Telefónica

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International Accounting Standards Board
30 Cannon Street
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Re: Exposure Draft ED2: SHARE-BASED PAYMENT

Dear Sirs

On behalf of Telefónica I am writing to comment on the Exposure Draft of an IFRS dealing with Share-based payment.

You can find enclosed in the appendix our answers to the questions raised in the draft standard.

We appreciate the opportunity to raise comments on the Exposure Drafts and contributing to IASB's due process.

Yours sincerely,

Marta Soto

Telefónica

APPENDIX

Question 1. *Paragraphs 1-3 of the draft IFRS set out the proposed scope of the IFRS. There are no proposed exemptions, apart from for transactions within the scope of another IFRS.*

Is the proposed scope appropriate? If not, which transactions should be excluded and why?

Answer. We agree with the proposal.

Question 2. *Paragraphs 4-6 of the draft IFRS propose requirements for the recognition of share-based payment transactions, including the recognition of an expense when the goods or services received or acquired are consumed.*

Are these recognition requirements appropriate? If not, why not, or in which circumstances are the recognition requirements inappropriate?

Answer. Yes, we consider the proposal appropriate.

Question 3. *For an equity-settled share-based payment transaction, the draft IFRS proposes that, in principle, the entity should measure the goods or services received, and the corresponding increase in equity, either directly, at the fair value of the goods or services received, or indirectly, by reference to the fair value of the equity instruments granted, whichever fair value is more readily determinable (paragraph 7). There are no exemptions to the requirement to measure share-based payment transactions at fair value. For example, there are no exemptions for unlisted entities.*

Is this measurement principle appropriate? If not, why not, or in which circumstances is it not appropriate?

Answer. Although we consider the proposal appropriate, there will be practical problems when applying that principle. The volatility of an unlisted entity, as proposed in paragraphs IG20 to IG 23, will not always be feasible to calculate. If, somehow it is calculated, the results would be subjective and there would be no means to verify that the results obtained reflect the implicit volatility of a share that is not quoted.

We would permit unlisted entities to use the minimum value method when the calculation of volatility is not feasible or when it would cause undue cost or effort. If it is the case, the entity should give an explanation of the reasons why it is not feasible or why it would cause undue cost or effort.

If the Board does not consider this proposal, it would be necessary and helpful to clarify and give more guidance on how to estimate volatility in unlisted companies.

Question 4. *If the fair value of the goods or services received in an equity-settled share-based payment transaction is measured directly, the draft IFRS proposes that fair value should be measured at the date when the entity obtains the goods or receives the services (paragraph 8).*

Do you agree that this is the appropriate date at which to measure the fair value of the goods or services received? If not, at which date should the fair value of the goods or services received be measured? Why?

Answer. No, we do not agree with having two different dates of measurement for the same type of transaction, depending on how the fair value is calculated. We understand that the appropriate date should be grant date, which is the date when both parts reach an agreement on the value of the services or goods to be provided.

Question 5. *If the fair value of the goods or services received in an equity-settled share-based payment transaction is measured by reference to the fair value of the equity instruments granted, the draft IFRS proposes that the fair value of the equity instruments granted should be measured at grant date (paragraph 8).*

Do you agree that this is the appropriate date at which to measure the fair value of the equity instruments granted? If not, at which date should the fair value of the equity instruments granted be measured? Why?

Answer. Yes, for the same reasons given above and according to the Basis of Conclusions.

Question 6. *For equity-settled transactions with parties other than employees, the draft IFRS proposes a rebuttable presumption that the fair value of the goods or services received is more readily determinable than the fair value of the equity instruments granted (paragraphs 9 and 10).*

Do you agree that the fair value of the goods or services received is usually more readily determinable than the fair value of the equity instruments granted? In what circumstances is this not so?

Answer. Yes, we agree with the proposal. However, when goods or services received do not have an established market price, the fair value of the equity instruments granted may be more readily determinable.

Question 7. *For equity-settled transactions with employees, the draft IFRS proposes that the entity should measure the fair value of the employee services received by reference to the fair value of the equity instruments granted, because the latter fair value is more readily determinable (paragraphs 11 and 12).*

Do you agree that the fair value of the equity instruments granted is more readily determinable than the fair value of the employee services received? Are there any circumstances in which this is not so?

Answer. No. We believe that the proposal is too restrictive. There are entities that start from the total remuneration of an employee, deduct the "normal" remuneration in cash, and the remaining portion is granted through a share based remuneration. In such cases, the fair value of the services received is directly determinable so there is no need of an indirect measurement through the fair value of the equity instruments granted. The solution may be a different wording to allow the possibility of a direct measurement, such as a rebuttable presumption.

Question 8. *Paragraphs 13 and 14 of the draft IFRS propose requirements for determining when the counterparty renders service for the equity instruments granted, based on whether the counterparty is required to complete a specified period of service before the equity instruments vest.*

Do you agree that it is reasonable to presume that the services rendered by the counterparty as consideration for the equity instruments are received during the vesting period? If not, when are the services received, in your view?

Answer. We agree with the proposal.

Question 9. *If the services received are measured by using the fair value of the equity instruments granted as a surrogate measure, the draft IFRS proposes that the entity should determine the amount to attribute to each unit of service received, by dividing the fair value of the equity instruments granted by the number of units of service expected to be received during the vesting period (paragraph 15).*

Do you agree that if the fair value of the equity instruments granted is used as a surrogate measure of the fair value of the services received, it is necessary to determine the amount to attribute to each unit of service received? If not, what alternative approach do you propose? If an entity is required to determine the amount to attribute to each unit of service received, do you agree that this should be calculated by dividing the fair value of the equity instruments granted by the number of units of services expected to be received during the vesting period? If not, what alternative method do you propose?

Answer: We understand that it is not necessary to determine the amount to attribute to each unit of service received.

Additionally the method proposed is somehow heterogeneous since it does not consider a subsequent adjustment of initial estimations to reflect actual results, or at least it does it partially. This is a consequence of the fact that the deemed fair value of a unit of service is calculated from an estimate of total units of services to be received, but it is not updated during the vesting period while the units of service received actually are.

An alternative approach, which is simpler, would be a straight-line distribution of the initially estimated fair value of the services received, updated at each reporting date to actual services received.

For example:

An entity grants 10 options to each of its employees (200). At grant date, the fair value of each option is 8.

The vesting conditions require that the employees work for the entity for the next four years.

The charge each year to profit and loss would be:

Year 1

5 employees left the entity: (195*10*8*1/4) = 3.900

Year 2

2 more employees left the entity: (193*10*8*2/4) = 7.720 - 3.900 = 3.820

Year 3

10 more employees left the entity: (183*10*8*3/4) = 10.980 - 3.900 - 3.820 = 3.260

Year 4

3 more employees left the entity: (180*10*8*4/4) = 14.400 – 3.900 – 3.820 – 3.260 = 3.420

Total accumulated: 3.900+3.820+3.260+3.420=**14.400, which is the fair value, at grant date, of the options actually vested.**

The results of the same example applying the Board's proposed method would be the following:

The entity expects that 16 employees will leave the company during the vesting period at a rate of 4 employees at the beginning of each year.

The total fair value adjusted for the possibility of forfeiture is: (200-16)*10*8 = 14.720

The expected volume of units of service received are:

- (200-16) =184 employees complete 4 years of service: (184*4)=736 units
- 4 employees complete 3 years of service: (4*3)=12 units
- 4 employees complete 2 years of service: (4*2)=8 units
- 4 employees complete 1 year of service: (4*1)=4 units
- Total units: 760

Therefore, the fair value of each unit is: 14.720 / 760 = 19,37

The charge each year would be the following, assuming the employees leave at the beginning of the year.

Year 1

5 employees left the entity: Number of units received: (195*1) * 19,37 = 3.777

Year 2

2 more employees left the entity: Number of units received: (193*1) * 19,37 = 3.738

Year 3

10 more employees left the entity: Number of units received: (183*1) * 19,37 = 3.545

Year 4

3 more employees left the entity: Number of units received: (180*1) * 19,37 = 3.487

Under this method, the accumulated charge would be: 3.777+3.738+3.545+3.487 = 14.547

But the fair value at grant date of the options actually vested and exercised is: 14.400.

Consequently, in the example, his method would result in recording an excess of 147 over the fair value of the options granted and vested.

Under this approach, the amount of difference between the final results and the fair value of the options granted and vested, depends on the accuracy of the initial estimation. This implies that the Board's proposed method includes a higher level of subjetivity.

The following chart compares the results of both methods:

Year	Our proposed method	The Board's proposed method	Difference
1	3.900	3.777	123
2	3.820	3.738	82
3	3.260	3.545	- 285
4	3.420	3.487	- 67
Total	**14.400**	**14.547**	**- 147**

Question 10. *In an equity-settled share-based payment transaction, the draft IFRS proposes that having recognised the services received, and a corresponding increase in equity, the entity should make no subsequent adjustment to total equity, even if the equity instruments granted do not vest or, in the case of options, the options are not exercised (paragraph 16). However, this requirement does not preclude the entity from recognising a transfer within equity, ie a transfer from one component of equity to another.*

Do you agree with this proposed requirement? If not, in what circumstances should an adjustment be made to total equity and why?

Answer: We understand that the only adjustment to equity should be the update of actual services received until vesting date as explained in answer to Q9. Those adjustments reflect the revision of previous vesting estimates.

Question 11. *The draft IFRS proposes that the entity should measure the fair value of equity instruments granted, based on market prices if available, taking into account the terms and conditions of the grant (paragraph 17). In the absence of a market price, the draft IFRS proposes that the entity should estimate the fair value of options granted, by applying an option pricing model that takes into account various factors, namely the exercise price of the option, the life of the option, the current price of the underlying shares, the expected volatility of the share price, the dividends expected on the shares (where appropriate) and the risk-free interest rate for the life of the option (paragraph 20). Paragraph 23 of the proposed IFRS explains when it is appropriate to take into account expected dividends.*

Do you agree that an option pricing model should be applied to estimate the fair value of options granted? If not, by what other means should the fair value of the options be estimated?

Are there circumstances in which it would be inappropriate or impracticable to take into account any of the factors listed above in applying an option pricing model?

Answer. We agree with the proposal.

Question 12. *If an option is non-transferable, the draft IFRS proposes that the expected life of an option rather than its contracted life should be used in applying an option pricing model (paragraph 21). The draft IFRS also proposes requirements for options that are subject to vesting conditions and therefore cannot be exercised during the vesting period (paragraph 22).*

Do you agree that replacing an option's contracted life with its expected life when applying an option pricing model is an appropriate means of adjusting the option's fair value for the effects of non-transferability? If not, do you have an alternative suggestion? Is the proposed requirement for taking into account the inability to exercise an option during the vesting period appropriate?

Answer. We agree with the proposal considering the reasons given in the basis for conclusions.

Question 13. *If a grant of shares or options is conditional upon satisfying specified vesting conditions, the draft IFRS proposes that these conditions should be taken into account when an entity measures the fair value of the shares or options granted. In the case of options, vesting conditions should be taken into account either by incorporating them into the application of an option pricing model or by making an appropriate adjustment to the value produced by such a model (paragraph 24).*

Do you agree that vesting conditions should be taken into account when estimating the fair value of options or shares granted? If not, why not? Do you have any suggestions for how vesting conditions should be taken into account when estimating the fair value of shares or options granted?

Answer. We agree with the proposal. Additionally, the alternative method given in our answer to Q9 would be compliant with the requirements of this paragraph.

Question 14. *For options with a reload feature, the draft IFRS proposes that the reload feature should be taken into account, where practicable, when an entity measures the fair value of the options granted. However, if the reload feature is not taken into account in the measurement of the fair value of the options granted, then the reload option granted should be accounted for as a new option grant (paragraph 25).*

Is this proposed requirement appropriate? If not, why not? Do you have an alternative proposal for dealing with options with reload features?

Answer. We agree with the proposal, but the terms "reload feature" and "reload option" should be clarified in order to understand them more clearly.

Question 15. *The draft IFRS proposes requirements for taking into account various features common to employee share options, such as non-transferability, inability to exercise the option during the vesting period, and vesting conditions (paragraphs 21-25).*

Are there other common features of employee share options for which the IFRS should specify requirements?

Answer. We have not identified any other features of employee share options for which the IFRS should specify requirements.

Question 16. *The draft IFRS does not contain prescriptive guidance on the estimation of the fair value of options, consistently with the Board's objective of setting principles-based standards and to allow for future developments in valuation methodologies.*

Do you agree with this approach? Are there specific aspects of valuing options for which such guidance should be given?

Answer. We agree with the proposal.

Question 17. *If an entity reprices a share option, or otherwise modifies the terms or conditions on which equity instruments were granted, the draft IFRS proposes that the entity should measure the incremental value granted upon repricing, and include that incremental value when measuring the services received. This means that the entity is required to recognise additional amounts for services received during the remainder of the vesting period, i.e. additional to the amounts recognised in respect of the original option grant. Example 3 in Appendix B illustrates this requirement. As shown in that example, the incremental value granted on repricing is treated as a new option grant, in addition to the original option grant. An alternative approach is also illustrated, whereby the two grants are averaged and spread over the remainder of the vesting period.*

Do you agree that the incremental value granted should be taken into account when measuring the services received, resulting in the recognition of additional amounts in the remainder of the vesting period? If not, how do you suggest repricing should be dealt with? Of the two methods illustrated in Example 3, which is more appropriate? Why?

Answer. We agree with the proposal of taking into account the incremental value of repricing options. In respect of the methods illustrated in Example 3, we consider more appropriate the **alternative approach** because it reflects better the matching of the expense with the actual services received. Particularly, the alternative approach reflects that the repricing feature extends the life of the original options, not only their price, so the employees have to perform their services one additional year to obtain their original options at the new price. Instead, the first approach does not take into account this fact.

Additionally we think that the incremental value calculated in example 3 should not consider the employees that the entity expects to leave in years 3 and 4: instead of 410 employees, it should include 390 employees, just like example 1.

Question 18. *If an entity cancels a share or option grant during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the draft IFRS proposes that the entity should continue to recognise the services rendered by the counterparty in the remainder of the vesting period, as if that grant had not been cancelled. The draft IFRS also proposes requirements for dealing with any payment made on cancellation and/or a grant of replacement options, and for the repurchase of vested equity instruments.*

Are the proposed requirements appropriate? If not, please explain why not and provide details of your suggested alternative approach.

Answer. No, we do not agree with the proposal because it implies the recognition of a transaction that no longer exists. This would mislead the information shown in the Financial Statements and would not give a true and fair view of the results and financial situation of an entity. An alternative approach should consider the conditions in which the options are cancelled:

- if no compensation is given to employees, then, the treatment at the time of cancellation should be the same as when options forfeit, as exposed in paragraph 16. We do not agree with the approach of paragraph 29 (a);

- if the entity gives a compensation to employees, the proposed treatment in paragraph 29 (b) would be appropriate if no other entries are made.

Question 19. *For cash-settled share-based payment transactions, the draft IFRS proposes that the entity should measure the goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the entity should remeasure the fair value of the liability at each reporting date, with any changes in value recognised in the income statement.*

Are the proposed requirements appropriate? If not, please provide details of your suggested alternative approach.

Answer. We agree with the proposal when it relates to services received. But we think that it should not be the same when the entity has acquired goods instead of services. If we apply paragraph BC 225 to this case, it appears that the assets (goods acquired) should also be remeasured at the fair value of the liability. Therefore, there would be no impact in the income statement, as assets would be trued up to equal the liability (cash to be disbursed).

We propose the Board to clarify this point in the final IFRS, or at least give guidance when the transaction implies the recognition of an asset.

Question 20. *For share-based payment transactions in which either the entity or the supplier of goods or services may choose whether the entity settles the transaction in cash or by issuing equity instruments, the draft IFRS proposes that the entity should account for the transaction, or the components of that transaction, as a cash-settled share-based payment transaction if the entity has incurred a liability to settle in cash, or as an equity-settled share-based payment transaction if no such liability has been incurred. The draft IFRS proposes various requirements to apply this principle.*

Are the proposed requirements appropriate? If not, please provide details of your suggested alternative approach.

Answer. We agree with the proposal. But additionally, in paragraph 42 we would include another case of having a present obligation to settle in cash, which is the intention of the entity to settle in cash.

Question 21. *The draft IFRS proposes that an entity should disclose information to enable users of financial statements to understand:*

a) the nature and extent of share-based payment arrangements that existed during the period,

b) how the fair value of the goods or services received, or the fair value of the equity instruments granted, during the period was determined, and

c) the effect of expenses arising from share-based payment transactions on the entity's profit or loss.

Are these disclosure requirements appropriate? If not, which disclosure requirements do you suggest should be added, deleted or amended (and how)?

Answer. We find correct the disclosure **principles** stated in paragraphs 45, 47, and 51, but the minimum requirements set out in detail, are excessive. The proposed level of disclosure is burdensome for preparers and it might confuse the users of the financial statements with too much information. This volume of details would hide the key information relating to this type of transactions.

The proposed paragraphs 46, 48, and 52 might be treated as illustrative to comply with the disclosure principles, but not as a minimum disclosure rule. Therefore they would be better placed in Appendix D, Disclosures.

Question 22. *The draft IFRS proposes that an entity should apply the requirements of the IFRS to grants of equity instruments that were granted after the publication date of this Exposure Draft and had not vested at the effective date of the IFRS. It also proposes that an entity should apply retrospectively the requirements of the IFRS to liabilities existing at the effective date of the IFRS, except that the entity is not required to measure vested share appreciation rights (and similar liabilities) at fair value, but instead should measure such liabilities at their settlement amount (ie the amount that would have been paid on settlement of the liability had the counterparty demanded settlement at the date the liability is measured).*

Are the proposed requirements appropriate? If not, please provide details of your suggestions for the IFRS's transitional provisions.

Answer. We understand that further clarification is needed (paragraphs 54 and 55) because we do not understand how to apply those paragraphs:

- For equity settled transactions we understand that the (draft) IFRS provisions, where applicable, should be applied prospectively, but this fact is not stated explicitly anywhere. An example would be very helpful.

- For cash settled transactions, it is not clear if there is an alternative treatment for liabilities arising from vested share appreciation rights or if those liabilities should not be measured at fair value and instead, they should be measured at settlement amount. We understand that the Board should clarify this point, either by changing the wording or by including an example.

Question 23. *The draft IFRS proposes a consequential amendment to IAS 12 (revised 2000) Income Taxes to add an example to that standard illustrating how to account for the tax effects of share-based payment transactions. As shown in that example, it is proposed that all tax effects of share-based payment transactions should be recognised in the income statement.*

Are the proposed requirements appropriate?

Answer. We agree with the proposal.

Question 24 *In developing the Exposure Draft, the Board considered how various issues are dealt with under the US standard SFAS 123 Accounting for Stock-Based Compensation, as* *explained further in the Basis for Conclusions. Although the draft IFRS is similar to SFAS 123 in many respects, there are some differences. The main differences include the following:*

a) Apart from transactions within the scope of another IFRS, the draft IFRS does not propose any exemptions, either from the requirement to apply the IFRS or from the requirement to measure share-based payment transactions at fair value. SFAS 123 contains the following exemptions, none of which are included in the draft IFRS:

- *employee share purchase plans are excluded from SFAS 123, provided specified criteria are met, such as the discount given to employees is relatively small;*

- *SFAS 123 encourages, but does not require, entities to apply its fair value measurement method to recognise transactions with employees; entities are permitted to apply instead the intrinsic value measurement method in Accounting Principles Board Opinion No. 25 Accounting for Stock Issued to Employees (paragraphs BC70-BC74 in the Basis for Conclusions give an explanation of intrinsic value); and*

- *unlisted (non-public) entities are permitted to apply the minimum value method when estimating the value of share options, which excludes from the valuation the effects of expected share price volatility (paragraphs BC75-BC78 in the Basis for Conclusions give an explanation of minimum value).*

b) For transactions in which equity instruments are granted to employees, both SFAS 123 and the draft IFRS have a measurement method that is based on the fair value of those equity instruments at grant date. However:

- *under SFAS 123, the estimate of the fair value of an equity instrument at grant date is not reduced for the possibility of forfeiture due to failure to satisfy the vesting conditions, whereas the draft IFRS proposes that the possibility of forfeiture should be taken into account in making such an estimate.*

- *under SFAS 123, the transaction is measured at the fair value of the equity instruments issued. Because equity instruments are not regarded as issued until any specified vesting conditions have been satisfied, the transaction amount is ultimately measured at the number of vested equity instruments multiplied by the fair value of those equity instruments at grant date. Hence, any amounts recognised for employee services received during the vesting period will be subsequently reversed if the equity instruments granted are forfeited. Under the draft IFRS, the transaction is measured at the deemed fair value of the employee services received. The fair value of the equity instruments granted is used as a surrogate measure, to determine the deemed fair value of each unit of employee service received. The transaction amount is ultimately measured at the number of units of service received during the vesting period multiplied by the deemed fair value per unit of service. Hence, any amounts recognised for employee services received are not subsequently reversed, even if the equity instruments granted are forfeited.*

c) *If, during the vesting period, an entity settles in cash a grant of equity instruments, under SFAS 123 those equity instruments are regarded as having immediately vested, and therefore the amount of compensation expense measured at grant date but not yet recognised is recognised immediately at the date of settlement. The draft IFRS does not require immediate recognition of an expense but instead proposes that the entity should continue to recognise the services received (and hence the resulting expense) over the remainder of the vesting period, as if that grant of equity instruments had not been cancelled.*

d) *SFAS 123 does not specify a measurement date for transactions with parties other than employees that are measured at the fair value of the equity instruments issued. Emerging Issues Task Force Issue 96-18 Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services requires the fair value of the equity instruments issued to be measured at the earlier of (i) the date a performance commitment is reached or (ii) the date performance is complete. This date might be later than grant date, for example, if there is no performance commitment at grant date. Under the draft IFRS, the fair value of the equity instruments granted is measured at grant date in all cases.*

e) *SFAS 123 requires liabilities for cash-settled share appreciation rights (SARs) to be measured using an intrinsic value measurement method. The draft IFRS proposes that such liabilities should be measured using a fair value measurement method, which includes the time value of the SARs, in the same way that options have time value (refer to paragraphs BC70-BC81 of the Basis for Conclusions for a discussion of intrinsic value, time value and fair value).*

f) *For a share-based payment transaction in which equity instruments are granted, SFAS 123 requires realised tax benefits to be credited direct to equity as additional paid-in capital, to the extent that those tax benefits exceed the tax benefits on the total amount of compensation expense recognised in respect of that grant of equity instruments. The draft IFRS, in a consequential amendment to IAS 12 (revised 2000) Income Taxes, proposes that all tax effects of share-based payment transactions should be recognised in profit or loss, as part of tax expense.*

For each of the above differences, which treatment is the most appropriate? Why? If you regard neither treatment as appropriate, please provide details of your preferred treatment.

Answer. We think that the draft IFRS treatment is more appropriate in the above cases except for the points a) 3rd bullet, b), c) and f).

Respect of point a) 3rd bullet, we refer to our comments on question 3.

Respect of point b), we refer to our comments in our answers to questions 9, 10 and 13.

Respect of point c), in the case of an entity that settles a grant of equity instruments in cash during the vesting period, we prefer the treatment given by SFAS 123. The reason is that we understand that the case is like an acceleration of the vesting date and therefore the entity assumes that all services required as a consideration of the equity instruments have been received at settlement. In that case, there is no reason to continue recognising services after settlement because no services are given by the counterparty; it would imply the recognition of a transaction that no longer exists.

In fact, as explained in the basis of conclusions (paragraph 221), the Board also prefers this treatment. However, it is argued that this approach is difficult to apply in the context of the proposed accounting method in the draft IFRS as there is not a specific amount of unrecognised compensation expense. We believe that the unrecognised compensation amount might be calculated by reference to the amount of units of services pending to be received at settlement date. That is, the difference between total expected units of services at grant date and actual units of services received multiplied by the deemed fair value of each unit of service.

Respect of point f), we understand that such excess of tax benefits represents additional proceeds from the grant of equity instruments and therefore, represent equity. Another fact to consider is that it produces less income statement volatility.

Question 25. *Do you have any other comments on the Exposure Draft?*

Answer: Our additional comments are the following:

- Paragraph BC 17, transfers of equity instruments to employees: when a shareholder transfers equity instruments to the employees the entity, the transaction, we understand that it is not a reacquisition of equity instruments for nil consideration. It should be recognised by the entity as income against equity and measured at fair value.

- We find useful the examples given in appendixes B and C to understand the principles of the draft IFRS. However we would like that the Board could also include another appendix as part of the final IFRS with examples of transactions with cash alternatives, as their accounting treatment is the most complex. It would be very helpful to understand which entries are required at each reporting period, from grant date to vesting date and the exercise.