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DENMARK AMENDS RULES FOR STOCK OPTIONS ON JOB TERMINATION

By Mercer's Thomas Hansen, Fiona Webster and Stephanie Rosseau
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Employees and employers in Denmark can decide on the terms for stock option schemes when an employee leaves a job, regardless of the circumstances of the termination. The changes feature in the revised Danish Stock Option Act, which applies from 1 Jan 2019 to new schemes.

Prior rules distinguished between “bad leavers” (those who resign) and “good leavers” (those who are dismissed). Employees who left their jobs lost options and warrants, but if the employer terminated the employment contract, the employee retained unexercised stock options and a proportionate share of future allocations. These restrictions no longer apply, giving employers and employees more options for setting terms. For instance:

- Employers can decide that stock options that lapse on the termination of employment, regardless of the reasons for the employee’s departure.
- Employers and employees can agree that the shares could be repurchased at market price by the employer. But the law’s repurchase provision doesn’t apply to stock option schemes that restrict the transferability of shares. In such cases, the employer and employee must agree on a “reasonable” repurchase clause.

RELATED RESOURCES

- [Stock Option Act](#) (Danish) (Danish Parliament, 18 Dec 2018)

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