



**ROYAL BANK OF CANADA**

**REGULATORY MARGIN CLIENT STATUS LETTER FOR NON-FINANCIAL  
COUNTERPARTIES ESTABLISHED OUTSIDE OF THE UNITED STATES AND  
OUTSIDE OF THE EUROPEAN ECONOMIC AREA**

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**To: The Derivatives Counterparty Receiving this Status Letter (“you” or the “Client”)**

**Introduction**

Royal Bank of Canada (“we” or the “Bank”) is subject to regulatory margin collateral requirements adopted in Canada, the European Union and the United States (the “Margin Requirements”) which will apply to our derivatives relationships with certain counterparties beginning during the first quarter of 2017 based on various status tests, including those referred to below.

Based on our review of your status, we believe that the Bank’s derivatives relationship with you will not be subject to any of the Margin Requirements. However, it is necessary to confirm that this conclusion is correct. If any of the status determinations set out below (the “Status Determinations”) is not correct, we will ask you to complete a more detailed Self-Disclosure Letter to determine whether any of the Margin Requirements apply. If any Margin Requirements do apply, we may need to re-visit the collateral posting obligations applicable to our derivatives trading relationship with you.

Please advise us if any of the following Status Determinations is not correct. *We are relying upon these Status Determinations to continue entering into derivatives transactions with you after the Margin Requirements come into force. Accordingly, unless we otherwise receive notice from you, on each date that you enter into a derivatives transaction with the Bank you will hereby be deemed to represent that each of the Status Determinations set out below is correct as of such date.*

**Status Determination #1** (for Canadian Margin Requirements):

The Bank has made the Status Determination that the Client is not a “Financial Entity”.

For this purpose, “Financial Entity” means a legal entity whose main business includes the management of financial assets, lending, factoring, leasing, provision of credit enhancements, securitisation, investments, financial custody, proprietary trading and other financial services activities. This includes (but is not limited to) deposit-taking institutions, insurance companies, pension funds, hedge funds, and asset managers.

**Status Determination #2** (for European Margin Requirements):

The Bank has made the Status Determination that (i) the Client is established outside the European Economic Area, (ii) the Client’s obligations are not guaranteed by an entity established inside the European Economic Area, and (iii) the Client does not transact with the Bank through any branch located in the European Economic Area.

**Status Determination #3** (for U.S. Margin Requirements):

The Bank has made the Status Determination that (i) the Client is not an entity organized under the laws of the United States or any particular State thereof (a “U.S. Person”), (ii) the Client’s

obligations are not guaranteed by a U.S. Person or an individual who is resident in the United States and (iii) the Client does not transact with the Bank through any branch located in the United States.

We appreciate your cooperation in assisting us with our compliance with our regulatory obligations.

**Royal Bank of Canada**

December 21, 2016