



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

June 9, 2009

Dorothy Heyl, Esq.
Milbank, Tweed, Hadley & McCloy LLP
1 Chase Manhattan Plaza
New York, N.Y. 10005-1413

**Re: SEC v. RBC Capital Markets Corporation, Civil Action No. 09-CIV-5172
(S.D.N.Y.)—Waiver Request under Regulation A and Rule 505 of Regulation D**

Dear Ms. Heyl:

This responds to your letter dated today, written on behalf of RBC Capital Markets Corporation (“RBC”), and constituting an application for relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D under the Securities Act of 1933. You requested relief from disqualifications from exemptions available under Regulation A and Rule 505 that may have arisen by reason of the Judgment as to RBC signed on June 4, 2009 and entered on June 9, 2009 by the United States District Court for the Southern District of New York in SEC v. RBC Capital Markets Corporation, Civil Action No. 09-CIV-5172 (the “Judgment”). The Judgment permanently restrains and enjoins RBC from violating Section 15(c) of the Securities Exchange Act of 1934 and orders RBC to comply with the undertakings and agreements set forth in the Consent incorporated into the Judgment.

For purposes of this letter, we have assumed as facts the representations set forth in your letter and the findings supporting entry of the Judgment. We also have assumed that RBC will comply with the Judgment.

On the basis of your letter, I have determined that RBC has made showings of good cause under Rule 262 and Rule 505 that it is not necessary under the circumstances to deny the exemptions available under Regulation A and Rule 505 of Regulation D by reason of entry of the Judgment. Accordingly, pursuant to delegated authority, relief from the disqualifying provisions of Regulation A and Rule 505 of Regulation D that deny such exemptions for such reason is hereby granted.

Very truly yours,

Gerald J. Laporte
Chief, Office of Small Business Policy

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June 9, 2009

VIA FIRST CLASS MAIL AND E-MAIL

Gerald J. Laporte, Esq.
Chief, Office of Small Business Policy
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-0506

**Re: Securities and Exchange Commission v. RBC Capital
Markets Corporation (File No. HO-10906)**

Dear Mr. LaPorte:

We submit this letter on behalf our client RBC Capital Markets Corporation ("RBC"), the settling defendant in the above-captioned action.

RBC requests, pursuant to Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D, promulgated under the Securities Act of 1933 ("Securities Act"), waivers of any disqualifications from exemptions under Regulation A and Rule 505 of Regulation D that may be applicable to RBC or any of its affiliates as a result of the entry of the judgment described below. RBC requests that these waivers be granted by the Commission effective upon the entry of the judgment described below. It is our understanding that the Staff of the Division of Enforcement does not object to the grant of the requested waivers.

BACKGROUND

The Commission has filed an action against RBC in connection with the above-captioned civil proceeding, alleging a violation of Section 15(c) of the Securities Exchange Act of 1934 (the "Exchange Act"). The Commission's Complaint concerns the marketing and sale of auction rate securities ("ARS") by RBC to investors. The Complaint alleges that RBC misled many customers regarding the fundamental nature and increasing risks associated with ARS that RBC underwrote, marketed, and sold. The Complaint further alleges that, through its employees and

marketing materials, RBC misrepresented to customers that ARS were safe, highly liquid investments that were equivalent to cash or money-market funds. The Complaint alleges that, as a result, numerous customers invested their savings in RBC's ARS that they needed or expected to have available on a short-term basis. The Complaint further alleges that (i) on February 11, 2008, RBC determined that it would not continue to make support bids in most of its auctions, as it had historically done, and (ii) as a result, those auctions failed, and RBC's customers were left holding more than \$8.8 billion in illiquid ARS. The Complaint alleges that RBC violated Section 15(c) of the Exchange Act.

Prior to the filing of the action, RBC submitted an executed Consent of Defendant RBC Capital Markets Corporation (the "Consent") which was presented by the Staff to the Commission. In the Consent, solely for the purpose of proceedings brought by or on behalf of the Commission or in which the Commission is a party, RBC agreed to consent to the entry of the judgment, without admitting or denying the allegations contained in the above-captioned Complaint (other than those relating to personal and subject matter jurisdiction, which are admitted) (the "Judgment"). The Judgment, to which RBC has consented, among other things, permanently restrains and enjoins RBC and its respective agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of the Judgment from violating, directly or indirectly, Section 15(c) of the Exchange Act.

In addition, the Judgment requires RBC, among other things, to buy back approximately \$867 million of ARS sold to retail customers, without regard to whether customers received or relied upon false or misleading information supplied by RBC. RBC will also make whole any losses sustained by certain customers who sold ARS on or between February 11, 2008 and October 8, 2008. In addition, until RBC provides par solutions to clients pursuant to the Judgment, RBC will provide customers no-net-cost loans that will remain outstanding until the ARS are repurchased.

DISCUSSION

RBC understands the entry of the Judgment may disqualify it and its affiliated entities from participating in certain offerings otherwise exempt under Regulation A and Rule 505 of Regulation D, promulgated under the Securities Act. The Commission has the authority to waive the Regulation A and Rule 505 of Regulation D exemption disqualifications upon a showing of good cause that such disqualifications are not necessary under the circumstances. *See* 17 C.F.R. §§ 230.262 and 230.505(b)(2)(iii)(C).

RBC requests that the Commission waive any disqualifying effects that the Judgment may have on RBC, or any of its affiliates, under Regulation A and Rule 505 of Regulation D. To remediate the wrongdoing alleged in the complaint, RBC has agreed, at very significant expense, to buy back over \$800 million ARS from customers who were allegedly harmed and take other substantial measures to protect their interests, as described above. The Commission was satisfied that these very significant remedial steps sufficiently addressed the conduct alleged in the Complaint. That conduct was totally unrelated to any private offering under Regulations A or D. To disqualify RBC from participation in otherwise exempt offerings would have an

Gerald J. LaPorte, Esq.

June 9, 2009

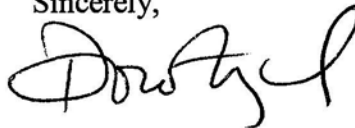
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adverse effect on RBC's business and therefore be unduly and disproportionately severe. It is for these reasons that the Division of Enforcement does not object to the grant of these waivers.

In light of the foregoing, we believe that disqualification is not necessary, in the public interest, or protective of investors, and that RBC has shown good cause that relief should be granted. Accordingly, we respectfully urge that the Commission, or an individual Commission employee pursuant to appropriate delegated authority, waive the disqualification provisions in Regulation A and Rule 505 of Regulation D to the extent that they may be applicable to RBC and any of its affiliates as a result of the entry of the Judgment.

Please do not hesitate to contact the undersigned at (212) 530-5088, if you have any questions regarding this request..

Sincerely,

A handwritten signature in black ink, appearing to read "Dorothy Heyl", written in a cursive style.

Dorothy Heyl

