

**SPECIAL NOTICE TO CLIENTS ON THE SEC'S NEW SHORT SALE CLOSE
OUT REQUIREMENTS
(SEPTEMBER 2008)**

Background:

On September 17, 2008 the Securities and Exchange Commission issued several new rules governing short sales. These rules went into effect on September 18, 2008. One such rule generally requires that all fail to deliver (FTD) positions resulting from short sale transactions be closed out no later than the open of trading on T+4, and that all FTD positions resulting from long sale transactions be closed out no later than the open of trading on T+6. If a broker-dealer has FTD positions that are not closed out within the applicable time periods, the rule prohibits that broker-dealer from effecting further short sales in that security for its own account *or* for the account of a customer without first pre-borrowing (or entering into an arrangement to borrow) the security.

What this means for you:

In order to comply with the provisions of the above-referenced rule, RBC Capital Markets Corporation has adopted procedures to (a) prevent FTDs in the first instance; and (b) close out any FTDs that occur in a timely manner. ***Please be advised that, in the event we are unable to resolve the fail through a "buy-in" transaction effected within the permissible time frames, your ability to effect short sales through RBC Capital Markets Corporation in the failing security will be constrained.*** In any such case, you will be notified immediately that, with respect to a particular security, a pre-borrow or arrangement to borrow must be in place before a short sale may be effected.

Please contact your RBC Capital Markets Corporation representative if you have any questions regarding this matter.