

## Legal alert - Employee share schemes

Peter Chemis, Hamish Kynaston, Sherridan Cook, Susan Rowe, Alastair Sherriff, Andrea Pazin

1 April 2014

From today, it will be easier for employers to incentivise and reward employees through share offers, due to the commencement of the Financial Markets Conduct Act 2013 (FMC Act). Although the bulk of the FMC Act will not come into force until December 2014, a number of provisions were 'fast-tracked'. One of these is a much more liberal regime for employee share purchase schemes, which simplifies existing requirements set out in multiple exemption notices under the Securities Act 1978.

The new regime will apply to offers of shares (other types of financial product are not included within the exemption) that are:

- Made to employees, non-employees providing personal services (such as contractors), or directors of the issuer or a subsidiary of the issuer (for example, employees of a New Zealand subsidiary in terms of an offer of shares of an overseas parent company)
- Made as part of the remuneration arrangements for the recipients, or otherwise in connection with their employment or engagement
- Not made for general fund raising purposes and do not represent more than 10% of the shares of the issuer over a 12 month period.

Employers that wish to rely on the new exemption must provide:

- A written description of the scheme
- A warning statement (with prescribed wording)
- The issuer's most recent annual report and financial statements, or information on how to obtain these from the issuer and/or obtain copies online.

To find out more about how you can take advantage of these changes, contact a member of our team.

### Auckland

PwC Tower  
188 Quay Street  
Auckland 1010

PO Box 1433  
Auckland 1140  
New Zealand

P: +64 9 358 2555  
F: +64 9 358 2055

### Wellington

Aon Centre  
1 Willis Street  
Wellington 6011

PO Box 2694  
Wellington 6140  
New Zealand

P: +64 4 499 4242  
F: +64 4 499 4141

### Christchurch

83 Victoria Street  
Christchurch 8013

PO Box 322  
Christchurch 8140  
New Zealand

P: +64 3 379 1747  
F: +64 3 379 5659