

Country	Change	Effective Date	See Alert From
Belgium	<p><b>Tax.</b> Belgian legislation has been enacted to extend the scope of the tax on stock exchange transactions. Previously the stock exchange tax Company only to transactions made through Belgian intermediaries. From January 1, 2017, the tax applies also to transactions carried out by Belgian investors through a foreign intermediary.</p> <p><b>Rutlen comment:</b> If applicable, Company should review update its employee communications.</p>	January 1, 2017	<p>Baker &amp; McKenzie <i>Belgium expands scope of stock exchange tax</i></p> <p>Reported in Q1 Report by Deloitte Tax and PwC</p>
European Union	<p><b>Securities law.</b> The new EU Prospective Regulation is expected to be published in June 2017 and is expected to apply as of June 2019.</p> <p>Under the Regulation states that there should be no prospectus required for employee share plans, a document containing information on the number and nature of the securities and the reasons for and details of the offer would suffice.</p> <p>In addition, the Regulation applies to all companies, whether or not a company is established or listed inside or outside of the EU.</p> <p>The implementation of the new prospectus regime as a regulation rather than a directive means the Regulation will have immediate effect without the need for local law to become part of the legislation of each EU member state.</p> <p><b>Rutlen comment:</b> Until the Regulation becomes effective, Company needs to continue to follow the current Prospectus Directive requirements.</p>	Expected June 2019	<p>Baker &amp; McKenzie <i>New EU Prospectus Regulation to replace the EU Prospectus Directive</i></p> <p>Deloitte Tax <i>Prospectus requirements - a relaxation of restrictions imposed on the employee share scheme exemption</i></p> <p>KPMG <i>United Kingdom – What new EU prospectus regulation means for share plans</i></p>

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European Union	<p><b>Data privacy.</b> The EU General Data Protection Regulation comes into force on May 25, 2018 with the intent of putting individuals in control of their data. Under the Regulation, when consent is utilized for the use of data, there will be minimum standards including:</p> <ul style="list-style-type: none"> <li>• Consent must be freely given, specific, informed and unambiguous; consent presented as “take it or leave it” will not be regarded as freely given.</li> <li>• Consent must involve clear, affirmative action by the individual.</li> <li>• Consent must be recorded accurately.</li> <li>• Written consent for specific data use should be clearly distinguished from other matters within a contract.</li> <li>• It must be possible for individuals to withdraw consent at any time. There cannot be detriment if consent is refused or withdrawn.</li> </ul> <p>Non-compliance may result in significant fines. These fines can be the greater of €20 million or 4% of annual worldwide turnover.</p> <p><b>Rutlen comment:</b> If Company is relying on consent for its stock plan administration, it should review the new requirements before May 2018.</p>	May 25, 2018	Tapestry <i>Regulatory changes affecting share plan administration</i>
France	<p><b>Tax.</b> According to a recent government press release, tax withholding reform will be postponed until January 1, 2019.</p> <p><b>Rutlen comment:</b> There will be no need to prepare for French resident income tax withholding until fall 2018; social tax withholding and non-resident income tax withholding continues.</p>	January 1, 2019	EY <i>Implementation of a French withholding tax expected to be postponed by one year</i>  KPMG <i>France – Withholding Tax: a Reform Postponed or Ditched?</i>

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France	<p><b>Tax.</b> In a decision dated April 28, 2017, the French Constitutional Court ruled that employers can claim a refund of the employer social insurance contribution paid upon grant of French-qualified RSUs if the RSUs are subsequently forfeited. In reaching its decision, the court reasoned that the law cannot require an employer to pay tax on remuneration that is not actually paid.</p> <p><b>Rutlen comment:</b> Company should determine whether to request a refund of employer social taxes on tax qualifying RSUs that were subsequently forfeited.</p>	Ongoing	<p>Baker &amp; McKenzie <i>Employer social tax refunds possible for forfeited French-qualified RSUs</i></p> <p>Tapestry <i>Good news - tax qualified free share awards - social contribution refund?</i></p>
Ireland	<p><b>Labor law.</b> The Employment Appeals Tribunal (“EAT”) recently ordered an employer to pay an employee €105,000 for unfair dismissal; the value of stock options were excluded from its assessment of loss.</p> <p><b>Rutlen comment:</b> The EAT considered the offer letter, employment contract and the stock option agreement before reaching its decision to exclude the value of stock options. It should be noted that in this case the stock options were not part of the offer letter. An employee’s stock compensation may factor in the calculation of an award for unfair dismissal in different circumstances, it is always best to keep the mention of stock compensation out of the offer letter and employment contract.</p>	Ongoing	<p>Mason Hayes &amp; Curran <i>Employment Update: EAT clarifies whether stock options should be considered when calculating unfair dismissal awards</i></p>

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Japan	<p><b>Potential changes to securities filings.</b> Historically, the Japanese Financial Services Agency (FSA) has not treated stock awards granted for no consideration to be subject to securities filings. However, recently it concluded that a company's offer of RSUs to its Japanese employees was a securities offering and required the company to make an associated securities disclosures.</p> <p><b>Rutlen comment:</b> Company should continue to work with its securities counsel regarding securities requirements in Japan.</p>	Ongoing	Baker & McKenzie <i>Potential changes to Japanese securities filing obligations</i>
Philippines	<p><b>Securities law.</b> The Philippines SEC has adopted a new policy requiring all foreign companies issuing shares under an employee share plan to obtain a confirmation of exemption under Section 10.2 of the Securities Regulation Code ("SRC"). This means that issuances of shares pursuant to an employee share plan will no longer be considered as an exempt transaction under Section 10.1 of the SRC, even if there are fewer than 20 offerees in the Philippines within a 12-month period. According to the Director of the Director of the Markets and Securities Regulation Department ("MSRD"), the rationale for this new policy is that the SEC wants to review the implementation of all plans in the Philippines, in order protect the interest of the employees in the Philippines.</p> <p>The Director of the MSRD mentioned that the SEC will implement this new policy immediately, pending issuance of a memorandum circular.</p> <p><b>Rutlen comment:</b> Company should continue to work with its securities counsel regarding securities requirements in the Philippines.</p>	Pending	Baker & McKenzie <i>Philippines SEC adopts new policy requiring all companies to obtain a securities exemption for share-settled awards</i>

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United Kingdom	<p><b>Tax.</b> Due to issues with the Employment Related Securities portal, HMRC have extended the share schemes reporting deadline for 2016/17 UK tax year from July 6 to August 24, 2017.</p> <p><b>Rutlen comment:</b> Company should ensure its filing is complete prior to August 24, 2017.</p>	Ongoing	Deloitte Tax <i>United Kingdom – Extension of UK share plan return deadline for 2016/17</i>
United Kingdom	<p><b>Tax.</b> An employer is required to pay the withholding tax due to HMRC by the relevant payment date irrespective of whether it has collected the tax from the employee by that date. If the employee does not reimburse employer by the 90<sup>th</sup> day after the end of the tax year, the employee is deemed to have received a benefit equal to the tax not recovered. This results in an additional charge to the employee on the amount of tax that was not recovered, and ultimately a gross-up charge regardless of whether the employee subsequently reimburses the local subsidiary.</p> <p>HMRC has indicated that the grossing up tax charge can be avoided if there is an enforceable contractual agreement under which the employee indemnifies the employer for the income tax due.</p> <p><b>Rutlen comment:</b> Company should review its UK stock agreements to make sure there is an enforceable contractual agreement for the collection of taxes.</p>	Ongoing	Baker & McKenzie <i>HMRC confirms no grossing up tax charge applies on PAYE defaults where enforceable indemnification provisions in place</i>

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United States	<p><b>Accounting.</b> In May, the FASB issued Accounting Standards Update No. 2017-09, Stock Compensation, Topic 718, Scope of Modification Accounting (the “ASU”). The ASU should reduce the instances that require modification accounting to a share-based award. Under the ASU, a company should apply modification accounting, unless the following conditions is met:</p> <ol style="list-style-type: none"> <li>1. The fair value of the modified award is the same as the fair value of the original award.</li> <li>2. The vesting conditions of the modified award are the same as the vesting conditions of the original award</li> <li>3. The classification of the modified award as an equity or liability instrument is the same as the original award.</li> </ol> <p><b>Rutlen comment:</b> Company should discuss the implications of the ASU on any modified awards with its auditor.</p>	Accounting periods starting on or after December 15, 2017 unless early adopted	Winston Strawn <i>FASB issues helpful guidance on accounting for equity-based compensation</i>
United States	<p><b>Securities law.</b> Effective September 5, 2017, brokers in the U.S., Canada and Mexico will be required to settle most securities transactions within two business days after the trade date (“T+2”).</p> <p>Companies need to be prepared to process transactions within T+2. There is an ensuing impact to the Federal next day deposit rule, which requires the deposit of employment taxes with the IRS within one business day when an employer accumulates \$100,000 or more of employment taxes. Under a 2003 Field Directive, the IRS considers timely a deposit of taxes relating to a broker-assisted cashless option exercise made within one day of the settlement, i.e., by T+4 under the current settlement cycle. The IRS has not yet issued any guidance on the rule change; however, with the implementation of the new T+2 settlement, the next day deposit rule may mean a corresponding reduction of the deposit deadline for taxes relating to such exercises to T+3.</p> <p><b>Rutlen comment:</b> Company should review its processes to ensure that it can process transactions within the T+2 deadline as well as managing the tax deposits timely. Note that the IRS Field Directive does not apply to RSUs.</p>	September 5, 2017	<p>Baker &amp; McKenzie <i>SEC amends settlement cycle rule from T+3 to T+2</i></p> <p>Solium <i>Shorter settlement date in US and Canada</i></p>