

Equity Compensation in a Corporate Action

Asking the Right Questions

A corporate action almost always means turbulent times for employees and companies, and while there is no magic formula to combatting the chaos that comes from a business disruption, there are things you can do to gain more control over the process and prevent your company from becoming an M&A statistic. For example, consider using an equity specific questionnaire in connection with the transaction. This document can be a useful and fundamental tool for obtaining critical information, e.g., country-specific program arrangements, from many people and for many purposes during this time.

The Equity Questionnaire

Because every transaction is unique and the depth of information needed about equity compensation will differ depending on the company and the dynamics of the deal, the type of questionnaire needed may vary. Still, there are certain common themes, e.g., people, processes, technology and communications that are generally part of any transaction and should be focus areas in any standard equity questionnaire. Further, the subset of questions you include in your questionnaire—at minimum, should provide answers to the following questions.

- What will happen to the equity plans as a result of the transaction, e.g., acceleration of vesting, termination of existing ESPP?
- Who are the current vendors servicing plan participants and what is the nature of the relationship with each?
- Does the company have plan participants located outside of the U.S.? If so, what equity awards have been offered, in what countries and have securities filings/exemptions, exchange control and data privacy filings and/or approvals been made or obtained in any countries?
- Is there a strategic approach to communicating program changes, e.g., new exercise / enrollment procedures, to employees?
- Are there any special terms that apply to any grants issued and outstanding?

An equity questionnaire is one of the most important resources you can use before, during and post-merger. It is your blueprint to success and will go a long way to establishing order when time is critical and information is needed quickly from many people.

Computershare hosted a webcast on May 17 with PwC on everything you need to know about equity compensation in a corporate action where panelists shared their own tips to success in a business combination. Tune in to the [audio recording](#) to hear their advice!