Contents

Preface	V
Table of Cases	xiii
Table of Statutes	XV
Table of Statutory Instruments	xxi
Table of EC and International Legislation	xxiii
Abbreviations and References	XXV
Chapter 1 Introduction	1
Chapter 2 Types of Scheme Available	3
Introduction	3
Discretionary schemes	3
Schemes for all employees	7
Other arrangements	9
Chapter 3 The ABI/IMA and Other Institutional Investor	
Guidelines	11
Introduction	11
Current guidelines	11
Historical development of the ARI Guidelines	12
Summary of current ABI (MA) Guidelines	12
Chapter 4 Establishment of Schemes	18
Introduction	18
Companies Act 2005	18
Prospectus Rules	22
Financial Services and Markets Act 2000	24
Listing Rules	25
Model Code on directors' dealings in securities	31
Establishing a scheme or plan	34
HMRC notification requirements	35
Scheme shares - tax-advantaged schemes under ITEPA 2003	42
Valuations of shares	47
Employee communications	50
Duration of a scheme	52
Renewal of schemes	53
Appendix 4A Recognised Stock Exchanges	54
Chapter 5 Discretionary Share Option Schemes	56
Introduction	56
Principal differences between CSOP options and 'unapproved'	56

	ved share options	57
CSOP op		66
Eligibility	y criteria in share option schemes	66
Grant of		68
Procedure	e	70
Price		70
Non-trans	sferability of an option	76
	l participation limit	76
Scheme 1		79
	of options	79
	by employees	80
	by former employees	80
	nce targets	
	ents to CSOPs	83 85
Appendix 5A	Discretionary Share Option Scheme Rules	87
	nterprise Management Incentives	103
Introducti	A COLUMN AND A COL	103
	son with CSOP options	103
Qualifyin		104
	ents to be satisfied	105
Income ta		115
Capital ga		118
Replacem	nent options on a change of control	119
Annual re		120
HMRC p	ower to require information	120
Share val	uations	121
Appendix 6A	Enterprise Management Incentive Agreement	122
	TIPs: Performance, Deferred, Matching,	1/4
	nd Convertible Shares	132
Introducti		132
	nce shares	135
Deferred		140
Matching		142
Restricted		143
Convertib	ple securities	148
	ng for LTIPs	149
	pany's tax position	149
Trustees'	tax position	150
Other stru	icturing issues	152
Appendix 7A	Performance Share Awards	156
Appendix 7B	Deferred Share Awards	167
Appendix 7C	Matching Shares Awards	176

ix

Option certificate

Employee communications

Non-transferability of options	271
Savings contract	272
Scheme limits	276
Exercise of options	276
Appendix 12A Savings-Related Share Option Scheme	281
Chapter 13 Takeovers, Reconstructions, Demergers and Dividends	296
Takeovers	296
Schemes of arrangement	311
Voluntary winding-up	313
Demerger	314
Dividends	318
Share incentive plans	318
Special dividends	318
Scrip dividends	319
Chapter 14 Variations of Share Capital	320
Introduction	320
Listing Rules	320
Tax-advantaged schemes	320
Rights issues	321
Capitalisation issues	324
Sub-divisions and consolidations	325
Reduction of share capital Other variations of share capital	325 326
Other variations of share capital	320
Chapter 15 Accounting and the Statutory Corporation Tax	
Deduction	327
Accounting for share awards	327
Statutory corporation tax deduction	330\
Chapter 16 EBTs and Using Existing Shares	334
What is an EBT?	334
Employees' share schemes linked to an EBT	334
Financing of EBTs	336
Establishment of an EBT	339
Tax aspects	341
EBTs and share options	347
Accounting for EBTs	348
Listing Rules Disclosure and Transparency Rules	348 348
ABI Guidelines	349
Directors' report and accounts	349
Model Code	350
FATCA	350
Disguised remuneration	351

269

271