



DIVISION OF  
CORPORATION FINANCE

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

August 28, 2025

Tracey Russell, Esq.  
Sullivan & Cromwell LLP  
125 Broad Street  
New York, NY 10004-2498

Re: **Royal Bank of Canada - Waiver Request of Ineligible Issuer Status under Rule 405 of the Securities Act of 1933**

Dear Ms. Russell:

This is in response to your letter dated August 28, 2025 (“Waiver Letter”), written on behalf of Royal Bank of Canada (“RBC”), requesting that RBC not be considered an “ineligible issuer” under clause (1)(v) of the ineligible issuer definition in Rule 405 of the Securities Act of 1933 (“Securities Act”). RBC requests relief from being considered an ineligible issuer under Rule 405, due to a criminal conviction by the Paris Court of Appeal on March 5, 2024 against Royal Bank of Canada Trust Company (Bahamas), a subsidiary of RBC, for complicity in tax fraud (“Judgment”).

Based on the facts and representations set forth in the Waiver Letter, we have determined that RBC has made a showing of good cause under clause (2) of the definition of ineligible issuer in Rule 405 of the Securities Act and that RBC should not be considered an ineligible issuer by reason of the entry of the Judgment. Any different facts from those represented would require us to revisit our determination that good cause has been shown and could constitute grounds to revoke or further condition this waiver of ineligible issuer status. The Commission reserves the right, in its sole discretion, to revoke or further condition this waiver under those circumstances.

For the Commission, by the Division of Corporation Finance, pursuant to delegated authority.

Sincerely,

/s/ M. Hughes Bates

M. Hughes Bates  
Chief, Office of Enforcement Liaison  
Division of Corporation Finance

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August 28, 2025

## **By Electronic Mail**

Office of Enforcement Liaison,  
Division of Corporate Finance,  
Securities and Exchange Commission,  
100 F Street N.E.,  
Washington, DC 20549.

Re: Royal Bank of Canada - Waiver Request of Ineligible Issuer  
Status under Rule 405 under the Securities Act of 1933

Dear Office of Enforcement Liaison:

This letter is submitted on behalf of Royal Bank of Canada (“RBC”) to request that the Securities and Exchange Commission (the “Commission”) or the Division of Corporation Finance (the “Division”) acting pursuant to authority duly delegated by the Commission, determine that, for good cause shown, RBC should not be considered an “ineligible issuer” as defined in Rule 405 under the Securities Act of 1933, as amended (the “Securities Act”), as a result of the conviction, on March 5, 2024, of Royal Bank of Canada Trust Company (Bahamas) Limited (“RBCTC Bahamas”), an indirect subsidiary of RBC, in France following a retrial by a French Appellate Court (the “Court of Appeal”) upon the direction of the French *Cour de cassation* (the “Supreme Court”) in connection with a trust for which RBCTC Bahamas serves as trustee.

RBC provides personal and commercial banking, wealth management, insurance, investor services and capital markets products and services on a global basis. RBCTC Bahamas provides trust and company management services to international clients. Following a strategic review, RBC Bahamas’ operations have been reduced in scope in recent times, and in September 2014, RBCTC Bahamas ceased taking on new trust business. In addition, on November 18, 2016, RBC completed the sale of the assets of RBCTC Bahamas to another financial institution, other than those assets relating to the servicing of the Bahamian trust that is connected to the allegations at issue in the criminal case, for which RBCTC Bahamas has served as successor trustee since 2004 (the “Delta Trust”) and two other trusts which were subsequently transferred.

## BACKGROUND

In January 2012, RBCTC Bahamas was summoned to appear before a French Judge of Instruction (the “Investigative Judge”) concerning an investigation into nonpayment of French inheritance taxes by Guy Wildenstein and Alec Daniel Armand Wildenstein (“Alec Wildenstein Sr.”, and together with Guy Wildenstein, the “Wildensteins”) following the death in 2001 of family patriarch Daniel Wildenstein. RBCTC Bahamas was placed under judicial investigation. In January 2015, the French national prosecutor of financial crimes (the “Special Prosecutor”) submitted a recommendation that RBCTC Bahamas and several others be charged with complicity in the Wildensteins’ alleged tax fraud and money laundering.

On April 9, 2015, the Investigative Judge issued an Order of Dismissal and Referral before the Criminal Court (the “Referral Order”).<sup>1</sup> In the Referral Order, RBCTC Bahamas is charged with complicity in the alleged tax fraud of the Wildensteins with respect to taxes allegedly owed to France on assets held in the Delta Trust. Specifically, the Investigative Judge found that the investigation produced sufficient charges against RBCTC Bahamas for having, in the Bahamas, beginning on November 19, 2004, aided and abetted tax fraud committed in Paris by certain of Daniel Wildenstein’s heirs by deliberately concealing a portion of the sums subject to French taxation on Daniel Wildenstein’s estate, in particular the works of art placed in the Delta Trust of which RBCTC Bahamas was the trustee, deeds which are governed by and punishable under the French Criminal Code and the French General Tax Code.

Under the Referral Order, French authorities maintain that the existence of the Delta Trust as well as the assets of the Delta Trust should have been disclosed to the French authorities by the Wildensteins when they filed their inheritance tax statement in relation to Daniel Wildenstein’s estate in 2002, and when a revised inheritance tax statement was filed in 2008, and that inheritance tax was due in relation to these assets. The French authorities maintain that similar disclosure should have been made in respect of the inheritance tax statement filed following the death of Alec Wildenstein Sr. in 2009.<sup>2</sup> In addition, the French authorities maintain that the Delta Trust did not in fact operate as a discretionary trust.

The trial took place during September and October of 2016 and a verdict of acquittal in favor of all prosecuted parties was rendered on January 12, 2017. The French authorities appealed the verdict of acquittal, which the Court of Appeal heard from March 2 to March 28, 2018. The French authorities sought the same remedies on

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<sup>1</sup> See Order of Dismissal and Referral before the Criminal Court (D1484/1), French Special Prosecutor No. 1120392066, French Investigative Judge No. JIRSIF/11/12. See also Employee Benefits Security Administration: Proposed Exemptions from Certain Prohibited Transaction Restrictions, 81 Fed. Reg. 197 (October 12, 2016) 70564-70566.

<sup>2</sup> RBCTC Bahamas is not charged in connection with the inheritance tax statement relating to Alec Wildenstein Sr.

appeal as in the first instance. The Court of Appeal conducted a *de novo* review of the matter and, on June 29, 2018, acquitted RBCTC Bahamas and all other defendants. The Court of Appeal ruled that the counts related to the 2002 inheritance tax declaration for Daniel Wildenstein were barred by a three-year statute of limitations and that the counts related to the 2009 inheritance tax declaration for Alec Wildenstein Sr. could not be sustained because the defendants had no legal obligation at the time to declare assets held by a trust to the French tax authorities. The Court of Appeal held that the statute establishing such an obligation did not come into effect until 2011 and could not be applied retroactively to the time of Alec Wildenstein Sr.'s death in 2009.

The French authorities appealed the Court of Appeal's decision to the Supreme Court. On January 6, 2021, the Supreme Court annulled the acquittal by the Court of Appeal and granted the prosecutor's request for a retrial in the Court of Appeal. The Supreme Court ruled that the Court of Appeal misapplied the statute of limitations to the alleged conduct in connection with the 2002 inheritance tax declaration and that the law, as it stood in 2009, could be understood to require the declaration of assets held by a trust. The retrial before the Court of Appeal commenced on September 18, 2023, and on March 5, 2024, the Court of Appeal rendered a judgment of conviction (the "Conviction") against RBC Bahamas, the Wildensteins and another trustee of separate trusts. The Court of Appeal ordered RBC Bahamas to pay a fine of €5000 (approximately \$5400) in connection with the Conviction. In addition, the Court of Appeal ordered that certain of those convicted of complicity in the matter, including RBC Bahamas, are jointly liable for the allegedly unpaid inheritance taxes owing, plus penalties and interest (such aggregate amount will be determined in separate proceedings before the tax courts, to which RBC Bahamas is not a party). RBC Bahamas believes that its actions did not violate French law and on March 7, 2024, appealed the Conviction to the French Supreme Court. Under French law, upon the filing of an appeal by RBC Bahamas, the Conviction, as well as its effects (fine and joint liability) were stayed pending the outcome of the appeal. The date for the hearing of the appeal and the judgment after the appeal have not been announced.

## DISCUSSION

In 2005, the Commission revised the registration, communications, and offering process under the Securities Act.<sup>3</sup> As part of the Securities Offering Reforms, the Commission revised Securities Act Rule 405, and created a new category of offering communication, the "free writing prospectus" ("FWP"). Eligible issuers may use FWPs in registered offerings pursuant to Rules 164 and 433 under the Securities Act. These benefits, however, are unavailable to issuers defined as "ineligible issuers" under

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<sup>3</sup> See Securities Offering Reform, Securities Act Release No. 8591, Exchange Act Release No. 52,056, Investment Company Act Release No. 26,993, 70 Fed. Reg. 44,722, 44,790 (Aug. 3, 2005) (the "Securities Offering Reforms").

Rule 405, except in limited circumstances.<sup>4</sup> Ineligible issuer status precludes an issuer from using certain types of FWP's under Rules 164 and 433.

RBC understands that the Conviction against its subsidiary makes RBC an ineligible issuer under Rule 405 for a period of three years. Rule 405 refers to Section 15(b)(4)(B) of the Securities Exchange Act of 1934 ("Exchange Act"), and subsection (iv) thereof provides that criminal convictions under certain federal laws, and any foreign statute that is the "substantial equivalent" of the federal law, renders RBC an ineligible issuer.

The Commission has the authority, directly or pursuant to authority delegated to the Division, to determine, "upon a showing of good cause, that it is not necessary under the circumstances that the issuer be considered an ineligible issuer."<sup>5</sup> RBC believes that the facts support a conclusion that the granting of a waiver would be consistent with the guidelines for relief published by the Division of Corporation Finance (the "Guidelines")<sup>6</sup> and respectfully requests that the Commission, or the Division pursuant to its delegated authority, determine that it is not necessary for RBC to be considered an ineligible issuer as a result of the Conviction.

*Nature of the Violation and Whether the Violation Casts Doubt on the Ability of the Issuer to Produce Reliable Disclosures*

The French court rendered a judgment of conviction against RBCTC Bahamas, as Trustee of the Bahamian Trust, for having aided and abetted the evasion of estate taxes owing to the French government following the death of a French citizen who had transferred substantial assets to the trust. RBCTC Bahamas is the only RBC entity subject to the proceedings brought under the Referral Order. This alleged misconduct does not pertain to activities undertaken by RBC in connection with RBC's role as an issuer of securities (or any disclosure related thereto) or any of its filings with the Commission or otherwise involve fraud in connection with RBC's offerings of its securities. None of the personnel within RBCTC Bahamas has ever been an officer or held a position on the Board of Directors of RBC and none of them has ever been responsible for, or had any influence over, the disclosures of RBC as an issuer of securities. There were no findings that the alleged conduct described in the Referral Order occurred at the direction of senior management of RBC. Moreover, there is no indication that the alleged wrongdoing reflected "a tone at the top" that condoned or chose to ignore the conduct.

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<sup>4</sup> See Securities Act Rules 164(e), 405 & 433, 17 C.F.R. §§ 230.164(e), 230.405 & 230.433.

<sup>5</sup> Securities Act Rules 405, 17 C.F.R. § 230.405.

<sup>6</sup> See Commission, Division of Corporation Finance, Revised Statement on Well-Known Seasoned Issuer Waivers, April 24, 2014, at <https://www.sec.gov/divisions/corpfin/guidance/wksi-waivers-interp-031214.htm>.

Importantly, the Conviction does not (i) challenge RBC's disclosures in filings with the Commission, (ii) state that RBC's disclosure controls and procedures were deficient, (iii) describe fraud in connection with securities offerings by RBC, (iv) state the members of the Board of Directors, the Executive Committee or any relevant other committee within RBC knew about the alleged violations or (v) state that members of the Board of Directors, the Executive Committee or any relevant other committee within RBC ignored any warning signs or "red flags" regarding the violations.

The Conviction does not lead to a finding that RBC's disclosure controls and procedures or filings with the Commission during the relevant period were deficient, as the allegations implicate the conduct of personnel at one of RBC's offshore indirect subsidiaries, none of whom was responsible for the disclosure of RBC. As a result, RBC believes that its designation as an ineligible issuer is not necessary for the public interest or the protection of existing and potential investors in RBC's securities.

*Did the conduct involve a criminal conviction or scienter-based violation?*

The conduct involved a criminal conviction of a subsidiary of the issuer, but did not involve issuer disclosures. Accordingly, RBC is not subject to the higher burden in showing good cause.

*The Persons Responsible for the Misconduct underlying the Conviction*

RBCTC Bahamas, as trustee of a Bahamian trust, was convicted of aiding and abetting the evasion of estate taxes owing to the French government following the death of a French citizen who had transferred substantial assets to the trust. RBCTC Bahamas is the only RBC entity subject to the proceedings brought under the Referral Order.

*The Duration of the Misconduct.*

The Referral Order acknowledges that RBCTC Bahamas was appointed successor trustee of the Delta Trust on November 19, 2004, three years after Daniel Wildenstein's death and more than two years after Guy Wildenstein and Alec Wildenstein Sr. had filed their allegedly false initial inheritance tax statement. The Referral Order alleges that the offense as it relates to RBCTC Bahamas commenced on the date of its appointment, but does not state when it allegedly concluded (unlike the alleged duration of offenses by certain other defendants). RBCTC Bahamas maintains that under French law, the alleged offense in question (tax evasion) was effected, if at all, when the initial inheritance tax statement was filed, before RBCTC Bahamas was appointed trustee. RBCTC Bahamas also did not have any involvement in, or knowledge at the time of, the preparation or filing of any subsequent inheritance tax statements. The taxes allegedly owed have not been paid.

### *Remedial Steps*

RBCTC Bahamas has maintained throughout the French proceedings that it did not violate French law in connection with the conduct underlying the Conviction. As such, no individuals have been disciplined or terminated, nor have any specific new policies, procedures or training been implemented that relate directly to the French prosecution and the allegations laid out in the Referral Order. However, RBC continually updates its policies and procedures and its training to reflect best practices in the industries in which it does business. While RBCTC Bahamas continues to maintain that in the specific circumstances of the case at hand it acted at all times in compliance with relevant laws, in the time since RBCTC Bahamas became trustee of Delta Trust, “know-your-client” policies and standards have evolved and intensified, including the development of greater electronic due diligence tools to more comprehensively assess client and beneficiary background and history, improved capability to scan client transactions, enhanced risk ranking of cross border clients by country connection, client business activity and complexity of structure and enhanced oversight of complex structures and higher risk clients. In addition, during that same time period, policies and practices on client tax compliance have also heightened including mandatory client tax advice for fiduciary structures, which is independently reviewed.<sup>7</sup> With respect to its remaining trust business, RBC has strengthened the related policies and procedures over time to reflect these industry developments, including implementing a more rigorous monitoring of and follow-up on clients’ accounts.

### *Prior Relief*

RBC previously received waivers regarding its eligible issuer status:

In 2006, the Commission granted RBC a waiver of ineligible issuer status arising from the May 31, 2006 Administrative Order settling the Commission’s investigation of fourteen broker-dealers, including RBC’s subsidiary RBC Dain Rauscher Inc., into certain offerings of auction rate securities. The Commission’s Order stated that the broker-dealers violated Securities Act Section 17(a)(2) by managing auctions for auction rate securities in ways that were not adequately disclosed or that did not conform to disclosed procedures (In the Matter of Certain Auction Practices - RBC Dain Rauscher, Inc.).

In 2009, the Commission granted RBC a waiver of ineligible issuer status arising from the Commission’s Administrative Order against RBC’s subsidiary, RBC Capital Markets Corporation (“CMC”). The Order stated that CMC violated Exchange

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<sup>7</sup> As noted above, in November 2016, RBC completed the sale of the assets of RBCTC Bahamas to another financial institution, other than those assets relating to the Delta Trust and two other trusts which were subsequently transferred. RBCTC Bahamas ceased seeking or accepting new business of any kind in September 2014. Owing to, among other things, this wind-down, RBCTC Bahamas did not take any actions or remedial steps considering the alleged offense.

Act Section 15(c) in connection with its marketing and sale of certain auction rate securities (In the Matter of RBC Capital Markets Corporation (June 11, 2009)).

In 2015, the Commission granted RBC a waiver of ineligible issuer status as part of the settlements reached between the Commission and a number of underwriters, including CMC, in connection with the Commission's Municipalities Continuing Disclosure Cooperation initiative. This initiative involved a self-report program intended to address potential misrepresentations in municipal bond offering documents (In the Matter of Certain Underwriters Participating in the Municipalities Continuing Disclosure Cooperation Initiative (June 18, 2015)).

In 2019, the Commission granted RBC a waiver of ineligible issuer status as part of the March 11, 2019, settlements reached between the Commission and a number of investment advisers, including RBC's subsidiary RBC Capital Markets, LLC ("CMLLC"), in connection with the Commission's Share Class Selection Disclosure Initiative, a self-reporting program addressing inadequate disclosures of conflicts of interest in connection with the receipt of 12b-1 fees and the selection of mutual fund share classes that pay such fees. (In the Matter of RBC Capital Markets, LLC, among others (March 11, 2019)).

In 2020, the Commission granted RBC a waiver of ineligible issuer status arising out of the Commission Administrative Order against CMC relating to eligibility of certain customers for less expensive share classes. The Order stated that CMLLC violated Securities Act Sections 17(a)(2) and 17(a)(3) in failing to ascertain that certain retirement and charitable organization brokerage customers were eligible for less expensive share classes, and in recommending and selling more expensive share classes to those customers. (In the Matter of RBC Capital Markets, LLC (April 24, 2020)).

In respect of each of the waivers the Commission granted, the conduct alleged occurred in a different RBC subsidiary and was unrelated to the conduct that is the subject of this waiver request. RBC does not believe the prior conduct covered by the previously granted waivers, nor the conduct that is the subject of this waiver request, calls into question the adequacy of RBC's internal control over its financial reporting or its ability to produce reliable disclosure.

#### *Impact if Request is Denied*

Determining to maintain ineligible issuer status for RBC by declining to grant the requested waiver would, in effect, impose a sanction on RBC beyond the possible sentence that could be imposed on RBCTC Bahamas because of the Conviction (in the event the Conviction is not overturned on appeal). Such a sanction would be disproportionately severe given the nature of the charges against RBCTC Bahamas and the lack of any nexus to RBC's public disclosures or compliance with U.S. securities laws. Moreover, as discussed below, denial of the requested waiver would primarily impact investors in RBC's offerings of registered securities, including retail investors, by

denying them the benefit of materials that may be helpful to them in evaluating such securities. This would be inconsistent with the goals of Securities Offering Reform.

As an ineligible issuer, RBC is unable to use FWP's other than those that contain only a description of the terms of the securities in the offering or the offering itself.<sup>8</sup> This limitation restricts RBC and its underwriters from using non-term sheet FWP's with customary content in connection with the offers and sales of RBC's securities. Importantly, ineligible issuer status limits RBC's use of general or educational marketing materials that are customarily used and relied upon by industry participants for registered structured product offerings, such as brochures that serve to educate investors on different product types or proprietary indices underlying structured product offerings. The restriction on RBC's ability to use FWP's with customary content curtails important channels of communication to investors, both in advance of and during the pendency of an offering, and precludes investors (including retail investors) and their advisors from access to materials that they may find useful in evaluating offerings. The Securities Offering Reforms were implemented to enable issuers to more effectively communicate the terms and features of securities to retail investors,<sup>9</sup> and RBC believes that, consistent with the Commission's intent in adopting the Reforms, it is important that RBC's investors once again be able to obtain the benefit of content in RBC's FWP's that the Reforms permit.

Prior to the Conviction, RBC used a variety of these materials to convey key information about RBC and its securities in a format designed to enhance the understanding of retail investors and to complement the statutory prospectus that they receive. A portion of the FWP's filed prior to the date of the Conviction comprised educational materials relating to RBC's structured notes, and presentations used in connection with the offering of structured senior debt securities under the MTN program, which materials contain content that is not permitted in FWP's of an ineligible issuer. RBC views FWP's that it is unable to use as an ineligible issuer as important to its MTN program.

Ineligibility inhibits RBC's ability to effectively and comprehensively communicate helpful information about products it offers to investors. This disadvantages investors in RBC securities who seek to make informed investment decisions on a variety of products and who do not have the same access to important educational materials in respect of those products as investors in securities issued by entities that are not ineligible issuers. In addition, the ineligibility adversely affects the marketability of such securities, which puts RBC at a competitive disadvantage compared to its peers that are eligible to prepare and utilize such materials.<sup>10</sup>

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<sup>8</sup> Securities Act Rules 164(e), 17 C.F.R. § 230.164(e).

<sup>9</sup> *See*, Securities Offering Reform, at III.D.3.(b)(i)-(ii).

<sup>10</sup> RBC acknowledges that it and other significant issuers of structured notes that are or have been "ineligible issuers" have continued to successfully operate structured notes programs within the

## CONCLUSION

RBC was not involved in the conduct underlying the Conviction. The conduct underlying the Conviction did not relate to RBC's public disclosures and did not call into question RBC's ability to produce reliable disclosures currently or in the future, nor any other filings made with the Commission.

In light of these considerations, we believe that subjecting RBC to ineligible issuer status is not necessary under the circumstances, either in the public interest or for the protection of investors, and good cause for the Commission or the Division, acting pursuant to its delegated authority, exists to determine that RBC should not be considered an ineligible issuer as a result of the Conviction.

Please contact me at (212) 558-3289 or my colleague, Benjamin Weiner, at (202) 956-7574, if you have any questions or would like to discuss RBC's request.

Sincerely,



Tracey Russell

cc: Josie Caldas  
(Royal Bank of Canada)

Benjamin H. Weiner  
Donald R. Crawshaw  
(Sullivan & Cromwell LLP)

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limitations on FWPs that apply to them. While it is difficult to quantify the adverse impact on RBC of being subject to such restrictions, RBC believes that it is meaningful and that for the reasons set forth herein the requested relief should be granted.