
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 11, 2017

CATALYST BIOSCIENCES, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-51173
(Commission
File Number)

56-202050
(IRS Employer
Identification No.)

260 Littlefield Ave.
South San Francisco, California
(Address of principal executive offices)

94080
(Zip Code)

(650) 266-8674

Registrant's telephone number, including area code

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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 13(a) of the Exchange Act.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

Option Awards to Executive Officers

On July 11, 2017, the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Catalyst Biosciences, Inc. (the “Company”) approved and made stock based awards to the Company’s Chief Executive Officer, Chief Medical Officer and Chief Financial Officer by grant of option awards to purchase 275,000, 95,000 and 75,000 shares of the Company’s common stock, respectively, under the terms of the Company’s 2015 Stock Incentive Plan (the “2015 Plan”). The awards each have an exercise price of \$4.63 per share, and will vest in equal monthly installments over four years, with vesting commencing as of June 15, 2017, the date of the Company’s 2017 Annual Meeting of Stockholders.

Amendments to Director Compensation Policy and Option Awards to Directors

On July 13, 2017, upon recommendation of the Committee, the Board approved of amendments to the Company’s director compensation policy, increasing the initial equity grants thereunder, such that non-employee director who joins the Board will receive an option to purchase 10,000 shares of common stock, which will vest monthly over three years, subject to continued service, and increasing the equity component of annual retainers thereunder, such that each non-employee director will receive an annual retainer for service on the Board consisting of an option to purchase 5,000 shares of the common stock, to be awarded at the Company’s annual stockholders’ meeting and which will vest over one year, in addition to cash retainers.

In connection with these amendments, the Board also approved of grants of options to purchase 10,000 shares of common stock, which have an exercise price of \$4.40 per share and will vest over one year commencing with the date of the Company’s 2017 Annual Meeting of Stockholders, to each current non-employee director. These options are being awarded to such directors are receiving in lieu of the annual grant that was awardable to such director in connection with the 2017 Annual Meeting of Stockholders under the prior director compensation policy, provided that director Jeff Himawan, Ph.D., has declined to receive any compensation for his service as a director.

Copies of the form award agreements for grants of stock options to the Company’s executive officers and directors are attached hereto as Exhibit 10.1 and Exhibit 10.2, respectively, and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	Form of Incentive Stock Option Award Notice
10.2	Form of Non-qualified Stock Option Award Notice

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: July 14, 2017

CATALYST BIOSCIENCES, INC.

/s/ Nassim Usman

Nassim Usman, Ph.D.

President and Chief Executive Officer

CATALYST BIOSCIENCES, INC.
(Formerly, Targacept, Inc.)
2015 STOCK INCENTIVE PLAN

Incentive Stock Option Agreement
(Employees)

THIS AGREEMENT (together with Schedule A attached hereto, the "Agreement"), effective as of the date specified as the "Grant Date" on Schedule A attached hereto, is between CATALYST BIOSCIENCES, INC., a Delaware corporation (the "Company"), and the individual identified on Schedule A attached hereto, an Employee of the Company or an Affiliate (the "Participant").

RECITALS:

In furtherance of the purposes of the Catalyst Biosciences, Inc. (formerly, Targacept, Inc.) 2015 Stock Incentive Plan, as it may be hereafter amended (the "Plan"), and in consideration of the services of the Participant and such other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Participant hereby agree as follows:

1. **Incorporation of Plan.** The rights and duties of the Company and the Participant under this Agreement shall in all respects be subject to and governed by the provisions of the Plan, the terms of which are incorporated herein by reference. In the event of any conflict between the provisions in this Agreement and those of the Plan, the provisions of the Plan shall govern, unless the Administrator determines otherwise. Unless otherwise defined herein, capitalized terms in this Agreement shall have the same definitions as set forth in the Plan.

2. **Grant of Option; Term of Option.** The Company hereby grants to the Participant pursuant to the Plan, as a matter of separate inducement and agreement in connection with his or her employment with or service to the Company, and not in lieu of any salary or other compensation for his or her services, the right and Option (the "Option") to purchase all or any part of such aggregate number of shares (the "Shares") of common stock of the Company (the "Common Stock") at a purchase price (the "Option Price") as specified on Schedule A, attached hereto, and subject to such other terms and conditions as may be stated herein or in the Plan or on Schedule A. The Participant expressly acknowledges that the terms of Schedule A shall be incorporated herein by reference and shall constitute part of this Agreement. The Company and the Participant further acknowledge and agree that the signatures of the Company and the Participant on the Grant Notice contained in Schedule A shall constitute their acceptance of all of the terms of this Agreement and their agreement to be bound by the terms of this Agreement. The Option (or any portion thereof) shall be designated as an Incentive Option, as stated on Schedule A. To the extent that the Option or any portion thereof is designated as an Incentive Option and such Option does not qualify as an Incentive Option, the Option or portion thereof shall be treated as a Nonqualified Option. Except as otherwise provided in the Plan or this Agreement, this Option will expire if not exercised in full by the Expiration Date specified on Schedule A.

3. Exercise of Option. Subject to the terms of the Plan and this Agreement, the Option shall become exercisable on the date or dates, and subject to such conditions, as are set forth on Schedule A attached hereto. To the extent that the Option is exercisable and not exercised, the Option shall accumulate and be exercisable by the Participant in whole or in part at any time prior to expiration of the Option, subject to the terms of the Plan and this Agreement. The Participant expressly acknowledges that the Option may vest and be exercisable only upon such terms and conditions as are provided in this Agreement and the Plan. In addition, notwithstanding any other provision of the Agreement to the contrary, in the event that the Participant has entered into an employment agreement or similar agreement with the Company that provides for vesting of the Option in whole or in part upon the occurrence of a change in control or termination of employment under certain conditions or other event(s), the Participant shall be entitled to the greater of the benefits provided under the employment agreement or similar agreement or this Agreement, and such employment agreement or similar agreement shall not be construed to reduce in any way the benefits otherwise provided to the Participant under this Agreement, or vice versa. Upon the exercise of an Option in whole or in part and payment of the Option Price in accordance with the provisions of the Plan and this Agreement, the Company shall, as soon thereafter as practicable, deliver to the Participant a certificate or certificates for the Shares purchased. Payment of the Option Price may be made (i) in cash or by cash equivalent; and, except where prohibited by the Administrator or Applicable Law, payment may also be made (ii) by delivery (by either actual delivery or attestation) of shares of Common Stock owned by the Participant for such time period, if any, as may be determined by the Administrator; (iii) by shares of Common Stock withheld upon exercise but only if and to the extent that payment by such method does not result in variable accounting or other accounting consequences deemed unacceptable to the Company; (iv) by delivery of written notice of exercise to the Company and delivery to a broker of written notice of exercise and irrevocable instructions to promptly deliver to the Company the amount of sale or loan proceeds to pay the Option Price; (v) by such other payment methods as may be approved by the Administrator and which are acceptable under Applicable Law; or (vi) by any combination of the foregoing methods. Shares delivered or withheld in payment of the Option Price shall be valued at their Fair Market Value on the date of exercise, determined in accordance with the terms of the Plan.

4. No Right of Employment or Service; Forfeiture of Option; No Right to Future Awards. Neither the Plan, this Agreement nor any other action related to the Plan shall confer upon the Participant any right to continue in the employ or service of the Company or an Affiliate or interfere in any way with the right of the Company or an Affiliate to terminate the Participant's employment or service at any time. Except as otherwise provided in the Plan or this Agreement, all rights of the Participant with respect to the Option shall terminate upon termination of the Participant's employment or service of the Participant with the Company or an Affiliate. The grant of the Option does not create any obligation to grant further awards.

5. Termination of Employment. Except as may be otherwise provided in the Plan or this Agreement, the Option shall not be exercised unless the Participant is, at the time of exercise, an Employee and has been an Employee continuously since the date the Option was granted, subject to the following:

(a) The employment relationship of the Participant shall be treated as continuing intact for any period that the Participant is on military or sick leave or other

bona fide leave of absence, provided that the period of such leave does not exceed 90 days, or, if longer, as long as the Participant's right to reemployment is guaranteed either by statute or by contract. The employment relationship of the Participant shall also be treated as continuing intact while the Participant is not in active service because of Disability. The Administrator shall have sole authority to determine whether the Participant is disabled and, if applicable, the Participant's Termination Date.

(b) Except as may be otherwise provided in the Plan or this Agreement, if the employment of the Participant is terminated because of Disability or death, the Option may be exercised only to the extent vested and exercisable on the Participant's Termination Date, and any unvested portion of the Option shall terminate on the Termination Date. The vested portion of the Option must be exercised, if at all, prior to the first to occur of the following, whichever shall be applicable: (X) the close of the period of one year next succeeding the Termination Date; or (Y) the close of the Option Period. In the event of the Participant's death, the Option shall be exercisable by such person or persons as shall have acquired the right to exercise the Option by will or by the laws of intestate succession.

(c) Except as may be otherwise provided in the Plan or this Agreement, if the employment of the Participant is terminated for any reason other than Disability, death or for Cause, the Option may be exercised to the extent vested and exercisable on his or her Termination Date, and any unvested portion of the Option shall terminate as of the Termination Date. The vested portion of the Option must be exercised, if at all, prior to the first to occur of the following, as applicable: (X) the close of the period of three months next succeeding the Termination Date; or (Y) the close of the Option period. If the Participant dies following such termination of employment and prior to the date specified in (X) of this subparagraph (c), the Participant shall be treated as having died while employed under subparagraph (b) immediately preceding (treating for this purpose the Participant's date of termination of employment as the Termination Date). In the event of the Participant's death, the Option shall be exercisable by such person or persons as shall have acquired the right to exercise the Option by will or by the laws of intestate succession.

(d) Except as may be otherwise provided in the Plan or this Agreement, if the employment of the Participant is terminated for Cause, the Option, whether vested or unvested, shall lapse and no longer be exercisable as of his or her Termination Date, as determined by the Administrator.

6. Notice of Disposition. To the extent that this Option is designated as an Incentive Option, if Shares of Common Stock acquired upon exercise of the Option are disposed of within two years following the date of grant or one year following the transfer of such Shares to the Participant upon exercise, the Participant shall, promptly following such disposition, notify the Company in writing of the date and terms of such disposition and provide such other information regarding the disposition as the Administrator may reasonably require.

7. Limitation on Incentive Options. In no event shall there first become exercisable by the Participant in any one calendar year Incentive Options granted by the Company or any Parent or Subsidiary with respect to shares having an aggregate Fair Market Value (determined at the time an Incentive Option is granted) greater than \$100,000. To the extent that any Incentive

Options are first exercisable by the Participant in excess of such limitation, the excess shall be considered a Nonqualified Option.

8. Nontransferability of Option. To the extent that this Option is designated as an Incentive Option, the Option shall not be transferable (including by sale, assignment, pledge or hypothecation) other than transfers by will or the laws or intestate succession, or, in the Administrator's discretion, such transfers as may otherwise be permitted in accordance with Treasury Regulation Section 1.421-1(b)(2) or Treasury Regulation Section 1.421-2(c) or any successor provisions thereto. To the extent that this Option is treated as a Nonqualified Option, the Option shall not be transferable (including by sale, assignment, pledge or hypothecation) other than by will or the laws of intestate succession, except for transfers if and to the extent permitted by the Administrator in a manner consistent with the registration provisions of the Securities Act of 1933, as amended (the "Securities Act"). Except as may be permitted by the preceding sentences, the Option shall be exercisable during the Participant's lifetime only by him or her or by his or her guardian or legal representative. The designation of a beneficiary in accordance with the Plan does not constitute a transfer.

9. Superseding Agreement; Binding Effect. This Agreement supersedes any statements, representations or agreements of the Company with respect to the grant of the Option, any other equity-based awards or any related rights, and the Participant hereby waives any rights or claims related to any such statements, representations or agreements. This Agreement does not supersede or amend any existing confidentiality agreement, nonsolicitation agreement, noncompetition agreement, employment agreement or any other similar agreement between the Participant and the Company, including, but not limited to, any restrictive covenants contained in such agreements. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective executors, administrators, heirs, successors and assigns.

10. Governing Law. Except as otherwise provided in the Plan or herein, this Agreement shall be construed and enforced according to the laws of the State of Delaware, without regard to the conflict of laws provisions of any state, and in accordance with applicable federal laws of the United States.

11. Amendment; Waiver. Any amendment or modification to this Agreement shall be made in accordance with the terms of the Plan. Without limiting the effect of the foregoing, the Administrator shall have unilateral authority to amend the Plan and this Agreement (without Participant consent) to the extent necessary to comply with Applicable Law or changes to Applicable Law (including but in no way limited to Code Section 409A, Code Section 422 and federal securities laws). The waiver by the Company of a breach of any provision of this Agreement by the Participant shall not operate or be construed as a waiver of any subsequent breach by the Participant.

12. No Rights as Stockholder. The Participant and his or her legal representatives, legatees or distributees shall not be deemed to be the holder of any Shares subject to the Option and shall not have any rights of a stockholder unless and until certificates for such Shares have been issued and delivered to him or her or them (or, in the case of uncertificated shares, other written evidence of ownership in accordance with Applicable Law shall have been provided).

13. Withholding; Tax Matters.

(a) The Participant acknowledges that the Company shall require the Participant to pay the Company in cash the amount of any tax or other amount required by any governmental authority to be withheld and paid over by the Company to such authority for the account of the Participant, and the Participant agrees, as a condition to the grant of the Option and delivery of the Shares or any other benefit, to satisfy such obligations. Notwithstanding the foregoing, the Administrator may in its discretion establish procedures to permit the Participant to satisfy such obligations in whole or in part, and any local, state, federal, foreign or other income tax obligations relating to the Option, by electing (the "election") to have the Company withhold shares of Common Stock from the Shares to which the Participant is entitled. The number of Shares to be withheld shall have a Fair Market Value as of the date that the amount of tax to be withheld is determined as nearly equal as possible to (but not exceeding) the amount of such obligations being satisfied. Each election must be made in writing to the Administrator in accordance with election procedures established by the Administrator.

(b) The Participant acknowledges that he or she is solely responsible and liable for the satisfaction of all taxes and penalties that may arise in connection with the Option (including but not limited to any taxes arising under Code Section 409A), and the Company shall not have any obligation to indemnify or otherwise hold the Participant harmless from any or all such taxes. The Participant further acknowledges that the Company has made no warranties or representations to the Participant with respect to the tax consequences (including, but not limited to, income tax consequences) related to the transactions contemplated by this Agreement, and the Participant is in no manner relying on the Company or its representatives for an assessment of such tax consequences. The Participant acknowledges that there may be adverse tax consequences upon acquisition or disposition of the Shares subject to the Option and that he or she should consult with his or her own attorney, accountant, and/or tax advisor regarding the decision to enter into this Agreement and the consequences thereof. The Participant also acknowledges that the Company has no responsibility to take or refrain from taking any actions in order to achieve a certain tax result for the Participant.

14. Administration. The authority to construe and interpret this Agreement and the Plan, and to administer all aspects of the Plan, shall be vested in the Administrator, and the Administrator shall have all powers with respect to this Agreement as are provided in the Plan, including but not limited to the sole authority to determine whether and to what degree the Option has vested. Any interpretation of this Agreement by the Administrator and any decision made by it with respect to this Agreement are final and binding.

15. Notices. Except as may be otherwise provided by the Plan or determined by the Administrator, any written notices provided for in this Agreement or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax or overnight courier, or by postage paid first class mail. Notices sent by mail shall be deemed received three business days after mailed but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated on Schedule A (or such other address as may be designated by the Participant in a manner acceptable to the Administrator), or, if to the

Company, at the Company's principal office, attention Chief Financial Officer, Catalyst Biosciences, Inc. Notice may also be provided by electronic submission, if and to the extent permitted by the Administrator.

16. Severability. The provisions of this Agreement are severable and if any one or more provisions may be determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

17. Restrictions on Option and Shares. The Company may impose such restrictions on the Option and the Shares or other benefits underlying the Option as it may deem advisable, including without limitation restrictions under the federal securities laws, the requirements of any stock exchange or similar organization and any blue sky, state or foreign securities laws or other laws applicable to such Option or Shares. Notwithstanding any other provision in the Plan or this Agreement to the contrary, the Company shall not be obligated to issue, deliver or transfer shares of Common Stock, to make any other distribution of benefits, or to take any other action, unless such delivery, distribution or action is in compliance with Applicable Law (including but not limited to the requirements of the Securities Act). The Company is under no obligation to register the Shares with the Securities and Exchange Commission or to effect compliance with the exemption, registration, qualification or listing requirements of any state securities laws, stock exchange or similar organization, and the Company will have no liability for any inability or failure to do so. The Company may cause a restrictive legend or legends to be placed on any certificate for Shares issued pursuant to the exercise of the Option in such form as may be prescribed from time to time by Applicable Law or as may be advised by legal counsel.

18. Effect of Certain Changes in Status. Notwithstanding the other terms of the Plan or this Agreement, the Administrator has the sole discretion to determine (taking into account any Code Section 409A considerations) at any time the effect, if any, of any changes in the Participant's status as an employee, including but not limited to a change from full-time to part-time, or vice versa, or other similar changes in the nature or scope of the Participant's employment, on the Option (including but not limited to modifying the vesting, exercisability and/or earning of the Option).

19. Right of Offset. Notwithstanding any other provision of the Plan or this Agreement, the Company may at any time (subject to Code Section 409A considerations) reduce the amount of any payment otherwise payable to or on behalf of the Participant by the amount of any obligation of the Participant to or on behalf of the Company that is or becomes due and payable, and the Participant shall be deemed to have consented to such reduction.

20. Compliance with Recoupment, Ownership and Other Policies or Agreements. As a condition to receiving this Option, the Participant agrees that he or she shall abide by all provisions of any equity retention policy, stock ownership guidelines, compensation recovery policy and/or other policies adopted by the Company, each as in effect from time to time and to the extent applicable the Participant. In addition, the Participant shall be subject to such compensation recovery, recoupment, forfeiture or other similar provisions as may apply to him or her under Applicable Law.

21. Counterparts; Further Instruments. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The parties hereto agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Agreement.

[Signatures of the Company and the Participant follow on Schedule A/Grant Notice.]

CATALYST BIOSCIENCES, INC.
(Formerly, Targacept, Inc.)
2015 STOCK INCENTIVE PLAN
Incentive Stock Option Agreement
(Employees)

Schedule A/Grant Notice

1. Pursuant to the terms and conditions of the Company’s 2015 Stock Incentive Plan, as it may be hereafter amended (the “Plan”), you (the “Participant”) have been granted an option (the “Option”) to purchase shares (the “Shares”) of our Common Stock as outlined below.

Name of Participant:	«Name_Full_F_M_L»
Address:	«Address_Line_1» «Address_City», «Address_State» «Address_Postal_Code»
Grant Date:	«Grant_Date»
Grant Number:	«Grant_ID»
Number of Shares Subject to Option	«GrantedOriginal_Target»
Option Price:	«Grant_Exercise_Price»
Type of Option:	«Grant_Type»
Vesting Commencement Date:	«Vest_From_Date»
Expiration Date (Last day of Option Period):	«Expiration_Date_Current»
Vesting Schedule/Conditions:	
«Vesting_Schedule_Name»	

2. By my signature below, I, the Participant, hereby acknowledge receipt of this Grant Notice and the Option Agreement (the “Agreement”) dated «Grant_Date», between the Participant and Catalyst Biosciences, Inc. (the “Company”) which is attached to this Grant Notice. I understand that the Grant Notice and other provisions of Schedule A herein are incorporated by reference into the Agreement and constitute a part of the Agreement. By my signature below, I further agree to be bound by the terms of the Plan and the Agreement, including but not limited to the terms of this Grant Notice and the other provisions of Schedule A contained herein. The Company reserves the right to treat the Option and the Agreement as cancelled, void and of no effect if the Participant fails to return a signed copy of the Grant Notice within 30 days of grant date stated above.

Signature: _____ Date: _____

Agreed to by:
 CATALYST BIOSCIENCES, INC.

By:
 Nassim Usman, Ph.D.
 President and Chief Executive Officer

Attest:

Fletcher Payne
 Chief Financial Officer

Note: If there are any discrepancies in the name or address shown above, please make the appropriate corrections on this form and return to Catalyst Biosciences, Inc., attention Chief Financial Officer. Please retain a copy of the Agreement, including this Grant Notice, for your files.

CATALYST BIOSCIENCES, INC.
(Formerly, Targacept, Inc.)
2015 STOCK INCENTIVE PLAN

**Nonqualified Stock Option Agreement
(Employees)**

THIS AGREEMENT (together with Schedule A attached hereto, the "Agreement"), effective as of the date specified as the "Grant Date" on Schedule A attached hereto, is between CATALYST BIOSCIENCES, INC., a Delaware corporation (the "Company"), and the individual identified on Schedule A attached hereto, an Employee of the Company or an Affiliate (the "Participant").

RECITALS:

In furtherance of the purposes of the Catalyst Biosciences, Inc. (formerly, Targacept, Inc.) 2015 Stock Incentive Plan, as it may be hereafter amended (the "Plan"), and in consideration of the services of the Participant and such other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Participant hereby agree as follows:

1. Incorporation of Plan. The rights and duties of the Company and the Participant under this Agreement shall in all respects be subject to and governed by the provisions of the Plan, the terms of which are incorporated herein by reference. In the event of any conflict between the provisions in this Agreement and those of the Plan, the provisions of the Plan shall govern, unless the Administrator determines otherwise. Unless otherwise defined herein, capitalized terms in this Agreement shall have the same definitions as set forth in the Plan.

2. Grant of Option; Term of Option. The Company hereby grants to the Participant pursuant to the Plan, as a matter of separate inducement and agreement in connection with his or her employment with or service to the Company, and not in lieu of any salary or other compensation for his or her services, the right and option (the "Option") to purchase all or any part of such aggregate number of shares (the "Shares") of common stock of the Company (the "Common Stock") at a purchase price (the "Option Price") as specified on Schedule A, attached hereto, and subject to such other terms and conditions as may be stated herein or in the Plan or on Schedule A. The Participant expressly acknowledges that the terms of Schedule A shall be incorporated herein by reference and shall constitute part of this Agreement. The Company and the Participant further acknowledge and agree that the signatures of the Company and the Participant on the Grant Notice contained in Schedule A shall constitute their acceptance of all of the terms of this Agreement and their agreement to be bound by the terms of this Agreement. The Option shall be designated as a Nonqualified Option, as stated on Schedule A. Except as otherwise provided in the Plan or this Agreement, this Option will expire if not exercised in full by the Expiration Date specified on Schedule A.

3. Exercise of Option. Subject to the terms of the Plan and this Agreement, the Option shall become exercisable on the date or dates, and subject to such conditions, as are set forth on Schedule A attached hereto. To the extent that the Option is exercisable and not exercised, the

Option shall accumulate and be exercisable by the Participant in whole or in part at any time prior to expiration of the Option, subject to the terms of the Plan and this Agreement. The Participant expressly acknowledges that the Option may vest and be exercisable only upon such terms and conditions as are provided in this Agreement and the Plan. In addition, notwithstanding any other provision of the Agreement to the contrary, in the event that the Participant has entered into an employment agreement or similar agreement with the Company that provides for vesting of the Option in whole or in part upon the occurrence of a change in control or termination of employment under certain conditions or other event(s), the Participant shall be entitled to the greater of the benefits provided under the employment agreement or similar agreement or this Agreement, and such employment agreement or similar agreement shall not be construed to reduce in any way the benefits otherwise provided to the Participant under this Agreement, or vice versa. Upon the exercise of an Option in whole or in part and payment of the Option Price in accordance with the provisions of the Plan and this Agreement, the Company shall, as soon thereafter as practicable, deliver to the Participant a certificate or certificates for the Shares purchased. Payment of the Option Price may be made (i) in cash or by cash equivalent; and, except where prohibited by the Administrator or Applicable Law, payment may also be made (ii) by delivery (by either actual delivery or attestation) of shares of Common Stock owned by the Participant for such time period, if any, as may be determined by the Administrator; (iii) by shares of Common Stock withheld upon exercise but only if and to the extent that payment by such method does not result in variable accounting or other accounting consequences deemed unacceptable to the Company; (iv) by delivery of written notice of exercise to the Company and delivery to a broker of written notice of exercise and irrevocable instructions to promptly deliver to the Company the amount of sale or loan proceeds to pay the Option Price; (v) by such other payment methods as may be approved by the Administrator and which are acceptable under Applicable Law; or (vi) by any combination of the foregoing methods. Shares delivered or withheld in payment of the Option Price shall be valued at their Fair Market Value on the date of exercise, determined in accordance with the terms of the Plan.

4. No Right of Employment or Service; Forfeiture of Option; No Right to Future Awards. Neither the Plan, this Agreement nor any other action related to the Plan shall confer upon the Participant any right to continue in the employ or service of the Company or an Affiliate or interfere in any way with the right of the Company or an Affiliate to terminate the Participant's employment or service at any time. Except as otherwise provided in the Plan or this Agreement, all rights of the Participant with respect to the Option shall terminate upon termination of the Participant's employment or service of the Participant with the Company or an Affiliate. The grant of the Option does not create any obligation to grant further awards.

5. Termination of Employment. Except as may be otherwise provided in the Plan or this Agreement, the Option shall not be exercised unless the Participant is, at the time of exercise, an Employee and has been an Employee continuously since the date the Option was granted, subject to the following:

(a) The employment relationship of the Participant shall be treated as continuing intact for any period that the Participant is on military or sick leave or other bona fide leave of absence, provided that the period of such leave does not exceed 90 days, or, if longer, as long as the Participant's right to reemployment is guaranteed either by statute or by contract. The employment relationship of the Participant shall also be treated

as continuing intact while the Participant is not in active service because of Disability. The Administrator shall have sole authority to determine whether the Participant is disabled and, if applicable, the Participant's Termination Date.

(b) Except as may be otherwise provided in the Plan or this Agreement, if the employment of the Participant is terminated because of Disability or death, the Option may be exercised only to the extent vested and exercisable on the Participant's Termination Date, and any unvested portion of the Option shall terminate as of the Termination Date. The vested portion of the Option must be exercised, if at all, prior to the first to occur of the following, as applicable: (X) the close of the period of one year next succeeding the Termination Date; or (Y) the close of the Option Period. In the event of the Participant's death, the Option shall be exercisable by such person or persons as shall have acquired the right to exercise the Option by will or by the laws of intestate succession.

(c) Except as may be otherwise provided in the Plan or this Agreement, if the employment of the Participant is terminated for any reason other than Disability, death or for Cause, the Option may be exercised to the extent vested and exercisable on his or her Termination Date, and any unvested portion of the Option shall terminate as of the Termination Date. The vested portion of the Option must be exercised, if at all, prior to the first to occur of the following, whichever shall be applicable: (X) the close of the period of three months next succeeding the Termination Date; or (Y) the close of the Option period. If the Participant dies following such termination of employment and prior to the date specified in (X) of this subparagraph (c), the Participant shall be treated as having died while employed under subparagraph (b) immediately preceding (treating for this purpose the Participant's date of termination of employment as the Termination Date). In the event of the Participant's death, the Option shall be exercisable by such person or persons as shall have acquired the right to exercise the Option by will or by the laws of intestate succession.

(d) Except as may be otherwise provided in the Plan or this Agreement, if the employment of the Participant is terminated for Cause, the Option, whether vested or unvested, shall lapse and no longer be exercisable as of his or her Termination Date, as determined by the Administrator.

6. Nontransferability of Option. The Option shall not be transferable (including by sale, assignment, pledge or hypothecation) other than by will or the laws of intestate succession, except for transfers if and to the extent permitted by the Administrator in a manner consistent with the registration provisions of the Securities Act of 1933, as amended (the "Securities Act"). Except as may be permitted by the preceding sentence, the Option shall be exercisable during the Participant's lifetime only by him or her or by his or her guardian or legal representative. The designation of a beneficiary in accordance with the Plan does not constitute a transfer.

7. Superseding Agreement; Binding Effect. This Agreement supersedes any statements, representations or agreements of the Company with respect to the grant of the Option, any other equity-based awards or any related rights, and the Participant hereby waives any rights or claims related to any such statements, representations or agreements. This Agreement does not supersede or amend any existing confidentiality agreement, nonsolicitation agreement, noncompetition agreement, employment agreement or any other similar agreement between the

Participant and the Company, including, but not limited to, any restrictive covenants contained in such agreements. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective executors, administrators, heirs, successors and assigns.

8. Governing Law. Except as otherwise provided in the Plan or herein, this Agreement shall be construed and enforced according to the laws of the State of Delaware, without regard to the conflict of laws provisions of any state, and in accordance with applicable federal laws of the United States.

9. Amendment; Waiver. Any amendment or modification to this Agreement shall be made in accordance with the terms of the Plan. Without limiting the effect of the foregoing, the Administrator shall have unilateral authority to amend the Plan and this Agreement (without Participant consent) to the extent necessary to comply with Applicable Law or changes to Applicable Law (including but in no way limited to Code Section 409A and federal securities laws). The waiver by the Company of a breach of any provision of this Agreement by the Participant shall not operate or be construed as a waiver of any subsequent breach by the Participant.

10. No Rights as Stockholder. The Participant and his or her legal representatives, legatees or distributees shall not be deemed to be the holder of any Shares subject to the Option and shall not have any rights of a stockholder unless and until certificates for such Shares have been issued and delivered to him or her or them (or, in the case of uncertificated shares, other written notice of ownership in accordance with Applicable law shall have been provided).

11. Withholding; Tax Matters.

(a) The Participant acknowledges that the Company shall require the Participant to pay the Company in cash the amount of any tax or other amount required by any governmental authority to be withheld and paid over by the Company to such authority for the account of the Participant, and the Participant agrees, as a condition to the grant of the Option and delivery of the Shares or any other benefit, to satisfy such obligations. Notwithstanding the foregoing, the Administrator may in its discretion establish procedures to permit the Participant to satisfy such obligations in whole or in part, and any local, state, federal, foreign or other income tax obligations relating to the Option, by electing (the "election") to have the Company withhold shares of Common Stock from the Shares to which the Participant is entitled. The number of Shares to be withheld shall have a Fair Market Value as of the date that the amount of tax to be withheld is determined as nearly equal as possible to (but not exceeding) the amount of such obligations being satisfied. Each election must be made in writing to the Administrator in accordance with election procedures established by the Administrator.

(b) The Participant acknowledges that he or she is solely responsible and liable for the satisfaction of all taxes and penalties that may arise in connection with the Option (including but not limited to any taxes arising under Code Section 409A), and the Company shall not have any obligation to indemnify or otherwise hold the Participant harmless from any or all such taxes. The Participant further acknowledges that the Company has made no warranties or representations to the Participant with respect to the tax consequences

(including, but not limited to, income tax consequences) related to the transactions contemplated by this Agreement, and the Participant is in no manner relying on the Company or its representatives for an assessment of such tax consequences. The Participant acknowledges that there may be adverse tax consequences upon acquisition or disposition of the Shares subject to the Option and that he or she has been advised that he or she should consult with his or her own attorney, accountant, and/or tax advisor regarding the decision to enter into this Agreement and the consequences thereof. The Participant also acknowledges that the Company has no responsibility to take or refrain from taking any actions in order to achieve a certain tax result for the Participant.

12. Administration. The authority to construe and interpret this Agreement and the Plan, and to administer all aspects of the Plan, shall be vested in the Administrator, and the Administrator shall have all powers with respect to this Agreement as are provided in the Plan, including but not limited to the sole authority to determine whether and to what degree the Option has vested. Any interpretation of this Agreement by the Administrator and any decision made by it with respect to this Agreement are final and binding.

13. Notices. Except as may be otherwise provided by the Plan or determined by the Administrator, any written notices provided for in this Agreement or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax or overnight courier, or by postage paid first class mail. Notices sent by mail shall be deemed received three business days after mailed but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated on Schedule A (or such other address as may be designated by the Participant in a manner acceptable to the Administrator), or, if to the Company, at the Company's principal office, attention Chief Financial Officer, Catalyst Biosciences, Inc. Notice may also be provided by electronic submission, if and to the extent permitted by the Administrator.

14. Severability. The provisions of this Agreement are severable and if any one or more provisions may be determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

15. Restrictions on Option and Shares. The Company may impose such restrictions on the Option and the Shares or other benefits underlying the Option as it may deem advisable, including without limitation restrictions under the federal securities laws, the requirements of any stock exchange or similar organization and any blue sky, state or foreign securities laws or other laws applicable to such Option or Shares. Notwithstanding any other provision in the Plan or this Agreement to the contrary, the Company shall not be obligated to issue, deliver or transfer shares of Common Stock, to make any other distribution of benefits, or to take any other action, unless such delivery, distribution or action is in compliance with Applicable Law (including but not limited to the requirements of the Securities Act). The Company is under no obligation to register the Shares with the Securities and Exchange Commission or to effect compliance with the exemption, registration, qualification or listing requirements of any state securities laws, stock exchange or similar organization, and the Company will have no liability for any inability or failure to do so. The Company may cause a restrictive legend or legends to be placed on any certificate for Shares issued pursuant to the exercise of the Option in such form as may be prescribed from time to time by Applicable Law or as may be advised by legal counsel.

16. Effect of Certain Changes in Status. Notwithstanding the other terms of the Plan or this Agreement, the Administrator has the sole discretion to determine (taking into account any Code Section 409A considerations) at any time the effect, if any, of any changes in the Participant's status as an employee, including but not limited to a change from full-time to part-time, or vice versa, or other similar changes in the nature or scope of the Participant's employment, on the Option (including but not limited to modifying the vesting, exercisability and/or earning of the Option).

17. Right of Offset. Notwithstanding any other provision of the Plan or this Agreement, the Company may at any time (subject to any Code Section 409A considerations) reduce the amount of any payment otherwise payable to or on behalf of the Participant by the amount of any obligation of the Participant to or on behalf of the Company that is or becomes due and payable, and the Participant shall be deemed to have consented to such reduction.

18. Compliance with Recoupment, Ownership and Other Policies or Agreements. As a condition to receiving this Option, the Participant agrees that he or she shall abide by all provisions of any equity retention policy, stock ownership guidelines, compensation recovery policy and/or other policies adopted by the Company, each as in effect from time to time and to the extent applicable the Participant. In addition, the Participant shall be subject to such compensation recovery, recoupment, forfeiture or other similar provisions as may apply to him or her under Applicable Law.

19. Counterparts; Further Instruments. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The parties hereto agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Agreement.

[Signatures of the Company and the Participant follow on Schedule A/Grant Notice.]

CATALYST BIOSCIENCES, INC.
(Formerly, Targacept, Inc.)
2015 STOCK INCENTIVE PLAN

Nonqualified Stock Option Agreement
(Employee)

Schedule A/Grant Notice

1. Pursuant to the terms and conditions of the Company's 2015 Stock Incentive Plan, as it may hereafter be amended (the "Plan"), you (the "Participant") have been granted an option (the "Option") to purchase shares (the "Shares") of our Common Stock as outlined below.

Name of Participant:	<u>«Name_Full_F_M_L»</u>
Address:	<u>«Address_Line_1»</u> <u>«Address_City», «Address_State» «Address_Postal_Code»</u>
Grant Date:	<u>«Grant_Date»</u>
Grant Number:	<u>«Grant_ID»</u>
Number of Shares Subject to Option	<u>«GrantedOriginal_Target»</u>
Option Price:	<u>«Grant_Exercise_Price»</u>
Type of Option:	<u>«Grant_Type»</u>
Vesting Commencement Date:	<u>«Vest_From_Date»</u>
Expiration Date (Last day of Option Period):	<u>«Expiration_Date_Current»</u>
Vesting Schedule/Conditions:	
«Vesting_Schedule_Name»	

2. By my signature below, I, the Participant, hereby acknowledge receipt of this Grant Notice and the Option Agreement (the "Agreement") dated October 22, 2015, between the Participant and Catalyst Biosciences, Inc. (the "Company") which is attached to this Grant Notice. I understand that the Grant Notice and other provisions of Schedule A herein are incorporated by reference into the Agreement and constitute a part of the Agreement. By my signature below, I further agree to be bound by the terms of the Plan and the Agreement, including but not limited to the terms of this Grant Notice and the other provisions of Schedule A contained herein. The Company reserves the right to treat the Option and the Agreement as cancelled, void and of no effect if the Participant fails to return a signed copy of the Grant Notice within 30 days of grant date stated above.

Signature: _____ Date: _____

Agreed to by:
CATALYST BIOSCIENCES, INC.

By:
Nassim Usman, Ph.D.
President and Chief Executive Officer

Attest:

Fletcher Payne
Chief Financial Officer

Note: If there are any discrepancies in the name or address shown above, please make the appropriate corrections on this form and return to Catalyst Biosciences, Inc., attention Chief Financial Officer. Please retain a copy of the Agreement, including this Grant Notice, for your files.