



Sweetening The “Gig” – Tech Companies May Soon Offer Stock Options To Contractors

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Stock options, in large part, make some of the biggest public tech companies tick; a means of attracting top talent with the promise of big payouts down the road. In recent years, the gig economy has dominated the landscape in Silicon Valley and those lucky enough to land a job there have seen their personal fortunes grow overnight. Independent contractors, on the other hand – the pillars of the gig economy – have largely been left on the sidelines. That may soon change.

Just last month, [Uber](#), [Airbnb](#), and [Postmates](#) sent formal letters to the Securities and Exchange Commission (SEC), asking the regulatory agency to expand efforts that would allow independent contractors (i.e., gig economy workers) to be paid in company shares. The details of how this would be implemented, however, remain unclear.

The decision comes months after the SEC asked for public comment in a proposed revision to Rule 701, which currently requires anyone paid in stock be an investor or an employee. This means that those contracting in the gig economy are generally ineligible for this arrangement, as they are not considered employees.

The move by Uber, Airbnb, and Postmates signals a shift in the paradigm. For years, these companies have tirelessly defended their position that gig economy workers should not be classified as employees. [Uber, in fact, recently won a major decision at the 9th Circuit](#) to require drivers to arbitrate claims pertaining to their employment status instead of pursue costly courtroom battles.

Incentivizing gig economy workers with stock options would align their motivation with most tech companies; it provides a mechanism to get independent contractors invested in the company and its future without the need to provide health insurance, vacation/sick time, and other employee benefits. And, of course, it would expand the pool of individuals who would be willing to jump into the gig economy, as they would have further rewards open to them. Things are still on track for [Uber to go public in 2019](#), so it'll be interesting to see how the SEC handles this request.