

Employee Stock Options in the EU and the USA

FINAL REPORT

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Denmark

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Denmark

1. General remarks

1.1 History

- 1.1.1 Until the 1990s share options were rarely used as a form of incentive in Denmark, which meant that the principles regarding the taxation of stock options mainly developed through case law and common practice during the 1990s. By the end of the 1990s the taxation of stock options became more formalised and is now regulated through statutes.

1.2 Current situation

- 1.2.1 Although there are no official statistics recording the use of stock option plans, according to a 1999 Danish Survey¹, 1/5th of the 500 largest companies in Denmark had introduced stock option plans and 1/5th contemplated doing so. According to a 2000 survey², 1/3rd of the companies quoted on the Copenhagen stock exchange had stock plans. This appears to be spread throughout different employment sectors and amongst all sizes of company.
- 1.2.2 The taxation of stock options changed as of 1 January 2001. As of this date warrants (a right to acquire newly issued shares) are taxed in the same way as stock options (a right to acquire treasury shares)³. In addition, a tax favourable opportunity became available in relation to stock option plans (see section 3.1), but we understand that to date this has only been applied by a small number of companies.
- 1.2.3 There are discussions in political circles on possible future changes to the taxation of stock options. It is anticipated that provided specific conditions are met, it may be possible to defer the taxation from the time of exercise until the time of sale of the underlying shares. A Bill was presented to the Government on 22 May 2002, but after three readings it was not passed before the summer recess. It is expected that the Bill will be re-proposed in October 2002.

2. Key features of stock option plans

- 2.1 Stock option plans in Denmark are entirely discretionary, there is no maximum or minimum term over which options must be granted and the company has entire discretion over who may participate in the plan (subject to anti-discrimination laws – see section 6.2). Similarly, there are no restrictions on the type of company that may grant options, the nature of the shares over which options may be granted, or the value of shares over which options may be granted. However, only employees, members of the board and others who perform work for the company (which includes independent consultants, advisers etc.) can qualify under the rules regarding “employee options” (i.e. options that are taxed at exercise as opposed to vesting).

¹ Børsens spørgeskemaundersøgelse vedrørende aflønning med finansielle instrumenter

² Ledernes Hovedorganisation "aktieløn blandt topledere i Danmark"

³ Act No 1286 of December 12, 2000.

3. Taxation

3.1 Time of taxation

- 3.1.1 There will be no charge to income tax or social security contributions on the grant of a stock option⁴.
- 3.1.2 If an employee receives options from a company other than his employing company or a group company (a group company is one where the same shareholder owns more than 50% of the share capital or votes in the companies) the option is taxable at vesting. In addition, if the options are held and transferred by a trust, taxation is triggered at vesting⁵. In practice, it tends to be very rare for options to be taxed at vesting.
- 3.1.3 Otherwise income tax and social security contributions will be due at the time the option is exercised. This is the case where the grantor of the option is the employing company or a group company⁶.
- 3.1.4 It may be possible to avoid income tax and social security contributions on vesting or exercise of stock options (see sections 3.1.5 to 3.1.8).
- 3.1.5 As of 1 January 2001, a change in legislation allows the employer and the employee to agree that at exercise the employer will pay a 40% fee on the option value. The value of the option is taken as the spread at exercise. In addition to paying this fee, the employer loses the right to a corporate tax deduction (at 30%). This model implies that the employee avoids paying income and social security contributions on the option benefit.
- 3.1.6 The application of these rules presupposes, even though it is not a requirement to apply the rules, that the number of shares under option is reduced to compensate the employer for the payment of the 40% fee and the loss of the corporate tax deduction. Even after such a reduction, it may still be of benefit to the employee to apply these rules, as the net after tax benefit could be increased. As far as we know this favourable tax regime has only been applied a few times in Denmark to date.
- 3.1.7 The example below illustrates the effect of applying these rules (referred to below as the tax paid by the employer) compared to the rules which levy a tax liability on the employee at exercise (referred to below as ordinary rules).

	Ordinary rules	Tax paid by the employer
Value of option at exercise (spread)	100,000	100,000
Reduction in the number of options to compensate the employer for the lack of tax deductibility, 30%		(30,000)
		70,000
Fee paid by the employer, 40%		(28,000)
Value of options granted to the employee	100,000	42,000
Employee's situation		
Value of options	100,000	42,000
Tax, 63%	(63,000)	
Net gain	37,000	42,000

- 3.1.8 These rules are complicated and have not been applied by any major companies. Because of this, the rule is going to be repealed and replaced by a new regime with effect from 1 January 2003.

⁴ The Danish Assessment Act § 28

⁵ General Principles

⁶ The Danish Assessment Act § 28

3.2 Taxable gain

3.2.1 Vesting

- 3.2.1.1 Where tax is due at vesting, the taxable value at vesting is calculated by a formula developed by the Ministry of Taxation. This is a simplified interest valuation method, which is less sophisticated than the Black Scholes formula, without any volatility element.
- 3.2.1.2 The income tax is calculated on the value of the option. The value, calculated according to the formula, is based on the accumulated interest on a notional loan from vesting until the end of the exercise period.

The taxable percentage will depend on the interest rate level and the exercise period. The formula is as follows:

$$\frac{\mathbf{F} \times \mathbf{T} \times \mathbf{I}}{100} = \mathbf{R}$$

Where **F** is the fair market value ("FMV") of an underlying share as a percentage of the exercise price.

T is the term to maturity (in months).

I is the monthly interest rate after tax and is calculated by reference to the official rate set by the Bank of Denmark, plus 4%;.

R is the return on the option or the taxable percentage.

The taxable value of the option is calculated as **R** multiplied by the **FMV** of the underlying share at the time of taxation.

3.2.2 Exercise

- 3.2.2.1 At exercise, where the option was granted over shares in the employing company's group, tax is due on the spread, which is calculated as the difference between the FMV of the shares on the date of exercise and the sum of the exercise price and the price paid for the options (if any).

3.3 Type of tax

3.3.1 Vesting and exercise

- 3.3.1.1 Any taxable benefit arising at vesting or exercise is taxed as ordinary salary income.
- 3.3.1.2 In Denmark there are three state income tax tiers from 5.5% to 26.5% (2002).

- 3.3.1.3 Local income taxes consist of two parts, a local income tax of approximately 20% and a county income tax of approximately 10%.
- 3.3.1.4 Consequently the tax rates vary from approximately 35% to a marginal tax rate of 59% for income exceeding DKK 285,200 (2002). The income tax ceiling is 59%. The total income tax to the state, the county and the municipality cannot exceed this tax ceiling.
- 3.3.1.5 In addition, social security contributions of 9% (2002) are payable by the employee, consisting of a social security contribution and an additional pension saving. This tax is deductible from the income tax base, which leads to a top income tax and social security contributions rate of 62.7%.

3.4 Capital gains taxation

- 3.4.1 Tax is due on the disposal of shares and the tax rates applicable to gains derived from the sale of shares depends on the period of ownership. A distinction is made between ownership of less than three years and of more than three years. The period of ownership starts from the time of exercise.
- 3.4.2 The capital gain is the difference between (i) the sale price and (ii) the FMV of the shares at the date of exercise (or vesting, if the option is taxed at vesting). If the shares are held for less than three years from the time of exercise, the gain is added to the employee's ordinary income and is taxed at the normal progressive tax rates of 35% to 59% (2002).
- 3.4.3 If the shares are held for a period of three years or more from the date of exercise, the capital gain is taxed as "share income", at rates from 28% to 43%. However, if the value of the employee's total holding of quoted shares owned for a period of three years or more has not exceeded DKK 125,100 (for married couples the threshold is DKK 250,100) (2002) during the last three years prior to the sale, the gain is tax free.
- 3.4.4 Capital losses on the sale of shares may be offset against capital gains as follows.
- 3.4.5 *Shares owned for less than three years*
 - 3.4.5.1 The loss can be deducted from any capital gains derived from the sale of shares (listed or unlisted) owned for less than three years. From 2002 any remaining loss can be carried forward and deducted from capital gains derived from the sale of shares owned for less than three years. Any loss that is carried forward can be deducted from the employee's own capital gains and those of his/her spouse. For capital losses realised prior to 2002, the loss could only be carried forward indefinitely.
- 3.4.6 *Unlisted shares owned for more than three years*
 - 3.4.6.1 The loss can be deducted from any capital gains derived from the sale of shares (listed or unlisted) owned for more than three years. Any remaining loss can be deducted from the income tax base.

3.4.7 *Listed shares owned for more than three years*

- 3.4.7.1 A loss can be deducted from capital gains derived from the sale of listed shares owned for more than three years. Any remaining loss can be carried forward indefinitely.

3.5 **Tax consequences for the granting company**

3.5.1 *Social security contributions*

- 3.5.1.1 No social security contributions are payable by the company in relation to the grant, vesting or exercise of options. This is not affected by whether or not there is a recharge of costs to the subsidiary employing the option holders.

3.5.2 *Corporate tax deduction*

- 3.5.2.1 Where the employing company or a group company is the grantor, the local affiliate (employing company) will be able to deduct an amount equal to the amount taxable on the employee at exercise in respect of options to buy reacquired (treasury) shares, regardless of whether the options are issued by the parent company or the local affiliate. The costs related to the administration of the plan are also deductible. No deduction is available if the options are granted by a trust.

- 3.5.2.2 For a plan based on warrants (subscription of newly issued shares) a deduction will also be available if the warrants (and shares) are issued by the local affiliate. However it is unlikely that a deduction will be permitted in the case of a recharge for warrants issued by a parent company.

- 3.5.2.3 If the employee sells the option/warrant, the employer loses the corporate tax deduction.

- 3.5.2.4 It is recommended that a written agreement be established between the parent company and the Danish subsidiary for recharged costs.

- 3.5.2.5 The following costs are allowable against corporation tax:

- Fees for lawyers, etc. and costs related to the administration of the plan.
- An amount equal to the amount to be taxed on employees, based on the above.

- 3.5.2.6 The administration costs etc. can be deducted when they are incurred. The deduction in relation to the amount taxed on employees can be deducted at the time of exercise.

- 3.5.2.7 The company must claim the deductible amounts in the year following the year in which the company is entitled to deduct the amount.

- 3.5.2.8 Under the favourable tax treatment regime, companies lose the right to any corporate tax deduction if they agree to pay the relevant fee (see section 3.1).

3.5.3 *Other*

- 3.5.3.1 VAT/sales tax and stamp duty/transfer tax have no impact on the operation of employee stock option plans in Denmark.

4. Issues for employees

4.1 Reporting obligations

- 4.1.1 There are no reporting obligations for an employee in relation to the grant of stock options.
- 4.1.2 If there is a tax charge on vesting, the value of the options on the vesting date (determined using the formula set out in section 3.2.1) should be included in the employee's tax return (due on 1 May in the year following the year of vesting).
- 4.1.3 The employee is required to include in his/her annual Danish tax return the spread at exercise (FMV at exercise less exercise price). The tax return must be filed with the tax authorities by 1 May (with a possible extension until 1 July) of the year following the year in which the income is recognised.
- 4.1.4 On disposal of the shares, the employee has to file a tax return with the tax authorities by 1 May (with a possible extension until 1 July) of the year following the year in which the income is recognized. The benefit to be reported is the difference between (i) the sale price and (ii) the FMV of the shares at the exercise date (or at the date of vesting if tax was at vesting).

4.2 Cashflow issues

- 4.2.1 If the employee has paid money for the grant of the stock option, but does not subsequently exercise the stock option he/she will not have a tax loss, unless he/she sells the option (at a loss). Cashflow issues would only arise if there is taxation at vesting. It is uncommon for this to be an issue as this type of award is likely only to be granted to senior management who accept the cashflow problems associated with tax at vesting in order to optimise the amount of growth subject to more favourable capital gains tax rates, as opposed to income tax rates.

4.3 Changes in an employee's residence status

- 4.3.1 If a tax charge would normally be due on vesting a change in an employee's residence status has the following effect.
 - Where the employee is tax resident at vesting of the option but was not tax resident at the date the option was granted there are arguments to support a stance that taxation is triggered at the time of sale of the underlying shares (i.e., taxation as a capital gain) rather than at vesting or exercise. This is based on a statement made by the Minister of Taxation that where an option is received prior to Danish residency commencing, no tax is due until sale, but this statement is not in accordance with the legislation. Although the statement was made in Autumn 2000, it has apparently not been tested to date, and it is not therefore clear whether the authorities would apply the legislation or would follow the Minister's statement.

- Where an employee was tax resident at grant but then ceased to be tax resident, an exit tax may be due when⁷ he leaves Denmark. It is not clear whether unvested options are subject to the exit tax. Although there are arguments to support the stance that only vested options are subject to the exit taxation, this has not been tested with the Danish authorities.
- Where the employee is not resident at grant, not resident at vesting but resident in between, based on the Minister's statement, taxation would not be triggered until sale of the underlying shares. If the stay in Denmark exceeds five years (if ordinarily taxable at vesting) or seven years (if ordinarily taxable at exercise) there is also a risk of exit taxation when the residence ceases.

4.3.2 If a tax charge would normally be due on exercise, a change in an employee's residence status would cause the income tax and social security contributions positions to differ as follows:

- Where the employee is tax resident at the exercise of the option but was not tax resident at the date the option was granted as stated above, there are arguments to support a stance that taxation is triggered at the time of sale of the underlying shares rather than at exercise⁸.
- Where the employee is not tax resident at exercise but was tax resident at the date of grant, an exit tax may be triggered when the employee transfers from Denmark. It is not clear whether unvested options as well as vested options are subject to this exit tax. Although there are arguments to support the stance that only vested options are subject to the exit tax, they have not been tested with the Danish tax authorities.
- Where the employee is not resident at grant, not resident at exercise but resident in between, based on the Minister's statement, taxation would not be triggered until the sale of the underlying shares. Again there is a risk of an exit charge at the time the employee ceased to be resident in Denmark.

4.3.3 It is possible to ask for an extension⁹ for the payment of the exit tax until the options are exercised. However, the following conditions must be met:

- A tax return has to be filed at the end of the month following the calendar month of departure from Denmark.
- A tax return has to be filed in the year following the year the options are exercised.
- Sufficient security must be granted to the Danish tax authorities for the taxes payable. The security can be in the form of shares, listed bonds, a guarantee from a financial institution or another kind of security. It is also possible for the company to provide the security.

⁷ General Principles

⁸ A statement issued by the Minister of Taxation during the reading of the proposal in Parliament.

⁹ Tax Assessment Act § 28

- 4.3.4 If the employee asks for an extension, an extra interest charge is added to the exit tax. The extra charge is determined using the official discount rate as of 1 January every year (3.25% for 2002). Thus, if the exit tax is 100,000 an extra charge of 3.25% is added and the total amount due is 103,250.
- 4.3.5 The extra charge is not deductible from the income tax base.
- 4.3.6 If the employee only asks for an extension for a part of the year, the extra charge is prorated.
- 4.3.7 In these circumstances, the exit tax and the extra charges would be payable at the time the employee exercises his stock option.
- 4.3.8 If the exit tax at the time of departure from Denmark is higher than the tax calculated at the time the employee exercises his option, it is possible to have the tax recalculated. This opportunity is available irrespective of whether or not the employee asked for an extension for the payment of the tax, but is only available if tax returns were filed within the above mentioned time limits.
- 4.3.9 If an employee asks for an extension, the tax and the extra charge will be annulled, and the newly calculated tax becomes payable.

5. Issues for employers

5.1 Reporting obligations

- 5.1.1 There are no reporting obligations for the employer in relation to the grant of stock options.
- 5.1.2 If there is a tax charge on vesting, the value of the options (calculated in accordance with the formula set out at section 3.2.1) on the date of vesting must be reported on the annual salary report statement, which is due on 20 January in the year following the year of vesting¹⁰.
- 5.1.3 In relation to the exercise of stock options, the local employer must report any compensation paid to the employee on the annual salary statement by 20 January in the year following the year in which the income was recognized.
- 5.1.4 There are no reporting obligations for the employer in relation to the sale of shares by the employee.

¹⁰ Tax Inspection Act (Skattekontrolløven) § 7

5.2 Withholding obligations

- 5.2.1 There are no withholding obligations for the employer in relation to the grant, vesting, or exercise of stock options, or on the sale of the shares. The employee is responsible for the payment of the tax due.

6. Legal issues

6.1 Process/timeframe

- 6.1.1 It may take approximately three to twelve months to implement a stock option plan in Denmark depending on how complicated the plan is.
- 6.1.2 The process for implementing a plan will, to some extent, depend on what kind of plan the company introduces. The following process steps need to be considered:
- If the grant of options requires shareholder approval (this is the case if the plan is based on newly issued shares), approval will have to be obtained. In addition, the ability to increase share capital, if applicable, together with the basic terms of the warrants will need to be contained in the articles of association. Shareholder approval will also be required if the company will need to purchase its own shares in connection with the plan (see section 6.4). However, in general the adoption of share-based remuneration is a board matter.
 - If the company is listed on the Copenhagen Stock Exchange and shares will be newly issued, either a prospectus must be prepared or an exemption obtained from the Stock Exchange.

6.2 Employment law

- 6.2.1 There is no requirement to contact any employee representative body prior to the implementation of a stock option plan. However, if broad all-employee share plans are implemented, it may be desirable to do so. There are no other regulatory / official bodies that require notification or consultation at any stage in the process.
- 6.2.2 European law forbids differences in employee benefits between full-time and part-time workers where the part-time work force is predominantly female and the full-time workforce is predominantly male (or vice versa), unless the employer can demonstrate an objective justification unrelated to gender¹¹.
- 6.2.3 According to the Danish Salaried Employees Act, an employee who leaves employment, and based on an agreement or practice receives cash bonuses, is entitled to that part of the bonus he would have received if he were employed at the end of the bonus performance period, prorated for the period up to his termination. According to a Danish Supreme Court case, this provision in the Salaried Employees Act applies to restricted stock plans. Consequently, it may also apply to other plans such as stock options and

¹¹ Directive 97/81 of December 15, 1997.

thus a terminated employee may be entitled to a proportion of the option value - even if the option is not vested and even if the dismissal was not unlawful or unfair¹².

6.3 Data protection

6.3.1 For the purposes of complying with the European Union Data Protection Directive it is advisable that an employer obtains a signed waiver and acknowledgement from the employee. In the waiver the employee should acknowledge that the employer, through an appointed controller, holds or will hold information about the employee relating to the employee's employment and other personal information, and that the controller is authorized to disclose such data to the employer, or any of its subsidiaries, representatives or agents in any country, including countries that do not have a level of data protection similar to the standards under the European Union Data Protection Directive.

6.3.2 We understand from the Danish Register of Data, which administrates the Data Protection laws in Denmark, that they have no established practice in relation to the implications and penalties imposed if the data protection laws are contravened.

6.4 Stock exchange issues

6.4.1 Where the company issues warrants (a right to acquire newly issued shares) shareholder approval is needed¹³.

6.4.2 Whether shareholder approval is required when a company issues a right to acquire treasury shares will depend on whether the company holds a sufficient amount of treasury shares at the time of issuing the options, to satisfy the options. According to Danish Corporate law, a company needs to obtain shareholder approval prior to the purchase of its own shares. Consequently, if the company does not hold the necessary amount of treasury shares, shareholders must agree to the purchase (but not necessarily to the grant of the options).

6.4.3 As a general rule, no prospectus is required for options to purchase treasury shares. If the company is listed on the Copenhagen Stock Exchange a prospectus must be issued for options to subscribe for newly issued shares. However, the stock exchange may grant an exemption from this requirement if the options are granted solely to employees.

6.4.4 There are no any restrictions on employees holding foreign shares or options over foreign shares.

6.5 Securities law

6.5.1 There are no further securities law considerations in Denmark.

6.6 Financial assistance

6.6.1 An employer may not provide loans to a shareholder employee; however, it is permitted to provide financial assistance to its employees for the purpose of exercising stock

¹² Danish Salaried Employees Act § 17a. Judgement delivered by the Maritime and Commercial Court of Copenhagen June 6.

¹³ Danish Company Law §§ 40a and 40b

options provided the stock option plan is a qualified stock purchase plan and the employee is not a member of top management of the company¹⁴. However, share option plans are not qualified stock purchase plans.

6.7 Other

6.7.1 There are no foreign exchange control filings in Denmark.

6.7.2 The rights of employees prior to the exercise of options will depend on the terms of the stock option plan, the award agreement, and the type of instrument granted to the employee. However, with respect to stock options, the employee has no voting rights and receives no dividends prior to exercise.

7. Sourcing shares for stock option plans

7.1 Shares for options may be newly issued or market purchase. The company and its subsidiaries may hold up to 10% of the company's own shares¹⁵.

7.2 Unless it has been agreed otherwise in a shareholder agreement, shares may be transferred to employees freely. There are two types of shares: (i) "Name-shares", which are shares registered in the company's capital stock register and which may be registered in the Danish Securities Centre, and (ii) "bearer shares" registered in the Danish Securities Centre. The transfer of shares is registered in the capital stock register or by the Danish Security Centre¹⁶.

7.3 There are no costs associated with the transfer these shares. However, if the shares are listed, a broker fee may be payable.

8. Role and influence of existing shareholders

8.1 Shareholder approval is required for options over newly issued shares or for the purchase of shares if required to support the plan.

9. Accounting

9.1 Danish generally accepted accounting principles ("GAAP") are in accordance with the International Accounting Standards. A common Danish GAAP does not exist with regard to stock option plans.

9.2 Financial institutions in Denmark generally consider stock option plans to be a liability whilst other companies consider stock option plans to be either a liability or an equity-instrument. It is most common to consider a stock option plan as an equity-instrument. Expenses related to stock option plans have to be included in the Profit & Loss account as "salaries".

¹⁴ Danish Company Law §§ 115 - 115a.

¹⁵ Danish Company Law § 48.

¹⁶ Danish Company Law § 18.

- 9.3 If the stock option plan is considered a liability, the value of the option must be expensed and accrued at the time the option is granted and subsequent adjustments to the liability are recognised if the value of the stock option changes.
- 9.4 If the stock option plan is considered an equity-instrument, at the time of the grant the value of the stock options has to be expensed and posted under the free reserves under equity. The value of the stock options is calculated either at market value or intrinsic value. There will be no further adjustment to the recognised value of the stock option plan.
- 9.5 The impact of accounting for a stock option plan is reflected in the description of the accounting policies. A description of the stock option plan will normally be included in the director's report.
- 9.6 For companies listed on the Copenhagen Stock Exchange, the following information must be disclosed in the notes to the accounts:
- The types of share-based remuneration covered by the plans.
 - The persons covered by the plans, broken down by board of directors, board of management, managerial staff and general staff.
 - The date of grant.
 - The total number of underlying shares and the breakdown of these by board of directors, board of management, managerial staff and general staff.
 - The objectives on which the granting of share-based remuneration are based.
 - The period during which the options can be exercised.
 - Exercise value for each grant.
 - The exercise price.
 - The specific terms and conditions that must be met for the options to be exercised.
 - The market value of share-based remuneration plans, including a description of how the market value has been calculated and the most important assumptions for the calculation. The market value has to be calculated at the time when the company discloses accounting figures, i.e. quarterly or annually.
- 9.7 The annual report must include information about share-based remuneration plans, including the number of options not exercised at the end of the year, broken down by board of directors, board of management, managerial staff and general staff.
- 9.8 For companies not listed on the Copenhagen Stock Exchange the content of the notes to the accounts is more limited as there are no specific requirements for these companies.

- 9.9 The accounting treatment in Denmark is generally viewed favourably by companies. Medium sized companies may not disclose sufficient information regarding stock option plans, e.g., it is very seldom that the value of stock options is disclosed in the accounts, but as accounting for stock option plans is not formalised in Danish accounting rules, there are no sanctions.
- 9.10 Investors and shareholders in general demand more detailed information regarding stock option plans and want the stock option plans to be recognised in the Profit & Loss account and the balance sheet.
- 9.11 It is our opinion that accounts for small and medium sized companies in future years will disclose more detailed information regarding stock option plans. It is felt that Danish GAAP will demand more information regarding stock option plans in the future.

10. Miscellaneous

- 10.1 Whilst generally, the use of trusts is recognised under Danish law, trusts are not commonly used in conjunction with stock option plans.
- 10.2 The tax revenues from stock option plans are used as general tax revenues.

11. Special points of note

11.1 Mitigation of income tax

- 11.1.1 There are no provisions for mitigating income tax on stock options, other than the favourable treatment mentioned above.

11.2 Mitigation of social security contributions

- 11.2.1 There are no provisions for mitigating social security contributions on stock options.

11.3 Mitigation of tax on sale of shares

- 11.3.1 There is generally no scope for mitigation of the tax due on the sale of shares. The gain derived from the sale of shares held for more than three years is taxed as capital gain with rates from 28% to 43% rather than as ordinary income with rates ranging from 32% to 59% (please refer to section 3.4).

11.4 Special provisions for SMEs

11.4.1 There are no special provisions for stock options in SMEs.

Note: Individual country reports have been prepared covering employee stock options in the EU and the USA. These individual reports are of a general nature and subject to change based on individual circumstances. PricewaterhouseCoopers has also provided the EU with an overview report. This overview report sets out the basis on which the individual reports were prepared and should be referred to as necessary. In particular, it should be noted that the information in the reports is current as at 1 January 2002, unless otherwise stated. In the case of certain known subsequent changes, reference may be made on occasion but a full update exercise has not been carried out. Further information can be obtained from PricewaterhouseCoopers.