PayPal Holdings, Inc.
Form S-8
October 23, 2018

**As filed with the Securities and Exchange Commission on October 23, 2018**

**Registration No. 333-**

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

# FORM S-8

**REGISTRATION STATEMENT**

***UNDER***

***THE SECURITIES ACT OF 1933***

**PayPal Holdings, Inc.**

**(Exact name of registrant as specified in its charter)**

| **Delaware** | **47-2989869** |
|---|---|
| **(State or other jurisdiction of incorporation or organization)** | **(IRS Employer Identification No.)** |

**2211 North First Street**

**San Jose, California 95131**

**(Address of Principal Executive Offices)**

**TERMS AND CONDITIONS GOVERNING EMPLOYEE STOCK OPTIONS 2013/2019 IN IZETTLE AB (PUBL)**

**TERMS AND CONDITIONS GOVERNING EMPLOYEE STOCK OPTIONS 2017/2023 IN IZETTLE AB (PUBL)**

**TERMS AND CONDITIONS GOVERNING EMPLOYEE STOCK OPTIONS 2018/2024 IN IZETTLE AB (PUBL)**

**(Full title of the plan)**

**A. Louise Pentland**

**Executive Vice President, Chief Business Affairs and Legal Officer**

**PayPal Holdings, Inc.**

**2211 North First Street**

**San Jose, California 95131**

**(408) 967-1000**

**(Name, address, including zip code, and telephone number, including area code, of agent for service)**

Indicate by a check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of large accelerated filer , accelerated filer , smaller reporting company and emerging growth company in Rule 12b-2 of the Exchange Act:

| | |
|---|---|
| Large accelerated filer | Accelerated filer |
| Non-accelerated filer | Smaller reporting company |
| | Emerging growth company |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

**CALCULATION OF REGISTRATION FEE**

| Title of Securities to be Registered | Amount to be Registered (1) | Proposed Maximum Offering Price per Share | Proposed Maximum Aggregate Offering Price | Amount of Registration Fee |
|---|---|---|---|---|
| Common Stock, par value $0.0001 per share | 88,821 (2) | $30.51 (3) | $2,709,929 (3) | $328.45 |

(1) Pursuant to the Share Purchase Agreement, dated as of May 17, 2018, by and among PayPal Holdings, Inc. (the Company ) and the sellers named therein (as amended, the Share Purchase Agreement ), the Company assumed certain outstanding unvested options to purchase ordinary shares of iZettle AB (publ) ( iZettle ) granted under the Terms and Conditions Governing Employee Stock Options 2013/2019, Terms and Conditions Governing Employee Stock Options 2017/2023 and Terms and Conditions Governing Employee Stock Options 2018/2024 in iZettle (collectively, the Plans ), subject to their respective continued vesting schedules and conditions. The assumed options became exercisable solely to purchase shares of common stock of the Company, with appropriate adjustments to the number of shares into which the assumed options are exercisable and the exercise price of such options in accordance with the terms of the Share Purchase Agreement.

Pursuant to Rule 416(a) under the Securities Act of 1933, as amended (the Securities Act ), this Registration Statement shall also cover any additional shares of common stock of the Company that become issuable under the Plans by reason of any stock dividend, stock split, recapitalization or other similar transaction effected without the receipt of consideration that results in an increase or decrease in the number of outstanding shares of the common stock of the Company.

(2) Represents shares of common stock of the Company subject to outstanding unvested options as of September 20, 2018 under the Plans.

(3) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(h) under the Securities Act. The offering price per share and aggregate offering price are based upon the weighted average exercise price for shares subject to the outstanding unvested options granted pursuant to the Plans.

**EXPLANATORY NOTE**

This Registration Statement on Form S-8 is filed by PayPal Holdings, Inc. (the Company ) in connection with that certain Share Purchase Agreement, dated as of May 17, 2018 (as amended, the Share Purchase Agreement ), by and among the Company and the sellers named therein regarding all shares, warrants and options in iZettle AB (publ) ( iZettle ). Pursuant to the Share Purchase Agreement, on September 20, 2018 (the Effective Time ), the Company purchased all of the issued and outstanding capital stock held by the shareholders of iZettle. Under the Share Purchase Agreement, each in-the-money unvested option held by an individual who is an employee of iZettle immediately following the Effective Time to purchase iZettle ordinary shares granted under the Terms and Conditions Governing Employee Stock Options 2013/2019, Terms and Conditions Governing Employee Stock Options 2017/2023 and Terms and Conditions Governing Employee Stock Options 2018/2024 (collectively, the Plans ) that was outstanding and unexercised immediately prior to the Effective Time was assumed by the Company and converted into an option to purchase shares of common stock of the Company, on the same terms and conditions (including vesting and exercisability) as the iZettle stock option, except the number of shares of Company common stock subject to each such converted iZettle stock option equals (a) the number of ordinary shares of iZettle subject to each such iZettle stock option, multiplied by (b) the conversion ratio (as defined below), rounded down to the nearest whole share of Company common stock; the per share exercise price for each such converted iZettle stock option equals (i) the per share exercise price applicable to each such iZettle stock option divided by (ii) the conversion ratio, rounded up to the nearest whole cent; and for certain administrative and other changes required for consistency with the Company s equity compensation plan. The conversion ratio is equal to 0.2165, which equals the fraction (rounded to the nearest 1/10,000) obtained by dividing $19.57 by the average closing price of a share of Company common stock as reported on the NASDAQ Global Select Market for the period of 10 consecutive trading days ending on (and including) the second trading day prior to the Effective Time. The agreed upon exchange rate is 8.90 SEK for $1.00. This Registration Statement relates to the 88,821 shares of Company common stock issuable pursuant to such converted iZettle stock options outstanding as of September 20, 2018 under the Plans. On October 18, 2018, the last reported sale price for our common stock on the NASDAQ Stock Market was $77.48 per share.

**PART I. INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS**

**ITEM 1. PLAN INFORMATION***

**ITEM 2. REGISTRANT INFORMATION AND EMPLOYEE PLAN ANNUAL INFORMATION**

* The prospectus containing information required by Part I of Form S-8 and related to this Registration Statement is omitted from this Registration Statement in accordance with the note to Part I of Form S-8. The Company will send or give to each holder of outstanding unvested stock options granted under the Plan, a copy of the prospectus or documents containing information specified in Part I of Form S-8, as specified by Rule 428(b)(1) of the Securities Act. In accordance with the rules and regulations of the Securities and Exchange Commission (the Commission ), the prospectus for the Plans is not being filed with or included in this Registration Statement. The prospectus for the Plans and the documents incorporated by reference into this Registration Statement pursuant to Item 3 of Part II of this Registration Statement, taken together, each constitute a prospectus that meets the requirements of Section 10(a) of the Securities Act.

**PART II. INFORMATION REQUIRED IN THE REGISTRATION STATEMENT**

**ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE**

The following documents filed by the Company with the Commission are incorporated by reference into this Registration Statement:

**(a)** The Company s annual report on Form 10-K for the fiscal year ended December 31, 2017, filed with the Commission on February 7, 2018, which includes audited financial statements for the Company for the fiscal year ended December 31, 2017;

**(b)(1)** The Company s quarterly reports on Form 10-Q for the quarterly periods ended March 31, 2018, June 30, 2018 and September 30, 2018 filed with the Commission on April 26, 2018, July 26, 2018 and October 23, 2018, respectively;

**(2)** The Company s current reports on Form 8-K filed with the Commission on January 10, 2018, January 18, 2018, February 15, 2018, April 3, 2018, May 25, 2018 and July 3, 2018; and

**(3)** The description of the Company s capital stock contained in the Company s registration statement on Form 10 filed with the Commission under Section 12(b) of the Securities Exchange Act of 1934, as amended, on February 25, 2015, as amended by Amendment No. 1 filed on April 9, 2015, Amendment No. 2 filed on May 14, 2015, Amendment No. 3 filed on June 2, 2015, Amendment No. 4 filed on June 18, 2015 and Amendment No. 5 filed on June 26, 2015.

All other documents subsequently filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934 (the Exchange Act ), prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be a part hereof from the date of the filing of such documents.

Notwithstanding the foregoing provisions of this Item 3, no document, or portion of or exhibit to a document, that is furnished to (rather than filed with) the Commission shall be incorporated or deemed to be incorporated by reference in this Registration Statement.

**ITEM 4. DESCRIPTION OF SECURITIES**

Not applicable.

**ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL**

Not applicable.

**ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS**

As permitted by Section 145 of the Delaware General Corporation Law (the DGCL ), the Company s Amended and Restated Bylaws (the Bylaws ) provide that (i) the Company is required to indemnify its directors and officers to the fullest extent permitted by the DGCL; provided, however, that the Company is required to provide indemnification with respect to a proceeding (or part thereof) initiated by one of such persons only if the proceeding (or part thereof) is authorized by the Company s board of directors, (ii) the Company may, in its discretion, indemnify other persons as set forth in the DGCL, (iii) to the fullest extent permitted by the DGCL, the Company is required to advance all expenses incurred by its directors and officers in connection with a legal proceeding (subject to certain exceptions), (iv) the rights conferred in the Bylaws are not exclusive, (v) the Company is authorized to enter into indemnification agreements with its directors, officers, employees and agents and (vi) the Company may not retroactively amend the Bylaws provisions relating to indemnity.

The Company has entered into agreements with its directors and executive officers that require the Company to indemnify such persons against expenses, judgments, fines and other amounts that such person becomes legally obligated to pay (including expenses of a derivative action) in connection with any proceeding, whether actual, pending, completed or threatened, to which any such person may be made a party by reason of the fact that such person is or was a director or officer of the Company or any of its affiliated enterprises, provided such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company. The indemnification agreements also set forth certain procedures that will apply in the event of a claim for indemnification thereunder.

**ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED**

Not applicable.

**ITEM 8. EXHIBITS**

The Exhibits accompanying this Registration Statement are listed on the accompanying Exhibit Index.

**ITEM 9. UNDERTAKINGS**

**1.** The undersigned registrant hereby undertakes:

**(a)** To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

**(i)** To include any prospectus required by Section 10(a)(3) of the Securities Act;

**(ii)** To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective Registration Statement; and

**(iii)** To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

*provided, however*, that paragraphs (a)(i) and (a)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference herein.

**(b)** That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

**(c)** To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

**2.** The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant s annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan s annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

**3.** Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

**Exhibit Index**

| Exhibit Number | Description |
|---|---|
| 4.1 | Restated Certificate of Incorporation of PayPal Holdings, Inc. (incorporated by reference to Exhibit 3.01 to PayPal Holdings, Inc. s Quarterly Report on Form 10-Q, as filed with the Commission on July 27, 2017). |
| 4.2 | Amended and Restated Bylaws of PayPal Holdings, Inc. (incorporated by reference to Exhibit 3.02 to PayPal Holdings, Inc. s Annual Report on Form 10-K, as filed with the Commission on February 7, 2018). |
| 5.1* | Opinion of Skadden, Arps, Slate, Meagher & Flom LLP. |
| 23.1* | Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm. |
| 23.2* | Consent of Skadden, Arps, Slate, Meagher & Flom LLP (included in Exhibit 5.1 to this Registration Statement). |
| 24.1* | Power of Attorney (included on the signature page of this Registration Statement). |
| 99.1* | Terms and Conditions Governing Employee Stock Options 2013/2019 in iZettle AB (publ) |
| 99.2* | Terms and Conditions Governing Employee Stock Options 2017/2023 in iZettle AB (publ) |
| 99.3* | Terms and Conditions Governing Employee Stock Options 2018/2024 in iZettle AB (publ) |

* Filed herewith

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Jose, State of California, on October 23, 2018.

**PAYPAL HOLDINGS, INC.**

By: /s/ DANIEL H. SCHULMAN
Daniel H. Schulman

President, Chief Executive Officer and Director

**POWER OF ATTORNEY**

Each person whose signature appears below constitutes and appoints Daniel H. Schulman, John D. Rainey, A. Louise Pentland, Wanji Walcott, Brian Yamasaki and Aaron Anderson, and each of them, as his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Registration Statement (including all post-effective amendments), and to file the same with all exhibits thereto, and other documents in connection therewith, with the Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|---|---|
| /s/ DANIEL H. SCHULMAN<br>Daniel H. Schulman | President, Chief Executive Officer and<br>Director (Principal Executive Officer) | October 23, 2018 |
| | Chief Financial Officer and Executive | |
| /s/ JOHN D. RAINEY<br>John D. Rainey | Vice President, Global Customer Operations (Principal Financial Officer) | October 23, 2018 |
| /s/ AARON ANDERSON | Vice President, Chief Accounting | October 23, 2018 |

| | | |
|---|---|---|
| Aaron Anderson | Officer (Principal Accounting Officer) | |
| /s/ RODNEY C. ADKINS | Director | |
| Rodney C. Adkins | | October 23, 2018 |
| /s/ WENCES CASARES | Director | |
| Wences Casares | | October 23, 2018 |

| Signature | Title | Date |
|---|---|---|
| /s/ JONATHAN CHRISTODORO | Director | |
| Jonathan Christodoro | | October 23, 2018 |
| /s/ JOHN J. DONAHOE | Director | |
| John J. Donahoe | | October 23, 2018 |
| /s/ DAVID W. DORMAN | Director | |
| David W. Dorman | | October 23, 2018 |
| /s/ BELINDA JOHNSON | Director | |
| Belinda Johnson | | October 23, 2018 |
| /s/ GAIL J. MCGOVERN | Director | |
| Gail J. McGovern | | October 23, 2018 |
| /s/ DAVID M. MOFFETT | Director | |
| David M. Moffett | | October 23, 2018 |
| /s/ ANN M. SARNOFF | Director | |
| Ann M. Sarnoff | | October 23, 2018 |
| /s/ FRANK D. YEARY | Director | |
| Frank D. Yeary | | October 23, 2018 |