



Direct  
Investing

## Summary of Updates to the RBC Direct Investing Operation of Account Agreement

All accounts maintained with RBC Direct Investing® are governed by our Operation of Account Agreement (the “**Agreement**”), which you were provided with and agreed to when you opened your account. We have recently made changes to the Agreement, and have included below a summary of the key updates that were made. Please review this summary and if you have any questions or would like more information, please contact one of our Investment Services Representatives at 1-800-769-2560. To access the full text of the Amended Agreement, please visit [www.rbcdirectinvesting.com/downloadable-forms](http://www.rbcdirectinvesting.com/downloadable-forms) and from the drop down menu select “Client Agreements” and then “Operation of Account Agreement (March 2021)”.

You agree to be bound by the amended Agreement by using your RBC Direct Investing account or holding funds or securities in your account after May 14, 2021. Furthermore, by using your account or holding funds or securities in your account after such date, you acknowledge that you have had an opportunity to read the amended Agreement and that you waive any right to a notification period prior to being bound by the amended Agreement.

Any capitalized terms in this summary have the meaning set out in the Agreement.

### 1. Conflicts of Interest Disclosure (Sections 4.4, 5.3)

We have removed references to conflicts of interest in Section 4.4 (Third Party Compensation) and deleted Section 5.3 (Order Routing and Payment for Order Flow) which are captured in the Conflicts Disclosure.

### 2. Referral Arrangements (Section 5.3)

We have clarified our referral arrangements disclosure as set out in Section 5.3 and added disclosure of the new RBC Direct Investing Client Referral Program.

### 3. Shareholder Communications (Part 10, Section B)

We have added Section B European Union (EU) Shareholder Communications to reflect a European Union Directive, known as the Shareholder Rights Directive 2017, which intends to make it easier for shareholders of European companies to exercise their rights. If you hold certain securities of European companies in your account, we may provide certain personal information to these companies, including your name, mailing address, email address and securities holdings. Where possible, we may also transmit certain shareholder information to you in respect of certain securities of European companies in your account, and facilitate exercising rights in respect of such securities.

### 4. Tax residency (Section 12.4(b))

We have added Section 12.4(b) to clarify your obligation to provide us with information about your tax status which may be required on an annual basis. Under various tax rules introduced in recent years, Canadian financial institutions are required to collect information about the tax status of their clients, and may be obliged to share it with relevant tax authorities. Designed to fight tax evasion globally, these tax rules can impose significant fines and other penalties for failure to comply. To help avoid such adverse consequences, we collect information about your tax status at the time of account opening, and on an ongoing basis to reflect any changes in your status. This means that we may ask you to complete certain tax forms, and return them to us on an annual basis.

### 5. Residency outside of Canada (Section 12.5)

We have added Section 12.5 to address that if you or someone with authority over your account becomes a resident outside of Canada. For various reasons, including our ability to effectively comply with securities and tax laws in certain foreign jurisdictions, we may be unable to continue offering our services to clients who become non-Canadian residents and we may terminate your account.

### 6. Entire Agreement (Section 12.12)

We have clarified Section 12.12 to state that the regulatory disclosures, including the Relationship Disclosure Document and Conflict Disclosure do not form part of the Agreement.

### 7. Credit Reports (Section 15.2)

For non-corporate entities, we added an acknowledgement to Section 15.2 that there may be an impact to your credit rating as a result of us obtaining a credit report.

### Summary of Updates to Part F – Relationship Disclosure

We updated our Relationship Disclosure including to align with regulatory requirements, and to remove reference to material conflicts of interest now contained in the Conflicts Disclosure.

## New Conflicts of Interest Disclosure Document

RBC Direct Investing Inc. (“we”, “us”, “our”, or “**RBC Direct Investing**”) has introduced a conflict of interest disclosure document describing existing and reasonably foreseeable material conflicts of interest that affect your interests as a client of RBC Direct Investing (the “**Conflicts Disclosure**”). This detailed disclosure is provided to you as a result of the Canadian Securities Administrators’ Client Focused Reforms (the “**CFRs**”), which are securities law reforms intended to codify industry best practices and existing regulatory guidance. It does not create or modify any agreement, relationship, or obligations between you and RBC Direct Investing. Should any additional material conflicts of interest be identified after delivery of the Conflicts Disclosure, we will inform you in a timely manner. Please review the Conflicts Disclosure and if you have any questions or would like more information, please contact one of our Investment Services Representatives at 1-800-769-2560.

### RBC Direct Investing Conflicts of Interest Disclosure

#### Introduction

Pursuant to new securities laws coming into force on June 30, 2021, we are providing enhanced disclosures below relating to the existing and reasonably foreseeable material conflicts of interest that may affect your interests as our client, including how we address material conflicts of interest in the best interest of our clients. These disclosures and the obligations giving rise to them are part of our regulatory obligations and do not form part of your Operation of Account Agreement. The following is intended to be informational not contractual.

A conflict of interest generally may arise where:

- RBC Direct Investing or a representative have separate business or personal interests that differ from a client’s interests
- RBC Direct Investing or a representative may be influenced to put their own interests ahead of a client’s interest
- Monetary or non-monetary benefits or disadvantages to RBC Direct Investing or a representative might compromise a reasonable client’s trust

- there are differing interests amongst clients, resulting in preferential treatment for some in the operation and management of their account and execution of trades.

Generally, a conflict of interest is material if the conflict may be reasonably expected to influence either your decisions as a client in the circumstances or RBC Direct Investing or its representatives’ decisions in the circumstances.

Should any additional material conflicts of interest be identified after account opening, we will inform you in a timely manner.

Generally, RBC Direct Investing identifies and addresses material conflicts of interest through policies and procedures, including the Royal Bank of Canada (RBC) Code of Conduct that clearly outlines that representatives are to avoid any situation in which their personal interests conflict or appear to conflict with their responsibilities as a representative. The policies and procedures and RBC Code of Conduct are applicable to RBC Direct Investing’s representatives but are not contractual terms and do not form part of, nor are they incorporated into, our Operation of Account Agreement. RBC Direct Investing’s policies and procedures also include a broad definition of “conflicts of interest”, a defined escalation procedure for conflicts handling, a clear delineation of responsibilities between RBC Direct Investing and its representatives, appropriate resources, and authority of the Chief Compliance Officer and other internal control functions, regular internal reporting and periodic testing of the conflicts management framework. In addition, RBC Direct Investing has a system for confirming that effective disclosure of material conflicts of interest is provided to clients.

#### Information about how we manage material conflicts of interest

##### 1. Services of related entities, dual registration and outside business activities

RBC Direct Investing may receive from, or provide to, RBC and its subsidiaries, other management, administrative, referral or other services for our ongoing business.

Individuals registered with RBC Direct Investing may:

- be registered with another related registered company and provide services to clients of that company; and/or
- serve as a director of another entity or engage in outside business activities that may allow such representatives to have access to inside information.

We manage these conflicts of interest by:

- complying with legal and regulatory requirements imposing restrictions on dealings between related

registered companies and/or individuals that are dually registered with related registered companies;

- adopting internal policies and procedures that supplement regulatory requirements, including policies on privacy and confidentiality of information; and
- prohibiting individuals registered with RBC Direct Investing to be employed by, participate in, or accept compensation from any other person, outside the scope of their relationship with RBC Direct Investing, unless they obtain prior approval from RBC Direct Investing.

## 2. Related and connected issuers

RBC Direct Investing makes available products of related and connected issuers, including as a participating dealer of the RBC Global Asset Management Inc. (RBC GAM) mutual funds, giving rise to a material conflict of interest. Upon your instructions, we may affect transactions in your account in securities of a related or connected issuer of RBC Direct Investing. The extent of this conflict depends on the degree to which you instruct us to trade in related and connected issuers.

RBC Direct Investing manages this conflict through:

- its management of conflicts arising from proprietary products generally;
- detailed disclosure of these relationships and activities provided to clients at account opening; and
- receiving instructions from you for any transactions in your account, including related and connected issuers.

An issuer of securities is “related” to RBC Direct Investing if, through the ownership of, or direction or control over, voting securities, RBC Direct Investing exercises a controlling influence over that issuer, or that issuer exercises a controlling influence over RBC Direct Investing, or the same third party exercises a controlling influence over both RBC Direct Investing and the issuer.

An issuer is “connected” to RBC Direct Investing if, due to indebtedness or other relationships, a prospective purchaser of securities of the connected issuer might question RBC Direct Investing’s independence from the issuer.

RBC Direct Investing is a wholly owned subsidiary of RBC.

RBC Direct Investing may receive from or provide to RBC and its subsidiaries, management, administrative, referral and/or other services relating to ongoing business activities or transactions. Certain legislative

and industry regulatory requirements apply to these relationships. These requirements impose restrictions on dealings between related registered companies and are intended to minimize the potential for conflicts. RBC Direct Investing has adopted internal policies and procedures in addition to these requirements, including policies on confidentiality of information.

For a description of a related and/or connected issuer and to view a current list of our related and connected issuers, please visit: [www.rbc.com/en/issuers-disclosure](http://www.rbc.com/en/issuers-disclosure) or contact an RBC Direct Investing investment services representative.

## 3. Proprietary products

RBC Direct Investing offers proprietary products manufactured by our affiliates including:

- guaranteed investment certificates, principal protected notes and high interest savings accounts offered by RBC; and
- mutual funds and exchange-traded funds offered by RBC Global Asset Management Inc

Offering proprietary products is considered a material conflict of interest. However, RBC Direct Investing, as an order-execution-only dealer, does not recommend any products to clients nor does it conduct suitability on such products.

RBC Direct Investing manages this conflict of interest in various ways, including:

- obtaining client instructions for transactions in all investments, including proprietary products;
- applying a product review process that considers various factors in assessing whether proprietary products should be included in RBC Direct Investing’s product offering to clients; and
- disclosing to clients related and connected issuer relationships.

## 4. Gifts and entertainment

Representatives of RBC Direct Investing may be offered or receive a gift or entertainment which could compromise or give the impression of compromising their independence. For example, an RBC Direct Investing representative, such as a High Value Client Manager, may potentially offer and/or receive gifts from clients which may influence the services that representatives provide.

RBC Direct Investing manages this conflict of interest by:

- adopting internal policies and procedures that supplement regulatory requirements, including policies regarding gifts and entertainment

such as tracking gifts and entertainment received by representatives; and

- prohibiting individuals registered with RBC Direct Investing from accepting certain compensation from any other person, outside the scope of their relationship with RBC Direct Investing, unless they obtain prior approval from RBC Direct Investing.

## 5. Personal Trading

Representatives of RBC Direct Investing may have access to confidential information regarding the trading activities of any client which such representative may use for their own personal trading purposes, with a potential detriment to the client such as through placing trades ahead of client trades (i.e. front-running).

RBC Direct Investing manages this conflict of interest by:

- complying with legal and regulatory requirements imposing restrictions on personal trading;
- adopting internal policies and/or procedures that supplement regulatory requirements to address personal trading; including
  - at the time of hiring and on an annual basis obtaining from applicable RBC Direct Investing representative disclosure of trading accounts (i.e. PRO accounts); and
  - monitoring and reviewing transactions in PRO accounts on a regular basis.

## 6. Order routing and receipt of payment for order flow

Our affiliate, RBC Dominion Securities Inc., establishes order routing arrangements with certain exchanges, broker-dealers and/ or other market centres (collectively, “market centres”) or acts as a market centre on behalf of RBC Direct Investing. These arrangements have been entered into with a view toward the perceived execution quality provided by these market centres, evaluated using the guidance provided by Canadian securities regulators.

All client orders that are subject to these order routing arrangements are sent to market centres that are subject to the principles of best execution. RBC Direct Investing may receive payment in the form of cash, rebates and/ or credits against fees in return for routing client orders pursuant to these order routing arrangements. Any remuneration that RBC Direct Investing receives for directing orders to any market centre reduces the execution costs for RBC Direct Investing and any reduction in execution costs will not be credited to your account.

RBC Direct Investing may benefit from order routing arrangements by receiving favorable adjustments of trade errors from the market centres to which it routes orders. An affiliate of RBC Direct Investing

acts as a market centre in certain securities and frequently trades as principal with RBC Direct Investing client orders and stands to realize profits and losses as a result of this trading. Although no formal agreements exist, an affiliate of RBC Direct Investing may receive a disproportionately large number of orders from those market centres to which RBC Direct Investing routes client orders.

RBC Direct Investing manages these conflicts of interest through best execution policies and procedures.

## 7. Third party compensation

RBC Direct Investing receives compensation from related and third-party entities in connection with certain products available on its platform (collectively, third party compensation).

RBC Direct Investing is addressing third party compensation by applying a product review process that is free from bias when selecting products that pay third-party compensation, and considers various factors such as the services provided to clients in connection with such products.



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RBC Direct Investing Inc. and Royal Bank of Canada are separate corporate entities which are affiliated. RBC Direct Investing Inc. is a wholly owned subsidiary of Royal Bank of Canada and is a member of the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund. Royal Bank of Canada and certain of its issuers are related to RBC Direct Investing Inc. RBC Direct Investing Inc. does not provide investment advice or recommendations regarding the purchase or sale of any securities. Investors are responsible for their own investment decisions. RBC Direct Investing is a business name used by RBC Direct Investing Inc.

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