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Headnote

Registration and prospectus relief granted to permit the issuance of shares of a U.S. issuer as consideration for the acquisition, by the issuer's wholly owned Canadian subsidiary, of a private company

Exemption Order

Quest Software, Inc.

and

FastLane Technologies Inc.

and

BB4 Technologies Inc.

Sections 48 and 76 of the *Securities Act*, R.S.B.C. 1996, c. 418

Background

- ¶ 1 Quest applied for an exemption from the requirements to be registered to trade and to file and obtain receipts for a preliminary prospectus and prospectus in sections 34(1)(a) and 61 of the Act (the Registration and Prospectus Requirements) for certain intended trades of shares of common stock in the capital of Quest under a share purchase agreement (Purchase Agreement) dated February 4, 2002 among all of the former shareholders of BB4, Robert-Andre Croteau as the vendors' agent, BB4, FastLane and Quest.

Representations

- ¶ 2 Quest represents that:
1. it is incorporated under the laws of California, is not a reporting issuer under the Act, and is not a reporting issuer or the equivalent under the securities legislation of any other province or territory in Canada;
 2. it is subject to the reporting requirements of the *Securities Exchange Act of 1934* of the United States of America and its common shares are listed on the Nasdaq National Market;
 3. its authorized capital consists of 150,000,000 shares of common stock (Quest Shares) and 10,000,000 shares of preferred stock with no par value;
 4. as at January 31, 2002, there were 89,546,699 Quest Shares and no shares of preferred stock issued and outstanding;

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5. it provides application and database management software solutions and carries on business in Canada through indirect wholly-owned subsidiaries, including FastLane;
6. FastLane is continued under the *Canada Business Corporations Act*, is not a reporting issuer under the Act, and is not a reporting issuer or the equivalent under the securities legislation of any other province or territory in Canada;
7. BB4 is incorporated under the *Canada Business Corporations Act*, is not a reporting issuer under the Act, and is not a reporting issuer or the equivalent under the securities legislation of any other province or territory in Canada;
8. prior to the acquisition by FastLane of all of the outstanding shares of BB4 (the Acquisition), BB4 had less than 50 securityholders (excluding holders who were present or former employees of BB4 or one of its affiliates);
9. under the Purchase Agreement, the former shareholders of BB4 received cash consideration and the right to receive additional payments and/or Quest Shares in exchange for their BB4 shares;
10. except as described in paragraph 13 below, the Acquisition is exempt from:
 - (a) the Registration and Prospectus Requirements under sections 45(2)(24) and 74(2)(21) of the Act; and
 - (b) the take-over bid requirements in sections 105 to 110 of the Act under section 98(1)(d) of the Act;
11. only one resident of British Columbia (the BC Resident) is entitled to receive Quest Shares under the Purchase Agreement;
12. the Acquisition and any distribution of Quest Shares under the Purchase Agreement will be made in compliance with applicable corporate and securities laws of the United States of America;
13. no exemptions are available from the Registration and Prospectus Requirements for the distribution of Quest Shares to the BC Resident, since the Quest Shares will be issued by Quest and not FastLane;
14. holders of Quest Shares who are resident in British Columbia will receive all of the same continuous disclosure material that is provided to holders of Quest Shares resident in the United States of America; and

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15. there is no present or anticipated market in Canada for the Quest Shares.

Order

- ¶ 3 Because it is not prejudicial to the public interest, the Executive Director orders:
1. under sections 48 and 76 of the Act, that intended trades in Quest Shares under the Purchase Agreement to the BC Resident are exempt from the Registration and Prospectus Requirements, provided that Quest:
 - (a) provides the BC Resident with a copy of this order; and
 - (b) files a Form 45-902F on or before the 10th day after the distribution of the Quest Shares to the BC Resident; and
 2. under section 76 of the Act, any trade in the Quest Shares acquired under this order is deemed to be a distribution, unless the conditions in section 2.14 of Multilateral Instrument 45-102 *Resale of Securities* are satisfied.

¶ 4 April 12, 2002

Derek E. Patterson
Acting Director