



**Direct
Investing**

RBC Direct Investing Inc.

DISCLOSURE STATEMENT FOR RECOGNIZED MARKET OPTIONS QUÉBEC

This brief statement does not disclose all of the risks and other significant aspects of trading in futures and options. In light of the risks, you should undertake such transactions only if you understand the nature of the contacts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in futures and options is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

Introduction

This Disclosure Statement sets forth general information relevant to the purchase and sale of Put and Call Options traded on a recognized market and cleared through a clearing corporation. Information concerning the underlying interests on which Options are traded the terms and conditions of these Options, the recognized markets on which they trade and the applicable clearing corporations may be obtained from your broker.

This Disclosure Statement refers only to Options and clearing corporations which have been recognized or qualified for purposes of this Disclosure Statement by provincial securities administrators where required. The Options discussed herein trade on markets which, for the purposes of this Disclosure Statement only, are referred to as "recognized markets".

Nature of an Option

An Option is a contract entered into on a recognized market between a seller (sometimes known as a writer) and a purchaser where all terms and conditions of the contract (called the "specifications"), other than the consideration (called the "premium") for the Option, are standardized and predetermined by the recognized market. The premium, paid by the purchaser to the seller, is determined in the market on the basis of supply and demand, reflecting such factors as the duration of the Option, the difference between the exercise price of the Option and the market price of the underlying interest, the price volatility and other characteristics of the underlying interest.

There are two types of Options: Calls and Puts. A Call gives the purchaser a right to buy and Put the right to sell, a specific underlying interest at a stated exercise price and within a specified period of time or on a specific date. An Option subjects the seller to an obligation to honour the right granted to the purchaser if exercised by the purchaser. Underlying interests can be shares of a specific corporation, bonds, notes, bills, certificates of deposit, commodities, foreign currency, the cash value of an interest in a stock index or any other interest provided for in the specifications.

An Option transaction is entered into on a recognized market by a purchaser and a seller represented by their respective brokers. When the transaction is concluded it is cleared by a clearing corporation affiliated with the recognized market on which the Option is traded. When an Option transaction is cleared by the clearing corporation it is divided into two contracts with the clearing corporation becoming the seller to the purchaser in the transaction and the purchaser to the seller. Thus, on every outstanding Option, the purchaser may exercise the Option against the clearing corporation and the seller may be called upon to perform his/her obligation through exercise of the Option by the clearing corporation.

Options may also be classified according to delivery requirements: actual delivery and cash delivery. An actual delivery Option requires the physical delivery of the underlying interest if the Option is exercised. A cash delivery Option requires a cash payment of the difference between the aggregate exercise price and the value of the underlying interest at a specified time prior or subsequent to the time the Option is exercised.

Options are issued in series designated by an expiration month, an exercise price an underlying interest and a unit of trading. At the time trading is introduced in Options with a new expiration month, the recognized market on which the Option is traded establishes exercise prices that reflect the current spot prices of the underlying below and above the current spot price. When the spot price of the underlying interest moves, additional Options may be added with different exercise prices. Options having the same underlying interest and expiration month, but having different exercise prices, may trade at the same time.

Specifications of Options

Specifications of Options are fixed by the recognized market on which they are traded. These specifications may include such items as trading units, exercise prices, expiration dates, last day of trading, and the time for determining settlement values. An Option may be bought or sold only on the recognized market on which the Option is traded. The recognized market and the clearing corporation may each impose restrictions on certain types of transactions, and under certain circumstances may modify the specifications of outstanding Options. In addition, a recognized market or a clearing corporation may limit the number of Options which may be held by an investor, and may limit the exercise of Options under prescribed circumstances.

Exercising Options

An Option may have either an American style exercise or European style exercise irrespective of where the recognized market is located. An American style Option can be exercised by the purchaser at any time before the expiration. To do this, the purchaser notifies the broker through whom the Option was purchased. A purchaser should ascertain in advance from his broker the latest date on which he/she may give such notice to his broker. A European style Option may only be exercised by the purchaser on a specified date. Upon receiving an exercise notice from the purchaser's broker, the clearing corporation assigns it to a member which may re-assign it to a client on a random or other predetermined selection basis.

Upon assignment, the seller must make delivery of (in the case of a Call) or take delivery of and pay for (in the case of a Put) the underlying interest. In the case of a cash delivery Option, the seller must, in lieu of delivery, pay the positive difference between the aggregate exercise price and the settlement value of the underlying interest (in the case of both a Call and a Put). A purchaser of an Option which expires loses the premium paid for the Option and his transaction costs. The seller of an Option which expires will have as his/her gain the premium received for the Option less his/her transaction costs.

Trading of Options

Each recognized market permits secondary market trading of its Options. This enables purchasers and sellers of Options to close out their positions by offsetting sales and purchases. By selling an Option with the same terms as the one purchased, or buying an Option with the same terms as the one sold, an investor can liquidate his/her position (called an "offsetting transaction"). Offsetting transactions must be made prior to expiration of an Option or by a specified date prior to expiration. Offsetting transactions must be effected through the broker through whom the Option was initially sold or purchased.

Price movements in the underlying interest of an Option will generally be reflected to some extent in the secondary market value of the Option and the purchaser who wishes to realize a profit, will have to sell or exercise his/her Option during the life of the Option or on the specified date for exercise, as the case may be.

Costs of Options trading

Margin Requirements

Prior to trading Options, a seller must deposit with his/her broker cash or securities as collateral (called "Margin") for the obligation to buy (in the case of a Put) or sell (in the case of a Call) the underlying interest if the Option should be exercised. Minimum margin rates are set by the recognized market on which the Option trades. Higher rates of margin may be required by the seller's broker.

Margin requirements of various recognized markets may differ. In addition, they are subject to change at any time and such changes may apply retroactively to Option positions previously established.

Commission Charges

Commissions are charged by brokers on the purchase or sale of Options as well as on the exercise of Options and the delivery of underlying interest.

Risks in Options Trading

Options can be employed to serve a number of investment strategies including those concerning investments in or related underlying interests. SOME STRATEGIES FOR BUYING AND SELLING OPTIONS INVOLVE GREATER RISK THAN OTHERS. The following is a brief summary of some of the risks connected with trading in Options.

- (i) Because an Option has a limited life, the purchaser runs the risk of losing his/her entire investment in a relatively short period of time. If the price of the underlying interest does not rise above (in the case of a Call) or fall below (in the case of a Put) the exercise price of the Option plus premium and transaction costs during the life of the Option, or by the specified date for exercise, as the case may be, the Option may be of little or no value and if allowed to expire will be worthless.
- (ii) The seller of a Call who does not own the underlying interest is subject to a risk of loss should the price of the underlying interest increase. If the Call is exercised and the seller is required to purchase the underlying interest at a market price above the exercise price in order to make delivery, he/she will suffer a loss.
- (iii) The seller of a Put who does not have a corresponding short position (that is an obligation to deliver what he/she does not own) in the underlying interest will suffer a loss if the price of the underlying interest decreases below the exercise price, plus transaction costs minus the premium received. Under such circumstances, the seller of the Put will be required to purchase the underlying interest at a price above the market price, with the results that any immediate sale will give rise to a loss.
- (iv) The seller of a Call who owns the underlying interest is subject to the full risk of his/her investment position should the market price of the underlying interest decline during the life of the Call, or by the specified date for exercise, as the case may be but will not share in any gain above the exercise price.
- (v) The seller of a Put who has a corresponding short position in the underlying interest is subject to the full risk of his/her investment position should the market price of the underlying interest rise during the life of the Put, or by the specified date for exercise, as the case may be, but will not share in any gain resulting from a decrease in price below the exercise price.
- (vi) Transactions for certain Options may be carried out in foreign currency. Accordingly, purchasers and sellers of these Options using Canadian dollars will be exposed to risks from fluctuations in the foreign exchange market as well as to risks from fluctuations in the price of the underlying interest.

READ AND KEEP FOR YOUR RECORDS

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. ® / ™ Trademark(s) of Royal Bank of Canada. RBC and Royal Bank are registered trademarks of Royal Bank of Canada. Used under licence. © Royal Bank of Canada 2016. All rights reserved.



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(vii) There can be no assurance that a liquid market will exist for a particular Option to permit an offsetting transaction. For example, there may be insufficient trading interest in the particular Option; or trading halts, suspensions or other restrictions may be imposed on the Option or the underlying interest; or some event may interrupt normal market operations; or a recognized market could for regulatory or other reasons decide or be compelled to discontinue or restrict trading in the Option. In such circumstances the purchaser of the Option would only have the alternative of exercising his/her Option in order to realize any profit, and the seller would be unable to terminate his/her obligation until the Option expired or until he/she performed his/ her obligation upon being assigned an exercise notice.

(viii) The seller of an American style Option has no control over when he/she might be assigned an exercise notice. He/She should assume that an exercise notice will be assigned to him/her in circumstances where the seller may incur a loss.

(ix) In unforeseen circumstances there may be a shortage of underlying interests available for delivery upon exercise of actual delivery Options, which could increase the cost of or make impossible the acquisition of the underlying interests and cause the clearing corporation to impose special exercise settlement procedures.

(x) In addition to the risks described above which apply generally to the buying and selling of Options, there are timing risks unique to Options that are settled by the payment of cash. The exercise of Options settled in cash results in a cash payment from the seller to the purchaser based on the difference between the exercise price of the Option and the settlement value. The settlement value is based on the value of the underlying interest at a specified time determined by the rules of the recognized market. This specified time could vary with the Option. For example, the specified time could be the time for establishing the closing value of the underlying interest on the day of exercise or in the case of some Options based on a stock index the time for establishing the value of the underlying interest which is based on the opening prices of constituent stocks on the day following the last day of trading. Options for which the settlement value is based on opening prices may not, unless the applicable recognized market announces a rule change to the contrary, trade on that day. The settlement value for Options, futures contracts and futures options may not be calculated in the same manner even though each may be based on the same underlying interest. Where the settlement value of a cash delivery Option is determined after the exercise period, the purchaser who exercises such Option will suffer from any unfavourable change in the value of the underlying interest from the time of his/her decision to exercise to the time settlement value is determined. With actual delivery Options, this risk can be covered by a complementary transaction in the actual market for the underlying interest.

The seller of a cash delivery Option is not informed that he/she has been assigned an exercise notice until the business day following exercise, at the earliest, and the seller will suffer from any unfavourable change in the value of the underlying interest from the time of determination of the settlement value to the time he/she learns that he/she has been assigned. Unlike the seller of an actual delivery Option, the seller of a cash delivery Option cannot satisfy his/her assignment obligations by delivery of the lower valued underlying interest, but must pay cash in an amount determined by the settlement value. The type of risk discussed above makes complex option strategies involving cash delivery Options substantially more risky than similar strategies involving actual delivery Options.

Tax Consequences

The income tax consequences of trading in Options are dependent upon the nature of the business activities of the investor and the transaction in question. Investors are urged to consult their own professional advisers to determine the consequences applicable to their particular circumstances. RBC Direct Investing® does not provide tax advice.

Additional Information

Before buying or selling an Option an investor should be aware of and take into consideration the following:

- His/her investment needs and objectives
- The risks he/she is prepared to take
- The specifications of Options he/she may wish to take
- Commission rates
- Margin requirements
- Any other matter of possible concern

Specifications for each Option are available on request from your broker and from the recognized market on which the Option is traded. Should there be any difference in interpretation between this document and the specifications for a given Option, the specifications shall prevail.

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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. ® / ™ Trademark(s) of Royal Bank of Canada. RBC and Royal Bank are registered trademarks of Royal Bank of Canada. Used under licence. © Royal Bank of Canada 2016. All rights reserved.



RBC Direct Investing Inc.

OPTIONS TRADING AND MARGIN AGREEMENT QUÉBEC

To: RBC Direct Investing Inc. ("RBC Direct Investing")

In consideration of RBC Direct Investing opening or maintaining one or more accounts for the customer executing this Agreement (the "Customer"). The Customer agrees to the following terms and conditions for the operation of each Account.

1. APPLICABLE BY LAWS, CUSTOMS, ETC.

Each transaction executed for the Account will be subject to, and the customer will abide by the prevailing by-laws, rules, regulations, policies and customs of the Regulatory Authorities.

2. SETTLEMENT, COMMISSIONS AND INTEREST.

Full and timely settlement will be made of each transaction. The Customer will pay to RBC Direct Investing commissions and other transaction charges in respect of each transaction or option exercised (including any transaction pursuant to section 8) and interest, calculated daily and compounded monthly, on outstanding indebtedness. Such commissions and other charges shall be at RBC Direct Investing's customary rates in the circumstances or as negotiated from time to time. The interest rate shall be the interest rate designed from time to time by RBC Direct Investing to its branches as being its effective rate for determining interest on debit balances. The Customer waives notices of all changes in such rates.

3. OPERATION OF THE ACCOUNT.

(a) RBC Direct Investing will credit to the Account any interest, dividends or other monies received in respect of Securities held in the Account and any monies (net of all charges) received as proceeds from the sale or other disposition of Securities from the Account, and will debit to the Account any amounts owing, including interest, by the Customer to RBC Direct Investing pursuant to this Agreement. RBC Direct Investing will maintain a record of receipts and deliveries of Securities and the Customer's resulting positions in the Account.

(b) For the purpose of this Agreement "indebtedness" at any time means the indebtedness of the Customer to RBC Direct Investing represented by the debit balance, if any, of the Account at the time.

4. PAYMENT OF INDEBTEDNESS.

The Customer will promptly pay indebtedness when due except to the extent covered by a margin facility.

5. MARGIN.

RBC Direct Investing will open or maintain the Account and grant a margin facility to the Customer provided that RBC Direct Investing may, without notice, at any time and from time to time:

- (a) reduce or cancel any margin facility made available to the Customer or refuse to grant any additional margin facility to the Customer; or
- (b) require the Customer to provide margin in addition to the margin requirement of the Regulatory Authorities.

The Customer acknowledges that for certain option strategies producing a credit, the Regulatory Authorities may require significant additional margin. The customer will provide RBC Direct Investing with any margin which is requested by RBC Direct Investing and will promptly pay any indebtedness due as a result of any reduction or cancellation of any margin facility.

6. PLEDGE OF SECURITIES.

As continuing collateral security for the payment of any Indebtedness, the customer hereby pledges to RBC Direct Investing all of the Customer's Securities which may now or hereafter be held by RBC Direct Investing, whether or not such Indebtedness relates to the Securities pledged.

7. USE OF COLLATERAL BY RBC DIRECT INVESTING.

So long as any indebtedness remains unpaid, RBC Direct Investing is hereby authorized to the extent permitted by law, without notice, to use at any time and from time to time the Customer's Securities in the conduct of RBC Direct Investing's business, including the right to:

- (a) combine any of the Customer's Securities with the property of RBC Direct Investing or other customers or both;
- (b) pledge any of the Customer's Securities which are held in RBC Direct Investing's possession as security for its own indebtedness;
- (c) loan any of the the Customer's Securities to RBC Direct Investing for its own purposes; or
- (d) use any of the Customer's Securities for making delivery against a sale, whether a short sale or otherwise and whether such sale is for the Account or the account of any other RBC Direct Investing's customers.

8. ELIMINATION OR REDUCTION OF INDEBTEDNESS BY RBC DIRECT INVESTING IF:

- (a) the Customer fails to pay any Indebtedness when due;
- (b) RBC Direct Investing deems the margin held by it to be insufficient for its protection;
- (c) On or before any settlement date the Customer fails to provide to RBC Direct Investing any required Securities or certificates in acceptable delivery form; or
- (d) The Customer fails to comply with any other requirement contained in this Agreement; then, in addition to any other right or remedy to which RBC Direct Investing is entitled, RBC Direct Investing may at any time and from time to time without notice or demand to the Customer;

(e) Apply monies held to the credit of the Customer in any other account with RBC Direct Investing to eliminate or reduce Indebtedness;

(f) Sell, contract to sell or otherwise dispose of any or all of the Securities held by RBC Direct Investing for the Customer and apply the net proceeds therefrom to eliminate or reduce Indebtedness;

(g) Purchase or borrow any Securities necessary to cover short sales or any other sales made on the Customer's behalf in respect of which delivery or certificates in an acceptable delivery form has not been made; or

(h) Cancel any outstanding orders.

9. OPTION TRADING.

With respect to any trading for the Account in options:

(a) **Rights of RBC Direct Investing** – RBC Direct Investing may from time to time:

- (i) reject any order placed by the Customer
- (ii) act through its market maker or options attorney as principal on the other side of any transaction executed for the Customer;
- (iii) require any transaction to be on a cash-only basis, particularly during the last 10 days prior to expiry of an option;
- (iv) limit or restrict short positions of, or short sales by, the Customer;
- (v) limit or restrict the timing by which options orders or exercise instructions must be placed; or
- (vi) disclose the Customer's trading and positions to any responsible exchange or clearing corporation.

(b) **Customer Obligations.** The Customer will:

- (i) whether acting alone or in concert with others, comply with the position and exercise limits set by any relevant exchange or clearing corporation; and
- (ii) give RBC Direct Investing timely instructions regarding the exercise or disposition of any option position.

(c) **Amendments to Rules.** The customer acknowledges that rules may be enacted, amended or repealed by any relevant exchange or clearing corporation which will affect existing positions or subsequent transactions.

(d) **Exercise Assignment Notices.** The Customer acknowledges that exercise assignment notices are allocated by the relevant clearing corporation at any time during the day. RBC Direct Investing will allocate such notices when received on a "first in, first out" basis unless the customer is notified otherwise by prior written notice. RBC Direct Investing is not responsible for any delay with respect to the assignment by the clearing corporation or the receipt by RBC Direct Investing of such notices. The Customer confirms that the Customer will accept an allocation on this basis.

(e) **Liability of RBC Direct Investing.** Errors or omissions with respect to any transaction for the Account which are caused by RBC Direct Investing will be adjusted by RBC Direct Investing. RBC Direct Investing will not be liable to the Customer in any way for errors or omissions caused by persons, or by conditions, over which RBC Direct Investing has no control.

(f) **Absence of Instructions.** If the Customer fails to give RBC Direct Investing timely instruction then RBC Direct Investing may, but is not obliged to:

- (i) exercise or sell any valuable option on behalf of the Customer in which case the Customer will pay any resulting transaction costs; and
- (ii) exercise for the account and risk of the Customer or sell or close out any expiring valuable option.

(g) **Writing Covered Options.** If the Customer is authorized to write (sell) covered Call options, then the Customer must have the underlying Securities covered by any such option in the Account, or an acceptable escrow receipt made available to RBC Direct Investing evidencing ownership of such Securities and their availability to RBC Direct Investing upon exercise of the option, at the time of writing such options. The Customer will not sell or withdraw from the Account such Securities or any Securities accruing thereto during the term of such options and acknowledges that RBC Direct Investing may prohibit the withdrawal from the Account of any cash dividends or other cash distributions accruing thereon during the term of such options.

10. HOLDING AND RETURN OF SECURITIES.

RBC Direct Investing may hold the Customer's Securities at its head office or any of its branches or at any other location where it is customary for RBC Direct Investing to keep its Securities and RBC Direct Investing's responsibilities to the Customer for so holding the Customer's Securities shall be limited to the same degree of care exercised by RBC Direct Investing in the custody of its own Securities. Certificates for Securities for the same issue and for the same aggregate amounts may be delivered to the Customer in lieu of those originally deposited by the Customer.

11. FREE CREDIT BALANCES

Any monies held by RBC Direct Investing from time to time to the Customer's credit are payable on demand. Except to the extent required by law, such monies need not be segregated may be used by RBC Direct Investing in the ordinary conduct of its business. The Customer acknowledges that the relationship of the Customer and RBC Direct Investing with respect to such monies is one of debtor and creditor only.

12. TRANSFER TO OTHER ACCOUNTS

RBC Direct Investing may at any time and from time to time take any monies or securities in the Account and any proceeds from the sale or other disposition of such Securities to pay or cover any obligations of the Customer to RBC Direct Investing including obligations of the Customer in respect of any other account with RBC Direct Investing whether such account is a joint account or is an account guaranteed by the Customer.

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Direct Investing

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OPTIONS TRADING AND MARGIN AGREEMENT QUÉBEC

13. DECLARATION OF SHORT SALES

Whenever the Customer orders a short sale, the Customer will declare it as a short sale.

14. GOOD DELIVERY OF SECURITIES

Except for any declared short sale, the Customer will not order any sale or other disposition of any Securities not owned by the Customer or of which the Customer will be unable to make delivery in acceptable delivery form on or before the settlement date.

15. CUSTOMER INFORMATION

The Customer will from time to time advise RBC Direct Investing if the Customer acquires a controlling interest in or otherwise becomes an insider of any reporting issuer.

16. ACCOUNT STATEMENTS

Every confirmation, statement or other communication sent by RBC Direct Investing to the Customer shall be deemed to have been acknowledged as correct, approved and consented to by the Customer unless RBC Direct Investing shall have received written notice to the contrary within fifteen days after it is sent to the Customer.

17. COMMUNICATION TO THE CUSTOMER

Any notice or communication to the Customer may be given by prepaid mail, facsimile, telegraph or telex to any address of record of the Customer with RBC Direct Investing, or may be delivered personally to the Customer or to any such address of record and shall be deemed to have been received, if mailed, on the second business day after mailing or, if sent by facsimile, telegram or telex, on the day sent or, if delivered, when delivered. Nothing in this section shall be interpreted as requiring RBC Direct Investing to give any notice to the Customer which is not otherwise required to be given by RBC Direct Investing.

18. ACKNOWLEDGEMENT

The Customer acknowledges receipt of a copy of, and agrees to the terms and conditions of, the Account Opening Application and the Operation of Account Agreement. The terms of this Agreement shall prevail in case of inconsistency with such terms and conditions.

19. CAPACITY

The Customer, if a married woman, represents that she is not a "married woman not separate as to property" under the laws of Quebec (if she is, her husband must also sign this Agreement). The Customer, if a corporation, represents that it has the power and capacity to enter into this Agreement and to effect the transactions contemplated herein and that the execution and delivery of this Agreement have been duly authorized.

20. GENERAL

(a) This Agreement expresses the complete understanding between the Customer and RBC Direct Investing and none of the terms and conditions of this Agreement may be waived or changed without the approval in writing of the Customer and a duly authorized officer of RBC Direct Investing. If any statute or any statutory regulation or any by-law, rule, regulation, policy or custom of the Regulatory Authorities is enacted, made, amended or otherwise changed with the result that any term or condition of this Agreement is, in whole or in part, invalid, then such term or condition will be deemed to be varied or superseded to the extent necessary to give effect to such statute, regulation, by-law, rule, policy or custom. Any term or condition of this Agreement which notwithstanding any such variation is invalid shall not invalidate the remaining terms and conditions hereof.

(b) This Agreement shall enure to the benefit of and shall be binding upon RBC Direct Investing and the Customer and their respective personal representatives, heirs, successors and assigns. This Agreement shall survive and remain in effect notwithstanding any incidental, temporary or intermittent closing out, reopening or renumbering of any Account.

(c) In this Agreement where the singular is used, it shall include the plural.
(d) It is the express wish of the parties that this agreement and all documents, notices and other communication relating to the operation of the Account be in English. **Il est de la volonté expresse des parties que ce contrat et tous les documents, avis et autres communications qui concernent l'opération du Compte soient rédigés en langue anglaise.**

(e) The headings used in this Agreement are for convenience of reference only and shall not in any way affect the interpretation of this Agreement.

(f) This Agreement shall be construed in accordance with the laws of the jurisdiction in which the Customer's Account is maintained or, where the Customer has more than one Account, this Agreement shall be construed separately for each Account in accordance with the laws of the jurisdiction on which the Account is maintained.

(g) Whenever this Agreement entitles RBC Direct Investing to alternative courses of action, RBC Direct Investing shall be entitled to choose any, none or all such alternatives in its sole and unfettered discretion.

21. EFFECTIVE TIME

This Agreement will be effective and binding upon the Customer and RBC Direct Investing for option trading only after approval by RBC Direct Investing as been given for the granting of any margin facility from the time at which RBC Direct Investing first acts upon the instructions of the Customer.

22. DEFINED TERMS

For the purpose of this Agreement:

(a) "Securities" includes shares, share certificates, scrip certificates, deposit receipts, warrants, rights, bonds, debentures, notes and any other securities of any kind whatsoever, commodities and futures contracts, options on securities and options on commodities and futures contracts.

(b) "Regulatory Authorities" means any relevant securities commission, exchange, market, clearing corporation or association of brokers or dealers; and

(c) "RBC Direct Investing Approval" means the approval in writing given on behalf of RBC Direct Investing by any one of the following persons: RBC Direct Investing's qualified local Branch Manager, the Designated Registered Options Principal of RBC Direct Investing or any of his or her alternates, or any designated director of RBC Direct Investing.

23. CERTIFICATION BY CUSTOMER

The Customer hereby certifies that:

(a) the Customer has read and understood this Agreement and acknowledges receipt of a copy of this Agreement and the Risk Disclosure Statement for Futures and Options; and

(b) the Customer is aware of the nature of the risks involved in both the purchase and the writing of options, whether or not undertaken in combination with the purchase or sale of other options or securities, understands the rights and obligations associated with put and call option contracts and is financially able to assume such risks and to sustain any losses resulting from such trading.

ADDITIONAL INFORMATION (Please print clearly in large block letters)

1. Do you have past experience trading options? Yes No

2. Do you plan to trade options with other brokers? Yes No

(An options position established with one Member firm may not be closed out through another Member firm)

RBC DIRECT INVESTING ACCOUNT NUMBER
--

CUSTOMER NAME

DATED THIS day of , 20

NO. AND STREET

X

CUSTOMER SIGNATURE

CUSTOMER CITY PROVINCE POSTAL CODE

X

CUSTOMER SIGNATURE

TELEPHONE NUMBER (DAY)

RBC DIRECT INVESTING USE.

RBC DIRECT INVESTING AUTHORIZED NAME RBC DIRECT INVESTING AUTHORIZED SIGNATURE DATE

24. ACCOUNT APPROVAL. The Customer is approved to buy or sell (closing sales only) options and write covered call options, The Customer may NOT write uncovered options or covered put options; engage in spreads combinations or straddles; write options against convertible securities; nor buy or sell futures.

Complete and Return to RBC Direct Investing.

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. ® / ™ Trademark(s) of Royal Bank of Canada. RBC and Royal Bank are registered trademarks of Royal Bank of Canada. Used under licence. © Royal Bank of Canada 2016. All rights reserved.



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17. COMMUNICATION TO THE CUSTOMER

Any notice or communication to the Customer may be given by prepaid mail, facsimile, telegraph or telex to any address of record of the Customer with RBC Direct Investing, or may be delivered personally to the Customer or to any such address of record and shall be deemed to have been received, if mailed, on the second business day after mailing or, if sent by facsimile, telegram or telex, on the day sent or, if delivered, when delivered. Nothing in this section shall be interpreted as requiring RBC Direct Investing to give any notice to the Customer which is not otherwise required to be given by RBC Direct Investing.

18. ACKNOWLEDGEMENT

The Customer acknowledges receipt of a copy of, and agrees to the terms and conditions of, the Account Opening Application and the Operation of Account Agreement. The terms of this Agreement shall prevail in case of inconsistency with such terms and conditions.

19. CAPACITY

The Customer, if a married woman, represents that she is not a "married woman not separate as to property" under the laws of Quebec (if she is, her husband must also sign this Agreement). The Customer, if a corporation, represents that it has the power and capacity to enter into this Agreement and to effect the transactions contemplated herein and that the execution and delivery of this Agreement have been duly authorized.

20. GENERAL

(a) This Agreement expresses the complete understanding between the Customer and RBC Direct Investing and none of the terms and conditions of this Agreement may be waived or changed without the approval in writing of the Customer and a duly authorized officer of RBC Direct Investing. If any statute or any statutory regulation or any by-law, rule, regulation, policy or custom of the Regulatory Authorities is enacted, made, amended or otherwise changed with the result that any term or condition of this Agreement is, in whole or in part, invalid, then such term or condition will be deemed to be varied or superseded to the extent necessary to give effect to such statute, regulation, by-law, rule, policy or custom. Any term or condition of this Agreement which notwithstanding any such variation is invalid shall not invalidate the remaining terms and conditions hereof.

(b) This Agreement shall enure to the benefit of and shall be binding upon RBC Direct Investing and the Customer and their respective personal representatives, heirs, successors and assigns. This Agreement shall survive and remain in effect notwithstanding any incidental, temporary or intermittent closing out, reopening or renumbering of any Account.

(c) In this Agreement where the singular is used, it shall include the plural.
(d) It is the express wish of the parties that this agreement and all documents, notices and other communication relating to the operation of the Account be in English. **Il est de la volonté expresse des parties que ce contrat et tous les documents, avis et autres communications qui concernent l'opération du Compte soient rédigés en langue anglaise.**

(e) The headings used in this Agreement are for convenience of reference only and shall not in any way affect the interpretation of this Agreement.

(f) This Agreement shall be construed in accordance with the laws of the jurisdiction in which the Customer's Account is maintained or, where the Customer has more than one Account, this Agreement shall be construed separately for each Account in accordance with the laws of the jurisdiction on which the Account is maintained.

(g) Whenever this Agreement entitles RBC Direct Investing to alternative courses of action, RBC Direct Investing shall be entitled to choose any, none or all such alternatives in its sole and unfettered discretion.

21. EFFECTIVE TIME

This Agreement will be effective and binding upon the Customer and RBC Direct Investing for option trading only after approval by RBC Direct Investing as been given for the granting of any margin facility from the time at which RBC Direct Investing first acts upon the instructions of the Customer.

22. DEFINED TERMS

For the purpose of this Agreement:

(a) "Securities" includes shares, share certificates, scrip certificates, deposit receipts, warrants, rights, bonds, debentures, notes and any other securities of any kind whatsoever, commodities and futures contracts, options on securities and options on commodities and futures contracts.

(b) "Regulatory Authorities" means any relevant securities commission, exchange, market, clearing corporation or association of brokers or dealers; and

(c) "RBC Direct Investing Approval" means the approval in writing given on behalf of RBC Direct Investing by any one of the following persons: RBC Direct Investing's qualified local Branch Manager, the Designated Registered Options Principal of RBC Direct Investing or any of his or her alternates, or any designated director of RBC Direct Investing.

23. CERTIFICATION BY CUSTOMER

The Customer hereby certifies that:

(a) the Customer has read and understood this Agreement and acknowledges receipt of a copy of this Agreement and the Risk Disclosure Statement for Futures and Options; and

(b) the Customer is aware of the nature of the risks involved in both the purchase and the writing of options, whether or not undertaken in combination with the purchase or sale of other options or securities, understands the rights and obligations associated with put and call option contracts and is financially able to assume such risks and to sustain any losses resulting from such trading.

ADDITIONAL INFORMATION (Please print clearly in large block letters)

1. Do you have past experience trading options? Yes No

2. Do you plan to trade options with other brokers? Yes No

(An options position established with one Member firm may not be closed out through another Member firm)

RBC DIRECT INVESTING ACCOUNT NUMBER

CUSTOMER NAME

DATED THIS day of , 20

NO. AND STREET

X
CUSTOMER SIGNATURE

CUSTOMER CITY PROVINCE POSTAL CODE

X
CUSTOMER SIGNATURE

TELEPHONE NUMBER (DAY)

RBC DIRECT INVESTING USE.

RBC DIRECT INVESTING AUTHORIZED NAME _____ RBC DIRECT INVESTING AUTHORIZED SIGNATURE _____ DATE _____

24. ACCOUNT APPROVAL. The Customer is approved to buy or sell (closing sales only) options and write covered call options, The Customer may NOT write uncovered options or covered put options; engage in spreads combinations or straddles; write options against convertible securities; nor buy or sell futures.

KEEP FOR YOUR RECORDS.

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. ® / ™ Trademark(s) of Royal Bank of Canada. RBC and Royal Bank are registered trademarks of Royal Bank of Canada. Used under licence. © Royal Bank of Canada 2016. All rights reserved.