



ESOP CENTRE CSOP CAMPAIGN

The CSOP changes in the Finance Bill are still on course. Action is on the agenda for several different categories of employee.

Large listed organisations are considering it as part of the menu for below board incentivisation, or as a tax advantaged bolt-on to a more standard LTIP arrangement.

The new CSOP opens up a host of possibilities for smaller businesses because of the relaxations in the type of share capital which they can use and whether that can be used in conjunction with growth shares and that type of structure. There are still a number of restrictions around the terms you can bring into a CSOP, but the bottom line is clear: there is a welcome opening up for many companies which can't use EMI.

EVENTS

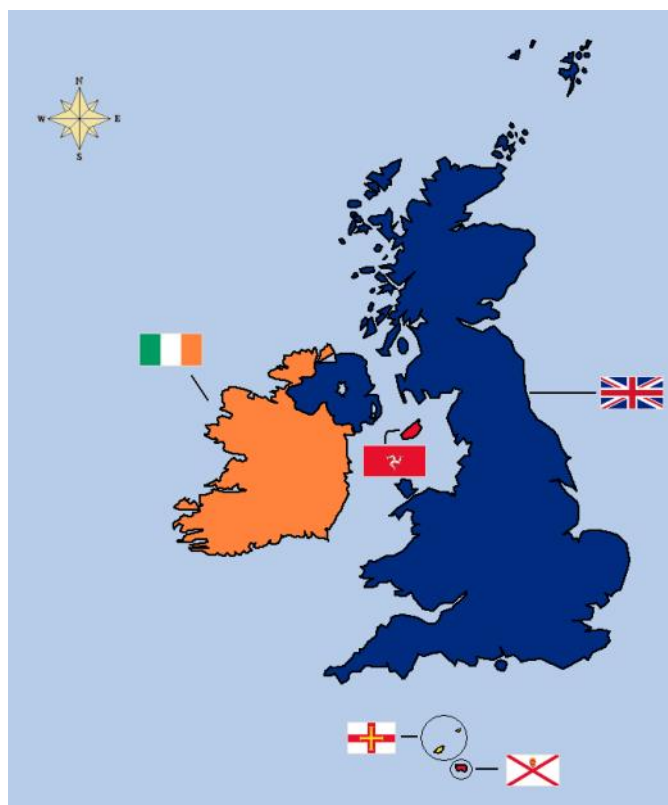
Symposium – Thursday March 30

The Centre's annual **British Isles Share Plans Symposium** is set for Thursday March 30 2023 at Macfarlanes' central London offices.

Speakers' presentations will be available to absorb in advance before an afternoon of interactive panel debates, ending on a high note with a networking reception at which the 2022 newspad awards will be presented.

It will be an in-person event with essential online content, so speakers won't need to repeat material from their presentations.

In the first three panels on **global economics and share plans; regulation & governance; and the future of all-employee share ownership plans and share plans in SMEs**, panellists will discuss share plans



and inflation; global share plans and whether US Esop transactions can be adapted for use in the UK; global and UK updates on regulation and market developments; recent EMI HMRC discretion guidance and CSOP development; the future of SAYE including maturing “Covid” plans and how cgt affects them; the effectiveness of EMI and what happens when companies outgrow the qualifying limits; Using EMI in conjunction with an EOT.

Panel four will be dedicated to a **plan issuer case study** looking at post-IPO plan launches including UK SIP, ESPP and approved & unapproved executive option plans; how they launched, how they’re performing, what the future looks like for the company’s equity compensation.

The symposium will hear from speakers representing Achilles Therapeutics; Baker McKenzie; CMS; Computershare; David Craddock; Doyle Clayton; Equiniti; Investec Bank; Sixti and symposium host Macfarlanes.

Admission rates:

Centre member delegates: £425/each

Non-member delegates: £625/each.

Multi booking offer: 50% off third delegate place

*Delegates from plan issuer companies will be **admitted free of charge**.*

*All prices are subject to UK standard rate VAT

(The prices reflect the generosity of our host Macfarlanes).

Please contact events@esopcentre.com to reserve a delegate place, or phone the team on +44 (0)207 562 0586

Esop Centre High Table – April 11

The Centre is set to resume its programme of High Table events, our occasional dinner debates where Centre members can put their questions to a special guest, in an intimate informal atmosphere. Our guest of honour on the evening of Tuesday, April 11 will be former minister Mark Hoban. The dinner will be in the Aldermen’s dining room in the Guildhall, City of London from 18:00-21:00. Tickets are £150 + vat each. Please email esop@esopcentre.com if you would like to join us. Space is limited, so don’t delay.

Webinar : Employee share plans and the benefits for SMEs – March 2

The Centre has teamed up with the London Chamber of Commerce and Industry (LCCI) for a joint webinar, on **Thursday, March 2 at 11:00am**. It is hosted by Michael Mainelli, chairman, Esop Centre and Z/Yen Group, and Richard Burge, chief executive, LCCI.

Speaker **Petronella West** will share her experience of setting up and running an EMI scheme for her company’s employees.

Petronella is the ceo of Investment Quorum. She is a double-chartered, pension transfer specialist with 35 years’ experience in financial services. At Investment Quorum, Petronella provides personalised financial planning and investment solutions, with a particular focus on retirement.

She will be joined on the panel by **Macfarlanes’ Mark Petch**. Mark is a senior associate who advises on a broad range of corporate tax matters including employee incentive arrangements, UK and cross-border group structuring, M&A and private equity transaction. He is a member of the Share Plan Lawyers Group.

The webinar will explain:

- ◆ Why employee share ownership is a “good thing” and why it is good for business
- ◆ How it can be used to build better relationships with employees – how employee share plans can play a key role in contributing to employees’ savings, morale and engagement - How it can encourage cohesion, promote productivity and provide financial security
- ◆ The pros and cons of Employee Share Ownership, how it works and how to do it.

It is free to attend and registration is open.

LIBRARY OF WEBINAR BROADCASTS:

Employee Share Schemes, Levelling-Up & Social Mobility; Why Employee Share Ownership Matters; International Share Schemes: Exporting the Vision; Esop Sofa: Hot Topics In Employee Share Ownership – Newspad Review V; Share Schemes And The Impact Of Inflation; The Future of Gig Working As A Dynamic Economic Alternative; The Employee Voice: Share Plan Votes ; Esop Sofa: Hot Topics In Employee Share Ownership – Newspad Review IV; Innovative Tax Techniques For Employee Share Schemes; Share Schemes For Non-Employees & The Gig Economy; Esop Sofa: Hot Topics In Employee Share Ownership; Building Back Better With Your Employees Through Shared Ownership ; EOTs: The Credible Alternative To Succession; The Role of Employee Share Schemes In Achieving The UN Sustainable Development Goals; Esop Sofa: Hot Topics In Employee Share Ownership - Newspad Review ; Beyond Brexit: EU-UK Social Security Contribution Rules; Esop Sofa: Hot Topics – newspad Review; The Share Valuation Worked Examples Group In The

Changing Valuation Landscape ; Looking Ahead To 2021: Moving Beyond Brexit In Financial Services Regulation; Insights Into Share Valuation for Employee Share Schemes: Revealed Through Dynamic Case Studies; Lessons From Lockdown: Re-Assessing How You Manage Share Plans In A Digital Way; Employee Share Schemes: Innovative Communication Strategies Guaranteed To Increase Employee Take-Up ; Selling Your Company To An EOT - How It Differs From An MBO; Institutional Investors’ Views On The Use Of Share Plans; Esop Sofa – Hot Topics; Employment -Related Securities: The Complexity Unravelling Into Practical Application; Employee Ownership & The Future Of Capitalism; Could Equity Be Used To Replace A Portion Of An Employee’s Salary?; The Case For Employee Share Ownership: The Heart Of The Matter Revealed; Esop Sofa Lockdown Stories; Share Valuation: The Wisdom On Price-Setting For Your Employee Share Schemes; Tools Of Engagement: The Power Of All-Employee Plans; Awarding Shares To Employees In A Covid-19 World; The Employee Share Trust: Establishing A Dynamic Market For Your Employee Share Schemes; How To Ensure All-Employee Share Plans Remain Relevant; Esop Sofa - What Are Today’s Big Employee Share Ownership Questions?; Enterprise Management Incentives (EMIs) – Powerful Lessons From Five Practical Case Studies; Enterprise Management Incentives (EMIs) – Igniting Your Business By Sharing Success; Esop's Tales: The Foundation Of The Esop Centre.

Broadening horizons, Z/Yen Group is hosting a range of webinars over the coming weeks. For a full listing of Z/Yen, Long Finance, FS Club, and Esop Centre webinars look here - <https://fsclub.zyen.com/events/webinars/> - or sign up for mailings - <https://fsclub.zyen.com/#Subscribe>

CENTRE & MEMBERS' NEWS

Legal 500 Employee Incentives Guide updated

The updated version of The Legal 500 (Legalease) Employee Incentives Comparative Guide has now been published. As well as being the Contributing Editor to the Guide, Travers Smith's Mahesh Varia, along with Claire Prentice **wrote the UK chapter**. The guide provides its readers with a pragmatic overview of the laws and regulations of employee incentives practice across 18 jurisdictions, with each chapter providing information about incentive plans, share options, compensation and legal requirements.

ESG Legal Outlook

Linklaters has published its **ESG Legal Outlook for 2023**. It explores global themes including net zero and energy transition, greenwashing and litigation risks, sustainable finance, increased ESG regulation and disclosure requirements, new due diligence requirement and ESG in M&A.

Jersey LLC introduced

The **launch of the Jersey Limited Liability Company** (LLC) structure this month can play a key role in supporting the growing volumes of pan-Atlantic alternative fund flows, according to Helier Le Main, JTC's head of institutional client services in Jersey.

The new LLC legislation was approved by the Jersey authorities on February 7, with the structure coming into force on February 14. It adds further optionality to Jersey's range of fund regimes.

Modelled on existing LLCs in other locations, the Jersey LLC has been designed to be familiar in particular to US private equity, venture capital and other alternative fund managers – but will offer the structure in a European time-zone setting, making it a unique proposition for managers.

Crucially, the Jersey LLC will also provide another avenue for managers to access EU investor capital through private placement via Jersey, without the need for full onshore AIFMD compliance.

Commenting at the launch of the new structure, Mr Le Main said “At a jurisdictional level, Jersey has seen its volume of funds business with the US double over the past five years according to Monterey, as managers have sought reliable, cost-effective ways to pursue EU-focused strategies and this trajectory is expected to carry on. The LLC will meet a definite and specific need in that context, being a familiar structure in a reliable and well respected European location.

“More widely, we are seeing a wider trend for US managers to be looking at their route to market when it comes to the EU, with vehicles being launched in locations such as Dublin and Luxembourg to meet the needs of the US market too. In this sense, this development in Jersey will add another option for managers with the Jersey LLC set to play a pivotal part in helping pan-Atlantic funds business to continue to grow.”

Spotlight 61 – disguised remuneration

HMRC recently published Spotlight 61, warning users and promoters of remuneration trusts and other similar tax avoidance schemes that such schemes do not work; and has issued a warning that it will litigate against tax avoidance schemes. It has further urged users of them to seek

advice, withdraw from such schemes and contact HMRC for settlement.

MM&K **reported that the publication of Spotlight 61** follows the decisions in three first tribunal decisions concerning remuneration trusts, namely, Marlborough DP Limited v The Commissioners for HMRC, Strategic Branding Limited v The Commissioners for HMRC, Strategic Branding Limited and CIA Insurance Services Ltd.

All of these cases concern the use of remuneration trusts artificially to reduce company profits and to disguise income of people who held one or more positions of director, employee or shareholder. Contributions were made by the scheme user to the remuneration trust and loans were made to certain individuals from such contributions.

What's on the employment agenda for 2023?

Now that 2023 is underway, in-house HR and employment lawyers will be thinking about the big issues likely to affect workforces in the coming months and how best to address them. In an article for Lexology, **Bird & Bird looks at some of the key changes and challenges** employers are likely to face this year, and how they might successfully navigate what looks to be a particularly packed HR agenda over the next 12 months.

Corporate Reporting: FCA Consultation

February's **EQ Bulletin points out** that updated proxy voting guidelines have been published by Institutional Shareholder Services, while the Financial Reporting Council have issued several reports and guidelines.

The Financial Conduct Authority is consulting on the streamlining of rules relating to the publication of accounts in electronic format for companies with transferable securities admitted to trading on a UK-regulated market.

The FCA paper is available to **download**. The consultation is open until February 23 2023, and subject to feedback received and the obtaining of the necessary approvals, it is intended that the changes will be applied as soon as practicable in spring 2023.

Merger control in the UK

In an interview for Lexology, **White & Case's Marc Israel , Kate Kelliher, Mark Powell and Luc Rosenberg** discuss key developments in the past year in merger control in the UK; developments that impact advice to clients about merger clearance; whether recent cases or settlements suggest any changes in merger enforcement priorities; trends in merger challenges, settlements or remedies that have emerged over the past year; and whether UK the authorities released any key studies or guidelines or announced other significant changes that impact merger control.

Expanding 'free' childcare isn't going to solve our labour market crisis

There are many reasons why the government might be considering the **expansion of childcare subsidies** beyond the gathering political pressures. It might hope to mitigate the expense of childcare amidst the cost of living crisis. It might be to attempt to improve the educational prospects of disadvantaged children, reported friend of the Centre, Prof Len Shackleton for CapX.

But the main reason for the current interest

seems to be the belief that many mothers are not working, or are taking on fewer hours than they would like, because of the high cost of childcare. For some, the salary won't cover the childcare bill. This is an argument made by pressure groups such as Pregnant Then Screwed, but also by business representatives such as the CBI.

Mike Baker set for retirement

Centre member Mike Baker is set to hang up his boots next month. In a social media message he said: "I'm retiring. Last day at Global Shares will be 17th March. Thank you to everyone who has supported me in my 30 years in the equity incentives and share registration businesses. I've had a great time, working for various organisations, building up many friendships along the way. It has allowed me to travel the world; South America, USA, Canada, Spain, Portugal, Italy, Germany, Belgium, Netherlands, all around the UK, Finland, Norway, Sweden, Singapore, UAE, Hong Kong, Ireland.... and of course, and most importantly Clonakilty. But now, it's time for a rest....."

Congratulations!

Ogier has been ranked as a **recommended firm for Pan-Caribbean trade marks** for the first time in World Trademark Review's 2023 rankings.

The WTR 1000 identifies the leading professionals and firms that are deemed outstanding at obtaining, protecting, managing, enforcing and monetising trade marks.

Partner Sophie Peat was ranked as a recommended individual for a sixth time.

MEMBERS' EVENTS

Webinar - Cost of living crisis 2023: The employer's response

March 14, 11:00-12:00. **Registration is free.** Damian Carnell of CORPGRO will introduce a panel including: Suzannah Crookes - legal director, Tapestry Compliance; James Robertson - associate director, business development, Computershare; Tim Taylor - rewards director, Easy Jet; Anna Watch - senior manager corporate governance, BT Group; and Patrick Vincent - head of UK, Pay, Policy and Benefits, Shell, to discuss 2022's unprecedented pay-rise and inflation mismatch, which looks set to extend into 2023.

Many companies find it hard to fund increased payroll costs, so during 2022 they looked to one-off payments to help square the circle - a flat payment on top of below inflation wage rise, is worth more to the lower paid. Current mood music suggests that one-off payments might be a magic balm to sooth some industrial disputes - recent CBI and CIPD surveys agree that one-off payments will feature strongly in 2023.

Apart from current income, employees must manage their savings profile. Some may cut back; or even disinvest to ease current cash problems. So, employee contributions to share plans and pensions may be under pressure. Pension drawdown or sale of employer shares might also be in the frame.

Money worries for employees link strongly to employee wellbeing. Stress and sub-optimal physical health lead to lower productivity and engagement. Helping employees through these difficult times is both a moral and commercial issue.

UK NEWS

Slater Heelis gives staff a financial stake

Law firm Slater Heelis has launched an **employee benefits initiative** that will offer staff the opportunity to acquire shares in the business for the first time.

The Share Incentive Plan aims to democratise ownership structures within the firm and encourage greater accountability, offering additional financial support to employees in the face of the cost-of-living crisis. Through the scheme, Slater Heelis' 200+ employees are set to benefit from the firm's future success. All employees who have worked continuously at Slater Heelis for six months will receive free shares, with the additional opportunity to purchase partnership shares – each purchased share being matched by the firm.

How can start-ups grow and attract talent in 2023?

With ongoing pressure in the private and public sector to match employee pay with the increase in inflation and the rising cost of living, equity experts have provided their tips for how start-ups and SMEs can retain talent and fuel growth in 2023.

Experts from Vestd, one of the UK's equity management platforms, predict that sharing ownership with employees will be a key trend over the next 12 months to reward teams and keep them engaged and motivated.

Ceo and founder, Ifty Nasir, explained that this could be the year that business owners begin to understand how they can unlock the power of their company's equity and **how it can benefit them and their employees**. He said "The current economic

situation might be tricky but founders can still be thinking of ways equity and employee share schemes can help them attract the right talent and retain them too. Not only are engaged staff likely to stick around, but it's far more business-savvy to keep current employees happy too."

WORLD NEWS

Ireland: Revenue presses for gig economy workers to be taxed at source

Revenue is pushing for Deliveroo drivers and other "**gig economy**" **workers to be taxed at source** as part of a crackdown on the practice.

There are around 1,000 Deliveroo drivers in Ireland who are self-employed and therefore do not have tax deducted from their delivery fees. But briefing papers supplied by Revenue to the Dáil's public accounts committee (PAC) show that it wants gig economy workers to be charged a basic tax rate.

This may be a step towards international blurring of the lines between technical employees and players in the gig economy.

Owners should not be trustees - Q&A from NCEO

Q: One of our former owners is the trustee for our plan. He still wants to play an active role as trustee in managing the company, including getting reports from management directly to him. This is making us uncomfortable. Is this common

or appropriate, and what can we do?
A: Former or current owners should not be Esop trustees. There is too much potential for a perceived or actual conflict of interest. In litigation, either will be an issue. You should either have an outside trustee or a committee of, usually, three people (some companies, however, just have a single internal trustee, often the cfo).

Trustees very rarely get involved in day-to-day management or strategic management. While they are shareholders, they can only challenge decisions made by the company if they are an egregious waste of assets, a tough legal standard. Their primary role is overseeing the valuation, investing any cash assets prudently, and making sure the plan is operated according to the law and the rules. They also elect the board, almost always voting for those the board nominates.

The board has the authority to replace this individual. Of course, that will create tensions. So it is better to have this kind of conversation with a mutually trusted third party present, such as an Esop

adviser. However the UK EOT has far too many examples of vendor board domination and there is a need for honest disclosure.

EOTs coming to Canada?

The Canadian Employee Ownership Coalition is urging the federal government to introduce an **employee ownership trust in the next federal budget** and to remove tax barriers to employee ownership by adopting the UK's approach to a capital gains tax exemption.

The federal government pledged to study the barriers to employee ownership in its 2021 budget and committed last year to introduce an employee ownership trust to give retiring employers more incentive to sell to their employees. However, it's yet to release any draft proposals or legislation.

"In the UK and US, they've had this policy in place for [a while now] and it's been positively benefiting workers," says Tim Masson, chief executive officer of Raise Recruiting and a member of the coalition's steering committee.

EOT Round-up

- ◆ Recruitment specialist **Livingston James**
- ◆ Music distributor **Kudos Records**
- ◆ Staircase manufacturer **TwoTwenty**
- ◆ Climbing and mountaineering publisher **UKClimbing limited**, (the company behind UKClimbing, UKHillwalking, Rockfax print and Rockfax Digital websites).
- ◆ Vet practice **Archway Veterinary Centre**



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ABOUT NEWSBRIEF

newsbrief is the Employee Share Ownership Centre's members-only mid-month publication.

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