


Knowledge / Benefits / Stock / Restricted Stock Units (RSUs) FAQs

KB0036738

 Copy Permalink

## Restricted Stock Units (RSUs) FAQs

Erica Tu • 17d ago • 62586 Views

### FAQs – Restricted Stock Units (RSUs)

[What is a Restricted Stock Unit?](#)[How do Restricted Stock Units Work?](#)[I am a new employee, where is my new hire grant?](#)[What if I have an existing account with Fidelity prior to ServiceNow?](#)[How are the number of shares of my grant calculated?](#)[I received an ACR grant, where is it?](#)[Will I have U.S. federal income tax liability if I receive or vest in a restricted stock unit?](#)[Will I have U.S. federal income tax liability if a restricted stock unit vests/distributes?](#)[What are my options for paying my tax withholding obligation once my Restricted Stock Units vest?](#)[What happens to my Restricted Stock Units once they vest? My Restricted Stock Units vest today, where are my shares?](#)[What is a vesting schedule?](#)[What is a distribution schedule?](#)[What happens to my Restricted Stock Units if I leave my employer prior to my vesting date?](#)[What happens to my Restricted Stock Units if I leave my employer prior to my final distribution date?](#)[If I leave the company, will I still be subject to the trading windows and preclearance requirements?](#)[What happens to my Restricted Stock Units if I die?](#)[What happens to my Restricted Stock Units if I go on a Leave of Absence?](#)[Can I change my withholding rate on my RSUs?](#)[When are the open trading windows? Can I trade my ServiceNow stock anytime?](#)[How do I set up a 10b5-1 plan?](#)[What does it mean to be an access person? Why am I on the access person list?](#)[How long is my preclearance good for? Can I have a longer approval period?](#)[Can I transfer my shares out of Fidelity? Can I use other brokerages?](#)[Where can I view my Restricted Stock Unit distribution records and transactions?](#)[I'm a non-U.S. employee, where can I find the information required to file my taxes?](#)[How do I designate beneficiaries for my equity?](#)[What happens if I forgot my username and password?](#)[I am getting an error on my Fidelity account, what should I do?](#)[How can I reach a representative from Fidelity?](#)[I have a question not listed on this FAQ, who should I contact?](#)

### What is a Restricted Stock Unit?

A Restricted Stock Unit is the right to receive one share of common stock upon settlement of your Restricted Stock Units following satisfaction of the applicable vesting requirements. Your Restricted Stock Units will vest as set forth in your written Restricted Stock Unit agreement, including any applicable country-specific terms in the appendix thereto (the "Restricted Stock Unit Award Agreement"). Within 30 days following the date on which your Restricted Stock Units vest, shares will be issued to you (such issuance is referred to as "settlement"). Once any shares have been issued to you in settlement of your Restricted Stock Units, you own them outright and, subject to the Company's insider trading policy and any restriction set forth in your Restricted Stock Unit Agreement, you may hold, sell or otherwise dispose of them.

Unless otherwise specifically set forth in the Restricted Stock Unit Award Agreement, if you do not satisfy the vesting requirements applicable to your Restricted Stock Units, the Restricted Stock Units and any shares issuable upon settlement thereof, will be forfeited.

### How do Restricted Stock Units work?

Please refer to this video.

### I am a new employee, where is my new hire grant?

New hires who are eligible to receive RSUs will receive an email notification from Fidelity by the end of the month following the month of hire to activate and accept their new hire grant. For example, if you started working at ServiceNow in January, you will not receive an email from Fidelity to activate your account and accept your new grant until the end of February.

### What if I have an existing account with Fidelity prior to ServiceNow?

If you have an existing account with Fidelity prior to starting at ServiceNow, please follow the instructions in activating your account. During the activation process, Fidelity will ask if you have an account with them and will ask you to enter your username and password.

### **How are the number of shares of my grant calculated?**

The dollar value for your new hire grant is calculated based on the average daily closing price of the Company's common stock for the twenty (20) trading days ending on the third trading day immediately prior to the Grant Date, rounded up to the nearest whole share. For example, if your Grant Date was October 15, 2021, the average price of the Company's common stock for the twenty trading days was \$638.602. If your RSU grant value was \$15,000, you were granted 24 shares.

### **I received an ACR grant, where is it?**

ACR grants will not be in your Fidelity account until the end of February. Please refer to the memo that your manager provided to you regarding your ACR grant for more information.

### **Will I have U.S. federal income tax liability if I receive or vest in a restricted stock unit?**

No. You will not recognize taxable income when you receive Restricted Stock Units or vest in Restricted Stock Units.

### **Will I have U.S. federal income tax liability if a Restricted Stock Unit vests/distributes?**

Yes. The restricted stock units are generally taxed when they vest/distribute. You will recognize ordinary income equal to the amount of the cash or the value of the common stock that you receive from the Company. The Company reports this income on your W-2 wage statement for the year of exercise, and you must satisfy the tax withholding requirements applicable to this income. (If you are not an employee or former employee, the Company will report the income on a Form 1099 and will generally not withhold taxes.)

### **What are my options for paying my tax withholding obligation once my Restricted Stock Units vest?**

ServiceNow's US employees are under the netting option, Fidelity withholds enough shares to pay the tax withholding due at vest/distribution. You will be left with the number of shares less the number of shares withheld to cover your tax withholding obligation. The remaining shares will be deposited into your Fidelity brokerage account.

ServiceNow's International employees are under the sell-to-cover option, Fidelity will sell a portion of your vesting shares to cover your tax withholding obligation. You will be left with the number of shares that vested less the number of shares sold to cover your tax withholding obligation, plus any residual cash from the sale of shares.

The following examples illustrate how each option works.

#### **Scenario:**

Mike has 250 restricted stock units vesting on January 1, 2004 but distributing on January 1, 2005. Assume the stock price on January 1, 2005 is \$10 per share and the tax withholding obligation at distribution is \$725.

#### **Example 1 – Net Shares at Vest/Distribution**

On January 1, 2005, when the 250 units are distributed, Mike's company withholds 73 shares (73 shares x \$10 per share = \$730) to cover the \$725 tax withholding obligation. The \$5 overage is applied to Mike's federal income tax. Mike is left with 177 shares (250 vested shares - 73 shares withheld to cover the tax withholding obligation = 177 shares remaining).

#### **Example 2 – Sell Shares**

When 250 shares distribute on Jan 1, Fidelity will sell 73 of the shares (73 shares X \$10 per share = \$730) in order to cover the \$725 tax withholding obligation. Any overage will remain in Mike's account, though additional shares may be sold to cover any commission and fees from the sale of shares. He will be left with 177 shares (250 vested shares - 73 shares withheld to cover his tax withholding obligation = 177 shares remaining).

### **What happens to my Restricted Stock Units once they vest? My Restricted Stock Units vest today, where are my shares?**

Each Restricted Stock Unit is the right to receive one share of common stock upon settlement of your Restricted Stock Units following satisfaction of the applicable vesting requirements. Your Restricted Stock Units will vest as set forth in your written Restricted Stock Unit Award agreement, including any applicable country-specific terms in the appendix thereto (the "Restricted Stock Unit Award Agreement"). Within 30 days following the date on which your Restricted Stock Units vest, shares will be issued to you (such issuance is referred to as "settlement"). Once any shares have been issued to you in settlement of your Restricted Stock Units, you own them outright and, subject to the Company's insider trading policy and any restriction set forth in your Restricted Stock Unit Award Agreement, you may hold, sell or otherwise dispose of them.

### **What is a vesting schedule?**

The pre-determined period in which shares must be held before an employee can take ownership of Restricted Stock Units. Please refer to your ServiceNow Notice of Global Restricted Stock Unit Award Agreement regarding your vesting schedule.

### **What is a distribution schedule?**

A distribution schedule is the schedule wherein the actual payment of the committed units is made to the employee.

### **What happens to my Restricted Stock Units if I leave my employer prior to my vesting date?**

If you leave your employer prior to the date your Restricted Stock Units vest, you will forfeit your units. You will keep any shares that have already vested and retain access to Fidelity with no fees. You are not required to sell the shares before your last working day. Shares will vest as long as your last working day is on or after the vest date. Notice period is irrelevant.

### **What happens to my Restricted Stock Units if I leave my employer prior to my final distribution date?**

If you leave your employer prior to the date your Restricted Stock Units are fully distributed, you forfeit your units. You will keep any shares that have already been distributed and retain access to Fidelity with no fees. You are not required to sell the shares before your last working day. Shares will distribute as long as your last working day is on or after the distribution date. Notice period is irrelevant.

### **If I leave the company, will I still be subject to the trading windows and preclearance requirements?**

Once you are no longer an employee, Fidelity will remove the restriction on your vested shares, but please note that insider trading laws will still apply and you should not trade while in possession of any material nonpublic information about the Company.

### **What happens to my Restricted Stock Units if I die?**

Immediate acceleration, effective immediately prior to the date of such death, of unvested shares underlying such Options or Restricted Stock Units then outstanding, up to a maximum aggregate value of \$5,000,000. The value of accelerated Options shall be calculated as the fair market value per share on the date of acceleration minus the exercise price per share, multiplied by the number of shares being accelerated, and the value of accelerated Restricted Stock Units shall be calculated as the fair market value per share on the date of acceleration multiplied by the number of Restricted Stock Units being accelerated. If the deceased employee has more than one Option or Restricted Stock Unit award outstanding, then the acceleration shall be applied in the following order: first, to outstanding Options in order of ascending exercise price (lowest exercise price accelerated first), and second, to outstanding Restricted Stock Units in order of ascending grant date (Restricted Stock Unit award with earliest grant date accelerated first).

### **What happens to my Restricted Stock Units if I go on a Leave of Absence?**

Vesting of Awards shall be suspended during such time as any Personal Leave exceeds thirty (30) days. As of the date an employee returns to work from such unprotected Personal Leave, Vesting of Awards shall resume and vest to the next major distribution. Please refer to ServiceNow Leave of Absence policy and addendum for additional information.

You can view ServiceNow's Leave of Absence Policy [HERE](#) or search KB Article: KB0043807

### **Can I change my withholding rate on my RSUs?**

The Company withholds the standard supplemental tax rates on equity transactions, so we are not able to increase the tax rates on RSUs. US employees can however choose to increase withholding on your cash wages through payroll by updating your W4 to include an additional amount you want withheld from each paycheck.

### **When are the open trading windows? Can I trade my ServiceNow stock anytime?**

All employees are subject to the trading windows. You may only trade in ServiceNow stock during an open trading window, unless pursuant to a 10b5-1 plan. The trading windows open on the second business day following the Company's earnings release and close on the last day of the second month of the quarter. Generally, this means the trading windows are open in the months of February, May, August, and November.

### **How do I set up a 10b5-1 plan?**

To set up a 10b5-1 plan, please reach out to Fidelity Executive Services at [executive.services.SPS@fidelity.com](mailto:executive.services.SPS@fidelity.com) or call 800-823-0217.

### **What does it mean to be an access person? Why am I on the access person list?**

Access Persons are employees who regularly have access to material nonpublic information in the course of their duties. A few examples of reasons why you may be on the Access Persons List:

- You have access to sensitive information via your roles in SURF or other internal systems, such as SURF global sales territory access.
- You are a VP or above in the organization.
- Your role is one in which you regularly deal with material nonpublic information about the Company (e.g., corporate strategy, FP&A, corporate development, financial reporting).

Access Persons must request preclearance before trading in ServiceNow stock. Before making a trade, you may submit a request for preclearance through the Stock Preclearance application either via your desktop or the ServiceNow mobile application.

### **How long is my preclearance good for? Can I have a longer approval period?**

The preclearance is good for 5 trading days from the date of approval. If you want to make another trade outside of this 5 trading day period, please submit another request.

### **Can I transfer my shares out of Fidelity? Can I use other brokerages?**

You are strongly encouraged to keep your ServiceNow shares at Fidelity so we can control the trading windows and any special blackout periods for your own protection. The trading windows apply to your shares wherever they are held, and it is ultimately your responsibility to comply with our Insider Trading Policy, but by keeping the shares at Fidelity we are able to help make sure that shares aren't inadvertently traded outside of the trading windows.

## Where can I view my Restricted Stock Unit distribution records and transactions?

U.S. Employees: You can view your Restricted Stock Unit transactions by going to your "NOW Restricted Unit" and look at your "Transaction History". Should you require a more detailed record, please go to your "Individual-TOD" account, then "Statements" and then "Trade Confirmations".

International Employees: You can view your Restricted Stock Unit transaction by going to your "Stock Plan Account". If you need further information, please reach out to Fidelity directly as we do not have the visibility to that section of your Fidelity account.

## I'm a non-U.S. employee, where can I find the information required to file my taxes?

Please see Fidelity's step-by-step guide on accessing your tax information. You can also call Fidelity to have a representative walk you through the process live. The dialing instructions can be found at Fidelity Global Call Group.

## How do I designate beneficiaries for my equity?

U.S. Employees: After logging into NetBenefits.com, click on "NOW RESTRICTED UNIT" or "NOW STOCK PURCHASE". On the next page, click on "Profile" next to the search bar and you should see the option for beneficiaries.

International Employees: Please call Fidelity to provide the beneficiary form.

## What happens if I forgot my username and password?

Please reach out to Fidelity directly as ServiceNow Stock team does not have the authority to reset your login information.

You can reach them at:

### Fidelity Information

#### **Domestic**

Stock Plan Services: 800.544.9354

Resource Center: [www.fidelity.com/spsresourcecenter](http://www.fidelity.com/spsresourcecenter)

#### **International**

Stock Plan Services: 800.544.0275

Global Resource Center: <https://www.myfidelitysite.com/p/1397181094/366/global-stock-plan-resource-center>

## I am getting an error on my Fidelity account, what should I do?

If you are getting any errors when accessing your account or any page in Fidelity NetBenefits, please reach out to Fidelity directly as ServiceNow Stock team is unable to troubleshoot those issues.

You can reach them at:

### Fidelity Information

#### **Domestic**

Stock Plan Services: 800.544.9354

Resource Center: [www.fidelity.com/spsresourcecenter](http://www.fidelity.com/spsresourcecenter)

#### **International**

Stock Plan Services: 800.544.0275

Global Resource Center: <https://www.myfidelitysite.com/p/1397181094/366/global-stock-plan-resource-center>

## How can I reach a representative from Fidelity?

### Fidelity Information

#### **Domestic**

Stock Plan Services: 800.544.9354

Resource Center: [www.fidelity.com/spsresourcecenter](http://www.fidelity.com/spsresourcecenter)

#### **International**

Stock Plan Services: 800.544.0275

Global Resource Center: <https://www.myfidelitysite.com/p/1397181094/366/global-stock-plan-resource-center>

## I have a question not listed on this FAQ, who should I contact?

If you have additional questions regarding your RSUs, please reach out to the ServiceNow Stock team. You can reach them by logging a Stock Administration Inquiry in the Employee Portal.

Helpful?

Yes

No

99% found this useful

Add a comment

Submit

Comments

**Ulrik Nehammer** - 15h ago

very US focussed

**Chanelle Rich** - 25d ago

Very helpful

**Owen Sweeney** - 25d ago

I am Canadian. I would appreciate a follow up webinar etc on this

**Sammy Rashidchi** - 28d ago

Great information

**Jessica Close** - about a month ago

,I

Attachments

 ServiceNow EIS RSU & SOP - All Countries 2021 v6.pdf

Also in Stock

Employee Stock Purchase Plan (ESPP) FAQs

72025 Views • 18d ago

Stock Resource Center

6981 Views • 18d ago

STOCK-BASED COMPENSATION

4577 Views • 12mo ago

Equity Award Policy

2873 Views • about a month ago

ServiceNow – EU Information Document – June 2021

407 Views • 8mo ago

[View all 6 articles](#)

Most Viewed

**Employee Stock Purchase Plan (ESPP) FAQs**

Benefits | Stock

Erica Tu

72,025 Views • 17d ago

**Restricted Stock Units (RSUs) FAQs**

Benefits | Stock

Erica Tu

62,586 Views • 17d ago

**Employee Privacy Statement**

Employee Policies | Legal

Gina Villanova

39,461 Views • about a month ago

**ServiceNow's Patent Program**

Employee Policies | Legal

Chris Lubeck  
24,791 Views • 11mo ago

**Access Persons List**  
Employee Policies | Legal  
Senthil Meenakshisundaram  
20,932 Views • 11h ago

Most Useful

**Ethics and Compliance Month 2022**  
Employee Policies | Legal  
Carolyn McAulay  
4,513 Views • 18d ago

**Naming and Trademark Request**  
Employee Policies | Legal  
Martha Swenson  
1,379 Views • 3mo ago

**Access Persons List**  
Employee Policies | Legal  
Senthil Meenakshisundaram  
20,932 Views • 11h ago

**Stock Preclearance Application**  
Benefits | Stock  
Sasha Hahn  
6,894 Views • 11mo ago

**Record Retention Policy changes and FAQs, effective February 18, 2022**  
Employee Policies | Legal  
Erika Jordan  
3,606 Views • about a month ago

Give us feedback ☆☆☆☆☆

Find the popular topics you need

Benefits & Wellbeing

- Health
- Financial
- Life
- Time Away
- View All

Collaboration & Productivity

- OneDrive & SharePoint
- Microsoft Teams
- Soft Phone
- Video Conference
- Zoom
- View All

Procure to Pay

- Procurement
- Sourcing
- Supplier Enablement
- Accounts Payable
- View All

Security

- New Hire
- Work from Home
- Incident Response
- Report a Phish
- Sales Security
- View All