

newsbrief

February 2025



Book now: March 28 Employee share plans and trustees conference -Jersey

We are set to return to the Pomme d'Or Hotel, St Helier, for our **employee share plans and trustees conference** on Friday March 28.

A keynote speech from **Joe Moynihan**, ceo of Jersey Finance, will update delegates on the Jersey International Finance Centre and its plans for the future.

Expert speakers include Esop barrister David Pett of Temple Tax Chambers; Katherine Neal, head of employee incentives, private wealth Jersey at Ogier; Claire Matthews, partner at Taylor Wessing; CMS consultant Graham Muir and share schemes specialist David Craddock.

The programme is drafted to provide relevant technical information, with a view to being acceptable as counting towards your Continuing Professional Development or Continuing Competence.

It includes talks on the Private Intermittent Securities and Capital Exchange System (PISCES); the new EBT/EOT rules; and an update of UK legal and tax issues. Further topics will be added.

Presentations will run from 09:00 to 13:15, followed by a networking lunch.

The seminar is being held in conjunction with STEP Jersey.

Book now to secure discounted ticket prices:

Esop Centre/STEP members: £380/each

Non-members: £485/each

Multi-booking discount: 50% off cost of ticket for your third delegate.

To reserve your place, email:

events@esopcentre.com

Sponsorship opportunities

We are pleased to be able to offer the following sponsorship opportunities to Centre members for the Jersey conference:

Headline sponsor

The benefits will include one delegate place, mention in all the pre and post event publicity and promotion including mention of the sponsorship in Centre monthly publications *newspad* and *newsbrief*; company logo displayed on the event web page; a brief welcoming address to the participants; and inclusion of materials with the delegate pack. The sponsor will also be named on event signage produced.

Lunch sponsor

The lunch sponsor will be invited to address the delegates at the end of the morning's session and, if desired, to make a comment on the morning's proceedings and developments in the market. The lunch sponsor will also be named on event signage produced and may include materials in the delegate pack.

Please contact the esop@esopcentre.com for further information.



PISCES regional events - March 2025

Following the success of our September event in London on the Private Intermittent Securities and Capital Exchange System (PISCES), the Centre is teaming up with CorpGro and PwC for two further sessions.

To be held at PwC's offices in March, these are:

- ⇒ **Birmingham on Wednesday, March 5 2025**
- ⇒ **Manchester on Wednesday, March 12 2025**

The talks will be relevant to companies and advisers who are interested in learning more about PISCES, and cover valuations, disclosures and reward & employee equity considerations.

The events will run from 13:00 to 15:00 (approx.) and comprise:

- ⇒ Background to PISCES, PISCES overview, current consultation, practicalities –
Speaker - Tom Simmons (London Stock Exchange)
- ⇒ Valuations and disclosure considerations in the context of PISCES -
Speakers - Rebecca Clayton, Jonny Rodwell, Jonathan Raggatt (PwC)
- ⇒ Reward and employee equity in the context of PISCES -
Speakers - Damian Carnell (CorpGro), Andrew Nealey (PwC)

Both events will be chaired by Robert Pay, Chairman, Esop Centre

To register please email events@esopcentre.com stating which date you wish to register for.



pwc

The Esop Centre thanks PwC for hosting the events.

Annual share plans symposium – June 5

The Centre's eighth Share Plan Symposium will be held in-person at **Baker McKenzie's** London offices on the afternoon of **Thursday June 5**. The event will comprise four panel debates, running from approx. **13:30 to 17:15** followed by a reception, at which the 17th *newspad Awards* winners will be announced.

The presentations will all be pre-recorded and form the briefing material for what we hope will be lively panel and delegate discussions.

Centre conferences are equally celebrated for their level of speaker expertise and the quality of their networking opportunities.

Admission rates:

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

Practitioners- Members: £450 Non-members: £800
Trustees- Members: £400 Non-members: £650

Multi-booking discount: 50% off cost of ticket for your third delegate.

**All prices are subject to UK standard rate VAT*

If you would like to offer a presentation, or suggest a topic, contact Juliet at esop@esopcentre.com.

To register a delegate email events@esopcentre.com or phone the team on +44 (0)207 562 0586

The Esop Centre thanks Baker McKenzie for hosting the 2025 Share Plans Symposium

**Baker
McKenzie.**

CENTRE AND MEMBERS NEWS

Rethinking pay data: Transparency and scrutiny on the rise

The Investment Association Principles of Remuneration 2025 have increased shareholder scrutiny by requiring the disclosure of comparator companies used in top pay decisions. A recent **Corpgro** study on UK house builders used non-standard methods, such as arithmetic mean instead of median and pay maximum instead of traditional benchmarking. These choices highlight how pay data can be shaped by input assumptions, sometimes distorting

results. Advances in data processing now allow for flexible modelling, making it easier to test different assumptions. With shareholders likely to scrutinise disclosed comparators, compensation committees must ensure transparency and rigour. Pay decisions should also consider factors beyond pure data, as judgement remains crucial. Now is the time to **avoid shareholder backlash with better pay analysis**.

Changes to executive remuneration & employee share plans

At the 2024 **EQ** Conference, **industry experts discussed executive remuneration structures** that align with the UK government's growth agenda. Since then, updates have included:

- ⇒ **IA Principles of Remuneration:** Revised guidelines introduce more flexibility, particularly for hybrid LTIP structures, dilution and quantum. Companies can now tailor remuneration policies more effectively.
- ⇒ **Employee share plans:** Key changes include the removal of the five percent discretionary share limit, relaxed timing rules for SAYE schemes and the end of the 10-year renewal requirement for all-employee plans.
- ⇒ **Employment Rights Bill:** This Bill affects worker rights, pay gap reporting and Remuneration Committee considerations.
- ⇒ **October 2024 Budget:** Changes in Employers NI and CGT rates impact salary budgets, share plans and tax-advantaged schemes such as SIPs, SAYE and EMI. Companies may reassess salary increases and financial education for employees.

UK exec remuneration: 2024 update and what's expected in 2025

Lewis Silkin has published an executive remuneration round up of 2024, which includes:

- ⇒ New Corporate Governance Code published for 2025
- ⇒ The High Pay Centre Fair Reward Tool
- ⇒ Revised Investment Association's Principles of Remuneration
- ⇒ Proposed changes to UK financial services remuneration regulations
- ⇒ Updated Glass Lewis and ISS proxy voting guidelines
- ⇒ Annual review of corporate governance reporting by the Financial Reporting Council

"A particularly interesting 2025 annual reporting season" can be expected following the IA's revised Principles of Remuneration and changes to proxy voting guidelines.

Points on the new Corporate Governance Code, effective from January 1 2025, and financial services remuneration **are also covered**.



CENTRE AND MEMBERS NEWS

New remuneration disclosure rules for UK companies

MM&K reported on changes to the UK Corporate Governance Code (UKCGC) and the QCA Corporate Governance Code (QCA Code), which take effect in 2024 and 2025, introducing new remuneration disclosure requirements. The UKCGC mandates enhanced reporting on malus and clawback policies, while the QCA Code imposes broader rules affecting SMEs and AIM-listed firms. Remuneration committees should review directors' pay policies, ensure transparency in disclosures, engage with stakeholders, assess performance measures and decide on shareholder voting for pay policies. Companies following the QCA Code must prepare for advisory votes on pay reports, with larger firms encouraged to seek binding votes. Enhanced shareholder engagement will be key to navigating these changes, ensuring compliance and aligning remuneration strategies **with governance best practices**.

Cayman Islands: enhanced regulatory framework for virtual assets

In an **Ogier** insight piece, partner Chris Wall focuses on the key changes introduced by the VASP (Amendment) Act. Published on December 19 2024, the **VASP (Amendment) Act is expected to come into force during the first half of 2025** alongside the implementation of the "Phase 2" licensing regime for virtual asset trading platforms and virtual asset custodians.

Key changes included cover: *governance; operational standards; custody and safeguarding requirements; financial reporting and regulatory oversight*.

Antitrust enforcement - 2025 forecast

In an international piece for *Lexology*, **Baker McKenzie** sets out why 2025 is set to be a significant year for antitrust enforcement. A UK-USA team identifies **four key antitrust enforcement trends that affect businesses** covering:

Surge in dawn raids and ever expanding scope of data requests: Data destruction and/or obstruction of investigations is becoming ever more challenging. Companies need to have the right policies in place and to prepare for handling investigations.

Improved detection and closer international co-operation: Companies need to develop a manual for handling cross border simultaneous investigations. Public statements, including those made during investor calls, should be carefully reviewed in advance for competition concerns, especially since recordings of remote meetings are becoming a significant source of evidence for regulators. Agencies are more sophisticated than ever at detecting anticompetitive conduct and collaborate much more closely in enforcement.

Focus on broader conduct: Antitrust compliance programmes, guidance and training needs to be broader in scope, practical and fit-for-purpose. It needs to extend to companies' labour/human resources activities, public pricing related communications, internal price optimisation software/tools and ESG/sustainability related activities, alongside traditional anticompetitive behaviour.

Private Litigation: Beyond the danger of public enforcement, there is a further growing risk posed by the recent surge in antitrust litigation, which is predicted to continue this year.

Employee share schemes: Speak now or forever hold your peace

A **Deloitte** New Zealand tax alert warned “Start-up companies take note: if you have **thoughts on the operation of tax rules for employee shares schemes** now is the time to have your say.”

Consultation has begun on a proposal to allow a deferral of the taxing point of awards under employee shares schemes operated by start-up companies. The proposal was originally consulted on in May 2017 but there was “relatively little reaction to the paper”.

For the start-up community, there is now a (rare) second chance to make their voices heard on tax policy matters. The chance closes on March 15 2025.

An employee share scheme can be popular in start-ups as it can build strong connections between the company and its employees and can also incentivise and remunerate the employees at a low cash-cost for the business. However, for most schemes the tax rules work to ensure there is a tax bill for employees on the difference between the value of shares received and the amount paid for them. For start-ups, the shares in the company may be difficult to value and illiquid, making a scheme less effective.

The Issues Paper proposes an alternative tax option, which defers the taxing point. The paper makes it clear it’s not intended to provide a “tax concession”. Accordingly, there is a “cost” to the employee, being that they become taxable on any further appreciation in share value between the current taxing date and the deferred date. This amount could otherwise have been a tax-free capital gain for the employee (in most cases). The employer is also not entitled to any tax deductions until the deferred taxing date has been reached.

Employee-owned companies and foreign aid

In an **NCEO** blog, executive director Loren Rodgers notes that the extensive coverage of President Trump’s executive order to halt payments for foreign aid has missed one of the order’s unintended consequences: the impact it will have on the thousands of people who work at US-based employee-owned companies that implement many USAID projects. Companies that have employee stock ownership plans are heavily represented among the contractors affected by the executive order.

More than 6,000 private companies in the US have Esops. They are especially common in manufacturing, but are present in all sectors of the economy. The Esop companies that support foreign policy are US-owned, so their Esops are governed by US federal law. Being employee-owned has helped them successfully avoid being acquired by foreign and domestic competitors, giving the US a strong base of companies to support US foreign policy under different administrations.

While the impact of bankruptcy is profound for any firm, company shares in an Esop are owned in trust to benefit employees’ retirement accounts. If the firm goes bankrupt, all of the current and former employees who are beneficial shareholders in the Esop lose their Esop retirement savings, in addition to losing their jobs and health insurance. Though Esop companies typically have other retirement plans, the executive order risks a significant portion of the **retirement savings of more than 10,000 employee-owners and retirees at the affected companies.**



UK NEWS

SAYE bonus rates fall

The Bank of England's recent reduction to the base rate triggered another corresponding change to the SAYE/ Sharesave bonus and interest rates. For new invitations issued on or after February 21 2025, the bonus rate for three-year and five-year savings contracts will be 0.8 and 2.3 times monthly savings respectively (previously they were 0.9 and 2.7 times) and the early leaver interest rate falls from 1.17 percent to one percent. Thankfully, employees already saving under existing SAYE contracts remain unaffected by these rate changes. Despite these changes, SAYE continues to be a tax-efficient all-employee share option plan for qualifying companies. The absence of NICs charges on the exercise of SAYE options is particularly attractive in the light of the upcoming rise in employers' NICs to 15 percent this April.

Business confidence at nine-year high, despite signs of unease

UK business confidence hit a nine-year high in 2024, although optimism dipped ahead of expected tax rises in the Budget. Lloyds Bank's latest Business Barometer put overall business confidence at a 45 percent year-to-date average, well above the long-term average of 29 percent.

Business confidence hit 50 percent in 2015.

UK bosses to embrace M&A to stay ahead of digital curve

According to *City A.M.*, UK bosses expect a wave of mergers and acquisitions this year, a new survey suggests, reflecting the need to stay on top of technological changes and an increasingly bullish perspective on the business environment. Nearly all business leaders surveyed (99 percent) said they expect to actively pursue transactions over the next year.

Guidance

Bank of England bank rates for Save As You Earn (SAYE) share option schemes

Updated 7 February 2025

Both the 3 year and 5 year rates for SAYE share option schemes will change on the 15th day following a change in the Bank of England Bank Rate.

Employees who are already saving under existing SAYE contracts are not affected by these rate changes.

The bonus rates and early leaver rates with their effective dates for SAYE share option schemes are:

Bank of England Bank Rate	Bank of England publication date	Effective date for SAYE share option schemes	3 Year bonus rate	5 Year bonus rate	Early leaver rate
Not applicable	Not applicable	30 June 2022	0.0	0.0	0.00%
5.25%	3 August 2023	18 August 2023	1.1	3.2	1.42%
5.00%	1 August 2024	16 August 2024	1.1	3.0	1.33%
4.75%	7 November 2024	22 November 2024	0.9	2.7	1.17%
4.50%	6 February 2025	21 February 2025	0.8	2.3	1.00%



Stripe valuation adds \$15bn as it launches employee stock sale.

Stripe, led by Irish brothers Patrick and John Collison, has grown into a major financial institution since its founding more than a decade ago.

The *Business Post* reported that Stripe is in discussions to arrange sales of stock by employees at an \$85bn (€82bn) valuation, people familiar with the matter said, a deal that could help the Silicon Valley payments startup regain some of the capitalisation it lost during a post-Covid slump.

That transaction could add \$15bn to the valuation of one of Silicon Valley's largest private firms, which was worth \$70bn in a similar tender offer last year.

It would still remain a way off its peak value of \$95bn, when Stripe last raised money during the 2021 technology boom.

Investors have long watched the upstart as a potential contender for a blockbuster initial public offering, though the **company has repeatedly said it's in no rush to list.**

GUERNSEY:

Moneyval report hailed 'significant achievement'

The States of Guernsey says it has "achieved a highly successful outcome" with the result of a report by the anti-money laundering body Moneyval.

It said it "secures the bailiwick's position as one of the best, secure and safe jurisdictions in the world for financial services".

The report praised the progress made in Guernsey since the last inspection in 2015 but more work is needed "to improve the investigation, prosecution and conviction of money laundering offences".

Moneyval inspectors visited Guernsey in April 2024 and looked at local laws and

regulatory and enforcement processes against international standards on tackling financial crime.

Guernsey's Chief Minister Deputy Lyndon Trott said the report was "a positive outcome" for the economy.

He said: "Quite simply a result of grey listing would have caused significant repercussions for the island and a decline in financial services of about 10 percent.

"Not only that, but it would have resulted in business going elsewhere that would have **otherwise been located in Guernsey.**"





JERSEY:

Island can provide stability

BBC News reported that the head of the body that represents Jersey's finance industry has said the island could provide "stability and certainty" for investors in an unstable world.

Joe Moynihan, the ceo of Jersey Finance, and **keynote speaker at the Centre's March 28 Jersey conference**, said while he was optimistic about the industry's future, the sector should not be complacent.

His comments came after the ceo of Jersey's government, Dr Andrew McLaughlin, told business leaders that the "island could be a safe haven in a scary world".

Mr Moynihan said big global events were having a massive impact across supply chains. "If you look at issues like the war in the Ukraine, the trouble in the Middle East, all of those issues have knock on effects right across the system," he said. "So, for us our stability and our platform and our reputation all combined make us pretty resilient to changes."

An independent report in 2024 by Moneyval, the Council of Europe's permanent monitoring body, found that Jersey's effectiveness in preventing financial crime was one of the highest in the world. Mr Moynihan said while that was a very positive result it was important the island did not get complacent.

"People who are successful sometimes get complacent," he said. "I don't think we will fall into that trap, but we need strong government support from the policy perspective to deliver good quality regulation and **continue to provide a platform that people will find attractive.**"

INDIA:

RBL Bank grants 677 thousand stock options under Esop

RBL Bank has granted 677,900 stock options under its employee stock option plan on February 4 2025. The options will vest in stages, with 30 percent at the end of the first and second years and 40 percent at the end of the third year. Employees can exercise these options within five years from the vesting date.

USA:

Trump administration places DoL's Esop proposals in regulatory moratorium

The US Department of Labor's Employee Benefits Security Administration (EBSA) released two proposals on January 16 2025, that aimed to change how fiduciaries value privately held stock in employee stock ownership plans. These included long-awaited "adequate consideration" regulations and a proposed prohibited transaction exemption (PTE) to establish a safe harbour for Esop transactions. However, on January 20 the new administration issued a regulatory freeze, halting all pending proposals, including these Esop-related measures. As a result, the proposed guidance was withdrawn before publication in the Federal Register, leaving fiduciaries to rely on outdated 1988 regulations. The suspension has created uncertainty in Esop transactions, highlighting the need **for clear and practical regulatory updates.**



NEWS

EMPLOYEE OWNERSHIP NEWS

Grantbook becomes first Canadian company to sell to an EOT

Earlier this month, Employee Ownership Canada announced that Grantbook became majority-owned by Canada's first Employee Ownership Trust on January 1 2025. EOTs are new to Canada and were established last June through federal legislation.

Grantbook is a consultancy serving the philanthropic sector, with about 50 employees. its sale to its employees through an EOT was part of a planned exit from the business by co-founder Peter Dietz. "I had spent several years in search of an exit strategy that would ensure the legacy of the values-based business we've built together. The EOT does that perfectly, while setting Grantbook up for continued independence and success," he said.

In addition to launching EOTs in Canada, the federal government established a \$10m capital gains tax incentive for Canadians

who sell their business to an EOT in order to encourage uptake. The Canadian model and tax incentive is based on the UK's successful EOT programme.

Industry insiders suggest there are more EOTs to come in Canada. "I'm hearing about several more in the pipeline," said Michael Ras, ceo of Employee Ownership Canada. In the UK, fewer than 20 companies sold to EOTs in 2014, the year they were introduced. Ten years later, over 400 companies sold to EOTs, representing about eight percent of all business sales in the country.

"With supportive public policy, we're on a great trajectory here in Canada," said Ras. "Interest is growing and there's a clear buzz in the market. I'm excited about **what EOTs will mean for Canada and Canadian workers.**"

EOT round-up

- ◆ Car dealer **Alpha and Yapps Garages**
- ◆ Engineering firm **Castlet**
- ◆ Marketing firm **The Frameworks**
- ◆ Cutlery company **Taylor's Eye Witness**
- ◆ Installation contractor **38-strong**



LIBRARY OF WEBINAR BROADCASTS:

Esop Sofa 2024 Review: Budget & PISCES; The Employee Voice; The Role Of Direct Employee Share Ownership In Market Economics; Esop Sofa: Hot Topics In Employee Share Ownership – Newspaper Review VIII ; Esop Centre *newspad* Online Round-table; Esop Sofa: Esop Round-Table *newspad* Review VII; Esop Sofa: Hot Topics In Employee Share Ownership – *newspad* Review VI; Employee Share Plans & The Benefits For SMEs; 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>



Z/Yen Group Limited t/a The Esop Centre. Registered office:
1 King William Street, London EC4N 7AF. Company number
2965552 England

+44 (0)20 7562 0586 | esop@esopcentre.com |
www.esopcentre.com

ABOUT NEWSBRIEF

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To submit a story for the next issue of newsbrief, sponsor the publication, or to propose someone for a member profile, contact Juliet Wigzell:

T: +44 (0)20 7562 0586

E: juliet_wigzell@zyen.com