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May 14, 2008

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Securities Act s. 91 Insiders - Continuous Disclosure (Insider Reports) - An issuer wants relief from the requirement to file insider reports for its insiders - The insider does not make a discrete investment decision for the disposition; participating insiders do not control or influence the timing of the dispositions of the underlying shares under the automatic plan; dispositions of the underlying shares occur automatically at pre-determined regular intervals; the disposition is not a specified disposition of securities

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 87, 91

In the Matter of
the Securities Legislation of
British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova
Scotia, New Brunswick and Newfoundland and Labrador
(the “Jurisdictions”)

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Application

and

In the Matter of
Royal Bank of Canada
(the “Bank”)

MRRS Decision Document

Background

The local securities regulatory authority or regulator (the “Decision Maker”) in each of the Jurisdictions has received an application from the Bank for a decision pursuant to the securities legislation of the Jurisdictions (the “Legislation”) for exemptive relief, subject to certain conditions, from insider reporting requirements contained in the Legislation in respect of the sale of common shares of the Bank by certain insiders of the Bank pursuant to an automatic securities purchase and disposition plan.

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Under the Mutual Reliance Review System for Exemptive Relief Applications,

- (a) the Autorité des marchés financiers du Québec is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in *Regulation 14-101 respecting Definitions* (and elsewhere, National Instrument 14-101 *Definitions*) have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Bank:

1. The Bank is a Schedule I Canadian chartered bank incorporated under the *Bank Act* (Canada).
2. The Bank is a reporting issuer in each jurisdiction where such concept exists.
3. The Bank's head office located at 1 Place Ville Marie, Montréal, Québec, and its corporate headquarters are located at 200 Bay Street, Toronto, Ontario.
4. The authorized share capital of the Bank includes an unlimited number of common shares.
5. The Bank's common shares trade on the Toronto, New York and Swiss stock exchanges.
6. The Bank has adopted an Automatic Exercise of Options Program (the "Program"), the parameters for which are set out in a written procedures document. Under the Program:
 - (a) directors of the Bank who hold options granted under the Bank's Director Stock Option Plan (the "Director Plan"), which plan has been discontinued, may participate in the Program ("Eligible Directors");
 - (b) those officers of the Bank who hold or are in the future granted Options under the Bank's Employee Stock Option Plan (the "Employee Plan") and who are determined by the Human Resources Committee of the Board of

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Directors of the Bank to be eligible to participate in the Program may participate in the Program (“Eligible Officers”);

- (c) Eligible Directors and Eligible Officers who elect to participate in the Program (collectively, “Participating Insiders”) may choose to have options (“Options”) awarded to them under a specific grant (a “Grant”) made pursuant to the Directors Plan or the Employee Plan, as applicable, automatically exercised in pre-determined regular quarterly instalments over a designated period of time (provided that, at such times, the exercise price of such Options is less than the market price of the Underlying Shares), in which case such Participating Insiders will, in effect, automatically purchase the common shares underlying such Options (the “Underlying Shares”);
- (d) upon the automatic exercise of Options and the consequent automatic purchase of Underlying Shares, some of the Underlying Shares may be automatically sold in the market to cover withholding taxes payable upon exercise of the Options and other incidental costs related to such sale, such as brokerage commissions, which sales constitute “specified dispositions of securities” (“Specified Dispositions”) as contemplated under section 5.4 of National Instrument 55-101 – *Insider Reporting Exemptions* (“NI 55-101”);
- (e) in addition to Underlying Shares sold pursuant to Specified Dispositions, Participating Insiders may also elect to have some or all of the Underlying Shares issued to them upon exercise automatically sold in the market, which dispositions do not qualify as “specified dispositions of securities” as contemplated under section 5.4 of NI 55-101 (“Non-Specified Dispositions”);
- (f) all elections made by a Participating Insider with respect to the automatic exercise of Options (and consequent purchase of Underlying Shares) and the automatic sale of Underlying Shares (including both Specified Dispositions and Non-Specified Dispositions):
 - (i) are irrevocable and may not be amended;
 - (ii) will not be terminated until, in the case of an Eligible Director, 90 days after the director ceases to be a director of the Bank and, in the case of an Eligible Officer, such officer ceases to be an employee of the Bank;

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- (iii) must be made by the Participating Insider during a period designated by the Bank as an open trading window period; and
 - (iv) must not be made when the Participating Insider is in possession of material undisclosed information in relation to the Bank;
 - (g) once an election is made in respect of a Grant, neither the Bank nor any service provider retained by the Bank in respect of the Program may consult with any Participating Insider regarding the timing of the exercise of Options or the disposition of Underlying Shares. Under the Program, no Participating Insider may disclose to any individual any information concerning the Bank that is intended to or could influence the timing of exercise of Options or the disposition of Underlying Shares;
7. The Program is an automatic securities purchase plan, or an “ASPP”, as contemplated by the definition thereof in NI 55-101, which foresees an automatic securities disposition plan, or an “ASDP”.
 8. Participating Insiders are expected to avail themselves of the insider reporting exemptions provided for, and comply with the alternative reporting requirements prescribed by, Part 5 of NI 55-101 in respect of the automatic purchase of Underlying Shares upon the automatic exercise of Options and in respect of Specified Dispositions.

Decision

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 under the Legislation is that the Insider Reporting Requirements shall not apply to a Participating Insider in respect of Non-Specified Dispositions made pursuant to the Program provided that:

1. each Participating Insider must file a report, in the form prescribed by the Insider Reporting Requirements, disclosing on a transaction-by-transaction basis or in acceptable summary form, each Non-Specified Disposition of Underlying Shares under the Program that has not been previously disclosed by or on behalf of the Participating Insider during a calendar year within 90 days of the end of the calendar year; and
2. such exemption is not available to a Participating Insider that has direct or indirect beneficial ownership of, control or direction over, or a combination of direct or indirect beneficial ownership of, and control or direction over,

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securities of the Bank carrying more than 10 percent of the voting rights attached to all of the Bank's outstanding voting securities.

Josée Deslauriers
Director of Capital Markets