

newsbrief

April 2018



CONFERENCES AND EVENTS

newspad summit: Paris June 21-22 2018

newspad's 2018 international employee equity summit will be in Paris on Thursday & Friday June 21-22, hosted by Linklaters at its **25 rue de Marignan** offices.



The Centre has added two new exciting presentations to the line-up, each bringing a unique insight into current major issues. Angelina Lederle of Airbus SE will join Jennifer Rudman and Graham Avinou of Centre member Equiniti to provide an in-depth analysis of Airbus's all-employee plans. Dominic Jacquesson of Index Ventures, the global venture capital firm with clients such as Farfetch – which is tipped as launching **the fashion store of the future**, will also speak. He will debunk how to reward talent by providing a guide to stock options for European entrepreneurs.

Other programme highlights include business succession planning; corporate governance - *RIP Carillion?*; share plans regulation - *try mifid II and*

GDPR for size; executive equity reward; global plan communication techniques; trustee share plan administration; equity plan case histories - such as construction materials giant St Gobain; and, the implications of Brexit for international employee equity plans.

newspad thanks **Zedra** for its co-sponsorship of the **programme e-brochure**.



Speakers include experts from FONDACT; St Gobain; Linklaters; and Willis Towers Watson. French Senator Henri Leroy has been invited and former government adviser Marcel Hipszman has accepted.

Time is allocated for debates which delegates can lead. Participants are invited to the summit drinks reception, hosted by Linklaters, and informal dining groups organised on Wednesday and Thursday evenings.

Book your place by emailing global@esopcentre.com or call the team on +44 (0)20 7239 4971.

Delegate fees*:

Centre member practitioners: £395 each

Non-member practitioners: £615 each

Plan issuer representatives: FREE (subject to £10 admin fee)

*There is no VAT, because the summit takes place outside the UK.

You are also invited to **co-sponsor the summit** which provides an excellent opportunity to raise your profile in influential circles. To register your interest contact *newspad* editor, **Fred Hackworth** – but hurry: sponsorship places are limited.

Jersey share schemes and trustees seminar: May 2 2018

There are just two weeks left to book to attend the Centre's annual **Jersey share schemes and trustees conference**, held in association with STEP, which will be on Wednesday May 2 at the Pomme d'Or Hotel in St Helier.



The annual half-day conference is an industry leading networking and learning opportunity for all those interested in share schemes and EBT trusteeship - now more topical than ever following the Ministry of Justice's update to its **fact sheet on the UK's relationship with the Crown Dependencies**, published on March 29. Lord Keen, the UK minister responsible for Crown Dependencies business within Whitehall, has been invited.

The programme will cover the latest taxation, legal and regulatory issues in Jersey and the UK.

Speakers include:

- Colin Powell CBE, States of Jersey & Rosemary Marr, STEP Jersey
Panel session on Jersey, the UK and the EU. What met the eye in the Ministry of Justice fact sheet?
- Paul Malin, Haines Watts
The new challenges: the Trust Registration Service; what to do when a 10 yearly charge for IHT purposes has been missed on a trust; the revised Settlement terms for exiting all forms of tax avoidance (EBT loans included); the deferral of the April 2019 loan charge; the Digital Disclosure Service/Worldwide Disclosure Facility.
- David Pett, Temple Tax Chambers
Recent UK cases in the courts/tribunal
- Graham Muir, CMS
Impact of GDPR on employee share plans: where arrangements involve third party administrator/trustees based within the EEA or outside.
- Stephen Woodhouse, Pett Franklin
Employee trusts: challenges and opportunities
- David Craddock, David Craddock Consultancy Services
Vix and you – share schemes in an era of volatility

Attendance costs £375 for Centre / STEP members and £480 for non-members. The event starts at 9:00 am and concludes at 13:15, followed by a networking lunch.*

*Timings subject to minor changes at the discretion of the Centre.

To book your place, email:

events@esopcentre.com or call +44 (0)20 7239 4971.

WEBINARS

Following the UK government's consultation on taking greater powers to intervene in foreign takeovers that raise national security concerns, and similar developments within other major nations, Linklaters will advise on how this could make the landscape for companies looking to buy and sell in developed countries bumpier. Click [here to sign up](#) for the session which will run from 14:00-15:00 on Tuesday April 24.

Join CMS on Tuesday April 24 from 12:00-12:45 to learn about [how cybersecurity fits with GDPR](#). Questions assessed include what can be learnt from: recent legislative trends, cases and regulatory sanctions; and, what are the recommended breach management procedures internally and in the relationship with data processors?

Garry Karch, of RM2, will evaluate the use of the [EOT as a session planning tool and whether an EOT could be good for your business](#) on Wednesday April 25, from 11:00-11:45 am.

CENTRE & MEMBER NEWS

FinTech company of the year visits Silicon Valley

Global Shares, winner of the *FinTech company of the year award* at Deloitte's Fast 50 awards, has [visited Silicon Valley](#) as a prize winning trip.

Tim Houstoun, Global Shares' ceo, said: "I am very proud to represent Global shares on this superb trip to Silicon Valley and to explore the many opportunities arising from it. Winning the Deloitte FinTech Award is a tremendous endorsement of what we have achieved in recent years."

CMS wins Middle East law award

CMS has been declared the Middle East's *Energy, Mining & Utilities Law Firm of the Year*, at the 2018 Mergermarket Middle East M&A Awards.

Bird & Bird announces Digital Power List short list

Bird & Bird and City A.M. have announced their *Digital Innovators Power List* finalists: 50 of the most inspiring companies impacting the market as a "life changer" or a "digital transformer".

Covington opens Frankfurt office

Covington and Burling has opened a new office in Frankfurt, Germany, its third European office. "Covington will offer German companies a unique capability to help them navigate through their most complex and consequential business issues in their most important international markets, including the United States, China, Europe, the Middle East, and Africa. Our new German team is of outstanding quality and will provide important synergies with the firm, including our London and Brussels offices and will allow us to serve the needs of our clients who have legal issues in Germany" said Timothy Hester, chairman of Covington.

UK AND WORLD NEWS

EMI tax benefits may be "secured within weeks"

HMRC told David Pett, a member of the Centre's steering committee, on Monday April 16 that the European Commission is likely to renew approval for EMI options within weeks.

Approval lapsed on April 6 and HMRC is keen to

prevent a hiatus. It confirmed to Mr Pett that "there is no reason to suppose that fresh approval will not be forthcoming". As a result there is as yet no contingency planning for clawback of reliefs for options purportedly granted as EMIs since then, should the fresh approval not be retrospective, or not forthcoming.

In another positive step HMRC is considering the status of fresh options granted after April 6 under an EMI option exchange, as provided for in Schedule 5, ITEPA.

Wawa to hire 5,000 more employees

American convenience and gas store chain Wawa, which is one of the ten largest ESOPs within the USA, will hire 5,000 additional staff members as part of its annual spring hiring campaign. Forty one percent of Wawa is currently owned by its employees through its ESOP, which has more than 11,000 participants.

Ministry of Justice updates Crown Dependencies fact sheet

The Ministry of Justice published its updated **fact sheet** on the relationship between the UK and the Crown Dependencies on March 29. The document notes that when the UK withdraws from the EU, Protocol 3, under which the Crown Dependencies are part of the Customs Union, will fall away. In response, the fact sheet states that "The UK Government has committed to continue to work closely with the Crown Dependencies to ensure that their interests are taken into account throughout the withdrawal process and beyond."

Indian government to create Air India ESOP from its stake in company

The Indian minister of state for civil aviation,

Jayant Sinha, has announced that **the Indian government will make an ESOP from its own stake in Air India**. On March 25 the government announced its plans to sell its 76 percent stake in the company. It has been stated that once the ESOP is created, the government's stake in Air India may fall below 20 percent.

American youth for wages of capital?

Research by Professors Blasi and Kruse of Rutgers University shows that **75 percent of young Americans support employee ownership**. The research follows a 2016 Harvard University survey which suggests that more young Americans (aged 18-29) are unhappy with capitalism than ever before. The authors argue that young Americans are not unhappy with capitalism, but want the capital to be shared more broadly.

Samsung employee mistake causes company to pay out 2.8 billion shares into employees' accounts

A misinterpretation by a Samsung employee caused the company to **pay out 2.8 billion of its shares to more than 2,000 of its employees as part of a dividend payment**. The pay-out, which was paid as part of Samsung's share ownership plan, was meant to be 1000 won (\$1.21) a share to a total value of 2.8bn won (\$2.6m). However, an employee allegedly mistook won for shares and issued 1,000 shares for every 1,000 won which should have been paid out. As a result, the company issued 111.8 trillion won's (\$140bn's) worth of shares into employees' accounts.

It took the firm 37 minutes to block the sale of the *accidental shares*, by which time 16 employees had allegedly sold their shares for \$241m.

SAMSUNG

MEMBER PROFILE



Mike Pewton is executive director at Solium Global Compliance

In what ways does employee share ownership serve a useful purpose?

The main aim of employee share ownership at an all employee level is to bring employees together behind the company. Giving them more of a sense of identity with their company while allowing them to share in any success of the company.

How can we widen and deepen the adoption and use of employee share ownership?

I always like to see a link between executive plans and all employee plans wherever possible. Some countries like France and Australia link tax benefits in plans to all employee participation and I think this is a great way forward. Increased knowledge of plans and shares in general and, more work on communications is essential if we are to widen employee understanding and inevitably participation.

What would you tell someone on the fence about introducing employee share ownership to their company?

It needs to be thought out in terms of objectives

and communications strategy, and nothing should be taken for granted. Understanding is almost certainly (particularly on a global level) at a lower level than we would generally think so communication and simplicity is key.

What do you think will change about employee share ownership over the next five years?

I think we will continue to expand broader ownership and companies will move toward a more simplistic model for global share plans. As regulation increases (and we are already seeing this in tax and data privacy) companies will need to be more in control of how plans are being run and rolled out and will need more support. Simplifying how these plans are run will be essential to ensure that companies and advisors can keep pace with changes to regulations.

What has been the most important development in employee share ownership during your career?

The increase in global plans and the increased regulations around these. Again, in terms of international tax and mobility (and the audits around it) and securities and exchange controls. Fortunately, the advisor industry has also adapted to these changes with technology making these services more transparent and affordable, allowing advisors to facilitate compliance in a cost and time effective manner.

Which change to employee share plans legislation, in the UK or elsewhere, would you most like to see?

Greater EU harmonisation of regulatory background is helpful and the changes in the EUPD will hopefully continue this trend. Harmonisation of tax in the EU would also simplify life for global companies.

Why do you think employee share ownership has enjoyed cross-party support in the UK?

It's clearly a positive for all, companies, employees, HMRC and a move towards enriching employees and their relationship at work. All politicians should (and do) broadly support these themes.

Which aspect of the Esop Centre do you most value?

Community allowing professionals to get together and discuss important issues and ideas on share plans.

Which aspect of the Esop Centre would you most like to change?

I think the Esop Centre could look to broaden and advertise its membership base to take up a larger role with and share of UK and/or global companies.

What is your idea of perfect happiness?

If it exists it would involve high achievement, a sporting endeavour and a perfect cup of tea.

What is your most marked characteristic?

A desire for change and belief that this is possible through technology.

What do you consider your greatest achievement?

Setting up an advisory service for legal and tax services based on the use of technology in a additional (and at times conservative) profession.

What historical figure do you most identify with?

Disraeli.

Which living person do you most admire?

Pep Guardiola

Who are your heroes in real life?

Mostly footballers. Overpaid yes, but a profession that depends on performing at the highest level in the public eye everyday with no allowance for background or reputation.

Mohamed Ali, Steve Jobs.

Which word or phrases do you most overuse?

Nothing is impossible, if we could put a man on the moon...

What is your most treasured possession?

I'm not big on possessions... Currently it's my bike.

ABOUT NEWSBRIEF

newsbrief is the Employee Share Ownership Centre's members only mid-month publication with reporting provided by Robert Jarvis.

If you would like to sponsor an edition of *newsbrief* and place an extended announcement contact Laurence Cubbon: lcubbon@esopcentre.com

T:+44 (0)20 7239 4914

To submit a story for the next issue of *newsbrief* or to propose someone for a member profile, contact Robert Jarvis: rjarvis@esopcentre.com

T:+44 (0)20 7239 4971



Esop Centre Ltd, 65 King's Cross Road, London WC1X 9LW

+44 (0)20 7239 4971 | esop@esopcentre.com | www.esopcentre.com