



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

May 31, 2006

Mr. Joseph D. Edmondson, Jr.
Foley & Lardner LLP
3000 K Street, N.W., Suite 500
Washington, D.C. 20007

Re: In the Matter of Certain Auction Practices File No. HO-9954
**RBC Dain Rauscher, Inc.– Waiver Request of Ineligible Issuer Status under
Rule 405 of the Securities Act**

Dear Mr. Edmondson:

This is in response to your letter dated April 20, 2006, written on behalf of Royal Bank of Canada (Company) constituting an application for relief from the Company being considered an “ineligible issuer” under Rule 405(1)(vi) of the Securities Act of 1933 (Securities Act). The Company requests relief from being considered an “ineligible issuer” under Rule 405, due to the entry on May 31, 2006, of a Commission Order (Order) pursuant to Section 8A of the Securities Act and Section 15(b) of the Securities Exchange Act of 1934, naming RBC Dain Rauscher, Inc.(RBC Dain) a subsidiary of the Company, as a respondent. The Order finds, among other things, that RBC Dain violated Section 17(a)(2) of Securities Act and requires that RBC Dain cease and desist from committing or causing any violations and any future violations of Section 17(a)(2) of the Securities Act.

Based on the facts and representations in your letter, and assuming the Company and RBC Dain will comply with the Order, the Commission, pursuant to delegated authority has determined that the Company has made a showing of good cause under Rule 405(2) and that the Company will not be considered ineligible issuers by reason of the entry of the Order. Specifically, we determined under these facts and representations that the Company and RBC DAIN have shown that the terms of the Order were agreed to in a settlement prior to December 1, 2005. Accordingly, the relief described above from the Company being ineligible issuer under Rule 405 of the Securities Act is hereby granted. Any different facts from those represented or non-compliance with the Order might require us to reach a different conclusion.

Sincerely,

Mary Kosterlitz
Chief, Office of Enforcement Liaison
Division of Corporation Finance

April 20, 2006

Via Hand Delivery

Mary J. Kosterlitz, Esq.
Chief of the Office of Enforcement Liaison
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-3010

Re: In the Matter of Certain Auction Practices (HO-09954)
(Waiver Request Relating to RBC Dain Rauscher, Inc.)

Dear Ms. Kosterlitz:

We submit this letter on behalf of Royal Bank of Canada in connection with an Offer of Settlement (the "Settlement") in the above-referenced investigation by the Securities and Exchange Commission (the "Commission") into certain practices of RBC Dain Rauscher, Inc. ("RBC Dain") and other broker-dealers regarding offerings of auction rate securities that allegedly violated Section 17(a)(2) of the Securities Act of 1933 (the "Securities Act").

We hereby respectfully request a waiver of any "ineligible issuer"¹ status that may arise with respect to Royal Bank of Canada² pursuant to Rule 405 ("Rule 405") promulgated under the Securities Act, by virtue of the fact that RBC Dain, its subsidiary, will be the subject of the contemplated administrative action to be filed by the Commission in connection with the Settlement. We respectfully request that this waiver be granted effective upon the entry of the Commission's administrative order described below. It is our understanding that the Division of Enforcement does not object to the grant of the requested waiver.

BACKGROUND

RBC Dain is part of a group of broker-dealer firms that have recently engaged in settlement discussions with the staff of the Division of Enforcement ("Staff") concerning a contemplated global settlement of the above-referenced investigation. As a result of these discussions, each of the firms entered into an agreement in principle with the Staff on November 30, 2005 regarding the terms of a

¹ See Securities Offering Reform, 70 Fed. Reg. 44,722, 44,810-811 (Aug. 3, 2005) (to be codified at 17 C.F.R. pt. 230.405) ("Rule 405").

² Royal Bank of Canada is a public holding company that, through its subsidiaries and affiliates, provides banking, investment, financing, insurance and related services. RBC Dain is a registered broker-dealer engaged in a full-service securities business, including retail and institutional sales, investment banking services, trading, and research.

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global settlement. The agreement in principle is reflected in a letter from some of the firms to the Staff dated November 30, 2005, and was subject to continued negotiations with the Staff on the specific language of the Commission's order. Specifically, each firm agreed in principle to consent to the entry of a Commission Order (the "Order") pursuant to Section 8A of the Securities Act and Section 15(b) of the Securities Exchange Act of 1934 requiring the firms to cease and desist from committing or causing any violations and any future violations of Section 17(a)(2) of the Securities Act, censuring the firms, imposing a civil money penalty, and ordering the firms to comply with certain undertakings. Specifically, RBC Dain agreed to pay a civil money penalty of \$1.5 million. The Order would include findings, which the firms would neither admit nor deny, that the firms violated Section 17(a)(2) of the Securities Act by managing auctions for auction rate securities in ways that were not adequately disclosed or that did not conform to disclosed procedures.

DISCUSSION

Recently adopted and amended Securities Act rules provide substantial benefits to issuers classified as a "well-known seasoned issuer" ("WKSI"), including the use of a streamlined automatic shelf registration process and exemption from "quiet period" restrictions prohibiting communication during the 30-day period prior to the filing of a registration statement.³ The new rules also permit most other issuers to use a "free writing prospectus" after a registration statement is filed to communicate information about a registered offering of securities.⁴ However, these benefits are unavailable to issuers defined as "ineligible issuers" pursuant to Rule 405. Specifically, ineligible issuers are excluded from the WKSI definition, and therefore such issuers may not use automatic shelf registrations or make communications within 30 days prior to filing a registration statement.⁵ Similarly, the rules prohibit ineligible issuers from using post-filing free writing prospectuses.⁶

An issuer is an ineligible issuer for the purposes of Rule 405 if, among other things, "[w]ithin the past three years . . . the issuer or any entity that at the time was a subsidiary of the issuer was made the subject of any judicial or administrative decree or order arising out of a governmental action that: (A) Prohibits certain conduct or activities regarding, including future violations of, the anti-fraud provisions of the federal securities laws; (B) Requires that the person cease and desist from violating the anti-fraud provisions of the federal securities laws; or (C) Determines that the person violated the anti-fraud provisions of the federal securities laws."⁷ Ineligible issuer status may

³ See Rule 405 (definition of "Well-known seasoned issuer"); *id.* (definition of "Automatic shelf registration statement"); Securities Offering Reform, 70 Fed. Reg. 44,722, 44,805-806 (Aug. 3, 2005) (to be codified at 17 C.F.R. pt. 230.163) ("Rule 163"); Securities Offering Reform, 70 Fed. Reg. 44,722, 44,806 (Aug. 3, 2005) (to be codified at 17 C.F.R. pt. 230.163A).

⁴ Securities Offering Reform, 70 Fed. Reg. 44,722, 44,806-807 (Aug. 3, 2005) (to be codified at 17 C.F.R. pt. 230.164) ("Rule 164"). The new rules permit WKSIs to use a free writing prospectus *before* a registration statement is filed as well. Rule 163.

⁵ See Rule 405 (definition of "Well-known seasoned issuer", para. (iii)).

⁶ See Rule 164.

⁷ Rule 405 (definition of "Ineligible issuer", para. (1)(vi)).

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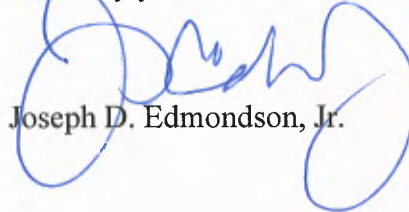
be waived if “the Commission determines, upon a showing of good cause, that it is not necessary under the circumstances that the issuer be considered an ineligible issuer.”⁸ The Commission has delegated to the Division of Corporation Finance the authority to grant or deny applications requesting that an issuer not be considered an ineligible issuer as defined in Rule 405.⁹

Because RBC Dain is and will continue to be a subsidiary of Royal Bank of Canada at the time the Order is issued, it appears that absent a waiver Royal Bank of Canada may be deemed an “ineligible issuer” under Rule 405. Accordingly, Royal Bank of Canada hereby requests a waiver, effective upon entry of the Order, of any ineligible issuer status that may arise under Rule 405 as a result of the entry of the Order, on the grounds that RBC Dain and the Staff had agreed in principle to the settlement terms described above before December 1, 2005. Under such circumstances, RBC Dain should be treated as if it were the subject of an order agreed to in a settlement prior to December 1, 2005. Accordingly, Royal Bank of Canada should be determined not to be an “ineligible issuer” within the meaning of Rule 405. We understand that the Division of Enforcement concurs.

In light of the grounds for relief discussed above, we believe that good cause has been established for a determination that Royal Bank of Canada should not be considered an “ineligible issuer” under Rule 405. We request that the Commission make that determination.

Please do not hesitate to contact the undersigned at 202-672-5354, if you have any questions regarding this request.

Sincerely yours,



Joseph D. Edmondson, Jr.

cc: Dean Jeske, Esq.
Melissa Lamb, Esq.

⁸ *Id.* (definition of “Ineligible issuer”, para. (2)).

⁹ Securities Offering Reform, 70 Fed. Reg. 44,722, 44,798-799 (Aug. 3, 2005) (to be codified at 17 C.F.R. pt. 200.30-1).