Spain

Stock Option Plans

Employment

Labor Concerns

Plan benefits are considered part of an employee's salary for the purposes of calculating entitlements on termination of employment.

There is a risk that an employee dismissed without cause may be treated by a court as a good leaver.

There are laws which prohibit discrimination against, and/or less favorable treatment of, employees on certain grounds, including age, gender, disability and part-time status. Companies should be mindful of this when determining the eligibility of employees to participate in a Plan, the benefits being granted and the exercise of any discretion.

Communications

A disclaimer should be included in the award agreement, which acknowledges each employee's receipt of the Plan documents and the discretionary nature of the Plan, and confirms that termination of employment will result in the loss of unvested rights.

Although there is no legal requirement to do so, it is recommended that the Plan documents be translated. If any discrepancy arises and documents need to be presented to a Spanish court, official translations would be required.

Government filings must be made in Spanish.

Electronic execution of award agreements may be acceptable under certain conditions, which are not onerous.

Regulatory

Securities Compliance

Neither the grant nor the exercise of Options is likely to trigger any prospectus requirements.

Foreign Exchange

Spanish resident individuals must make an annual filing with the Spanish Securities and Exchange Commission (the "Comisión Nacional del Mercado de Valores"), for administrative and statistical purposes, declaring their interests in foreign securities.

Data Protection

Employee consent for the processing and transfer of personal data is a recommended method of compliance with existing data privacy requirements. Generally, an employer must register data processing activities and databases with Spain's data protection authorities.

Tax

Employee Tax Treatment	An employee is generally subject to income tax on the gain on exercise (i.e., the excess of the market value of the Stock acquired over the aggregate exercise price). Capital gains tax is also payable on any gain upon the net proceeds of sale of the Stock.
Social Security Contributions	Social security contributions are due from both the Subsidiary and the employee on all income received up to a threshold (which is subject to change on an annual basis). If employees exceed this threshold, social security contributions will not be due on the exercise of Options. Employer's social security contributions cannot be passed onto employees.
Tax-Favored Program	Any gain up to an annual limit of €12,000 is exempt from tax, provided that all current employees of the group are eligible to participate on the same terms and conditions. In addition, 30 percent of the gain arising from the exercise of Options will be exempt from tax provided: (i) the Options do not vest on a regular or recurrent basis and the Options vest over a period of more than two years; and (ii) such gain does not exceed either €300,000 or the amount resulting from multiplying the annual average salary by the vesting period. Additional limits to the reduction may apply. Any excess over this limit will not benefit from the reduction.
Withholding and Reporting	The Subsidiary has an obligation to withhold the income tax and social security contributions (if the threshold has not been met) due on the excess of the market value of the Stock acquired over the exercise price when the employee becomes entitled to sell the Stock. Reporting requirements apply to both the Subsidiary and the employee.
Employer Tax Treatment	A deduction is available if the Subsidiary reimburses the Issuer for costs of the Plan. A written reimbursement agreement is required (setting out the criteria used to establish the amount to be paid by the Subsidiary).

Spain

Restricted Stock and RSUs

Employment

Labor Concerns

Plan benefits are considered part of an employee’s salary for the purposes of calculating entitlements on termination of employment.

There is a risk that an employee dismissed without cause may be treated by a court as a good leaver.

There are laws which prohibit discrimination against, and/or less favorable treatment of, employees on certain grounds, including age, gender, disability and part-time status. Companies should be mindful of this when determining the eligibility of employees to participate in a Plan, the benefits being granted and the exercise of any discretion.

Communications

A disclaimer should be included in the award agreement, which acknowledges each employee’s receipt of the Plan documents and the discretionary nature of the Plan, and confirms that termination of employment will result in the loss of unvested rights.

Although there is no legal requirement to do so, it is recommended that the Plan documents be translated. If any discrepancy arises and documents need to be presented to a Spanish court, official translations would be required.

Government filings must be made in Spanish.

Electronic execution of award agreements may be acceptable under certain conditions, which are not onerous.

Regulatory

Securities Compliance

Neither the grant nor the vesting of Restricted Stock or RSUs is likely to trigger any prospectus requirements.

Foreign Exchange

Spanish resident individuals must make an annual filing with the Spanish Securities and Exchange Commission (the “Comisión Nacional del Mercado de Valores”), for administrative and statistical purposes, declaring their interests in foreign securities.

Data Protection

Employee consent for the processing and transfer of personal data is a recommended method of compliance with existing data privacy requirements. Generally, an employer must register data processing activities and databases with Spain’s data protection authorities.

Tax

Employee Tax Treatment	For Restricted Stock, an employee is generally subject to income tax on the value of the Restricted Stock when it vests. For RSUs, an employee is generally subject to income tax on the value of the Stock received on vesting. Capital gains tax is also payable on any gain upon the net proceeds of the sale of the Restricted Stock or Stock.
Social Security Contributions	Social security contributions are due from both the Subsidiary and the employee on all income received up to a threshold (which is subject to change on an annual basis). If employees exceed this threshold, social security contributions will not be due on income from the Restricted Stock or Stock (as applicable) on vesting. Employer's social security contributions cannot be passed onto the employees.
Tax-Favored Program	Any gain up to an annual limit of €12,000 is exempt from tax, provided that all current employees of the group are eligible to participate on the same terms and conditions. In addition, 30 percent of the gain arising from the vesting of Restricted Stock or Stock will be exempt from tax if: (i) the Restricted Stock or Stock do not vest on a regular or recurrent basis and the Restricted Stock or Stock vest over a period of more than two years; and (ii) such gain does not exceed either €300,000 or the amount resulting from multiplying the annual average salary by the vesting period. Additional limits to the reduction may also apply. Any excess over this limit will not benefit from the reduction.
Withholding and Reporting	The Subsidiary has an obligation to withhold the income tax and social security contributions (if the threshold has not been met) due on the excess of the market value of the Restricted Stock or Stock acquired over the exercise price when the employee becomes entitled to sell the Restricted Stock or Stock. Reporting requirements apply to both the Subsidiary and the employee.
Employer Tax Treatment	A deduction is available if the Subsidiary reimburses the Issuer for costs of the Plan. A written reimbursement agreement is required (setting out the criteria used to establish the amount to be paid by the Subsidiary).

Spain

Employee Stock Purchase Plans

Employment

Labor Concerns

Plan benefits are considered part of an employee's salary for the purposes of calculating entitlements on termination of employment.

There is a risk that an employee dismissed without cause may be treated by a court as a good leaver.

There are laws which prohibit discrimination against, and/or less favorable treatment of, employees on certain grounds, including age, gender, disability and part-time status. Companies should be mindful of this when determining the eligibility of employees to participate in a Plan and the exercise of any discretion.

Communications

A disclaimer should be included in the award agreement which acknowledges each employee's receipt of the Plan documents and the discretionary nature of the Plan, and confirms that termination of employment will result in the loss of unvested rights.

Although there is no legal requirement to do so, it is recommended that the Plan documents be translated. If any discrepancy arises and documents need to be presented to a Spanish court, official translations would be required.

Government filings must be made in Spanish.

Electronic execution of award agreements may be acceptable under certain conditions, which are not onerous.

Regulatory

Securities Compliance

It is possible that a prospectus will be required for participation in the Plan to be offered to employees in Spain. However, certain exemptions, exclusions and interpretations may be applicable and, in practice, a prospectus is rarely required. For example, offers made to no more than 150 persons in any one Member State are exempt and certain Issuers, including those incorporated or listed in a Member State, are required only to publish summary information about the Plan and the Stock in substitution for a prospectus. Where a prospectus is required, the Issuer may be able to take advantage of a short form regime under which certain requirements for the prospectus' contents are waived. Any prospectus must be approved by the relevant regulatory authority in the Issuer's Home Member State and filed under the passporting system with the relevant regulatory authority of each Member State in which participation in the Plan is being offered.

Foreign Exchange	Spanish resident individuals must make an annual filing with the Spanish Securities and Exchange Commission (the “Comisión Nacional del Mercado de Valores”), for administrative and statistical purposes, declaring their interests in foreign securities.
Data Protection	Employee consent for the processing and transfer of personal data is a recommended method of compliance with existing data privacy requirements. Generally, an employer must register data processing activities and databases with Spain’s data protection authorities.

Tax

Employee Tax Treatment	An employee is generally subject to income tax on the value of any discount when the Stock is purchased. Capital gains tax is also payable on any gain upon the net proceeds of sale of the Stock.
Social Security Contributions	Social security contributions are due from both the Subsidiary and the employee on all income received up to a threshold (which is subject to change on an annual basis). If employees exceed this threshold, social security contribution will not be due on income from the purchase of Stock under the Plan. Employer’s social security contributions cannot be passed onto the employees.
Tax-Favored Program	Any gain up to an annual limit of €12,000 is exempt from tax, provided that all current employees of the group are eligible to participate on the same terms and conditions.
Withholding and Reporting	The Subsidiary has an obligation to withhold the income tax and social security contributions (if the threshold has not been met) due on the excess of the market value of the Stock acquired over the exercise price when the employee becomes entitled to sell the Stock. Reporting requirements apply to both the Subsidiary and the employee.
Employer Tax Treatment	A deduction is available if the Subsidiary reimburses the Issuer for the costs of the Plan. A written reimbursement agreement is required (setting out the criteria used to establish the amount to be paid by the Subsidiary).