Restricted Stock and RSUs

Italy

Employment	
Labor Concerns	Employee entitlement claims are becoming more common. The risk of employee claims for additional benefits under a restricted stock or RSU plan can be reduced by having the employee agree to standard waiver and consent provisions.
Communications	The CONSOB (Italian Securities Commission) recommends, in relation to listed companies, that all plan documents be translated into Italian to ensure that employees understand the terms of the grant. Employees should sign an agreement stating that they have read and accepted the terms of the plan. In any event, If employees are not fluent in English, award agreements should be translated into Italian. Any government filings must be in Italian.
Regulatory	
Securities Compliance	Neither the award nor the vesting of restricted stock or RSUs is likely to trigger any prospectus requirement, provided that the restricted stock or RSUs are awarded and vest free of charge.
Foreign Exchange	Employees may have reporting obligations with respect to foreign Stock held abroad. The parent company may have reporting requirements depending on the total value of Stock issued in Italy.
Data Protection	Employee consent to the processing and transfer of personal data is a recommended method of compliance with existing data protection requirements. Generally, an employer must register with Italy's data protection authorities prior to processing employees' personal data.
Tax	
Employee Tax Treatment	The employee is subject to tax on the spread between the price paid and the value of the Stock when the RSU award vests. Capital gains tax is due on the proceeds received from the sale of Stock which shall be calculated as the difference between the proceeds received by the employee from the sale of the Stock and the fair market value at the vesting moment (already taxed as employment income)
Social Insurance Contributions	Social insurance contributions are required on the benefit received under a restricted stock or RSU plan, unless (a) purchase rights are granted under the tax-favored program, or (b) the employee receives the stocks (and not the related proceeds), as provided by Article 24-ter, paragraph 24ter of Law Decree 112/2008. For the employer, social insurance costs for the benefits under a restricted stock or RSU plan can be significant.
Tax-Favored Program	Income tax and social insurance obligations may be reduced under the tax-favored program, which is the broad-based grant program. Under a broad-based grant program, income from employment is equal to zero if the value of the shares is not higher than Euro 2,065.83 and the following conditions are met (Article 51, paragraph 2, letter g) of Presidential Decree 917/86): - the share are offered to all the employees; - the shares are not repurchased by the issuer company or the employer or, in any event, transferred before at least three years have elapsed. If, at the time of the subsequent sale of the shares, the employee obtains a "capital gain" (positive difference between (i) amount collected from the sale and (ii) value of the shares already subjected to taxation as employment income), such capital gain will be subjected to substitutive tax of 20%.
Withholding and Reporting	Unless the RSU is offered through the tax-favored option plan, withholding and reporting are required.
Employer Tax Treatment	The availability of a deduction for the Subsidiary is unclear. A tax deduction may be available if the Subsidiary reimburses the Issuer for the cost of restricted stock or RSU plan benefits and if the restricted stock or RSU plan have been resolved by the Subsidiaries' board of directors.

This summary is intended to reflect local law and practice as at 1 May 2013. Please note, however, that recent amendments and legal interpretations of the local law may not be included in these summaries. In addition, corporate governance, administration, and option plan design facts that are specific to your company may impact how the local laws affect the company's equity based compensation plans.
With these matters in mind, companies should not rely on the information provided in this summary when implementing their stock plans.

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