

Case 23-5c

HawkHome Inc.

Determining the Grant Date of Share-Based Payment Awards

HawkHome Inc. (the “Company”) is a smart-home automation company that builds and deploys solutions for property owners, managers, renters, and builders. The Company has made various share-based payment awards to certain executives (each a “Grantee” and collectively the “Grantees”) as part of their executive compensation. All individual awards must be approved by a majority of the Company’s shareholders, and the Grantees do not have the ability to negotiate the terms and conditions of any award.

CEO Awards

The CEO was granted 100,000 restricted stock units (the “CEO Award #1”) by the Company on December 10, 20X0. On the basis of the Company’s past practice, it is reasonably likely that its shareholders will approve the award. The Company’s shareholders met on January 3, 20X1, and approved the CEO Award #1. The CEO was aware of the terms and conditions of the award before attending the shareholder meeting. The CEO controls 40 percent of the common voting shares of the Company as of January 3, 20X1.

At the January 3, 20X1, shareholder meeting, the shareholders also voted to formally delegate to the Company’s board of directors (the “Board”) the right to grant share-based payment awards to employees, within certain parameters. On February 1, 20X1, the Board approved the award of 50,000 restricted stock units to the CEO (the “CEO Award #2”), which is within the parameters established by the approval granted by the shareholders. The CEO was aware of the terms and conditions of the award before attending the Board meeting.

CFO Awards

On March 1, 20X1, the Board approved the award of 40,000 share options on its stock to the CFO, with an exercise price of \$30 per option. Assuming the CFO remains employed with the Company, the arrangement is structured such that 10,000 share options will vest or be forfeited in each of the next four years depending on whether annual performance targets relating to Company’s revenues and net income are achieved. The CFO was aware of the terms and conditions of the award before attending the Board meeting.

Case A — All of the annual performance targets were set at the inception of the arrangement on March 1, 20X1 (the “CFO Award #1”).

Case B — The annual performance targets will be established on March 1 of each year (i.e., annual performance targets for the first 10,000 awards would be established on March 1, 20X1, and the performance targets for each of the subsequent tranches of awards would be established on March 1 of each subsequent year) (the “CFO Award #2”).

CIO Awards

On April 1, 20X1, the Board approved the award of 10,000 employee stock options to the CIO (the “CIO Awards”) that vest at the end of one year of service (cliff vesting). All terms and

conditions of the options were known and communicated to the CIO on April 1, 20X1, except for the exercise price, which was set equal to the lower of the market price of Company's shares on April 1, 20X1, or its market price on March 31, 20X2 (i.e., the employee was given a look-back option). The CIO commenced employment with the Company on May 1, 20X1 (the "CIO Start Date").