

Glossary

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SEC Rule 144 is a means by which restricted and control securities may be sold in compliance with federal law and regulations. Rule 144 requirements depend on who owns the security, the length of time it has been owned, and how it was acquired.

Rule 144 applies to the resale of restricted securities as well as to restricted and nonrestricted securities sold by control persons. To sell the security, some or all of these requirements must be met:

- The issuer must be in compliance with SEC-reporting requirements.
- A holding period of one year must be met by the shareholder. However, a control person may sell unrestricted securities without regard to the holding period. Volume restrictions still apply.
- The amount of stock sold in any three-month period cannot exceed the volume limitations, which are the greater of 1% of the outstanding shares or the average weekly trading volume for the four calendar weeks preceding the filing of a Form 144 notice. A Form 144 notice must be filed in certain transactions.
- The stock must be sold in a broker's transaction or a transaction with a market maker. Solicitation of purchasers is prohibited.

144K

Securities have this restriction if the securities are restricted but the stock owner is not an affiliate of the company, and the securities were acquired from the company or an affiliate of the company more than two years ago. Customers can sell this type of stock without having to satisfy most of the requirements of Rule 144.

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Sets forth conditions for selling securities that are the result of an SEC-registered merger or consolidation. Non-affiliates are not subject to resale restrictions. Affiliates of the selling company who do not become affiliates of the acquiring company are subject to volume restrictions and public information requirements for the first year, but do not have to file Form 144. During the second year, the only requirement is for the company to be current in all SEC reporting. Affiliates of the acquiring company must abide by all 144 requirements except the minimum holding period.

701(g)(3)

Rule permitting the sale of unregistered securities in the open market, provided that the shares were issued under a company benefit plan or compensation agreement prior to a company going public. An owner of these securities who is not considered an affiliate of the issuer may sell shares under Rule 701(g)(3) without having to satisfy Rule 144 requirements. The shares cannot be sold until 90 days after the company goes public. However, certain Rule 701 paperwork needs to be completed by the stock owner in order to have the "restricted" legend removed and to release proceeds from the sale. Affiliates must satisfy all the requirements of Rule 144, other than the one-year holding period.

account certification (opening)

The process of verifying tax identification information. Fidelity uses Form W-9 for U.S. citizens and Form W-8 for nonresident aliens and foreign entities.

alternative minimum tax (AMT)

A separate tax system, complementary to the federal income tax system. The AMT system attempts to make sure that anyone who benefits from certain tax advantages will pay at least a minimum amount of tax.

average high and low for the day

This is a fair-market-value option that means your stock option plan takes the average of the highest and lowest trading price of your company stock for the day, and uses that average to calculate the:

- Taxable gain
- Withholding taxes for nonqualified stock options
- Alternative minimum tax (AMT) for incentive stock options

blackout period

A certain time frame when privileges to exercise or sell your shares may be restricted. Refer to your plan rules for more information.

capital gains tax

A tax on a positive return on an investment, resulting from the sale price of a security being higher than the purchase price.

capital loss

A negative return on an investment, resulting from the sale price of a security being lower than the purchase price.

commission

The fee paid to a broker for executing a trade, based on the number of shares traded or the dollar amount traded.

control persons, insiders, or affiliates

Officers, directors, policy-making executives, major shareholders (generally owners of 10% or more of outstanding shares), and other people who are in a position to directly or indirectly control the management of the company. This includes spouses, family members who live with the control person, and other entities affiliated with control persons, as defined in Rule 144. Securities trading by a control person of the issuer is subject to restrictions, regardless of whether the security is restricted. A control person must complete Rule 144 documentation and comply with Rule 144 when selling control securities.

distribution method

The method by which the value of your restricted stock is to be distributed to you: cash to brokerage account, shares to brokerage account, or via payroll.

estimated proceeds

This is an estimate of the cash or share proceeds from an exercise-and-sell order. This estimate shows all proceeds after any estimates for costs or taxes are deducted. Actual cash proceeds at time of order execution may be different.

Fidelity Account®

Most stock plans deposit shares or cash into this account and, from this point, assets can be distributed according to your needs. This is a nonretirement brokerage account, with trading and cash management features that help you monitor and manage your stock plan.

good 'til canceled (GTC) order

See *trades time limits*.

grant

An amount of stock or options determined by your company and awarded to you.

grant agreement

Document issued by the company setting forth the number of shares, grant/exercise price, vesting schedule, and other terms of the stock award.

grant ID

The identification number that is assigned to each grant in order to differentiate between awards.

limit order

When you place a *limit order to buy*, the stock is eligible to be purchased at or below your limit price, but never above it. A *limit order to sell* sets a minimum price on the sale, meaning it will never sell below this price; however, it could be sold at a higher price. You could say that a limit order guarantees you a price but doesn't guarantee that the market can actually fill your order. You may place limit orders either for the day on which they are entered (a *day order*) or for a period that ends when it is executed or when you cancel (an *open order* or *good 'til canceled [GTC] order*).

lot

Refers to the number of shares you purchased in one transaction. For example, if you bought the same stock a few times during the year, you will have purchased multiple lots.

market order

A *market order* instructs Fidelity to buy or sell securities for your account at the next available price. It remains in effect only for the day, and usually results in the prompt purchase or sale of all the shares of stock, options contracts, or bonds in question, as long as the security is actively traded and market conditions permit. In a sense, a market order guarantees the actual purchase or sale but not the specific price.*

*In order to maintain a fair and orderly market, most market centers generally do not accept cancellation requests after 9:28 a.m. ET for market orders eligible for execution at 9:30 a.m. Eastern Time (ET), when the market opens. Acceptance of a cancellation request by Fidelity between 9:28 and 9:30 a.m. ET does not guarantee an order cancellation. All requests to cancel an order are processed on a best-efforts basis.

participant

An eligible employee who is taking part in an employer-provided equity compensation plan.

plan document

A client-supplied document that provides a legal description of the plan rules and how the plan functions.

position

Refers to the stock you hold in your account for a particular company. For example, if you hold stock in two different companies within your account, you have "two positions."

restricted stock unit (RSU)

A grant valued in terms of company stock that is restricted until the award vests. After the vesting requirement is satisfied, your company distributes shares or the cash equivalent.

share (stock)

A unit of equity ownership in a company.

stop order

Stop orders are generally used to protect a profit or to prevent further loss if the price of a security moves against you. They can also be used to establish a position in a security if it reaches a certain price threshold or to close a short position. Not all securities or trading sessions (pre- and post-market) are eligible for stop orders.

trades time limits

You can place a time limitation on a stock trade order by selecting one of the following time-in-force types:

- **day** — This limitation has a default expiration time of 4:00 p.m. Eastern time (ET). You may select your own order expiration time between 10:00 a.m. ET and 4:00 p.m. ET in 30-minute increments (e.g., 10:00 a.m., 10:30 a.m., 11:00 a.m., etc.). If all or part of your order is not executed by the time you've selected for expiration, your order will be canceled.
- **good 'til canceled** — For orders placed at Fidelity.com, this limitation has a default order expiration date of 180 calendar days from the order entry date at 4:00 p.m. ET. You may select your own order expiration date and/or time, up to 180 calendar days from the order entry date. If all or part of your order is not executed by the date and/or time you've selected for expiration, any open portions of your order will be canceled.
- **fill or kill** — Requires that the order is immediately completed in its entirety or canceled. Fill or kill is used only under very special circumstances. If you do not fully understand how to use fill or kill, talk with a Fidelity representative before placing this limitation on an order.
- **immediate or cancel** — Requires that a broker immediately enters a bid or offer at a limit price you specify. All or a portion of the order can be executed. Any portion of the order not immediately completed is canceled.
- **on the open** — Requires that the order is executed as close as possible to the opening price for a security. All or any part of the order that cannot be executed at the opening price is canceled.
- **on the close** — Requires that the order is executed as close as possible to the closing price for a security. All or any part of the order that cannot be executed at the closing price is canceled.

transaction fee

The fee paid for executing a trade, based on the number of shares traded or the dollar amount traded.

vesting

This refers to when the participant has earned the right of ownership, and the options or restricted stock becomes available to sell. Vesting occurs after your company-designated time frame is met (also known as a *vesting schedule*).

vesting schedule

The schedule of when, and to what extent, awards become available based on periods of time.



Recordkeeping and administrative services for your company's equity compensation plans are provided by your company and its service providers.

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