

Employee Stock Purchase Plans (423 Plans)

Many public companies establish employee stock purchase plans to allow their employees to buy company stock at a discount of up to 15% from fair market value. To achieve favorable tax treatment, these broad-based plans need to comply with detailed rules under Code section 423. The arrangements also need to comply with relevant securities laws. We help companies with the design, establishment and administration of these arrangements, including:

- Drafting plan documents.
- Assisting with eligibility and pricing determinations.
- Annual reporting and withholding, including "disqualifying dispositions."
- Preparation of prospectuses and other employee communications.
- Review of third-party administration arrangements.