

Table of Contents

CHAPTER 1. STATE CORPORATE LAW ISSUES

- § 1:1 Introduction
- § 1:2 —Adequate consideration
- § 1:3 —Actions by directors
- § 1:4 —Stockholder approval
- § 1:5 —Repurchase of stock
- § 1:6 Delaware—Adequate consideration—Newly issued stock
- § 1:7 — —Treasury stock
- § 1:8 — —Stock options—New grants
- § 1:9 — — —Repricing
- § 1:10 — — —Exercise price
- § 1:11 —Action by directors
- § 1:12 — —Delegation to committees of the board
- § 1:13 — —Delegation to subcommittees
- § 1:14 — —Delegation to others
- § 1:15 — —Action by written consent
- § 1:16 —Stockholder approval
- § 1:17 —Repurchase of stock
- § 1:18 —Director actions—General
- § 1:19 California—Adequate consideration—Newly issued stock
- § 1:20 — —Stock options—New grants
- § 1:21 — — —Exercise price
- § 1:22 —Action by directors
- § 1:23 — —Delegation to committees of the board
- § 1:24 — —Action by written consent
- § 1:25 —Shareholder approval
- § 1:26 —Repurchase of stock
- § 1:27 — —Balance sheet test
- § 1:28 — —General solvency test

CHAPTER 2. FEDERAL INCOME TAX LAW ISSUES

- § 2:1 Introduction
- § 2:2 Direct issuance of vested stock (§ 83)
- § 2:3 —Meaning of “substantial risk of forfeiture”
- § 2:4 —Tax consequences
- § 2:5 —Valuation of stock
- § 2:6 Direct issuance of non-vested stock (§ 83)
- § 2:7 —Tax consequences without § 83(b) election

- § 2:8 —Tax consequences with § 83(b) election
- § 2:9 —Mechanics of § 83(b) election
- § 2:10 —Transactions that cause holders of previously
vested stock to hold nonvested stock
- § 2:11 Nonstatutory stock options (§ 83)
- § 2:12 —Reverse vesting and installment vesting
- § 2:13 —Tax consequences on grant of nonstatutory option
- § 2:14 —Tax consequences upon exercise of a nonstatutory
option for vested stock
- § 2:15 —Tax consequences upon exercise of a nonstatutory
option for non-vested stock
- § 2:16 —Tax consequences upon exercise of nonstatutory
option for non-vested stock—Tax consequences
without § 83(b) election
- § 2:17 — —Tax consequences with 83(b) election
- § 2:18 Incentive stock options (§§ 421, 422, and 424)
- § 2:19 —Qualification of incentive stock options (§ 422)
- § 2:20 — —Employment status—General rule
- § 2:21 — — —Date of grant
- § 2:22 — — —Related corporation
- § 2:23 — — —Leaves of absence
- § 2:24 — — —Consequences of failure to satisfy continuous
employment requirement
- § 2:25 — —Plan approved by stockholders; written option
plan
- § 2:26 — — —Stockholder approval
- § 2:27 — — —Maximum aggregate number of shares
- § 2:28 — — —Designation of employees
- § 2:29 — —Maximum life of plan
- § 2:30 — —Maximum option term
- § 2:31 — —Minimum exercise price
- § 2:32 — —Nontransferability
- § 2:33 — —\$100,000 limit—General rule
- § 2:34 — — —Effect of acceleration of exercisability
- § 2:35 — — —Application to options with reverse vesting
- § 2:36 —Grant of incentive stock option
- § 2:37 —Exercise of incentive stock option
- § 2:38 — —Regular income tax
- § 2:39 — —Alternative minimum tax
- § 2:40 —Disposition of ISO shares
- § 2:41 — —Definition of “disposition”
- § 2:42 — —Holding periods satisfied
- § 2:43 — —Holding periods not satisfied
- § 2:44 —Modification or extension of incentive stock options
- § 2:45 —Repricing of incentive stock options
- § 2:46 —Assumption or substitution of incentive stock
options
- § 2:47 Payment of exercise price with stock
- § 2:48 —Exercise of nonstatutory stock options

TABLE OF CONTENTS

§ 2:49	—Exercise of incentive stock options with ISO or ESPP shares before holding periods are met for old shares
§ 2:50	—Exercise of incentive stock options without disqualifying disposition of old shares
§ 2:51	—Subsequent disqualifying disposition of new ISO shares
§ 2:52	—Exercise by attestation
§ 2:53	Payment of purchase or exercise price with promissory note
§ 2:54	—Non-recourse vs. full-recourse notes
§ 2:55	—Minimum interest rate and recharacterization of principal as interest
§ 2:56	—Reduction or other modification of note
§ 2:57	—Other issues with promissory notes
§ 2:58	Employee stock purchase plans (§§ 421, 423, and 424)
§ 2:59	—Plan design
§ 2:60	—Qualification of employee stock purchase plans (§ 423)
§ 2:61	— —Employment status
§ 2:62	— —Written plan and stockholder approval
§ 2:63	— —Five percent stockholders
§ 2:64	— —\$25,000 limit
§ 2:65	— —Other eligibility standards
§ 2:66	— —Equal rights and privileges
§ 2:67	— —Minimum purchase price
§ 2:68	— —Maximum offering period
§ 2:69	— —Nontransferability
§ 2:70	—Tax consequences of participation in an ESPP (§§ 421 and 423)
§ 2:71	— —The taxable event
§ 2:72	— —The holding periods
§ 2:73	— —Qualifying dispositions
§ 2:74	— —Disqualifying dispositions
§ 2:75	— —Definition of “disposition”
§ 2:76	— —Death of participant
§ 2:77	Reporting requirements for ISOs and ESPPs (§ 6039)—Incentive stock options
§ 2:78	—Employee stock purchase plans
§ 2:79	Qualified equity grants (§ 83)—Introduction
§ 2:80	—Potential tax benefits
§ 2:81	—Statutory requirements
§ 2:82	—Definition of eligible employer
§ 2:83	Qualified equity grant (§ 83)—Definition of qualified employee
§ 2:84	—Definition of qualified stock
§ 2:85	—How to make an 83(i) election
§ 2:86	—Effect of making an 83(i) election
§ 2:87	—Deferral of income recognition

- § 2:88 —Commencement of long-term capital gain holding period
- § 2:89 Required escrow agreement
- § 2:90 Taxation of qualified equity grants
- § 2:91 Qualified equity grant (§ 83)—Employer 83(i) notice
- § 2:92 —No shareholder approval requirement
- § 2:93 The million-dollar limitation on deductions (§ 162(m))—Background—Introduction
- § 2:94 Definition of publicly held corporation
- § 2:95 Definition of affiliated groups
- § 2:96 Definition of covered employee
- § 2:97 Grandfather agreements (§ 162(m))
- § 2:98 The million-dollar limitation on deductions (§ 162(m))—Transition from privately held corporation to publicly held corporation
- § 2:99 Section 162(m)(5) limits applicable to financial institutions selling troubled assets
- § 2:100 Deduction limitations for covered health insurance providers
- § 2:101 Overview of § 409A—Background
- § 2:102 Overview § 409A—Penalties
- § 2:103 —Basic rules
- § 2:104 —Regulations and Guidance
- § 2:105 —Funding/Offshore Transactions/Tax-exempt Entities
- § 2:106 Plans subject to section 409A—Application to non-qualified deferred compensation plans
- § 2:107 Plans subject to § 409A—“Service providers” and “service recipients” to whom § 409A applies
- § 2:108 — —Service provider
- § 2:109 — —Service recipient
- § 2:110 —Definition of plan/aggregation of plans
- § 2:111 Exceptions to § 409A—In general
- § 2:112 —Exclusion for certain tax-favored plans; welfare plans; certain foreign plans; and other arrangements
- § 2:113 —Short-term deferral exception—General rule
- § 2:114 Exceptions to § 409—Short-term deferral exception—Exception for certain payments after applicable 2-1/2 month period
- § 2:115 Exceptions to § 409A—Short-term deferral exception—Apply exception to each separate payment
- § 2:116 — —Substantial risk of forfeiture (vesting)
- § 2:117 —Stock rights and other equity awards
- § 2:118 — —Service recipient stock
- § 2:119 — —Fair value options—Exercise price
- § 2:120 — — —Date of grant
- § 2:121 — — —Fair market value of underlying stock—Readily tradable
- § 2:122 —Stock rights and other equity—Fair value options—Not readily tradeable

TABLE OF CONTENTS

§ 2:123	—Stock rights and other equity awards—Fair value options—No readily tradeable—Independent appraisal
§ 2:124	— — —Not readily tradeable—Illiquid start-up valuation
§ 2:125	— — —Formula valuation
§ 2:126	— —Modification or extension of an option or an SAR
§ 2:127	— — —Modification
§ 2:128	— — —Extension
§ 2:129	— — —Rules applicable to both a modification and extension
§ 2:130	—Partners, partnerships, and non-corporate entities
§ 2:131	—No general exception for taxable reimbursement and in-kind benefit plans
§ 2:132	—Separation pay plan exceptions—General
§ 2:133	— —Involuntary terminations and window programs—General rule
§ 2:134	— —Involuntary separations from service and window programs—Involuntary separation from service
§ 2:135	— —Involuntary terminations and window programs—Good reason
§ 2:136	— —Foreign plans; collectively bargained plans
§ 2:137	— —Other separation pay exceptions
§ 2:138	— — —Reimbursement of business, out-placement, and moving expenses
§ 2:139	— — —Reimbursements of medical expenses
§ 2:140	— — —In-kind benefits
§ 2:141	— — —Small payment exemption
§ 2:142	Election and change rules—In general
§ 2:143	—Initial elections as to time or form—General rule
§ 2:144	— —Initial year of participation
§ 2:145	— —Performance-based compensation
§ 2:146	— —Deferrals of non-vested amounts
§ 2:147	— —Separation pay
§ 2:148	— —Commissions
§ 2:149	— —Partial year compensation
§ 2:150	— —Fiscal year compensation
§ 2:151	— —Other special rules
§ 2:152	— —Short-term deferrals
§ 2:153	—Changes in time and form
§ 2:154	— —Anti-acceleration
§ 2:155	— —Subsequent changes in time and form of benefit payment—In general
§ 2:156	— — —Definition of payment
§ 2:157	—Coordination of the anti-acceleration rules with the subsequent change rules
§ 2:158	Payment timing rules—In general
§ 2:159	—When payment is or can be made

EXECUTIVE COMPENSATION

- § 2:160 —Permissible delays in payment—Administrative delays; payments that jeopardize employer as going concern
- § 2:161 — —Payment disputes
- § 2:162 — —Payments to certain resident aliens
- § 2:163 —Payments on earlier or later of designated dates
- § 2:164 —Different times or forms on separation from service
- § 2:165 —Payment of earnings
- § 2:166 —Permissible payment events—Specified time or fixed schedule—In general
- § 2:167 — — —Payments by reference to payments received by employer
- § 2:168 — — —Reimbursements and in-kind benefits
- § 2:169 — — —Tax reimbursements and gross-up
- § 2:170 — —Separation from service—General rules
- § 2:171 — — —Employees
- § 2:172 — — —Independent contractors
- § 2:173 — — —Six month deferral rule for specified employees
- § 2:174 — —Death or disability
- § 2:175 — —Change in control event
- § 2:176 — — —Change in ownership
- § 2:177 — — —Change in effective control
- § 2:178 — — —Change in the ownership of a substantial portion of the entity’s assets
- § 2:179 — — —Delayed payments pursuant to change in control event
- § 2:180 — — —Entities taxable as partnerships
- § 2:181 — —Unforeseeable emergency
- § 2:182 Income inclusion, reporting, and withholding—In general
- § 2:183 Income inclusion, reporting and withholding under § 409A—Calculation of income inclusion, reporting and withholding—Guidance from Notices, including Notice 2008-115
- § 2:184 Income inclusion, reporting and withholding—Section 409A calculation of income inclusion only—Guidance from Proposed Income Inclusion Regulations
- § 2:185 Effective date/transition relief—In general
- § 2:186 —Transition guidance
- § 2:187 — —Applicable guidance
- § 2:188 — —Good faith, reasonable interpretation
- § 2:189 — —Changes in payment elections on or before December 31, 2008
- § 2:190 —Effective date/transition relief—Transition guidance—Deferrals of short-term deferrals
- § 2:191 — — —Amendment of stock rights to comply
- § 2:192 — — —Cancellation and replacement of stock rights
- § 2:193 — — —Amendment to comply with good reason safe harbor

TABLE OF CONTENTS

§ 2:194	Correction relief for operational and plan document failures—In general
§ 2:195	Correction of operational failures—In general
§ 2:196	—Eligibility
§ 2:197	—Types of failures that may be corrected
§ 2:198	—Correction procedures in general under notice
§ 2:199	—Corrections of operational failures in same taxable year in which failure occurs
§ 2:200	—Corrections of failures involving non-insiders in the taxable year immediately following the taxable year in which the failure occurs
§ 2:201	—Corrections of failures involving limited amounts
§ 2:202	—Made by the end of second taxable year following year in which the failure occurs
§ 2:203	—Sanction chart
§ 2:204	Correction of document failures—In general
§ 2:205	—Eligibility requirements
§ 2:206	—Application of § 409 to certain ambiguous plan terms
§ 2:207	—Correction of impermissible definitions of otherwise permissible payment events
§ 2:208	—Correction of impermissible payment periods following a permissible payment event
§ 2:209	—Correction of certain impermissible payment events and payment schedules
§ 2:210	—Correction of failure to include six-month delay of payment for specified employees
§ 2:211	—Correction of provisions providing for impermissible initial deferral elections
§ 2:212	—Amendment following a service recipient's initial adoption of a plan
§ 2:213	—Reporting requirements
§ 2:214	—Transition relief
§ 2:215	Relief provided in proposed income inclusion regulation
§ 2:216	Section 409A rules relating to funding
§ 2:217	Section 457A rules relating to offshore transactions and tax-exempt entities
§ 2:218	Section 280G excess parachute payments
§ 2:219	—Definitions and general rules—Excess parachute payment
§ 2:220	— —Parachute payment
§ 2:221	— —Base amount
§ 2:222	—Payment in the nature of compensation
§ 2:223	—Disqualified individuals
§ 2:224	— —Shareholder
§ 2:225	— —Officer
§ 2:226	— —Highly compensated individual
§ 2:227	— —Compensation
§ 2:228	— —Affiliated groups

- § 2:229 — —Disqualified individual determination period
- § 2:230 — —Outside directors
- § 2:231 —Change in control
- § 2:232 — —Change in ownership of stock
- § 2:233 — —Change in effective control
- § 2:234 — —Change in ownership of assets
- § 2:235 —Payment contingent on change in control—
Contingent on change in control
- § 2:236 — —Amounts of payment treated as contingent on
change in control—General rules
- § 2:237 — — —Exception for vested payments
- § 2:238 — — —Exception for certain non-vested payments
- § 2:239 — — —Determination of present values
- § 2:240 — —Presumption that payment is contingent on
change in control
- § 2:241 —Exempt payments
- § 2:242 — —“Small business corporations”
- § 2:243 — —Certain payments by corporation whose stock is
not readily tradeable
- § 2:244 — —Reasonable compensation
- § 2:245 — —Application of golden parachute rules to stock—
Stock options
- § 2:246 — —Restricted stock or restricted stock units
- § 2:247 —Reporting and withholding requirements
- § 2:248 —Minimizing exposure to § 280G
- § 2:249 —Strategies for dealing with excess parachute
payments
- § 2:250 —Privately held companies
- § 2:251 —Other strategies
- § 2:252 Excess parachute payments by TARP recipients
- § 2:253 Selected questions and answers regarding § 409A

CHAPTER 3. FEDERAL SECURITIES LAW ISSUES

- § 3:1 Pre-IPO registration issues—General
- § 3:2 —Becoming a public reporting company by virtue of
having a class of securities held of record by 2,000
shareholders or 500 non-accredited investors
- § 3:3 Available exemptions—Private Placement Exemption
under Section 4(a)(2)
- § 3:4 —Section 4(a)(2)—SEC and court opinions
- § 3:5 — —Safe harbor for § 4(a)(2)
- § 3:6 —Rule 701
- § 3:7 Federal requirements for public companies
- § 3:8 —Registration on Form S-8—Securities that may be
registered
- § 3:9 — —Content of a Form S-8
- § 3:10 — —Form S-8 and ESPP enrollment
- § 3:11 — —Section 10(a) prospectus

TABLE OF CONTENTS

§ 3:12	— —Electronic delivery of § 10(a) prospectus
§ 3:13	— —Reoffer prospectuses
§ 3:14	— —Increase in number of shares under employee benefit plan
§ 3:15	—Compliance with SEC Rule 16b-3
§ 3:16	— —Grant of option or Stock Appreciation Right (“SAR”)
§ 3:17	— —Option exercise by paying cash or through same-day sale
§ 3:18	— —Option exercise by delivery of shares
§ 3:19	— —Option exercise by stock withholding
§ 3:20	— —Award of securities
§ 3:21	— —SAR exercise
§ 3:22	— —Award or settlement of stock units
§ 3:23	— —Forfeiture of unvested shares
§ 3:24	— —Sale of shares
§ 3:25	— —Participation in ESPP
§ 3:26	— —Compliance in merger context
§ 3:27	Post-IPO sales by employees, consultants, etc.
§ 3:28	—Rule 144
§ 3:29	— —Sales by non-affiliates
§ 3:30	— —Sales by affiliates
§ 3:31	— — —Public information
§ 3:32	— — —Volume limitations
§ 3:33	— — —Manner of sale requirements
§ 3:34	— —Form 144 filing
§ 3:35	— —Holding periods
§ 3:36	—Rule 701(g)(3)
§ 3:37	—10b5-1 trading plans
§ 3:38	The executive compensation disclosure regime
§ 3:39	—Proxy—Item 402—Introduction
§ 3:40	— — —Identification of named executive officers— Companies other than smaller reporting companies (“SRC”) or emerging growth companies (“EGC”)
§ 3:41	— — — —Companies classified as SRCs or EGCs
§ 3:42	— — —Compensation subject to disclosure
§ 3:43	— — —CD&A—General
§ 3:44	— — —Compensation Committee Report
§ 3:45	— — —Summary Compensation Table
§ 3:46	— — —Grants of plan-based awards table
§ 3:47	— — —Narrative disclosure to summary compensation table and grants of plan-based awards table
§ 3:48	— — —Outstanding equity awards at fiscal year-end table
§ 3:49	— — —Option exercises and stock vested table
§ 3:50	— — —Pension benefits table
§ 3:51	— — —Nonqualified deferred compensation table

EXECUTIVE COMPENSATION

- § 3:52 — — — Potential payments upon termination or
change in control
- § 3:53 — — — Director compensation table
- § 3:54 — — — Narrative disclosure of the company's
compensation policies and practices as they relate to
the company's risk management
- § 3:55 — — — Golden parachute compensation
- § 3:56 — — Transactions—Compensation risk disclosure
- § 3:57 — — — Pay Ratio Disclosure
- § 3:58 — — Transactions with related persons
- § 3:59 — — — Changes in Item 404(a)
- § 3:60 — — — General disclosure requirements
- § 3:61 — — — Definitions
- § 3:62 — — — Exceptions for disclosure
- § 3:63 — — — Procedures for approval of related person
transactions
- § 3:64 — — — Promoters
- § 3:65 — — Corporate governance disclosure—Overview
- § 3:66 — — — Operation of Item 407
- § 3:67 — — Beneficial ownership disclosure
- § 3:68 — Shareholder approved/non-shareholder approved
table
- § 3:69 — Nonbinding shareholder vote on executive
compensation
- § 3:70 — — Effect of Say-on-Pay
- § 3:71 — Section 16(a) of the Securities Exchange Act of
1934
- § 3:72 — — Form 3 (Initial Statement of Beneficial
Ownership of Securities)
- § 3:73 — — Form 4 (Statement of Changes of Beneficial
Ownership)
- § 3:74 — — Form 5 (Annual Statement of Changes in
Beneficial Ownership of Securities)
- § 3:75 — — Exempt transactions
- § 3:76 — Form 8-K—General
- § 3:77 — — Director resignation or refusal to stand for
election due to disagreement
- § 3:78 — — Resignation or termination of certain officers
and directors
- § 3:79 — — Appointment of certain officers
- § 3:80 — — Election of director other than by shareholder
vote
- § 3:81 — — Adoption or amendment or material awards
under compensation of certain officers
- § 3:82 — — Update of item salary and bonus
- § 3:83 — Other matters—Plain English disclosure
- § 3:84 — — Small business issuers
- § 3:85 — — Foreign private issuers
- § 3:86 — — Performance graph
- § 3:87 SEC directive to stock exchanges

TABLE OF CONTENTS

§ 3:88	—General
§ 3:89	—Independence
§ 3:90	—Authority to retain compensation consultants, independent legal counsel and other compensation advisers at company expense
§ 3:91	—Consideration of independence of compensation consultants and other advisers
§ 3:92	—Opportunity to cure a failure to satisfy the listing standards required by SEC Rule § 10C-1
§ 3:93	SEC revision to proxy disclosure rules
§ 3:94	Governance and other rules for compensation committees—Nasdaq—General
§ 3:95	— —Charter requirement
§ 3:96	— —Compensation committee requirement
§ 3:97	— —Definition of independence
§ 3:98	—SEC Rules Applicable to Nasdaq and NYSE— Compensation consultants, independent legal counsel and other advisers
§ 3:99	—Nasdaq—Effective dates
§ 3:100	—NYSE
§ 3:101	Other Dodd-Frank compensation rules—Board leadership structure and risk oversight role
§ 3:102	—Pay versus performance
§ 3:103	—Clawbacks
§ 3:104	—Hedging transactions
§ 3:105	—Proxy access
§ 3:106	—Broker non-vote
§ 3:107	—Environmental, Social and Governance (“ESG”), including climate risk disclosure and implementation of human capital metrics
§ 3:108	—Disclosures relates to grants of stock options and stock appreciation rights (“SAR”)
§ 3:109	Proxy advisory firm guidance under Dodd-Frank
§ 3:110	Proxy advisory firm guidance
§ 3:111	Some thoughts on recent shareholder engagement issues
§ 3:112	—Who owns the ranch?
§ 3:113	—Convincing the herd
§ 3:114	—Harvest failures and procedural matters
§ 3:115	SEC guidance on cybersecurity

CHAPTER 4. STATE BLUE SKY LAW ISSUES

§ 4:1	Introduction
§ 4:2	California
§ 4:3	—Section 25102(f)
§ 4:4	—Section 25102(o)
§ 4:5	—Qualification by permit
§ 4:6	—Exemption for exchange-listed company

- § 4:7 —Qualification by coordination
- § 4:8 Colorado
- § 4:9 Connecticut
- § 4:10 Florida
- § 4:11 Illinois
- § 4:12 Maryland
- § 4:13 Massachusetts
- § 4:14 New Jersey
- § 4:15 New York
- § 4:16 North Carolina
- § 4:17 Oregon
- § 4:18 Texas
- § 4:19 Virginia
- § 4:20 Washington

CHAPTER 5. NEW YORK STOCK EXCHANGE AND NASDAQ RULES

- § 5:1 Introduction
- § 5:2 New York Stock Exchange Rules—Coverage of Exchange Rules
- § 5:3 —Requirements for issuers maintaining employee stock plans
- § 5:4 —Material revisions
- § 5:5 —Exemptions
- § 5:6 — —Tax qualified and parallel plans
- § 5:7 — —Employee-inducement grants
- § 5:8 — —Mergers & Acquisitions
- § 5:9 Nasdaq rules
- § 5:10 —Coverage of NASD rules
- § 5:11 —Corporate governance
- § 5:12 —Requirements for issuers maintaining employee stock plans
- § 5:13 —Material amendments
- § 5:14 —Case study—Amendments to nonqualified § 423 plan
- § 5:15 —Exemptions
- § 5:16 — —Tax qualified and parallel plans
- § 5:17 — —Employee-inducement grants
- § 5:18 — —Case study—Inducement grants
- § 5:19 — —Mergers & acquisitions
- § 5:20 New approaches to board diversity
- § 5:21 NYSE's Board Diversity Initiative
- § 5:22 Other Pertinent Nasdaq rules—Governance—Board Diversity

CHAPTER 6. ACCOUNTING FOR EQUITY AWARDS—A NON-TECHNICAL OVERVIEW OF SELECTED KEY ISSUES

- § 6:1 Introduction

TABLE OF CONTENTS

§ 6:2	ASC 718 measurement objective—General
§ 6:3	—Applicability to employees/non-employees
§ 6:4	— —Leased employees
§ 6:5	— —Non-employee directors
§ 6:6	— —Grants by related parties
§ 6:7	— —Grants to employees of related parties
§ 6:8	Fair value method—General
§ 6:9	—Equity or liability classification
§ 6:10	—Measurement date
§ 6:11	— —Date of grant
§ 6:12	— —Effect of vesting requirements
§ 6:13	—Measurement
§ 6:14	Fair value method measurement—Exclusions from value
§ 6:15	Fair value method exceptions
§ 6:16	Fair value method—Exceptions—Fair valuation not possible
§ 6:17	— —Private company volatility
§ 6:18	— —Liability awards of private companies
§ 6:19	—ESPPs
§ 6:20	Mechanics of fair valuation measurement
§ 6:21	—Option valuation
§ 6:22	—Option valuation models
§ 6:23	— —Black-Scholes
§ 6:24	— —Black Scholes—Expected term
§ 6:25	— — —Stock volatility
§ 6:26	— —Black-Scholes—Risk-free interest rate
§ 6:27	— — —Dividend yield
§ 6:28	— —Lattice models
§ 6:29	—Other factors
§ 6:30	Fair value recognition—General
§ 6:31	—Requisite service period
§ 6:32	Fair valuation recognition—Vesting must be probable
§ 6:33	Fair value recognition—Time based vesting
§ 6:34	—Performance vesting
§ 6:35	—Market-based vesting
§ 6:36	Liability awards
§ 6:37	—General
§ 6:38	—Repurchase rights
§ 6:39	—External measures
§ 6:40	—Mandatorily redeemable shares
§ 6:41	—Freestanding puts and calls
§ 6:42	—Book value redemption
§ 6:43	—Cashless exercise prior to ASU 2016-09
§ 6:44	—Cashless exercise after ASU 2016-09
§ 6:45	—Rewards of LLC, subsidiary-based interests, etc.
§ 6:46	Accounting for liability awards
§ 6:47	Modifications
§ 6:48	Change in employment status

- § 6:49 Business combinations
- § 6:50 Other topics
- § 6:51 —Tax effects
- § 6:52 —Disclosure
- § 6:53 —Earnings per share

CHAPTER 7. FOUNDER'S STOCK PURCHASE AGREEMENT FOR PRIVATE DELAWARE CORPORATION

- § 7:1 Introduction
- § 7:2 Stock purchase agreement

CHAPTER 8. FOUNDER'S STOCK RESTRICTION AGREEMENT FOR PRIVATE DELAWARE CORPORATION (WITH OR WITHOUT ACCELERATION)

- § 8:1 Introduction
- § 8:2 Stock restriction agreement

CHAPTER 9. FOUNDER'S SALARY DEFERRAL AGREEMENT

- § 9:1 Introduction
- § 9:2 Salary deferral agreement

CHAPTER 10. EMPLOYEE OFFER LETTER

- § 10:1 Introduction
- § 10:2 Employee offer letter

CHAPTER 11. EMPLOYMENT AGREEMENT

- § 11:1 Introduction
- § 11:2 Employment agreement

CHAPTER 12. CONSULTING AGREEMENT

- § 12:1 Introduction
- § 12:2 Consulting agreement

CHAPTER 13. CASH BONUS PLAN

- § 13:1 Introduction
- § 13:2 Bonus plan

CHAPTER 14. STOCK PLAN FOR PRIVATE DELAWARE CORPORATION

- § 14:1 Introduction
- § 14:2 Stock plan for private Delaware corporation

TABLE OF CONTENTS

**CHAPTER 15. STOCK OPTION
AGREEMENT FOR PRIVATE DELAWARE
CORPORATION**

- § 15:1 Introduction
- § 15:2 Stock option agreement

**CHAPTER 16. STOCK PURCHASE
AGREEMENT FOR PRIVATE DELAWARE
CORPORATION**

- § 16:1 Introduction
- § 16:2 Stock purchase agreement

**CHAPTER 17. OPTION PLAN FOR
DELAWARE LLC WITH CALIFORNIA
EMPLOYEES**

- § 17:1 Introduction
- § 17:2 Option plan

**CHAPTER 18. OPTION AGREEMENT FOR
DELAWARE LLC WITH CALIFORNIA
EMPLOYEES**

- § 18:1 Introduction
- § 18:2 Option agreement

**CHAPTER 19. STOCK TRANSFER
AGREEMENT (TRANSFeree
REPRESENTATIONS) FOR PRIVATE
CORPORATION**

- § 19:1 Introduction
- § 19:2 Stock transfer agreement

**CHAPTER 20. NOTICE OF STOCK OPTION
EXERCISE FOR PRIVATE CORPORATION**

- § 20:1 Introduction
- § 20:2 Notice of stock option exercise for private corporation

**CHAPTER 21. STOCK PLAN SUMMARY
FOR EMPLOYEES OF PRIVATE DELAWARE
CORPORATION**

- § 21:1 Introduction
- § 21:2 Stock plan summary

CHAPTER 22. NOTICE OF REPURCHASE OF UNVESTED SHARES FOR PRIVATE DELAWARE CORPORATION (NO PROMISSORY NOTE)

§ 22:1 Introduction

§ 22:2 Notice of repurchase of unvested shares (no promissory note)

CHAPTER 23. NOTICE OF REPURCHASE OF UNVESTED SHARES FOR PRIVATE DELAWARE CORPORATION (WITH PROMISSORY NOTE)

§ 23:1 Introduction

§ 23:2 Notice of repurchase of unvested shares (with promissory note)

CHAPTER 24. BOARD RESOLUTIONS FOR PRIVATE DELAWARE CORPORATION TO ADOPT STOCK PLAN AND MAKE INITIAL GRANTS (INSTALLMENT VESTING)

§ 24:1 Introduction

§ 24:2 Board resolutions to adopt stock plan and make initial grants (installment vesting)

CHAPTER 25. ILLIQUID VALUATION MEMO

§ 25:1 Introduction

§ 25:2 Analysis of company valuation

CHAPTER 26. BOARD RESOLUTIONS FOR PRIVATE DELAWARE CORPORATION TO ADOPT STOCK PLAN AND MAKE INITIAL GRANTS (REVERSE VESTING)

§ 26:1 Introduction

§ 26:2 Board resolutions to adopt stock plan and make initial grants (reverse vesting)

CHAPTER 27. STOCK OPTION AND RESTRICTED STOCK PLAN FOR PUBLIC DELAWARE CORPORATION

§ 27:1 Introduction

§ 27:2 Stock option and restricted stock plan

TABLE OF CONTENTS

**CHAPTER 28. PROSPECTUS FOR STOCK
OPTION AND RESTRICTED STOCK PLAN
FOR PUBLIC DELAWARE CORPORATION**

§ 28:1 Introduction

§ 28:2 Prospectus for stock option and restricted stock plan

**CHAPTER 29. OMNIBUS EQUITY
INCENTIVE PLAN FOR PUBLIC DELAWARE
CORPORATION**

§ 29:1 Introduction

§ 29:2 Omnibus equity incentive plan

**CHAPTER 30. PROSPECTUS FOR
OMNIBUS EQUITY INCENTIVE PLAN FOR
PUBLIC DELAWARE CORPORATION**

§ 30:1 Introduction

§ 30:2 Prospectus for omnibus equity incentive plan

**CHAPTER 31. OUTSIDE DIRECTORS'
STOCK OPTION PLAN FOR PUBLIC
DELAWARE CORPORATION**

§ 31:1 Introduction

§ 31:2 Outside directors' stock option plan

**CHAPTER 32. PROSPECTUS FOR
OUTSIDE DIRECTORS' STOCK OPTION
PLAN FOR PUBLIC DELAWARE
CORPORATION**

§ 32:1 Introduction

§ 32:2 Prospectus for outside directors' stock option plan

**CHAPTER 33. STOCK OPTION
AGREEMENT WITH INSTALLMENT
VESTING FOR PUBLIC DELAWARE
CORPORATION**

§ 33:1 Introduction

§ 33:2 Stock option agreement with installment vesting

**CHAPTER 34. RESTRICTED STOCK
AGREEMENT FOR PUBLIC DELAWARE
CORPORATION**

§ 34:1 Introduction

§ 34:2 Restricted stock agreement

CHAPTER 35. STOCK UNIT (PHANTOM STOCK) AGREEMENT FOR PUBLIC DELAWARE CORPORATION

§ 35:1 Introduction

§ 35:2 Stock unit (phantom stock) agreement

CHAPTER 36. NOTICE OF STOCK OPTION EXERCISE FOR PUBLIC CORPORATION

§ 36:1 Introduction

§ 36:2 Notice of stock option exercise

CHAPTER 37. EXERCISE OF STOCK OPTION—ATTESTATION TO STOCK OWNERSHIP

§ 37:1 Introduction

§ 37:2 Exercise of stock option

CHAPTER 38. BENEFICIARY DESIGNATION FOR STOCK OPTIONS

§ 38:1 Introduction

§ 38:2 Beneficiary designation

CHAPTER 39. BOARD RESOLUTIONS FOR PUBLIC DELAWARE CORPORATION TO ADOPT STOCK PLAN AND ESPP

§ 39:1 Introduction

§ 39:2 Resolutions of the board of directors to adopt stock plan and ESPP

CHAPTER 40. QUALIFIED EMPLOYEE STOCK PURCHASE PLAN WITH SIX-MONTH OFFERING PERIODS

§ 40:1 Introduction

§ 40:2 Qualified employee stock purchase plan (six-month offering periods)

CHAPTER 41. PROSPECTUS FOR EMPLOYEE STOCK PURCHASE PLAN WITH SIX-MONTH OFFERING PERIODS

§ 41:1 Introduction

§ 41:2 Prospectus for employee stock purchase plan (six-month offering periods)

TABLE OF CONTENTS

CHAPTER 42. QUALIFIED EMPLOYEE STOCK PURCHASE PLAN WITH 24-MONTH OFFERING PERIODS

- § 42:1 Introduction
- § 42:2 Qualified employee stock purchase plan (24-month offering periods)

CHAPTER 43. PROSPECTUS FOR EMPLOYEE STOCK PURCHASE PLAN WITH 24-MONTH OFFERING PERIODS

- § 43:1 Introduction
- § 43:2 Prospectus for employee stock purchase plan (24-month offering periods)

CHAPTER 44. EMPLOYEE STOCK PURCHASE PLAN ENROLLMENT FORM FOR PUBLIC DELAWARE CORPORATION

- § 44:1 Introduction
- § 44:2 Employee stock purchase plan enrollment form

CHAPTER 45. BENEFICIARY DESIGNATION FORM FOR EMPLOYEE STOCK PURCHASE PLAN

- § 45:1 Introduction
- § 45:2 Beneficiary designation form

CHAPTER 46. PROFITS INTEREST PLAN DELAWARE LLC

- § 46:1 Introduction
- § 46:2 Restricted Class C unit plan

CHAPTER 47. PHANTOM UNIT PLAN FOR DELAWARE LLC

- § 47:1 Introduction
- § 47:2 Phantom unit plan

CHAPTER 48. 409A CASH DEFERRAL AND SAVINGS PLAN

- § 48:1 Introduction
- § 48:2 Savings plan document

CHAPTER 49. PHANTOM UNIT AWARD AGREEMENT

- § 49:1 Introduction

§ 49:2 Phantom unit award agreement

CHAPTER 50. AWARD AGREEMENT

§ 50:1 Introduction

§ 50:2 Restricted Class C Unit award agreement

CHAPTER 51. RULE 701 COMPLIANCE

§ 51:1 Introduction

§ 51:2 Rule 701 compliance worksheet

CHAPTER 52. COMPARATIVE TERMS AND CONSIDERATIONS FOR STOCK OPTIONS, RESTRICTED STOCK, ETC.

§ 52:1 Introduction

§ 52:2 Comparative terms and considerations for stock options, restricted stock, restricted stock units and stock appreciation rights

CHAPTER 53. INSTITUTIONAL SHAREHOLDER SERVICES, US PROXY VOTING GUIDELINES

§ 53:1 Introduction

§ 53:2 United States Concise Proxy Voting Guidelines

CHAPTER 54. INSTITUTIONAL SHAREHOLDER SERVICES, COMPENSATION POLICIES, FREQUENTLY ASKED QUESTIONS (FAQS)

§ 54:1 Introduction

§ 54:2 2024 U.S. Compensation Policies FAQs

CHAPTER 55. INSTITUTIONAL SHAREHOLDER SERVICES, EQUITY COMPENSATION PLANS, FREQUENTLY ASKED QUESTIONS (FAQS)

§ 55:1 Introduction

§ 55:2 2014 Equity Compensation Plans FAQ

CHAPTER 56. 2016 PROPOSED SECTION 409A REGULATIONS

§ 56:1 Proposed Section 409A Regulations

CHAPTER 57. VORYS 2016 409A PROP REGULATION CHART

§ 57:1 Vorys 2016 409A Prop Regulation Chart

TABLE OF CONTENTS

**CHAPTER 58. GOLDEN PARACHUTE
PAYMENTS GUIDE**

§ 58:1 I.R.S.: Golden Parachute Payments Guide

Table of Laws and Rules

Table of Cases

Index