

## CHAPTER 14

# 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

Chapter 4, “Setting Up Stock Option Plans,” Defining Stock Action Rules, page 53

*PeopleSoft 8.8 Application Fundamentals for HRMS PeopleBook*, “Using PeopleSoft Workflow”

*PeopleSoft 8.8 Human Resources PeopleBook: Administer Workforce*, “Setting Up the Administer Workforce Business Process,” Defining Duty Types and Reasons for Personnel Actions

## Prerequisites

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

|                       |                                                                                                  |
|-----------------------|--------------------------------------------------------------------------------------------------|
| <b>ID</b>             | Click the ID number to access the Employee Information page where you view employee information. |
| <b>Process</b>        | Click to process the stock action.                                                               |
| <b>Check Messages</b> | 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.

---

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

---

## Pages Used to Run the Stock Action Process

| Page Name                      | Object Name     | Navigation                                                                                                                                           | Usage                                                                 |
|--------------------------------|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| Process Stock Action-Work List | ST_ACTN_PRC_WL  | Stock, Grant Transactions, Process Stock Action-Work List<br><br>You can access this page directly from a worklist created by workflow notification. | Review and process stock actions received from the worklist.          |
| Process Stock Action-Manual    | ST_ACTN_PRC_MNL | Stock, Grant Transactions, Process Stock Action-Manual                                                                                               | Reverse previously processed stock actions or enter actions manually. |

## Processing Stock Actions Received From the Worklist

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

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.

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                                                         |
|------------------------------|-----------------|---------------------------------------------------------|---------------------------------------------------------------|
| Review Stock Action Messages | ST_ACTN_PRC_MSG | Stock, Grant Transactions, Review Stock Action Messages | View the results of the Stock Action process for an optionee. |

## CHAPTER 15

# 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.

### Prerequisites

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

### Procedure for Repricing Stock

When a stock is repriced, optionees surrender their higher-priced stock options in exchange for lower-priced options.

To reprice your stock:

1. Set up the reprice parameters including stock ID, eligibility, and vesting, through the Stock Reprice component.

2. Run the Reprice Eligibility process to determine who can participate in the reprice using the Reprice Eligibility Process page.
3. Print Reprice Election forms and send to plan participants for their acceptance (optional).
4. Enter individuals' elections to participate in the stock repricing using the Reprice Participation page.
5. Run the Reprice Grants process using the Reprice Grants Process page.
6. If necessary, run the Reverse Reprice process using the Reverse Reprice Grants Process page.

---

**Note.** Check the Reprice Messages page after you run any of the reprice processes.

---

### **See Also**

*PeopleSoft 8.8 Application Fundamentals for HRMS PeopleBook*, "PeopleSoft Application Fundamentals for HRMS 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                                                                                                                                                                           |
|---------------------------------------|-------------|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Define Stock Repricing - Eligibility  | ST_REPRC1   | Stock, Option Reprices, Define Stock Repricing, Eligibility  | Enter the eligibility rules for the stock reprice, including the record date and break price, and exclude any groups of individuals or stock plans that should not be repriced. |
| Define Stock Repricing - Option Rules | ST_REPRC2   | Stock, Option Reprices, Define Stock Repricing, Option Rules | Enter the new grant date, specify the features of the new grant, and specify how the option types are converted.                                                                |
| Define Stock Repricing - Vesting      | ST_REPRC3   | Stock, Option Reprices, Define Stock Repricing, Vesting      | Define the vesting features of the new grant.                                                                                                                                   |
| Repricing Report                      | PRSCRUNCTL  | Stock, Option Reprices, Repricing Report                     | Define run parameters for the Repricing report (STSU009). Use the report to view stock reprice information.                                                                     |

## Entering Eligibility Rules for Repricing Stock

Access the Define Stock Repricing - Eligibility page.

Eligibility

Option Rules

Vesting

**Stock ID:** KU1GBI      Global Business Institute #1  
**Reprice ID:** KURPC99

---

**\*Description:**

**Short Description:**

**\*Record Date:**       **\*Break Price:**

**Eligibility Status:** Processed      **Status Date:** 07/25/2000

Exclude

☐ Director      ☐ Company Insider      ☐ Officer  
☐ Reporting Person      ☐ Section 16 Beneficial Owner

**Stock Plan:**  ☐      **Company:**  ☐      **Country:**  ☐

Additionally Include

**Optionee:**  ☐

Define Stock Repricing - 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.

**Stock Reprice ID icon** To exclude specific stock plans, companies, or countries, select the appropriate check box and click this icon to search for the items to exclude.

## Additionally Include

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

**Stock Reprice ID icon** To include specific individuals, select the Optionee check box and click this icon to search for the individuals to include.

## Entering Conversion Rules for Repricing Stock

Access the Define Stock Repricing - Option Rules page.

| Eligibility                        |                      | Option Rules                 |                            | Vesting                  |                      |
|------------------------------------|----------------------|------------------------------|----------------------------|--------------------------|----------------------|
| <b>Stock ID:</b>                   | KU1GBI               | Global Business Institute #1 |                            |                          |                      |
| <b>Reprice ID:</b>                 | KURPC99              | September 99 Reprice         |                            |                          |                      |
| <b>*Grant Date:</b>                | 07/25/2000           |                              | <b>Cancellation Date:</b>  | 07/25/2000               |                      |
| <b>Grant Reason:</b>               | KURP                 |                              | Reprice                    |                          |                      |
| <b>*Stock Plan Rule:</b>           | Apply New Stock Plan |                              |                            | <b>Stock Plan:</b>       | KU1OPT00             |
| <b>*Exercise Before Vest Rule:</b> | Keep Original        |                              |                            | <input type="checkbox"/> | Exercise Before Vest |
| <b>*Transferable Options Rule:</b> | Keep Original        |                              |                            | <input type="checkbox"/> | Transferable Options |
| <b>Agreement ID:</b>               | KUNQ                 |                              | Non-Qualified Stock Option |                          |                      |
| <b>Option Type Conversion</b>      |                      |                              |                            |                          |                      |
| <b>NQ:</b>                         | NQ                   |                              | <b>ISO:</b>                | ISO                      |                      |
| <b>NQ/SAR:</b>                     | NQ/SAR               |                              | <b>ISO/SAR:</b>            | ISO/SAR                  |                      |

Define Stock Repricing - 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.

|                                  |                                                                                                                                                                                    |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Stock Plan Rule</b>           | Select <i>Keep Original Stock Plan</i> or <i>Apply New Stock Plan</i> .                                                                                                            |
| <b>Stock Plan</b>                | If you selected a stock plan rule of <i>Apply New Stock Plan</i> , this field becomes available for entry. Select a new stock plan ID used to generate the new grants.             |
| <b>Exercise Before Vest Rule</b> | Select <i>Keep Original</i> to keep the original rule or <i>Override</i> to change it.                                                                                             |
| <b>Exercise Before Vest</b>      | If you selected the exercise before vest rule of <i>Override</i> , this field becomes available for entry. Select this check box to allow exercise before vest for the new grants. |
| <b>Transferable Options Rule</b> | Select <i>Keep Original</i> to keep the original rule or <i>Override</i> to change it.                                                                                             |
| <b>Transferable Options</b>      | If you selected the transferable options rule of <i>Override</i> , this field becomes available for entry. Select this check box to allow transferable options for the new grants. |
| <b>Agreement ID</b>              | 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 Define Stock Repricing - Vesting page.

The screenshot shows the 'Define Stock Repricing - Vesting' page. At the top, there are three tabs: 'Eligibility', 'Option Rules', and 'Vesting'. The 'Vesting' tab is selected. Below the tabs, there are two rows of information: 'Stock ID: KU1GBI Global Business Institute #1' and 'Reprice ID: KURPC99 September 99 Reprice'. Below this, there are several input fields and dropdown menus: 'Vesting Schedule Rule' (a dropdown menu showing 'Keep Original Vesting'), 'Vesting Schedule ID' (an empty text box), 'Option Expiration Basis' (a dropdown menu), 'Life Limit Months' (an empty text box), 'Vesting Deferral: Months' (an empty text box), 'Days' (an empty text box), and 'Exercise Hold Date' (an empty text box with a calendar icon).

Define Stock Repricing - Vesting page

|                                |                                                                                                                                                                                                                    |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Vesting Schedule Rule</b>   | Select <i>Keep Original Vesting</i> , <i>Defer Original Vesting</i> , or <i>New Vesting</i> .                                                                                                                      |
| <b>Vesting Schedule ID</b>     | If you select a vesting schedule rule of <i>New Vesting</i> , this field becomes available for entry. Select a vesting schedule ID for the new grants.                                                             |
| <b>Option Expiration Basis</b> | If you select a vesting schedule rule of <i>New Vesting</i> , this field becomes available for entry. Select <i>Grant Date</i> , <i>Grant Dt + 1</i> , <i>Vest Date</i> , or <i>Vest Dt + 1</i> .                  |
| <b>Life Limit Months</b>       | If you select a vesting schedule rule of <i>New Vesting</i> , 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                                                                                                                                  |
|-----------------------|------------------|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| Determine Eligibility | ST_RUNCTL_REPRC1 | Stock, Option Reprices,<br>Determine Eligibility | Run the reprice eligibility process using the reprice ID parameters set up using the Stock Reprice component.                          |
| Participation         | ST_REPRC_PARTIC  | Stock, Option Reprices,<br>Participation         | Enter a participant's elections to be included or excluded in the stock repricing. You must first run the Reprice Eligibility process. |

## Running the Reprice Eligibility Process

Access the Determine Eligibility page.

**Stock 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****Eligibility Status**

Displays the status of the reprice process: *Unprocessed* or *Processed*.

**Status Date**

Displays the date on which the reprice status was updated.



## Entering Participant Elections for a Reprice

Access the Participation page.

**Stock ID:** KU1GBI Global Business Institute #1  
**Reprice ID:** KURPC99 September 99 Reprice  
**Name:** Locherty,Betty **ID:** KU0007

Customize | Find | View All | First 1-5 of 5 Last

| Grants |                          | Agreement    |            |            |             |                    |   |   |
|--------|--------------------------|--------------|------------|------------|-------------|--------------------|---|---|
|        | Reprice Election         | Grant Number | Grant Date | Stock Plan | Option Type | Shares Outstanding |   |   |
| 1      | <input type="checkbox"/> | 0000000289   | 12/29/1995 | KU1OPT90   | ISO         | 4,000.000000       | + | - |
| 2      | <input type="checkbox"/> | 0000000313   | 12/31/1996 | KU1OPT90   | ISO         | 4,000.000000       | + | - |
| 3      | <input type="checkbox"/> | 0000000346   | 12/31/1997 | KU1OPT90   | ISO         | 4,000.000000       | + | - |
| 4      | <input type="checkbox"/> | 0000000372   | 12/31/1998 | KU1OPT90   | ISO         | 2,500.000000       | + | - |
| 5      | <input type="checkbox"/> | 0000000402   | 12/30/1999 | KU1OPT90   | ISO         | 4,300.000000       | + | - |

Participation: Grants page

**Stock ID:** KU1GBI Global Business Institute #1  
**Reprice ID:** KURPC99 September 99 Reprice  
**Name:** Locherty,Betty **ID:** KU0007

Customize | Find | View All | First 1-5 of 5 Last

| Grants |  | Agreement   |                      |                              |   |   |
|--------|--|-------------|----------------------|------------------------------|---|---|
|        |  | Grant Price | Reprice Grant Number | Reprice Participation Status |   |   |
| 1      |  | 19.000000   |                      | Eligible                     | + | - |
| 2      |  | 23.125000   |                      | Eligible                     | + | - |
| 3      |  | 22.125000   |                      | Eligible                     | + | - |
| 4      |  | 27.500000   |                      | Eligible                     | + | - |
| 5      |  | 21.750000   |                      | Eligible                     | + | - |

Participation: Agreement page

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

**Reprice Participation Status** Displays the status of the optionee's eligible grant for the stock reprice process: *Eligible*, *Notified*, or *Finalized*.

## Running the Reprice Grants Process

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                                                              |
|---------------------------|------------------|-------------------------------------------|--------------------------------------------------------------------|
| Process Repricing process | ST_RUNCTL_REPRC3 | Stock, Option Reprices, Process Repricing | Run the Reprice Grants process.                                    |
| Reverse Repricing         | ST_RUNCTL_REPRC4 | Stock, Option Reprices, Reverse Repricing | Undo the results of previous reprice processing to correct errors. |

## Running the Repricing Process

Access the Process Repricing 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 Repricing 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                                                                                                                                                                                                          |
|-------------------------|------------------|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Review Reprice Messages | ST_REPRC_MESSAGE | Stock, Option Reprices, Review Reprice Messages | View messages produced by the Reprice Eligibility, Reprice Grants, and Reverse Reprice Grants processes. To access this page, enter the process name. Valid values are REPRC ELIG, REPRC GRANT, and REV REPRC. |

## CHAPTER 16

# Administering Stock Purchase Plans

Details about stock purchase functionality are discussed in subsequent chapters. In this chapter, we provide overviews of:

- The stock purchase business process.
- Section 423 (IRC) plans.
- Antidilution issues.
- Producing stock purchase reports.

---

## Understanding the Stock Purchase Business Process

PeopleSoft Stock Administration enables you to create and manage your company's employee stock purchase plan in compliance with several IRS and SEC rules. These rules include the Section 423 annual maximum purchase amount, share discount amount, purchase holding periods, and offering holding periods.

Employee stock purchase plans allow eligible employees to purchase company stock, often at a discounted price. Employees enroll in a company's plan during certain periods or intervals, authorizing the company to place payroll deductions in a trust to purchase company stock. If the collected funds are in a foreign currency, they must be converted into the stock currency for purchase. Most stock purchase plans are qualified IRC 423 stock purchase plans in which employees participate, including those who are not administered by PeopleSoft Human Resources.

The stock purchase price is determined based on your plan rules. At predetermined periods, the stock is purchased for participating employees. The value of the stock and the amount of funds collected determine the amount of stock purchased, and employees can sell or transfer these shares. When employees sell shares, any ordinary income is sent to payroll.

---

## 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 they do at the time of sale. The following IRS Section 423 eligibility rules are supported in the Governing Body Rules Table:

- Only employees of the company are eligible to participate in Section 423 plans. This includes employees who are not administered by 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.
- The maximum purchase discount is no more than 15 percent.
- The maximum offering length is no more than 27 months.
- An employee may not purchase more than \$25,000 of stock in any calendar year (based on the value at participation). PeopleSoft supports the two most common interpretations of the IRC 423 maximum purchase value limit: 1) a \$25,000 limit applies to purchases within a calendar year, and 2) a \$25,000 limit applies to the years that the offering is outstanding. You select one of these purchase limit rules when you define the stock purchase plan rules.

## Example: Calendar Year Interpretation of \$25K Rule

The system calculates the value of purchases made by a participant in a calendar year and applies the purchase limit to any amount over the \$25,000 by adjusting the value so that it is below the limit. For example:

### Offering Period: 12 months

Begin: 01/01/1999

End: 12/31/1999

### Purchase Periods: 6 months

Begin:01/01/1999

End:06/30/1999

Begin07/01/1999

End12/31/1999

| Date              | Activity    | Value    | Adjusted Value |
|-------------------|-------------|----------|----------------|
| 06/30/1999        | Purchase #1 | \$17,500 | \$17,500       |
| 12/31/1999        | Purchase #2 | \$8,500  | \$7,500        |
| Calculated Totals |             | \$26,000 | \$25,000       |

The second purchase exceeds the \$25,000 limit, so the purchase is adjusted.

## Example: Years Offering is Outstanding Interpretation of \$25K Rule

The Years Offering is Outstanding interpretation is more complex and allows the participant to accumulate the \$25,000 value per year that the offering is outstanding. This allows a participant to purchase stock up to a \$25,000 value for each year the offering remains outstanding. If the offering extends to more than one calendar year, the unused portion of the limit is added to the next year's limit. For example:

**Offering Period: 24 months**

The offering period is as follows:

| Begin    | End       |
|----------|-----------|
| 7/1/1999 | 6/30/2001 |

**Purchase Periods: 6 months**

The purchase periods are as follows:

| Begin    | End        |
|----------|------------|
| 7/1/1999 | 12/31/1999 |
| 1/1/2000 | 6/30/2000  |
| 7/1/2000 | 12/31/2000 |
| 1/1/2001 | 6/30/2001  |

| Purchase Date | Activity    | Value    |
|---------------|-------------|----------|
| 12/31/1999    | Purchase #1 | \$17,500 |
| 6/30/2000     | Purchase #2 | \$18,500 |
| 12/31/2000    | Purchase #3 | \$12,000 |
| 6/30/2001     | Purchase #4 | \$17,500 |

**Year 1999 Calculation**

This is the 1999 calculation:

|           |            |
|-----------|------------|
| Limit     | \$25,500   |
| Value     | \$(17,500) |
| Remaining | \$7,500    |

### Year 2000 Calculation

This is the 2000 calculation:

|                     |                 |
|---------------------|-----------------|
| Limit               | \$25,500        |
| Remaining from 1999 | \$7,500         |
|                     | <i>\$32,500</i> |
| 06/30/2000 Value    | \$(18,500)      |
| 12/31/2000 Value    | \$(12,000)      |
| Remaining           | <i>\$2,000</i>  |

### Year 2001 Calculation

This is the 2001 calculation:

|                     |                 |
|---------------------|-----------------|
| Limit               | \$25,000        |
| Remaining from 2000 | \$2000          |
|                     | <i>\$27,000</i> |
| 06/30/2000 Value    | \$(17,500)      |
| Remaining           | <i>\$9,500</i>  |

---

## Understanding Antidilution Issues

A stock purchase can potentially flood the market with newly issued shares if the purchase fair market value (FMV) is much lower than the grant FMV. To protect shareholders, the IRS limits the number of shares that an individual participant can purchase. In addition to the IRS limit, corporations can implement additional rules to further limit the number of shares that participants can purchase. One of the ways that a corporation can limit the potential diluting effect of its stock purchase plan is to implement an antidilution rule, which is used when the purchase FMV is much lower than the grant FMV. There are many ways to define an antidilution rule, but all are designed to determine a price to use in calculating the maximum number of shares to purchase.

## Producing Stock Purchase Reports

This section lists the stock purchase reports that are delivered with PeopleSoft Stock Administration.

### Pages Used to Produce Stock Purchase Reports

| Page Name                  | Object Name       | Navigation                                                         | Usage                                                                                                                                                                                                                |
|----------------------------|-------------------|--------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Stock Activity Details     | ST_RUNCTL_STOK001 | Stock, Option Reports, Statements/Receipts, Stock Activity Details | Define run parameters for the Stock Activity Details report (STOK001). Use the report to view details of stock option activity.                                                                                      |
| Stock Activity Summary     | ST_RUNCTL_STOK002 | Stock, Option Reports, Statements/Receipts, Stock Activity Summary | Define run parameters for the Stock Activity Details report (STOK002). Use the report to view a summary of stock option activity.                                                                                    |
| Plan Summary               | ST_RUNCTL_STES001 | Stock, Option Reports, Regulatory, Plan Summary                    | Define run parameters for the Plan Summary report (STOP001). The report lists all plan activity that occurred during the specified date range.                                                                       |
| Contributions              | ST_RUNCTL_STESPID | Stock, Purchase Reports, Purchase, Contributions                   | Define run parameters for the Contributions report (STES014). This report displays messages that result from processing purchase activity.                                                                           |
| Expected Volatility Report | ST_RUNCTL_STFS002 | Stock, Valuation, Expected Volatility Report                       | Define run parameters for the Expected Volatility report (STFS002). Running this report calculates the historical annualized volatility for a particular stock. This information is used by the Black Scholes model. |
| Valuation Audit Report     | ST_RUNCTL_STFS004 | Stock, Valuation, Valuation Audit Report                           | Define run parameters for the Valuation Audit report (STFS006). This report identifies stock purchases dated after the FAS 123 Disclosure date that do not contain a valuation record.                               |

| <b>Page Name</b>              | <b>Object Name</b> | <b>Navigation</b>                                    | <b>Usage</b>                                                                                                                                                                                                                                                           |
|-------------------------------|--------------------|------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Estimate Contributions Report | ST_RUNCTL_STFS005  | Stock, Valuation, Estimate Contributions Report      | Define run parameters for the Estimate Contributions report (STFS005). For each employee associated with the stock plan and offering ID that you select, the report lists the grant date, purchase date, and total actual contributions for confirmed stock purchases. |
| FAS 123 Purchase Expense      | ST_RUNCTL_STFS008  | Stock, Valuation, FAS 123 Purchase Expense           | Define run parameters for the FAS 123 Purchase Expense report (STFS008). Running this report calculates the purchase expense for the prior, current, and future periods, depending on the date range entered.                                                          |
| Offering Valuation Report     | ST_RUNCTL_STFS012  | Stock, Valuation, Offering Valuation Report          | Define run parameters for the Offering Valuation report (STFS012). This report provides purchase valuation information for a stock ID and stock plan.                                                                                                                  |
| Potential Diluted             | ST_RUNCTL_STRR001  | Stock, Option Reports, Regulatory, Potential Diluted | Define run parameters for the Potential Diluted report (STRR001). This report lists details of the potential diluted shares outstanding calculation.                                                                                                                   |



## 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.

### Prerequisites

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

[Chapter 5, “Setting Up Stock Purchase Plans,” page 61](#)

*PeopleSoft 8.8 Human Resources PeopleBook: Manage Base Benefits*, “Setting Up Benefit Plans”

*PeopleSoft 8.8 Human Resources PeopleBook: Manage Base Benefits*, “Enrolling Participants”

*PeopleSoft 8.8 Human Resources PeopleBook: Manage Base Benefits*, “Setting Up Core Human Resources Base Benefits Tables,” Setting Up the Provider Table

*PeopleSoft 8.8 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's 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

Chapter 17, "Administering Enrollment," Running the Update Participants Process, page 200

## Page Used to Adjust Enrollment Records

| Page Name                     | Object Name    | Navigation                                            | Usage                                                                                                                                                         |
|-------------------------------|----------------|-------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Review Purchase Participation | ST_ESPP_PARTIC | Stock, Stock Purchases, Review Purchase 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 Review Purchase Participation page.

### Common Page Information

|                               |                                                                                                                                                                                                                       |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Participation Override</b> | 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. |
| <b>Benefit Plan</b>           | Displays the participant's benefit plan.                                                                                                                                                                              |
| <b>Coverage Begin Date</b>    | Displays the date on which the participant's coverage begins.                                                                                                                                                         |

### General Tab

|                             |                                                                      |
|-----------------------------|----------------------------------------------------------------------|
| <b>Deduction Begin Date</b> | Displays the date on which the deductions begin for the participant. |
|-----------------------------|----------------------------------------------------------------------|

### Deduction Tab

|                                     |                                                                                                                      |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| <b>Flat Deduction Amt After-Tax</b> | If the participant selected the deduction method of Flat Deduction Amount After-Tax, the system displays the amount. |
| <b>Percent of Gross After-Tax</b>   | 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.

### Prerequisites

Before you administer your employee contributions:

- Set up your stock purchase plans using the Stock Purchase Plan Rules - General page.
- Set up the offering ID using the Offering/Purchase Periods - Offering Period page.
- Set up the purchase ID using the Stock Purchase - General page.
- Run the Update Participants process using the Purchase Stock Process page.

### See Also

Chapter 2, “Understanding PeopleSoft Stock Administration,” Integrating With Other PeopleSoft HRMS Applications, page 7

## 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

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.

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

Chapter 19, "Administering Purchases," Running the Purchase Stock Process, page 217

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## 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                                                                                                                              |
|-------------------------------|-------------------|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Review Contributions          | ST_CONTRIB_PARTIC | Stock, Stock Purchases, Review Contributions          | View a participant's contributions. You can place a hold on the purchase if you don't want to process the purchase.                |
| Review Residual Contributions | ST_CONTRIB_RSDL   | Stock, Stock Purchases, Review Residual Contributions | View a participant's contributions that are left over from a previous stock plan purchase, and determine their disposition.        |
| Contributions                 | ST_RUNCTL_STESPID | Stock, Purchase Reports, Purchase, Contributions      | Define run parameters for the Contributions report (STES002). Use this report to view contributions for audits and reconciliation. |

## Viewing a Participant's Contributions and Placing a Hold on a Purchase

Access the Review Contributions page.

Channing, Rosanna ID: [KU0046](#)

Stock ID: KU1GBI Offering ID: KU2000

Stock Plan: KU1ESPP99 Period End Date: 06/30/2000

**Participant Contributions** First 1 of 1 Last

Process Group: KUESPPUSA

\*Hold Purchase:

**Purchase Process Flags**

☒ Gather Contributions ☒ Purchase Stock

☒ Convert Currencies ☒ Confirmed

**Contribution Detail** Customize | Find | First 1 of 1 Last

|   | Gather Date | Contribution Source    | Stock Contribution Amount | Status                 | Status Date |
|---|-------------|------------------------|---------------------------|------------------------|-------------|
| 1 | 10/13/2000  | North American Payroll | 593.160000 USD            | Processed Contribution | 10/31/2000  |

Review 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**

The system calculates the contribution amount by multiplying the contribution amount by the rate multiplier and then dividing by the rate divisor for the market rate index, rate type, and exchange date specified.

**General Tab****Sequence**

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

**See Also**

*PeopleSoft 8.8 Application Fundamentals for HRMS PeopleBook*, "Working With Currencies"

**Viewing Residual Contributions**

Access the Review Residual Contributions page.

**Common Page Information****ID**

Click to access the Employee Information page.

## Contributions Tab

|                        |                                                   |
|------------------------|---------------------------------------------------|
| <b>Residual Type</b>   | Displays <i>Carry Forward</i> or <i>Refund</i> .  |
| <b>Residual Amount</b> | Displays the amount of the residual contribution. |

## Currency Conversion Tab

|                                         |                                                                                                                         |
|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| <b>Contribution Amount</b>              | Displays the amount contributed in the original purchase.                                                               |
| <b>Display In Other Currency button</b> | Click the Display In Other Currency button to access the Display In Other Currency page, where you change the currency. |
| <b>Exchange Rate Override</b>           | Displays the exchange rate when the currency was converted.                                                             |
| <b>Exchange Date</b>                    | Displays the date on which the currency was converted.                                                                  |

## Status Tab

|                            |                                                                                                                                                                                                                                                          |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Contribution Status</b> | After the residual contributions are processed through the Gather Contributions process, the status is updated from <i>New Contribution</i> to <i>Process Contributions</i> . After the system processes a contribution, it cannot be edited or deleted. |
| <b>Status Date</b>         | Displays the date of the last processing.                                                                                                                                                                                                                |
| <b>Period End Date</b>     | Displays the period end date of the next offering.                                                                                                                                                                                                       |
| <b>Confirmed</b>           | 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.                                                                                      |

| Field Name     | Type     | Notes                                                             |
|----------------|----------|-------------------------------------------------------------------|
| 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                                                                                                                                                   |
|-----------------------------|-------------------|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| Create Manual Contributions | ST_CONTRIB_MANUAL | Stock, Stock Purchases, Create Manual 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 Create Manual Contributions page.

Channing,Rosanna ID: [KU0046](#)

**Stock ID:** KU1GBI Global Business Institute #1

**Stock Plan Type:** Purchase

**Stock Plan:** KU1ESPP99 1999 Stock Purchase Plan

**Offering ID:** KU2000 2000 ESPP Offering

**Manual Contributions** Customize | Find | View All | First 1 of 1 Last

|   | *Period End Date | *Contribution Date | *Company | *Pay Group | Sequence | *Contribution Amount | Manual Source |
|---|------------------|--------------------|----------|------------|----------|----------------------|---------------|
| 1 | 12/31/2000       | 06/30/2000         |          |            |          | 500                  | Data Entry    |

Create 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 Conversion button to access the Display in Other Currency page, where you change the currency.

**Manual Source** If you entered the data online using the Manual Contributions page, the system displays *Data Entry*. If you imported your data, the system displays *Import*.

## **Contributions 2 Tab**

**Contribution Status** After manual contributions are processed through the Gather Contributions process, the status is updated from *New Contribution* to *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 process results.
- Produce stock purchase reports.

---

## 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

Chapter 18, “Administering Participant Contributions,” Gathering Participant Contributions, page 203

*PeopleSoft 8.8 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 8.8 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.

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.

---

**Note.** If the plan's purchase price method is user defined (according to your selection on the Stock Purchase Plan Rules - Purchase page), you must enter prices manually before the purchase using the Calc Prices page.

---

## Page Used to Calculate Purchase Prices

| Page Name                | Object Name     | Navigation                                       | Usage                                                                                                                                                                                                                          |
|--------------------------|-----------------|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Determine Purchase Price | ST_PURCHASE_PRC | Stock, Stock Purchases, Determine Purchase Price | 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 <i>User Defined</i> . |

### See Also

Chapter 19, "Administering Purchases," Page Used to Run the Purchase Stock Process, page 221

## Calculating Prices

Access the Determine Purchase Price page.

|                             |                                |                              |
|-----------------------------|--------------------------------|------------------------------|
| <b>Stock ID:</b>            | KU1GBI                         | Global Business Institute #1 |
| <b>Stock Plan Type:</b>     | Purchase Plan                  |                              |
| <b>Stock Plan:</b>          | KU1ESPP99                      | 1999 Stock Purchase Plan     |
| <b>Offering ID:</b>         | KU2000                         | 2000 ESPP Offering           |
| <b>Purchase Price Rule:</b> | Lower of Grant or Purchase FMV |                              |



---

| Purchase Period    |            |
|--------------------|------------|
| <b>Begin Date:</b> | 07/01/2000 |
| <b>End Date:</b>   | 12/31/2000 |

---

|   | Grant Date | Grant FMV | Purchase FMV | Price before Discount | Purchase Price | Anti Dilution Price |
|---|------------|-----------|--------------|-----------------------|----------------|---------------------|
| 1 | 01/01/2000 | 21.000000 | 26.000000    | 21.000000             | 17.000000      |                     |
| 2 | 04/01/2000 | 17.000000 | 26.000000    | 17.000000             | 14.000000      |                     |
| 3 | 07/01/2000 | 13.000000 | 26.000000    | 13.000000             | 11.000000      |                     |

Determine Purchase Price page

**Note.** If the selected method for calculating prices is *User Defined* (according to the Stock Purchase Plan Rules page) you must enter price information on the Purchase Prices page before the purchase.

#### Calculate button

Click the Calculate button to run the Calculate Prices process. The system recalculates prices for all grant dates within the purchase period. The new calculated purchase price is the purchase price by default, unless you previously changed the purchase price.

#### Grant FMV

FMV as of the grant date. The price is calculated based on the grant FMV method defined on the Stock Purchase Plan Rules - FMV Rules page.

#### Purchase FMV

FMV as of the purchase period end date. The price is calculated based on the purchase FMV method defined on the Stock Purchase Plan Rules - FMV Rules page.

#### Price before Discount

Purchase price before any applicable discount is calculated.

#### Purchase Price

The purchase price is based on the purchase price method and discount defined on the Stock Purchase Plan Rules - Purchase page.

#### Anti Dilution Price

If this is an antidilution purchase, enter the antidilution price. The default is zero.

## Running the Purchase Stock Process

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 %).<br><br>For an antidilution purchase, this is total contributions / antidilution price. |

| Calculation            | Method                                    |
|------------------------|-------------------------------------------|
| Purchase value         | Purchase price $\times$ 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 $\times$ grant FMV                                                                                                                                 |

Across all process groups and stock plan for the purchase period outside the current purchase period but within the same offering period:

| Calculation      | Method                                                                                                                                                                                                                                      |
|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Shares purchased | Sum of all shares purchased for the stock offering and plan that are within the current stock offering and plan but outside the purchase period + shares purchased (purchase period) (see previous).                                        |
| Grant value      | Sum of (shares purchased for the stock offering and plan that are within the current stock offering and plan but outside the purchase period $\times$ individual grant FMVs) + sum (shares purchased (purchase period) $\times$ 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                                                                                               |
|------------------------|-----------------|------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| Process Stock Purchase | ST_RUNCTL_PURCH | Stock, Stock Purchases, Process Stock Purchase | Run the Purchase Stock process. Specify the purchase ID definition to use and the processes to run. |

## Purchasing Stock

Access the Process Stock Purchase page.

**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                                                                                                                                                                                                                                    |
|--------------------------------|-------------------|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Review Participant Summary     | ST_PARTIC_PURCH   | Stock, Stock Purchases, Review Participant Summary                               | View the results of a participant's purchase after you calculate the final shares.<br><br>You must first run the Purchase Stock process using the Purchase Stock process page.                                                           |
| Purchase Issuance Instructions | ST_PARTIC_PURCH2  | Click the Broker/Branch Information link on the Review Participant Summary page. | View a participant's issuance instructions.                                                                                                                                                                                              |
| Address Information            | ST_EMPL_PURCH_SEC | Click the Address link on the Purchase Issuance Instructions page.               | View a participant's mailing address for stock certificates.                                                                                                                                                                             |
| Participants w/o Purchase      | ST_RUNCTL_STESPID | Stock, Purchase Reports, Purchase, Participants w/o Purchase                     | Define run parameters for the Participants w/o Purchase report (STES005A). This report identifies participants who are participants in a period but did not purchase stock. Use this report to audit terminations and leaves of absence. |

### Viewing a Participant's Stock Purchase Summary

Access the Review Participant Summary page.

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



|                                  |                                                                                                            |
|----------------------------------|------------------------------------------------------------------------------------------------------------|
| <b>Period End Date</b>           | Displays the offering period end date.                                                                     |
| <b>Previous Carry Forward</b>    | Displays the amounts carried forward.                                                                      |
| <b>Purchase Value</b>            | Displays the purchase value, calculated by multiplying the number of shares purchased by the purchase FMV. |
| <b>Total Discount</b>            | Displays the purchase discount.                                                                            |
| <b>Residual Amount</b>           | Displays the amount remaining after the purchase.                                                          |
| <b>Residual Type</b>             | Identifies how the residual amount is handled: <i>Refund</i> or <i>Carry Forward</i> .                     |
| <b>Broker/Branch Information</b> | Click to access the Purchase Issuance Instructions page.                                                   |

## Viewing a Participant's Issuance Instructions

Access the Purchase Issuance Instructions page.

|                                |                                                                                            |
|--------------------------------|--------------------------------------------------------------------------------------------|
| <b>Period End Date</b>         | Displays the offering period end date.                                                     |
| <b>Issuance Type</b>           | Displays <i>Broker</i> or <i>Certificate</i> .                                             |
| <b>Transfer Control Number</b> | Displays the control number generated when the Transfer Agent Instructions report has run. |
| <b>Transfer Issue Date</b>     | 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.

|                    |                                                    |
|--------------------|----------------------------------------------------|
| <b>Control Nbr</b> | Displays the control number generated at issuance. |
|--------------------|----------------------------------------------------|

### Certificate

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

|                |                                                                                                                                                                                                                                                                                                             |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Address</b> | Click to access the Address page, where you view the address to which the stock certificate should be mailed.<br><br>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 Stock Purchase | ST_RUNCTL_CNFRM | Stock, Stock Purchases, Confirm Stock Purchase | Confirm a stock purchase. You must first run the Purchase Stock process. |

---

## 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 Stock Purchase | ST_RUNCTL_UNCNFRM | Stock, Stock Purchases, Unconfirm Stock Purchase | Undo the results of a confirmed purchase process so that you can correct errors. |

---

## Viewing Process Results

After you run a purchase process, you can view the results of that process.

## See Also

[Chapter 5, “Setting Up Stock Purchase Plans,” Defining Processing Messages and Hold Reasons, page 80](#)

[Chapter 5, “Setting Up Stock Purchase Plans,” Defining Offering and Purchase Periods, page 72](#)

## Pages Used to View Process Results

| Page Name               | Object Name       | Navigation                                                                   | Usage                                                                                                                                                          |
|-------------------------|-------------------|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Review Messages         | ST_ESPP_MESSAGES  | Stock, Stock Purchases, Review Messages                                      | View any messages that resulted from the Purchase Stock process.                                                                                               |
| Review Offering Periods | ST_OFFERING_INQ   | Set Up HRMS, Product Related, Stock, Purchase Plans, Review Offering Periods | View the offering periods for a selected stock ID and stock plan and their related purchase periods.                                                           |
| Purchase Period         | ST_PURCH_PD_INQ   | Click the offering ID on the Review 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.                                                                                                      |
| Currency Conversion     | ST_RUNCTL_STESPID | Stock, Purchase Reports, Purchase, Currency Conversion                       | Define run parameters for the Currency Conversion report (STES003). Use this report to view the results of a currency conversion for audit and reconciliation. |
| Purchase Summary        | ST_RUNCTL_STESPID | Stock, Purchase Reports, Purchase, Purchase Summary                          | Define run parameters for the Purchase Summary report (STES004). Use this report to view the results of the preliminary or final purchase process.             |

## Viewing Messages from the Purchase Stock Process

Access the Review Messages inquiry page.

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

|                     |                                                                                            |
|---------------------|--------------------------------------------------------------------------------------------|
| <b>Process Type</b> | Displays the type of process that produced the message.                                    |
| <b>Message ID</b>   | The system can produce multiple messages per participant.                                  |
| <b>Message Data</b> | Displays the field values associated with the message. Up to four field values can appear. |

## Producing Stock Purchase Reports

PeopleSoft Stock Administration delivers a number of reports that enable you to view detailed and summary information on stock purchase activity.

### Pages Used to Produce Stock Purchase Reports

| Page Name                   | Object Name       | Navigation                                                         | Usage                                                                                                                                                                                                                                                 |
|-----------------------------|-------------------|--------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Plan Summary                | ST_RUNCTL_STES001 | Stock, Option Reports, Regulatory, Plan Summary                    | Define run parameters for the Plan Summary report (STES001). This report lists all plan activity that occurred during the specified date range.                                                                                                       |
| Purchase Receipts           | ST_RUNCTL_STES010 | Stock, Purchase Reports, Statement/Receipts, Purchase Receipts     | Define run parameters for the Purchase Receipts report (STES010). This report displays a summary of purchases by participant. This statement is required by the IRS.                                                                                  |
| Refund/Carry Forward        | ST_RUNCTL_STES006 | Stock, Purchase Reports, Refund, Refund/Carry Forward              | Define run parameters for the Refund/Carry Forward report (STES006). This report reports back to pay groups the unused contributions after a purchase.                                                                                                |
| Purchase Limit Summary      | ST_RUNCTL_STES015 | Stock, Purchase Reports, Regulatory, Purchase Limit Summary        | Define run parameters for the Purchase Limit Summary report (STES015). Use this report to audit participants for IRS grant value limit by corporate interpretation.                                                                                   |
| Transfer Agent Instructions | ST_RUNCTL_STES008 | Stock, Purchase Reports, Agent/Broker, Transfer Agent Instructions | Define run parameters for the Transfer Agent Instructions report (STES008). Use this report to instruct the transfer agent to issue shares and adjust the plan balance.                                                                               |
| Broker Deposits             | ST_RUNCTL_STES009 | Stock, Purchase Reports, Agent/Broker, Broker Deposits             | Define run parameters for the Broker Deposits report (STES009). Use this report 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. |

| Page Name            | Object Name       | Navigation                                                        | Usage                                                                                                                                                                                                                                                               |
|----------------------|-------------------|-------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Disposition Receipts | ST_RUNCTL_STES013 | Stock, Purchase Reports, Statement/Receipts, Disposition Receipts | Define run parameters for the Disposition Receipts report (STES013). This report is a summary of dispositions. The statement is required by the IRS.                                                                                                                |
| Survey               | ST_RUNCTL_STES011 | Stock, Purchase Reports, Disposition, Surveys                     | Define run parameters for the Disposition Survey report (STES011). Use this to survey participants about dispositions or to confirm a reported disposition. You must first purchase stock and have participants who have not reported dispositions.                 |
| Shares Granted       | ST_RUNCTL_STOP002 | Stock, Option Reports, Grant Transactions, Shares Granted         | Define run parameters for the Shares Granted report (STOP002). This report displays the options granted during a specified date range. Use the report to verify data entry, prepare the annual report, prepare forms 10-K and 10-Q, and reconcile the plan summary. |



## 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.

### Prerequisites

Before you begin refunding participant contribution:

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

### See Also

Chapter 18, "Administering Participant Contributions," Gathering Participant Contributions, page 203

Chapter 2, "Understanding PeopleSoft Stock Administration," Integrating With Other PeopleSoft HRMS Applications, page 7

## 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                                                                                                                                 |
|----------------|-------------------|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| Select Refunds | ST_CONTRIB_REFUND | Stock, Refunds, Select Refunds | Select a participant's unprocessed contributions for refund. You must first enroll participants and gather participant contributions. |

## Identifying Refunds

Access the Select Refunds page.

Channing, Rosanna ID: [KU0046](#)

**Stock ID:** KU1GBI **Offering ID:** KU2000

**Stock Plan:** KU1ESPP99 **Period End Date:** 06/30/2000

[Select All](#)
[Clear All](#)
[Refresh](#)

| UnProcessed Contributions Available for Refund |                                     |               |                       |            |                            |         |           | Customize   Find   View All    | First  1-2 of 2  Last |
|------------------------------------------------|-------------------------------------|---------------|-----------------------|------------|----------------------------|---------|-----------|---------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Contributions                                  |                                     | Details       |                       |            |                            |         |           |                                                                                                                     |                                                                                                                                                                                                 |
|                                                | Refund                              | Process Group | Refund Source         | Date       | Contribution Source        | Company | Pay Group | Sequence                                                                                                            |                                                                                                                                                                                                 |
| 1                                              | <input checked="" type="checkbox"/> | KUESPPUSA     | Gathered Contribution | 10/13/2000 | North American Payroll     | GBI     | KU3       | 1                                                                                                                   |                                                                                                                                                                                                 |
| 2                                              | <input checked="" type="checkbox"/> | KUESPPUSA     | Residual Contribution | 06/30/2000 | Carry-Forward Contribution | GBI     | KU3       | 1                                                                                                                   |                                                                                                                                                                                                 |

Select Refunds page

|                        |                                                                                                            |
|------------------------|------------------------------------------------------------------------------------------------------------|
| <b>ID</b>              | Click to access the Employee Information page, where you view employee information.                        |
| <b>Period End Date</b> | Displays the offering period end date.                                                                     |
| <b>Select All</b>      | Click to refund all available contributions. The system selects all Refund fields.                         |
| <b>Clear All</b>       | Click to undo all the selections.                                                                          |
| <b>Refresh</b>         | Click to run the ESPP_REFRESH AE process and refresh the page with all contributions available for refund. |
| <b>Refund</b>          | Select to refund this individual contribution.                                                             |
| <b>Refund Source</b>   | Displays the source of the refund: <i>PeopleSoft Payroll for North America, Manual, or Residual</i> .      |
| <b>Date</b>            | 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                                                                                                                                                       |
|------------------------------|-------------------|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Process Refunds              | ST_RUNCTL_RFND    | Stock, Refunds, Process Refunds                               | Run a process to refund selected contributions. You must first specify the contributions to refund on the Refunds page.                                     |
| Review Refunds               | ST_REFUND_ESPP    | Stock, Refunds, Review Refunds                                | View the results of the Refund process.                                                                                                                     |
| Reverse Refunds              | ST_RUNCTL_REVREF  | Stock, Refunds, Reverse Refunds                               | Reverse a participant's previously processed refund.                                                                                                        |
| Refunds to Payroll           | ST_RUNCTL_STESRC1 | Stock, Purchase Reports, Refund, Refunds to Payroll           | Define run parameters for the Refunds to Payroll report (STES018). This report lists refunds that must be processed manually by your payroll administrator. |
| Refunds to Payroll Reversals | ST_RUNCTL_STESRC1 | Stock, Purchase Reports, Refund, Refunds to Payroll Reversals | Define run parameters for the Refunds to Payroll Reversals report (STES007). This report lists refunds that you must reverse and must process manually.     |

## Viewing the Results of a Refund

Access the Review Refunds page.

|                                                                                                                  |                       |                        |                        |                     |                     |
|------------------------------------------------------------------------------------------------------------------|-----------------------|------------------------|------------------------|---------------------|---------------------|
| Martinez, Marisa                                                                                                 |                       | EmplID:                | KU0040                 | Empl Rcd Nbr:       | 0                   |
| Stock ID:                                                                                                        | KU1GBI                | Stock Plan:            | KU1ESPP99              | Offering ID:        | KU2000              |
| Period End Date:                                                                                                 | 06/30/2000            | Process Group:         | KUESPPUSA              |                     |                     |
| <b>Stock Purchase Plan Refunds</b> <span style="float: right;">First 1 of 1 Last</span>                          |                       |                        |                        |                     |                     |
| Company:                                                                                                         | GBI                   | Pay Group:             | KU3                    | Sequence:           | 1                   |
| Refund Status:                                                                                                   | Refunded              | Residual Amount:       | 162.320000 USD         | Refund Source:      | Contribution Refund |
| Sent to Payroll:                                                                                                 | 10/30/2000            | Payroll Source:        | North American Payroll |                     |                     |
| <b>Contributions Refunded</b> <span style="float: right;">Customize   Find   View All   First 1 of 2 Last</span> |                       |                        |                        |                     |                     |
| SeqNum                                                                                                           | Refund Source         | Contribution Source    | Gather Date            | Contribution Amount | Residual Amount     |
| 1                                                                                                                | Gathered Contribution | North American Payroll | 10/13/2000             | 158.160000 USD      | 158.160000 USD      |

Review Refunds 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.

## Reversing a Refund

Access the Reverse Refunds page.

|                        |                                                          |
|------------------------|----------------------------------------------------------|
| <b>Refund Status</b>   | Displays <i>Reversed</i> or <i>Refunded</i> .            |
| <b>Sent to Payroll</b> | Displays the date the reversal was sent to payroll.      |
| <b>Residual Amount</b> | Displays the amount remaining after a previous purchase. |
| <b>Reverse Refund</b>  | Click to run the Reverse Refund process.                 |



## 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.

### Prerequisites

Before you begin processing participant dispositions:

- Establish disposition holding periods using the Governing Body Rules - Stock Purchase Rules page.
- Set up earnings codes using the Stock Details - Stock Purchases page.
- Confirm a stock purchase using the Confirm 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                                                                                                                                                                                     |
|--------------------------------------------------------------------|--------------------|----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dispositions                                                       | ST_ESPP_DISPOSN    | Stock, Stock Purchases, Dispositions                                 | Record a participant's stock sales. You must first confirm a purchase.                                                                                                                    |
| Stock Purchase Disposition Payroll Data                            | ST_PAYROLL_SBP     | Click the Sent to Payroll date link on the Dispositions page.        | View payroll details.                                                                                                                                                                     |
| Create Query Reporting Table                                       | PRCSRUNCNTL_LC_SBP | Stock, Stock Purchases, Create Query Reporting Table                 | Generate a temporary table that consolidates purchase disposition information for query reporting.                                                                                        |
| Dispositions to Payroll                                            | ST_RUNCTL_STESRC1  | Stock, Purchase Reports, Disposition, Dispositions to Payroll        | Define run parameters for the Dispositions to Payroll report (STES020). This report displays disqualifying dispositions and qualifying dispositions to payroll for W-2 reportable income. |
| Dispostns to Payroll Reversals (dispositions to payroll reversals) | ST_RUNCTL_STESRC1  | Stock, Purchase Reports, Disposition, Dispostns to Payroll Reversals | Define run parameters for the Dispositions to Payroll Reversals report (STES017). This report displays errors sent to payroll that must be reversed.                                      |
| Disposition Reconciliation                                         | ST_RUNCTL_STESRC1  | Stock, Purchase Reports, Disposition, Disposition Reconciliation     | Define run parameters for the Disposition Reconciliation report (STES016). This report lists dispositions entered for the purchased stock.                                                |

## Recording a Participant's Stock Sales

Access the Disposition page.

|                                                       |               |                                                           |                     |
|-------------------------------------------------------|---------------|-----------------------------------------------------------|---------------------|
| Channing,Rosanna                                      |               | ID: KU0046                                                |                     |
| <b>Offering ID:</b>                                   | KU2000        | <b>Grant Date:</b>                                        | 01/01/2000          |
| <b>Purchase Begin:</b>                                | 01/01/2000    | <b>Shares Purchased:</b>                                  | 53.000000           |
| <b>Purchase End:</b>                                  | 06/30/2000    | <b>Shares Available:</b>                                  | 53.000000           |
|                                                       |               | <b>Grant FMV:</b>                                         | \$21.000000         |
|                                                       |               | <b>Purchase FMV:</b>                                      | \$13.000000         |
|                                                       |               | <b>Purchase Price:</b>                                    | \$11.000000         |
| <b>Additional Information</b>                         |               |                                                           |                     |
| <b>Stock ID:</b>                                      | KU1GBI        | <b>Shares Disposed:</b>                                   | 0.000000            |
| <b>Stock Plan:</b>                                    | KU1ESPP99     | <b>Shares Pending:</b>                                    | 0.000000            |
| <b>Hold Date:</b>                                     | 12/30/2000    | <b>Shares Self Service:</b>                               | 0.000000            |
| <b>Offering Period</b>                                |               | <b>Total Discount:</b>                                    | \$106.000000        |
| <b>Begin Date:</b>                                    | 01/01/2000    | <b>Process Group:</b>                                     | KUESPPUSA           |
| <b>End Date:</b>                                      | 12/31/2000    | <b>Currency Code:</b>                                     | USD                 |
| <b>Dispositions</b> Find   View All First 1 of 1 Last |               |                                                           |                     |
| <b>Employee Information</b> +                         |               |                                                           |                     |
| <b>Disposition Number:</b>                            |               | <b>*Status:</b>                                           | Pending             |
| <b>Disposition Date:</b>                              |               | <input type="checkbox"/> <b>Disqualifying Disposition</b> | <b>Status Date:</b> |
| <b>Shares Disposed:</b>                               | 0.000000      | <b>Ordinary Income:</b>                                   | \$0.000000          |
| <b>Disposition Price:</b>                             | \$0.000000    | <b>Total Price:</b>                                       | 0.000000            |
| <b>Disposition Type:</b>                              | Sale          | <b>Update Payroll</b>                                     |                     |
| <b>Disposition Source:</b>                            | Administrator | <b>Survey Date:</b>                                       |                     |
|                                                       |               | <b>Receipt Date:</b>                                      |                     |

Dispositions page

## Stock Purchase Information

### Shares Available

Displays the number of shares remaining that can be sold or transferred. This number is recalculated each time you enter a disposition or when the disposition status changes. The number of shares available equals the number of shares purchased less the sum of shares disposed.

### Grant FMV

Displays the grant FMV associated with the grant, which is used for calculating ordinary income.

## Additional Information

### Hold Date

This date is the purchase period end date plus the holding period number of months specified for the stock purchase plan. This date must be greater than or equal to this date, or the system produces a warning message.

### Shares Disposed

This number is recalculated each time you enter a disposition or when the disposition status changes.

### Shares Pending

Displays the number of shares that are pending confirmation.

### 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 Dispositions to Payroll 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 run the process that generates the table.



## CHAPTER 22

# Accounting for Stock-Based Compensation Plans

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

- Comply with FAS 123 for 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:

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

---

## Complying with FAS 123

Under FAS 123, companies that offer equity-based compensation plans must report the fair value of plan-related compensation in their financial disclosure statements. Preparing Stock Administration to perform stock option and stock purchase valuations requires you to select an appropriate financial accounting standard, select a valuation plan type (stock purchase plans only), and create 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 (FAS 123 or APB 25) by which your company discloses the equity compensation on its financial statements. Make this selection on the Stock Table page and enter the disclosure date. If you select FAS 123, you also identify the year in which you adopted the standard.

---

**Note.** FAS 123 regulations state that if your company adheres to APB 25 and then adopts FAS 123, you cannot revert to APB 25 at a later time.

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### See Also

Chapter 3, “Defining Stock Administration Business Rules,” Setting Up Stock Rules, page 18

## 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, and their definitions can be found in FASB statement 123.

To select 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 to select the FAS 123 Compensatory Plan check box if the plan is considered compensatory according to FAS 123.

### See Also

Chapter 5, “Setting Up Stock Purchase Plans,” Defining Stock Purchase Plan Rules, page 63

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## Creating 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*

## Pages Used to Set Up Option Groups

| Page Name                                        | Object Name    | Navigation                                                               | Usage                                                                                                              |
|--------------------------------------------------|----------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| Option Group Security                            | ST_GRP_FLD_SEC | Set Up HRMS, Product Related, Stock, Option Plans, Option Group Security | Limit the records/fields that can be used as selection criteria for grouping stock options for valuation purposes. |
| Define Option Group - Selection Criteria         | ST_GROUP1      | Stock, Valuation, Define Option Group, Selection Criteria                | Specify the criteria for including options in the same group for valuation purposes.                               |
| Define Option Group - Potential Group Population | ST_GROUP2      | Stock, Valuation, Define Option Group, Potential Group Population        | View the options that meet the selection criteria defined on the Selection Criteria page.                          |

## Defining Option Group Security

Because some 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 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

Row Security Permission List: HCCPBN1000 [Refresh Record Security](#) [Allow Full Access](#) [Remove All Access](#)

**Record** Find | View All First 1 of 8 Last

Record (Table) Name: PERSON [Allow Record Access](#) [Remove Record Access](#)

**Record Field Accessibility** Customize | Find | View All First 1-10 of 10 Last

| Field Name         | Accessible               |
|--------------------|--------------------------|
| BIRTHCOUNTRY       | <input type="checkbox"/> |
| BIRTHDATE          | <input type="checkbox"/> |
| BIRTHPLACE         | <input type="checkbox"/> |
| BIRTHSTATE         | <input type="checkbox"/> |
| DT_OF_DEATH        | <input type="checkbox"/> |
| EMPLID             | <input type="checkbox"/> |
| HIGHLY_COMP_EMPL_C | <input type="checkbox"/> |
| HIGHLY_COMP_EMPL_P | <input type="checkbox"/> |
| ORIG_HIRE_DT       | <input type="checkbox"/> |
| PER_STATUS         | <input type="checkbox"/> |

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**

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.

To create an option group:

1. Access the Define Option Group - 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

Potential Group Population

Stock ID:

KU1GBI

Global Business Institute #1

Group ID:

KU1YV

Description:

1 Year Vest

Short Description:

1 Year Ves

Select Parameters

Find | View All

First

1-2 of 2

Last

| *Group Boolean | *Group Left Parenthesis | *Record (Table) Name: | *Field Name   | SetID | *Group Operator | Group Criteria Value | *Group Right Parenthesis |
|----------------|-------------------------|-----------------------|---------------|-------|-----------------|----------------------|--------------------------|
| WHERE          |                         | ST_GRANT_VES          | VEST_SCHED_ID |       | =               | KU1YRGNT             | + -                      |
| AND            |                         | ST_GRANT              | ST_OPTION_TYP |       | <>              | RSA                  | + -                      |

SQL Object:

SELECT ST\_GRANT.EMPLID, ST\_GRANT.STOCK\_ID, ST\_GRANT.GRANT\_NBR,  
ST\_GRANT.ST\_OPTION\_TYPE %SQL(ST\_GRP\_FROM\_BASE) %SQL(ST\_GRP\_FROM\_VEST) %SQL  
(ST\_GRP\_WHERE\_BASE) %SQL(ST\_GRP\_WHERE\_VEST) AND ( ST\_GRANT\_VEST.VEST\_SCHED\_ID  
= 'KU1YRGNT' AND ST\_GRANT.ST\_OPTION\_TYPE <> 'RSA')

Create SQL

View SQL

Define Option Group - Selection Criteria page

## Select Parameters

Use this group box to define the selection criteria for adding options to the group. The system uses the criteria you enter to generate the WHERE clause of a SQL select statement. The WHERE clause can contain up to 254 characters.

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Group Left Parenthesis</b>  | 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 ((((((.                                                                                                                                                                                                                                                                                 |
| <b>Record (Table) Name</b>     | 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.                                                                                                                                                                                                                                                                                                                          |
| <b>Field Name</b>              | 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.                                                                                                                                                                                                                                                                                             |
| <b>SetID</b>                   | <p>If you select <i>Job</i> 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.</p> <p>SAL_ADMIN_PLAN</p> <p>GRADE</p> <p>STEP</p> <p>SALARY_MATRIX_CD</p> <p>DEPTID</p> <p>JOB CODE</p> <p>LOCATION</p>                                                                                                                                |
| <b>Group Operator</b>          | If you want to perform a mathematical operation, select the appropriate symbol. Valid entries are: <, <=, <>, =, >, >=, and <i>LIKE</i> . If you select <i>LIKE</i> , you can type in a partial value in the Value field. For example, the letter <i>S</i> .                                                                                                                                                                                                                           |
| <b>Group Criteria Value</b>    | <p>Select a value for the field.</p> <p>If you selected <i>LIKE</i> as the operator, do not enter quotation marks or the % sign in the Value field.</p> <p>This field is case sensitive. Enter the value exactly as it is defined in the database.</p> <p>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.</p> |
| <b>Group Right Parenthesis</b> | <p>Select the closing bracket type.</p> <p>If you want to add another parameter to your selection criteria (the WHERE clause), select <i>AND</i> or <i>OR</i>.</p>                                                                                                                                                                                                                                                                                                                     |



|                   |                                                                                                                                    |
|-------------------|------------------------------------------------------------------------------------------------------------------------------------|
| <b>SQL Object</b> | The system displays the WHERE clause in this field when you click the Create SQL button.                                           |
| <b>Create SQL</b> | Click to add the options that fit your criteria to the option group. This button also updates the MetaSQL in the SQL Object field. |
| <b>View SQL</b>   | 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                      |
|            | 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    | REVIEW_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.

Selection Criteria

Potential Group Population

**Stock ID:** KU1GBI Global Business Institute #1  
**Group ID:** KU1YV 1 Year Vest

**Sort By:**

| Group Member View |              |             |                 |
|-------------------|--------------|-------------|-----------------|
| EmplID            | Grant Number | Option Type | Name            |
| KU0010            | 0000000324   | ISO         | Santos, Antonio |
| KU0078            | 0000000247   | ISO         | Tomita, Jason   |

Define Option Group - 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 | Stock, Valuation, 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 Report   | ST_RUNCTL_STFS002 | Stock, Valuation, Expected Volatility Report                     | Use this report to review historical volatility of a stock to assist in determining the expected volatility for the future                 |
| Estimate Table               | ST_ESTIMATE       | Set Up HRMS, Product Related, Stock, Stock Rules, 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.

### 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.

|                             |                                                                                                                              |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------|
| <b>Percentage Exercised</b> | If applicable, enter the minimum percentage of a grant that must be already exercised in order to be included in the report. |
| <b>View SQL</b>             | 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,” page 261

**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 Report page.

|                       |                                                                                                                          |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------|
| <b>Frequency Type</b> | 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,” page 261

**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.

### Estimate Table

**Stock ID:** EBAR9B EBAR9B FAS 123/Multiple

**Estimate ID:** E92001-MUL

---

**\*Description:**

**Short Description:**

| Estimate Details |                 |                 |                |               |                     |               | Customize | Find | First | 1-10 of 10 | Last |
|------------------|-----------------|-----------------|----------------|---------------|---------------------|---------------|-----------|------|-------|------------|------|
| Year             | High Volatility | Mean Volatility | Low Volatility | Interest Rate | *Interest Rate Type | Dividend Rate |           |      |       |            |      |
| 1                | 0.450000        | 0.400000        | 0.350000       | 5.100000      | Compounded          | 0.000000      | +         | -    |       |            |      |
| 2                | 0.450000        | 0.400000        | 0.350000       | 5.200000      | Compounded          | 0.000000      | +         | -    |       |            |      |
| 3                | 0.450000        | 0.400000        | 0.350000       | 5.300000      | Compounded          | 0.000000      | +         | -    |       |            |      |
| 4                | 0.450000        | 0.400000        | 0.350000       | 5.400000      | Compounded          | 0.000000      | +         | -    |       |            |      |
| 5                | 0.450000        | 0.400000        | 0.350000       | 5.500000      | Compounded          | 0.000000      | +         | -    |       |            |      |
| 6                | 0.450000        | 0.400000        | 0.350000       | 5.600000      | Compounded          | 0.000000      | +         | -    |       |            |      |
| 7                | 0.450000        | 0.400000        | 0.350000       | 5.700000      | Compounded          | 0.000000      | +         | -    |       |            |      |
| 8                | 0.450000        | 0.400000        | 0.350000       | 5.800000      | Compounded          | 0.000000      | +         | -    |       |            |      |
| 9                | 0.450000        | 0.400000        | 0.350000       | 5.900000      | Compounded          | 0.000000      | +         | -    |       |            |      |
| 10               | 0.450000        | 0.400000        | 0.350000       | 6.000000      | Compounded          | 0.000000      | +         | -    |       |            |      |

Estimate Table page

#### 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," page 261](#)

## 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 | Set Up HRMS, Product Related, Stock, Stock Rules, 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**

**Stock ID:** KU1UEN      United Enterprises Stock

**Valuation ID:** KUMH

---

**\*Description:**

**Short Description:**

**\*Valuation Method:**

**\*Estimate ID:**       With Dividend

**\*Volatility Type:**

**Comment:**

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                                                                                                         |
|-----------------------------|-------------------|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| Process Grant Valuation     | ST_RUNCTL_VALUE   | Stock, Valuation, Process Grant Valuation                                           | Launch the valuation (Black Scholes) process.                                                                 |
| Maintain Grants - Valuation | ST_GRANT_VALUE    | Stock, Grants, Maintain Grants, Valuation                                           | View valuation information such as shares valued, grant FMV, expected life years, and so forth.               |
| Grant Valuation             | ST_GRANT_VAL_SEC  | Click the Value Per Share amount displayed on the Maintain Grants - Valuation page. | For grants valued with the multiple valuation method, display detailed information for each valuation period. |
| Reverse Grant Valuation     | ST_RUNCTL_UNVALUE | Stock, Valuation, Reverse Grant Valuation                                           | Deletes specific grant valuations.                                                                            |

### Running the 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.

Access the 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.

Specify the Stock ID, Valuation ID, and expected life years for the grants you wish to value and whether you want to preview or confirm a valuation.

Select the grants to include in the process and launch the valuation process.

## 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 Maintain Grants - Valuation page.



| General                                                                                    |              | Vesting                      |                                  | Miscellaneous |  | Valuation |  |
|--------------------------------------------------------------------------------------------|--------------|------------------------------|----------------------------------|---------------|--|-----------|--|
| Parsons, Jean                                                                              |              |                              |                                  | ID: KU0003    |  |           |  |
| Grants <span style="float: right;">Find   View All First 1 of 1 Last</span>                |              |                              |                                  |               |  |           |  |
| Employee Information                                                                       |              |                              |                                  |               |  |           |  |
| Grant Number 0000000437                                                                    |              |                              |                                  |               |  |           |  |
| Stock ID:                                                                                  | KU1GBI       | Global Business Institute #1 | Currency Code:                   | USD           |  |           |  |
| Stock Plan:                                                                                | KU1OPT00     | 2000 Stock Option Plan       | Grant Price:                     | \$10.000000   |  |           |  |
| Grant Date:                                                                                | 08/09/2000   | Option Type: NQ              | Shares Granted:                  | 5,000.000000  |  |           |  |
| Valuation Information <span style="float: right;">Find   View All First 1 of 1 Last</span> |              |                              |                                  |               |  |           |  |
| Valuation Effective Date:                                                                  | 08/09/2000   | Valuation Reason:            | Initial Valuation                |               |  |           |  |
| Valuation ID:                                                                              | KUSH         | Valuation Method:            | Single Method                    |               |  |           |  |
| Value Per Share:                                                                           | \$10.375221  | Expected Life Years:         | 6.000000                         |               |  |           |  |
| Shares Valued:                                                                             | 5,000.000000 | Volatility:                  | 0.450000                         |               |  |           |  |
| Grant FMV:                                                                                 | \$16.063000  | Risk-Free Interest Rate:     | 5.600000                         |               |  |           |  |
| Grant Price:                                                                               | \$10.000000  | Dividend Rate:               | 0.000000 <a href="#">Comment</a> |               |  |           |  |
| Last Update User ID:                                                                       | SAMPLE       | Last Update Date/Time:       | 08/24/2001 3:03:04PM             |               |  |           |  |

Maintain 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.

Access the Reverse Grant Valuation page.

Specify the Stock ID and select the grants for which you want to reverse the valuation process.

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:

- Produce the Estimate Contributions report.
- Calculate the offering valuation.
- Run the Valuation Data Check report.

## Pages Used to Value Stock Purchases

| Page Name                     | Object Name       | Navigation                                      | Usage                                                                                                                    |
|-------------------------------|-------------------|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| Estimate Contributions Report | ST_RUNCTL_STFS005 | Stock, Valuation, Estimate Contributions Report | Creates the Estimate Contributions report to help you estimate future contributions for the valuation process.           |
| Create Offering Valuation     | ST_OFFER_VALUE    | Stock, Valuation, Create Offering Valuation     | Create the offering ID and launch the Black-Scholes model to calculate the fair value per share.                         |
| FAS 123 Purchase Expense      | ST_RUNCTL_STFS008 | Stock, Valuation, FAS 123 Purchase Expense      | 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 Report 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,” page 261

## 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.

To start the Valuation process for a stock offering, select the Valuation ID. Enter your contribution estimates for each purchase period, then click the Create Valuation button to launch the Valuation process.

## Creating Stock Offering Valuations

Access the Create Offering Valuation page.

### Offering Valuation

**Stock ID:** KU1UEN      United Enterprises Stock

**Stock Plan Type:** Purchase Plan

**Stock Plan:** KU1ESPP99      1999 Stock Purchase Plan

**Offering ID:** KU2000      2000 Offering Period

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**\*Valuation ID:**   Multiple Method with High Vol **Create Valuation**

| Valuation Periods |            |             |             |               |            |               |               |                 | Customize   Find    | First  1-4 of 4  Last |
|-------------------|------------|-------------|-------------|---------------|------------|---------------|---------------|-----------------|--------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Begin Date        | End Date   | Grant FMV   | Grant Price | Expected Life | Volatility | Interest Rate | Dividend Rate | Value Per Share |                                                                                                        |                                                                                                                                                                                             |
| 01/01/2000        | 06/30/2000 | \$19.313000 | \$16.416050 | 0.495890      | 0.450000   | 5.100000      | 0.015000      | \$5.473274      |                                                                                                        |                                                                                                                                                                                             |
| 01/01/2000        | 12/31/2000 | \$19.313000 | \$16.416050 | 1.000000      | 0.450000   | 5.100000      | 0.015000      | \$6.604995      |                                                                                                        |                                                                                                                                                                                             |
| 01/01/2000        | 06/30/2001 | \$19.313000 | \$16.416050 | 1.495890      | 0.450000   | 5.100000      | 0.015000      | \$7.462347      |                                                                                                        |                                                                                                                                                                                             |
| 01/01/2000        | 12/31/2001 | \$19.313000 | \$16.416050 | 2.000000      | 0.450000   | 5.200000      | 0.015000      | \$8.203711      |                                                                                                        |                                                                                                                                                                                             |

  

| Contribution Worksheet |                         |                                             |                      |
|------------------------|-------------------------|---------------------------------------------|----------------------|
| Grant Date             | Purchase Period         | Estimated Contributions                     | Actual Contributions |
| 01/01/2000             | 01/01/2000 - 06/30/2000 | <input type="text" value="\$8,000.000000"/> | \$0.000000           |
| 01/01/2000             | 07/01/2000 - 12/31/2000 | <input type="text" value="\$8,000.000000"/> | \$0.000000           |
| 01/01/2000             | 01/01/2001 - 06/30/2001 | <input type="text" value="\$8,500.000000"/> | \$0.000000           |
| 01/01/2000             | 07/01/2001 - 12/31/2001 | <input type="text" value="\$8,500.000000"/> | \$0.000000           |

Create Offering Valuation page

## 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,” page 261



## 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.

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**Note.** These reports are only for stock administration use. If you want to distribute these reports to plan participants or others outside of your stock administration organization, consult with your information system security administrator.

For samples of these reports, see the PDF files published on CD-ROM with your documentation (for online users) or the PeopleSoft HRMS Reporting Tools (for hard copy users).

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### See Also

*PeopleTools PeopleBook: Process Scheduler*

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## PeopleSoft Stock Administration Reports: A to Z

These tables list the PeopleSoft Stock Administration reports, sorted alphanumerically by report ID.

### General PeopleSoft Stock Administration Reports Using the Common Run Control Page

| Report ID and Report Name         | Description                                  | Navigation                                                                      | Run Control Page |
|-----------------------------------|----------------------------------------------|---------------------------------------------------------------------------------|------------------|
| STSU001<br>Governing Body Rules   | View governing body information.             | Set Up HRMS, Product Related, Stock, Foundation Rules, Governing Body Rules Rpt | PRSCRUNCTL       |
| STSU002<br>Exchange Table         | View Exchange Table information.             | Set Up HRMS, Product Related, Stock, Foundation Rules, Exchange Table Rpt       | PRSCRUNCTL       |
| STSU003<br>Transfer/Escrow Agency | View transfer and escrow agency information. | Set Up HRMS, Product Related, Stock, Foundation Rules, Transfer/Escrow Agency   | PRSCRUNCTL       |

| <b>Report ID and Report Name</b> | <b>Description</b>                      | <b>Navigation</b>                                                            | <b>Run Control Page</b> |
|----------------------------------|-----------------------------------------|------------------------------------------------------------------------------|-------------------------|
| STSU004<br>Brokerage Table       | View Brokerage Table information.       | Set Up HRMS, Product Related, Stock, Foundation Rules, Brokerage Table Rpt   | PRSCRUNCTL              |
| STSU006<br>FMV Method Table      | View FMV Method Table information.      | Set Up HRMS, Product Related, Stock, Foundation Rules, FMV Method Table Rpt  | PRSCRUNCTL              |
| STSU026<br>Process Groups        | View process group information.         | Set Up HRMS, Product Related, Stock, Foundation Rules, Process Groups Rpt    | PRSCRUNCTL              |
| STSU017<br>Stock Agent Table     | View Stock Agent Table information.     | Set Up HRMS, Product Related, Stock, Stock Rules, Stock Agent Table          | PRSCRUNCTL              |
| STSU018<br>Stock Branch Table    | View stock branch information.          | Set Up HRMS, Product Related, Stock, Stock Rules, Stock Branch Table         | PRSCRUNCTL              |
| STSU019<br>Stock Detail          | View stock detail information.          | Set Up HRMS, Product Related, Stock, Stock Rules, Stock Detail Report        | PRSCRUNCTL              |
| STSU008<br>Stock Exchange Table  | View Stock Exchange Table information.  | Set Up HRMS, Product Related, Stock, Stock Rules, Stock Exchange Table       | PRSCRUNCTL              |
| STSU012<br>Stock Agreement Table | View Stock Agreement Table information. | Set Up HRMS, Product Related, Stock, Stock Rules, Stock Agreement Table      | PRSCRUNCTL              |
| STSU010<br>Stock Legend Table    | View Stock Legend Table information.    | Set Up HRMS, Product Related, Stock, Stock Rules, Stock Legend Table         | PRSCRUNCTL              |
| STSU015<br>Stock Treasury Table  | View Stock Treasury Table information.  | Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Treasury Table | PRSCRUNCTL              |
| STSU016<br>Stock Plan Table      | View Stock Plan Table information.      | Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Plan Table     | PRSCRUNCTL              |
| STSU014<br>Stock Blackout        | View stock blackout information.        | Set Up HRMS, Product Related, Stock, Allocation Tables, Stock Blackout       | PRSCRUNCTL              |
| STSU013<br>Stock Split           | View stock split information.           | Stock, Stock Splits, Stock Split Report                                      | PRSCRUNCTL              |



## Stock Option Reports Using the Common Run Control Page

| Report ID and Report Name          | Description                               | Navigation                                                                     | Run Control Page |
|------------------------------------|-------------------------------------------|--------------------------------------------------------------------------------|------------------|
| STSU005<br>Tax Information         | View tax information.                     | Set Up HRMS, Product Related, Stock, Option Plans, Tax Information Report      | PRSCRUNCTL       |
| STSU021<br>Vesting Schedule        | View vesting schedule information.        | Set Up HRMS, Product Related, Stock, Option Plans, Vesting Schedule            | PRSCRUNCTL       |
| STSU011<br>Stock Fiscal Year       | View stock fiscal year information.       | Set Up HRMS, Product Related, Stock, Option Plans, Stock Fiscal Year Report    | PRSCRUNCTL       |
| STSU020<br>Stock Option Plan Rules | View stock option plan rules information. | Set Up HRMS, Product Related, Stock, Option Plans, Stock Option Plan Rules Rpt | PRSCRUNCTL       |
| STSU025<br>Grant Reason Table      | View Grant Reason Table information.      | Set Up HRMS, Product Related, Stock, Option Plans, Grant Reason Report         | PRSCRUNCTL       |
| STSU009<br>Stock Reprice           | View stock reprice information.           | Stock, Option Reprices, Option Repricing Report                                | PRSCRUNCTL       |

## Stock Purchase Reports Using the Common Run Control Page

| Report ID and Report Name            | Description                                    | Navigation                                                                         | Run Control Page |
|--------------------------------------|------------------------------------------------|------------------------------------------------------------------------------------|------------------|
| STSU022<br>Stock Purchase Plan Rules | View stock purchase plan rules information.    | Set Up HRMS, Product Related, Stock, Purchase Plans, Stock Purch Plan Rules Rpt    | PRSCRUNCTL       |
| STSU023<br>Offering/Purchase Periods | View offering and purchase period information. | Set Up HRMS, Product Related, Stock, Purchase Plans, Offering/Purchase Periods Rpt | PRSCRUNCTL       |
| STSU027<br>Hold Reason Table         | View Hold Reason Table information.            | Set Up HRMS, Product Related, Stock, Purchase Plans, Hold Reason Table Rpt         | PRSCRUNCTL       |

## General PeopleSoft Stock Administration Reports

| Report ID and Report Name | Description                                                                  | Navigation                               | Run Control Page  |
|---------------------------|------------------------------------------------------------------------------|------------------------------------------|-------------------|
| STSU007<br>Daily Prices   | Reports the daily prices for a given stock ID and within a given date range. | Stock, Daily Prices, Daily Prices Report | ST_RUNCTL_STSU007 |

| Report ID and Report Name         | Description                           | Navigation                                                                                                                                     | Run Control Page  |
|-----------------------------------|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| STOK001<br>Stock Activity Details | Reports details of stock activity.    | Stock, Option Reports, Statements/Receipts, Stock Activity Details<br><br>Stock, Purchase Reports, Statements/Receipts, Stock Activity Details | ST_RUNCTL_STOK001 |
| STOK002<br>Stock Activity Summary | Provides a summary of stock activity. | Stock, Option Reports, Statements/Receipts, Stock Activity Summary<br><br>Stock, Purchase Reports, Statements/Receipts, Stock Activity Summary | ST_RUNCTL_STOK002 |

## Stock Option Reports

| Report ID and Report Name                 | Description                                                                                                                                    | Navigation                                                       | Run Control Page  |
|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|-------------------|
| STOPMSG<br>Message Report - Variable Comp | Shows processing messages.                                                                                                                     | Stock, Grants, Variable Comp Message Report                      | ST_RUNCTL_STOPMSG |
| STOP035<br>Reprice Election Forms         | Produces election forms for optionees to sign to accept a stock reprice.<br><br>You must first run the Reprice Eligibility for the Reprice ID. | Stock, Option Reprices, Create Reprice Election Forms            | ST_RUNCTL_REPRC2  |
| STOP009<br>Options Exercise Receipts      | Shows detailed information about an exercise. You can send this report to an optionee when you complete the exercise.                          | Stock, Option Reports, Statements/Receipts, Exercise Receipts    | ST_RUNCTL_STOP009 |
| STOP010<br>Options Release Receipts       | Shows detailed information about a release. You can send this report to an optionee when you complete the release.                             | Stock, Option Reports, Statements/Receipts, Release Receipts     | ST_RUNCTL_STOP010 |
| STOP011<br>Options Repurchase Receipts    | Shows detailed information about a repurchase. You can send this report to an optionee when you complete the repurchase.                       | Stock, Option Reports, Statements/Receipts, Repurchase Receipts  | ST_RUNCTL_STOP011 |
| STOP023<br>Options Disposition Receipts   | Shows detailed information about a disqualified disposition. You can send this to an optionee to use with income reported on the W-2 form.     | Stock, Option Reports, Statements/Receipts, Disposition Receipts | ST_RUNCTL_STOP023 |

| Report ID and Report Name                                                                           | Description                                                                                                                                                                               | Navigation                                                       | Run Control Page  |
|-----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|-------------------|
| STOP002<br>Options Shares Granted                                                                   | Shows the options granted during a specified date range. Use this to verify data entry, prepare the annual report, prepare forms 10-K and 10-Q, and reconcile the plan summary.           | Stock, Option Reports, Grant Transactions, Shares Granted        | ST_RUNCTL_STOP002 |
| STOP003<br>Options Shares Exercised                                                                 | Shows the options exercised during a specific date range. Use this report to verify data entry, prepare the annual report, prepare forms 10-K and 10-Q, and reconcile the plan summary.   | Stock, Option Reports, Grant Transactions, Shares Exercised      | ST_RUNCTL_STOP003 |
| STOP004<br>Option Shares Released                                                                   | Shows the options released during a specific date range.                                                                                                                                  | Stock, Option Reports, Grant Transactions, Shares Released       | ST_RUNCTL_STOP004 |
| STOP006<br>Option Shares Repurchased                                                                | Shows options repurchased during a specific date range.                                                                                                                                   | Stock, Option Reports, Grant Transactions, Shares Repurchased    | T_RUNCTL_STOP006  |
| STOP015<br>Options Transfer Agent Instn exercises (options transfer agent instruction exercises)    | Shows all option exercises confirmed within a specified date range.<br><br>This report summarizes the information required by your transfer agent for the issuance of stock certificates. | Stock, Option Reports, Agent/Broker, Transfer Agent Instructions | ST_RUNCTL_STOP015 |
| STOP016<br>Options Transfer Agent Instn Repurchase (options transfer agent instructions repurchase) | Shows all option repurchases confirmed within a specified date range. It summarizes the information required by your transfer agent for the issuance of stock certificates.               | Stock, Option Reports, Agent/Broker, Transfer Agent Instructions | ST_RUNCTL_STOP015 |
| STOP017<br>Options Transfer Agent Instn Releases (options transfer agent instructions releases)     | Shows all option releases confirmed within a specified date range. It summarizes the information required by your transfer agent for the issuance of stock certificates.                  | Stock, Option Reports, Agent/Broker, Transfer Agent Instructions | ST_RUNCTL_STOP015 |
| STOP018<br>Options Broker Deposits Exercises                                                        | You must have entered an exercise or release for which the shares issued are to be deposited with the stockbroker.                                                                        | Stock, Option Reports, Agent/Broker, Broker Deposits             | ST_RUNCTL_STOP018 |
| STOP018A<br>Options Broker Deposits Releases                                                        | Lists all exercises confirmed within a specific date range for which the shares are to be delivered to the stockbroker.                                                                   | Stock, Option Reports, Agent/Broker, Broker Deposits             | ST_RUNCTL_STOP018 |

| Report ID and Report Name                       | Description                                                                                                                                                                                         | Navigation                                                                                               | Run Control Page  |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|-------------------|
| STOP018B<br>Options Broker Deposits             | Lists all releases confirmed within a specific date range for which the shares are to be delivered to the stockbroker.                                                                              | Stock, Option Reports, Agent/Broker, Broker Deposits                                                     | ST_RUNCTL_STOP018 |
| STOP019<br>Options Broker Invoices              | Use to run the Options Broker Invoices report.<br><br>You must have entered an exercise or release for which the payment method was Same Day Sale or Sell to Cover.                                 | Stock, Option Reports, Agent/Broker, Broker Invoices                                                     | ST_RUNCTL_STOP019 |
| STOP019A<br>Options Broker Invoices - Exercises | Lists all same day sale and sell to cover exercises confirmed within a specified date range.                                                                                                        | Stock, Option Reports, Agent/Broker, Broker Invoices                                                     | ST_RUNCTL_STOP019 |
| STOP019B<br>Options Broker Invoices - Releases  | Lists all same day sale and sell to cover releases confirmed within a specified date range. It includes information required by the broker to distribute funds due to the company from the release. | Stock, Option Reports, Agent/Broker, Broker Invoices                                                     | ST_RUNCTL_STOP019 |
| STOP007<br>Options Vesting Forecast             | Shows the future vest dates for restricted exercises. Use this to plan when you can release restricted shares.                                                                                      | Stock, Option Reports, Grant Transactions, Restricted Vesting Forecast                                   | ST_RUNCTL_STOP007 |
| STOP005<br>Options Shares Cancelled             | Lists all options canceled during a specified date range.                                                                                                                                           | Stock, Option Reports, Grant Transactions, Shares Cancelled                                              | ST_RUNCTL_STOP005 |
| STOP008<br>Shares Subject to Repurchase         | Lists all shares that were exercised before vest but have not been released as of the specified date.                                                                                               | Stock, Option Reports, Grant Transactions, Subject to Repurchase                                         | ST_RUNCTL_STOP008 |
| STOP001<br>Option Plan Summary                  | Lists all plan activity that occurred during the specified date range.                                                                                                                              | Stock, Option Reports, Regulatory, Plan Summary<br><br>Stock, Purchase Reports, Regulatory, Plan Summary | ST_RUNCTL_STES001 |
| STOP012<br>Options Income/Taxes                 | Lists W-2 income and taxes from an exercise or release when your system is not integrated with PeopleSoft Payroll for North America.                                                                | Stock, Option Reports, Reconciliation, Income/Taxes                                                      | ST_RUNCTL_STOP012 |
| STOP012<br>Options Income/Tax Reversals         | Lists all voided exercises and releases for which you calculated W-2 income and taxes.                                                                                                              | Stock, Option Reports, Reconciliation, Options Income/Tax Reversals                                      | ST_RUNCTL_STOP012 |

| Report ID and Report Name               | Description                                                                                                                                                                | Navigation                                                         | Run Control Page  |
|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|-------------------|
| STOP020<br>ISO DD to Payroll            | Lists all W-2 income generated from disqualifying dispositions not reported through PeopleSoft Payroll for North America.                                                  | Stock, Option Reports, Reconciliation, ISO DD to Payroll           | ST_RUNCTL_STOP020 |
| STOP021<br>ISO DD Reversals to Payroll  | Lists all voided disqualifying dispositions for which W-2 income that was calculated was sent to payroll.                                                                  | Stock, Option Reports, Reconciliation, ISO DD Reversals to Payroll | ST_RUNCTL_STOP020 |
| STOP022<br>SO DD to Acctg /Tax          | Lists all disqualifying dispositions processed within the specified date range.                                                                                            | Stock, Option Reports, Reconciliation, ISO DD to Acctg/Tax         | ST_RUNCTL_STOP022 |
| STRR001<br>Potential Diluted - Detail   | Lists the details of the potential diluted shares outstanding calculation.                                                                                                 | Stock, Option Reports, Regulatory, Potential Diluted               | ST_RUNCTL_STRR001 |
| STRR001<br>Potential Diluted - Summary  | Summarizes the potential dilutive option shares outstanding calculation. It displays the dilutive and antidilutive values that used in the earnings per share calculation. | Stock, Option Reports, Regulatory, Potential Diluted               | ST_RUNCTL_STRR001 |
| STRR003<br>Common Transactions - Detail | Lists the option shares and stock purchase shares issued during the period.                                                                                                | Stock, Option Reports, Regulatory, Common Transactions             | ST_RUNCTL_STRR003 |
| STRR005<br>ISO Limit                    | Lists, by optionee, the amount of the \$100,000 ISO limit used each year for every ISO grant and shows the remaining available value for each year.                        | Stock, Option Reports, Regulatory, ISO Limit                       | ST_RUNCTL_STRR005 |

## Stock Purchase Reports with Common Run Control Page

| Report ID and Report Name             | Description                                                                                                                                       | Navigation                                                   | Run Control Page  |
|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|-------------------|
| STES014<br>Message                    | Shows processing messages.                                                                                                                        | Stock, Stock Purchases, Messages Report                      | ST_RUNCTL_STESPID |
| STES002<br>Participant Contributions  | View contributions for audits and reconciliation.                                                                                                 | Stock, Purchase Reports, Purchase, Contributions             | ST_RUNCTL_STESPID |
| STES003<br>Currency Conversion        | View the results of a currency conversion for audit and reconciliation.                                                                           | Stock, Purchase Reports, Purchase, Currency Conversion       | ST_RUNCTL_STESPID |
| STES005A<br>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. | Stock, Purchase Reports, Purchase, Participants w/o Purchase | ST_RUNCTL_STESPID |

| Report ID and Report Name   | Description                                                    | Navigation                                          | Run Control Page  |
|-----------------------------|----------------------------------------------------------------|-----------------------------------------------------|-------------------|
| STES004<br>Purchase Summary | View the results of the preliminary or final purchase process. | Stock, Purchase Reports, Purchase, Purchase Summary | ST_RUNCTL_STESPID |

## Stock Purchase Payroll Reports

| Report ID and Report Name             | Description                                                                                          | Navigation                                                           | Run Control Page  |
|---------------------------------------|------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------|
| STES018<br>Refunds to Payroll         | Lists refunds that must be processed manually by your payroll administrator.                         | Stock, Purchase Reports, Refund, Refunds to Payroll                  | ST_RUNCTL_STESRC1 |
| STES007<br>Refund Reversals           | Lists refunds that you must reverse and must process manually.                                       | Stock, Purchase Reports, Refund, Refund Reversals                    | ST_RUNCTL_STESRC1 |
| STES020<br>Dispositions to Payroll    | Reports disqualifying dispositions and qualifying dispositions to payroll for W-2 reportable income. | Stock, Purchase Reports, Disposition, Dispositions to Payroll        | ST_RUNCTL_STESRC1 |
| STES017<br>Disposition Reversals      | Reports errors sent to payroll that must be reversed.                                                | Stock, Purchase Reports, Disposition, Dispostns to Payroll Reversals | ST_RUNCTL_STESRC1 |
| STES016<br>Disposition Reconciliation | Lists dispositions entered for the purchased stock.                                                  | Stock, Purchase Reports, Disposition, Disposition Reconciliation     | ST_RUNCTL_STESRC1 |

## Additional Stock Purchase Reports

| Report ID and Report Name           | Description                                                                            | Navigation                                                         | Run Control Page  |
|-------------------------------------|----------------------------------------------------------------------------------------|--------------------------------------------------------------------|-------------------|
| STES001<br>Plan Summary             | Lists all plan activity that occurred during the specified date range.                 | Stock, Option Reports, Regulatory, Plan Summary                    | ST_RUNCTL_STES001 |
| STES010<br>Purchase Receipts        | Displays a summary of purchases by participant. This statement is required by the IRS. | Stock, Option Reports, Regulatory, Purchase Receipts               | ST_RUNCTL_STES010 |
| STES006<br>Refund/Carry Fwd         | Reports back to pay groups the unused contributions after a purchase.                  | Stock, Purchase Reports, Refund, Refund/Carry-Forward              | ST_RUNCTL_STESPID |
| STES015<br>Grant Value Limit Detail | Use to audit participants for IRS grant value limit by corporate interpretation.       | Stock, Purchase Reports, Regulatory, Purchase Limit Summary        | ST_RUNCTL_STES015 |
| STES008<br>Transfer Agent Instruct  | Use to instruct the transfer agent to issue shares and adjust the plan balance.        | Stock, Purchase Reports, Agent/Broker, Transfer Agent Instructions | ST_RUNCTL_STES008 |

| Report ID and Report Name      | Description                                                                                                                                                                 | Navigation                                                        | Run Control Page  |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------|
| STES009<br>Broker Deposits     | Use to inform brokers of shares to be deposited into participants' accounts after a purchase. You must first purchase stock for which the issuance instruction is Broker.   | Stock, Purchase Reports, Agent/Broker, Broker Deposits            | ST_RUNCTL_STES009 |
| STES013<br>Disposition Receipt | Reports a summary of dispositions. The statement is required by the IRS.                                                                                                    | Stock, Purchase Reports, Statement/Receipts, Disposition Receipts | ST_RUNCTL_STES013 |
| STES011<br>Disposition Survey  | Use to survey participants about dispositions or to confirm a reported disposition. You must first purchase stock and have participants who have not reported dispositions. | Stock, Purchase Reports, Disposition, Disposition Survey          | ST_RUNCTL_STES011 |

## Stock Option and Stock Purchase Valuation Reports

| Report ID and Report Name              | Description                                                                                                                  | Navigation                               | Run Control Page  |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-------------------|
| STFS002<br>Expected Volatility         | Calculates the historical annualized volatility for a particular stock. This information is used by the Black Scholes model. | Stock, Valuation, Expected Volatility    | ST_RUNCTL_STFS002 |
| STFS004 (options)<br>Valuation Audit   | Identifies stock options dated after the FAS 123 Disclosure date that do not contain a valuation record.                     | Stock, Valuation, Valuation Audit Report | ST_RUNCTL_STFS004 |
| STFS006 (purchases)<br>Valuation Audit | Identifies stock purchases dated after the FAS 123 Disclosure date that do not contain a valuation record.                   | Stock, Valuation, Valuation Audit Report | ST_RUNCTL_STFS004 |

## Stock Option Valuation and Disclosure Reports

| Report ID and Report Name                 | Description                                                                                                          | Navigation                                     | Run Control Page  |
|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------|------------------------------------------------|-------------------|
| STFS001<br>Expected Life Years Analysis   | Provides assistance in determining the expected term input for the Black-Scholes model.                              | Stock, Valuation, Expected Life Years Analysis | ST_RUNCTL_STFS001 |
| STFS007<br>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. | Stock, Valuation, FAS 123 Expense              | ST_RUNCTL_STFS007 |

| Report ID and Report Name                   | Description                                                                                                                                                                                                                     | Navigation                                                               | Run Control Page  |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|-------------------|
| STFS009<br>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.                                                                           | Stock, Option Reports, Expense, APB 25 Expense                           | ST_RUNCTL_STFS009 |
| STFS010<br>Variable Accounting Accrual      | Calculates the accounting accruals for ISO/SAR, NQ/SAR, and repriced options as of the date you specify.                                                                                                                        | Stock, Option Reports, Expense, Variable Accounting Accrual              | ST_RUNCTL_STFS010 |
| STFS011<br>Valuation Detail/Summary         | Provides option valuation information for all options for a specified stock ID and date range. Also reports weighted averages.                                                                                                  | Stock, Valuation, Grant Valuation Report                                 | ST_RUNCTL_STFS011 |
| STFS014<br>Outstanding/Exercisable by Price | Lists, by grant price, all options that are outstanding or exercisable for a given stock ID as of the date that you enter. Also provides assistance in determining the price ranges to use in the Disclosure Summary.           | Stock, Option Reports, Grant Transactions, Outstand/Exercisable By Price | ST_RUNCTL_STFS014 |
| STFS015<br>Disclosure Summary               | Provides information required for the company financial report, which summarizes grant, exercise, cancellation, and expiration information for the period of time that you specify. Also reports fair market value information. | Stock, Option Reports, Regulatory, Disclosure Summary                    | ST_RUNCTL_STFS015 |

## Stock Purchase Valuation and Disclosure Reports

| Report ID and Report Name         | Description                                                                                                                                                                                     | Navigation                                      | Run Control Page  |
|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------|
| STFS005<br>Estimate Contributions | For each employee associated with the stock plan and offering ID that you select, the report lists the grant date, purchase date, and total actual contributions for confirmed stock purchases. | Stock, Valuation, Estimate Contributions Report | ST_RUNCTL_STFS005 |
| STFS008<br>FAS 123 Expense Detail | Running this report calculates the purchase expense for the prior, current, and future periods, depending on the date range entered.                                                            | Stock, Valuation, FAS 123 Purchase Expense      | ST_RUNCTL_STFS004 |



| <b>Report ID and Report Name</b>    | <b>Description</b>                                                     | <b>Navigation</b>                              | <b>Run Control Page</b> |
|-------------------------------------|------------------------------------------------------------------------|------------------------------------------------|-------------------------|
| STFS012<br>Valuation Detail/Summary | Provides purchase valuation information for a stock ID and stock plan. | Stock, Valuation, Offering<br>Valuation Report | ST_RUNCTL_STFS012       |



# Glossary of PeopleSoft Terms

|                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>absence entitlement</b> | This element defines rules for granting paid time off for valid absences, such as sick time, vacation, and maternity leave. An absence entitlement element defines the entitlement amount, frequency, and entitlement period.                                                                                                                                                                                                                                               |
| <b>absence take</b>        | This element defines the conditions that must be met before a payee is entitled to take paid time off.                                                                                                                                                                                                                                                                                                                                                                      |
| <b>account</b>             | You use an account code to record and summarize financial transactions as expenditures, revenues, assets, or liabilities balances. The use of this delivered PeopleSoft ChartField is typically defined when you implement PeopleSoft General Ledger.                                                                                                                                                                                                                       |
| <b>accounting class</b>    | In PeopleSoft Enterprise Performance Management, the accounting class defines how a resource is treated for generally accepted accounting practices. The Inventory class indicates whether a resource becomes part of a balance sheet account, such as inventory or fixed assets, while the Non-inventory class indicates that the resource is treated as an expense of the period during which it occurs.                                                                  |
| <b>accounting date</b>     | The accounting date indicates when a transaction is recognized, as opposed to the date the transaction actually occurred. The accounting date and transaction date can be the same. The accounting date determines the period in the general ledger to which the transaction is to be posted. You can only select an accounting date that falls within an open period in the ledger to which you are posting. The accounting date for an item is normally the invoice date. |
| <b>accounting entry</b>    | A set of related debits and credits. An accounting entry is made up of multiple accounting lines. In most PeopleSoft applications, accounting entries are always balanced (debits equal credits). Accounting entries are created to record accruals, payments, payment cancellations, manual closures, project activities in the general ledger, and so forth, depending on the application.                                                                                |
| <b>accounting split</b>    | The accounting split method indicates how expenses are allocated or divided among one or more sets of accounting ChartFields.                                                                                                                                                                                                                                                                                                                                               |
| <b>accumulator</b>         | You use an accumulator to store cumulative values of defined items as they are processed. You can accumulate a single value over time or multiple values over time. For example, an accumulator could consist of all voluntary deductions, or all company deductions, enabling you to accumulate amounts. It allows total flexibility for time periods and values accumulated.                                                                                              |
| <b>action reason</b>       | The reason an employee's job or employment information is updated. The action reason is entered in two parts: a personnel action, such as a promotion, termination, or change from one pay group to another and a reason for that action. Action reasons are used by PeopleSoft Human Resources, PeopleSoft Benefits Administration, PeopleSoft Stock Administration, and the COBRA Administration feature of the Base Benefits business process.                           |
| <b>activity</b>            | In PeopleSoft Enterprise Learning Management, an instance of a catalog item delivery method it may also be called a class. The activity defines such things as meeting times and locations, instructors, reserved equipment and materials, and detailed costs that are associated with the offering, enrollment limits and deadlines, and waitlisting capacities.                                                                                                           |
| <b>allocation rule</b>     | In PeopleSoft Enterprise Incentive Management, an expression within compensation plans that enables the system to assign transactions to nodes and participants. During transaction allocation, the allocation engine traverses the compensation structure                                                                                                                                                                                                                  |

|                               |                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                               | from the current node to the root node, checking each node for plans that contain allocation rules.                                                                                                                                                                                                                                                                                                          |
| <b>alternate account</b>      | A feature in PeopleSoft General Ledger that enables you to create a statutory chart of accounts and enter statutory account transactions at the detail transaction level, as required for recording and reporting by some national governments.                                                                                                                                                              |
| <b>application agent</b>      | An application agent is an online agent that is loaded into memory with a PeopleSoft page. It detects when a business rule has been triggered and determines the appropriate action.                                                                                                                                                                                                                         |
| <b>asset class</b>            | An asset group used for reporting purposes. It can be used in conjunction with the asset category to refine asset classification.                                                                                                                                                                                                                                                                            |
| <b>attachment</b>             | In PeopleSoft Enterprise Learning Management, nonsystem-defined electronic material that supplements a learning resource, such as an equipment items user handbook or the site map of a large facility.                                                                                                                                                                                                      |
| <b>background process</b>     | In PeopleSoft, background processes are executed through process-specific COBOL programs and run outside the Windows environment.                                                                                                                                                                                                                                                                            |
| <b>benchmark job</b>          | In PeopleSoft Workforce Analytics, a benchmark job is a job code for which there is corresponding salary survey data from published, third-party sources.                                                                                                                                                                                                                                                    |
| <b>branch</b>                 | A tree node that rolls up to nodes above it in the hierarchy, as defined in PeopleSoft Tree Manager.                                                                                                                                                                                                                                                                                                         |
| <b>budgetary account only</b> | An account used by the system only and not by users; this type of account does not accept transactions. You can only budget with this account. Formerly called system-maintained account.                                                                                                                                                                                                                    |
| <b>budget check</b>           | In commitment control, the processing of source transactions against control budget ledgers, to see if they pass, fail, or pass with a warning.                                                                                                                                                                                                                                                              |
| <b>budget control</b>         | In commitment control, budget control ensures that commitments and expenditures don't exceed budgets. It enables you to track transactions against corresponding budgets and terminate a document's cycle if the defined budget conditions are not met. For example, you can prevent a purchase order from being dispatched to a vendor if there are insufficient funds in the related budget to support it. |
| <b>budget period</b>          | The interval of time (such as 12 months or 4 quarters) into which a period is divided for budgetary and reporting purposes. The ChartField allows maximum flexibility to define operational accounting time periods without restriction to only one calendar.                                                                                                                                                |
| <b>business event</b>         | In PeopleSoft Sales Incentive Management, an original business transaction or activity that may justify the creation of a PeopleSoft Enterprise Incentive Management event (a sale, for example).                                                                                                                                                                                                            |
| <b>catalog item</b>           | In PeopleSoft Enterprise Learning Management, a specific topic that a learner can study and have tracked. For example, Introduction to Microsoft Word. A catalog item contains general information about the topic and includes a course code, description, categorization, keywords, and delivery methods.                                                                                                  |
| <b>category</b>               | In PeopleSoft Enterprise Learning Management, a way to classify catalog items so that users can easily browse and search relevant entries in the learning catalog. Categories can be hierarchical.                                                                                                                                                                                                           |
| <b>ChartField</b>             | A field that stores a chart of accounts, resources, and so on, depending on the PeopleSoft application. ChartField values represent individual account numbers, department codes, and so forth.                                                                                                                                                                                                              |
| <b>ChartField balancing</b>   | You can require specific ChartFields to match up (balance) on the debit and the credit side of a transaction.                                                                                                                                                                                                                                                                                                |

|                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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| <b>ChartField combination edit</b>     | The process of editing journal lines for valid ChartField combinations based on user-defined rules.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>ChartKey</b>                        | One or more fields that uniquely identify each row in a table. Some tables contain only one field as the key, while others require a combination.                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>child</b>                           | In PeopleSoft Tree Manager trees, a child is a node or detail on a tree linked to another, higher-level node (referred to as the parent). Child nodes can be rolled up into the parent. A node can be a child and a parent at the same time depending on its location within the tree.                                                                                                                                                                                                                                                                                                                   |
| <b>Class ChartField</b>                | A ChartField value that identifies a unique appropriation budget key when you combine it with a fund, department ID, and program code, as well as a budget period. Formerly called <i>sub-classification</i> .                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>clone</b>                           | In PeopleCode, to make a unique copy. In contrast, to <i>copy</i> may mean making a new reference to an object, so if the underlying object is changed, both the copy and the original change.                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>collection</b>                      | To make a set of documents available for searching in Verity, you must first create at least one collection. A collection is set of directories and files that allow search application users to use the Verity search engine to quickly find and display source documents that match search criteria. A collection is a set of statistics and pointers to the source documents, stored in a proprietary format on a file server. Because a collection can only store information for a single location, PeopleSoft maintains a set of collections (one per language code) for each search index object. |
| <b>compensation object</b>             | In PeopleSoft Enterprise Incentive Management, a node within a compensation structure. Compensation objects are the building blocks that make up a compensation structure's hierarchical representation.                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>compensation structure</b>          | In PeopleSoft Enterprise Incentive Management, a hierarchical relationship of compensation objects that represents the compensation-related relationship between the objects.                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>configuration parameter catalog</b> | Used to configure an external system with PeopleSoft. For example, a configuration parameter catalog might set up configuration and communication parameters for an external server.                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>configuration plan</b>              | In PeopleSoft Enterprise Incentive Management, configuration plans hold allocation information for common variables (not incentive rules) and are attached to a node without a participant. Configuration plans are not processed by transactions.                                                                                                                                                                                                                                                                                                                                                       |
| <b>content reference</b>               | Content references are pointers to content registered in the portal registry. These are typically either URLs or iScripts. Content references fall into three categories: target content, templates, and template pagelets.                                                                                                                                                                                                                                                                                                                                                                              |
| <b>context</b>                         | In PeopleSoft Enterprise Incentive Management, a mechanism that is used to determine the scope of a processing run. PeopleSoft Enterprise Incentive Management uses three types of context: plan, period, and run-level.                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>corporate account</b>               | Equivalent to the Account ChartField. Distinguishes between the chart of accounts typically used to record and report financial information for management, stockholders, and the general public, as opposed to a chart of statutory (alternate) accounts required by a regulatory authority for recording and reporting financial information.                                                                                                                                                                                                                                                          |
| <b>cost profile</b>                    | A combination of a receipt cost method, a cost flow, and a deplete cost method. A profile is associated with a cost book and determines how items in that book are valued, as well as how the material movement of the item is valued for the book.                                                                                                                                                                                                                                                                                                                                                      |
| <b>cost row</b>                        | A cost transaction and amount for a set of ChartFields.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

|                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
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| <b>data acquisition</b>      | In PeopleSoft Enterprise Incentive Management, the process during which raw business transactions are acquired from external source systems and fed into the operational data store (ODS).                                                                                                                                                                                                                                                         |
| <b>data elements</b>         | <p>Data elements, at their simplest level, define a subset of data and the rules by which to group them.</p> <p>For Workforce Analytics, data elements are rules that tell the system what measures to retrieve about your workforce groups.</p>                                                                                                                                                                                                   |
| <b>data row</b>              | Contains the entries for each field in a table. To identify each data row uniquely, PeopleSoft applications use a key consisting of one or more fields in the table.                                                                                                                                                                                                                                                                               |
| <b>data validation</b>       | In PeopleSoft Enterprise Incentive Management, a process of validating and cleansing the feed data to resolve conflicts and make the data processable.                                                                                                                                                                                                                                                                                             |
| <b>DAT file</b>              | This text file, used with the Verity search engine, contains all of the information from documents that are searchable but not returned in the results list.                                                                                                                                                                                                                                                                                       |
| <b>delivery method</b>       | In PeopleSoft Enterprise Learning Management, identifies a learning activity's delivery method type. An activity can have one or more delivery methods.                                                                                                                                                                                                                                                                                            |
| <b>delivery method type</b>  | In PeopleSoft Enterprise Learning Management, specifies a method that your organization uses to deliver learning activities, for example, scheduled or self-paced learning.                                                                                                                                                                                                                                                                        |
| <b>distribution</b>          | The process of assigning values to ChartFields. A distribution is a string of ChartField values assigned to items, payments, and budget amounts.                                                                                                                                                                                                                                                                                                   |
| <b>double byte character</b> | If you're working with Japanese or other Asian employees, you can enter the employee's name using double-byte characters. The standard double byte character set name format in PeopleSoft applications is: [last name] space [first name].                                                                                                                                                                                                        |
| <b>dynamic tree</b>          | A tree that takes its detail values dynamically directly from a table in the database, rather than from a range of values entered by the user.                                                                                                                                                                                                                                                                                                     |
| <b>edit table</b>            | A table in the database that has its own record definition, such as the Department table. As fields are entered into a PeopleSoft application, they can be validated against an edit table to ensure data integrity throughout the system.                                                                                                                                                                                                         |
| <b>effective date</b>        | A method of dating information in PeopleSoft applications. You can predate information to add historical data to your system, or postdate information in order to enter it before it actually goes into effect. By using effective dates, you don't delete values; you enter a new value with a current effective date.                                                                                                                            |
| <b>EIM job</b>               | Abbreviation for <i>Enterprise Incentive Management job</i> . In PeopleSoft Enterprise Incentive Management, a collection of job steps that corresponds to the steps in an organization's compensation-related business process. An EIM job can be stopped to allow manual changes or corrections to be applied between steps, and then resumed from where it left off, continuing with the next step. A run can also be restarted or rolled back. |
| <b>EIM ledger</b>            | Abbreviation for <i>Enterprise Incentive Management ledger</i> . In PeopleSoft Enterprise Incentive Management, an object to handle incremental result gathering within the scope of a participant. The ledger captures a result set with all of the appropriate traces to the data origin and to the processing steps of which it is a result.                                                                                                    |
| <b>equipment</b>             | In PeopleSoft Enterprise Learning Management, resource items that can be assigned to a training facility, to a specific training room, or directly to an activity session. Equipment items are generally items that are used (sometimes for a fee) and returned after the activity is complete.                                                                                                                                                    |

|                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>event</b>                     | Events are predefined points either in the application processor flow or in the program flow. As each point is encountered, the event activates each component, triggering any PeopleCode program associated with that component and that event. Examples of events are FieldChange, SavePreChange, and OnRouteSubscription. In PeopleSoft Human Resources, <i>event</i> also refers to incidents that affect benefits eligibility.                                                                                                                                                                           |
| <b>event propagation process</b> | In PeopleSoft Sales Incentive Management, a process that determines, through logic, the propagation of an original PeopleSoft Enterprise Incentive Management event and creates a derivative (duplicate) of the original event to be processed by other objects. Sales Incentive Management uses this mechanism to implement splits, roll-ups, and so on. Event propagation determines who receives the credit.                                                                                                                                                                                               |
| <b>external system</b>           | In PeopleSoft, any system that is not directly compiled with PeopleTools servers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>fact</b>                      | In PeopleSoft applications, facts are numeric data values from fields from a source database as well as an analytic application. A fact can be anything you want to measure your business by, for example, revenue, actual, budget data, or sales numbers. A fact is stored on a fact table.                                                                                                                                                                                                                                                                                                                  |
| <b>filter</b>                    | In PeopleSoft applications, a filter creates a subset of information. Filters are used in templates to limit your information from a pick list of attribute values.                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>generic process type</b>      | In PeopleSoft Process Scheduler, process types are identified by a generic process type. For example, the generic process type SQR includes all SQR process types, such as SQR process and SQR report.                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>group</b>                     | Any set of records associated under a single name or variable in order to run calculations in PeopleSoft business processes. In PeopleSoft Time and Labor, for example, employees are placed in groups for time reporting purposes.                                                                                                                                                                                                                                                                                                                                                                           |
| <b>homepage</b>                  | Users can personalize the homepage, or the page that first appears when they access the portal.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>incentive object</b>          | In PeopleSoft Enterprise Incentive Management, the incentive-related objects that define and support the PeopleSoft Enterprise Incentive Management calculation process and results, such as plan templates, plans, results data, user interaction objects, and so on.                                                                                                                                                                                                                                                                                                                                        |
| <b>incentive rule</b>            | In PeopleSoft Sales Incentive Management, the commands that act on transactions and turn them into compensation. A rule is one part in the process of turning a transaction into compensation.                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>key</b>                       | One or more fields that uniquely identify each row in a table. Some tables contain only one field as the key, while others require a combination.                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>learner group</b>             | In PeopleSoft Enterprise Learning Management, a group of learners within the same learning environment that share the same attributes, such as department or job code.                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>learning activity</b>         | See <i>activity</i> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>learning history</b>          | In PeopleSoft Enterprise Learning Management, a self-service repository for all of a learner's completed learning activities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>learning plan</b>             | In PeopleSoft Enterprise Learning Management, a self-service repository for all of a learner's planned and in-progress learning activities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>ledger mapping</b>            | You use ledger mapping to relate expense data from general ledger accounts to resource objects. Multiple ledger line items can be mapped to one or more resource IDs. You can also use ledger mapping to map dollar amounts (referred to as <i>rates</i> ) to business units. You can map the amounts in two different ways: an actual amount that represents actual costs of the accounting period, or a budgeted amount that can be used to calculate the capacity rates as well as budgeted model results. In PeopleSoft Enterprise Warehouse, you can map general ledger accounts to the EW Ledger table. |

|                            |                                                                                                                                                                                                                                                                                                                                                                                          |
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| <b>level</b>               | A section of a tree that organizes groups of nodes.                                                                                                                                                                                                                                                                                                                                      |
| <b>library section</b>     | In PeopleSoft Enterprise Incentive Management, a section that is defined in a plan (or template) and that is available for other plans to share. Changes to a library section are reflected in all plans that use it.                                                                                                                                                                    |
| <b>linked section</b>      | In PeopleSoft Enterprise Incentive Management, a section that is defined in a plan template but appears in a plan. Changes to linked sections propagate to plans using that section.                                                                                                                                                                                                     |
| <b>linked variable</b>     | In PeopleSoft Enterprise Incentive Management, a variable that is defined and maintained in a plan template and that also appears in a plan. Changes to linked variables propagate to plans using that variable.                                                                                                                                                                         |
| <b>load</b>                | The feature that initiates a process to automatically load information into a PeopleSoft application for example, populating the PeopleSoft Benefits database with plan-level election information.                                                                                                                                                                                      |
| <b>local functionality</b> | In PeopleSoft HRMS, the set of information that is available for a specific country. You can access this information when you click the appropriate country flag in the global window, or when you access it by a local country menu.                                                                                                                                                    |
| <b>location</b>            | Locations enable you to indicate the different types of addresses for a company, for example, one address to receive bills, another for shipping, a third for postal deliveries, and a separate street address. Each address has a different location number. The primary location indicated by a <i>1</i> is the address you use most often and may be different from the main address. |
| <b>market template</b>     | In PeopleSoft Enterprise Incentive Management, additional functionality that is specific to a given market or industry and is built on top of a product category.                                                                                                                                                                                                                        |
| <b>material</b>            | In PeopleSoft Enterprise Learning Management, a resource item that can be assigned to the sessions of an activity. Material items are generally consumed during the duration of an activity and not returned, and they may have an associated cost.                                                                                                                                      |
| <b>message definition</b>  | An object definition specified in PeopleSoft Application Designer that contains message information for PeopleSoft Application Messaging.                                                                                                                                                                                                                                                |
| <b>meta-SQL</b>            | Meta-SQL constructs expand into platform-specific SQL substrings. They are used in functions that pass SQL strings, such as in SQL objects, the SQLExec function, and PeopleSoft Application Engine programs.                                                                                                                                                                            |
| <b>metastring</b>          | Metastrings are special expressions included in SQL string literals. The metastrings, prefixed with a percent (%) symbol, are included directly in the string literals. They expand at run time into an appropriate substring for the current database platform.                                                                                                                         |
| <b>multibook</b>           | Processes in PeopleSoft applications that can create both application entries and general ledgers denominated in more than one currency.                                                                                                                                                                                                                                                 |
| <b>multicurrency</b>       | The ability to process transactions in a currency other than the business unit's base currency.                                                                                                                                                                                                                                                                                          |
| <b>objective</b>           | In PeopleSoft Enterprise Learning Management, an individual's learning goal. An example of a learning goal is a competency gap.                                                                                                                                                                                                                                                          |
| <b>override</b>            | In PeopleSoft Enterprise Incentive Management, the ability to make a change to a plan that applies to only one plan context.                                                                                                                                                                                                                                                             |
| <b>pagelet</b>             | Each block of content on the homepage is called a pagelet. These pagelets display summary information within a small rectangular area on the page. The pagelet provides users with a snapshot of their most relevant PeopleSoft and non-PeopleSoft content.                                                                                                                              |



|                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>parent node</b>                      | A tree node linked to lower-level nodes or details that roll up into it. A node can be a parent and a child at the same time, depending on its location within the tree.                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>participant</b>                      | In PeopleSoft Enterprise Incentive Management, participants are recipients of the incentive compensation calculation process.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>participant object</b>               | Each participant object may be related to one or more compensation objects.<br><br>See also <i>participant object</i> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>payout</b>                           | In PeopleSoft Enterprise Incentive Management, the resulting incentive plan computation that is provided to payroll.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>PeopleCode</b>                       | PeopleCode is a proprietary language, executed by the PeopleSoft application processor. PeopleCode generates results based upon existing data or user actions. By using business interlink objects, external services are available to all PeopleSoft applications wherever PeopleCode can be executed.                                                                                                                                                                                                                                                                                                               |
| <b>PeopleCode event</b>                 | An action that a user takes upon an object, usually a record field, that is referenced within a PeopleSoft page.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>PeopleSoft Internet Architecture</b> | The fundamental architecture on which PeopleSoft 8 applications are constructed, consisting of an RDBMS, an application server, a Web server, and a browser.                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>performance measurement</b>          | In PeopleSoft Enterprise Incentive Management, a variable used to store data (similar to an aggregator, but without a predefined formula) within the scope of an incentive plan. Performance measures are associated with a plan calendar, territory, and participant. Performance measurements are used for quota calculation and reporting.                                                                                                                                                                                                                                                                         |
| <b>period context</b>                   | In PeopleSoft Enterprise Incentive Management, because a participant typically uses the same compensation plan for multiple periods, the period context associates a plan context with a specific calendar period and fiscal year. The period context references the associated plan context, thus forming a chain. Each plan context has a corresponding set of period contexts.                                                                                                                                                                                                                                     |
| <b>per seat cost</b>                    | In PeopleSoft Enterprise Learning Management, the cost per learner, based on the total activity costs divided by either minimum attendees or maximum attendees. Organizations use this cost to price PeopleSoft Enterprise Learning Management activities.                                                                                                                                                                                                                                                                                                                                                            |
| <b>plan</b>                             | In PeopleSoft Sales Incentive Management, a collection of allocation rules, variables, steps, sections, and incentive rules that instruct the PeopleSoft Enterprise Incentive Management engine in how to process transactions.                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>plan context</b>                     | In PeopleSoft Enterprise Incentive Management, correlates a participant with the compensation plan and node to which the participant is assigned, enabling the PeopleSoft Enterprise Incentive Management system to find anything that is associated with the node and that is required to perform compensation processing. Each participant, node, and plan combination represents a unique plan context. If three participants are on a compensation structure, each has a different plan context. Configuration plans are identified by plan contexts and are associated with the participants that refer to them. |
| <b>plan section</b>                     | In PeopleSoft Enterprise Incentive Management, a segment of a plan that handles a specific type of event processing.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>plan template</b>                    | In PeopleSoft Enterprise Incentive Management, the base from which a plan is created. A plan template contains common sections and variables that are inherited by all plans that are created from the template. A template may contain steps and sections that are not visible in the plan definition.                                                                                                                                                                                                                                                                                                               |
| <b>portal registry</b>                  | In PeopleSoft applications, the portal registry is a tree-like structure in which content references are organized, classified, and registered. It is a central repository that                                                                                                                                                                                                                                                                                                                                                                                                                                       |

|                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
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|                               | defines both the structure and content of a portal through a hierarchical, tree-like structure of folders useful for organizing and securing content references.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>private view</b>           | A user-defined view that is available only to the user who created it.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>process</b>                | See <i>Batch Processes</i> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>process definition</b>     | Process definitions define each run request.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>process instance</b>       | A unique number that identifies each process request. This value is automatically incremented and assigned to each requested process when the process is submitted to run.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>process job</b>            | You can link process definitions into a job request and process each request serially or in parallel. You can also initiate subsequent processes based on the return code from each prior request.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>process request</b>        | A single run request, such as an SQR, a COBOL program, or a Crystal report that you run through PeopleSoft Process Scheduler.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>process run control</b>    | A PeopleTools variable used to retain PeopleSoft Process Scheduler values needed at runtime for all requests that reference a run control ID. Do not confuse these with application run controls, which may be defined with the same run control ID, but only contain information specific to a given application process request.                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>product category</b>       | In PeopleSoft Enterprise Incentive Management, indicates an application in the Enterprise Incentive Management suite of products. Each transaction in the PeopleSoft Enterprise Incentive Management system is associated with a product category.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>publishing</b>             | In PeopleSoft Enterprise Incentive Management, a stage in processing that makes incentive-related results available to participants.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>record definition</b>      | A logical grouping of data elements.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>record field</b>           | A field within a record definition.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>record group</b>           | A set of logically and functionally related control tables and views. Record groups help enable TableSet sharing, which eliminates redundant data entry. Record groups ensure that TableSet sharing is applied consistently across all related tables and views.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>record input VAT flag</b>  | Abbreviation for <i>record input value-added tax flag</i> . Within PeopleSoft Purchasing, Payables, and General Ledger, this flag indicates that you are recording input VAT on the transaction. This flag, in conjunction with the record output VAT flag, is used to determine the accounting entries created for a transaction and to determine how a transaction is reported on the VAT return. For all cases within Purchasing and Payables where VAT information is tracked on a transaction, this flag is set to Yes. This flag is not used in PeopleSoft Order Management, Billing, or Receivables, where it is assumed that you are always recording only output VAT, or in PeopleSoft Expenses, where it is assumed that you are always recording only input VAT. |
| <b>record output VAT flag</b> | Abbreviation for <i>record output value-added tax flag</i> .<br><br>See <i>record input VAT flag</i> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>reference data</b>         | In PeopleSoft Sales Incentive Management, system objects that represent the sales organization, such as territories, participants, products, customers, channels, and so on.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>reference object</b>       | In PeopleSoft Enterprise Incentive Management, this dimension-type object further defines the business. Reference objects can have their own hierarchy (for example, product tree, customer tree, industry tree, and geography tree).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>reference transaction</b>  | In commitment control, a reference transaction is a source transaction that is referenced by a higher-level (and usually later) source transaction, in order to                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

|                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
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|                                   | automatically reverse all or part of the referenced transaction's budget-checked amount. This avoids duplicate postings during the sequential entry of the transaction at different commitment levels. For example, the amount of an encumbrance transaction (such as a purchase order) will, when checked and recorded against a budget, cause the system to concurrently reference and relieve all or part of the amount of a corresponding pre-encumbrance transaction, such as a purchase requisition. |
| <b>relationship object</b>        | In PeopleSoft Enterprise Incentive Management, these objects further define a compensation structure to resolve transactions by establishing associations between compensation objects and business objects.                                                                                                                                                                                                                                                                                               |
| <b>results management process</b> | In PeopleSoft Sales Incentive Management, the process during which compensation administrators may review processing results, manually change transactions, process draws, update and review payouts, process approvals, and accumulate and push payments to the EIM ledger.                                                                                                                                                                                                                               |
| <b>role user</b>                  | A PeopleSoft Workflow user. A person's role user ID serves much the same purpose as a user ID does in other parts of the system. PeopleSoft Workflow uses role user IDs to determine how to route worklist items to users (through an email address, for example) and to track the roles that users play in the workflow. Role users do not need PeopleSoft user IDs.                                                                                                                                      |
| <b>role</b>                       | Describes how people fit into PeopleSoft Workflow. A role is a class of users who perform the same type of work, such as clerks or managers. Your business rules typically specify what user role needs to do an activity.                                                                                                                                                                                                                                                                                 |
| <b>roll up</b>                    | In a tree, to roll up is to total sums based on the information hierarchy.                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>routing</b>                    | Connects activities in PeopleSoft Workflow. Routings specify where the information goes and what form it takes email message, electronic form, or worklist entry.                                                                                                                                                                                                                                                                                                                                          |
| <b>run control</b>                | A run control is a type of online page that is used to begin a process, such as the batch processing of a payroll run. Run control pages generally start a program that manipulates data.                                                                                                                                                                                                                                                                                                                  |
| <b>run control ID</b>             | A unique ID to associate each user with his or her own run control table entries.                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>run-level context</b>          | In PeopleSoft Enterprise Incentive Management, associates a particular run (and batch ID) with a period context and plan context. Every plan context that participates in a run has a separate run-level context. Because a run cannot span periods, only one run-level context is associated with each plan context.                                                                                                                                                                                      |
| <b>search query</b>               | You use this set of objects to pass a query string and operators to the search engine. The search index returns a set of matching results with keys to the source documents.                                                                                                                                                                                                                                                                                                                               |
| <b>section</b>                    | In PeopleSoft Enterprise Incentive Management, a collection of incentive rules that operate on transactions of a specific type. Sections enable plans to be segmented to process logical events in different sections.                                                                                                                                                                                                                                                                                     |
| <b>security event</b>             | In commitment control, security events trigger security authorization checking, such as budget entries, transfers, and adjustments; exception overrides and notifications; and inquiries.                                                                                                                                                                                                                                                                                                                  |
| <b>self-service application</b>   | Self-service refers to PeopleSoft applications that are accessed by end users with a browser.                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>session</b>                    | In PeopleSoft Enterprise Learning Management, a single meeting day of an activity (that is, the period of time between start and finish times within a day). The session stores the specific date, location, meeting time, and instructor. Sessions are used for scheduled training.                                                                                                                                                                                                                       |
| <b>session template</b>           | In PeopleSoft Enterprise Learning Management, enables you to set up common activity characteristics that may be reused while scheduling a PeopleSoft Enterprise                                                                                                                                                                                                                                                                                                                                            |

|                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
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|                                      | Learning Management activity characteristics such as days of the week, start and end times, facility and room assignments, instructors, and equipment. A session pattern template can be attached to an activity that is being scheduled. Attaching a template to an activity causes all of the default template information to populate the activity session pattern.                                                                                                                                     |
| <b>setup relationship</b>            | In PeopleSoft Enterprise Incentive Management, a relationship object type that associates a configuration plan with any structure node.                                                                                                                                                                                                                                                                                                                                                                    |
| <b>sibling</b>                       | A tree node at the same level as another node, where both roll up into the same parent. A node can be a sibling, parent, and child all at the same time, depending on its location in the tree.                                                                                                                                                                                                                                                                                                            |
| <b>single signon</b>                 | With single signon, users can, after being authenticated by a PeopleSoft application server, access a second PeopleSoft application server without entering a user ID or password.                                                                                                                                                                                                                                                                                                                         |
| <b>source transaction</b>            | In commitment control, any transaction generated in a PeopleSoft or third-party application that is integrated with commitment control and which can be checked against commitment control budgets. For example, a pre-encumbrance, encumbrance, expenditure, recognized revenue, or collected revenue transaction.                                                                                                                                                                                        |
| <b>SpeedChart</b>                    | A user-defined shorthand key that designates several ChartKeys to be used for voucher entry. Percentages can optionally be related to each ChartKey in a SpeedChart definition.                                                                                                                                                                                                                                                                                                                            |
| <b>SpeedType</b>                     | A code representing a combination of ChartField values. SpeedTypes simplify the entry of ChartFields commonly used together.                                                                                                                                                                                                                                                                                                                                                                               |
| <b>SQR</b>                           | See <i>Structured Query Report (SQR)</i> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>statutory account</b>             | Account required by a regulatory authority for recording and reporting financial results. In PeopleSoft, this is equivalent to the Alternate Account (ALTACCT) ChartField.                                                                                                                                                                                                                                                                                                                                 |
| <b>step</b>                          | In PeopleSoft Sales Incentive Management, a collection of sections in a plan. Each step corresponds to a step in the job run.                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Structured Query Report (SQR)</b> | A type of printed or displayed report generated from data extracted from a PeopleSoft SQL-based relational database. PeopleSoft applications provide a variety of standard SQRs that summarize table information and data. You can use these reports as is, customize them, or create your own.                                                                                                                                                                                                            |
| <b>Summary ChartField</b>            | You use summary ChartFields to create summary ledgers that roll up detail amounts based on specific detail values or on selected tree nodes. When detail values are summarized using tree nodes, summary ChartFields must be used in the summary ledger data record to accommodate the maximum length of a node name (20 characters).                                                                                                                                                                      |
| <b>summary ledger</b>                | An accounting feature used primarily in allocations, inquiries, and PS/nVision reporting to store combined account balances from detail ledgers. Summary ledgers increase speed and efficiency of reporting by eliminating the need to summarize detail ledger balances each time a report is requested. Instead, detail balances are summarized in a background process according to user-specified criteria and stored on summary ledgers. The summary ledgers are then accessed directly for reporting. |
| <b>summary tree</b>                  | A tree used to roll up accounts for each type of report in summary ledgers. Summary trees enable you to define trees on trees. In a summary tree, the detail values are really nodes on a detail tree or another summary tree (known as the <i>basis</i> tree). A summary tree structure specifies the details on which the summary trees are to be built.                                                                                                                                                 |

|                                       |                                                                                                                                                                                                                                                                                                                                                                                       |
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| <b>table</b>                          | The underlying PeopleSoft data format, in which data is stored by columns (fields) and rows (records, or instances).                                                                                                                                                                                                                                                                  |
| <b>TableSet sharing</b>               | Specifies control table data for each business unit so that redundancy is eliminated.                                                                                                                                                                                                                                                                                                 |
| <b>target currency</b>                | The value of the entry currency or currencies converted to a single currency for budget viewing and inquiry purposes.                                                                                                                                                                                                                                                                 |
| <b>template</b>                       | A template is HTML code associated with a Web page. It defines the layout of the page and also where to get HTML for each part of the page. In PeopleSoft, you use templates to build a page by combining HTML from a number of sources. For a PeopleSoft portal, all templates must be registered in the portal registry, and each content reference must be assigned a template.    |
| <b>territory</b>                      | In PeopleSoft Sales Incentive Management, hierarchical relationships of business objects, including regions, products, customers, industries, and participants.                                                                                                                                                                                                                       |
| <b>TimeSpan</b>                       | A relative period, such as year-to-date or current period, that can be used in various PeopleSoft General Ledger functions and reports when a rolling time frame, rather than a specific date, is required. TimeSpans can also be used with flexible formulas in PeopleSoft Projects.                                                                                                 |
| <b>transaction allocation</b>         | In PeopleSoft Enterprise Incentive Management, the process of identifying the owner of a transaction. When a raw transaction from a batch is allocated to a plan context, the transaction is duplicated in the PeopleSoft Enterprise Incentive Management transaction tables.                                                                                                         |
| <b>transaction loading process</b>    | In PeopleSoft Enterprise Incentive Management, the process during which transactions are loaded into Sales Incentive Management. During loading, the source currency is converted to the business unit currency while retaining the source currency code. At the completion of this stage, the transaction is in the first state.                                                     |
| <b>transaction state</b>              | In PeopleSoft Enterprise Incentive Management, a value assigned by an incentive rule to a transaction. Transaction states enable sections to process only transactions that are at a specific stage in system processing. After being successfully processed, transactions may be promoted to the next transaction state and picked up by a different section for further processing. |
| <b>transaction type</b>               | In PeopleSoft Enterprise Incentive Management, a way to categorize transactions to identify specific transaction types (for example, shipment, order, opportunity, and so on). Plan sections process only one type of transaction type. Transaction types can be defined based on a company's specific processes model.                                                               |
| <b>Translate table</b>                | A system edit table that stores codes and translate values for the miscellaneous fields in the database that do not warrant individual edit tables of their own.                                                                                                                                                                                                                      |
| <b>tree</b>                           | The graphical hierarchy in PeopleSoft systems that displays the relationship between all accounting units (for example, corporate divisions, projects, reporting groups, account numbers) and determines roll-up hierarchies.                                                                                                                                                         |
| <b>unclaimed transaction</b>          | In PeopleSoft Enterprise Incentive Management, a transaction that is not claimed by a node or participant after the allocation process has completed, usually due to missing or incomplete data. Unclaimed transactions may be manually assigned to the appropriate node or participant by a compensation administrator.                                                              |
| <b>uniform resource locator (URL)</b> | In PeopleSoft, the term URL refers to the entire query string. The following is an example of a URL: <code>http://serverx/InternetClient/InternetClientServlet?ICType=Script&amp;ICScriptProgramName=WEBLIB_BEN_401k.PAGES.FieldFormula.iScript_Home401k</code>                                                                                                                       |
| <b>universal navigation header</b>    | Every PeopleSoft portal includes the universal navigation header, intended to appear at the top of every page as long as the user is signed on to the portal. In addition to                                                                                                                                                                                                          |

providing access to the standard navigation buttons (like Home, Favorites, and signoff) the universal navigation header can also display a welcome message for each user.

**URL**

See *uniform resource locator (URL)*.

**user interaction object**

In PeopleSoft Sales Incentive Management, used to define the reporting components and reports that a participant can access in his or her context. All Sales Incentive Management user interface objects and reports are registered as user interaction objects. User interaction objects can be linked to a compensation structure node through a compensation relationship object (individually or as groups).

**variable**

In PeopleSoft Sales Incentive Management, the intermediate results of calculations. Variables hold the calculation results and are then inputs to other calculations. Variables can be plan variables that persist beyond the run of an engine or local variables that exist only during the processing of a section.

**warehouse**

A PeopleSoft data warehouse that consists of predefined ETL maps, data warehouse tools, and DataMart definitions.

**worksheet**

A way of presenting data through a PeopleSoft Business Analysis Modeler interface that enables users to do in-depth analysis using pivoting tables, charts, notes, and history information.

**workflow**

The background process that creates a list of administrative actions based on selection criteria and specifies the procedure associated with each action.

**worklist**

The automated to-do list that PeopleSoft Workflow creates. From the worklist, you can directly access the pages you need to perform the next action, and then return to the worklist for another item.

**zero-rated VAT**

Abbreviation for *zero-rated value-added tax*. A VAT transaction with a VAT code that has a tax percent of zero. Used to track taxable VAT activity where no actual VAT amount is charged.

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