



November 2024

PISCES May 2025 Start Date

The government will set out its plans for a “world first” private stock market regime this month in a bid to revive the UK’s flagging IPO pipeline, *City AM* revealed on November 13.

At her maiden Mansion House speech in the City, the Chancellor Rachel Reeves revealed proposals to legislate in May next year for a regulated stock exchange system -the Private Intermittent Securities and Capital Exchange System (PISCES) - where investors can trade

shares in private companies, Treasury sources said.

This means companies and support infrastructure have only six months before PISCES goes live.

PISCES is an important development for unlisted companies to recruit and retain staff and reward their employees through equity incentives, among other benefits of a share trading platform.

On November 15, the government published its **response to the PISCES consultation** of earlier this year. Plus, for technical feedback, the **draft legislation that illustrates** how the government intends to deliver the PISCES regulatory regime. Alongside FCA rules, the legislation, when finalised, will establish the “PISCES Sandbox” and set the regulatory requirements for PISCES. Feedback to PISCES@hmtreasury.gov.uk by January 9 2025.

EVENTS

Employee voice webinar – November 19

Employee share schemes expert David Craddock will consider the empowerment of **the employee voice** through employee participation. His talk will include a case history and the principles developed to promote wider involvement in the company. David will cover employee representation, workers’ groups and the voting rights of employee shareholders.

The 25-minute talk will be followed by a Q&A session, so have your questions and comments ready for David on **Tuesday November 19 at 15:00** (GMT). **Register now to take part in the webinar.**



Annual all-employee share plan awards

Now is the time to send submissions for the 2024 *newspad* all-employee share plan awards.

The awards recognise the achievements of companies which offer employee share plans and hold up best practice models for other companies to follow.

If your company or client made a notable contribution to employee share ownership, issued an inspirational share plan, or showed excellence in its communication and presentation; been creative in using share plans to overcome significant changes or challenging situations, increasing participation or using technology; or maybe its chairman, ceo, or share plan team leader has upped the game with enthusiasm for employee share ownership, then why not tell the world about it?

Companies can nominate themselves and advisers can make submissions on behalf of clients. Entrants can apply for awards in more than one category. **Submitting nominations** is free and simple. Required information kept to a minimum. Clarity matters more than length. The deadline for all nominations is **17:00 on Tuesday December 17 2024**.

The awards present an opportunity to celebrate your company or clients' achievements.

The award categories this year are:

1. **Best all-employee share plan**
2. **Best share plan communications**
3. **Best use of technology, AI or behavioural science**
4. **Best share plan response to significant changes or challenging situations**

Category descriptions and rules of entry can be viewed on the [Awards 2024 webpage](#).

Application process

To submit an application for the *newspad* all-employee share plan awards, please complete both of the following stages:

- **Online application form** - complete all sections of the [online form](#), providing as much detail as possible. (Alternatively, entries can be made by one or two explanatory documents)
- **Supporting documentation** - where appropriate, please back up your application with supporting documentation. Either upload the files at the end of the form, or email them to: esop@esopcentre.com.

The winners will be decided by two impartial judges, experts in the use of employee equities, plus Malcolm Hurlston CBE, founder of the Esop Centre. The finalists will be announced in *newspad* and award certificates will be presented during the Centre's Employee Share Plans Symposium 2025.

If you have any questions, please contact us at: esop@esopcentre.com or call +44 (0)20 7562 0586.



IA updated principles of remuneration

Further to reports on the Investment Association's Principles of Remuneration 2025 in October's [Newsbrief](#), **Bird & Bird** partner, Sarah Ferguson asked "poaching global talent – can UK listed companies finally be competitive on pay?". She said that the updated principles of remuneration, ostensibly encouraged flexibility in incentive arrangements operated by listed companies for the 2025 AGM season. However, closer reading of the "guidance" leads to less assuring conclusions. The key is shareholder messaging but [also listening to what shareholders think](#).

CORPGRO blogged: "It is hard to feel sorry for the Investment Association as a stalwart of the UK finance establishment. But truth told, they have a hard job setting out principles on UK top pay, because they sit at the crossroads between pure and socio-sensitive capitalist views. The first are classic red in tooth and claw free market believers, whereas the second recognise the contribution to value creation from various stakeholders, as delivered in various ways." The 2025 guidance both liberalises, and adds to, the pay governance rules, which makes it a ["dangerous read for those that read mainly that which they wish to see."](#)

In its *Legal Briefing* of October 29 **Travers Smith** insisted that the principles of remuneration are ["guidelines not rules"](#), and provided a summary of 16 key aspects of the principles, noting areas where the guidance shows a change of approach or emphasis to earlier versions.



Autumn Budget 2024

Centre members' reactions to last month's budget:

As reported in November's edition of [newspad](#), the 2024 Autumn Budget was one of the most anticipated fiscal events in recent years. Not only is it a post-election Budget – the Labour Party's first Budget in almost fifteen years – but the length of the period that has elapsed since the election, the government's discovery of a £22bn "black hole" in the public finances, and the broad commitments contained in Labour's manifesto all contributed to a lengthy period of intense speculation.

Recent confirmation from the Chancellor that tax increases were a certainty, combined with the government's repeated commitment not to increase the rate of income tax, national insurance contributions or VAT (in the context of not raising taxes on "working people") has meant that speculation has focused on a few key areas. As such, many of the key announcements were widely anticipated.

In its *Law Now* blog, **CMS** gave an [overview of both headline-grabbing announcements and technical developments](#).

Doyle Clayton asked whether the Budget was ["a step towards future proofing the Employee Ownership Trust?"](#) The CGT regime also saw adjustments with headline rates increasing and there were changes to Inheritance Tax ('IHT') reliefs such as Business Property Relief and Agricultural Property Relief and with pensions now being brought in to the scope of IHT, the overall outlook is bleak. Despite the raft of changes to the aforementioned regimes, from an EOT perspective it is positive news and positive change for EOTs. Akshay Vaghela pointed out



Reactions to last month's budget- more:

that while the CGT increases penalise entrepreneurs, business owners and equity holders and discourage them from exiting, in the midst of all the tax increases, "EOTs can be the light at the end of the tunnel, with EOT relief providing a fully tax-free exit no matter the CGT rate. EOTs really do offer a no gain, no pain solution."

For its *EQ Views* blog, **Equiniti's** industry leader Jennifer Rudman offered a comprehensive analysis of the **impact on employee share plans**, covering:

- ⇒ Capital Gains Tax
- ⇒ SIP and SAYE Call for Evidence
- ⇒ National Insurance Contributions
- ⇒ SIP - clarification of taxable status of statutory neonatal care pay
- ⇒ Individual Savings Accounts, Lifetime ISA, Junior ISA and Child Trust Fund Allowance
- ⇒ Private Intermittent Securities and Capital Exchange System Stamp Taxes on shares exemption
- ⇒ EOTs and EBTs
- ⇒ Carried Interest
- ⇒ Internationally mobile employees

In an article for *Out-Law News*, Jon Fisher at **Pinsent Masons** urged employers to review not only their hourly paid employees, but the contracts of salaried employees too, after an **increase to national minimum wage was announced**.

PwC, which hosted a webcast the morning after the Budget to discuss key announcements and what they mean for businesses and the economy as a whole, published a **summary of budget announcements** covering topics relating to

business taxes, employment taxes, personal taxes, indirect taxes and other areas including charity tax rules and HMRC resources.

According to **RM2 Partnership** "it could have been worse". Companies with share plans and their advisers are likely to be somewhat relieved about the impact of Rachel Reeves' budget on employee share schemes. Although from a tax perspective the changes aren't particularly helpful, they're not devastating and still mean that well designed share plans can deliver significant tax savings.

The review summarised relevant changes including:

- ⇒ Capital gains tax (CGT)
- ⇒ Employers' NICs
- ⇒ Business Asset Disposal Relief (BADR) - largely relevant to Enterprise Management Incentive (EMI) options.
- ⇒ Share Incentive Plan/SAYE

RM2 was disappointed that the government has not taken the opportunity to respond to the All Employee Tax Advantaged Share Plans consultation launched last year, but will continue to lobby with the industry to obtain a response. A knock-on effect of the hike in CGT rates is to increase the tax breaks offered by a SIP in that any gain on shares held in a SIP trust is sheltered from CGT for so long as the shares are held in the SIP trust. Any gain on shares once removed from the trust would however be subjected to the higher rates of CGT referred to above. It concluded that tax advantages for properly structured employee share plans are reduced but not removed by this budget and EMI in particular is likely to retain its status as the "most tax efficient UK option plan".



CENTRE AND MEMBERS NEWS



Vestd concentrated on how startups and SMEs will fare. As a boost for entrepreneurs “one of the standout decisions was the preservation of Business Asset Disposal Relief (BADR). There had been widespread concern that BADR would be abolished entirely.” Vestd’s review covered too: National Insurance; EIS & VCT; Corporation Tax; Pensions; and Digitisation. Looking ahead it concluded “While the increase in NICs will be a bitter pill to swallow for many businesses and the increase of the minimum wage may cause companies to rethink their staffing strategies and hiring plans, the Autumn Budget did include measures to offset the costs for small businesses.

“We could see this Budget reshaping how some firms think about share schemes to encourage greater productivity, heightened resilience and better performance.

“During leaner economic times, they are a smart, cash flow-friendly strategy which enables investment in the future of their people, rather than stretching already squeezed budgets.”



What’s in the Employment Rights Bill?

The Employment Rights Bill was published on October 10 2024. It introduced 28 significant reforms to a range of measures.

Accompanying this, the government released a ‘Next Steps to Make Work Pay’ document, outlining plans for future reform.

Lewis Silkin’s latest dashboard breaks down the content of the Employment Rights Bill, showing how the reforms could transform employment law.

In its *October Briefing for HR teams*, **Macfarlanes** focused on the items employers – unionised and not – will need to grapple with in the coming months, including unfair dismissal, fire & rehire, bereavement, paternity and parental leave, SSP, zero-hours contracts, and sexual harassment. It concluded “It is clear the government wants to make a statement with the Bill, bringing in new protections and strengthening existing ones. It will be interesting to watch both the progress of the Bill through Parliament and, perhaps more importantly, the various consultation processes on the different elements that form this far-reaching 158-page document.”



CENTRE AND MEMBERS NEWS

Alternatives To Tax-Advantaged Share Options

In an insight piece published on October 30, **Abbiss Cadres'** Alasdair Friend considered growth shares and Joint share ownership plans (JSOPs) as alternatives to tax-advantaged **CSOP and EMI options**.

Clarity and confusion - HMRC speaks out on EMI tax status during sale negotiations and equity funding rounds

Sarah Ferguson, partner at **Bird & Bird**, suggests that companies that offer Enterprise Management Incentive options should confirm their tax status following **updated guidance from HMRC**: practical solutions may be available if swift action is taken. Care will be needed on funding rounds to ensure swamping rights held by corporate investors do not disqualify existing EMI options or future grants. On a share sale exit, the timing of any pre-sale grants is critical to obtaining EMI tax status and HMRC has opened the door to option grants qualifying even after an offer letter has been tabled.

Sue Gray and the fascinating question of higher pay for “subordinates”

The recent stories around the pay of special adviser Sue Gray (now former Chief of Staff for the Labour party) were partly characterised by a number of commentators expressing apparent shock that someone within an enterprise was paid more than the leader of that enterprise.

The implication was that there was a natural “rule of organisations” that if you are the “top person” you should be paid the most.

However, **MM&K** suggests that advisers should always urge clients to **challenge this notion as being an automatic axiom**.

Employee share incentives for unlisted companies

In a recent *Out-Law Guide*, **Pinsent Masons** partner Lynette Jacobs provides an introduction to unlisted company **incentive arrangements**.

RANKINGS AND AWARDS

Fairway recognised in eprivateclient's **Top Trust Company 2024** rankings.

Fieldfisher has improved its position in the **Chambers and Partners 2025 rankings**. The firm has 11 Band 1 rankings, improved rankings in five areas and 12 new rankings across a range of practice areas in the UK.

Lewis Silkin ranked in top three firms for employment law in **The Times Best Law Firms 2025**; and moved up to second on Newsweek's list of the **UK's Most Loved Workplaces**.

Ogier, Cayman Islands has been recognised as a leading firm in **Legal 500 Caribbean 2025 rankings**.



COURSE

Tapestry 2025 Certificate in Employee Share Plans Course (Cert. ESP)

Tapestry has opened registration for the next intake on [its employee share plan course](#), which is accredited by the Chartered Governance Institute UK & Ireland (CGIUKI). Each part of the two-part course will run over five short days: Part 1: May 12 to 16 2025 Part 2: September 15 to 19 2025



UK NEWS

FCA looks again at name and shame

The Financial Conduct Authority (FCA) is set for a “fundamentally reshape” of its controversial ‘name and shame’ policy following backlash from the City. Many City figures criticised the policy, arguing that the majority of FCA probes closed with no action taken. Firms could face reputational damage even if the FCA later decided to close or drop an investigation. The FCA will scrap its plan to inform companies that they are being investigated only one day before it publicly announces a probe, and instead it will give firms 10 days’ notice, [City A.M reported](#).

P&O pays the price of fire & rehire

P&O Ferries spent more than £47m on sacking hundreds of UK seafarers in 2022. Soon-to-be-published accounts, which are almost 11 months overdue, reveal the cost when the company dismissed 786 mainly British ferry workers and replaced them with low-cost agency staff from overseas countries. The document shows the company was forced to increase its overdraft facility with its parent company DP World to £365m, up from £295m. It also sold off one of its vessels in order to raise a further £77m in financing, [the Guardian reported](#).





Asia

Esops - the latest trend in South East Asian startups

The *Tech In Asia* website published an explanatory piece about the growing popularity of Esops among South East Asian startups. In 2021, six out of 10 startups offered Esops. Today, this number has grown to eight out of 10, according to a study by Saison Capital, XA Network, and Carta. Esops are being implemented earlier in the startup life cycle and are also increasingly being made available to employees beyond senior management. This suggests that founders are recognising the value of Esops as a way of enthusing the workforce as well as attracting and retaining top talent. But founders need to understand Esops better, if they area **to make a real difference**.

India

Bengaluru court restrains Swiggy

A Bengaluru civil court has temporarily restrained foodtech major, Swiggy, from alienating or “creating any charge” on **over 200 stock options held by a former executive**, who was terminated by the company earlier this year, till next hearing. This marks another trouble for the company, **which was set to make its public market debut early this month**. It was reported that a probe by the Competition Commission of India (CCI) found Swiggy and its rival Zomato guilty of flouting antitrust laws and favouring certain restaurant chains listed on their platforms. On November 6, the Delhi High Court issued a notice to the Competition Commission of India (CCI) and Swiggy over a plea filed by the National Restaurant Association of India (NRAI), challenging the

removal of the industry body from a confidentiality ring created by the watchdog to examine allegedly anti-competitive practices by Swiggy and Zomato.

Amid all this, Swiggy’s IPO closed with the issue getting oversubscribed 3.59X on the final day. The IPO received bids for 57.53 Cr shares as against 16.01 Cr shares on offer, led primarily by qualified institutional investors.

The IPO comprises a fresh issue of shares worth INR 4,499 Cr and offer for sale (OFS) of 17.5 Cr shares. Swiggy had set a price band of INR 371 to INR 390 per share for the public issue.

Ahead of the issue opening for public subscription, Swiggy secured INR 5,085 Cr from anchor investors on November 5. Its shares listed on November 13.

WORLD NEWS

India

Head Digital Works concludes first Esop buyback

Head Digital Works, India's leading skill gaming platform, has announced the successful completion of its first employee stock options buyback programme. Among the eligible Esop holders, ninety-seven percent opted to sell a part of their vested Esops as part of the programme. In total, **nearly half of the company's current 500+ employee base benefited from the buyback.**

Despite the challenging environment, the company decided to pursue this initiative and complete a buyback of US\$3m to reward its employees' efforts and loyalty. Speaking about the landmark move Deepak Gullapalli, ceo & founder said, "Despite the current challenges in the industry, we have been mindful of our operations and are focused on ensuring stability and growth. With this Esop buyback, we want to thank our employees for their dedication and hard work. This is the first in our 18-year history, and with more to follow, it demonstrates our commitment to long-term wealth creation for our employees."

USA

Leaving a legacy: Esops are exit ramps with benefits

Looking at business legacy earlier this month, *New England Biz Law Update* said "There are many ways to exit a business, some of which include complete or partial liquidation, or transfers of ownership via mergers and acquisitions, or through business brokers. One approach – establishing an employee stock ownership plan – gives workers ownership interest in a company by way of stock shares. It is a strategy that is becoming more commonplace, as it addresses the changing goals of business owners and **presents a value-preserving alternative to more traditional exits.**"

OwnersEdge - one diversified Esop holding company

OwnersEdge, now under executive chair Lisa Reardon, is an employee-owned holding company, dedicated to acquiring and growing mid-market businesses while fostering a culture of ownership and long-term success. *BizTimes* reports on the **benefits of employee ownership and its long-term sustainability.**

WORLD NEWS

USA

Counterclaim accuses firm of inflating revenue & Esop tomfoolery

BDO USA filed a lawsuit accusing a former leader, Phuoc Vin Phan, of leaving to join Ankura Consulting and taking BDO team members and confidential information with him. BDO claims this was part of an Ankura plan to poach its Healthcare TAS practice. Phan denies the allegations, stating BDO's workplace environment pushed him and others to leave, and counters that BDO fostered a culture of secrecy and intimidation. His **counterclaim also alleges that BDO misled partners during an Esop transaction**, pressured employees to inflate revenue, and withheld owed funds.

Western Global pilots reach agreement over stock plan class action

Western Global pilots have reached an agreement over a class action lawsuit alleging that an employee share ownership plan overpaid for airline stock.

The two pilots that led the lawsuit reached an agreement with Western Global Airlines and its investment manager worth \$14.5m, which will be paid out pro rata to **approximately 353 members of the Esop scheme**.



DOD rule incentivises contracting with 100% Esop-owned companies

According to an NCEO blog post, on October 10 2024, the US Department of Defence (DOD) published a final rule to amend the Defence Federal Acquisition Regulation Supplement (DFARS) to implement Section 874 of the 2022 National Defence Authorisation Act (NDAA) as well as improvements contained in Section 872 of 2024 NDAA. The rule is set to take effect on November 25 2024.

The final rule incentivises DOD contracting with wholly employee-owned businesses

by creating a pilot programme allowing contracting officers to award sole-source follow-on contracts to businesses that are 100 percent Esop-owned.

DOD contracting officers will have to obtain approval from the Defence Pricing, Contracting, and Acquisition Policy office to use the authority. This will help facilitate data collection, which is also required by the rule to assess the effectiveness of the pilot programme. The **programme is authorised till December 27, 2029**.

EMPLOYEE OWNERSHIP NEWS

MP praises campervan employee ownership model

East Lothian Courier reported that Douglas Alexander, MP for Lothian East, visited Jerba Campervans to learn about the benefits of being 100 percent employee-owned.

Jerba became fully employee-owned in January 2018.

Mr Alexander said: "I had heard many positive things about Jerba Campervans and was delighted to have the opportunity to visit and chat to Simon [Poole, co-founder director] about the origins and progress of the business, as well as his passionate advocacy of the employee-ownership model.

"His story of taking the business from a personal enthusiasm to a highly successful and respected business and employer is an inspirational one.

"It's very clear that this has proved to be hugely beneficial for the business, with staff being fully involved in decisions about the way it operates and sharing in its success."

Mr Poole said of the MP: "He clearly understands the positive impact that employee ownership is having on the people who work at Jerba Campervans, on our customers, on **our local community and on the success of the business as a whole.**"

Employee Ownership Trusts vs Capital Gains Tax

A *Business Reporter* article by David Alcock at Anthony Collins asks whether employee ownership is the answer for SME business owners looking to sell their companies.

Although not headline grabbing in the Chancellor's speech itself, a raft of reforms was set out in the Autumn Budget. The changes make the rules more robust and, with increases to capital gains tax, the popularity of EOTs may well grow.

When it comes to business asset disposal relief, promises included the lifetime limit being kept at £1m and maintaining 10 percent rates this year, before rising to 14 percent in April 2025, and to 18 percent from 2026/27.

Although perhaps not as high as expected, the changes could **tip the balance in towards EOTs as against alternative exit options.**

EOT round-up

- ◆ Independent cruise retailer **ROL Cruise**
- ◆ Specialist hi-fi brand **Rega**
- ◆ Steel fabricator **Nusteel Structures Ltd**
- ◆ Christmas decorations supplier **The Corporate Christmas Tree Company**
- ◆ Temporary power solutions **Power Electrics**
- ◆ Recruitment firm **Challenge-trg Group**
- ◆ Warm water underfloor heating supplier **Optimum Underfloor Heating Ltd**
- ◆ Bus operator **Eastern Transport Holdings Ltd**
- ◆ Manufacturer of PCB assemblies **Cope Technology**

LIBRARY OF WEBINAR BROADCASTS:

The Role Of Direct Employee Share Ownership In Market Economics; Esop Sofa: Hot Topics In Employee Share Ownership – Newspad 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>



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ABOUT NEWSBRIEF

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

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