

# The Complete Share Scheme Checklist



Many business owners underestimate the true costs and workload associated with setting their company share scheme. That's why we've created this full checklist of all the things you'll need to consider for the life time of your scheme. This way you'll know what's involved, be able to protect your business, your employees and stay compliant through the journey.

Armed with this checklist you can feel fully informed when you speak to your professional service advisor and can understand where they have you covered and where there are gaps. And most of all, so you can get a realistic estimate on the total costs involved to see the scheme through to exit when you are comparing your options. As you'll see, there's so much more to consider than simply the option agreement document.

- 1  Get guidance on which scheme and structure you qualify for and which is right for you and your team
- 2  Subdivide your current shareholding so there's sufficient denomination (update Companies House with an SH02)
- 3  Ensure nothing in your AoA (Articles of Association) or SHA's (Shareholder Agreements) restrict you from issuing shares or options (update these if so)
- 4  Tidy up any existing share authorisations or option agreements that exist
- 5  Ensure the existing share classes are suitable for the scheme you plan to execute (creating new ones with Companies House if not - SH08)
- 6  Gain board and shareholder approval - create resolution document and have all relevant members sign both resolutions
- 7  Create vesting schedule and set cliff periods

8	<input type="checkbox"/> Option agreement creation <i>(when assessing the cost of a scheme, unfortunately, this is all most business owners consider. You can see why so many schemes aren't compliant on exit)</i>
9	<input type="checkbox"/> Prepare your valuation (AMV & UMV) for pre-approval from HMRC (HMRC Val231, cover letter and justification notes)
10	<input type="checkbox"/> Submit valuation to HMRC
11	<input type="checkbox"/> Register your scheme with HMRC's ERS platform
12	<input type="checkbox"/> Communicate the share scheme internally (in a way that allows you and the team get the most from it)
13	<input type="checkbox"/> Distribute option agreements to each employees with the right company information they legally need to see (class exceptions, articles, valuation, etc)
14	<input type="checkbox"/> Ensure each agreement is signed and recorded compliantly
15	<input type="checkbox"/> Register each option holder with HMRC's ERS platform
16	<input type="checkbox"/> Complete your annual submission to HMRC each year
17	<input type="checkbox"/> Complete your annual confirmation statement with Companies House each year to reflect changes in ownership
18	<input type="checkbox"/> Add new employees to the scheme when they join the business by repeating steps 7, 8, 9, 10, 12, 13, 14 and 15.
19	<input type="checkbox"/> Cancel an employee's option if circumstances change (i.e. they no longer qualify, meet the criteria set or leave the business. Ensure the rights are waived and that the cancellation is done compliantly, particularly if you are only partially cancelling the shares.
20	<input type="checkbox"/> Secure a cost effective resource/expert who can provide ongoing guidance through the lifetime of the scheme as questions come up (from you and the team) and when your circumstances/situation inevitably change (particularly due to fundraising requirements). Beware, this is where a great deal of hidden costs often appear with extortionate hourly rates.

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- 21  Ensure the shares vest correctly over time at each vesting schedule milestone (avoid relying on an Excel spreadsheet or Google doc where mistakes are often made with calculations.)

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  - 22  Track ownership changes and report on dilution accurately to board and other shareholders over time (again, spreadsheet often fail here.)

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  - 23  Exercise shares (on or before an exit) compliantly (with an Section 431 election, if required)

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  - 24  Update Companies House with any share issuances that take place (SH01)

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  - 25  Create, sign and distribute share certificates to all new legal shareholders

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  - 26  Update your legal share register and cap table when changes take place
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## Want to eliminate the workload above?

Vestd is the UK's share scheme specialist. We are authorised and regulated by the FCA and every week, our experts help more companies set up their EMI option schemes than anyone else. Get a no pressure demo and see how we use software to save you the headache, cost and keep you compliant.

**Email us at [hello@vestd.com](mailto:hello@vestd.com)**