



## Employee Stock Plans Interface 1.0

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**Editors:**

Daniela Goerke, SAP AG  
Bill Kerr, Oracle Corporation  
Brad Reynolds, PricewaterhouseCoopers

**Authors:**

Daniela Goerke, SAP AG  
Andreas Bold, SAP AG  
Bill Kerr, Oracle Corporation  
Nancy Mesereau, Transcentive  
Dave Griffin, Transcentive  
Evelyn Fuchs, Authoria  
Peter Howells, Howells Associates  
Martin Blaschek, Commerzbank

**Contributors:**

Members of Employee Stock Plans workgroup

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### Abstract

The HR-XML Employee Share Plans Workgroup has produced a simple, flexible definition of the elements required to exchange data related to the administration of employee share plans. This document describes those elements, their expected usage, and the business processes meant to be supported.

### Status of this Document

The key words "MUST", "MUST NOT", "REQUIRED", "SHALL", "SHALL NOT", "SHOULD", "SHOULD NOT", "RECOMMENDED", "MAY", and "OPTIONAL" in this document are to be interpreted as described in RFC 2119.

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# 1 Overview

## 1.1 Objective

The objective of the Employee Stock Plans Workgroup is to provide a simple definition of the elements required to exchange data related to the operation of employee stock option. Future versions are expected to allow for more variation in plan design as well as country-specific requirements; however, this initial definition is flexible enough to handle typical ways that data is exchanged as known in the US and in Europe. Version 1.0 of this document is limited in scope to data elements for employee stock option plans. A future version will address employee stock purchase plans (referred to as ESPP within document) and other types of plans.

### 1.1.1 Domain Issues

The use of equity compensation plans, also known as stock plans, has grown widely around the world in recent years, with stock plans growing in number and complexity. Differing jurisdictional compliance requirements—tax, legal, accounting—pose special challenges for global plans. At the same time, advances in web technology permit access to and transfer of stock plan data by employees, stock plan administrators, brokers, bankers, transfer agents, and many other players involved in stock plan management. This widespread need for movement of and access to stock plan data has driven a need for technology standards for defining stock plan data.

### 1.1.2 Business Reasons

An industry standard vocabulary to describe employee share plan transactions provides the means for all stakeholders to send and receive such transmissions to/from multiple sources without having to establish, engineer, and implement many separate translation mechanisms. The ability to quickly and cost effectively accept data from new sources allows the efficiencies promised by the Internet and its applications to be realized. [examples – speed with regard to volatility of stock price, real time modeling and transactions]

## 1.2 Design Requirements

The final design will be flexible enough to exchange employee stock plan data in a manner suitable for use by all the involved parties. The design will be broad enough to be used globally, and will contain the elements required to express a wide variety of share plan transactions.

## 1.3 Scope

The scope of the project is to define an interface that can be used between an employer, the plan administrator and a broker to exchange stock option and ESPP data. To attract and retain employees, many employers offer employee stock plans. These plans reward their employees with stock options and offer employees the opportunity to purchase stock through an ESPP. Version 1 of this document will be limited in scope to stock option data; a future version will address ESPP data.

### 1.3.1 Major Components

Five major schemas to describe the data exchange between all players involved in the process have been defined. The schemas are:

- StockPlan
- StockPlanParticipant
- Grant
- ExerciseRequest
- ExerciseConfirmation

In addition, five schemas to delete data, which has already been sent, have also been defined. The schemas are:

- RemoveStockPlan
- RemoveStockPlanParticipant
- RemoveGrant
- RemoveExerciseRequest
- RemoveExerciseConfirmation

### 1.3.2 Items Within the Design Scope

The scope of this document includes only elements and attributes for data exchanged in the administration of and transactions associated with employee stock option plans. (Please see section 3.2 for a complete description of elements and attributes)

### 1.3.3 Items Outside of Design Scope

- 1) Communication of plan rules (eligibility, status changes)  
Rules can be very complex and may vary considerably from plan to plan and within different legal and tax jurisdictions. Therefore the schema described here do not contain the rules themselves but simply the data. It is assumed that the stakeholders in the stock plan administration process will apply and act upon the appropriate rules as needed following the exchange of data. However some simple rules such as blackout information are included.

- 2) Exchange of Company data  
A separate workgroup within the HR-XML Consortium has been initiated to define a common schema for company data. We would like to make use of this schema once it is completed. Therefore we decided not to define a Company schema within the stock workgroup.
- 3) Employee Stock Purchase Plans / Stock Awards / Employee Shares  
Version 1.0 of the document only supports stock option data. Other stock plan types will be supported in a later version.
- 4) Support of plans containing different underlying stock  
Currently, plans with more than one underlying stock, e.g. a company issues in a year the same number of options for ordinary shares and preferred shares, are not able to be supported. When exercising, the participant must also exercise the equal number of ordinary shares and preferred shares.

## **1.4 Definition of Roles**

The roles related to the operation of employee stock plans are:

**Company:** The organization responsible for sponsoring the employee stock plan and whose shares are offered through the plan. Each individual company's plan has its own rules for the issuance and administration of stock options.

**Administrator:** The organization responsible for maintaining plan data, facilitating transactions, and enforcing plan rules. The role of the Administrator can be held by the Company, the Broker, or a third-party.

**Participant:** An individual, usually an employee of the Company but sometimes possibly an outside consultant, board member, independent contractor or a beneficiary - who stands to become an equity owner or otherwise benefit financially through plan participation.

**Broker:** A company that buys or sells securities on behalf of the Participant or Company

**Transfer Agent:** An institution selected by the Company to issue and transfer share certificates that represent ownership in the company.

**Trustee:** An institution selected by the Company to hold the shares reserved for issuance through the stock plan.

In many cases one business entity represents several roles, e.g. Administrator and Broker are very often combined and performed by a Bank.

## **1.5 Plan Types in Detail**

US-Style Stock Option and Stock Purchase Plans

Stock Options

- Incentive Stock Option (ISO) - Qualified grant type typically used in broad-based plans by US-based companies. Qualified stock options can only be awarded to employees of the company. Stock options that meet US Internal Revenue Code Section 422(b) requirements qualify for

preferential tax treatment (per US Internal Revenue Code Section 421). Employees are not taxed at the time of grant or exercise. Taxation occurs at disposition and varies based on holding period. Preferential tax treatment is available if shares are not disposed of prior to the required holding periods (one year from date of exercise and two years from date of grant) being satisfied. If holding periods are met, all gain over exercise price is taxed at the more favorable capital gains rate. If shares are disposed of prior to the end of the required holding period, a “disqualifying disposition” occurs and the gain is taxed at the less favorable ordinary income tax rate. Subsequent gains (losses) are taxed as capital gains (losses). Employer may take a deduction equal to the amount of the disqualifying disposition. Employer is not required to withhold income taxes on ISOs, even in the event of a disqualifying disposition. (Proposed changes to the withholding requirements on ISOs are being debated; the discussion is ongoing). ISO \$100K rule: No more than \$100,000 (valued at grant) of ISO shares becoming exercisable in a single calendar year may receive preferential tax treatment. ISO shares exceeding this limit will be taxed as NQSO shares (see below).

- Non-Qualified Stock Option (NQ or NQSO) - Typically used in broad-based plans. Generic stock option with no preferential tax treatment or limits on grant. May be issued to employees and non-employees (consultants, directors and other service providers). No taxation at the time of grant. The spread between exercise price and fair market value on the date of exercise is taxed as ordinary income. Employer must withhold taxes. Subsequent gains (losses) are treated as capital gains (losses). Employer may be able to take tax deduction on the spread.
  
- Restricted Stock Option - A stock option for shares whereby upon exercise, the participant receives unvested shares and is restricted from transferring or selling the shares until the shares vest (usually according to a time-based vesting schedule). Taxation occurs at vesting (when restrictions “lapse”) on the spread between option price and fair market value on the date of vesting or on the spread at exercise if an 83b election (per Section 83b of the IRS code) is filed within 30 days of exercise. “Early exercise” programs (common in high-tech industries) in the US typically permit immediate exercise of unvested ISO or NQSO shares, enabling participants to file an 83b election and fix the tax on the spread at exercise rather than the spread at the time the shares vest. Participant forfeits unvested shares at the time employment is terminated. Shares are held in escrow until they vest.
  
- Restricted Stock Award - An outright issuance to the participant of restricted shares, usually at zero price or at a significant discount to fair market value. Shares are held in escrow until they vest. The vesting event is often performance-related—a certain share price or other performance trigger is reached. Taxation is the same as for restricted options—on the spread between exercise price and fair market value at the time the restrictions lapse or at the time of exercise if an 83b election is filed. In the past, restricted stock awards were typically limited to executives, but many US-based companies are broadening their use of restricted awards and options, as they are seen as being more of a true performance-based incentive than other types of equity compensation.
  
- Stock Appreciation Right (SAR)  

An award paid in cash or shares that gives the employee the appreciation on the stock from the time of award to the exercise date. When granted in tandem with options, the exercise of the stock-appreciation right cancels the option. Stock appreciation rights are similar to phantom stock options. Types of SAR plans are:

- Standalone SAR: Also called Freestanding SAR. The holder receives the amount by which the share price has appreciated from the grant date to the exercise date based on the number of “phantom” shares awarded. Employer must withhold taxes on gain (as ordinary income) at time of exercise.
- Tandem SAR: At exercise, the participant may elect to receive either the appreciated value of stock (in cash) or the shares themselves. Employer must withhold taxes on gain (as ordinary income) at time of exercise.
- Additive SAR: Appreciation rights granted in addition to an option. Exercising the option typically triggers the SAR and are paid simultaneously. Unlike the Tandem SAR where the exercise of one cancels the other. Typically used to offset taxes. Both standalone and tandem SARs must be treated as an expense by the granting company. SARs are no longer widely used in the US.
- Phantom Stock/Performance Units - Similar to SARs in that they provide deferred or incentive compensation to employees. A share or unit of phantom stock is equal to the fair market value of a share of the company’s common stock or to a value derived using a valuation method. Payments of phantom stock are usually made at termination of employment, attainment of a certain age by the participant, or after a fixed term of years. Payment to the participant may be the full value of the phantom stock or the amount of appreciation that occurs after the employee receives the phantom stock right. Phantom stocks plans vary widely in their terms.

#### Stock Purchase Plans

- Qualified Employee Stock Purchase Plan (Section 423 Plan) - Qualified plan type (terms defined by Section 423 of the IRS code) used in broad-based plans by US-based companies. Participants must be employees of the company. Participants typically make regular payroll contributions for a specified offering period, after which a purchase is made. A plan might be offered for 24 months, with “exercise” or purchase periods every six months. Purchase price may not be less than the lesser of 85% of fair market value either at 1) beginning of offering period or 2) time of purchase, effectively giving employees a 15% discount on the shares. Similar to ISO plans, 423 qualified plans require the participant to hold the shares for one year following date of purchase and two years following start date for offering period to take advantage of favorable tax rates. Otherwise, a disqualifying disposition occurs and income is taxed at higher ordinary income rates. Employer may take a deduction equal to the amount of the disqualifying disposition.

ESPP \$25K rule: No more than \$25,000 (valued at the beginning of the offering period) of shares may be purchased by a single employee for each calendar year in which the option to purchase is outstanding.

- Non-Qualified Employee Stock Purchase Plan - A generic stock purchase plan with no favored tax treatment under US law. The spread between purchase price and fair market value on the date of purchase is taxed as ordinary income. Employer must withhold taxes. Subsequent gain (loss) treated as capital gain (or loss).

#### UK Share Scheme types

Approved - In the UK a number of plans – if approved by the Inland Revenue as meeting strict legislated conditions – enjoy tax relief.

- SIP (Share Incentive Plan, previously AESOP - All Employee Share Ownership Plan). A fairly new, complex plan allowing various possible components of stock purchase and stock incentive (but not options). Applicable to all employees.
- ShareSave or SAYE Plan. A well established all employee plan with regular savings building to give a sum which can be applied to exercise an option.
- ESOS or ESOP commonly referred to as Executive Share/Stock Option Scheme/Plan, sometimes called a Discretionary Plan. In the UK when Approved by the Inland Revenue, these are strictly termed a CSOP (Company Share Option Plan).

Unapproved - Frequently schemes are set up for executives which are not approved by the Revenue and thus carry no income tax relief. The Approved/Unapproved distinction is a similar concept in some ways to the ISO and NQ status in the US. (Occasionally, but rarely, there are unapproved all employee schemes).

- ESOS. Typically a more generous grant of options than under the approved version, or with options granted to non-UK residents.
- LTIP (Long Term Incentive Plan). Commonly the award of a potential allocation of shares (often held in trust in anticipation of vesting) for release by allotment or transfer dependent on performance achievement.
- RSP (Restricted Share Plan). Similar to LTIP, but different in that shares are allocated to individuals, subject to possible forfeiture if performance is not achieved.
- While approved schemes must follow a relatively rigid structure so that ShareSave schemes are similar for every company, unapproved schemes are limited in their complexity and variety only by the imagination of the benefit.

#### German Share Plans

#### Stock Option Plans:

- Current option plans often involve performance hurdles that have to be met, in order for the participant to exercise options. Performance hurdles can be a rise in share price, the out performance of indices or other shares, internal scores or any combination. Before exercising options, the participant has to hold the options for at least two years. The typical runtime for options plans is 6-8 years. The necessary shares are either bought back by the emitting company or are created through what is called a “conditional raise of capital” (bedingte Kapitalerhöhung). In the later case, options cannot be sold immediately but must be paid for by the participant before they are sold. A cashless exercise is often impossible since most stock option plans use the conditional capital raise as an instrument for generating shares. Sometimes, the participant has to make an investment in company shares in order to receive company shares. Some companies allow Cash Settlement where the participant receives money instead of shares.
- Convertible Bonds are a special type of option plans. The difference is that convertible bonds can be can be traded. However the share price (grant price) must be reduced.

#### Phantom Stock Plans

- Phantom Stock Plans do not offer shares but rather the difference in money between the strike price and the base price calculated at the beginning of the phantom stock plan. The participant

often receives the amount due with regular wages. Phantom Stock Plans are less regulated than real stock option plans but the costs are P&L-relevant for the emitting company.

#### Employee Shares (Belegschaftsaktien)

- Employee Shares are typically offered to a wider group of employees. The employee buys a certain number of shares at a discount rate or receives shares for free when buying company stock. For taxation reasons, employee shares are usually blocked for a certain time.

#### Employee Shares + Quarterly Funds-Plan:

- The employee buys a certain number of shares once a year. Some high level employees might be allowed to invest quarterly in special funds. If the investment exceeds a certain amount, the participant receives a specified number of shares.

## 1.6 Common Employee Stock Plan Terminology

**Capital Gain (Loss):** Profit (or loss) from the sale of a capital asset, such as a share of stock. In the US, capital gains may be short-term (held 12 months or less) or long-term (held more than 12 months). Capital losses are used to offset capital gains to establish a net position for tax purposes.

**Cashless Exercise:** Generally the same as a same-day sale. A transaction in which an optionee exercises a stock option and simultaneously sells the shares, with all or a portion of the sale proceeds delivered to the Company by a broker to pay the exercise price. The balance goes to the optionee. See also "Same-Day Sale."

**Commission:** A broker's fee for handling securities transactions for a client in an agency capacity.

**Common Stock:** Securities which represent an ownership interest in the Company.

**Confirmation of Exercise:** A statement containing details relating to the exercise of a stock option. The Administrator gives this statement to the optionee at the time of exercise. The optionee should retain it for tax purposes.

**Cost to Exercise:** The amount a participant or option holder must pay to exercise a stock option.

**Disqualifying Disposition:** (Incentive Stock Option) A sale or disposition of ISO shares prior to the required holding period of two years from the grant date or one year from the exercise date, thereby disqualifying the resulting gain from special tax treatment under US law. Upon a disqualifying disposition, the employee recognizes taxable income and the Company is entitled to claim a deduction equal to the difference between the option price and the fair market value on the exercise date or sale price, whichever is lower. See Incentive Stock Option below.

**Exercise:** A transaction in which the participant or optionee exercises the option to purchase Company stock.

**Expiration Date:** In the context of stock options, the last date on which the participant may exercise the option to purchase shares.

**Employee Share:** (Germany "Belegschaftsaktie") Stock given to the employee at a discounted price. Employee shares are used to allow employees to participate on their employer's profit or loss. Employee Shares are typically locked for a certain number of years before they can be sold.

**Fair Market Value(FMV):** The price at which the stock would change hands between a willing buyer and a willing seller. For purposes of an employee stock plan, this is usually the closing price if the stock is traded on a major exchange, or the average of the bid and ask price if the stock is traded over-the-counter. For privately held corporations, FMV is typically based upon an independent appraisal.

**Gain:** The excess of the proceeds received over the amount originally paid for securities. In the context of an employee stock option, it is the difference between the option price and the fair market value or sale price of shares of stock of the company acquired upon exercise of a stock option on the date of exercise.

**Grant:** The award to an individual of an option to purchase Company stock.

**Grant Date:** The date on which a stock option is granted.

**Incentive Stock Option (ISO):** Mainly used in the US. An option that meets the IRS Section 422 requirements and qualifies for preferential tax treatment under Section 421. An ISO does not give rise to US Federal income tax consequences for the employee either at the time of grant or at exercise. Instead, the employee is subject to taxation at the time the shares acquired through exercise are subsequently disposed. If the shares exercised are held for one year from the date of exercise and two years from the date of grant, they qualify for special tax treatment. If the shares are sold before the required holding periods a disqualifying disposition occurs and the special tax treatment will not apply.

**Insider:** A person who, by virtue of his or her position within a company, has access to confidential information. The term "insider" is often used to denote officers, directors or principal stockholders of a publicly owned company and members of their immediate family. In the US, the term is also used to describe persons subject to Section 16 of the Securities Exchange Act of 1934.

**NASD:** National Association of Securities Dealers – A US organization comprised of brokers and dealers engaged in over-the-counter securities trading. The NASD is subject to the Securities Exchange Act of 1934.

**NASDAQ:** National Association of Securities Dealers Automated Quotations System – The world's largest computerized quotations network by which NASD members can communicate their bids and offers. Today, NASDAQ lists the securities of nearly 4,100 of the world's leading companies.

**Non-Qualified Stock Option NSO):** ( Mainly used in the US. Unlike an ISO, an NSO option does not qualify for special tax treatment and triggers a federal income tax liability on the date of exercise. With these options, the Company requires the withholding of taxes based on the difference between the option price and the FMV on the date of exercise (actual sales price instead of the FMV for same-day sales). The Company reports the gain and the taxes withheld on the employee's W-2.

**Option Agreement:** The document signed by the optionee and an officer of the Company which specifies the terms and conditions under which an option is granted.

**Option Exercise Notice:** Form completed by the optionee to notify the Company of the optionee's desire to exercise his/her right to purchase a specified number of securities at the exercise price set by the Company.

**Option Price:** The price at which the shares of stock subject to an employee stock plan may be purchased, pursuant to the terms of an employee stock option agreement. Also called "exercise price" or "grant price." The option price is typically expressed on a per-share basis.

**Optionee:** The individual granted a right to purchase shares of the Company's Common Stock. See also "Participant."

**Participant:** A participant in the employee stock plan. Often referred to as an “optionee.”

**Phantom Stock:** Also called “Shadow Stock”. Under a typical Phantom Stock arrangement, a plan participant would receive a benefit equal to the value of a designated number of company shares on a certain date, not just the appreciation over a specified period. In all other regards, Phantom Stock is treated the same as SARs.

**Proceeds, Net:** (US) The amount of money remitted to the optionee following payment of all costs associated with a transaction. Costs might include the price to purchase shares, taxes paid, and fees and commissions.

**Registration Statement:** (US) A disclosure document filed with the SEC to register shares of stock for sale to the public.

**Same-Day Sale:** Refers to a same-day exercise and sale transaction, which an optionee would execute with the assistance of a broker. In a same-day exercise and sale, the exercise of the option and sale of the underlying shares take place simultaneously. The broker uses the proceeds of the sale to pay to the company the exercise price and any tax withholding and the optionee the net cash (less any brokerage commission / fees). See also “Cashless Exercise.”

**SEC:** Securities and Exchange Commission - The US government agency responsible for the supervision and regulation of the securities industry and markets, as well as public securities offerings and the ongoing public disclosure obligations of public companies.

**Stock Appreciation Rights:** Commonly called "SARs." Represents a right granted to an employee to receive a benefit equal to the appreciation in the value of a given number of shares over a specified period. If the value of the stock declines below the issue/grant price of the SARs, the employee receives nothing.

**Stock Option:** A contractual right granted by the Company, generally under a stock option plan, to purchase a specified number of shares of the Company’s stock at a specified price (the option or exercise price) for a specified period of time.

**Stock Split:** A change in the capitalization of a company that increases or decreases the number of shares outstanding or shares subject to options, and adjusts the value of the shares and options accordingly. For example, if an employee has options to purchase 50 shares at \$10 per share and the Company has a 2 for 1 stock split, the employee thereafter has the option to purchase 100 shares at \$5 per share.

**Swap Exercise (or Stock Swap):** Also known as a "stock-for-stock" exercise. A form of cashless exercise transaction in which shares of company stock already owned are delivered, either physically or by "attestation," in lieu of cash to pay for the exercise of stock options.

**Stock Purchase Plan:** Stock purchase plans are plans whereby employees use their own funds to purchase employer stock at market price or a modest discount. Employees receive unrestricted rights to the stock at the time of payment. In the US, these plans typically involve regular payroll deductions for employees electing to participate. These funds are used to purchase shares either on the open market (using a broker) or directly from the issuing company. The shares are held by the broker or other agent until withdrawn by the employee. These plans often include provisions for reinvestment of dividends in company stock.

**Transfer Agent:** An entity, often a division of a banking or other financial institution, that serves as the agent of a company responsible for keeping the official register of stockholders' names and the proper re-registration of new owners when a transfer of stock occurs. Most private and some public companies act as their own transfer agent.

**Trustee:** An institution selected by the Company to hold the shares reserved for issuance through the stock plan.

**Vesting:** The process of earning shares of stock granted under an employee stock plan; the process by which rights under an option become non-transferable or are no longer subject to a substantial risk of forfeiture. Typically, shares vest when the participant satisfies one or more length-of-service or performance-based conditions. In some option plans at private companies, participants may exercise unvested options subject to the company's right to repurchase those shares.

**Vesting Schedule:** Schedule of dates setting forth over what periods of time, and to what extent, options vest and become eligible for exercise or when restricted shares are released to the optionee. A typical four-period vesting schedule might be 25% over four years.

## **2 Supported Business Processes –**

### **2.1 Introduction**

The Employee Share Plans Interface schemas support the exchange of employee stock option plan (and in a future phase, employee stock purchase plan) data between the Company, Administrator, Participant, Broker, Transfer Agent and Trustee. Uses of the schema are described in detail separated into significant employee stock option transactions that occur regularly.

#### **2.1.1 Overview Activity Diagram**

The two process diagrams below depict an overview of the employee stock option plan data exchange.

##### **Stock Option Setup**

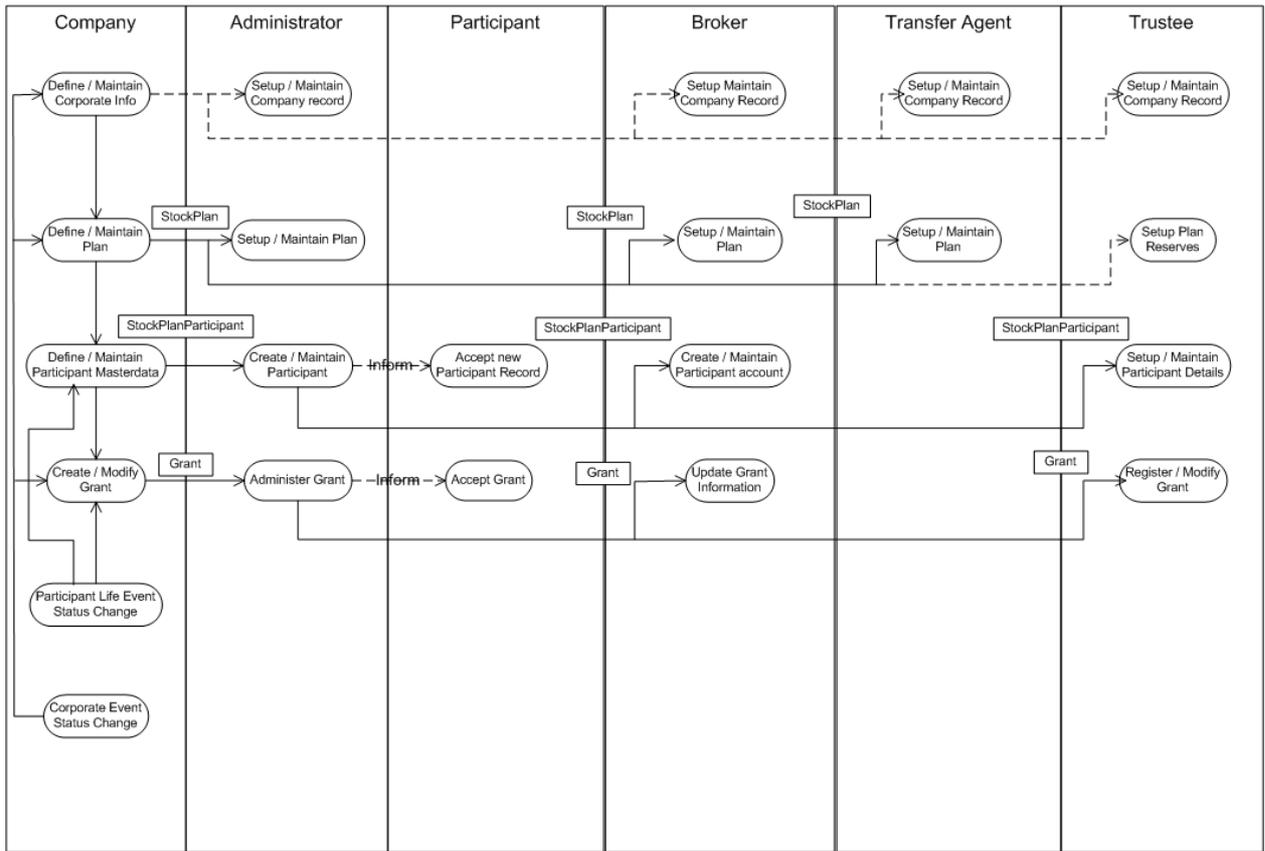
The diagrams show the interactions between the parties involved (Company, Administrator, Participant, Broker, Trustee, Transfer, Agent) to set up a stock option plan.

##### **Stock Option Exercise or Sale**

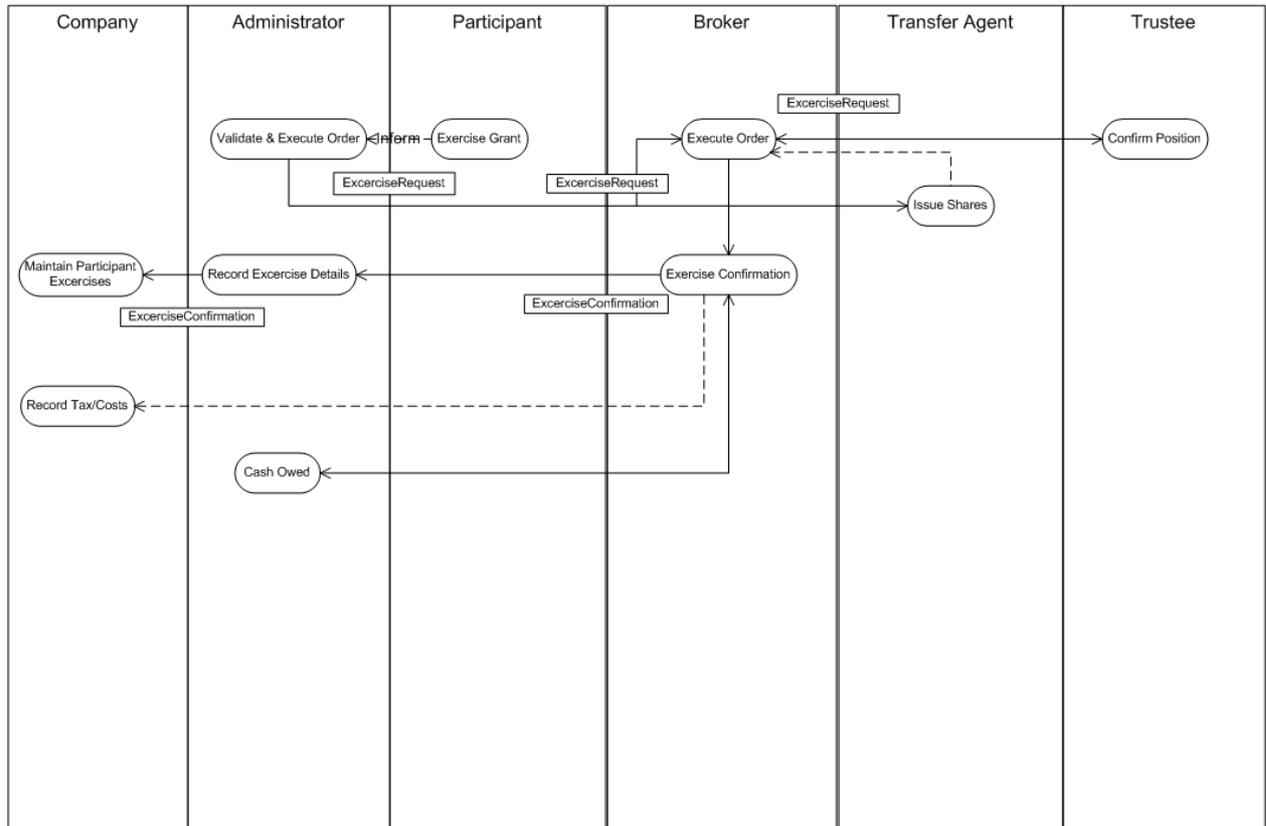
The diagram shows the interactions during the exercise process.

Please note that the broker and administrator may be one in the same and are broken out in separate schemas below to facilitate the transactions of those companies whose administrative and brokerage services are performed by two separate entities. It may also be the case that some other roles are being represented by one and the same person / entity or may not be represented at all.

### Stock Option Setup



## Stock Option Exercise



## 2.2 Processes: Implement / Maintain Plan – Setup Plan – Setup Plan Reserves

This process is used to set up and maintain plan design data for stock options. Plan design information is sent as an initial one-time setup file for the plan and then on an as needed basis in order to maintain and update plan design changes.

### 2.2.1 Users

The Company will most likely be the source of this information. The recipients of this information will be the Administrator, Broker, Transfer Agent and / or Broker. The information might be received directly or be forwarded by the Administrator.

### 2.2.2 Business Goal and Process

The Company sends the Administrator and/or Broker all plan design information needed to set up and administer the plan correctly. Transmitted Plan data must adhere to the Plan details defined and approved by the shareholders of the Company. The foundation of employee stock plan design is based on plan design below.

1. All Plans have a formal, legal name under which they have been defined, e.g. Software Company LTI Plan 2002. The Plan name may or may not include the name of the Company sponsoring the Plan.

2. All Plans have an inception date, the date the Plan was established, and a Plan end date, the date on which the plan may be terminated. Plan Years generally span over one year although not necessarily a calendar year.
3. Stock option plans are defined as a certain type such as an Incentive Stock Option Plan (ISO), a Nonqualified Stock Option Plan (NQSL), a Restricted Stock Plan, Stock Appreciation Rights Plan (SAR), etc. The plan type determines, among other things, exercise restrictions and tax rules that apply to Participants and the sponsoring Company

Stock plan design includes many more variables that make each plan unique. Very often, waiting periods apply before Participants can exercise their stock options. These waiting periods may begin on the date of the grant, or the Participant's date of hire. In addition, vesting rules are defined which determine the length of time the Participant must hold the options for a certain percentage to be vested. Vesting also may vary based on the goal of the shares being granted – to serve as a long-term or a performance-based incentive. Long-term incentives generally vest on an annual basis and often require the Participant to satisfy a waiting period before vesting begins. Once the waiting period ends, options typically vest ratably. Performance-based incentives vest when the underlying stock price reaches a specified price, although vesting based on other financial triggers are becoming much more common. Vesting always occurs over months or years and as a percentage of shares granted.

Blackout periods are also commonly defined in stock plans during which the exercise of options is not allowed. While the blackout period may apply to all Participants, it may also only apply based on a Participant's position in or relationship to the Company. For example, Participants such as the owner, officers or directors of the Company with inside, non-public knowledge of the Company may be restricted from exercising options during certain periods, while other Participants may not.

### **2.2.3 Example**

## **2.3 Processes: Define / Maintain Participant Masterdata – Maintain Participant – Create Participant Account**

This process is used to create and maintain records of Participants of any Company stock plan. Participant information is sent as an initial one-time setup file for the Participant and then on an as on-going or as needed basis to maintain and update Participant information.

In the event that a beneficiary inherits the stock options of a participant, a new account record will be set up and the beneficiary will be considered a new participant.

### **2.3.1 Users**

The Company will most likely be the source of this information. The recipients of this information will be the Administrator, Broker and / or Trustee.

The information might be received directly or might be forwarded.

### **2.3.2 Business Goal and Process**

Companies that maintain detailed stock plan data in their own Human Resources Information System including plan eligibility criteria, Plan design, and Participant information and grant data may interface directly with a broker. Companies working with Brokers who provide full-service stock plan administration do not need to retain the services of a third-party stock Administrator. Companies who use an administrator to maintain stock plan data notify the administrator of all Participant enrollments. The administrator will then extract and transmit the Participant enrollment information to the broker. In both instances, the broker will then set up stock accounts for each enrolled Participant.

Data that uniquely identifies each Participant such as Participant name, Social Security Number or other identifier, residential address, date of hire or adjusted service date, and employment status must be sent. The Participant's taxation location and available tax rates may also be transmitted to assist with the calculation of tax liabilities upon the exercise of options.

The assumption is made that a company always sends only data of such persons who are eligible and / or have elected to participate.

### **2.3.3 Example**

An example of this process would be the regular exchange of employee data between the Company and the Administrator. This data is commonly sent each night and serves to update employee address, termination codes, or coding of officers, insiders, etc.

## **2.4 Processes: Setup / Maintain Grants – Administer Grants – Register Grant**

### **2.4.1 Users**

The Company is the likely source of this information. Recipients include Administrators, Broker and / or Trustee. The Participant will also be notified of any new or corrected grants issued and may be required to accept or reject the grant.

### **2.4.2 Business Goal and Process**

Outside of initial enrollment into the plan, the broker will most likely have already established stock accounts for each Participant enrolled in the stock plan by the time the Participant receives a grant of options. If the Company and Broker have different arrangements, master Participant account information may be transmitted at the same time as new grant information to the Broker.

As existing Participants are granted additional options, the Company sends the grant information along with identifying Participant data to be posted to the Participant's stock account maintained by the Administrator and/or Broker. Some of the information that must be sent is a grant identifier, Participant identifier, grant id, grant date, and the number of options granted. Corrections to previously issued grants should be transmitted in the same way with any new information replacing existing information for the specified grant.

### **2.4.3 Example**

An example of this process would be the regular granting of new stock options, typically done on an annual, semi-annual, quarterly, or monthly basis. The data would flow from the Company to the Administrator and would describe the terms of the grant, such as vesting and expiration, and also

provide the identifier for each individual receiving a grant and the number of options granted. For existing grants, grant maintenance would likely involve changes to the grant brought about by changes in the employee's status, such as a termination, or a result of a corporate event, such as a repricing or stock split.

## **2.5 Process: Posting Participant Life Events Changes**

Life events will have an impact on Participant, Grant or Plan data which has already been sent. E.g. a company event might lead to the fact that a plan is being cancelled. In that case, updated Plan data needs to be sent. Participant events might trigger an update of Participant or Grant data.

### **2.5.1 Users**

The source of the information would most likely be the company. The recipient can be the Administrator.

### **2.5.2 Business Goal and Process**

A Participant who experiences a personal life event such as a change of address, marriage, divorce, disability, etc. notifies the Company who in turn notifies the Administrator and/or Broker of the change. Employment-related events such as termination of employment, change of insider status, or change in tax rates will be transmitted directly from the Company to the Administrator and/or Broker.

A partial Participant record will indicate a change of account information only. Information that already exists in a Participant's Administrative or Brokerage account will be replaced by the newest information transmitted by the Company.

Life event changes may be transmitted as frequently as the Company, Administrator and Broker have agreed upon or as needed to ensure accurate stock account information.

### **2.5.3 Example**

An example of participant life event changes is the regular exchange of employee data that would effect the terms of the grant. A common example would be an employee who terminates with some vested, and some unvested options. Often the unvested options will need to be cancelled and the term of the vested options will need to change from the original expiration date to a date following the termination date, commonly either 30 or 90 days.

## **2.6 Processes: Exercise**

The ExerciseRequest schema is used to transmit all exercise instructions to the Broker so the Broker knows when and how to exercise the options. After the exercise the ExerciseConfirmation is sent back to the Administrator and / or Company.

### **2.6.1 Users**

For the ExerciseRequest, the Participant or the Administrator would be the source of this information. The Broker or Company will be the recipient. Participants frequently give instructions to exercise options to the Administrator who then forwards them to the Broker, rather than to the Broker directly.

For the ExerciseConfirmation, the Broker would be the source of this information. The Administrator or Company would be the recipient.

## **2.6.2 Business Goals and Process**

Participants deciding to exercise options notify the Administrator or Broker, depending on the Company's arrangements. If the Administrator takes the exercise instructions, they will forward those on to the Broker to carry out the transaction or to the Company for information purposes.

After exercising the shares on behalf of the Participant, the Broker will notify the Company and/or Administrator of the gross proceeds of the trade in order to calculate the taxes to withhold. Depending on the type of exercise – cash, cashless, swap, etc. – the proceeding transactions may vary. Ultimately, the following information may pass between the Participant, Administrator, Broker, and Trustee: number of shares to exercise/exercised, exercise price, fair market value (FMV) on the date of exercise, sales price (may differ from the FMV), taxes due/withheld, number of shares used to pay the taxes, and the amount of the taxable gain.

## **2.6.3 Exercise**

An example of the exercise process would be if the Company keeps the equity plan database and the Broker needs to report the exercises that occurred during a recent period. This is a process that is commonly sent each night from the Broker and picked up at the Company in the morning. The data describes the type of exercise, detail of the grants involved, and the proceeds and applicable amount for processing of taxes.

### 3 Schema and Field Descriptions

#### 3.1 *Schema: StockPlan*

Used to create/maintain plan records for Stock Option/Stock Purchase Plans/Stock Awards. Plan information would be sent as a one-time set-up file for the record and then as an on-going maintenance file to update plan information when appropriate. The Company is the most likely source of this information. Recipients include Plan Administrators, Brokers, Transfer Agents and Trustees.



### 3.1.2 Schema Elements Explained

Component Name [Global types listed at the end of the table.]	ContentModel* Data type Occurrence: <u>Sequence</u>   <u>Choice</u>   <u>All</u> (minOccurs/maxOccurs) Attributes	Definition
/ <b>StockPlan</b>	Id - <u>EntityType</u> - S (1/1) CompanyId - <u>EntityType</u> - S (1/1) PlanType - <u>StockPlanExtensionType</u> - S (1/1) Name - <u>xsd:string</u> - S (0/*) Description - <u>xsd:string</u> - S (0/*) Stock - [ <u>complexType</u> ] - S (1/1) BlackOutInformation - [ <u>complexType</u> ] - S (0/1) StockOptionInfo - <u>StockOptionPlanExtensionType</u> - S (1/1) UserArea - [see include/import] - S (0/1) validFrom - <u>LocalDateType</u> - required validTo - <u>LocalDateType</u> - required	Used to create/maintain plan records for Stock Option/Stock Purchase Plans/Stock Awards. Plan information would be sent as a one-time set-up file for the record and then as an on-going maintenance file to update plan information when appropriate. The Company is the most likely source of this information. Recipients include Plan Administrators, Brokers, Transfer Agents and Trustees.
/ StockPlan/ <b>validFrom</b>	- <u>LocalDateType</u> -	Date before which shares of stock may not be granted, awarded or issued pursuant to the terms and conditions of the plan. All valid from dates are inclusive.
/ StockPlan/ <b>validTo</b>	- <u>LocalDateType</u> -	Date after which shares of stock may not be granted, awarded or issued pursuant to the terms and conditions of the plan. All valid to dates are inclusive.
/ StockPlan/ <b>Id</b>	- <u>EntityType</u> - S (1/1)	Unique ID that identifies the plan. Refer to EntityId in Appendix B.
/ StockPlan/ <b>CompanyId</b>	- <u>EntityType</u> - S (1/1)	Unique ID that identifies the company that is designated as the sponsor of the plan. Ex. Corporate Tax Identification Number.
/ StockPlan/ <b>PlanType</b>	- <u>StockPlanExtensionType</u> - S (1/1)	Specifies the type of plan. In version 1.0 limited to "Stock Option"

		allow Stock Options.
/ StockPlan/ <b>Name</b>	xsd:extension base: xsd:string xml:lang - - required	The name or description of the stock identified in the ID field. Ex. ABC Corporation Common Stock. Refer to PersonName in Appendix B.
/ StockPlan/ <b>Description</b>	xsd:extension base: xsd:string xml:lang - - required	User defined description of the plan and language in which the text is being transferred.
/ StockPlan/ <b>Stock</b>	Id - EntityIdType - S (1/1) Symbol - xsd:string - S (0/1) Exchange - xsd:string - S (0/1)	A unique identifier for the stock for a company. The recommended values are the ISIN (International Securities Identification Numbering System) or the CUSIP (Committee on Uniform Security Identification Procedures) codes.
/ StockPlan/ Stock/ <b>Id</b>	- EntityIdType - S (1/1)	Unique ID that identifies the stock. Refer to EntityId in Appendix B.
/ StockPlan/ Stock/ <b>Symbol</b>	- xsd:string - S (0/1)	A system of letters used to uniquely identify a stock or mutual fund. The ticker symbol for the stock.
/ StockPlan/ Stock/ <b>Exchange</b>	- xsd:string - S (0/1)	The exchange on which the shares of stock and stock equivalents are bought and sold.
/ StockPlan/ <b>BlackOutInformation</b>	Period - [complexType] - S (1/*)	Period during which exercising is not allowed.
/ StockPlan/ BlackOutInformation/ <b>Period</b>	validFrom - LocalDateType - required validTo - LocalDateType - required	The period, as determined by a company, during which the stock of the company cannot be sold by certain designated individuals, typically the company's insiders.
/ StockPlan/ BlackOutInformation/ Period/ <b>validFrom</b>	- LocalDateType -	Date when the blackout period begins. All valid from dates are inclusive.

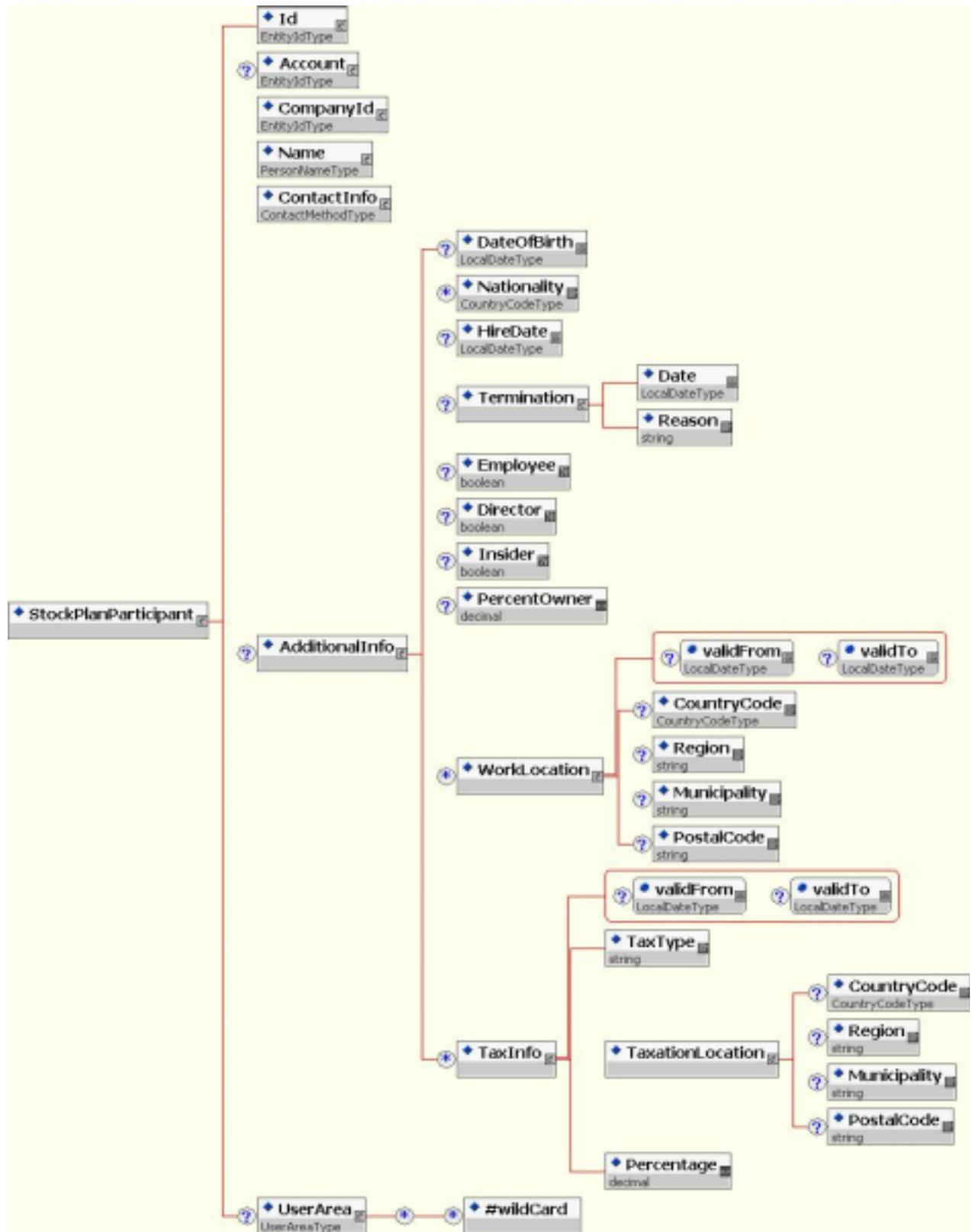
/ StockPlan/ BlackOutInformation/ Period/ <b>validTo</b>	- <b>LocalDateType</b> -	Date when the blackout period is valid until. All valid to dates are inclusive.
/ StockPlan/ <b>StockOptionInfo</b>	StockOptionType - StockOptionPlanExtensionType - S (0/*) Ratio - xsd:integer - S (1/1) QualifiedGrantsAllowed - xsd:boolean - S (1/1) NonQualifiedGrantsAllowed - xsd:boolean - S (1/1) QualifiedGrantDefault - xsd:string - S (1/1) StockAppreciationRights - xsd:string - S (1/1) MaximumNumberOfShares - xsd:positiveInteger - S (1/1) MinimumNumberToExercise - xsd:positiveInteger - S (1/1) MaximumNumberToExercise - xsd:positiveInteger - S (1/1) BlocksToExercise - xsd:positiveInteger - S (1/1)	Information pertaining to grant types allowed to be issued from the plan. Qualified or ISO grant which are options which can have preferential tax treatment in the US if specified holding periods are satisfied. There are generally no taxes incurred on exercise of a qualified stock option. Nonqualified grants or NO's are any stock options not meeting the statutory requirements of a qualified stock option and are generally less restrictive and generate a tax liability at time of exercise.
/ StockPlan/ StockOptionInfo/ <b>StockOptionType</b>	xsd:extension base: StockOptionPlanExtensionType country - xsd:string -	Specifies the type of stock option. Values allowed are: Non Qualified, Qualified or Stock Appreciation Rights.
/ StockPlan/ StockOptionInfo/ StockOptionType/ <b>country</b>	- <b>CountryCodeType</b> -	Describes to which country the stock option type belongs.
/ StockPlan/ StockOptionInfo/ <b>Ratio</b>	- xsd:integer - S (1/1)	Used to determine the number of shares the participant is going to receive for each stock option, e.g. 1:3
/ StockPlan/ StockOptionInfo/ <b>QualifiedGrantsAllowed</b>	- xsd:boolean - S (1/1)	Flag to specify if qualified grants are eligible to be issued under the plan.
/ StockPlan/ StockOptionInfo/ <b>NonQualifiedGrantsAllowed</b>	- xsd:boolean - S (1/1)	Flag to specify if non-qualified grants are eligible to be issued under the plan.
/ StockPlan/ StockOptionInfo/ <b>QualifiedGrantDefault</b>	xsd:restriction base: xsd:string [Enumerations]: Qualified, NonQualified	Flag to specify that the default value for all grants issued under the plan will be a Qualified Grant.
/ StockPlan/ StockOptionInfo/	xsd:restriction base: xsd:string [Enumerations]:	Flag to specify if stock

<b>StockAppreciationRights</b>	standalone, tandem, additive, notApplicable	appreciation rights are eligible to be issued under the plan.
/ StockPlan/ StockOptionInfo/ <b>MaximumNumberOfShares</b>	- xsd:positiveInteger - S (1/1)	Number of shares eligible to be issued under the plan.
/ StockPlan/ StockOptionInfo/ <b>MinimumNumberToExercise</b>	- xsd:positiveInteger - S (1/1)	Minimum number of shares that can be exercised in a single transaction.
/ StockPlan/ StockOptionInfo/ <b>MaximumNumberToExercise</b>	- xsd:positiveInteger - S (1/1)	Maximum number of shares that can be exercised in a single transaction.
/ StockPlan/ StockOptionInfo/ <b>BlocksToExercise</b>	- xsd:positiveInteger - S (1/1)	Number of shares or multiples of that number that must be exercised in a single transaction. Example. 50, 100, 150, etc..
/ StockPlan/ <b>UserArea</b>	- UserAreaType - S (0/1)	Standard pattern to allow extensions (see related document HR-XML-Extension in chapter 7)

### 3.2 Schema: StockPlanParticipant

Used to create/maintain records for participants in the Stock Option/Stock Purchase Plans/Stock Awards. Participant information would be sent as a one-time set-up file for the record and then as an on-going maintenance file to update participant information when appropriate. The Company is the most likely source of this information. Recipients include Plan Administrators, Brokers, Transfer Agents and Trustees. The Participant can also be a source and/or recipient of this data.

### 3.2.1 Schema Diagram



### 3.2.2 Schema Elements Explained

<b>Component Name</b> [Global types listed at the end of the table.]	<b>ContentModel*</b> Data type Occurrence: Sequence   Choice   All (minOccurs/maxOccurs) Attributes	<b>Definition</b>
/ <b>StockPlanParticipant</b>	Id - <a href="#">EntityType</a> - S (1/1) Account - <a href="#">EntityType</a> - S (0/1) CompanyId - <a href="#">EntityType</a> - S (1/1) Name - <a href="#">PersonNameType</a> - S (1/1) ContactInfo - <a href="#">ContactMethodType</a> - S (1/1) AdditionalInfo - <a href="#">complexType</a> - S (0/1) UserArea - [see include/import] - S (0/1)	Used to create/maintain records for participants in the Stock Option/Stock Purchase Plans/Stock Awards. Participant information would be sent as a one-time set-up file for the record and then as an on-going maintenance file to update participant information when appropriate. The Company is the most likely source of this information. Recipients include Plan Administrators, Brokers, Transfer Agents and Trustees. The Participant can also be a source and/or recipient of this data.
/ StockPlanParticipant/ <b>Id</b>	- <a href="#">EntityType</a> - S (1/1)	The participant's beneficiary's id - the assumption is that the beneficiary is also a participant and therefore has an ID assigned to them. Refer to EntityId in Appendix B.
/ StockPlanParticipant/ <b>Account</b>	- <a href="#">EntityType</a> - S (0/1)	Number used to identify the participant's account at either a back or broker
/ StockPlanParticipant/ <b>CompanyId</b>	- <a href="#">EntityType</a> - S (1/1)	Unique ID that identifies the company that is designated as the sponsor of the plan. Ex. Corporate Tax Identification Number.
/ StockPlanParticipant/ <b>Name</b>	- <a href="#">PersonNameType</a> - S (1/1)	Name of the participant. Refer to PersonName in Appendix B.
/ StockPlanParticipant/ <b>ContactInfo</b>	- <a href="#">ContactMethodType</a> - S (1/1)	Contact information where the participant or beneficiary may be reached. This includes telephone, postal address, and Internet information. Refer to Contact Method in Appendix B.
/ StockPlanParticipant/ <b>AdditionalInfo</b>	DateOfBirth - <a href="#">LocalDateType</a> - S (0/1) Nationality - <a href="#">CountryCodeType</a> - S (0/*) HireDate - <a href="#">LocalDateType</a> - S (0/1) Termination - <a href="#">complexType</a> - S (0/1) Employee - <a href="#">xsd:boolean</a> - S	Additional information about the participant, e.g. date of birth, nationality, hire date.

	(0/1) Director - xsd:boolean - S (0/1) Insider - xsd:boolean - S (0/1) PercentOwner - xsd:decimal - S (0/1) WorkLocation - [complexType] - S (0/*) TaxInfo - [complexType] - S (0/*)	
/ StockPlanParticipant/ AdditionalInfo/ <b>DateOfBirth</b>	- LocalDateType - S (0/1)	Birth date of the participant used in tax determination and/or participant identification purposes. Format is Year-Month-Day Ex. 2002-08-20.
/ StockPlanParticipant/ AdditionalInfo/ <b>Nationality</b>	- CountryCodeType - S (0/*)	The participant's status of belonging to a particular nation by origin, birth, or naturalization. A participant can have multiple nationalities or no nationality specified.
/ StockPlanParticipant/ AdditionalInfo/ <b>HireDate</b>	- LocalDateType - S (0/1)	Date that the participant was hired at the company. Can be used for vesting calculations. Value can be either original hire date or adjusted hire date.
/ StockPlanParticipant/ AdditionalInfo/ <b>Termination</b>	Date - LocalDateType - S (1/1) Reason - xsd:string - S (1/1)	Information about the termination of the participant.
/ StockPlanParticipant/ AdditionalInfo/ Termination/ <b>Date</b>	- LocalDateType - S (1/1)	Date that the participant ceases to be an employee of the company.
/ StockPlanParticipant/ AdditionalInfo/ Termination/ <b>Reason</b>	- xsd:string - S (1/1)	Reason for the termination. Example. Death, Disability, Retirement.
/ StockPlanParticipant/ AdditionalInfo/ <b>Employee</b>	- xsd:boolean - S (0/1)	Flag to designate if the participant is an employee of the company sponsoring the plan. Employee designation could have an effect on tax processing rules for transactions in the plan.
/ StockPlanParticipant/ AdditionalInfo/ <b>Director</b>	- xsd:boolean - S (0/1)	Allows the participant to be flagged as a director of the company - A Director can either be an "Inside" or "Outside" Director who is elected by the shareholders to serve on the company's board of directors. An Inside Director is usually a high level employee of the corporation or has a significant economic relationship to the corporation. An Outside Director does not have an employment or other significant economic relationship with the company. Today, boards of almost all publicly held corporations consist primarily of outside directors.
/ StockPlanParticipant/ AdditionalInfo/ <b>Insider</b>	- xsd:boolean - S (0/1)	Allows the participant to be flagged as an insider of the company - an insider is a general term referring to persons who, by virtue of their positions within a company, have access to confidential information about

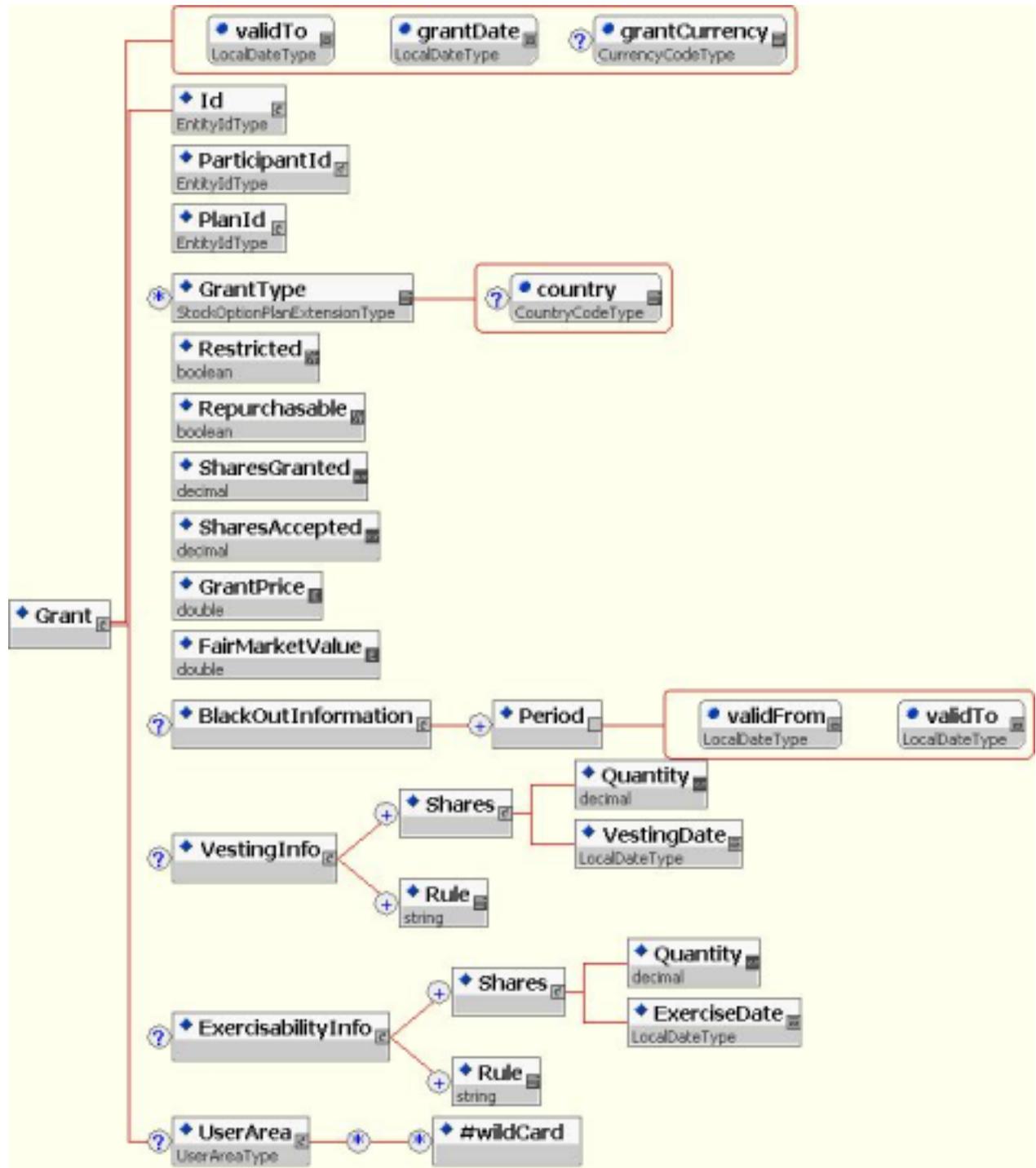
		the company.
/ StockPlanParticipant/ AdditionalInfo/ <b>PercentOwner</b>	- xsd:decimal - S (0/1)	Allows the participant to be flagged as a percent owner of total combined voting power of all classes of stock of the company or of its parents or subsidiaries that the participant controls.
/ StockPlanParticipant/ AdditionalInfo/ <b>WorkLocation</b>	validFrom - LocalDateType - validTo - LocalDateType -  CountryCode - CountryCodeType - S (0/1) Region - xsd:string - S (0/1) Municipality - xsd:string - S (0/1) PostalCode - xsd:string - S (0/1)	The address in which the participant is currently working.
/ StockPlanParticipant/ AdditionalInfo/ WorkLocation/ <b>validFrom</b>	- LocalDateType -	All valid from dates are inclusive.
/ StockPlanParticipant/ AdditionalInfo/ WorkLocation/ <b>validTo</b>	- LocalDateType -	All valid to dates are inclusive.
/ StockPlanParticipant/ AdditionalInfo/ WorkLocation/ <b>CountryCode</b>	- CountryCodeType - S (0/1)	Contains the ISO 3166-1 two-character country code.
/ StockPlanParticipant/ AdditionalInfo/ WorkLocation/ <b>Region</b>	- xsd:string - S (0/1)	Represents the State, Province, and/or County. Military addresses should be stored in multiple regions (hierarchy region from highest to most specific): 1st region = APO (Army/Airforce Post Office); FPO (Fleet Post Office). 2nd region = 2 letter designator for part of world (AE = Europe, AA = Americas)
/ StockPlanParticipant/ AdditionalInfo/ WorkLocation/ <b>Municipality</b>	- xsd:string - S (0/1)	Represents the city, town, village, or hamlet.
/ StockPlanParticipant/ AdditionalInfo/ WorkLocation/ <b>PostalCode</b>	- xsd:string - S (0/1)	Codes established by postal authorities for purposes of sorting and delivering mail.
/ StockPlanParticipant/ AdditionalInfo/ <b>TaxInfo</b>	validFrom - LocalDateType - validTo - LocalDateType -  TaxType - xsd:string - S (1/1) TaxationLocation - [complexType] - S (1/1) Percentage - xsd:decimal -	Details on the tax types and rates and dates that are applicable to a participant. Ex. Social Tax, 6 %.

	S (1/1)	
/ StockPlanParticipant/ AdditionalInfo/ TaxInfo/ <b>validFrom</b>	- LocalDateType -	All valid from dates are inclusive.
/ StockPlanParticipant/ AdditionalInfo/ TaxInfo/ <b>validTo</b>	- LocalDateType -	All valid to dates are inclusive.
/ StockPlanParticipant/ AdditionalInfo/ TaxInfo/ <b>TaxType</b>	- xsd:string - S (1/1)	The classification or name of the tax or the taxing entity. Example. Social Tax or Federal Tax.
/ StockPlanParticipant/ AdditionalInfo/ TaxInfo/ <b>TaxationLocation</b>	CountryCode - CountryCodeType - S (0/1) Region - xsd:string - S (0/1) Municipality - xsd:string - S (0/1) PostalCode - xsd:string - S (0/1)	The address in which the participant is held liable for taxes.
/ StockPlanParticipant/ AdditionalInfo/ TaxInfo/ TaxationLocation/ <b>CountryCode</b>	- CountryCodeType - S (0/1)	Contains the ISO 3166-1 two-character country code.
/ StockPlanParticipant/ AdditionalInfo/ TaxInfo/ TaxationLocation/ <b>Region</b>	- xsd:string - S (0/1)	Represents the State, Province, and/or County. Military addresses should be stored in multiple regions (hierarchy region from highest to most specific): 1st region = APO (Army/Airforce Post Office); FPO (Fleet Post Office). 2nd region = 2 letter designator for part of world (AE = Europe, AA = Americas)
/ StockPlanParticipant/ AdditionalInfo/ TaxInfo/ TaxationLocation/ <b>Municipality</b>	- xsd:string - S (0/1)	Represents the city, town, village, or hamlet.
/ StockPlanParticipant/ AdditionalInfo/ TaxInfo/ TaxationLocation/ <b>PostalCode</b>	- xsd:string - S (0/1)	Codes established by postal authorities for purposes of sorting and delivering mail.
/ StockPlanParticipant/ AdditionalInfo/ TaxInfo/ <b>Percentage</b>	- xsd:decimal - S (1/1)	Percentage that the participant will be taxed.
/ StockPlanParticipant/ <b>UserArea</b>	- UserAreaType - S (0/1)	Standard pattern to allow extensions (see related document HR-XML-Extension in chapter 7)

### **3.3 Schema: Grant**

Used to create/maintain grants issued to participants in a Stock Option Plan. Grant information would be sent as a one-time set-up file for the record and then as an on-going maintenance file to update grant information when appropriate. The Company is the most likely source of this information. Recipients include Plan Administrators and Brokers. The Participant will be notified of any grant issuance and may be required to either accept or reject the grant.

### 3.3.1 Schema Diagram



### 3.3.2 Schema Elements Explained

<p align="center"><b>Component Name</b></p> <p align="center">[Global types listed at the end of the table.]</p>	<p align="center"><b>ContentModel*</b></p> <p align="center">Data type Occurrence: Sequence   Choice   All (minOccurs/maxOccurs) Attributes</p>	<p align="center"><b>Definition</b></p>
<p>/ Grant</p>	<p>Id - EntityIdType - S (1/1) ParticipantId - EntityIdType - S (1/1) PlanId - EntityIdType - S (1/1) GrantType - StockOptionPlanExtensionType - S (0/*) Restricted - xsd:boolean - S (1/1) Repurchasable - xsd:boolean - S (1/1) SharesGranted - xsd:decimal - S (1/1) SharesAccepted - xsd:decimal - S (1/1) GrantPrice - xsd:double - S (1/1) FairMarketValue - xsd:double - S (1/1) BlackOutInformation - [complexType] - S (0/1) VestingInfo - [complexType] - S (0/1) ExercisabilityInfo - [complexType] - S (0/1) UserArea - [see include/import] - S (0/1) validTo - LocalDateType - required grantDate - LocalDateType - required grantCurrency - CurrencyCodeType -</p>	<p>Used to create/maintain grants issued to participants in a Stock Option Plan. Grant information would be sent as a one-time set-up file for the record and then as an on-going maintenance file to update grant information when appropriate. The Company is the most likely source of this information. Recipients include Plan Administrators and Brokers. The Participant will be notified of any grant issuance and may be required to either accept or reject the grant.</p>
<p>/ Grant/ validTo</p>	<p>- LocalDateType -</p>	<p>Date after which shares of stock may not be granted, awarded or issued pursuant to the terms and conditions of the plan. All valid to dates are inclusive.</p>
<p>/ Grant/ grantDate</p>	<p>- LocalDateType -</p>	<p>Date the grant was issued. Most likely the date from which vesting and/or exercisability schedules begin.</p>
<p>/ Grant/ grantCurrency</p>	<p>- CurrencyCodeType -</p>	<p>Currency that all prices (Grant Price and FMV) are reflected in. Ex. USD, DEM or GBP.</p>
<p>/ Grant/ Id</p>	<p>- EntityIdType - S (1/1)</p>	<p>A unique identifier for the grant. Can also be referred to as Grant ID. Refer to EntityId in Appendix B.</p>
<p>/ Grant/ ParticipantId</p>	<p>- EntityIdType - S (1/1)</p>	<p>Unique ID that identifies the participant</p>

<b>ParticipantId</b>		to whom the grant is being issued. Ex. Social Security Number, Employee ID Number
/ Grant/ <b>PlanId</b>	- EntityIdType - S (1/1)	A unique identifier for the plan from which the options are to be granted. Can also be referred to as Plan ID.
/ Grant/ <b>GrantType</b>	xsd:extension base: StockOptionPlanExtensionType country - CountryCodeType -	Specifies the type of grant being issued to the participant. Values allowed are: Non Qualified, Qualified or Stock Appreciation Rights.
/ [GrantType]/ GrantType/ <b>country</b>	- CountryCodeType -	Describes to which country the grant type belongs.
/ Grant/ <b>Restricted</b>	- xsd:boolean - S (1/1)	Flag to specify the grant is being issued with certain restrictions attached to it.
/ Grant/ <b>Repurchasable</b>	- xsd:boolean - S (1/1)	Flag to specify the shares issued as a result of exercise of the grant as being repurchasable by the issuing company. Usually, a company has the right to repurchase shares that were acquired by the participant prior to vesting requirements being satisfied. Shares in privately held companies are frequently repurchasable regardless of whether the shares are vested or unvested.
/ Grant/ <b>SharesGranted</b>	- xsd:decimal - S (1/1)	Number of shares the participant has the right to acquire pursuant to the terms of the grant/plan.
/ Grant/ <b>SharesAccepted</b>	- xsd:decimal - S (1/1)	Number of shares accepted by the participant for the grant.
/ Grant/ <b>GrantPrice</b>	- xsd:double - S (1/1)	The price at which the shares of stock subject to a stock option plan may be purchased. Typically expressed on a per share basis. Also referred to as Exercise Price.
/ Grant/ <b>FairMarketValue</b>	- xsd:double - S (1/1)	For public companies it is typically the price at which the company's stock is traded on the date of the grant. In the case of a privately held company, this value is typically based upon an independent appraisal conducted by one or more third parties or determined by the board of directors based upon all of the relevant facts and circumstances.
/ Grant/ <b>BlackOutInformation</b>	Period - [complexType] - S (1/*)	Period during which exercising is not allowed.

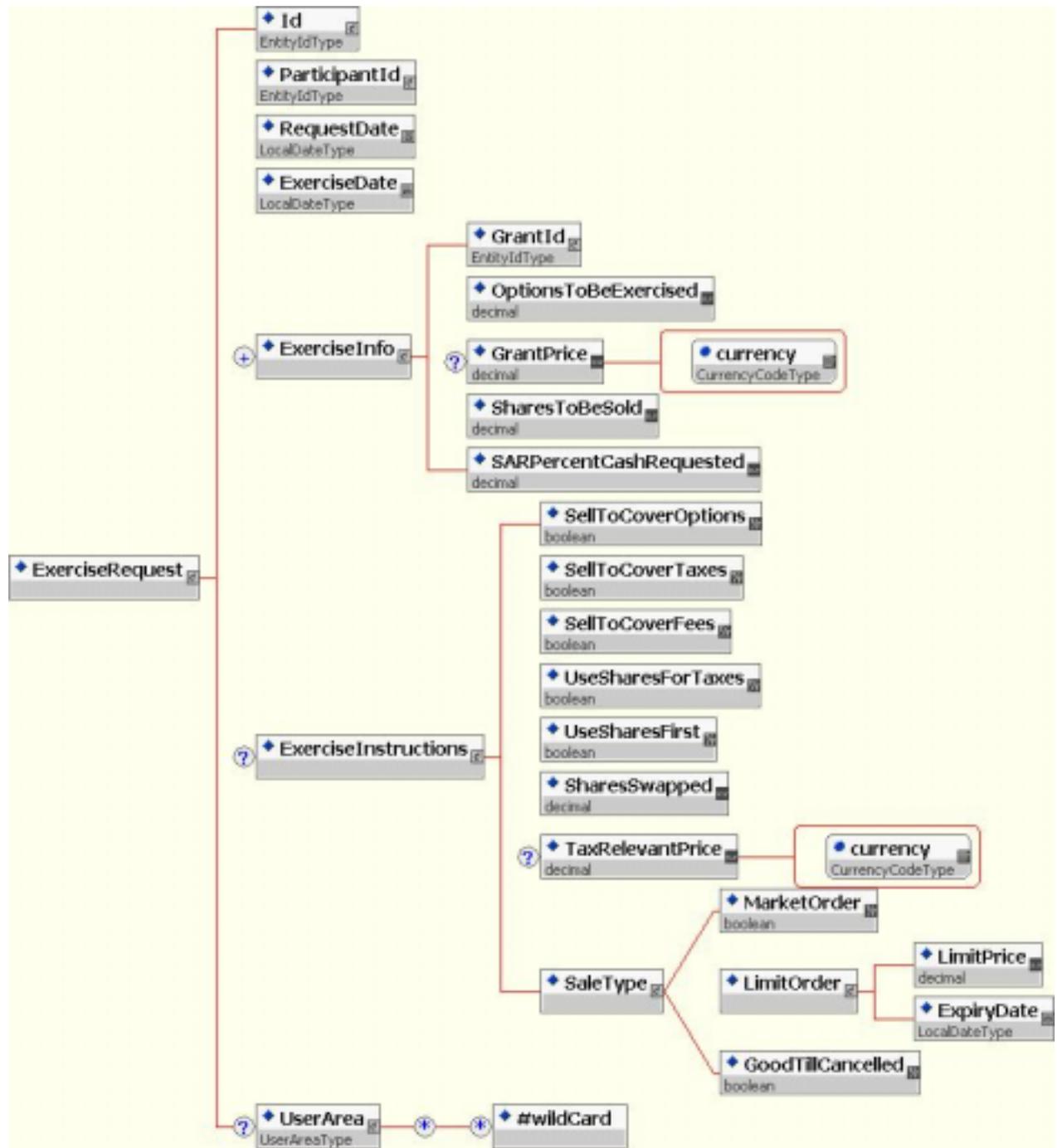
/ Grant/ BlackOutInformation/ <b>Period</b>	<b>validFrom</b> - LocalDateType - required <b>validTo</b> - LocalDateType - required	The period, as determined by a company, during which the stock of the company cannot be sold by certain designated individuals, typically the company's insiders.
/ Grant/ BlackOutInformation/ Period/ <b>validFrom</b>	- LocalDateType -	Date when the blackout period begins. All valid from dates are inclusive.
/ Grant/ BlackOutInformation/ Period/ <b>validTo</b>	- LocalDateType -	Date when the blackout period is valid until. All valid to dates are inclusive.
/ Grant/ <b>VestingInfo</b>	Shares - [complexType] - C (1/*) Rule - xsd:string - C (1/*)	Information detailing the vesting schedule, shares and dates for the grant.
/ Grant/ VestingInfo/ <b>Shares</b>	Quantity - xsd:decimal - S (1/1) VestingDate - LocalDateType - S (1/1)	Number of shares that are/will vest on the date specified. Typical vesting scenarios contain multiple vesting increments or share amounts on different dates. Shares cannot be sold until they are vested.
/ Grant/ VestingInfo/ Shares/ <b>Quantity</b>	- xsd:decimal - S (1/1)	Number of shares that are to become vested as of the Vesting Date specified.
/ Grant/ VestingInfo/ Shares/ <b>VestingDate</b>	- LocalDateType - S (1/1)	Date when the options become vested.
/ Grant/ VestingInfo/ <b>Rule</b>	- xsd:string - C (1/*)	Used to define a more complex or extensive vesting rule than the elements 'Quantity' and 'VestingDate' allow. E.g. if a company has weekly vesting and does not want to enter all vesting dates and quantities.
/ Grant/ <b>ExercisabilityInfo</b>	Shares - [complexType] - C (1/*) Rule - xsd:string - C (1/*)	Information detailing the exercisability schedule, shares and dates for the grant.
/ Grant/ ExercisabilityInfo/ <b>Shares</b>	Quantity - xsd:decimal - S (1/1) ExerciseDate - LocalDateType - S (1/1)	Number of shares that are/will be exercisable on the date specified. Typical exercisability scenarios contain multiple increments or share amounts on different dates. Shares can routinely be exercised prior to being vested.
/ Grant/ ExercisabilityInfo/ Shares/ <b>Quantity</b>	- xsd:decimal - S (1/1)	Number of shares that are to become vested as of the Vesting Date specified.
/ Grant/ ExercisabilityInfo/ Shares/ <b>ExerciseDate</b>	- LocalDateType - S (1/1)	Date when the options become exercisable.
/ Grant/ ExercisabilityInfo/ <b>Rule</b>	- xsd:string - C (1/*)	Used to define a more complex or extensive exercise rule than the

<b>Rule</b>		elements 'Quantity' and 'ExerciseDate' allow. E.g. if a company has weekly exercisability and does not want to enter all exercise dates and quantities.
/ Grant/ <b>UserArea</b>	- <b>UserAreaType</b> - S (0/1)	Standard pattern to allow extensions (see related document HR-XML-Extension in chapter 7)

### 3.4 Schema: Exercise Request

Used to pass option exercise transaction information for a participant of a stock option plan. Exercise information would be sent as transactions occur – there can be many exercise transaction for one grant over a period of time. The Participant and/or the Administrator are the most likely source of this information. Recipient would be the Broker.

### 3.4.1 Schema Diagram



### 3.4.2 Schema Elements Explained

Component Name [Global types listed at the end of the table.]	ContentModel* Data type Occurrence: Sequence   Choice   All (minOccurs/maxOccurs) Attributes	Definition
/ <b>ExerciseRequest</b>	Id - <b>EntityType</b> - S (1/1) ParticipantId - <b>EntityType</b> - S (1/1) RequestDate - <b>LocalDateType</b> - S (1/1) ExerciseDate - <b>LocalDateType</b> - S (1/1) ExerciseInfo - <b>xsd:decimal</b> - S (1/*) ExerciseInstructions - <b>xsd:decimal</b> - S (0/1) UserArea - [see include/import] - S (0/1)	Used to pass option exercise transaction information for a participant of a stock option plan. Exercise information would be sent as transactions occur - there can be many exercise transaction for one grant over a period of time. The Participant and/or the Administrator are the most likely source of this information. Recipient would be the Broker.
/ ExerciseRequest/ <b>Id</b>	- <b>EntityType</b> - S (1/1)	A unique identifier for the exercise. Can also be referred to as Exercise ID.
/ ExerciseRequest/ <b>ParticipantId</b>	- <b>EntityType</b> - S (1/1)	Unique ID that identifies the participant to whom the grant is being issued. Ex. Social Security Number, Employee ID Number
/ ExerciseRequest/ <b>RequestDate</b>	- <b>LocalDateType</b> - S (1/1)	The date the Exercise Request is sent to either the Administrator or Broker. This data should not be confused with the Exercise Date which is the actual date of the exercise transaction.
/ ExerciseRequest/ <b>ExerciseDate</b>	- <b>LocalDateType</b> - S (1/1)	Date when the options become exercisable.
/ ExerciseRequest/ <b>ExerciseInfo</b>	GrantId - <b>EntityType</b> - S (1/1) OptionsToBeExercised - <b>xsd:decimal</b> - S (1/1) GrantPrice - <b>xsd:decimal</b> - S (0/1) SharesToBeSold - <b>xsd:decimal</b> - S (1/1) SARPercentCashRequested - <b>xsd:decimal</b> - S (1/1)	Required information containing the basic exercise information such as number of options to be exercised and grant id.
/ ExerciseRequest/ ExerciseInfo/ <b>GrantId</b>	- <b>EntityType</b> - S (1/1)	A unique identifier for the grant. Can also be referred to as Grant ID.
/ ExerciseRequest/ ExerciseInfo/ <b>OptionsToBeExercised</b>	- <b>xsd:decimal</b> - S (1/1)	Number of options to be exercised for the grant in the transaction.

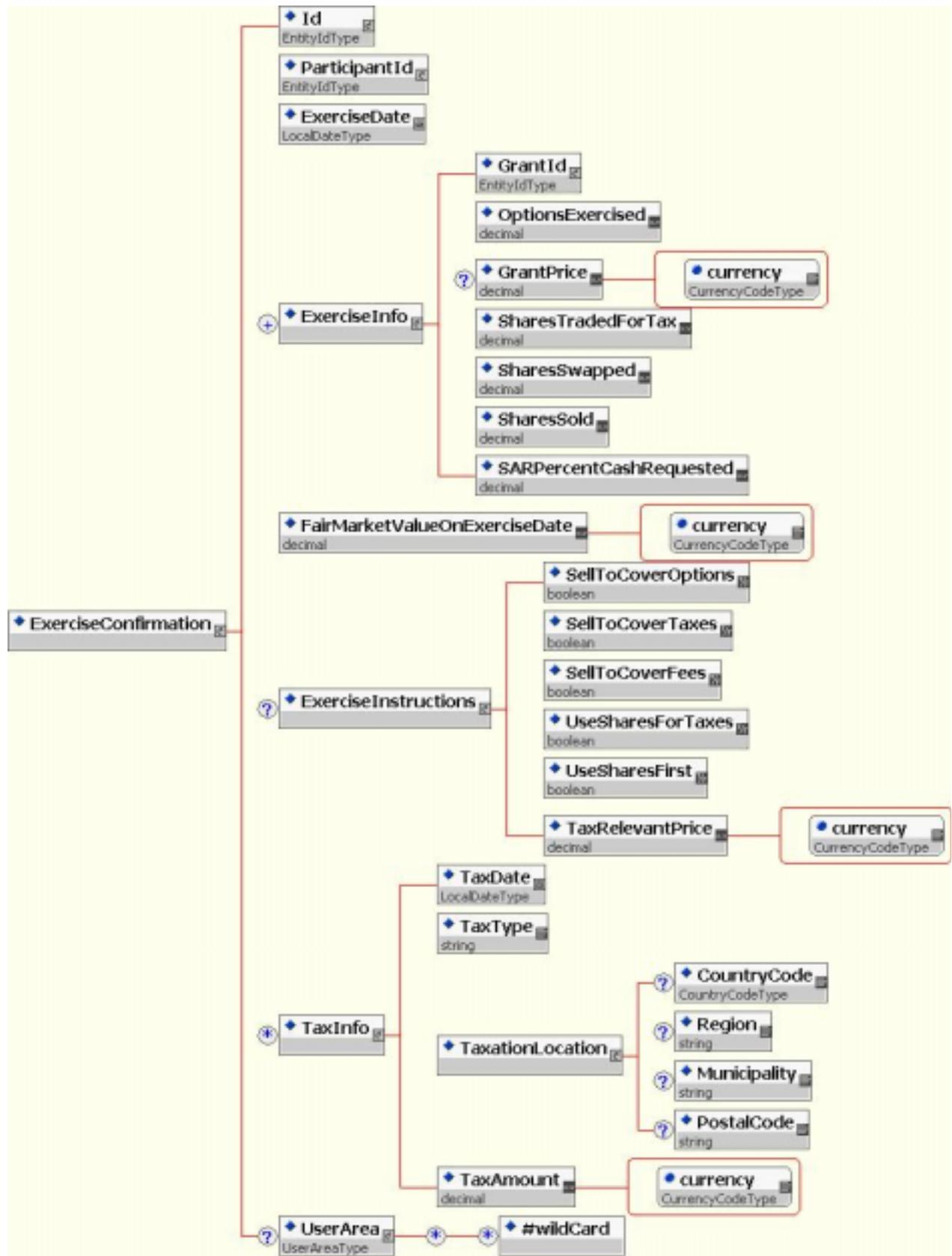
/ ExerciseRequest/ ExerciseInfo/ <b>GrantPrice</b>	xsd:extension base: xsd:decimal currency - CurrencyCodeType - required	The price at which the shares of stock subject to a stock option plan may be purchased. Typically expressed on a per share basis. Also referred to as Exercise Price.
/ ExerciseRequest/ ExerciseInfo/ GrantPrice/ currency	- CurrencyCodeType -	Currency that the grant price is expressed. Ex. USD, DEM or GBP
/ ExerciseRequest/ ExerciseInfo/ <b>SharesToBeSold</b>	- xsd:decimal - S (1/1)	Number of shares that will be immediately sold by the broker upon exercise of the grant. Gain realized from the sale of these shares is to be paid to the participant, not to cover any costs associated with the transaction.
/ ExerciseRequest/ ExerciseInfo/ <b>SARPercentCashRequested</b>	- xsd:decimal - S (1/1)	Percent of the proceeds from the Stock Appreciation Right exercise transaction that is to be paid to the participant in cash. The percentage not paid in cash is then paid out in shares to the participant. Valid only when grant is a SAR. EX. 50% cash
/ ExerciseRequest/ <b>ExerciseInstructions</b>	SellToCoverOptions - xsd:boolean - S (1/1) SellToCoverTaxes - xsd:boolean - S (1/1) SellToCoverFees - xsd:boolean - S (1/1) UseSharesForTaxes - xsd:boolean - S (1/1) UseSharesFirst - xsd:boolean - S (1/1) SharesSwapped - xsd:decimal - S (1/1) TaxRelevantPrice - xsd:decimal - S (0/1) SaleType - [complexType] - S (1/1)	Details on the instructions that are sent to the broker for the execution of an exercise order. Ex. sale type, market or limit order
/ ExerciseRequest/ ExerciseInstructions/ <b>SellToCoverOptions</b>	- xsd:boolean - S (1/1)	Flag to specify if shares were sold to cover the cost of the options for the exercise transaction.
/ ExerciseRequest/ ExerciseInstructions/ <b>SellToCoverTaxes</b>	- xsd:boolean - S (1/1)	Flag to specify if shares were sold to cover the tax liability of the exercise transaction.
/ ExerciseRequest/ ExerciseInstructions/ <b>SellToCoverFees</b>	- xsd:boolean - S (1/1)	Flag to specify if shares were sold to cover the fees associated with the exercise transaction..
/ ExerciseRequest/ ExerciseInstructions/ <b>UseSharesForTaxes</b>	- xsd:boolean - S (1/1)	Flag to specify if shares were used to cover the tax liability of the exercise transaction.

/ ExerciseRequest/ ExerciseInstructions/ <b>UseSharesFirst</b>	- xsd:boolean - S (1/1)	Flag to specify that shares tendered were used before any shares are sold to cover the cost of the options for the exercise transaction.
/ ExerciseRequest/ ExerciseInstructions/ <b>SharesSwapped</b>	- xsd:decimal - S (1/1)	Shares exchanged to cover the cost of options. In some cases it is not necessary to physically surrender the stock they own. The participant can elect to attest or receive a reduced number of shares from the exercise equivalent to the number of shares needed for the exchange.
/ ExerciseRequest/ ExerciseInstructions/ <b>TaxRelevantPrice</b>	xsd:extension base: xsd:decimal currency - CurrencyCodeType - required	The Tax Relevant Price is the price used in the calculation of taxable compensation for a taxable transaction (exercise/disposition). Generally taxable compensation is defined as the (FMV or Sale Price) - (Option Price) * Number of shares Exercised/Sold. The Tax Relevant Price is used to override the FMV or Sale Price in the above situation.
/ ExerciseRequest/ ExerciseInstructions/ TaxRelevantPrice/ <b>currency</b>	- CurrencyCodeType -	Currency in which the tax amount is represented. Ex. USD, DEM or GBP
/ ExerciseRequest/ ExerciseInstructions/ <b>SaleType</b>	MarketOrder - xsd:boolean - C (1/1) LimitOrder - [complexType] - C (1/1) GoodTillCancelled - xsd:boolean - C (1/1)	Defines the behavior requested by a participant to a broker to execute an exercise order. Ex market order, limit order or good till cancelled.
/ ExerciseRequest/ ExerciseInstructions/ SaleType/ <b>MarketOrder</b>	- xsd:boolean - C (1/1)	Flag to specify if the exercise is a market order. A market is one in which the order is executed immediately at the best prices available when the order reaches the marketplace. This type of order is almost always filled, since no prices is specified as a condition of execution.
/ ExerciseRequest/ ExerciseInstructions/ SaleType/ <b>LimitOrder</b>	LimitPrice - xsd:decimal - S (1/1) ExpiryDate - LocalDateType - S (1/1)	Flag to specify if the exercise is a limit order. A limit order is an order to execute a transaction only at a specific price (limit) or better. A limit order typically has an expiration date whereby if the orders limit price is not reached within a certain period of time, the order expires and the transaction will not be executed.
/ ExerciseRequest/ ExerciseInstructions/ SaleType/ LimitOrder/ <b>LimitPrice</b>	- xsd:decimal - S (1/1)	Price at which the order will be executed in a limit order.

/ ExerciseRequest/ ExerciseInstructions/ SaleType/ LimitOrder/ <b>ExpiryDate</b>	- <a href="#">LocalDateType</a> - S (1/1)	Defines a period of time for a limit order that if the limit price has not been reached, the order will expire and will not be executed.
/ ExerciseRequest/ ExerciseInstructions/ SaleType/ <b>GoodTillCancelled</b>	- <a href="#">xsd:boolean</a> - C (1/1)	Flag to specify that the exercise order to purchase will remain valid until executed or cancelled by the customer.
/ ExerciseRequest/ <b>UserArea</b>	- <a href="#">UserAreaType</a> - S (0/1)	Standard pattern to allow extensions (see related document HR-XML-Extension in chapter 7)

### 3.5 Schema: Exercise Confirmation

#### 3.5.1 Schema Diagram



### 3.5.2 Schema Elements Explained

Component Name [Global types listed at the end of the table.]	ContentModel* Data type Occurrence: Sequence   Choice   All (minOccurs/maxOccurs) Attributes	Definition
/ <b>ExerciseConfirmation</b>	Id - EntityIdType - S (1/1) ParticipantId - EntityIdType - S (1/1) ExerciseDate - LocalDateType - S (1/1) ExerciseInfo - xsd:decimal - S (1/*) FairMarketValueOnExerciseDate - xsd:decimal - S (1/1) ExerciseInstructions - xsd:decimal - S (0/1) TaxInfo - xsd:decimal - S (0/*) UserArea - [see include/import] - S (0/1)	Used to pass option exercise confirmation information for a participant of a stock option plan. Exercise confirmation information would be sent as the broker executes transactions. The Broker is the most likely source of this information. Recipient would be the Participant and/or Plan Administrator.
/ ExerciseConfirmation/ <b>Id</b>	- EntityIdType - S (1/1)	A unique identifier for the exercise confirmation. Can also be referred to as Exercise ID. Refer to EntityId in Appendix B.
/ ExerciseConfirmation/ <b>ParticipantId</b>	- EntityIdType - S (1/1)	Unique ID that identifies the participant to whom the grant is being issued. Ex. Social Security Number, Employee ID Number
/ ExerciseConfirmation/ <b>ExerciseDate</b>	- LocalDateType - S (1/1)	Date when the options become exercisable.
/ ExerciseConfirmation/ <b>ExerciseInfo</b>	GrantId - EntityIdType - S (1/1) OptionsExercised - xsd:decimal - S (1/1) GrantPrice - xsd:decimal - S (0/1) SharesTradedForTax - xsd:decimal - S (1/1) SharesSwapped - xsd:decimal - S (1/1) SharesSold - xsd:decimal - S (1/1) SARPercentCashRequested - xsd:decimal - S (1/1)	Exercise confirmation information pertaining to an executed exercise transaction. Ex. Options exercised or shares traded for taxes.
/ ExerciseConfirmation/ ExerciseInfo/ <b>GrantId</b>	- EntityIdType - S (1/1)	A unique identifier for the grant. Can also be referred to as Grant ID.

/ ExerciseConfirmation/ ExerciselInfo/ <b>OptionsExercised</b>	- xsd:decimal - S (1/1)	Number of options being exercised in the transaction.
/ ExerciseConfirmation/ ExerciselInfo/ <b>GrantPrice</b>	xsd:extension base: xsd:decimal currency - CurrencyCodeType - required	The price at which the shares of stock subject to a stock option plan may be purchased. Typically expressed on a per share basis. Also referred to as Exercise Price.
/ ExerciseConfirmation/ ExerciselInfo/ GrantPrice/ <b>currency</b>	- CurrencyCodeType -	Currency that the grant price is expressed. Ex. USD, DEM or GBP
/ ExerciseConfirmation/ ExerciselInfo/ <b>SharesTradedForTax</b>	- xsd:decimal - S (1/1)	Number of shares traded to cover all/partial tax liability for the transaction. These shares are not actually exercised but defaulted back to the corporation to cover the tax liability.
/ ExerciseConfirmation/ ExerciselInfo/ <b>SharesSwapped</b>	- xsd:decimal - S (1/1)	Shares exchanged to cover the cost of options. In some cases it is not necessary to physically surrender the stock they own. The participant can elect to attest or receive a reduced number of shares from the exercise equivalent to the number of shares needed for the exchange.
/ ExerciseConfirmation/ ExerciselInfo/ <b>SharesSold</b>	- xsd:decimal - S (1/1)	Number of shares that were sold by the broker upon exercise of the grant. Gain realized from the sale of these shares is paid to the participant, not to cover any costs associated with the transaction.
/ ExerciseConfirmation/ ExerciselInfo/ <b>SARPercentCashRequested</b>	- xsd:decimal - S (1/1)	Percent of the proceeds from the Stock Appreciation Right exercise transaction that is to be paid to the participant in cash. The percentage not paid in cash is then paid out in shares to the participant. Valid only when grant is a SAR. EX. 50% cash
/ ExerciseConfirmation/ <b>FairMarketValueOnExerciseDate</b>	xsd:extension base: xsd:decimal currency - CurrencyCodeType - required	Fair market value of the shares on the exercise date.
/ ExerciseConfirmation/ FairMarketValueOnExerciseDate/ <b>currency</b>	- CurrencyCodeType -	Currency that the FMV is expressed. Ex. USD, DEM or GBP
/ ExerciseConfirmation/ <b>ExerciselInstructions</b>	SellToCoverOptions - xsd:boolean - S (1/1) SellToCoverTaxes - xsd:boolean - S (1/1) SellToCoverFees - xsd:boolean - S (1/1) UseSharesForTaxes - xsd:boolean - S (1/1) UseSharesFirst - xsd:boolean -	Details on the instructions that were sent to the broker for the execution of an exercise order. Ex. sale type, market or limit order

	S (1/1) TaxRelevantPrice - xsd:decimal - S (1/1)	
/ ExerciseConfirmation/ ExerciseInstructions/ <b>SellToCoverOptions</b>	- xsd:boolean - S (1/1)	Flag to specify if shares were sold to cover the cost of the options for the exercise transaction.
/ ExerciseConfirmation/ ExerciseInstructions/ <b>SellToCoverTaxes</b>	- xsd:boolean - S (1/1)	Flag to specify if shares were sold to cover the tax liability of the exercise transaction.
/ ExerciseConfirmation/ ExerciseInstructions/ <b>SellToCoverFees</b>	- xsd:boolean - S (1/1)	Flag to specify if shares were sold to cover the fees associated with the exercise transaction..
/ ExerciseConfirmation/ ExerciseInstructions/ <b>UseSharesForTaxes</b>	- xsd:boolean - S (1/1)	Flag to specify if shares were used to cover the tax liability of the exercise transaction.
/ ExerciseConfirmation/ ExerciseInstructions/ <b>UseSharesFirst</b>	- xsd:boolean - S (1/1)	Flag to specify that shares tendered were used before any shares are sold to cover the cost of the options for the exercise transaction.
/ ExerciseConfirmation/ ExerciseInstructions/ <b>TaxRelevantPrice</b>	xsd:extension base: xsd:decimal currency - CurrencyCodeType - required	Price that was used to calculate taxes for the transaction.
/ ExerciseConfirmation/ ExerciseInstructions/ TaxRelevantPrice/ <b>currency</b>	- CurrencyCodeType -	Currency that the grant price is expressed. 2) Currency in which the tax relevant price is represented. Ex. USD, DEM or GBP
/ ExerciseConfirmation/ <b>TaxInfo</b>	TaxDate - LocalDateType - S (1/1) TaxType - xsd:string - S (1/1) TaxationLocation - [complexType] - S (1/1) TaxAmount - xsd:decimal - S (1/1)	Details on the tax types and rates and dates that are applicable to a participant. Ex. Social Tax, 6 %.
/ ExerciseConfirmation/ TaxInfo/ <b>TaxDate</b>	- LocalDateType - S (1/1)	The date as it pertains to the calculation of taxes.
/ ExerciseConfirmation/ TaxInfo/ <b>TaxType</b>	- xsd:string - S (1/1)	The classification or name of the tax or the taxing entity. Example. Social Tax or Federal Tax.
/ ExerciseConfirmation/ TaxInfo/ <b>TaxationLocation</b>	CountryCode - CountryCodeType - S (0/1) Region - xsd:string - S (0/1) Municipality - xsd:string - S (0/1) PostalCode - xsd:string - S	The address in which the participant is held liable for taxes. The Postal Address element contains the following data fields: Country Code, Postal Code, Region, Municipality, Delivery Address and Recipient

	(0/1)	
/ ExerciseConfirmation/ TaxInfo/ TaxationLocation/ <b>CountryCode</b>	- <b>CountryCodeType</b> - S (0/1)	Contains the ISO 3166-1 two-character country code.
/ ExerciseConfirmation/ TaxInfo/ TaxationLocation/ <b>Region</b>	- <b>xsd:string</b> - S (0/1)	Represents the State, Province, and/or County. Military addresses should be stored in multiple regions (hierarchy region from highest to most specific): 1st region = APO (Army/Airforce Post Office); FPO (Fleet Post Office). 2nd region = 2 letter designator for part of world (AE = Europe, AA = Americas)
/ ExerciseConfirmation/ TaxInfo/ TaxationLocation/ <b>Municipality</b>	- <b>xsd:string</b> - S (0/1)	Represents the city, town, village, or hamlet.
/ ExerciseConfirmation/ TaxInfo/ TaxationLocation/ <b>PostalCode</b>	- <b>xsd:string</b> - S (0/1)	Codes established by postal authorities for purposes of sorting and delivering mail.
/ ExerciseConfirmation/ TaxInfo/ <b>TaxAmount</b>	<b>xsd:extension base:</b> <b>xsd:decimal</b> <b>currency</b> - <b>CurrencyCodeType</b> - <b>required</b>	Tax liability incurred as a result of the exercise transaction.
/ ExerciseConfirmation/ TaxInfo/ TaxAmount/ <b>currency</b>	- <b>CurrencyCodeType</b> -	Currency in which the tax amount is represented. Ex. USD, DEM or GBP
/ ExerciseConfirmation/ <b>UserArea</b>	- <b>UserAreaType</b> - S (0/1)	Standard pattern to allow extensions (see related document HR-XML-Extension in chapter 7)

### 3.6 Schema: RemoveStockPlans

There are cases where data which has already been sent needs to be deleted. The following schema allows to delete Stock Plan data.

#### 3.6.1 Schema Diagram



#### 3.6.2 Schema Elements Explained

Component Name	ContentModel*	Definition
[Global types listed at the end	<b>Data type</b> <b>Occurrence:</b> Sequence   Choice   All	

of the table.]	(minOccurs/maxOccurs) Attributes	
/ RemoveStockPlans	PlanId - EntityIdType - S (1/*)	Used to remove plan records for Stock Option/Stock Purchase Plans/Stock Awards.
/ RemoveStockPlans/ PlanId	- EntityIdType - S (1/*)	A unique identifier of the plan to be removed.

### 3.7 Schema: RemovePlanParticipants

There are cases where data which has already been sent needs to be deleted. The following schema allows to delete Plan Participant data.

#### 3.7.1 Schema Diagram



#### 3.7.2 Schema Elements Explained

Component Name	ContentModel*	Definition
[Global types listed at the end of the table.]	Data type Occurrence: Sequence   Choice   All (minOccurs/maxOccurs) Attributes	
/ RemoveStockPlanParticipants	ParticipantId - EntityIdType - S (1/*)	Used to remove records for participants in the Stock Option/Stock Purchase Plans/Stock Awards.
/ RemoveStockPlanParticipants/ ParticipantId	- EntityIdType - S (1/*)	A unique identifier of the participant to be removed.

### 3.8 Schema: RemoveGrants

There are cases where data which has already been sent needs to be deleted. The following schema allows to delete Grant data.

#### 3.8.1 Schema Diagram



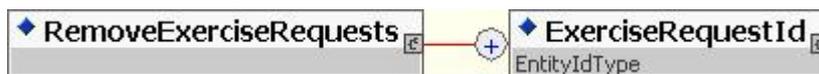
### 3.8.2 Schema Elements Explained

Component Name [Global types listed at the end of the table.]	ContentModel* Data type Occurrence: Sequence   Choice   All (minOccurs/maxOccurs) Attributes	Definition
/ RemoveGrants	GrantId - EntityIdType - S (1/*)	Used to remove grants issued to participants in a Stock Option Plan.
/ RemoveGrants/ GrantId	- EntityIdType - S (1/*)	A unique identifier of the grant to be removed.

### 3.9 Schema: RemoveExerciseRequest

There are cases where data which has already been sent needs to be deleted. The following schema allows to delete Exercise Request data.

#### 3.9.1 Schema Diagram



#### 3.9.2 Schema Elements Explained

Component Name [Global types listed at the end of the table.]	ContentModel* Data type Occurrence: Sequence   Choice   All (minOccurs/maxOccurs) Attributes	Definition
/ RemoveExerciseRequests	ExerciseRequestId - EntityIdType - S (1/*)	Used to remove option exercise transaction information for a participant of a stock option plan.
/ RemoveExerciseRequests/ ExerciseRequestId	- EntityIdType - S (1/*)	A unique identifier of the exercise request to be removed.

### 3.10 Schema: RemoveExerciseConfirmations

There are cases where data which has already been sent needs to be deleted. The following schema allows to delete Exercise Confirmation data.

### 3.10.1 Schema Diagram



### 3.10.2 Schema Elements Explained

Component Name	ContentModel*	Definition
[Global types listed at the end of the table.]	Data type Occurrence: Sequence   Choice   All (minOccurs/maxOccurs) Attributes	
/ RemoveExerciseConfirmations	ExerciseConfirmationId - EntityIdType - S (1/*)	Used to remove option exercise confirmation information for a participant of a stock option plan.
/ RemoveExerciseConfirmations/ ExerciseConfirmationId	- EntityIdType - S (1/*)	A unique identifier of the exercise confirmation to be removed.

## 4 Implementation Considerations

## 5 Issues List

Issue	Anticipated Resolution
See chapter 1.3.3. (Items Outside of Design Scope) StockPlan Schema: the elements within StockOptionInfo are currently all of type Integer.	It might make sense in a future version to check if some of them should also allow decimals, e.g. BlocksToExercise
We currently don't support plans with more than one underlying stock If exercising an option it is possible that the stock you receive could be of more than one type. We currently don't allow this	
We don't keep track of a reason code for a life event Country specific information: We allow to keep track of country specific information for different stock option types. However there might be other cases where information varies by country.	For future version it should be verified that there are no other places where an attribute country is being needed. If it would be needed, it should be added to the relevant schemas.

## 6 Appendix A - Document Version History

Version	Date	Description
1.0	20.08.2002	Version 1.0
1.0	01-Oct-2002	Recommendation

## 7 Appendix B – Related Documents

Reference	Link
Effective Dating	<a href="http://ns.hr-xml.org/CPO/Dating-1_0/EffectiveDating-1_0.pdf">http://ns.hr-xml.org/CPO/Dating-1_0/EffectiveDating-1_0.pdf</a>
EntityId	<a href="http://ns.hr-xml.org/CPO/ID-1_0/EntityIdentifiers-1_0.pdf">http://ns.hr-xml.org/CPO/ID-1_0/EntityIdentifiers-1_0.pdf</a>
PersonName	<a href="http://ns.hr-xml.org/CPO/PersonName-1_2/PersonName-1_2.pdf">http://ns.hr-xml.org/CPO/PersonName-1_2/PersonName-1_2.pdf</a>
ContactMethod	<a href="http://ns.hr-xml.org/CPO/ContactInfo-1_0/ContactMethod-1_0.pdf">http://ns.hr-xml.org/CPO/ContactInfo-1_0/ContactMethod-1_0.pdf</a>
HR-XML-Extension	<a href="http://ns.hr-xml.org/TSC/HRXMLExtension-1_0/HRXMLExtension-1_0.pdf">http://ns.hr-xml.org/TSC/HRXMLExtension-1_0/HRXMLExtension-1_0.pdf</a>

## 8 Appendix C – Reference Examples

### 8.1 German Example

#### 8.1.1 Example for StockPlan

```
<StockPlan validFrom="2001-01-01" validTo="2010-12-31">  
  <Id>  
    <IdValue>PL-1</IdValue>  
  </Id>  
  <CompanyId>  
    <IdValue>C-1</IdValue>  
  </CompanyId>  
  <PlanType>Stock Options</PlanType>
```

```

<Name xml:lang="en">Stock Option Plan 2001</Name>
<Description xml:lang="en">Stock Option Plan 2001 for all
  employees</Description>
<Stock>
  <Id>
    <IdValue name="ISIN">US0007164600</IdValue>
  </Id>
</Stock>
<BlackOutInformation>
  <Period validFrom="2001-03-15" validTo="2001-03-31" />
  <Period validFrom="2001-09-15" validTo="2001-09-30" />
  <Period validFrom="2002-03-15" validTo="2002-03-31" />
  <Period validFrom="2002-09-15" validTo="2002-09-30" />
  <Period validFrom="2003-03-15" validTo="2003-03-31" />
  <Period validFrom="2003-09-15" validTo="2003-09-30" />
  <Period validFrom="2004-03-15" validTo="2004-03-31" />
  <Period validFrom="2004-09-15" validTo="2004-09-30" />
</BlackOutInformation>
<StockOptionInfo>
  <Ratio>2</Ratio>
  <QualifiedGrantsAllowed>true</QualifiedGrantsAllowed>
  <NonQualifiedGrantsAllowed>true</NonQualifiedGrantsAllowed>
  <QualifiedGrantDefault>Qualified</QualifiedGrantDefault>
  <StockAppreciationRights>notApplicable</StockAppreciationRights>
  <MaximumNumberOfShares>2000000</MaximumNumberOfShares>
  <MinimumNumberToExercise>100</MinimumNumberToExercise>

```

```
<MaximumNumberToExercise>1000</MaximumNumberToExercise>
<BlocksToExercise>50</BlocksToExercise>
</StockOptionInfo>
</StockPlan>
```

### 8.1.2 Example for StockPlanParticipant

```
<StockPlanParticipant>
  <Id>
    <IdValue>P-1</IdValue>
  </Id>
  <Account>
    <IdValue name="Bankleitzahl">67292200</IdValue>
    <IdValue name="Kontonummer">43589456</IdValue>
  </Account>
  <CompanyId>
    <IdValue>C-1</IdValue>
  </CompanyId>
  <Name>
    <LegalName>Hans Müller</LegalName>
  </Name>
  <ContactInfo>
    <Telephone>
      <FormattedNumber>+49 6222 4711</FormattedNumber>
    </Telephone>
    <InternetEmailAddress>Hans.Müller@firma.de</InternetEmailAddress>
  </ContactInfo>
```

```
<AdditionalInfo>
  <DateOfBirth>1966-04-18</DateOfBirth>
  <Nationality>DE</Nationality>
  <HireDate>2000-01-01</HireDate>
  <Employee>true</Employee>
  <Director>false</Director>
  <Insider>true</Insider>
  <PercentOwner>7</PercentOwner>
  <WorkLocation validFrom="2000-01-01" validTo="2002-09-30">
    <CountryCode>DE</CountryCode>
    <Region>Hamburg</Region>
    <Municipality>Hamburg</Municipality>
  </WorkLocation>
  <WorkLocation validFrom="2002-10-01" validTo="9999-12-31">
    <CountryCode>DE</CountryCode>
    <Region>Bayern</Region>
  </WorkLocation>
  <TaxInfo validFrom="2000-01-01" validTo="9999-12-31">
    <TaxType>Einkommenssteuer</TaxType>
    <TaxationLocation>
      <CountryCode>DE</CountryCode>
    </TaxationLocation>
    <Percentage>40</Percentage>
  </TaxInfo>
</AdditionalInfo>
```

```
<UserArea />
</StockPlanParticipant>
```

### 8.1.3 Example for Grant

```
<Grant validTo="2011-02-14" grantDate="2001-02-15" grantCurrency="EUR">
  <Id>
    <IdValue>G-1</IdValue>
  </Id>
  <ParticipantId>
    <IdValue>P-1</IdValue>
  </ParticipantId>
  <PlanId>
    <IdValue>PL-1</IdValue>
  </PlanId>
  <Restricted>false</Restricted>
  <Repurchasable>false</Repurchasable>
  <SharesGranted>500</SharesGranted>
  <SharesAccepted>500</SharesAccepted>
  <GrantPrice>101</GrantPrice>
  <FairMarketValue>123</FairMarketValue>
  <VestingInfo>
    <Shares>
      <Quantity>250</Quantity>
      <VestingDate>2002-02-15</VestingDate>
    </Shares>
    <Shares>
```

```
<Quantity>250</Quantity>
<VestingDate>2003-02-15</VestingDate>
</Shares>
</VestingInfo>
</Grant>
```

#### 8.1.4 Example for ExerciseRequest

```
<ExerciseRequest>
  <Id>
    <IdValue>ER-1</IdValue>
  </Id>
  <ParticipantId>
    <IdValue>P-1</IdValue>
  </ParticipantId>
  <RequestDate>2002-07-13</RequestDate>
  <ExerciseDate>2002-07-14</ExerciseDate>
  <ExerciseInfo>
    <GrantId>
      <IdValue>G-1</IdValue>
    </GrantId>
    <OptionsToBeExercised>200</OptionsToBeExercised>
    <SharesToBeSold>0</SharesToBeSold>
    <SARPercentCashRequested>0</SARPercentCashRequested>
  </ExerciseInfo>
  <ExerciseInstructions>
    <SellToCoverOptions>true</SellToCoverOptions>
```

```
<SellToCoverTaxes>false</SellToCoverTaxes>
<SellToCoverFees>false</SellToCoverFees>
<UseSharesForTaxes>false</UseSharesForTaxes>
<UseSharesFirst>false</UseSharesFirst>
<SharesSwapped>0</SharesSwapped>
<SaleType>
  <MarketOrder>true</MarketOrder>
</SaleType>
</ExerciseInstructions>
</ExerciseRequest>
```

### 8.1.5 Example for ExerciseConfirmation

```
<ExerciseConfirmation>
  <Id>
    <IdValue>EC-1</IdValue>
  </Id>
  <ParticipantId>
    <IdValue>P-1</IdValue>
  </ParticipantId>
  <ExerciseDate>2002-07-14</ExerciseDate>
  <ExerciseInfo>
    <GrantId>
      <IdValue>G-1</IdValue>
    </GrantId>
    <OptionsExercised>200</OptionsExercised>
```

```

<SharesTradedForTax>0</SharesTradedForTax>
<SharesSwapped>0</SharesSwapped>
<SharesSold>0</SharesSold>
<SARPercentCashRequested>0</SARPercentCashRequested>
</ExerciseInfo>
<FairMarketValueOnExerciseDate
  currency="EUR">187</FairMarketValueOnExerciseDate>
<ExerciseInstructions>
  <SellToCoverOptions>true</SellToCoverOptions>
  <SellToCoverTaxes>false</SellToCoverTaxes>
  <SellToCoverFees>false</SellToCoverFees>
  <UseSharesForTaxes>false</UseSharesForTaxes>
  <UseSharesFirst>false</UseSharesFirst>
  <TaxRelevantPrice currency="EUR">187</TaxRelevantPrice>
</ExerciseInstructions>
<TaxInfo>
  <TaxDate>2002-07-14</TaxDate>
  <TaxType>Einkommenssteuer</TaxType>
  <TaxationLocation>
    <CountryCode>DE</CountryCode>
  </TaxationLocation>
  <TaxAmount currency="EUR">6880</TaxAmount>
</TaxInfo>
</ExerciseConfirmation>

```

### 8.1.6 Example for RemoveStockPlans

```
<RemoveStockPlans>
```

```
<PlanId>
  <IdValue>PL-1</IdValue>
</PlanId>
</RemoveStockPlans>
```

### 8.1.7 Example for RemoveStockPlanParticipants

```
<RemoveStockPlanParticipants>
  <ParticipantId>
    <IdValue>P-1</IdValue>
  </ParticipantId>
</RemoveStockPlanParticipants>
```

### 8.1.8 Example for RemoveGrants

```
<RemoveGrants>
  <GrantId>
    <IdValue>G-1</IdValue>
  </GrantId>
</RemoveGrants>
```

### 8.1.9 Example for RemoveExerciseRequests

```
<RemoveExerciseRequests>
  <ExerciseRequestId>
    <IdValue>ER-1</IdValue>
  </ExerciseRequestId>
</RemoveExerciseRequests>
```

### 8.1.10 Example for RemoveExerciseConfirmations

```
<RemoveExerciseConfirmations>
```

```
<ExerciseConfirmationId>
  <IdValue>EC-1</IdValue>
</ExerciseConfirmationId>
<ExerciseConfirmationId>
  <IdValue>EC-2</IdValue>
</ExerciseConfirmationId>
</RemoveExerciseConfirmations>
```

## 8.2 US Examples

### 8.2.1 Example for Stock Plan

```
<StockPlan validFrom="2002-01-08" validTo="2006-11-08">
  <Id>
    <IdValue>SOP2002</IdValue>
  </Id>
  <CompanyId>
    <IdValue>%542201100</IdValue>
  </CompanyId>
  <PlanType>Stock Options</PlanType>
  <Name xml:lang="en">2002 Employee Stock Option Plan</Name>
  <Description xml:lang="en">2002 Employee Stock Option Plan -
    Compensation Plan 2002</Description>
  <Stock>
    <Id>
      <IdValue name="CUSIP">554100210</IdValue>
    </Id>
    <Symbol>AAA</Symbol>
  </Stock>
</StockPlan>
```

```

    <Exchange>NYSE</Exchange>
</Stock>
<BlackOutInformation>
    <Period validFrom="2002-12-01" validTo="2003-01-02" />
</BlackOutInformation>
<StockOptionInfo>
    <StockOptionType xml:country="US">Qualified</StockOptionType>
    <Ratio>1</Ratio>
    <QualifiedGrantsAllowed>true</QualifiedGrantsAllowed>
    <NonQualifiedGrantsAllowed>true</NonQualifiedGrantsAllowed>
    <QualifiedGrantDefault>Qualified</QualifiedGrantDefault>
    <StockAppreciationRights>notApplicable</StockAppreciationRights>
    <MaximumNumberOfShares>2000000</MaximumNumberOfShares>
    <MinimumNumberToExercise>100</MinimumNumberToExercise>
    <MaximumNumberToExercise>10000</MaximumNumberToExercise>
    <BlocksToExercise>100</BlocksToExercise>
</StockOptionInfo>
</StockPlan>

```

## 8.2.2 Example for StockPlanParticipant

```

<StockPlanParticipant>
    <Id>
        <IdValue>541852258</IdValue>
    </Id>
    <Account>
        <IdValue>US88574112211</IdValue>
    </Account>

```

```
</Account>
<CompanyId>
  <IdValue>5542201100</IdValue>
</CompanyId>
<Name>
  <LegalName>John Doe</LegalName>
</Name>
<ContactInfo>
  <Telephone>
    <FormattedNumber>+01 810 654 6754</FormattedNumber>
  </Telephone>
  <InternetEmailAddress>John.doe@company.com</InternetEmailAdd
  ress>
</ContactInfo>
<AdditionalInfo>
  <DateOfBirth>1971-08-22</DateOfBirth>
  <Nationality>US</Nationality>
  <HireDate>2000-01-02</HireDate>
  <Employee>true</Employee>
  <Insider>true</Insider>
  <PercentOwner>7</PercentOwner>
  <WorkLocation validFrom="2001-10-10" validTo="2002-08-06">
    <CountryCode>DE</CountryCode>
    <Region>Hamburg</Region>
    <Municipality>Hamburg</Municipality>
  </WorkLocation>
```

```
<WorkLocation validFrom="2002-10-01" validTo="9999-12-31">
  <CountryCode>US</CountryCode>
  <Region>NY</Region>
  <Municipality>New York</Municipality>
  <PostalCode>95420</PostalCode>
</WorkLocation>
<TaxInfo validFrom="2000-01-02">
  <TaxType>New York State Tax</TaxType>
  <TaxationLocation>
    <CountryCode>US</CountryCode>
    <Region>NY</Region>
    <Municipality>New York</Municipality>
    <PostalCode>95420</PostalCode>
  </TaxationLocation>
  <Percentage>7</Percentage>
</TaxInfo>
</AdditionalInfo>
</StockPlanParticipant>
```

### 8.2.3 Example for Grant

```
<Grant validTo="2002-08-06" grantDate="2005-08-06" grantCurrency="USD">
  <Id>
    <IdValue>0000112211541</IdValue>
  </Id>
  <ParticipantId>
```

```
<IdValue>541852258</IdValue>
</ParticipantId>
<PlanId>
  <IdValue>SOP2002</IdValue>
</PlanId>
  <GrantType xml:country="US">Non Qualified</GrantType>
  <Restricted>false</Restricted>
  <Repurchasable>false</Repurchasable>
  <SharesGranted>4000</SharesGranted>
  <SharesAccepted>4000</SharesAccepted>
  <GrantPrice>9.50</GrantPrice>
  <FairMarketValue>9.50</FairMarketValue>
<VestingInfo>
  <Shares>
    <Quantity>1000</Quantity>
    <VestingDate>2002-02-15</VestingDate>
  </Shares>
  <Shares>
    <Quantity>250</Quantity>
    <VestingDate>2003-08-06</VestingDate>
  </Shares>
</VestingInfo>
<ExercisabilityInfo>
  <Rule>Yearly</Rule>
</ExercisabilityInfo>
</Grant>
```

## 8.2.4 Example for ExerciseRequest

```
<ExerciseRequest>
  <Id>
    <IdValue>00155412100</IdValue>
  </Id>
  <ParticipantId>
    <IdValue>541852258</IdValue>
  </ParticipantId>
  <RequestDate>2002-08-06</RequestDate>
  <ExerciseDate>2002-08-06</ExerciseDate>
  <ExerciseInfo>
    <GrantId>
      <IdValue>0000112211541</IdValue>
    </GrantId>
    <OptionsToBeExercised>1000</OptionsToBeExercised>
    <GrantPrice currency="USD">9.50</GrantPrice>
    <SharesToBeSold>0</SharesToBeSold>
    <SARPercentCashRequested>0</SARPercentCashRequested>
  </ExerciseInfo>
  <ExerciseInstructions>
    <SellToCoverOptions>true</SellToCoverOptions>
    <SellToCoverTaxes>false</SellToCoverTaxes>
    <SellToCoverFees>false</SellToCoverFees>
    <UseSharesForTaxes>false</UseSharesForTaxes>
  </ExerciseInstructions>
</ExerciseRequest>
```

```
<UseSharesFirst>false</UseSharesFirst>
<SharesSwapped>0</SharesSwapped>
- <SaleType>
    <MarketOrder>true</MarketOrder>
</SaleType>
</ExerciseInstructions>
</ExerciseRequest>
```

### 8.2.5 Example for ExerciseConfirmation

```
<ExerciseConfirmation>
  <Id>
    <IdValue>5587411</IdValue>
  </Id>
  <ParticipantId>
    <IdValue>541852258</IdValue>
  </ParticipantId>
  <ExerciseDate>2002-08-06</ExerciseDate>
  <ExerciseInfo>
    <GrantId>
      <IdValue>0000112211541</IdValue>
    </GrantId>
    <OptionsExercised>1000</OptionsExercised>
    <GrantPrice currency="USD">9.50</GrantPrice>
    <SharesTradedForTax>0</SharesTradedForTax>
    <SharesSwapped>0</SharesSwapped>
```

```
<SharesSold>450</SharesSold>

<SARPercentCashRequested>0</SARPercentCashRequested>

</ExerciseInfo>

<FairMarketValueOnExerciseDate
  currency="USD">20.00</FairMarketValueOnExerciseDate>

<ExerciseInstructions>

  <SellToCoverOptions>true</SellToCoverOptions>

  <SellToCoverTaxes>false</SellToCoverTaxes>

  <SellToCoverFees>false</SellToCoverFees>

  <UseSharesForTaxes>false</UseSharesForTaxes>

  <UseSharesFirst>false</UseSharesFirst>

  <TaxRelevantPrice currency="EUR">187</TaxRelevantPrice>

</ExerciseInstructions>

<TaxInfo>

  <TaxDate>2002-08-06</TaxDate>

  <TaxType>New York State Tax</TaxType>

<TaxationLocation>

  <CountryCode>US</CountryCode>

  <Region>NY</Region>

  <Municipality>New York</Municipality>

  <PostalCode>95420</PostalCode>

</TaxationLocation>

  <TaxAmount currency="USD">1275.00</TaxAmount>

</TaxInfo>

</ExerciseConfirmation>
```