

Net Exercise for Option Awards

Modified on: Mon, 27 Nov, 2023 at 10:28 AM

Net exercise provides a convenient method for employees to exercise their stock options without needing to pay the entire exercise price or tax immediately. In this approach, either a portion of the shares is sold, or the company withholds some shares to cover the exercise price and taxes. This option is particularly beneficial for employees who wish to exercise their options but lack the necessary funds.

To make this option available to your employees, follow these steps: Go to Settings > Configurations > Exercise Configuration, and then access the Payment Configuration tab.

← Exercise Configurations - Option Awards

Exercise Window Option Holder Details Exercise Consent Tax **Payment Configurations** FMV & Sale Price Other Configurations

Enable Payment Details ⓘ

Do you want to enable the Payment Details to option holders?

Yes No

Net Exercise Configuration ⓘ [Know More](#)

Do you want to enable Net Exercise? ☒

Do you want the net withheld quantity to be added back to the pool? ☒

Activate the Net Exercise Configuration setting. Additionally, decide if you wish the quantity of shares withheld to be reincorporated into the available pool.

When Net Exercise is activated, employees can choose between using "Own Funds" or "Net Exercise" when they exercise their options.

Employee Process:

- Initiate the process by clicking the 'exercise options' button and providing the required information.

← **Exercise**

1 Confirm Details 2 Exercise 3 Payment Details 4 Acknowledgement

Personal Details
Confirm your details to initiate exercise

Personal details

Stakeholder: Manan Shah

Mobile Number: 9999999999

Address Line 1: B501, BTM Phase 2, Bangalore

City: Bangalore

State: Karnataka

Country: India

Next

- Choose between “Own Funds” or “Net Exercise” to proceed with exercising the options.

← Exercise

Confirm Details

2 Exercise

Acknowledgement

Exercise summary shall be populated for the quantity entered

Select exercise method you want to proceed with?
☐ Pay through own funds ☒ Net Exercises

Exercise All Units: ☐ No

Grant ID	Plan Name	Quantity to Exercise	
GT-OA-001	Plan A	Available Units: 150	<input type="text" value="100"/>
		Exercise Amount ⓘ	INR 1,000
		Tax Amount View Details	INR 99,800
		Perquisite Value: INR 499,000	
		Total Payable	INR 100,800

Exercise Summary ⓘ

Quantity to Exercise	100
Exercise Amount	INR 1,000
Tax Amount View Details	INR 99,800
Perquisite Value: INR 499,000	
Total Payable	INR 100,800
Sale Price	INR 5,000
Quantity Withheld	21
Share to be issued	79

Note: Any currency conversions used to calculate the Exercise and/or Tax Amount(s) shown on this screen utilise exchange rate as at the date of exercise

Previous

Next

- Review the calculations for the Quantity Withheld and the number of Shares to be issued.
- Finalize by clicking 'next' and submitting your exercise request.

← Exercise

Confirm Details

Exercise

3 Acknowledgement

You are done!

Congratulations!! You have successfully completed the exercise process from your end.

Exercise ID	Options Exercised	Exercise Amount	Tax Amount	Total Payable
Ex-3 (Nov 27, 2023 @ 9:06 AM IST)	100	INR 1,000	INR 99,800	INR 100,800

Exercise Summary

Grant ID: [GT-OA-001](#)

Plan Name	Exercise Price	Options Exercised	Total Payable
Plan A	INR 10	100	INR 100,800

Personal details

Done

Admin Procedure:

- An employee initiates an exercise request and selects “Net Exercise” as the payment mode.
- As an admin, review all the provided details and approve the request by clicking the approval button.

Exercises

Option Awards

Bulk Selection

Download

All Exercises

In-progress Exercises

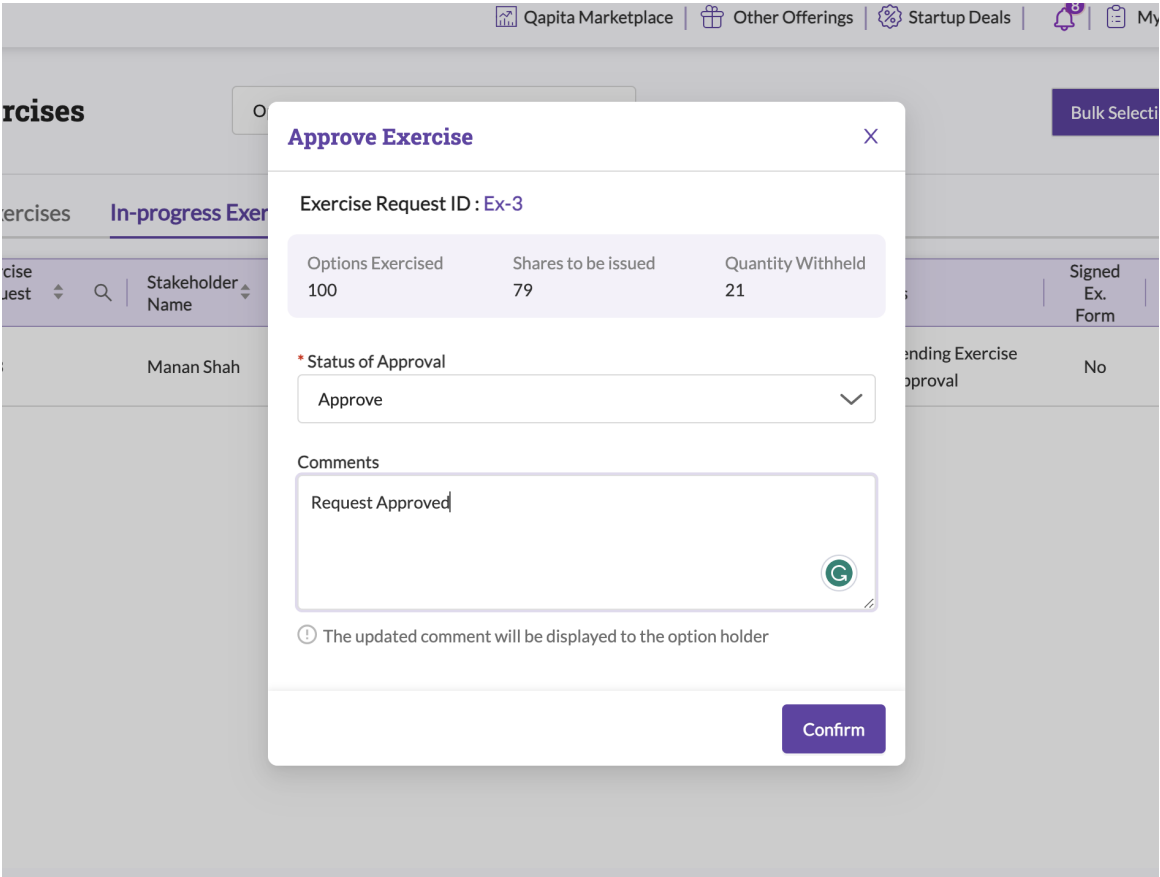
All

Exercise Request ID	Stakeholder Name	Options Exercised	Request Date	Payment Method	Status	Signed Ex. Form	Action
Ex-3	Manan Shah	100	Nov 27, 2023	Net Exercise	<div>Pending Exercise Approval</div>	No	<div>Approve Exercise</div>

- Verify the calculations for “Quantity Withheld” and “Shares to be Issued.” Based on these, approve or disapprove the exercise request.

https://qapita-fintech.freshdesk.com/support/solutions/articles/72000616215-net-exercise-for-option-awards

2/3



- Following approval or disapproval, the total quantity available in the pool will adjust according to the “Net Withheld” configuration.

For any further clarifications contact us at: support@qapita.com