

SAP SE
Form 11-K
June 27, 2016
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-14251

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:
SAP America, Inc. 401(k) Plan

SAP America, Inc.

3999 West Chester Pike

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Newtown Square, PA 19073

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

SAP SE

Dietmar-Hopp-Allee 16

69190 Walldorf

Federal Republic of Germany

Exhibit Index appears on page II-2

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SAP AMERICA, INC.

401(k) PLAN

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Note: All other schedules required by the Department of Labor's *Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974* (ERISA) have been omitted because there is no information to report.

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Report of Independent Registered Public Accounting Firm

The Plan Administrator

SAP America, Inc. 401(k) Plan:

We have audited the accompanying statement of net assets available for benefits of the SAP America, Inc. 401(k) Plan (the Plan) as of December 31, 2015, and the related statement of changes in net assets available for benefits for the year ended December 31, 2015. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of SAP America, Inc. 401(k) Plan as of December 31, 2015, and the changes in net assets available for benefits for the year ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

The supplemental Schedule H, Line 4i – Schedule of Assets (Held at End of Year), has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Kreischer Miller

Horsham, Pennsylvania

June 27, 2016

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Report of Independent Registered Public Accounting Firm

The Plan Administrator

SAP America, Inc. 401(k) Plan:

We have audited the accompanying statement of net assets available for benefits of SAP America, Inc. 401(k) Plan (the Plan) as of December 31, 2014, and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2014, and the changes in net assets available for benefits for the year then ended, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Philadelphia, Pennsylvania

June 29, 2015

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Statements of Net Assets Available for Benefits

December 31, 2015 and 2014

| | 2015 | 2014 |
|--|-------------------|-------------------|
| Assets: | | |
| Investments, at fair value | \$ 3,101,456,011 | \$ 2,965,225,353 |
| Receivables: | | |
| Notes receivable from participants | 26,873,770 | 26,657,646 |
| Employer contributions | 12,259,417 | 11,419,259 |
| Participant contributions | 3,736,988 | 3,242,241 |
| Total receivables | 42,870,175 | 41,319,146 |
| Net assets, reflecting investments at fair value | 3,144,326,186 | 3,006,544,499 |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | (2,913,077) | (4,988,703) |
| Net assets available for benefits | \$ 3,141,413,109 | \$ 3,001,555,796 |

See accompanying notes to financial statements.

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Statements of Changes in Net Assets Available for Benefits

Years ended December 31, 2015 and 2014

| | 2015 | 2014 |
|--|-------------------------|-------------------------|
| Additions: | | |
| Additions to net assets attributed to: | | |
| Investment income: | | |
| Net appreciation/(depreciation) in fair value of investments | \$ (120,565,209) | \$ 92,632,269 |
| Interest and dividend income | 123,493,743 | 115,229,185 |
| Total investment income | 2,928,534 | 207,861,454 |
| Contributions: | | |
| Employer | 74,002,824 | 69,801,877 |
| Participant | 155,490,781 | 141,910,848 |
| Rollovers | 127,406,312 | 177,797,578 |
| Total contributions | 356,899,917 | 389,510,303 |
| Total additions | 359,828,451 | 597,371,757 |
| Deductions: | | |
| Deductions from net assets attributed to: | | |
| Benefits paid to participants | 218,463,020 | 182,042,694 |
| Administrative expenses | 1,508,118 | 764,613 |
| Total deductions | 219,971,138 | 182,807,307 |
| Net increase | 139,857,313 | 414,564,450 |
| Net assets available for benefits: | | |
| Beginning of year | 3,001,555,796 | 2,586,991,346 |
| End of year | \$ 3,141,413,109 | \$ 3,001,555,796 |

See accompanying notes to financial statements.

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SAP AMERICA, INC.

401(k) PLAN

Notes to Financial Statements

(1) Description of Plan

The following description of SAP America, Inc. 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a complete description of the Plan's provisions.

(a) General

The Plan is a defined contribution plan covering all employees of SAP America, Inc., SAP International, Inc., SAP Labs, LLC, SAP Public Services, Inc., SAP Global Marketing, Inc., SAP National Security Services, Inc., TomorrowNow, Inc., SAP Industries, Inc., Sybase, Inc., Ariba, Inc., SuccessFactors, Inc., and Hybris (U.S.) Corporation (collectively, the Company or the Companies). There are no minimum age or service requirements for employees to become eligible to participate in the Plan. The Plan is subject to the provisions of the *Employee Retirement Income Security Act of 1974* (ERISA). The Plan is also subject to certain provisions of the *Internal Revenue Code of 1986* (the Code). The Companies are subsidiaries of SAP SE (the Parent Company or SAP).

(b) Contributions

Participants may contribute a portion of their eligible annual compensation, as defined by the Plan, not to exceed \$18,000 for 2015 and \$17,500 for 2014. The Plan limits eligible compensation to the amount prescribed by Section 401(a)(17) of the Code for purposes of compensation reduction contributions and limits the amount of annual additions to the amount prescribed by Section 415(c) of the Code. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers 20 mutual funds, one money market fund, the Parent Company's ADR Stock Fund and 14 common collective trusts as investment options for participants. A self-directed brokerage account option is also available to allow participants to select investment options not specifically offered by the Plan. During 2015 and 2014, the Company matched 75% of the first 6% of eligible compensation that a participant contributes to the Plan. For purposes of employer matching and employer discretionary contributions, the Company limited the eligible compensation to \$265,000 in 2015 and \$245,000 in 2014. Employees are permitted to make pre-tax and after-tax contributions of up to 25% of compensation. Participants are permitted to make different contribution elections for (a) compensation consisting of bonuses and commissions, and (b) all other wages. The matching employer contribution is invested as directed by the participant and paid on a quarterly basis.

The Company provides additional employer contributions for certain employees who were participants of the Company's pension plan. The additional employer contribution percentage ranges from 1% to 3% of eligible compensation based on the employee's age and years of service as of December 31, 2008. The contributions are subject to annual Internal Revenue Service (IRS) compensation and contribution limits.

Additional employer discretionary contributions may be contributed at the option of the Company and are invested as directed by the participant. Employer discretionary contributions were not made in 2015 or 2014. The employer

discretionary contributions are allocated to participants who, with respect to the plan year for which a contribution is made, are employed by the Company on the last day of the plan year, have worked 1,000 hours in that year, and have elected a deferral contribution. The employer discretionary contributions are allocated as an additional matching contribution.

The applicable dollar limits on pre-tax contributions allow individuals who have reached age 50 by the end of the plan year, and who can no longer make additional pre-tax contributions because of limitations imposed by the Code or the Plan, to make additional catch-up contributions for that year. Eligible individuals may make catch-up contributions up to the lesser of (a) the individual's compensation for the year less any other deferrals, or (b) \$6,000 for 2015 and \$5,500 for 2014.

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Assets of \$115,265,397 and \$157,236,322 in 2015 and 2014, respectively, were transferred into the Plan due to various acquisitions and are included in Rollovers on the Statements of Changes in Net Assets Available for Benefits.

(c) *Participant Accounts*

All employer and employee contributions made to the Plan on behalf of a participant are credited to the account established in that participant's name. As of each valuation date, each participant's account, after taking into account any contributions made on behalf of that participant and allocated to their account, is credited with earnings/losses attributable to the participant's chosen investments. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. All amounts credited to the participant's account are invested as directed by the participant. All dividends, capital gain distributions, and other earnings received on investment options are specifically credited to a participant's account and are immediately used to invest in additional shares of those investment options.

(d) *Vesting*

Participants are vested immediately in their contributions plus actual earnings/losses thereon. Vesting in the employer contribution to their accounts is based on years of service as defined in the Plan. A participant is 50% vested after two years of service and 100% vested after three years of service.

(e) *Forfeitures*

Forfeitures are first applied to pay administrative expenses (in lieu of allocation to participant accounts) and then to offset required employer contributions. For the years ended December 31, 2015 and 2014, forfeitures of \$1,652,352 and \$1,201,458, respectively, were used to pay administrative expenses (in lieu of allocation to participant accounts) and to offset required employer contributions. At December 31, 2015 and 2014, forfeited nonvested accounts totaled \$567,065 and \$1,025,777, respectively.

(f) *Notes Receivable from Participants*

Participants may borrow up to a maximum of \$50,000 or 50% of their vested account balance, whichever is less. The majority of the Plan's outstanding notes receivable from participants are secured by the vested balance in the participant's account with original terms of up to 60 months; however, a longer term may be permitted in accordance with the Plan document. The notes receivable from participants bear interest at rates, which are based upon the prevailing commercial lending rates charged by professional lenders for similarly secured personal loans. The rate currently set by the Plan Administrator is the prime interest rate plus 1% and is adjusted for new loans weekly. During the term of the loan, the rate is fixed. A maximum of two notes receivable with outstanding balances is permitted at any time for each participant. Principal and interest is paid through payroll deductions. As of December 31, 2015, the interest rates on participant notes range from 3.25% to 9.25%.

(g) *Payment of Benefits*

Upon termination of employment, a participant may elect to receive a distribution equal to the value of the participant's vested interest in their account in the form of a lump-sum amount, agreed upon installments, or a life annuity with or without a survivor option. Employees (other than 5% owners) who attain the age of 70 ½ years will not be required to commence minimum distributions until they terminate employment. Employees who are 5% owners must commence minimum distributions by April 1st of the calendar year after they attain the age of 70 ½ years. Employees may elect withdrawals during employment subject to the terms described in the Plan document.

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(2) Summary of Significant Accounting Policies

The following are the significant accounting policies followed by the Plan:

(a) *Basis of Accounting*

The accompanying financial statements are prepared on the accrual basis of accounting.

(b) *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(c) *Investment Valuation and Income Recognition*

The Plan's investments are stated at fair value with the exception of the Vanguard Retirement Savings Trust (VRST), which is a common collective trust fund that is fully invested in contracts deemed to be fully benefit-responsive, and stated at contract value. The contract value is the relevant measure to the Plan because it is the amount that is available for Plan benefits. Accordingly, investments as reflected in the Statements of Net Assets Available for Benefits state the VRST at fair value, with a corresponding adjustment to reflect the investment at contract value. Shares of registered investment companies are valued at quoted market prices, which represent the net asset value of shares held by the Plan at year-end. Shares in the SAP ADR Stock Fund and the remaining Vanguard Common Collective trusts are valued based on their underlying securities.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

(d) *Notes Receivable from Participants*

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Delinquent notes receivable from a participant are reclassified as distributions based upon the terms of the Plan document.

(e) *Payment of Benefits*

Benefits are recorded when paid.

(f) *Fully Benefit-Responsive Investment Contracts*

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined

contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Statements of Net Assets Available for Benefits presents the investment contracts at fair value with the adjustment from fair value to contract value. The Statements of Changes in Net Assets Available for Benefits are prepared on a contract value basis.

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The investment in the VRST includes fully benefit-responsive investments stated at fair value. Contract value is equal to total cost of the investment (amount paid at time of purchase plus or minus any additional deposits or withdrawals) plus accrued interest. There are no reserves against contract value for credit risk of the contract issuer or otherwise. The average yield and crediting interest rates for the VRST were 2.29% and 1.92%, respectively, for 2015 and 2.30% and 1.89%, respectively, for 2014. The crediting interest rate is based on a formula agreed upon with the issuer, updated quarterly, with no minimum crediting interest rate. Certain events limit the ability of the Plan to transact at contract value with the issuer. Such events include the following: (i) amendments to the Plan documents (including complete or partial Plan termination or merger with another plan); (ii) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions; (iii) bankruptcy of the Plan Sponsor or other Plan Sponsor events (e.g., divestitures or spin-offs of a subsidiary), which cause a significant withdrawal from the Plan, or (iv) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The Plan Administrator does not believe that any such event that would limit the Plan's ability to transact at contract value with participants is probable of occurring.

(g) *Recently Issued Accounting Standards*

In May 2015, the Financial Accounting Standards Board (FASB) issued updated guidance (Accounting Standards Update (ASU) 2015-07 *Fair Value Measurement*) on the disclosure requirements for certain investments measured at fair value using the net asset value per share (or its equivalent) practical expedient as defined in Accounting Standards Codification (ASC) Topic 820. The new guidance removes the requirement to categorize such investments within the fair value hierarchy. This guidance will be effective for the Plan fiscal year beginning after December 15, 2015. The Plan does not expect this requirement to significantly change its current fair value disclosures.

In July 2015, the FASB issued ASU 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), and Health and Welfare Benefit Plans (Topic 965): Part (I) Fully Benefit-Responsive Investment Contracts, Part (II) Plan Investment Disclosures, Part (III) Measurement Date Practical Expedient*. This three-part standard simplifies employee benefit plan reporting with respect to fully benefit-responsive investment contracts and plan investment disclosures, and provides for a measurement-date practical expedient. Parts I and II are effective for fiscal years beginning after December 15, 2015 and should be applied retrospectively, with early application permitted. Part III is effective for fiscal years beginning after December 15, 2015 and should be applied prospectively, with early application permitted. Part III is not applicable to the Plan.

Management has elected not to early adopt the provisions of either ASU 2015-07 or ASU 2015-12. Initial assessment of the impact of the ASUs on the Plan are that they will not materially impact the presentation of total assets or investments in the Statements of Net Assets Available for Benefits. Specifically in the 2015 presentation, investments in VRST with a fair value of \$174,270,571 will be presented at contract value of \$171,357,494 and the adjustment from fair value to contract value will be eliminated in the Statements of Net Assets Available for Benefits.

ASU 2015-12 also eliminates certain disclosures which need to be made for fully benefit-responsive investment contracts including, but not limited to: the interest crediting rate, the basis for and frequency of interest crediting rate resets, the minimum interest crediting rate, the average yield earned by the Plan, and the average yield earned by the Plan with an adjustment to reflect the actual interest rate credited to participants. These disclosures are currently made in Note 2(f) of the Notes to Financial Statements.

Disclosure of specific investment fair values in excess of 5% of Plan assets contained in Note 4 of the Notes to Financial Statements will no longer be required.

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Fair value (as described in FASB ASC Topic 820) is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value. It establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

Valuation Hierarchy

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of the fair value hierarchy under FASB ASC Topic 820 are described as follows:

- Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets. Level 1 assets and liabilities include registered investment companies (mutual funds), money market funds, common stocks and brokerage option.
- Level 2 Observable inputs other than Level 1 prices, for example, quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs that are observable or can be corroborated, either directly or indirectly, for substantially the full term of the financial instrument. Level 2 assets and liabilities include items that are traded less frequently than exchange traded securities and whose model inputs are observable in the markets or can be corroborated by market observable data. Examples in this category are common collective trust funds.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the Plan's own assumptions about the market that participants would use to price an asset based on the best information available in the circumstances. The Plan has no Level 3 investments.

Valuation Methodologies

Following is a description of the valuation methodologies used for instruments measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014.

Registered Investment Companies: Mutual funds are valued at the net asset value (NAV) on a market exchange. Each fund's NAV is calculated as of the close of business of the New York Stock Exchange and National Association of Securities Dealers Automated Quotations.

SAP ADR Stock Fund: The stock fund includes the Parent Company's common stock and is valued at the closing price reported in the active market in which the individual securities are traded.

Vanguard Brokerage Option: Equities are valued at last quoted sales price as of the close of business. Such securities not traded as of the close of business are valued at the last quoted bid prices.

Common Collective Trust Funds: These investments are public investment securities valued using the NAV provided by the Trustee. The NAV is quoted on a private market that is not active; however, the unit price is based on underlying investments, which are traded on an active market.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies and assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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The following table summarizes, by level within the fair value hierarchy, the Plan's investment assets at fair value as of December 31, 2015. As required by FASB ASC Topic 820, assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

| | Fair value measurements using input levels | | | |
|---|--|-----------------------|-----------|-------------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual Funds: | | | | |
| Vanguard Wellington Fund | \$ 956,642,951 | \$ | \$ | \$ 956,642,951 |
| U.S. Equity Funds | 456,447,974 | | | 456,447,974 |
| Vanguard Institutional Index Fund | 356,643,918 | | | 356,643,918 |
| International Equity Funds | 321,201,373 | | | 321,201,373 |
| Bond Funds | 192,094,664 | | | 192,094,664 |
| Money Market Fund | 1,032,335 | | | 1,032,335 |
| SAP ADR Stock Fund | 39,889,317 | | | 39,889,317 |
| Vanguard Brokerage Option | 26,851,219 | | | 26,851,219 |
| Common Collective Trust Funds | | 750,652,260 | | 750,652,260 |
| Total investments measured at fair value | \$ 2,350,803,751 | \$ 750,652,260 | \$ | \$ 3,101,456,011 |

The following table summarizes, by level within the fair value hierarchy, the Plan's investment assets at fair value as of December 31, 2014. As required by FASB ASC Topic 820, assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

| | Fair value measurements using input levels | | | |
|---|--|-----------------------|-----------|-------------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual Funds: | | | | |
| Vanguard Wellington Fund | \$ 911,914,081 | \$ | \$ | \$ 911,914,081 |
| U.S. Equity Funds | 461,984,701 | | | 461,984,701 |
| Vanguard Institutional Index Fund | 334,250,020 | | | 334,250,020 |
| International Equity Funds | 319,897,306 | | | 319,897,306 |
| Bond Funds | 173,367,156 | | | 173,367,156 |
| Money Market Fund | 1,782,154 | | | 1,782,154 |
| SAP ADR Stock Fund | 36,088,625 | | | 36,088,625 |
| Vanguard Brokerage Option | 18,443,826 | | | 18,443,826 |
| Common Collective Trust Funds | | 707,497,484 | | 707,497,484 |
| Total investments measured at fair value | \$ 2,257,727,869 | \$ 707,497,484 | \$ | \$ 2,965,225,353 |

There were no significant transfers among investment levels during the years ended December 31, 2015 and 2014.

Table of Contents**(4) Investments**

The following presents investments that represent 5% or more of the Plan's net assets:

| | December 31 | |
|---------------------------------------|--------------------|----------------|
| | 2015 | 2014 |
| Vanguard Wellington Fund | \$ 956,642,951 | \$ 911,914,081 |
| Vanguard Institutional Index Fund | 356,643,918 | 334,250,020 |
| Vanguard Retirement Savings Trust | 174,270,571 | 169,090,789 |
| Vanguard Total Bond Market Index Fund | 163,462,887 | 156,614,349 |
| Vanguard Strategic Equity Fund | * | 155,809,695 |

* Balance does not exceed 5% or more of the Plan's net assets.

During 2015 and 2014, the Plan's investments, including gains and losses on investments bought and sold, as well as held during the year, appreciated (depreciated) in fair value as follows:

| | 2015 | 2014 |
|-------------------------------|------------------|---------------|
| Mutual Funds | \$ (135,547,235) | \$ 67,271,372 |
| SAP ADR Stock Fund | 4,893,940 | (8,799,205) |
| Common Collective Trust Funds | 10,088,086 | 34,160,102 |
| | \$ (120,565,209) | \$ 92,632,269 |

(5) Related-Party Transactions

Certain Plan investments are shares of mutual funds, stocks or common collective trust funds managed by an affiliate of Vanguard Fiduciary Trust Company. Vanguard Fiduciary Trust Company is the Trustee as defined by the Plan (Plan Trustee) and, therefore, these transactions qualify as party-in-interest transactions. All fees for the investment management services are paid by the Company. The Company may be reimbursed for reasonable Plan expenses paid by the Company on behalf of the Plan, provided the Company advises the Plan Trustee of the liability owed to the Company. Additionally, participants can invest in the Parent Company's ADR Stock Fund. The Parent Company is a related party.

(6) Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to amend, modify, or terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their employer contributions.

(7) Tax Status

On February 13, 2014, the IRS issued a favorable determination letter to the Company indicating that the Plan, as amended and restated as of January 1, 2006, remains in compliance with the applicable provisions of the Code and the regulations thereunder. The Plan has been amended since January 1, 2006; however, the Plan Administrator believes that the Plan is designed, and is currently being operated, in compliance with applicable provisions of the Code and therefore, believes that the Plan is qualified and the related trust is tax-exempt.

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U.S. GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2012.

(8) Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

At December 31, 2015, the Plan had \$174,270,571 of investments in alternative investment funds which are reported at fair value and had concluded that the net asset value reported by the underlying funds approxi