

Equity Awards Grant Settings

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There are four settings you manage under Equity Awards Settings. These are Performance Condition, Vesting templates, Exercise Configuration, and Grants form.

Performance Condition Templates

A company may decide to link the employee performance to employee stock option plans for reasons like achieving individual performance targets, departmental goals being met, or a corporate financial goal being achieved. This essentially means the company introduces a performance-based criterion to its vesting structure. In effect, stocks would be vested if they hit certain targets in a specified period instead of set vesting schedule.

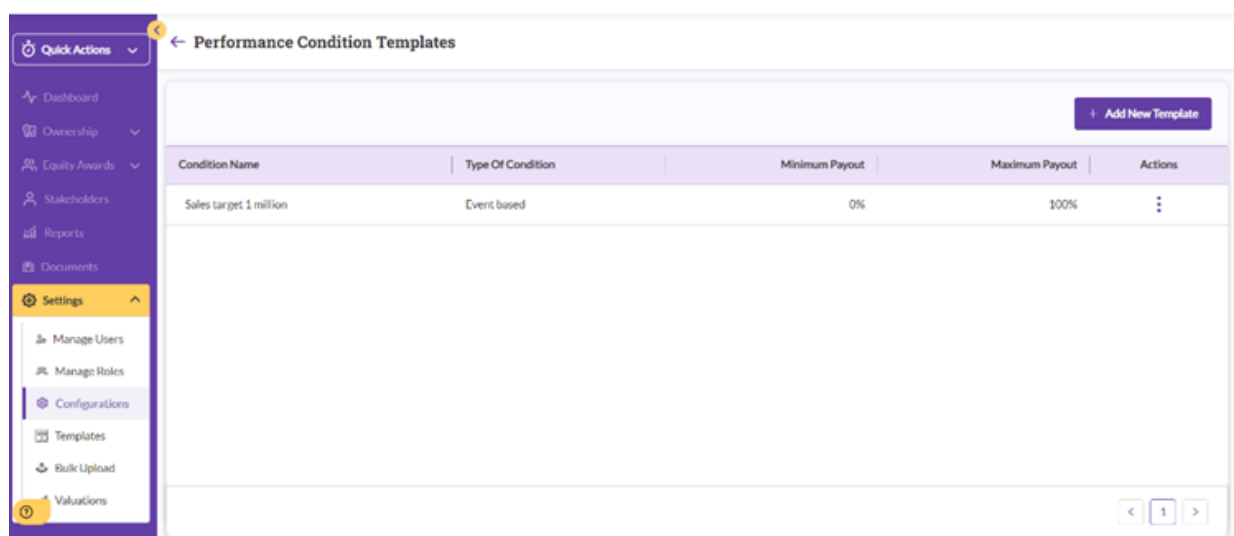
Companies choose to undertake performance-based vesting for the following reasons:

- Employees can participate in a company's growth
- Safeguard company interests in the long run by making it conditional upon stringent criteria
- Attract and retain high performing employees
- Encourage employees to maintain high standard of collective performance

For example, an employee already has 1000 stock options in the company. The company may decide to add a condition to the vesting schedule that if the company achieves 10% growth in the current quarter, then 10% of 1000 units owned by eligible employees get vested immediately.

These Performance Condition Templates can be created and can be associated in Vesting Templates (Custom Template) and Create/Edit Option Award (Vesting Parameters -> Edit Vesting Schedule -> Type of Vesting). The Performance condition Templates can also be created directly in Create/Edit Option Award (Vesting Parameters -> Edit Vesting Schedule -> Type of Vesting)

Clicking on Performance Condition Template



1. The landing page of Performance Condition Templates is displayed where you can Create, View, Edit and Delete a template
2. Clicking on + Add New Template

The screenshot shows the 'Create Performance Condition Template' dialog box in the Qapita Markets application. The dialog is overlaid on the 'Performance Condition Templates' page. The 'Condition Name' field is empty. The 'Condition Type' dropdown is set to 'Event based'. The 'Performance Condition Details' text area is empty. The 'Minimum Payout %' and 'Maximum Payout %' fields are empty. A 'Create' button is at the bottom right.

3. In the Create Performance Condition Template dialog box, enter the **Condition Name**.

4. Select the **Condition Type**. Currently, QapMap allows the following conditions:

Condition	Explanation
Event based	Determined by occurrence of specific events. For example, a liquidity event.
Non-Market based	Reflects a company's internal performance metrics. For example, Earnings per Share (EPS) or Return on Invested Capital (ROIC).
Market based	Linked to market price of the company's equity. For example, Relative Total Shareholder Return (RTSR).

5. Enter the **Performance Condition Details**.

6. Enter the **Value for Minimum Payout %** as decided for the performance criteria. This can be any value from 0 to 100.

7. Enter the **Value for Maximum Payout %** as decided for the performance criteria. This value can be from 0.01 to 100

8. Click **Create** to add the performance condition.

9. The created Template will be successfully added in the Performance Condition landing page and as part of dropdown in the Vesting Templates (Custom) - type of vesting dropdown and Create/Edit Option Award - type of vesting dropdown

Vesting Templates

You can set the vesting schedule to determine when employees' equity instruments becomes available to them.

You can create a Standard or Customer vesting schedule and set it universally applied to all employees. You can also choose to create a vesting schedule as you grant individual equity awards.

Standard Vesting Schedule

If you select Standard, you can specify how soon the vesting can begin, the percentage of vesting to do, the Cliff Vesting percentage, when the Cliff Vesting period should end, etc.

← **Create Vesting Schedule**

* **Vesting Template Name** ⓘ This name will be shown to the option grantee

Enter vesting schedule nam...

Type

☒ Standard ☐ Custom

Immediate Vesting

Vested immediate

10 %

Cliff Vesting

* **Cliff Vested** *** Cliff period at the end of**

10 % 12 Months

* **Balance vests equally over**

12 Months

Vesting occurs

On the same date as vesting start date

Round number of options at each vest

☒ Yes, Round off ☐ No, Don't Round off

Round off options at -

☒ First Vest ☐ Last Vest ☐ Round off at every round number

Create

1. To create a standard vesting schedule, click **Create Vesting Schedule** under Equity Awards Settings. The created templates can be utilised when you grant awards to your employees. Type a name for the schedule in **Vesting Template Name**. This template name will be displayed to the option grantee.
2. Select **Standard** in Type field.
3. If you want to start the vesting schedule immediately, select **Yes** in the **Immediate Vesting** field.
4. Type the percentage to vest in the **Vested immediate** field.
5. Click Yes in the **Cliff Vesting** field to specify the required period until the vesting of the first tranche.
6. Type the percentage an employee can vest in the **Cliff Vested** field. For Example: If its 10%, then after the cliff, 10% of the granted options are vested.
7. In the **Cliff period at the end of** field, select the appropriate number of days, months, quarters, half yearly, or years to specify the required length of the vesting period for the first tranche
8. By default, the vesting is balanced over the time frame you specify. If you would like to change this, select the days, months, quarters, half yearly, or years in the **Balance vests equally over** field.
9. You can also set how often vesting can happen. For this, select the relevant option in the **Vesting occurs** field. You can select same date as vesting start date, on the first, 15th, or last day of the month to specify the appropriate timing for the vesting.
10. The **Round number of options at each vest** allows you specify the logic the vesting schedule will follow in regards to rounding of vesting tranche quantities.
11. In the **Round off options at** field, you can enable rounding off in the first vest, last vest, or for every round. This will help you determine at what stage the rounding should apply to ensure that the split of vesting quantities across all tranches adds up to the total granted quantity.

Custom Vesting Schedule

To create a custom vesting schedule, click on Vesting templates under Equity Awards Settings. The changes you make in this setting are visible while you are granting an award to your employee in Grant Awards section.

← Create Vesting Schedule

* Vesting Template Name

This name will be shown to the option grantee

Enter vesting schedule nam...

Type

☐ Standard

☒ Custom

Type of custom vesting

☒ Time based

☐ Hybrid (Time and performance based vesting)

☐ Milestone vesting

Vesting Template

Percentage	Duration	Vest every	Vesting Per Tranche
<div><div></div><div>%</div></div>	<div><div>12</div><div>Months</div><div>▼</div></div>	<div><div>12</div><div>Months</div><div>▼</div></div>	<div>Add</div>

!

0% (Total vesting percentage should equal to 100%)

Vesting occurs

On the same date as vesting start date

▼

Round number of options at each vest

☒ Yes, Round off

☐ No, Don't Round off

Round off options at -

☒ First Vest

☐ Last Vest

☐ Round off at every round number

1. Type a name for the schedule in **Vesting Template Name**. This template name will be displayed to the option grantee.

2. Select **Custom** in Type field.

3. Select Time based in the **Type of custom vesting** field (the other options are not available at this stage).

4. You can now set the **Vesting Template** parameters.

← Create Vesting Schedule

* Vesting Template Name

This name will be shown to the option grantee

Time based Vesting Test

Type

☐ Standard

☒ Custom

Type of custom vesting

☒ Time based

☐ Hybrid (Time and performance based vesting)

☐ Milestone vesting

Vesting Template

Percentage	Duration	Vest every	Vesting Per Tranche
<div><div>100</div><div>%</div></div>	<div><div>48</div><div>Months</div><div>▼</div></div>	<div><div>12</div><div>Months</div><div>▼</div></div>	<div>25.00% 4 Tranches</div>

✔ 100%

48 Months

a. Type the percentage an employee can vest in the **Percentage** field. This is always 100%, as this needs to add up to the total across all tranches in the grant. Please refer to the screenshot below to see an example of the Vesting Schedule Template creation.

b. In the **Duration** field, select the number of days or months to specify the total duration of the vesting period (i.e. the timing of the final vesting of the grant's last tranche).

c. In the Vest every field, select the number of days or months, as required.

d. Click **Add** to complete the vesting schedule.

5. You can also set how often vesting can happen to align with your plan's requirements for the number of tranches and vesting frequency. For this, select the relevant option in the **Vesting occurs** field. You can select same date as vesting start date, on the first, 15th, or last day of the month.

6. The **Round number of options at each vest** allows you specify the logic the vesting schedule will follow in regards to rounding of vesting tranche quantities.

7. In the **Round off options at** field, you can enable rounding off in the first vest, last vest, or for every round. This will help you determine at what stage the rounding should apply to ensure that the split of vesting quantities across all tranches adds up to the total granted quantity.

https://qapita-fintech.freshdesk.com/support/solutions/articles/72000542391-equity-awards-grant-settings

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Exercise Period Template

The exercise period refers to the period during which an employee can exercise their equity grants. You can utilise a perpetual period (i.e. awards can be exercised all the way until the expiry date), or specify a required exercise period in accordance with the rules of the plan.

To specify the exercise period, click **Exercise Period Template** under Equity Awards Settings. The created templates can be utilised when you grant awards to your employees.

← **Create Exercise period template**

*** Exercise Period Template Name**

Enter exercise period name here

Exercise Period

Perpetual Specify Period

Last date of exercise

1 Months from Grant date

Lock-in Period

Yes No

Start date of exercise

1 Months from Grant date

Create

1. Type a name for the exercise period in the **Exercise Period Template Name** field.
2. In **Exercise Period** field, you can select to set the period to continue forever (until the expiry date of the grant) by clicking Perpetual. If you would like to set the last date of exercise and lock-in period, click **Specify Period**.
 - In the **Last date of exercise**, specify the appropriate period of time to determine the maximum allowed period for exercises from the preferred starting point (e.g. Grant date).
 - You can then specify from when the exercise period must start. This can be the grant date, vest date, or vest start date.
3. Click **Yes** To set a Lock-in Period, if required. Lock-in Period can be utilised to establish a timeframe during which exercises are restricted (so that holders don't exercise their rights and incur a hefty tax).
 - In the **Start date of exercise**, specify the required lock-in period.
 - You can then specify from when the lock-in period must start. This can be the grant date, vest date, or vest start date.