

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, QUÉBEC, AND
NOVA SCOTIA

AND

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

AND

IN THE MATTER OF RBC CAPITAL PARTNERS AND
2002 RBCP CANADIAN CO-INVESTMENT LIMITED PARTNERSHIP

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Québec, and Nova Scotia (the "Jurisdictions") has received an application from RBC Capital Partners ("RBCP") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirement") and to file a preliminary prospectus and a prospectus (the "Prospectus Requirement") shall not apply to the proposed offering (the "Offering") of limited partnership interests (the "Interests") by 2002 RBCP Canadian Co-Investment Limited Partnership (the "Fund"), the general partner of which is 2001 RBCP Canadian GP Limited (the "General Partner"), an indirect, wholly-owned subsidiary of Royal Bank of Canada ("RBC"), to eligible employees of RBC and its affiliates (the "RBC Financial Group");

2. AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator for this application;

3. AND WHEREAS RBCP has represented to the Decision Makers that:

3.1 RBC is a Canadian chartered bank under Schedule I of the *Bank Act* (Canada);

3.2 the Fund will be established as a limited partnership under the *Limited Partnerships Act* (Ontario) pursuant to a limited partnership agreement (the "Partnership Agreement"). The Fund will not be and has no present intention of becoming a reporting issuer in any Jurisdiction. The principal place of business of the Fund will be in Toronto, Ontario;

3.3 the General Partner is an indirect wholly-owned subsidiary of RBC. The registered office of the General Partner will be in Toronto, Ontario;

3.4 Employees of RBC Financial Group who:

3.4.1 have attained the position of Vice-President or better; or

3.4.2 possess a Masters of Business Administration degree, Chartered Accountant designation, or a Chartered Financial Analyst designation and have at least two years of experience in the investment banking or merchant banking industry,

("Eligible Persons"), will be invited to invest in the Fund;

3.5 RBC is offering the Eligible Persons the opportunity to invest in the Fund in order to enhance RBC's ability to attract and retain key employees;

3.6 Eligible Persons in the province of Québec will be restricted to senior executives of RBC Financial Group, as defined in the Québec Securities Act;

3.7 the Fund will be authorized to issue Interests, which will be non-redeemable and subject to restrictions on transfer contained in the Partnership Agreement. Interests will represent a pro rata, undivided interest in the net assets of the Fund;

3.8 the Fund will be an "in-house" investment vehicle, sponsored and established by RBC and RBCP. The Fund will have the right to invest alongside RBCP in all private equity and mezzanine investments made or committed to by RBCP during its fiscal year from November 1, 2001 to October 31, 2002 (the "2002 Investments");

3.9 Investors in the Fund will share pro rata in all gains, losses, dividends, interest and fees earned by RBCP from those 2002 Investments in which the Fund elects to participate. The Fund will have the right, but not the obligation, to participate in each of the 2002 Investments. All investment decisions of the Fund will be made by the General Partner;

3.10 only Eligible Persons of RBC Financial Group will be invited to participate in the Fund based on the position within RBC Financial Group of such persons;

3.11 participation in the Fund is entirely voluntary and a decision by an Eligible Person whether or not to invest in the Fund will in no way affect the employment relationship between the Eligible Person and RBC Financial Group;

3.12 it is expected that approximately 300 Eligible Persons in Canada will be offered the opportunity to participate in the Fund, of which approximately 65% reside in the Province of Ontario and no more than 7% are resident in any other single province;

3.13 an Eligible Person who is invited and agrees to participate in the Fund may invest personally or through a company controlled by such Eligible Person. Investors in the Fund ("Participants") will be subject to certain minimum and maximum participation amounts, as determined by management of RBCP;

3.14 each Participant will be required to represent in his or her subscription agreement for an Interest in the Fund that the Participant is able to bear the economic risk of loss of the Participant's investment in the Fund;

3.15 the Interests will be offered under a confidential offering memorandum (the "Offering Memorandum") which will provide Participants with, in addition to any rights they may have under the Legislation, a right of action for damages or rescission, or both;

3.16 the term of the Fund will be seven years, which may be extended by the General Partner for up to three one-year periods if necessary to facilitate the realization process of the 2002 Investments;

3.17 RBC or an RBC affiliate will make loans available to certain Participants to finance a portion of their capital commitments to the Fund. Recourse on a portion of the financing offered to a Participant will be to all of his or her assets, including his or her Interest in the Fund, with recourse on the remaining portion of the financing being limited to his or her Interest in the Fund only. The loans made to Participants will bear interest and will be secured by a pledge of the Participants' Interests in the Fund;

3.18 a Participant is subject to having his or her Interest purchased by RBC or an RBC affiliate upon termination of his or her employment with RBC Financial Group at any time during the term of the Fund. The purchase price and mechanics relating to any such purchase are set out in the Partnership Agreement;

3.19 Participants may not withdraw or transfer (alienate) any of their Interests in the Fund without the written consent of the General Partner in its sole discretion, and then only to or amongst permitted transferees as follows (each, a "Permitted Transferee"):

3.19.1 other Participants,

3.19.2 Eligible Persons in the employment of RBC Financial Group,

3.19.3 an entity within RBC Financial Group,

3.19.4 the spouse of a Participant, or

3.19.5 a holding company or family trust of a Participant or of any Eligible Person in the employment of RBC Financial Group.

4. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

5. 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;

6. THE DECISION of the Decision Makers under the Legislation is that the Registration Requirement and the Prospectus Requirement shall not apply to trades in Interests by the Fund to a Participant under the Offering provided that:

6.1 the Participants are not induced to purchase Interests by expectation of employment or continued employment and each Participant's participation in the Fund is voluntary;

6.2. a copy of the Offering Memorandum is provided to each Participant prior to making a decision to invest in the Fund, and is delivered to the Decision Makers in each of the Jurisdictions; and

6.3 the first trade in Interests to a person or entity that is not a Permitted Transferee shall be deemed to be a distribution or a primary distribution to the public.

DATED this 21st day of December, 2001.

Glenda A. Campbell, Vice-Chair John W. Cranston, Member

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Trades in Interests of limited partnerships, formed by an investment bank and a Canadian chartered bank, to certain qualified employees and officers who meet certain suitability standards, not subject to the registration and prospectus requirements of the Legislation.

Applicable Alberta Statutory Provisions

Securities Act, S.A., 1981, c.S-6.1, as amended, ss. 54(1), 81(1), 116(1) and 116(1.1)