

VERIFONE SYSTEMS, INC.
Form DEF 14A
February 09, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

VeriFone Systems, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box)

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No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:
2. Aggregate number of securities to which transaction applies:
3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined)
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1. Amount previously paid:
2. Form, Schedule or Registration Statement No.:
3. Filing party:

4. Date Filed:

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February 9, 2017

Dear Fellow Stockholder:

You are cordially invited to attend the 2017 Annual Meeting of Stockholders of VeriFone Systems, Inc. (Verifone). We will hold the meeting on Thursday, March 23, 2017 at 9:30 a.m., local time, at Verifone 's principal offices located at 88 W. Plumeria Drive, San Jose, CA 95134. We hope that you will be able to attend.

Details of the business to be conducted at the Annual Meeting are provided in the attached Notice of 2017 Annual Meeting of Stockholders (the Notice of Annual Meeting) and Proxy Statement. As a stockholder, you will be asked to vote on a number of important matters. We encourage you to vote on all matters listed in the enclosed Notice of Annual Meeting. The Board of Directors recommends a vote FOR the proposals listed as proposals 1, 2, 3, 4 and 5 in the Notice of Annual Meeting.

Board Oversight. As a Board of Directors, we are actively engaged in the oversight of Verifone. As directors, each of us makes a commitment to the extensive time and rigor required to serve on the Board. During 2016, a number of the Board 's discussions focused on the company 's long-term strategy and, in particular, on the company 's goals to both deliver strong financial results and expand its services revenues and offerings. Towards this end, Verifone is investing significantly in next-generation devices that will be launched into the market in the upcoming quarters that will support Verifone 's strategy of expanding its services.

Engaging with Stockholders. We continued our focus on stockholder engagement in 2016. We engaged with stockholders representing over 50% of our outstanding shares of common stock with respect to executive compensation issues and instituted a number of meaningful changes to our compensation programs in response to this stockholder feedback in order to further align our short-term and long-term compensation programs with the views of our stockholders. We also engaged with our stockholders on corporate governance matters. In December 2016, as part of our continuing efforts to reflect corporate governance best practices, we adopted a proxy access amendment to our bylaws which will enable stockholders meeting certain requirements to include their own director nominees in our proxy materials.

Whether or not you plan to attend the Annual Meeting, it is important that your shares be represented and voted at the meeting. In addition to voting in person, stockholders of record may vote via a toll-free telephone number or over the Internet. Stockholders who received a paper copy of the Proxy Statement and Annual Report by mail may also vote by completing, signing and mailing the enclosed proxy card promptly in the return envelope provided.

On behalf of our Board of Directors, thank you for your continued support of Verifone.

Sincerely,

Alex W. (Pete) Hart

Chairman of the Board of Directors

YOUR VOTE IS IMPORTANT.

PLEASE PROMPTLY SUBMIT YOUR PROXY BY INTERNET, PHONE OR MAIL.

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NOTICE OF 2017 ANNUAL MEETING OF STOCKHOLDERS

Notice is hereby given that the 2017 Annual Meeting of Stockholders of VeriFone Systems, Inc. (Verifone) will be held on Thursday, March 23, 2017 at 9:30 a.m., local time, at Verifone s principal offices located at 88 W. Plumeria Drive, San Jose, CA 95134, to conduct the following items of business:

1. Election of eight directors to our Board of Directors for one-year terms;
2. Approval of the amendment and restatement of the Verifone 2006 Equity Incentive Plan (the 2006 Equity Plan) to, among other things, increase the number of shares of common stock that may be issued thereunder and provide a maximum annual limit on non-employee director compensation;
3. An advisory vote to approve the compensation of our named executive officers;
4. An advisory vote on the frequency of future advisory votes to approve the compensation of our named executive officers;
5. Ratification of the selection of Ernst & Young LLP as Verifone s independent registered public accounting firm for our fiscal year ending October 31, 2017; and
6. Such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.

The foregoing business items are described more fully in the Proxy Statement accompanying this Notice of Annual Meeting.

All holders of record of our common stock as of 5:00 p.m. Eastern Standard Time on January 27, 2017, the record date, are entitled to notice of and to vote at this meeting and any adjournments or postponement thereof. A list of stockholders entitled to vote at the Annual Meeting will be available for inspection during the ten days prior to the Annual Meeting, during ordinary business hours, at Verifone s principal offices located at 88 W. Plumeria Drive, San Jose, CA 95134, as well as at the Annual Meeting.

All stockholders are cordially invited to attend the Annual Meeting in person. To enter the meeting, you will need to provide proof of ownership of Verifone stock as of 5:00 p.m. Eastern Standard Time on January 27, 2017, as well as an acceptable form of personal photo identification. If you hold your shares in your own name, your proof of ownership is your proxy card. If you hold your shares through a broker, trustee or nominee, you must bring either a copy of the voting instruction card provided by your broker or nominee or a recent brokerage statement confirming your ownership as of 5:00 p.m. Eastern Standard Time on January 27, 2017. Any stockholder attending the Annual Meeting may vote in person even if he or she has returned a proxy card.

Whether or not you plan to attend the Annual Meeting, please cast your vote as instructed under "Voting Procedures" in the Proxy Statement as promptly as possible. You may vote over the Internet or by telephone as instructed on the Notice of Internet Availability of Proxy Materials or by mailing in your paper proxy card if you received one. If you did not receive a paper proxy card, you may request a paper proxy card to submit your vote by mail, if you prefer.

By Order of the Board of Directors,

Paul Galant
Chief Executive Officer

Albert Liu
Corporate Secretary

February 9, 2017

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MARCH 23, 2017: This Notice of Annual Meeting, the Proxy Statement and the Annual Report are available on the Internet at www.proxyvote.com.

The Securities and Exchange Commission ("SEC") has adopted a "Notice and Access" rule that allows companies to deliver a Notice of Internet Availability of Proxy Materials ("Notice of Internet Availability") to stockholders in lieu of a paper copy of the proxy statement, related materials and the company's annual report to stockholders.

The Notice of Internet Availability provides instructions as to how stockholders can access the proxy materials online, contains a listing of matters to be considered at the meeting, and sets forth instructions as to how shares can be voted. Shares must be voted either by telephone, online, or by completing and returning a proxy card. **Shares cannot be voted by marking, writing on and/or returning the Notice of Internet Availability. Any Notices of Internet Availability that are returned will not be counted as votes.** Instructions for requesting a paper copy of the proxy materials are set forth on the Notice of Internet Availability.

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VERIFONE SYSTEMS, INC.

88 W. PLUMERIA DRIVE

SAN JOSE, CA 95134

PROXY STATEMENT

FOR

2017 ANNUAL MEETING OF STOCKHOLDERS

PROCEDURAL INFORMATION

General

VeriFone Systems, Inc. (Verifone, the Company, we or our) is furnishing this Proxy Statement to the holders of common stock, par value \$0.01 per share, in connection with the solicitation by its Board of Directors of proxies to be voted at its 2017 Annual Meeting of Stockholders on Thursday, March 23, 2017 at 9:30 a.m., local time, and at any adjournments or postponements thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting. The Annual Meeting will be held at Verifone's principal offices located at 88 W. Plumeria Drive, San Jose, CA 95134.

The Notice of Annual Meeting, Proxy Statement and form of proxy are first being provided to our stockholders on or about February 9, 2017.

All stockholders are cordially invited to attend the Annual Meeting in person. To attend the Annual Meeting, you will need to provide proof of ownership of Verifone stock as of 5:00 p.m. Eastern Standard Time on January 27, 2017, as well as an acceptable form of personal photo identification. If you hold your shares in your own name, your proof of ownership is your proxy card. If you hold your shares through a broker, trustee or nominee, you must bring either a copy of the voting instruction card provided by your broker or nominee or a recent brokerage statement confirming your ownership as of 5:00 p.m. Eastern Standard Time on January 27, 2017.

Notice Regarding the Availability of Proxy Materials

We have adopted the notice and access rule of the U.S. Securities and Exchange Commission (the SEC). As a result, we furnish proxy materials primarily via the Internet instead of mailing a printed copy of the proxy materials. Stockholders will receive a Notice of Internet Availability of Proxy Materials (the Notice of Internet Availability) by mail which provides the website and other information on how to access and review the Proxy Statement and proxy materials over the Internet. The Notice of Internet Availability will be mailed on or about February 9, 2017.

As of the date of the mailing of the Notice of Internet Availability, stockholders will be able to access all of the proxy materials over the Internet as instructed in the Notice of Internet Availability. The proxy materials will be available free of charge. The Notice of Internet Availability will provide instructions on how to vote over the Internet or by phone.

If you received a Notice of Internet Availability and would like to receive a printed copy of our proxy materials, free of charge, you should follow the instructions for requesting such materials included in the Notice of Internet Availability.

Record Date; Voting Rights

Only stockholders of record as of 5:00 p.m. Eastern Standard Time on January 27, 2017 will be entitled to vote at the Annual Meeting. As of that date, there were 111,576,880 shares of our common stock outstanding, each of which is entitled to one vote for each matter to be voted on at the Annual Meeting, held by 77 stockholders of record. For information regarding security ownership by executive officers and directors and by beneficial owners of more than 5% of Verifone's common stock, see *Security Ownership of Certain Beneficial Owners and Management*.

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Voting Procedures

If you are a stockholder of record as of the record date, you may vote your shares over the Internet or by telephone by following the instructions set forth on the Notice or the proxy card mailed to you, or by mailing in a completed proxy card. Your shares will be voted at the Annual Meeting in the manner you direct. The Internet voting procedures are designed to authenticate each stockholder's identity and to allow stockholders to vote their shares and confirm that their voting instructions have been properly recorded. If you vote via the Internet, you do not need to return your proxy card. Stockholders voting via the Internet should understand that there may be costs associated with voting in these manners, such as usage charges from Internet service providers that must be borne by the stockholder.

Votes submitted by mail, telephone or via the Internet must be received by 11:59 p.m., Eastern Daylight Time, on March 22, 2017. Submitting your vote by mail, telephone or via the Internet will not affect your right to vote in person should you decide to attend the Annual Meeting.

If your shares are registered in the name of a bank or brokerage firm, you will receive instructions from your bank or brokerage firm that must be followed in order for the record holder to vote the shares per your instructions. Banks and brokerage firms have a process for their beneficial holders to provide instructions via the Internet or over the phone, as well as instructions for requesting a hard copy of the proxy materials and proxy card.

Quorum

The holders of a majority of the outstanding shares of common stock as of 5:00 p.m. Eastern Standard Time on January 27, 2017, present in person or represented by proxy and entitled to vote, will constitute a quorum for the transaction of business at the Annual Meeting. Abstentions and broker non-votes are treated as present for quorum purposes.

Broker Non-Votes

Generally, broker non-votes occur when shares held by a broker, bank, or other nominee in street name for a beneficial owner are not voted with respect to a particular proposal because the broker, bank, or other nominee (1) has not received voting instructions from the beneficial owner and (2) lacks discretionary voting power to vote those shares with respect to that particular proposal. Broker non-votes are treated as present for purposes of determining a quorum but are not counted as withheld votes, votes against the matter in question, or as abstentions, nor are they counted in determining the number of votes present for a particular matter.

Under rules of the New York Stock Exchange (NYSE), which apply to us, the election of directors (Proposal 1), the approval of the amendment and restatement of the 2006 Equity Plan (Proposal 2), the advisory vote to approve the compensation of our fiscal 2016 named executive officers (the NEOs) (Proposal 3) and the advisory vote on the frequency of future advisory votes to approve the compensation of the NEOs (Proposal 4) are matters on which a broker may not vote without your instructions. Therefore, if you do not provide instructions to the record holder of your shares with respect to these proposals, your shares will not be voted on these non-routine matters. The ratification of the appointment of our independent registered public accounting firm (Proposal 5) is a routine item under NYSE rules. As a result, brokers who do not receive instructions as to how to vote on that matter generally may vote on that matter in their discretion.

If your shares are held of record by a bank, broker, or other nominee, we urge you to give instructions to your bank, broker, or other nominee as to how you wish your shares to be voted so you may participate in the stockholder voting on these important matters.

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The number of votes required to approve each of the proposals that are scheduled to be presented at the meeting is as follows:

Proposal	Required Vote
Election of directors.	A vote of the majority of the votes cast (meaning the number of shares voted for a nominee must exceed the number of shares voted against such nominee) is required for the election of each director. Abstentions will have no effect on the election of directors.
Amendment and restatement of the 2006 Equity Plan.	The affirmative vote of the majority of shares present in person or represented by proxy and entitled to vote on the matter. Abstentions will have the same effect as a vote Against the matter.
Advisory vote to approve the compensation of our NEOs.	The affirmative vote of the majority of shares present in person or represented by proxy and entitled to vote on the matter. Abstentions will have the same effect as a vote Against the matter.
Advisory vote on the frequency of future advisory votes to approve the compensation of our NEOs.	For the advisory vote regarding the frequency of future advisory votes to approve the compensation of our NEOs, you may vote Every Year, Every Two Years, Every Three Years, or Abstain. If you elect to abstain from voting on this proposal, the abstention will not have any effect on the advisory vote.
Ratification of appointment of Ernst & Young LLP as Verifone's independent registered public accounting firm.	The affirmative vote of the majority of shares present in person or represented by proxy and entitled to vote on the matter. Abstentions will have the same effect as a vote Against the matter.

Proxy Solicitation

Verifone will pay the costs of soliciting proxies. In addition to the use of mails, proxies may be solicited by personal or telephone conversation, facsimile, electronic communication, posting on Verifone's website, <http://www.verifone.com>, and by the directors, officers and employees of Verifone, for which they will not receive additional compensation. Verifone also expects to retain MacKenzie Partners, Inc. to aid in the distribution and solicitation of proxies for an estimated fee of \$15,000, plus its reasonable out-of-pocket expenses. Verifone may reimburse brokerage firms and other owners representing beneficial owners of shares for their reasonable expenses in forwarding solicitation materials to such beneficial owners.

Proxies and ballots will be received and tabulated by the inspector of election for the Annual Meeting. The inspector of election will treat shares of common stock represented by a properly signed and returned proxy as present at the meeting for purposes of determining a quorum, whether or not the proxy is marked as casting a vote or abstaining or withholding on any or all matters.

Revocation of Proxies

The shares represented by valid proxies received and not revoked will be voted at the Annual Meeting. If you execute and return the enclosed proxy card but do not give instructions, your shares will be voted as follows: FOR the election of all of our director nominees (Proposal 1), FOR the approval of the amendment and restatement of the 2006 Equity Plan (Proposal 2), FOR the advisory vote to approve the compensation of our

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NEOs (Proposal 3), EVERY YEAR for the advisory vote on the frequency of the future advisory votes to approve the compensation of our NEOs (Proposal 4), FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending October 31, 2017 (Proposal 5) and otherwise in accordance with the judgment of the persons voting the proxy on any other matter properly brought before the Annual Meeting and any adjournments or postponements thereof.

A proxy may be revoked at any time before it is voted by (i) delivering a written notice of revocation to our Secretary at c/o VeriFone Systems, Inc., 88 W. Plumeria Drive, San Jose, CA 95134, (ii) subsequently submitting a duly executed proxy bearing a later date than that of the previously submitted proxy (including by submission over the Internet), or (iii) attending the Annual Meeting and voting in person. Attending the Annual Meeting without voting will not revoke your previously submitted proxy.

Stockholder Proposals for the 2018 Annual Meeting

Our stockholders may submit proposals that they believe should be voted upon at our 2018 Annual Meeting of Stockholders.

In the event a stockholder wishes to have a proposal considered for presentation at our 2018 Annual Meeting and included in our proxy statement and form of proxy used in connection with such meeting, the proposal must be forwarded to our Secretary so that it is received no later than October 12, 2017, which is the date 120 calendar days prior to the anniversary of the mailing date of the proxy statement for the 2017 Annual Meeting. Any such proposal must comply with the requirements of Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the Exchange Act).

Proxy Access to Include Nominees in our 2018 Proxy Statement. Under our new proxy access bylaw, if a stockholder (or a group of up to 20 stockholders) owning at least 3% of the number of outstanding shares of common stock continuously for at least three years, and meeting the other requirements specified in our bylaws, wishes to include director nominees (up to the greater of two nominees or 20% of the Board) in our proxy statement and form of proxy used in connection with the 2018 Annual Meeting, notice must be received by our Secretary at our principal offices, no later than October 12, 2017, which is the date 120 days prior to the anniversary of the mailing date of the proxy statement for the 2017 Annual Meeting and no earlier than September 12, 2017, which is the date 150 days prior to the anniversary of the mailing date of the proxy statement for the 2017 Annual Meeting. However, in the event that the date of the 2018 Annual Meeting is advanced by more than 30 days, or delayed by more than 30 days from such anniversary date, notice by the stockholder, to be timely, must be so delivered no later than the close of business on the later of the 180th day prior to such meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. Any such notice must comply with the requirements set out in our bylaws.

Nominees or Proposals not for Inclusion in our 2018 Proxy Statement. Under our bylaws, if a stockholder, rather than including a proposal in the proxy statement as discussed above, seeks to propose business for consideration at the 2018 Annual Meeting, notice must be received by our Secretary at our principal offices, no later than December 23, 2017, which is the date 90 days prior to the first anniversary of the 2017 Annual Meeting and no earlier than November 23, 2017, which is the date 120 days prior to the first anniversary of the 2017 Annual Meeting. However, in the event that the date of the 2018 Annual Meeting is advanced by more than 30 days, or delayed by more than 60 days from such anniversary date, notice by the stockholder, to be timely, must be so delivered no later than the close of business on the later of the 90th day prior to such meeting or the 10th day following the day on which public announcement of the date of such meeting is first made and no earlier than 120 days prior to such annual meeting. Any such notice must comply with the requirements set out in our bylaws.

The mailing address for our Secretary is our principal offices at 88 W. Plumeria Drive, San Jose, CA 95134.

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DIRECTOR INDEPENDENCE AND CORPORATE GOVERNANCE

Director Independence

For a member of our Board to be considered independent under NYSE rules, our Board must determine that the director does not have a material relationship (as described below) with us and/or our consolidated subsidiaries (either directly or as a partner, stockholder, or officer of an organization that has a relationship with any of those entities).

Our Board has undertaken a review of our directors' independence in accordance with standards that our Board and our Corporate Governance and Nominating Committee have established to assist our Board in making independence determinations. Any relationship listed under the heading *Material Relationships* below will, if present, be deemed material for the purposes of determining director independence. If a director has any relationship that is considered material, the director will not be considered independent. Any relationship listed under the heading *Immaterial Relationships* below will, if present, be considered categorically immaterial for the purpose of determining director independence. Multiple *Immaterial Relationships* will not collectively create a material relationship that would cause the director to not be considered independent. In addition, the fact that a particular relationship is not addressed under the heading *Immaterial Relationships* will not automatically cause a director to not be independent. If a particular relationship is not addressed under the standards established by our Board, our Board will review all of the facts and circumstances of the relationship to determine whether or not the relationship, in our Board's judgment, is material.

Our Board has determined that Mr. Alspaugh, Ms. Austin, Mr. Hart, Mr. Henske, Mr. Raff, Mr. Schwartz and Ms. Thompson are independent under NYSE rules. Former director Wenda Harris Millard, whose Board service ended May 21, 2016, had been determined by our Board to be independent.

Material Relationships

Any of the following shall be considered material relationships that would prevent a director from being determined to be independent:

Auditor Affiliation. The director is a current partner or employee of our internal or external auditor; a member of the director's immediate family (including the director's spouse; parents; children; siblings; mothers-, fathers-, brothers-, sisters-, sons- and daughters-in-law; and anyone who shares the director's home, other than household employees) is a current employee of such auditor who participates in the firm's audit, assurance, or tax compliance (but not tax planning) practice or a current partner of such auditor; or the director or an immediate family member of the director was a partner or employee of such a firm and personally worked on our audit within the last five years.

Business Transactions. The director is an employee of another entity that, during any one of the past five years, received payments from us, or made payments to us, for property or services that exceeded the greater of \$1 million or 2% of the other entity's annual consolidated gross revenues, or a member of the director's immediate family has been an executive officer of another entity that, during any one of the past five years, received payments from us, or made payments to us, for property or services that exceeded the greater of \$1 million or 2% of the other entity's annual consolidated gross revenues.

Employment. The director was our employee at any time during the past five years or a member of the director's immediate family was one of our executive officers in the prior five years. However, the employment of a director on an interim basis as Chairman of the Board, Chief Executive Officer or other executive officer of Verifone shall not disqualify a director from being considered independent following that employment.

Interlocking Directorships. During the past five years, the director or an immediate family member of the director was employed as an executive officer by another entity where one of our current executive officers served at the same time on the compensation committee (or similar committee) of that company.

Other Compensation. A director or an immediate family member of a director received more than \$100,000 per year in direct compensation from us, other than director and committee fees, in the past five years.

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Investment Banking or Consulting Services. A director is a partner or officer of an investment bank or consulting firm that performs substantial services to us on a regular basis.

Immaterial Relationships

The following relationships shall be deemed immaterial and will not be considered for purposes of determining director independence:

Affiliate of Stockholder. A relationship arising solely from a director's status as an executive officer, principal, equity owner, or employee of an entity that is one of our stockholders.

Certain Business Transactions. A relationship arising solely from a director's status as an executive officer, employee or equity owner of an entity that has made payments to or received payments from Verifone for property or services shall not be deemed a material relationship or transaction that would cause a director not to be independent so long as the payments made or received during any one of such other entity's last five fiscal years are not in excess of the greater of \$1 million or 2% of such other entity's annual consolidated gross revenues.

Director Fees. The receipt by a director from us of fees for service as a member of our Board and committees of our Board.

Other Relationships. Any relationship or transaction that is not covered by any of the standards listed above in which the amount involved does not exceed \$25,000 in any fiscal year shall not be deemed a material relationship or transaction that would cause a director not to be independent.

Notwithstanding the foregoing, no relationship shall be deemed categorically immaterial as described above to the extent that it is required to be disclosed in SEC filings under Item 404 of the SEC's Regulation S-K.

Corporate Governance Guidelines

Our Board has adopted Corporate Governance Guidelines that provide the framework within which our Board directs our corporate governance. Our Corporate Governance and Nominating Committee reviews these guidelines annually and recommends changes to our Board for approval as appropriate. Our Corporate Governance Guidelines are available on the Investor Relations section of our website, <http://ir.verifone.com>, and are available in print to any stockholder who requests it.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics, which is available on the Investor Relations section of our website, <http://ir.verifone.com>, and is available in print to any stockholder who requests it. The Code of Business Conduct and Ethics applies to all of our employees, officers and directors, unless prohibited by law or union agreement. We will post any amendments to or waivers from a provision of our Code of Business Conduct and Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions and that relates to any element of the code of ethics definition set forth in Item 406(b) of the SEC's Regulation S-K at <http://ir.verifone.com>.

Director Attendance at Meetings

Although our Board recognizes that scheduling conflicts may occasionally prevent a director from attending a Board or stockholder meeting, our Board expects each director to make every reasonable effort to keep such absences to a minimum. During fiscal 2016, each of our directors attended not less than 75% of the total number of meetings of our Board and the committees of our Board on which such director served. At the 2016 Annual Meeting of Stockholders, all of our directors then in office were in attendance. In fiscal 2016, our Board held a total of five meetings.

Executive Sessions

Non-employee directors meet in executive session without any management directors or employees present at each regularly scheduled Board meeting. The presiding director at these meetings is Mr. Hart, the Chairman of the Board.

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Communications with Directors

Any interested party may direct communications to individual directors, including the Chairman of the Board, a board committee, the independent directors as a group or our Board as a whole, by addressing the communication to the named individual, to the committee, the independent directors as a group or our Board as a whole c/o Secretary, VeriFone Systems, Inc., 88 W. Plumeria Drive, San Jose, CA 95134. Our Secretary or an Assistant Secretary will review all communications so addressed and will relay to the addressee(s) all communications determined to relate to our business, management or governance.

Committees of our Board of Directors

Our Board has an Audit Committee, a Compensation and Leadership Development Committee and a Corporate Governance and Nominating Committee.

Audit Committee

Our Board has a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. Our Board has adopted an Audit Committee charter, which is available on the Investor Relations section of our website at <http://ir.verifone.com>, and is available in print to any stockholder who requests it, and defines our Audit Committee's duties and responsibilities to include:

Appointment, compensation, retention and oversight of the work of our independent registered public accounting firm;

Pre-approving all audit and non-audit services provided by our independent registered public accounting firm;

Reviewing the appointment, replacement, reassignment or dismissal of the Chief Audit Executive, who is vested with oversight of and responsibility for our global internal audit activities;

Discussing with our independent registered public accounting firm the overall scope and plans for their audits and regularly reviewing with our independent registered public accounting firm, and discussing with management, and if appropriate, the Chief Audit Executive, any difficulties encountered during the course of the audit work;

Discussing at least annually with the Chief Audit Executive the overall scope and plans for internal audits and any difficulties encountered in the course of internal audits;

Reviewing and discussing the financial statements, including with management and our independent registered public accounting firm;

Reviewing and discussing with management, the internal auditors and our independent registered public accounting firm the assessment of the effectiveness of internal control over financial reporting;

Discussing with appropriate counsel any significant legal, compliance or regulatory matters that may have a material effect on the financial statements or our business;

Reviewing and approving related party transactions;

Reviewing our compliance systems with respect to legal and regulatory requirements; and

Discussing our policies with respect to risk assessment and risk management.

Our Audit Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of our Audit Committee. Our Audit Committee may, in its discretion, delegate to one or more of its members the authority to pre-approve any audit or non-audit services to be performed by the independent registered public accounting firm, provided that any pre-approvals made under delegated authority are presented to our Audit Committee at its next scheduled meeting.

In fiscal 2016, our Audit Committee met eight times, and met in executive session without management present at each such meeting. Our Board and our Corporate Governance and Nominating Committee have determined that each member of our Audit Committee is independent within the meaning of the rules of both the NYSE and the SEC.

The report of our Audit Committee is included in this Proxy Statement under Report of the Audit Committee.

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Compensation and Leadership Development Committee

Our Board has adopted a Compensation and Leadership Development Committee charter, which is available on the Investor Relations section of our website at <http://ir.verifone.com>, and is available in print to any stockholder who requests it, which defines our Compensation and Leadership Development Committee's purposes and responsibilities to include:

Reviewing and approving corporate goals and objectives relevant to the compensation of our CEO, evaluating our CEO's performance in light of those goals and objectives and, either as a committee or together with the other independent directors (as directed by our Board), determining and approving our CEO's compensation based on this evaluation;

Determining and approving non-CEO executive officer compensation, making recommendations to our Board with respect to incentive compensation plans and equity-based plans, including the VeriFone Bonus Plan and the 2006 Equity Plan, administering these plans, and discharging any responsibilities imposed on our Compensation and Leadership Development Committee by any of these plans;

Approving any new equity-based plan or any material change to an existing plan where stockholder approval has not been obtained;

Overseeing, in consultation with management, regulatory compliance with respect to compensation matters, including overseeing our policies on structuring compensation programs to preserve tax deductibility, and, as and when required, establishing performance goals and certifying that performance goals have been attained for purposes of Section 162(m) of the U.S. Internal Revenue Code (the "IRC");

Reviewing and approving any severance or similar arrangements proposed to be made to the CEO and any of the non-CEO executive officers, including arrangements for compensation following a change in control of the Company;

Preparing an annual Report of our Compensation and Leadership Development Committee for inclusion in our annual proxy statement;

Annually assessing the risks associated with our compensation programs, policies and practices applicable to employees to determine whether the risks arising from such programs, policies and practices are appropriate or reasonably likely to have a material adverse effect on the Company; and

Overseeing the development and review of succession plans for the CEO's direct reports and other key executive positions identified by management, periodically reviewing such plans with our Board and overseeing the development of executive leadership of the Company.

Our Compensation and Leadership Development Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to such standing or *ad hoc* subcommittees as it may determine to be necessary or appropriate for the discharge of its responsibilities, as long as the subcommittee contains at least the minimum number of directors necessary to meet any regulatory requirements.

In fiscal 2016, our Compensation and Leadership Development Committee met four times, and met in executive session without management present at each such meeting.

Our Board and our Corporate Governance and Nominating Committee have determined that each member of our Compensation and Leadership Development Committee is independent within the meaning of the rules of both the NYSE and the SEC.

The annual report of our Compensation and Leadership Development Committee is included in this Proxy Statement under Report of the Compensation and Leadership Development Committee.

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Corporate Governance and Nominating Committee

Our Board has adopted a Corporate Governance and Nominating Committee charter, which is available on the Investor Relations section of our website at <http://ir.verifone.com> and is available in print to any stockholder who requests it. Our Corporate Governance and Nominating Committee charter defines our Corporate Governance and Nominating Committee's purposes and responsibilities to include:

Making recommendations to our Board from time to time as to changes that our Corporate Governance and Nominating Committee believes to be desirable as to the size of our Board or any committee thereof;

Identifying individuals believed to be qualified to become Board members, consistent with criteria approved by our Board, and selecting, or recommending to our Board, the nominees to stand for election as directors at the annual meeting of stockholders or, if applicable, at a special meeting of stockholders;

Developing and recommending to our Board standards to be applied in making determinations as to the absence of material relationships between Verifone and a director;

Identifying Board members qualified to fill vacancies on any committee of our Board (including our Corporate Governance and Nominating Committee) and recommending that our Board appoint the identified member or members to the respective committee;

Establishing procedures for our Corporate Governance and Nominating Committee to exercise oversight of the evaluation of our Board;

Reviewing periodically and making recommendations to our Board with respect to non-employee director compensation;

Developing and recommending to our Board a set of corporate governance principles applicable to Verifone and reviewing those principles at least once a year;

Assisting management in the preparation of the disclosure in our annual proxy statement regarding the operations of our Corporate Governance and Nominating Committee;

Recommending ways to enhance communications and relations with our stockholders; and

Reviewing proposals by our stockholders and proposed responses.

Our Corporate Governance and Nominating Committee has not established specific minimum education, experience, or skill requirements for potential members, but, in general, expects that qualified candidates will have high-level managerial experience in a complex and global organization, and will be able to represent the interests of the stockholders as a whole and not just certain special interest groups or constituencies. Our Corporate Governance and Nominating Committee considers each candidate's judgment, skill, diversity and professional experience with businesses and other organizations of comparable size in the context of the needs of our Board, the interplay of the candidate's experience with the experience of other Board members, and the extent to which the candidate would be a desirable addition to our Board and any committees of our Board. At this stage of our development, relevant experiences include, among other things, large-company CEO experience, senior management experience in the payments industry, senior-level experience at multi-national companies with oversight over international operations and financial and accounting expertise and executive-level experience relevant to our key strategic initiatives, such as expertise in the payments industry, information technology and enterprise system security, mobile payments, e-commerce, software and services. In addition, each candidate is expected to contribute positively to the existing chemistry and collaborative culture among Board members and must have the time and ability to make a constructive contribution to our Board. Our Corporate Governance and Nominating Committee also values work ethic, leadership, problem-solving skills and diversity in selecting nominees to serve on our Board, and is committed to actively seeking out highly qualified individuals to contribute to the diversity of the pool from which Board nominees are chosen. Although our Corporate Governance and Nominating Committee does not have a formal policy on diversity, our Corporate Governance and Nominating Committee broadly construes diversity to mean a variety of opinions, perspectives, expertise, personal and professional experiences and backgrounds (including gender, race and ethnicity), as well as other differentiating characteristics. Our Board and each of the committees of our Board engage in an annual self-evaluation that includes an evaluation of diversity of our Board, and our Corporate Governance and Nominating Committee discusses the value of diversity during its annual review of Board composition.

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Our Corporate Governance and Nominating Committee has generally identified nominees based upon suggestions by directors, management, outside consultants, including third-party search firms, and stockholders. Before considering any nominee, our Corporate Governance and Nominating Committee makes a preliminary determination as to the need for additional members of our Board. If a need is identified, members of our Corporate Governance and Nominating Committee discuss and evaluate possible candidates in detail and suggest individuals to explore in more depth. Once a candidate is identified for further consideration, members of our Corporate Governance and Nominating Committee, as well as other members of our Board and management as appropriate, interview the nominee. After completing this evaluation, our Corporate Governance and Nominating Committee makes a recommendation and refers the nominee to the full Board for consideration. Our Corporate Governance and Nominating Committee will consider candidates recommended by stockholders in the same manner as other candidates. Stockholders may nominate candidates for director in accordance with the advance notice and other procedures contained in our bylaws.

Our Corporate Governance and Nominating Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of our Corporate Governance and Nominating Committee.

In fiscal 2016, our Corporate Governance and Nominating Committee met five times, and met in executive session without management present at each such meeting.

Our Board and our Corporate Governance and Nominating Committee have determined that each member of our Corporate Governance and Nominating Committee is independent within the meaning of the rules of both the NYSE and the SEC.

The annual report of our Corporate Governance and Nominating Committee is included in this Proxy Statement under Report of the Corporate Governance and Nominating Committee.

Director Stock Ownership Guidelines

In December 2015, our Board adopted revised stock ownership guidelines for our non-employee directors to increase their required level of common stock ownership. These revised stock ownership guidelines require each non-employee director to own a minimum number of shares of our common stock valued at four times the director's annual cash retainer. Any non-employee director who fails to meet or maintain these ownership requirements by the required time frame will be required to retain all shares of our common stock acquired upon the exercise of stock options or vesting of restricted stock or restricted stock unit (RSU) awards, net of shares withheld for taxes and payment of the exercise price, if any, until such ownership guidelines are satisfied.

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OUR BOARD OF DIRECTORS

Board Leadership Structure

Under our current Corporate Governance Guidelines, our Board is free to select its Chairman and our CEO in the manner it considers to be in our best interests at any given point in time. Since 2008 the positions of Chairman of the Board and CEO have been held by separate persons. Our Board believes that this structure is appropriate for us because it allows our CEO to focus his time and energy on leading our key business and strategic initiatives while our Board focuses on oversight of management, overall enterprise risk management and corporate governance. Our Board and its committees meet throughout the year on a set schedule, usually at least once a quarter, and also hold special meetings from time to time. Agendas and topics for Board and committee meetings are developed through discussions between management and members of our Board and its committees. Information and data that are important to the issues to be considered are distributed in advance of each meeting. Board meetings and background materials focus on key strategic, operational, financial, enterprise risk, governance and compliance matters applicable to us, including the following:

Reviewing quarterly our business, operations and performance;

Reviewing progress of strategic initiatives and longer-term strategic and business plans;

Reviewing key product, market, industry and competitive issues;