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Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief granted from the registration requirement for trades by permitted transferees in securities under option and incentive plans of a BC reporting issuer with de minimus connection to BC, subject to certain conditions – relief from issuer bid requirements for stock swap exercises under option and incentive plans

Applicable British Columbia Provisions

Securities Act – ss. 48 and 114(2)(c)

Multilateral Instrument 45-102 *Resale of Securities* – s. 2.6(3) or (4)

IN THE MATTER OF THE SECURITIES LEGISLATION OF ONTARIO, BRITISH COLUMBIA, ALBERTA AND NEW BRUNSWICK

AND

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

AND IN THE MATTER OF VERITAS SOFTWARE CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of Ontario, British Columbia, Alberta and New Brunswick (the “Jurisdictions”) has received an application from VERITAS Software Corporation (“VERITAS” or the “Company”) for a decision pursuant to the securities legislation of the Jurisdictions (the “Legislation”) that (i) the dealer registration requirement contained in the Legislation (the “Registration Requirement”) and the prospectus requirement contained in the Legislation (the “Prospectus Requirement”) (the Registration Requirement and the Prospectus Requirement are, collectively, the “Registration and Prospectus Requirements”) will not apply to certain trades in securities of VERITAS made in connection with the VERITAS Software Corporation 1993 Equity Incentive Plan (the “EIP”), the VERITAS Software Corporation 1993 Employee Stock Purchase Plan (the “1993 ESPP”) and the VERITAS Software Corporation 2002 International Employee Stock Purchase Plan (the “2002 International ESPP”; the 1993 ESPP and the 2002 International ESPP are, collectively the “ESPPs” and the EIP and the ESPPs are, collectively, the “Plans”); (ii) the Registration and Prospectus Requirements will not apply to first trades of Shares (as defined below) acquired under the Plans made through an exchange or market outside of Canada or to a person or company outside of Canada; and (iii) the requirements contained in the Legislation relating to the delivery of an offer and issuer bid circular and any notices of change or

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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, collateral benefits, together with the requirement to file a reporting form within ten (10) days of an exempt issuer bid and pay a related fee (the “Issuer Bid Requirements”) will not apply to certain acquisitions by the Company of Shares pursuant to the Plans in each of the Jurisdictions;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS VERITAS has represented to the Decision Makers as follows:

1. VERITAS is presently a corporation in good standing incorporated under the laws of the State of Delaware.
2. VERITAS and affiliates of VERITAS (the “VERITAS Affiliates”) (VERITAS and the VERITAS Affiliates are, collectively, the “VERITAS Companies”) provide essential storage software solutions that enable customers to protect and access their business-critical data.
3. VERITAS is registered with the SEC in the U.S. under the U.S. Securities Exchange Act of 1934 (the “Exchange Act”) and is not exempt from the reporting requirements of the Exchange Act pursuant to Rule 12g 3-2.
4. On or about June 1, 1999, VERITAS completed the acquisition of TeleBackup Systems Inc. (“TeleBackup”) in exchange for approximately 1.6 million Shares. The acquisition of TeleBackup by VERITAS (the “TeleBackup Transaction”) was structured as a plan of arrangement involving VERITAS, TeleBackup, VERITAS Holding Corporation and certain other of the VERITAS Affiliates (defined below). An application for discretionary relief was submitted by VERITAS and TeleBackup to certain regulatory authorities in Canada in connection with the TeleBackup Transaction and an MRRS Decision document dated June 1, 1999 was rendered by such regulators.
5. VERITAS became a reporting issuer in British Columbia on June 1, 1999 as a result of the TeleBackup Transaction and has remained a reporting issuer in British Columbia since that date. VERITAS is not a reporting issuer in any of the other Jurisdictions and has no present intention of becoming a reporting issuer in any of the other Jurisdictions.

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6. The authorized share capital of VERITAS consists of: 2,000,000,000 shares of common stock ("Shares") and 10,000 shares of preferred stock ("Preferred Shares"). As of March 18, 2002, there were 408,555,769 Shares and no Preferred Shares issued and outstanding.
7. The Shares are quoted on the NASDAQ (the "Nasdaq") under the ticker symbol "VRTS".
8. VERITAS uses the services of agents/brokers in connection with the operation of the Plans (each an "Agent"). E*Trade Canada Securities Corporation ("E*Trade Canada") and E*Trade Securities, Inc. ("E*Trade US") has each been appointed as an Agent under the Plans. E*Trade Canada is registered to conduct retail trades in securities in both of the Jurisdictions, however, E*Trade US is not so registered. E*Trade US is registered to conduct retail trades under applicable U.S. securities or banking legislation. Any other Agent appointed in addition to, or in replacement of, E*Trade Canada or E*Trade US will be a registrant to conduct retail trades in the Jurisdictions or a corporation registered to conduct retail trades under applicable U.S. securities or banking legislation and will be authorized by VERITAS to provide services as an Agent under the Plans.
9. The role of the Agent may include: (a) disseminating information and materials to Participants (as defined below) in connection with the Plans; (b) assisting with the administration of and general record keeping for the Plans; (c) holding Shares on behalf of Participants, Former Participants (as defined below) and Permitted Transferees (as defined below) in limited purpose brokerage accounts; (d) facilitating Option (as defined below) exercises (including cashless exercises) under the Plans; (e) facilitating the payment of withholding taxes, if any, by cash or the tendering or withholding of Shares; (f) facilitating the reacquisition of Awards (as defined below) under the terms of the Plans; and (g) facilitating the resale of Shares issued in connection with the Plans.
10. The purpose of the EIP is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the VERITAS Companies, by offering them an opportunity to participate in the Company's future performance through grants of Awards.
11. The purpose of the ESPPs is to provide Employees designated by the Board (as defined below) as eligible to participate in the ESPPs with a convenient means of acquiring an equity interest in the Company through payroll deductions, to enhance such Employees' sense of participation in the affairs of

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the VERITAS Companies, and to provide an incentive for continued employment.

12. Subject to adjustment as described in the Plans and increases made in accordance with U.S. law, the maximum number of Shares that may be issued pursuant to the Plans is: under the 1993 ESPP, 1,000,000 Shares; and, in the aggregate, under the 2002 International ESPP, the 1993 ESPP and the VERITAS Software Corporation 2002 Employee Stock Purchase Plan (the "2002 ESPP") (which is not offered to employees in Canada), 21,893,518 Shares. Share issuances under the 1993 ESPP and the 2002 ESPP shall reduce on a Share-for-Share basis the number of Shares issued under the 2002 International ESPP, and annually, in January, the aggregate number of Shares available for purchase under the 2002 International ESPP and the 2002 ESPP shall automatically be increased by 1% of the Shares outstanding as of December 31 of the immediately preceding calendar year, but in no event shall such number exceed 600,000 Shares per year subject to periodic adjustments permitted under the 2002 International ESPP; and under the EIP, as of May 27, 1999, 20,000,000 Shares were reserved for issuance, plus an annual increase of 4.5% of the Shares outstanding as of December 31 of the immediately preceding calendar year, but in no event shall such number exceed 8,000,000 Shares per year, plus any additional Shares issuable under certain prior plans of VERITAS. Since May 27, 1999, there have been three stock splits that affected the number of Shares available: On July 8, 1999, there was a 2-for-1 stock split; on November 19, 1999, there was a 3-for-2 stock split; and on March 3, 2000, there was a 3-for-2 stock split.
13. All necessary securities filings have been made in the U.S. in order to offer the Plans to Participants resident in the U.S.
14. The EIP permits grants of: (a) options on Shares ("Options"); (b) restricted stock awards ("Restricted Stock Awards"); and (c) stock bonuses ("Stock Bonuses"); (Shares, Options, Restricted Stock Awards, Stock Bonuses are, collectively, "Awards") to employees ("Employees"), non-employee directors ("Directors") and consultants ("Consultants") (Employees, Directors and Consultants are, collectively, "Participants") of the VERITAS Companies.
15. Under the ESPPs, Employees are offered an opportunity to purchase Shares by means of applying accumulated payroll deductions at a discounted price determined in accordance with the terms of the ESPPs.
16. As of May 31, 2002, there were 55 persons in Canada eligible to receive Awards under or participate in the Plans: 10 persons resident in British

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Columbia; 3 persons resident in Alberta; 2 persons resident in New Brunswick; 35 persons resident in Ontario, and; 5 persons resident in Quebec.

17. Employees eligible to participate in the Plans will not be induced to purchase Shares or to exercise Awards by expectation of employment or continued employment.
18. Officers of the VERITAS Companies who participate in the Plans will not be induced to purchase Shares or to exercise Awards by expectation of appointment or employment or continued appointment or employment as an officer.
19. Consultants who participate in the EIP will not be induced to exercise Options by expectation of the individual Consultant, the Consultant's company or the Consultant's partnership being engaged or continuing to be engaged as a Consultant.
20. The Plans are administered by a committee (the "Committee") appointed by the board of directors of VERITAS (the "Board").
21. It is anticipated that Consultants (as used herein, "consultant" includes a "consultant company" as defined in the OSC Rule 45-503) who will be granted Awards under the EIP, to the extent permitted, will: (a) provide technical, business, management or other services to the VERITAS Companies (other than services relating to the sale of securities or promotional/investor relations services); (b) provide consulting services to the VERITAS Companies under a written contract; (c) have a relationship with the VERITAS Companies that will permit them to be knowledgeable about the business affairs of the VERITAS Companies; and (d) will spend a significant amount of time and attention on the affairs and business of one or more of the VERITAS Companies.
22. Following the termination of a Participant's relationship with the VERITAS Companies for reasons of disability, retirement, termination, change of control or any other reason (such Participants are "Former Participants"), and where Awards have been transferred by will or pursuant to a beneficiary designation or the laws of intestacy or otherwise on the death of a Participant (beneficiaries of such Awards are "Permitted Transferees"), the Former Participants and Permitted Transferees will continue to have rights in respect of the Plans ("Post-Termination Rights").

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23. Post-Termination Rights may include, among other things, (a) the right to exercise Awards for a period determined in accordance with the EIP; and (b) the right to sell Shares acquired under the Plans through the Agent.
24. Post-Termination Rights will only be available if the Awards or rights to which they relate were granted to the Participant while the Participant was a service provider and no new Awards or rights will be granted to Former Participants under the Plans.
25. Among other payment methods, the EIP provides that payment for Shares acquired pursuant to the EIP may be made: (a) in cash; (b) in the case of an Option exercise, by a cashless exercise method; (c) in the case of an Option exercise, by a margin commitment; (d) in the case of an Option exercise, by the retention of a number of Shares by the Company from the total number of Shares into which the Option is exercised; or (e) by a combination of the foregoing.
26. Options may be forfeited by EIP Participants to the extent such Options are not exercised within the time period prescribed under the EIP or where the EIP Participant's relationship with VERITAS is terminated or where Options are cancelled on a merger or sale of assets or on the dissolution or liquidation of VERITAS ("Option Cancellations").
27. Under the EIP, the Committee may (i) reserve to itself a right in the Award Agreement (as such term is defined in the EIP) to repurchase a portion of or all Shares which have not yet vested that are held by a Participant following such Participant's Termination (as such term is defined in the EIP) at any time within ninety (90) days after the later of Participant's Termination Date (as such term is defined in the EIP) and the date a Participant purchases Shares under the EIP, for cash and/or cancellation of purchase money indebtedness, at the Participant's Exercise Price or Purchase Price, as the case may be; (ii) at any time, with the consent of a Participant, authorize to issue new Awards in exchange for the surrender and cancellation of any or all outstanding Awards; and (iii) may buy out for a payment in cash or Shares or other consideration, an Award previously granted on terms and conditions determined by the Committee (collectively, such transactions are "Award Buyouts").
28. VERITAS shall have the right to deduct applicable taxes from any payment under the Plans by withholding, at the time of delivery or vesting of cash or Shares under the Plans, an appropriate amount of cash or Shares ("Share Withholding Exercises"; collectively, Share Withholding Exercises, Stock Swap Exercises and Option Cancellations are "Award Acquisitions") or a combination thereof for a payment of taxes required by law or to take such

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other action as may be necessary in the opinion of VERITAS or the Committee to satisfy all obligations for the withholding of such taxes

29. The annual reports, proxy materials and other materials VERITAS is required to file with the SEC will be provided to Canadian Participants at the same time and in the same manner as the documents are provided or made available to U.S. Participants.
30. Canadian shareholders do not own, directly or indirectly, more than 10% of the issued and outstanding Shares and do not represent in number more than 10% of the shareholders of VERITAS. If at any time during the currency of the Plans Canadian shareholders of VERITAS hold, in aggregate, greater than 10% of the total number of issued and outstanding Shares or if such shareholders constitute more than 10% of all shareholders of VERITAS, VERITAS will apply to the relevant Jurisdiction for an order with respect to further trades to any by Participants, Former Participants and Permitted Transferees in that Jurisdiction in respect of Shares acquired under the Plans.
31. Participants, Former Participants or Permitted Transferees may exercise Awards and sell Shares acquired under the Plans through an Agent.
32. Because there is no market for the Shares in Canada and none is expected to develop, any resale of the Shares acquired under the Plans will be effected through the facilities of, and in accordance with the rules and laws applicable to, a stock exchange or organized market outside of Canada on which the Shares may be listed or quoted for trading.
33. The Legislation of certain of the Jurisdictions does not contain exemptions from the Prospectus and Registration Requirements for Award exercises by Participants, Former Participants or Permitted Transferees through the Agent where the Agent is not a registrant.
34. Where the Agent sells Shares on behalf of Participants, Former Participants or Permitted Transferees, the Participants, Former Participants, Permitted Transferees or the Agent may not be able to rely on the exemptions from the Prospectus and Registration Requirements contained in the Legislation.
35. The acquisition by VERITAS of Awards pursuant to the Award Acquisitions may be an issuer bid as defined in the Legislation. The exemptions in the Legislation from the Issuer Bid Requirements may not be available for these acquisitions by the Company of its Shares from Participants, Former Participants or Permitted Transferees in accordance with the terms of the Plans, since these acquisitions may occur at a price that is not calculated in

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accordance with the “market price”, as that term is defined in the Legislation and may be made from persons other than Participants or former Participants.

AND WHEREAS pursuant to the System, this 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 Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that:

- (a) the Registration and Prospectus Requirements will not apply to any trade or distribution of Awards made in connection with the Plans, including trades and distributions involving the VERITAS Companies the Agents, Participants, Former Participants, and Permitted Transferees, provided that the first trade in Shares acquired through the Plans pursuant to this Decision will be deemed a distribution under the Legislation unless the conditions in Subsection 2.6(3) or (4) of Multilateral Instrument 45-102 are satisfied;
- (b) the first trade by Participants, Former Participants or Permitted Transferees in Shares acquired pursuant to this Decision, including first trades effected through the Agent, shall not be subject to the Registration and Prospectus Requirements, provided the conditions in Subsection 2.6(3) or (4) of Multilateral Instrument 45-102 are satisfied; and
- (c) the Issuer Bid Requirements shall not apply to the acquisition by VERITAS of Awards from Participants, Former Participants or Permitted Transferees in connection with the Plans provided such acquisitions are made in accordance with the provisions of the Plans.

DATED this 10th day of January, 2003.

Howard I. Wetston

Theresa McLeod