

## 2003 BCSECCOM 155

### **Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - Split-off transaction - Parent distributing shares of its subsidiary in compliance with U.S. securities laws - Neither parent nor subsidiary is a reporting issuer in any Canadian jurisdiction - parent has de minimis number of shareholders in British Columbia, holding fewer than 1% of outstanding shares

Distribution of shares of subsidiary pursuant to Redemption and Distribution not subject to prospectus or dealer registration requirements - First trade deemed to be a distribution unless executed through the facilities of an exchange outside of Canada

U.S. broker-dealers exempt from registration requirement in connection with their participation in the offer and their communications with Canadian shareholders

### **Applicable British Columbia Provisions**

*Securities Act*, R.S.B.C. 1996, c. 418, ss. 48 and 76

Multilateral Instrument 45-102 - *Resale of Securities* – s. 2.14

### **IN THE MATTER OF THE SECURITIES LEGISLATION OF EACH OF THE PROVINCES OF CANADA**

**AND**

### **IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS**

**AND**

### **IN THE MATTER OF IMS HEALTH INCORPORATED AND COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION**

### **MRRS DECISION DOCUMENT**

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Québec, Nova Scotia, Newfoundland and Labrador, Prince Edward Island and New Brunswick (collectively the “Jurisdictions”) has received an application from IMS Health Incorporated (“IMS Health”) and Cognizant Technology Solutions Corporation (“Cognizant” and together with IMS Health, the “Filers”) for:

- (i) a decision under the legislation of each of the Jurisdictions (the “Legislation”), other than the legislation of the provinces of Alberta and

## 2003 BCSECCOM 155

Saskatchewan, that the Prospectus Requirement and the Registration Requirement shall not apply to any trade of IMS Health Shares (as defined below) and Cognizant Shares (as defined below) by IMS Health to holders of IMS Health Shares (the "IMS Health Shareholders") pursuant to the Exchange Offer (as defined below) proposed by IMS Health, subject to certain conditions;

- (ii) a decision under the legislation of the Province of New Brunswick (the "New Brunswick Legislation") and the legislation of the Province of Manitoba (the "Manitoba Legislation") that the Prospectus Requirement and the Registration Requirement contained in the New Brunswick Legislation and the Manitoba Legislation shall not apply to any trade of Cognizant Shares by Cognizant pursuant to the Conversion (as defined below); and
- (iii) a decision under the Legislation of each of the Jurisdictions, that the Registration Requirement shall not apply to Goldman, Sachs & Co. and Bear, Stearns & Co. Inc. (the "U.S. Broker-Dealers") in connection with their participation in the Exchange Offer and their communications with Canadian IMS Health Shareholders;

AND WHEREAS, under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions or in Québec Commission Notice 14-101;

AND WHEREAS, the Filers have represented to the Decision Makers that:

1. IMS Health is a leading global provider of market information, sales management and decision-support services to the pharmaceutical and healthcare industries. IMS Health is organized under the laws of the State of Delaware. Its principal executive office is located in Fairfield, Connecticut.
2. IMS Health is not a reporting issuer or the equivalent under the Legislation and has no present intention of becoming a reporting issuer or the equivalent under the Legislation.
3. IMS Health's common stock is listed and traded on the New York Stock Exchange under the symbol "RX".

## 2003 BCSECCOM 155

4. IMS Health is authorized to issue 10,000,000 shares of preferred stock, 10,000,000 shares of series common stock and 800,000,000 shares of common stock.
5. As of October 31, 2002, 280,915,233 shares of IMS Health common stock were issued and outstanding (the "IMS Health Shares").
6. The IMS Health Shares are registered with the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934 of the United States (the "1934 Act").
7. As required in relation to the registration of the IMS Health Shares under the 1934 Act, IMS Health files with the SEC its annual report on Form 10-K as well as other disclosure materials required under United States securities legislation.
8. According to IMS Health's register of shareholders, as of December 23, 2002, there were approximately 92 IMS Health Shareholders resident in Canada (the "Canadian IMS Health Shareholders") representing 0.014% of all IMS Health Shareholders, owning approximately 91,384 IMS Health Shares (representing approximately 0.00027% of the issued and outstanding IMS Health Shares). Of these shareholders, approximately 43 Canadian IMS Health Shareholders are resident in Ontario (holding approximately 0.000040% of the issued and outstanding IMS Health Shares), 5 Canadian IMS Health Shareholders are resident in British Columbia (holding approximately 0.0000082% of the issued and outstanding IMS Health Shares), 1 Canadian IMS Health Shareholder is resident in Alberta (holding approximately 0.00000030% of the issued and outstanding IMS Health Shares), 0 Canadian IMS Health Shareholders are resident in Manitoba (holding 0.0% of the issued and outstanding IMS Health Shares), 42 Canadian IMS Health Shareholders are resident in Québec (holding approximately 0.00022% of the issued and outstanding IMS Health Shares), 1 Canadian IMS Health Shareholder is resident in Nova Scotia (holding approximately 0.00000035% of the issued and outstanding IMS Health Shares) and no other Canadian IMS Health Shareholders are resident in each of the other Jurisdictions.
9. In addition, 3 IMS Health Shareholders resident in Québec act as custodians for approximately 181 individual accounts (holding the same percentage of the issued and outstanding IMS Health Shares as noted in Paragraph 8). A separate local application has been filed with La Commission des valeurs mobilières du Québec seeking a decision under the legislation of the Province of Québec (the "Québec Legislation") that the requirements contained in the Québec Legislation relating to delivery of a issuer bid circular and any notices

## 2003 BCSECCOM 155

of change or variation thereto, minimum deposit periods and withdrawal rights, take-up and payment for securities tendered to an issuer bid, disclosure, restrictions upon purchases of securities, financing, identical consideration and collateral benefits (the "Issuer Bid Requirements") shall not apply to the Exchange Offer.

10. Cognizant is a leading provider of custom information technology, commonly referred to as IT, design, development, integration and maintenance services primarily for Fortune 1000 companies located in the United States and Europe. Cognizant is organized under the laws of the State of Delaware. Its principal executive office is located in Teaneck, New Jersey.
11. Cognizant's class A common stock (the "Cognizant Class A Shares") is listed for quotation on the Nasdaq National Market under the symbol "CTSH".
12. Cognizant is authorized to issue 15,000,000 shares of preferred stock, 100,000,000 Class A shares of common stock and 25,000,000 Class B shares of common stock (the "Cognizant Class B Shares").
13. As of October 31, 2002, 8,850,276 Cognizant Class A Shares and 11,290,900 Cognizant Class B Shares were issued and outstanding (the "Cognizant Shares").
14. At October 31, 2002, IMS Health owned a majority and controlling interest in the outstanding Cognizant Shares (approximately 56%) and held approximately 93% of the combined voting power of Cognizant Shares.
15. The Cognizant Class A Shares are registered with the SEC under the 1934 Act.
16. As required in relation to the registration of the Cognizant Class A Shares under the 1934 Act, Cognizant files with the SEC its annual report on Form 10-K as well as other disclosure materials required under United States securities legislation.
17. Cognizant is not a reporting issuer or the equivalent in any of the Jurisdictions and has no present intention of becoming a reporting issuer or the equivalent in any of the Jurisdictions.
18. IMS Health has owned Cognizant Class B Shares since July, 1998. IMS Health does not view its interest in Cognizant as strategically important to IMS Health.

## 2003 BCSECCOM 155

19. IMS Health is offering IMS Health Shareholders the opportunity to exchange each of their IMS Health Shares for a certain number of Cognizant Class B Shares (the "Exchange Offer"). This number is sometimes referred to as the "exchange ratio." IMS Health Shareholders may tender all, some or none of their IMS Health Shares.
20. IMS Health Shares accepted for exchange will be exchanged at the exchange ratio, on the terms and subject to the conditions of the Exchange Offer, including the proration provisions.
21. The Applicants are applying for relief for the trades of IMS Health Shares and Cognizant Class B Shares under the Exchange Offer (the "Exchange Trades").
22. Subject to the SEC's review of the Exchange Offer registration statement and satisfaction of the conditions of the Exchange Offer, the Exchange Offer is expected to be completed in the first quarter of 2003.
23. The Exchange Offer is to be made available to Canadian IMS Health Shareholders on the same terms and conditions as those extended to IMS Health Shareholders resident in the United States.
24. All materials related to the Exchange Offer and amendments thereto, including the Offering Circular-Prospectus providing detailed disclosure of the terms and conditions of the Exchange Offer (the "Offering Documents"), to be sent by or on behalf of IMS Health to IMS Health Shareholders resident in the United States will also be sent concurrently to the Canadian IMS Health Shareholders and such material will be filed with each of the Decision Makers in the Jurisdictions.
25. By making the Exchange Offer, IMS Health is offering IMS Health Shareholders the opportunity to adjust their investment between IMS Health and Cognizant.
26. IMS Health is not offering to exchange, or soliciting any offers to exchange, securities pursuant to the Exchange Offer in any jurisdiction in which those offers or exchanges would not be permitted.
27. IMS Health will distribute up to 11,290,900 shares of Cognizant Class B Shares in the Exchange Offer, representing all the Cognizant Shares that IMS Health currently owns. If IMS Health Shareholders tender more than a specified number of IMS Health Shares, IMS Health will accept shares for exchange on a pro rata basis as described in Offering Circular-Prospectus. The Exchange Offer is subject to various conditions described in the Offering

## 2003 BCSECCOM 155

Circular-Prospectus, including that a specified minimum number of IMS Health Shares are validly tendered in the Exchange Offer and not withdrawn and that all of the other conditions of the Exchange Offer have been satisfied or waived.

28. The Exchange Offer has been made in compliance with the Securities Act of 1933 (United States) (the "1933 Act"), the 1934 Act and the rules of the SEC under the 1933 Act and the 1934 Act (collectively, the "Applicable U.S. Securities Laws").
29. The Cognizant Class B Shares that IMS Health is offering in the Exchange Offer are identical to the Cognizant Class A Shares in all respects, except that a holder of Cognizant Class B Shares is entitled to 10 votes per share while a holder of Cognizant Class A Shares is entitled to one vote per share.
30. Each Cognizant Class B Share received in the Exchange Offer will convert into one Cognizant Class A Share when it is first transferred after the Exchange Offer. In addition, all the Cognizant Class B Shares will automatically convert into Cognizant Class A Shares on the fifth anniversary of the completion of the Exchange Offer or, if earlier, when the number of Cognizant Class B Shares represents less than 35% of the aggregate number of shares of Cognizant common stock then outstanding (the "Conversion"). Cognizant Class B Shares will not be separately listed or quoted on any exchange or in the Nasdaq National Market and will not trade separately.
31. There is no market for the Cognizant Shares in Canada and none is expected to develop.
32. No statutory appraisal rights are available to IMS Health Shareholders or Cognizant shareholders in connection with the Exchange Offer.
33. Holders of Cognizant Shares in the Jurisdictions will receive the same disclosure materials furnished to holders of Cognizant Shares in the United States.
34. The U.S. Broker-Dealers are acting as joint dealer managers in the Exchange Offer. Their role is to solicit the participation of the IMS Health Shareholders in the Exchange Offer. In their capacity as joint dealer managers, the U.S. Broker-Dealers may be contacted by the Canadian IMS Health Shareholders for assistance concerning the Exchange Offer, and may also become a member of the soliciting dealer group and in such capacity, may be contacting the Canadian IMS Health Shareholders under the Exchange Offer.

## 2003 BCSECCOM 155

35. GS&Co is a limited partnership governed by the laws of New York and is registered in the United States as, among other things, a broker-dealer and investment adviser. In Ontario, GS&Co is registered under the *Securities Act* (Ontario) (the "Act") as a dealer in the category of international dealer and as an adviser in the category of international adviser.
36. BS&Co is a corporation incorporated under the laws of Delaware and is registered in the United States as, among other things, a broker-dealer and investment adviser. In Ontario, BS&Co is registered under the Act as a dealer in the category of international dealer and as an adviser in the category of international adviser.
37. IMS Health is relying upon the *de minimis* exemption from the requirements relating to issuer bids under the legislation of all Jurisdictions, other than the legislation of the provinces of Québec, New Brunswick and Prince Edward Island, because the Canadian IMS Health Shareholders with an address in such provinces do not hold more than two (2) per cent of the outstanding IMS Health Shares. In addition, the Exchange Offer is made in compliance with the requirements of Applicable U.S. Securities Laws and all materials related to the Exchange Offer and amendments thereto, including the Offering Documents, sent by or on behalf of IMS Health and/or Cognizant to IMS Health Shareholders resident in the United States are also sent concurrently to the Canadian IMS Health Shareholders resident in the applicable provinces and such material is filed with the Decision Maker in the applicable provinces.
38. IMS Health cannot rely upon the *de minimis* exemption from the Issuer Bid Requirements under the Québec Legislation because the Canadian IMS Health Shareholders with an address in the Province of Québec exceeds 50 holders.
39. An exemption from the Prospectus Requirement and the Registration Requirement for the Exchange Trades is required as there are no appropriate exemptions available under the legislation of the provinces of British Columbia, Manitoba, Québec, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland & Labrador.
40. There are no appropriate prospectus and registration exemptions available under the New Brunswick Legislation and the Manitoba Legislation in connection with the Conversion.
41. There are no specific registration exemptions available to the U.S. Broker-Dealers under the Legislation in connection with their participation in the Exchange Offer and their communications with Canadian IMS Health Shareholders.

## 2003 BCSECCOM 155

42. After giving effect to the Exchange Offer, it is expected that residents of Canada will not (i) directly or indirectly own more than 10% of the outstanding Cognizant Class A Shares or Cognizant Class B Shares, and (ii) will not represent in number more than 10% of the total number of shareholders, directly or indirectly, of Cognizant Class A Shares and Cognizant Class B Shares.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Makers with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation of each of the Jurisdictions, other than the provinces of Alberta and Saskatchewan, is that the Exchange Trades shall be exempt from the Prospectus Requirement and the Registration Requirement of the Legislation of such Jurisdictions, provided that the first trade in the Cognizant Class B Shares acquired pursuant to the Exchange Offer shall be deemed to be a distribution or primary distribution to the public unless the conditions of Section 2.14 of Multilateral Instrument 45-102 *Resale of Securities* are satisfied;

THE DECISION of the Decision Maker in the Province of New Brunswick under the New Brunswick Legislation and in the Province of Manitoba under the Manitoba Legislation is that the trades pursuant to the Conversion shall be exempt from the Prospectus Requirement and the Registration Requirement contained in the New Brunswick Legislation and the Manitoba Legislation; and

THE DECISION of the Decision Makers in each of the Jurisdictions, under the Legislation of such Jurisdictions is that the U.S. Broker-Dealers shall be exempt from the Registration Requirement of the Legislation of such Jurisdictions in connection with their participation in the Exchange Offer and their communications with Canadian IMS Health Shareholders.

DATED this 16<sup>th</sup> day of January, 2003.

Howard I. Wetston

Robert L. Shirriff