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April 9, 2008

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – National Instrument 44-101 *Short Form Prospectus Distributions*, s. 8.1 – Qualification criteria and earnings coverage disclosure - Qualification - An issuer wants relief from the qualification criteria in NI 44-101 so it can file a short form prospectus - The issuer is a trust, all of whose voting securities are owned by a bank; the bank is qualified to file a short form prospectus under NI 44-101; the short form prospectus will qualify debt securities that entitle the holders to receive fixed distributions; the distributions are based on dividends paid on securities of the bank, which provides an undertaking relating to its dividend payments; the continuous disclosure materials of the bank will be incorporated by reference into the short form prospectus

Securities Act, s. 169 – Confidentiality – An applicant wants to keep an application and order confidential for a limited amount of time after the order is granted. – The record provides intimate financial, personal or other information; the disclosure of the information before a specific transaction would be detrimental to the person affected; the information will be made available after a specific date

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 11(1) and 169(4)

National Instrument 44-101, Part 2, s. 8.1, Items 6 and 11 of Form 44-101F1

In the Matter of
the Securities Legislation of
British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New
Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador,
Northwest Territories, Nunavut and Yukon
(collectively, the “Jurisdictions”)

and

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

and

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In the Matter of
Royal Bank of Canada and RBC Capital Trust

MRRS Decision Document

Background

The local securities regulatory authority or regulator (the “Decision Maker” and, collectively, the “Decision Makers”) in each of the Jurisdictions has received an application (the “Application”) from Royal Bank of Canada (the “Bank”) and RBC Capital Trust (the “Trust”) (collectively, the “Filers”) for a decision (the “Requested Relief”), pursuant to the securities legislation of the Jurisdictions (the “Legislation”), that:

- A. The Trust be exempted from the following requirements of the Legislation in connection with offerings of non-convertible Trust Capital Securities (as defined herein):
 - (i) the requirements of Part 2 of National Instrument 44-101 *Short form Prospectus Distributions* (“NI 44-101”), which set forth the eligibility requirements to enable an issuer to file a prospectus in the form of a short form prospectus; and
 - (ii) the disclosure requirements in Item 6 (Earnings Coverage Ratios) and Item 11 (Documents Incorporated by Reference), with the exception of Item 11.1(1)5 of Form 44-101 F1 of NI 44-101 (“Form 44-101 F1”) in respect of the Trust;
- B. the Trust is qualified to file a prospectus in the form of a short form prospectus in accordance with NI 44-101; and
- C. the Application and this MRRS decision document be held in confidence by the Decision Makers, subject to certain conditions.

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

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Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

- “Automatic Exchange” means the automatic exchange, without the consent of the holders, of each RBC TruCS – Series 2008-1 into First Preferred Shares of the Bank, upon the occurrence of a Loss Absorption Event.
- “Bank Act” means the Bank Act (Canada).
- “Superintendent” means the Superintendent of Financial Institutions (Canada).
- “SEDAR” means the System for Electronic Document Analysis Retrieval.
- “Trust Securities” means collectively the Special Trust Securities and the Trust Capital Securities.
- “Trustee” means Royal Trust Company.

Representations

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

The Bank

1. The Bank is a Schedule I Bank under the Bank Act and such act is its charter and governs its operations. The head office of the Bank is located in Montreal, Quebec.
2. The authorized share capital of the Bank consists of an unlimited number of: (i) common shares (“Bank Common Shares”); (ii) an unlimited number of First Preferred Shares without nominal or par value that may be issued for a maximum aggregate consideration of \$20 billion; and (iii) an unlimited number of Second Preferred Shares without nominal or par value that may be issued for a maximum aggregate consideration of \$5 billion (collectively the “Bank Preferred Shares”).
3. The Bank Common Shares are listed on the Toronto Stock Exchange, the New York Stock Exchange and the Swiss Exchange.
4. The Bank is a reporting issuer, or the equivalent, in each jurisdiction where such concept exists and is not, to its knowledge, in default of any requirement

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under the Legislation. The Bank is qualified to use the short form prospectus system provided under NI 44-101.

The Trust

5. The Trust is a closed-end trust established under the laws of the Province of Ontario pursuant to a declaration of trust made as of July 24, 2000 of the Trustee, as amended and restated and supplemented from time to time (the “Declaration of Trust”). The Trust completed public offerings of: (i) \$650 million of Trust Capital Securities – Series 2010 (“RBC TruCS – Series 2010”) pursuant to a prospectus in July 2000, (ii) \$ 750 million of Trust Capital Securities – Series 2011 (“RBC TruCS – Series 2011”) pursuant to a prospectus in November 2000, and (iii) \$ 1.2 billion of Trust Capital Securities – Series 2015 (“RBC TruCS – Series 2015”) pursuant to a prospectus in October 2005 (collectively, the “Previous Offerings”). The Trust is proposing to offer a fourth series of trust capital securities (“Trust Capital Securities”) to the public pursuant to a prospectus (the “Offering”). Upon completion of the Offering, the authorized capital of the Trust will consist of: (i) an unlimited number of RBC TruCS – Series 2010; (ii) an unlimited number of RBC TruCS – Series 2011; (iii) an unlimited number of RBC TruCS – Series 2015, (iv) an unlimited number of Trust Capital Securities – Series 2008-1 (“RBC TruCS – Series 2008-1”) and (v) an unlimited number of special trust securities (the “Special Trust Securities”).
6. The business objective of the Trust is to acquire and hold assets (“Trust Assets”) primarily from the Bank or its affiliates which may consist of: (a) undivided co-ownership interests in one or more pools of Canada Mortgage and Housing Corporation (“CMHC”) insured first mortgages on residential property situated in Canada; (b) certain mortgage-backed securities; (c) CMHC – insured first mortgage on residential property; and (d) to the extent that the proceeds of the assets of the Trust are not invested in the assets referred to above in (a), (b) or (c), money and certain debt obligations that are qualified investments under the *Income Tax Act* (Canada) for trusts governed by certain deferred income plans.
7. The Trust is a reporting issuer , or the equivalent, in each jurisdiction where such concept exists and is not, to its knowledge, in default of any requirement under the Legislation. The head office of the Trust is located in Toronto, Ontario.
8. All of the Special Trust Securities of the Trust are held by the Bank. The Trust may, from time to time, issue further series of Trust Capital Securities having terms substantially similar to the RBC TruCS – Series 2010, RBC

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TruCS – Series 2011, RBC TruCS – Series 2015 and the RBC TruCS – Series 2008-1.

9. The RBC TruCS – Series 2008-1 will be non-voting securities of the Trust (except in limited circumstances where holders can vote if changes to the terms of the RBC TruCS – Series 2008-1 are made), which have the attributes described below under “RBC TruCS – Series 2008-1”). The Special Trust Securities are voting securities of the Trust.
10. The Trust was established for the purpose of effecting offerings of Trust Securities in order to provide the Bank with a cost effective means of raising capital for Canadian financial institutions regulatory purposes by means of: (i) creating and selling the Trust Securities; and (ii) acquiring and holding assets which, on completion of the Offering, will consist primarily of the Trust Assets acquired by the Trust with the proceeds of the offerings of the Trust Capital Securities. The Trust Assets will generate income for distribution to holders of the Trust Securities. The Trust does not, and will not, carry on any operating activity other than in connection with the Previous Offerings, the Offering of the RBC TruCS – Series 2008-1 and any future offerings.
11. On May 8, 2001, the Decision Makers granted an MRRS Decision Document to the Bank and the Trust (the “Continuous Disclosure Relief”) exempting the Trust from most of the continuous disclosure requirements under the Legislation upon certain conditions, including that the Bank provide its financial statements to holders of Trust Capital Securities and file its financial statements and Annual Information Form (“AIF”) on the Trust’s SEDAR profile.
12. On March 31, 2008, the Trust filed a notice declaring its intention to file a short form prospectus in accordance with section 2.8 of NI-44-101 and such notice has not been withdrawn.

RBC TruCS – Series 2008-1

13. The RBC TruCS – Series 2008-1 will pay a fixed non-cumulative distribution (the “Indicated Distribution”) on the last day of June and December in each year. Each semi-annual payment date for the Indicated Distribution in respect of the RBC TruCS – Series 2008-1 (a “Distribution Date”) will be either a Regular Distribution Date or a Distribution Diversion Date. A Distribution Date will be a “Distribution Diversion Date” with the result that the Indicated Distribution will not be paid in respect of the RBC TruCS – Series 2008-1 but, instead, the Trust will pay the net distributable funds of the Trust to the Bank as holder of the Special Trust Securities if: (i) the Bank has failed in the period

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to be described in the prospectus for the RBC TruCS – Series 2008-1 (the “Prospectus”) to declare regular dividends on the Bank Preferred Shares of any series; or (ii) no Bank Preferred Shares are then outstanding, the Bank has failed in the period to be described in the Prospectus to declare regular dividends on the Bank Common Shares. In all other cases, a Distribution Date will be a Regular Distribution Date, in which case holders of RBC TruCS – Series 2008-1 will be entitled to receive the Indicated Distribution and the Bank, as holder of the Special Trust Securities, will be entitled to receive the net distributable income, if any, of the Trust remaining after payment of the Indicated Distribution. The Bank Preferred Shares and the Bank Common Shares are hereinafter collectively referred to as the “Bank Dividend Restricted Shares”.

14. Under a share exchange agreement to be entered into among the Bank, the Trust and a party acting as exchange trustee (the “Series 2008-1 Share Exchange Agreement”), the Bank will agree, for the benefit of the holders of RBC TruCS – Series 2008-1, that in the event that the Trust fails on any Regular Distribution Date to pay the Indicated Distribution on the RBC TruCS – Series 2008-1 in full, the Bank will not pay dividends on the Bank Dividend Restricted Shares until a specified period of time has elapsed, unless the Trust first pays such Indicated Distribution (or the unpaid portion thereof) to holders of RBC TruCS – Series 2008-1 (the “Dividend Stopper Undertaking”). Accordingly, it is in the interest of the Bank to ensure, to the extent within its control, that the Trust complies with the obligation to pay the Indicated Distribution on each Regular Distribution Date.
15. Pursuant to the Automatic Exchange, each RBC TruCS – Series 2008-1 will be automatically exchanged, without the consent of the holder, for newly issued First Preferred Shares of the Bank upon the occurrence of certain stated events relating to the solvency of the Bank or actions taken by the Superintendent in respect of the Bank.
16. The Trust may, subject to regulatory approval, on June 30, 2013 and on each Distribution Date thereafter, redeem the RBC TruCS – Series 2008-1. The price payable in respect of any such redemption will include an early redemption compensation component (such price being the “Early Redemption Price”) in the event of a redemption prior to June 30, 2018 (the “Early Redemption Date”). The price payable in all other cases will be \$1,000 per RBC TruCS – Series 2008-1 together with any unpaid Indicated Distribution thereon (the “Redemption Price”).
17. Upon the occurrence of certain regulatory or tax events affecting the Bank or the Trust (a “Special Event”), the Trust may, subject to regulatory approval,

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redeem at any time all but not less than all of the RBC TruCS – Series 2008-1 at the Early Redemption Price (if the RBC TruCS – Series 2008-1 are redeemed prior to the Early Redemption Date) and at the Redemption Price (if the RBC TruCS - Series 2008-1 are redeemed on or after the Early Redemption Date).

18. The Bank will covenant under the RBC TruCS – Series 2008-1 that the Bank will maintain direct ownership of 100% of the outstanding Special Trust Securities.
19. As long as any RBC TruCS – Series 2008-1 are outstanding and are held by any person other than the Bank, the Trust may only be terminated with the approval of the Bank as the holder of the Special Trust Securities and with the approval of the Superintendent: (i) upon the occurrence of a Special Event (to be described in the Prospectus) prior to June 30, 2013; or (ii) for any reason on June 30, 2013 or any Distribution Date thereafter. Holders of each series of outstanding Trust Securities will rank *pari passu* in the distribution of the property of the Trust in the event of a termination of the Trust after the discharge of any creditor claims. As long as any RBC TruCS – Series 2008-1 are outstanding and held by any person other than the Bank, the Bank will not approve the termination of the Trust unless the Trust has sufficient funds to pay the Early Redemption Price in the case of a termination prior to the Early Redemption Date, or the Redemption Price in the case of a termination at any other time.
20. The RBC TruCS – Series 2008-1 will be non-voting except in limited circumstances. The Special Trust Securities will entitle the holder thereof (i.e. the Bank) to vote.
21. Except to the extent that the Indicated Distribution is payable to holders of RBC TruCS – Series 2008-1, and other than in the event of a termination of the Trust, the RBC TruCS – Series 2008-1 holders will have no claim or entitlement to the income of the Trust or the assets held by the Trust.
22. Pursuant to an administration and advisory agreement entered into between the Trustee and the Bank, the Trustee has delegated to the Bank certain of its obligations in relation to the administration of the Trust. The Bank, as advisor and administrative agent, provides advice and counsel with respect to the management of the Trust Assets and administers the day-to-day operations of the Trust and provides other advice or counsel as may be requested by the Trustee from time to time.

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23. It is expected that the RBC TruCS – Series 2008-1 will receive an approved rating from an approved rating organization, as defined in NI 44-101.
24. Subject to the Superintendent approval, the proceeds of the Offering will be included in the Tier 1 capital of the Bank.
25. At the time of the filing of any prospectus in connection with offerings of Trust Capital Securities (including the Offering):
 - (i) the Trust Capital Securities will be non-convertible within the meaning of NI 44-101;
 - (ii) the prospectus will be prepared in accordance with the short form prospectus requirements of NI 44-101, except as varied by this Decision or as permitted by the Legislation;
 - (iii) the Trust will comply with all of the filing requirements and procedures set out in NI 44-101 except as varied by this Decision or as permitted by the Legislation;
 - (iv) the prospectus will incorporate by reference the documents that would be required to be incorporated by reference under Item 11 of Form 44-101F1 if the Bank were the issuer of such securities;
 - (v) the Bank will satisfy each of the conditions in section 2.2 of NI 44-101;
 - (vi) the prospectus disclosure required by Item 11 (other than Item 11.1(1)5) of Form 44-101F1 of NI 44-101 in respect of the Trust will be addressed by incorporating by reference the Bank's public disclosure documents referred to in paragraph 25(iv) above; and
 - (vii) the Continuous Disclosure Relief, as amended, supplemented or replaced from time to time, is in effect.

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 Requested Relief is granted, provided that:

- (i) the Trust and the Bank, as applicable, comply with paragraph 25 above;

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- (ii) the Bank remains the direct or indirect beneficial owner of all of the outstanding Special Trust Securities;
- (iii) the Bank, as holder of the Special Trust Securities, will not propose changes to the terms and conditions of any outstanding Trust Capital Securities offered and sold pursuant to a short form prospectus of the Trust filed under this decision that would result in such Trust Capital Securities being exchangeable for securities other than First Preferred Shares of the Bank;
- (iv) the Trust is not required to, and does not, file its own AIF and annual financial statements in a Jurisdiction;
- (v) the Trust has minimal assets, operations, revenues or cash flows other than those related to the issuance, administration and repayment of the Trust Capital Securities;
- (vi) the Trust issues a news release and files a material change report in accordance with Part 7 of the NI 51-102, as amended, supplemented or replaced from time to time, in respect of any material change in the affairs of the Trust that is not also a material change in the affairs of the Bank;
- (vii) if the Trust files a preliminary short form prospectus more than 90 days after the end of the most recently completed financial year end of the Bank, the Bank has filed audited financial statements for that year;
- (viii) the Trust is an electronic filer under National Instrument 13-101;
- (ix) the Trust is a reporting issuer in at least one Jurisdiction of Canada;
- (x) the Trust has filed with the securities regulatory authority in each Jurisdiction in which it is a reporting issuer all periodic and timely disclosure documents that it is required to have filed in that Jurisdiction: (a) under applicable securities legislation; (b) pursuant to an order issued by the securities regulatory authorities; or (c) pursuant to an undertaking to the securities regulatory authorities; and
- (xi) the securities to be distributed: (a) have received an approved rating on a provisional basis; (b) are not the subject of announcement by an approved rating organization, of which the Trust is or ought reasonably to be aware, that the approved rating given by the organization is to be

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downgraded to a rating category that would not be an approved rating;
and (c) have not received a provisional or final rating lower than an
approved rating from any approved rating organization.

Marie-Christine Barrette
Manager of Financial Disclosure Department

The further decision of the Decision Makers under the Legislation is that the
Application and this decision shall be held in confidence by the Decision Makers
until the earlier of the date that a preliminary short form prospectus is filed in
respect of the offering of RBC TruCS -Series 2008-1 and April 30, 2008.

Anne-Marie Beaudoin
Corporate Secretary