

# Paycom Software, Inc. Stock Ownership Guidelines

## I. Purpose

The Compensation Committee of the Board of Directors (the “**Committee**”) of Paycom Software, Inc. (the “**Company**”) believes that executive officers and directors of the Company should own and hold Company common stock to further align their interests with the long-term interests of stockholders and to promote the Company’s commitment to sound corporate governance.

## II. Scope

All executive officers (as such term is defined in Rule 3b-7 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”)) and directors of the Company are subject to these Stock Ownership Guidelines for as long as they continue to serve as an executive officer or director of the Company, as the case may be.

## III. Determination of Guideline Level

a. **Definitions.** For purposes of determining the stock ownership guideline level applicable to an individual executive officer or director, the terms listed below shall have the following meanings:

“**Annual Cash Retainer**” means the amount of annual cash compensation payable to each director for the then-current year, exclusive of any fees payable for service as lead independent director, chair of a committee or service on a committee.

“**Base Salary**” means the executive officer’s annual base salary in effect at the time of the calculation.

“**Guideline Level**” means (i) with respect to any executive officer, a fixed number of shares (rounded to the nearest whole share) equal to (A) the Multiple *times* (B) the executive officer’s Base Salary, *divided by* (C) the Stock Price, and (ii) with respect to any director, a fixed number of shares (rounded to the nearest whole share) equal to (A) the Multiple *times* (B) the director’s Annual Cash Retainer, *divided by* (C) the Stock Price.

“**Multiple**” means the figure set forth in the table below:

Chief Executive Officer (or Co-Chief Executive Officer)	6
Other executive officers	3
Directors*	5

\*To the extent that an executive officer is also a director, the executive officer Multiple shall apply.

“**Stock Price**” means the greater of (i) the closing price of the Company’s common stock as reported on the New York Stock Exchange on the trading day immediately preceding the date of calculation and (ii) the average closing price of the Company’s common stock as reported on the New York Stock Exchange for the 12-month period immediately preceding (and ending on the trading date immediately prior to) the date of calculation.

b. Calculation.

i. Each executive officer's Guideline Level shall initially be calculated as of July 1, 2023 (or if an executive officer is appointed after July 1, 2023, as of the date of his or her appointment) (the "***Initial Executive Calculation Date***"), based on the Base Salary in effect, and Stock Price determined as of, such date. If an executive officer meets his or her Guideline Level as of the Initial Executive Calculation Date, no further recalculation of his or her Guideline Level is required unless the executive officer's Base Salary changes, whether as a result of an ordinary annual adjustment to such executive officer's compensation, a promotion or otherwise. If an executive officer does not meet his or her Guideline Level as of the Initial Executive Calculation Date, the Guideline Level is recalculated annually on July 1<sup>st</sup> until the Guideline Level is attained. Once the Guideline Level is attained, no further recalculation of the Guideline Level is required unless the executive officer's Base Salary changes, whether as a result of an ordinary annual adjustment to such executive officer's compensation, a promotion or otherwise.

ii. Each director's Guideline Level shall initially be calculated as of May 15, 2023 (or if a director is elected or appointed after May 15, 2023, as of the date of his or her election or appointment) (the "***Initial Director Calculation Date***"), based on the Annual Cash Retainer in effect, and Stock Price determined as of, such date. If a director meets his or her Guideline Level as of the Initial Director Calculation Date, no further recalculation of his or her Guideline Level is required unless the Annual Cash Retainer changes. If a director does not meet his or her Guideline Level as of the Initial Director Calculation Date, the Guideline Level is recalculated annually on the date of each Annual Meeting of Stockholders until the Guideline Level is attained. Once the Guideline Level is attained, no further recalculation of the Guideline Level is required unless the Annual Cash Retainer changes.

#### **IV. Counting Shares Owned**

The following shares count towards satisfaction of the Guideline Level:

- Shares owned directly by the executive officer or director;
- Shares owned by the executive officer's or director's immediate family members, provided that the executive officer or director reports beneficial ownership of such shares for purposes of Section 16 filings;
- Shares held in trust for the benefit of the executive officer or director or for the benefit of the executive officer's or director's immediate family members, provided that the executive officer or director reports beneficial ownership of such shares for purposes of Section 16 filings;
- Shares owned indirectly through an entity, provided that the executive officer or director (or his or her spouse) has voting and dispositive power with respect to such shares;
- Shares of restricted stock issued to the executive officer or director as long-term incentive compensation for his or her service to the Company, whether or not vested;
- Shares underlying time-based restricted stock units issued to the executive officer or director as long-term incentive compensation for his or her service to the Company, whether or not vested; and

- Shares acquired upon exercise of stock options, as long as the executive officer or director continues to hold such shares.

The following do not count towards satisfaction of the Guideline Level:

- Shares pledged as collateral for a loan; and
- Unexercised stock options (whether vested or unvested) and the shares underlying such options.

## **V. Compliance with the Guidelines**

a. Any individual subject to these Stock Ownership Guidelines is required to attain the specified Guideline Level (i) by September 25, 2026 (if such individual was serving as an executive officer or director as of September 25, 2021) or (ii) if such individual was appointed or elected after September 25, 2021, within five (5) years of becoming an executive officer or director, as applicable. Once attained, ownership at or above the Guideline Level must be maintained for as long as the individual is subject to these Stock Ownership Guidelines.

b. The Committee will review an individual's compliance (or progress towards compliance) with these Stock Ownership Guidelines annually. In its sole discretion, the Committee may impose such conditions, restrictions or limitations on any executive officer or director as it determines to be necessary or appropriate in order to accomplish the purposes of these Stock Ownership Guidelines.

c. There may be instances in which the Stock Ownership Guidelines would place a severe hardship on an executive officer or director or prevent the executive officer or director from complying with a court order, such as a divorce settlement. In these instances, the executive officer or director must submit a request in writing to the Committee that summarizes the circumstances and describes the extent to which an exemption is being requested. The Committee will make the final decision as to whether an exemption will be granted. If such a request is granted in whole or part, the Company's Chief Financial Officer will work with the executive officer or director to develop an alternative Guideline Level that reflects both the intention of these Stock Ownership Guidelines and such individual's particular circumstances.

d. The Committee may, from time to time, temporarily suspend, reevaluate and revise an individual's Guideline Level to give effect to changes in the Company's common stock or other factors it deems relevant.

## **VI. Administration**

These Stock Ownership Guidelines shall be interpreted by the Committee and administered by the Company's Chief Financial Officer.

## **VII. Reminder Regarding Insider Trading Policy and Section 16 Short-Swing Profit Rules**

Prior to taking any action in an effort to meet the applicable Guideline Level under these Stock Ownership Guidelines, executive officers and directors should be mindful of the Company's Insider Trading policy as well as the short-swing profit rules under Section 16 of the Exchange Act. The Insider Trading Policy requires pre-clearance of any trade in the Company's securities. Under Section 16, any non-exempt purchase of Company common stock by an executive officer or director may be matched against his or her

sales of Company common stock within six (6) months before or after that purchase, and any profit realized as a result of the transactions must be disgorged to the Company.

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