



Conditional Approval #1168
February 2017

January 18, 2017

Tina Woo, Esq.
Royal Bank of Canada
200 Vesey Street
New York, New York 10281

Re: Final conditional approval for Royal Bank of Canada, Montreal, Canada, to establish a Limited Federal Branch with Fiduciary Powers at 30 Hudson Street, Jersey City, New Jersey
OCC Control Numbers: 2014-NE-FBA-AddEst-139834
2014-NE-FBA-Fiduciary-145047

Dear Ms. Woo:

This letter constitutes the Office of the Comptroller of the Currency's (OCC) final conditional approval for Royal Bank of Canada (RBC or Bank) to establish a limited Federal branch with the title of "Royal Bank of Canada, Hudson Branch", at 30 Hudson Street, Jersey City, New Jersey, 07302 (Hudson Branch), to conduct fiduciary powers requested in your application, and to commence operations effective January 19, 2017.¹ RBC represented to the OCC that RBC performed all the necessary steps to commence business as a limited Federal branch. As a limited Federal branch, the Hudson Branch shall operate in accordance with 12 CFR 28.11(s), which by definition permits the Hudson Branch to "receive only those deposits permissible for an Edge Corporation to receive."

Your license certificate will be forwarded to you under separate cover. Please retain the license certificate as part of your official records as it must be surrendered to the OCC in the event of liquidation or conversion.

Capital Equivalency Deposit

The Hudson Branch's Capital Equivalency Deposit (CED) shall be maintained in a US member bank, consistent with 12 USC 3102(g) and 12 CFR 28.15, and pursuant to an agreement in such form and containing such limitations and conditions as prescribed by 12 CFR 28.15. The minimum required CED for the Bank is five percent of each Federal branch's total third-party liabilities as

¹ The OCC granted preliminary conditional approval on October 9, 2015.

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computed in accordance with the above-cited authorities. The minimum CED required for the Hudson Branch is \$1 million.

Conditions of Approval

This final approval is subject to the following conditions:

1. In addition to compliance with other applicable requirements under United States law, RBC and its Branches shall make available to the OCC such information on the operations and activities of RBC, its Branches, and any of RBC's affiliates (hereinafter "Affiliates") that the OCC deems necessary to determine and enforce compliance by the Branches with the IBA and other applicable federal laws. If the disclosure of any required information is prohibited by law or otherwise, RBC and its Branches shall cooperate with the OCC including seeking timely waivers for exemptions from any applicable confidentiality or secrecy restrictions or requirements in order to enable RBC, its Branches, and Affiliates to make such information available to the OCC.
2. RBC and its Branches consent to the jurisdiction of the federal courts of the United States and of all United States government agencies, departments, and divisions for purposes of any and all claims made by, proceedings initiated by, or obligations to, the United States, the OCC and any other United States government agency, department or division, in any matter arising under the National Bank Act, the International Banking Act, and other applicable federal laws.
3. During its first three (3) years of operation, the Hudson Branch: (i) shall give the OCC's International Banking Supervision Office at least sixty (60) days prior written notice of its intent to significantly deviate or change from its business plan or operations and (ii) shall obtain the OCC's written determination of no objection before the Hudson Branch either engages in any significant deviation or change from its business plan or operations. The OCC may impose additional conditions it deems appropriate in a written determination of no objection to the Hudson Branch's notice.
4. RBC and its Hudson Branch must comply with all understandings and commitments contained in any approval order or letter issued by the Federal Reserve Board in connection with the proposed Hudson Branch.

These conditions of approval are conditions imposed in writing by a Federal banking agency in connection with any action on any application, notice or other request within the meaning of 12 USC 1818 (b). As such, the conditions are enforceable under 12 USC 1818 (b).

Procedural Requirements to Establish a Branch

RBC and the Hudson Branch are reminded that the procedural requirements enclosed as part of the preliminary conditional approval letter dated October 9, 2015 will continue to apply once the

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Hudson Branch opens. By opening, RBC agrees to subject the Hudson Branch to these requirements of operation. The requirements bear reiteration here:

- The Hudson Branch must have adequate fidelity insurance coverage.
- The Hudson Branch must open within eighteen (18) months of the date of the preliminary conditional approval; otherwise, the approval is withdrawn.
- The Hudson Branch will maintain its accounts, books, and records as prescribed by 12 CFR Part 28 and in such a manner as to facilitate the complete and accurate presentation of financial statements and other reports in form and content as required by the OCC.
- Management must ensure applicable policies and procedures are established and approved by the board of directors before the Hudson Branch commences business.

You are reminded that for a period of two years after the Hudson Branch is opened for business, the OCC must review and approve the appointment of any new executive officer *prior* to that person assuming such position.

Standard Requirements for Fiduciary Powers

The following standard requirements apply for fiduciary powers:

- The fiduciary activities must begin within eighteen (18) months of the preliminary conditional approval, unless the OCC grants an extension.
- The federal branch must notify this office in writing within ten days of commencing its fiduciary activities.
- The OCC must approve any fiduciary management changes made prior to commencing the fiduciary activities.
- If the Bank decides to surrender the limited Federal branch's fiduciary powers, it must notify the OCC in accordance with 12 CFR 9.17(a).
- The fiduciary officers and staff should become thoroughly familiar with "Fiduciary Activities of National Banks" at 12 CFR 9.

Senior management of the Bank must provide for the establishment and administration of fiduciary activities through appropriate resolutions. Senior management of the Bank is responsible for the proper exercise of the limited Federal branch's fiduciary powers. However, senior management may decide whether it shall directly supervise the administration of all such powers or assign supervisory and/or the administrative duties to persons or committees. Senior management must establish an appropriate audit function for the limited Federal branch's trust activities with responsibilities reasonably outlined.

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Senior management of the Bank also should provide:

- A proper delineation of duties for fiduciary officer(s) and committee(s).
- The pledging of securities to secure fiduciary funds on deposit in the limited federal branch required by 12 CFR 9.10(b).
- The designation of the officers or employees responsible for custody of the fiduciary investments in conformity with 12 CFR 9.13(a).
- The pledging of securities with state authorities where required by local law, according to 12 CFR 9.14.

The establishment and administration of the fiduciary activities may appear in the written resolutions made by senior management. After adoption, a copy of those provisions should be furnished to the general manager and the fiduciary officer(s) of the limited Federal branch for guidance.

This final conditional approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States. In addition, it does not affect the ability of the OCC to exercise its supervisory, regulatory, and examination authorities under applicable law and regulations.

We based our final conditional approval on the bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval, if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

Your supervisory office is the International Banking Supervision division, which is part of the OCC's Large Bank supervision program. If you have any questions about the supervision of the Hudson Branch, please contact National Bank Examiner Erika S. Madden at (917) 229-2470. For questions regarding this letter or other licensing matters, please contact Licensing Analyst Laurie Powell at (212) 790-4055 or via email at powellla@occ.treas.gov.

Sincerely,

signed

Marva V. Cummings
Director for District Licensing