72/602/20

In accordance with Regulation 32 of the Overseas Companies Regulations 2009.

OS AA01

Statement of details of parent law and other information for an overseas company

Companies House

✓ **What this form is for**
You may use this form to accompany your accounts disclosed under parent law.

✗ **What this form is NOT f**
You cannot use this form an alteration of manner c with accounting requirem

THURSDAY

A6YUQAZC
A14 01/02/2018 #220
COMPANIES HOUSE

Part 1 Corporate company name

→ **Filling in this form**
Please complete in typescript or in bold black capitals.

All fields are mandatory unless specified or indicated by *

Corporate name of overseas company ❶	RBC DOMINION SECURITIES INC.
UK establishment number	B R 0 0 1 2 8 6

❶ This is the name of the company in its home state.

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and, if applicable, the legislation under which the accounts have been audited.

Legislation ❷ PLEASE SEE SCHEDULE A ATTACHED

❷ This means the relevant rules or legislation which regulates the preparation and, if applicable, the audit of accounts.

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted accounting principles?

Please tick the appropriate box.

☐ **No.** Go to **Section A3.**

☑ **Yes.** Please enter the name of the organisation or other body which issued those principles below, and then go to **Section A3.**

Name of organisation or body ❸ Investment Industry Regulatory Organization of Canada

❸ Please insert the name of the appropriate accounting organisation or body.

A3 Accounts

Accounts

Have the accounts been audited? Please tick the appropriate box.

☐ **No.** Go to **Section A5.**

☑ **Yes.** Go to **Section A4.**

OS AA01
Statement of details of parent law and other information for an overseas company

A4 Audited accounts

Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box. ☐ **No.** Go to **Part 3 'Signature'**. ☑ **Yes.** Please enter the name of the organisation or other body which issued those standards below, and then go to **Part 3 'Signature'**.	❶ Please insert the name of the appropriate accounting organisation or body.
Name of organisation or body ❶	Canadian generally accepted auditing standards - Refer to Sch. "A"	

A5 Unaudited accounts

Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box. ☐ **No.** ☑ **Yes.**

Part 3 Signature

I am signing this form on behalf of the overseas company.

Signature	Signature **X** **X**
	This form may be signed by: Director, Secretary, Permanent representative.

OS AA01

Statement of details of parent law and other information for an overseas company

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name GINA ZAPRAS

Company name RBC DOMINION SECURITIES INC.

Address 200 BAY STREET, 9TH FLOOR

ROYAL BANK PLAZA, SOUTH TOWER

Post town TORONTO

County/Region ONTARIO

Postcode M 5 J 2 J 5

Country CANADA

DX

Telephone 416-955-5707

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.

Important information

Please note that all this information will appear on the public record.

Where to send

You may return this form to any Companies House address:

England and Wales:
The Registrar of Companies, Companies House, Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Scotland:
The Registrar of Companies, Companies House, Fourth floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

Northern Ireland:
The Registrar of Companies, Companies House, Second Floor, The Linenhall, 32-38 Linenhall Street, Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.

Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk
or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

RBC Dominion Securities Inc.
Company No. FC012504
OS AA01 - Schedule A

A1 RBC Dominion Securities Inc. (RBC DSI) is incorporated under the laws of Canada and is a member of the Investment Industry Regulatory Organization of Canada ("IIROC") and a participating institution of the Canadian Investor Protection Fund.

IIROC rules specify the form and content of the presentation and disclosure of items contained within the Statements and Schedules to Form 1 (or "the financial statements"). The basis of accounting used in these financial statements materially differs from International Financial Reporting Standards ("IFRS"), in certain key areas.

RBC DSI has obtained approval from IIROC to file a combined Form 1, which includes the results of its affiliate, RBC Direct Investing Inc. (RBC DI), in which it does not have ownership. Consequently, the accompanying financial statements represent the combined balance sheets, regulatory schedules and results of RBC DSI and RBC DI. RBC DI is also incorporated under the laws of Canada and is a member of IIROC and a participating institution of the Canadian Investor Protection Fund.

A2 Yes, IIROC rules specify the form and content of the presentation and disclosure of items contained within the Statements and Schedules to Form 1 (or "the financial statements"). The basis of accounting used in these financial statements materially differs from International Financial Reporting Standards ("IFRS"), in certain key areas.

A4 Canadian generally accepted auditing standards issued by the Canadian Institute of Chartered Accountants (CICA).

FORM 1 - CERTIFICATE OF UDP AND CFO

RBC Dominion Securities Inc./RBC Direct Investing

(Dealer Member Name)

We have examined the attached statements and schedules and certify that, to the best of our knowledge, they present fairly the financial position and capital of the Dealer Member at October 31, 2017 and the results of operations for the period then ended, and are in agreement with the books of the Dealer Member.

We certify that the following information is true and correct to the best of our knowledge for the period from the last audit to the date of the attached statements which have been prepared in accordance with the current requirements of the Corporation:

		ANSWER
1.	Does the Dealer Member have adequate internal controls in accordance with the rules?	YES
2.	Does the Dealer Member maintain adequate books and records in accordance with the rules?	YES
3.	Does the Dealer Member monitor on a regular basis its adherence to early warning requirements in accordance with the rules?	YES
4.	Does the Dealer Member carry insurance of the type and in the amount required by the rules?	YES
5.	Does the Dealer Member determine on a regular basis its free credit segregation amount and act promptly to segregate assets as appropriate in accordance with the rules?	YES
6.	Does the Dealer Member promptly segregate clients' securities in accordance with the rules?	YES
7.	Does the Dealer Member follow the minimum required policies and procedures relating to security counts?	YES
8.	Have all "concentrations of securities" been identified on Schedule 9?	YES
	Do the attached statements fully disclose all assets and liabilities including the following:	
9.	Participation in any underwriting or other agreement subject to future demands?	YES
10.	Outstanding puts, calls or other options?	YES
11.	All future purchase and sales commitments?	YES
12.	Writs issued against the Dealer Member or partners or any other litigation pending?	YES
13.	Income tax arrears?	YES
14.	Other contingent liabilities, guarantees, accommodation endorsements or commitments affecting the financial position of the Dealer Member?	YES

David Agnew, Chief Executive Officer — October 31, 2017

(Ultimate Designated Person) — (date)

(Signature)

Jonathan Yu, Chief Financial Officer — October 31, 2017

(Chief Financial Officer) — (date)

(Signature)

October 31, 2017

(other Executive, if applicable) — (date)

(Signature)

FORM 1 – INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS A, E AND F

To: Investment Industry Regulatory Organization of Canada and Canadian Investor Protection Fund

We have audited the accompanying Statements of

RBC Dominion Securities Inc./RBC Direct Investing ,
(Dealer Member)

which comprise of:

Statement A - Statement of financial position as at

October 31, 2017 (date) and **October 31, 2016** (date)

Statement E - Statement of income and comprehensive income for the years ended

October 31, 2017 (date) and **October 31, 2016** (date)

Statement F - Statement of changes in capital for the year ended **October 31, 2017** (date)
and changes in retained earnings for the years ended

October 31, 2017 (date) and **October 31, 2016** (date)

and a summary of significant accounting policies and other explanatory information. These Statements have been prepared by management based on the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada.

Management's responsibility for the Statements

Management is responsible for the preparation and fair presentation of these Statements in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada and for such internal control as management determines is necessary to enable the preparation of Statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these Statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Dealer Member's preparation and fair presentation of the Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Dealer Member's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Statements present fairly, in all material respects, the financial position of

RBC Dominion Securities Inc./RBC Direct Investing
(Dealer Member)

as at **October 31, 2017** (date) and **October 31, 2016** (date) and the results of its operations for the years then ended in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada.

Timestamp: December 04, 2017 3:54 PM

FORM 1 – INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS A, E AND F

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 2 (note) *to the Statements which describes the basis of accounting.*

The Statements are prepared to assist

RBC Dominion Securities Inc./RBC Direct Investing
(Dealer Member)

to meet the requirements of the Investment Industry Regulatory Organization of Canada. As a result, the Statements may not be suitable for another purpose. Our report is intended solely for

RBC Dominion Securities Inc./RBC Direct Investing ,
(Dealer Member)

the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund and should not be used by parties other than

RBC Dominion Securities Inc./RBC Direct Investing ,
(Dealer Member)

the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund.

Unaudited Information

We have not audited the information in Schedules 13 and 13A of Part II of Form 1 and accordingly do not express an opinion on these schedules.

[illegible]
(Audit Firm)

PricewaterhouseCoopers LLP
(signature)

[illegible]
(date)

Toronto, Canada
(address)

FORM 1 – INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS B, C AND D

To: Investment Industry Regulatory Organization of Canada and Canadian Investor Protection Fund

We have audited the accompanying Statements of Form 1 (the "Statements") of

RBC Dominion Securities Inc./RBC Direct Investing ,

(Dealer Member)

which comprise of:

Statement B – Statement of net allowable assets and risk adjusted capital as at **October 31, 2017** (date) and **October 31, 2016** (date)

Statement C – Statement of early warning excess and early warning reserve as at **October 31, 2017** (date)

Statement D – Statement of free credit segregation amount as at **October 31, 2017** (date)

These Statements have been prepared by management based on the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada.

Management's Responsibility for the Statements

Management is responsible for the preparation of the Statements of Form 1 in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada, and for such internal control as management determines is necessary to enable the preparation of Statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the Statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Dealer Member's preparation of the Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Dealer Member's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis of our audit opinion.

Opinion

In our opinion, the financial information in Statement B as at **October 31, 2017** (date) and **October 31, 2016** (date) , and Statements C and D as at **October 31, 2017** (date) is prepared, in all material respects, in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada.

FORM 1 – INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS B, C AND D

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 2 (note) to the Statements which describes the basis of accounting.

The Statements are prepared to assist

RBC Dominion Securities Inc./RBC Direct Investing
(Dealer Member)

to meet the requirements of the Investment Industry Regulatory Organization of Canada. As a result, the Statements may not be suitable for another purpose. Our report is intended solely for

RBC Dominion Securities Inc./RBC Direct Investing ,
(Dealer Member)

the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund and should not be used by parties other than

RBC Dominion Securities Inc./RBC Direct Investing ,
(Dealer Member)

the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund.

PricewaterhouseCoopers LLP
(Audit Firm)

PricewaterhouseCoopers LLP
(signature)

December 1, 2017
(date)

Toronto, Canada
(address)

FORM 1, PART I – STATEMENT A

RBC Dominion Securities Inc./RBC Direct Investing

(Dealer Member Name)

STATEMENT OF FINANCIAL POSITION

at October 31, 2017 with comparative figures at October 31, 2016

REFERENCE			NOTES	(CURRENT YEAR) C$'000	(PREVIOUS YEAR) C$'000
LIQUID ASSETS:					
1.		Cash on deposit with *acceptable institutions*		637,225	643,652
2.		Funds deposited in trust for RRSP and other similar accounts		7,400,336	7,246,667
3.	Stmt. D	Cash, held in trust with *acceptable institutions*, due to free credit ratio calculation		0	0
4.		Variable base deposits and margin deposits with *acceptable clearing corporations* [cash balances only]		79,539	44,919
5.		Margin deposits with regulated entities [cash balances only]		87,607	102,908
6.	Sch.1	Loans receivable, securities borrowed and resold		87,785,745	56,714,455
7.	Sch.2	Securities owned - at *market value*		16,773,543	18,602,153
8.	Sch.2	Securities owned and segregated due to free credit ratio calculation		0	0
9.	Sch.4	Client accounts		9,779,584	14,582,526
10.	Sch.5	Brokers and dealers trading balances		2,506,567	1,898,901
11.		Receivable from carrying broker or mutual fund		0	0
12.		TOTAL LIQUID ASSETS		125,050,146	99,836,181
OTHER ALLOWABLE ASSETS (RECEIVABLES FROM ACCEPTABLE INSTITUTIONS):					
13.	Sch.6	Current income tax assets		0	0
14.		Recoverable and overpaid taxes		0	0
15.		Commissions and fees receivable		385	2,822
16.		Interest and dividends receivable		10,416	8,938
17.		Other receivables [provide details]		0	12,196
18.		TOTAL OTHER ALLOWABLE ASSETS		10,801	23,956
NON ALLOWABLE ASSETS:					
19.		Other deposits with *acceptable clearing corporations* [cash or *market value* of securities lodged]		867	20,427
20.		Deposits and other balances with non-*acceptable clearing corporations* [cash or *market value* of securities lodged]		0	0
21.		Commissions and fees receivable		31,345	23,305
22.		Interest and dividends receivable		66,503	48,103
23.		Deferred tax assets		170,667	165,702
24.		Intangible assets		17,714	23,438
25.		Property, plant and equipment		60,751	61,878
26.		Investments in subsidiaries and affiliates		36,338	38,160
27.		Advances to subsidiaries and affiliates		85,368	63,742
28.		Other assets [provide details]		97,759	86,272
29.		TOTAL NON-ALLOWABLE ASSETS		567,312	531,027
30.		Finance lease assets		0	0
31.		TOTAL ASSETS		125,628,259	100,391,164

FORM 1, PART I – STATEMENT A [Continued]

RBC Dominion Securities Inc./RBC Direct Investing

(Dealer Member Name)

STATEMENT OF FINANCIAL POSITION

at October 31, 2017 with comparative figures at October 31, 2016

REFERENCE			NOTES	(CURRENT YEAR) C$'000	(PREVIOUS YEAR) C$'000
CURRENT LIABILITIES:					
51.	Sch.7	Overdrafts, loans, securities loaned and repurchases		61,471,134	36,598,097
52.	Sch.2	Securities sold short - at *market value*		25,466,499	25,995,944
53.	Sch.4	Client accounts		26,041,063	24,653,506
54.	Sch.5	Brokers and dealers		2,339,917	3,545,101
55.		Provisions		18,074	18,688
56.	Sch.6	Current income tax liabilities		71,272	127,719
57.		Bonuses payable		814,353	734,184
58.		Accounts payable and accrued expenses		767,043	762,718
59.		Finance leases and lease-related liabilities		5,391	5,333
60.		Other current liabilities [provide details]		4,059,911	3,345,360
61.		TOTAL CURRENT LIABILITIES		121,054,657	95,786,650
NON-CURRENT LIABILITIES:					
62.		Provisions		95,638	146,614
63.		Deferred tax liabilities		0	0
64.		Finance leases and lease-related liabilities		0	0
65.		Non-refundable leasehold inducements		664	1,133
66.		Other non-current liabilities [provide details]		0	0
67.		Subordinated loans		25,000	25,000
68.		TOTAL NON-CURRENT LIABILITIES		121,302	172,747
69.		TOTAL LIABILITIES [Line 61 plus Line 68]		121,175,959	95,959,397
CAPITAL AND RESERVES:					
70.	Stmt. F	Issued capital		647,392	647,392
71.	Stmt. F	Reserves		17,877	(33,647)
72.	Stmt. F	Retained earnings or undivided profits		3,787,031	3,818,022
73.		TOTAL CAPITAL		4,452,300	4,431,767
74.		TOTAL LIABILITIES AND CAPITAL		125,628,259	100,391,164

FORM 1, PART I – NOTES

RBC Dominion Securities Inc./RBC Direct Investing

(Dealer Member Name)

NOTES TO THE FORM 1 FINANCIAL STATEMENTS

at October 31, 2017

FORM 1, PART I – STATEMENT B

RBC Dominion Securities Inc./RBC Direct Investing

(Dealer Member Name)

STATEMENT OF NET ALLOWABLE ASSETS AND RISK ADJUSTED CAPITAL

at October 31, 2017 with comparative figures at October 31, 2016

REFERENCE			NOTES	(CURRENT YEAR) C$'000	(PREVIOUS YEAR) C$'000
1.	A-73	Total Capital		4,452,300	4,431,767
2.	A-65	**Add:** Non-refundable leasehold inducements		664	1,133
3.	A-67	**Add:** Subordinated loans		25,000	25,000
4.		REGULATORY FINANCIAL STATEMENT CAPITAL		4,477,964	4,457,900
5.	A-29	**Deduct:** Total Non allowable assets		567,312	531,027
6.		NET ALLOWABLE ASSETS		3,910,652	3,926,873
7.		**Deduct:** Minimum capital		250	250
8.		SUBTOTAL		3,910,402	3,926,623
Deduct - Margin required:					
9.	Sch.1	Loans receivable, securities borrowed and resold		303,442	94,409
10.	Sch.2	Securities owned and sold short		1,211,941	1,254,751
11.	Sch.2A	Underwriting concentration		0	0
12.	Sch.4	Client accounts		55,744	63,619
13.	Sch.5	Brokers and dealers		453	3,861
14.	Sch.7	Loans and repurchases		210,394	66,778
15.		Contingent liabilities [provide details]		0	0
16.	Sch.10	Financial institution bond deductible [greatest under any clause]		3,500	3,500
17.	Sch.11	Unhedged foreign currencies		1,847	1,454
18.	Sch.12	Futures contracts		0	23,500
19.	Sch.14	Provider of capital concentration charge		224,129	844,302
20.		Securities held at non-*acceptable securities locations*		3,139	3,078
21.	Sch.7A	Acceptable counterparties financing activities concentration charge		0	0
22.		Unresolved differences [provide details]		14,768	7,942
23.		Other [provide details]		1,000	1,000
24.		TOTAL MARGIN REQUIRED [Lines 9 to 23]		2,030,357	2,368,194
25.		SUBTOTAL [Line 8 less Line 24]		1,880,045	1,558,429
26.	Sch.6A	**Add:** Applicable tax recoveries		404,325	252,065
27.		Risk Adjusted Capital before securities concentration charge [Line 25 plus Line 26]		2,284,370	1,810,494
28.	Sch.9	**Deduct:** Securities concentration charge of 0			
	Sch.6A	less tax recoveries of 0		0	0
29.		RISK ADJUSTED CAPITAL [Line 27 less Line 28]		2,284,370	1,810,494

Jan-2013

Timestamp: December 04, 2017 3:54 PM

FORM 1, PART I – STATEMENT B SUPPLEMENTAL

DATE: October 31, 2017

RBC Dominion Securities Inc./RBC Direct Investing
(Dealer Member Name)

Statement B – Line 22: Details of Unresolved Differences

	Reconciled as at Report Date (Yes/No)	Number of items	Debit/Short value (Potential Losses)	Number of items	Credit/Long value (Potential Gains)	Required to margin
(a) Clearing	YES	0	0	0	0	0
(b) Brokers and dealers	YES	6	19	13	1	19
(c) Bank accounts	YES	0	0	0	0	0
(d) Intercompany accounts	YES	0	0	0	0	0
(e) Mutual Funds	YES	57	6,008	56	6,152	8,489
(f) Security Counts	YES	0	0	0	0	0
(g) Other unreconciled differences	YES	55	58,715	0	0	6,260
TOTAL						14,768
						Statement B, Line 22

FORM 1, PART I – STATEMENT C

RBC Dominion Securities Inc./RBC Direct Investing

(Dealer Member Name)

STATEMENT OF EARLY WARNING EXCESS AND EARLY WARNING RESERVE

at October 31, 2017

	REFERENCE		NOTES	(CURRENT YEAR) C$'000
1.	B-29	RISK ADJUSTED CAPITAL		2,284,370
LIQUIDITY ITEMS -				
		DEDUCT:		
2.	A-18	Other allowable assets		10,801
3.	Sch.6A	Tax recoveries		404,325
4.		Securities held at non-*acceptable securities locations*		314
		ADD:		
5.	A-68	Non-current liabilities		121,302
6.	A-67	Less: Subordinated loans		25,000
7.	A-65	Less: Non-refundable leasehold inducements		664
8.	A-64	Less: Finance leases and lease-related liabilities		0
9.		Adjusted non-current liabilities for Early Warning purposes		95,638
10.	Sch.6A	Tax recoveries - income accruals		8,472
11.		EARLY WARNING EXCESS		1,973,040
		DEDUCT: CAPITAL CUSHION -		
12.	B-24	Total margin required $ 2,030,357 multiplied by 5%		101,518
13.		EARLY WARNING RESERVE [Line 11 less Line 12]		1,871,522

FORM 1, PART I – STATEMENT D

RBC Dominion Securities Inc./RBC Direct Investing

(Dealer Member Name)

STATEMENT OF FREE CREDIT SEGREGATION AMOUNT

at October 31, 2017

REFERENCE			NOTES	(CURRENT YEAR) C$'000
A.		**AMOUNT REQUIRED TO SEGREGATE BASED ON GENERAL FREE CREDIT LIMIT**		
		General client free credit limit		
1.	C-13	Early warning reserve of $ 1,871,522 multiplied by 12 [Report NIL if amount is negative]		22,458,264
		Less client free credit balances:		
2.	Sch.4	Dealer Member's own [see note]		10,081,116
3.		Carried For Type 3 Introducers		0
4.		**Total client free credit balances** [Section A, Line 2 plus Section A, Line 3]		10,081,116
5.		**AMOUNT REQUIRED TO SEGREGATE BASED ON GENERAL CLIENT FREE CREDIT LIMIT** [Section A, Line 4 minus Section A, Line 1; report NIL if result is negative; see note]		0
B.		**AMOUNT REQUIRED TO SEGREGATE BASED ON MARGIN LENDING ADJUSTED CLIENT FREE CREDIT LIMIT**		
		Client free credit limit for margin lending purposes		
1.	C-13	Early warning reserve of $ 1,871,522 multiplied by 20 [Report NIL if amount is negative]		37,430,440
		Less client free credit balances used to finance client margin loans:		
2.		Total settlement date client margin debit balances		2,546,106
3.		Total client free credit balances [Include amount from Section A, Line 4 above]		10,081,116
4.		**Subtotal - Client free credit balances used to finance client margin loans** [Lesser of Section B, Line 2 and Section B, Line 3]		2,546,106
5.		**Amount required to segregate relating to margin lending** [Section B, Line 4 minus Section B, Line 1; report NIL if result is negative]		0
		Free credit limit for all other purposes		
6.	C-13	Early warning reserve [Report NIL if amount is negative]		1,871,522
7.		Total settlement date client margin debit balances divided by 20		127,305
8.		**Portion of early warning reserve available to support all other uses of client free credits** [Section B, Line 6 minus Section B, Line 7; report NIL if result is negative]		1,744,217
9.		**Client free credit limit for all other purposes** [Section B, Line 8 multiplied by 12]		20,930,604
10.		**Client free credits not used to finance margin loans** [Section A, Line 4 minus Section B, Line 4]		7,535,010
11.		**Amount required to segregate relating to all other purposes** [Section B, Line 10 minus Section B, Line 9; report NIL if result is negative]		0
12.		**AMOUNT REQUIRED TO SEGREGATE BASED ON MARGIN LENDING ADJUSTED CLIENT FREE CREDIT LIMIT** [Section B, Line 5 plus Section B, Line 11]		0
C.		**AMOUNT REQUIRED TO SEGREGATE**		
1.		Amount required to segregate based on general client free credit limit [Section A, Line 5]		0
2.		Amount required to segregate based on margin lending adjusted client free credit limit [Section B, Line 12]		0
3.		**AMOUNT REQUIRED TO SEGREGATE** [Lesser of Section C, Line 1 and Section C, Line 2 if Section B completed; otherwise Section C, Line 1]		0

RBC Dominion Securities Inc./RBC Direct Investing
(Dealer Member Name)

STATEMENT OF FREE CREDIT SEGREGATION AMOUNT

at October 31, 2017

REFERENCE			NOTES	(CURRENT YEAR) C$'000
D. AMOUNT IN SEGREGATION				
1.	A-3	Client funds held in trust in an account with an *acceptable institution* [see note]		0
2.	Sch.2	Market value of securities owned and in segregation [see note]		0
3.		**AMOUNT IN SEGREGATION** [Section D, Line 1 plus Section D, Line 2]		0
4.		**NET SEGREGATION EXCESS (DEFICIENCY)** [Section D, Line 3 minus Section C, Line 3, see note]		0

FORM 1, PART I – STATEMENT E

RBC Dominion Securities Inc./RBC Direct Investing

(Dealer Member Name)

STATEMENT OF INCOME AND COMPREHENSIVE INCOME

at October 31, 2017 with comparative figures at October 31, 2016

REFERENCE		NOTES	(CURRENT YEAR / MONTH) C$'000	(PREVIOUS YEAR / MONTH) C$'000
COMMISSION REVENUE				
1.	Listed Canadian securities		257,927	259,584
2.	Other securities		190,887	193,276
3.	Mutual funds		316,146	322,661
4.	Listed Canadian options		855	1,138
5.	Other listed options		461	479
6.	Listed Canadian futures		17,178	15,583
7.	Other futures		0	0
8.	OTC derivatives		0	0
PRINCIPAL REVENUE				
9.	Listed Canadian options and related underlying securities		2,390	4,609
10.	Other Equities and options		(1,476,606)	(1,615,643)
11.	Debt		(260,475)	(94,503)
12.	Money market		49,947	(51,582)
13.	Futures		(137,893)	15,181
14.	OTC derivatives		2,169,370	2,129,900
CORPORATE FINANCE REVENUE				
15.	New issues – equity		206,502	238,661
16.	New issues – debt		169,171	117,018
17.	Corporate advisory fees		156,373	155,972
OTHER REVENUE				
18.	Interest		499,199	381,248
19.	Fees		1,578,370	1,311,151
20.	Other [provide details]		117,738	86,192
21.	TOTAL REVENUE		3,857,540	3,470,925
EXPENSES				
22.	Variable compensation		1,064,703	950,386
23.	Commissions and fees paid to third parties		57,079	22,780
24.	Bad debt expense		1,550	1,082
25.	Interest expense on subordinated debt		0	0
26.	Financing cost		142,023	202,382
27.	Corporate finance cost		8,349	6,380
28.	Unusual items [provide details]		0	0
29.	Pre-tax profit (loss) for the period from discontinued operations		0	0
30.	Operating expenses		1,163,902	1,086,456
31.	**Profit [loss] for Early Warning test**		1,419,934	1,201,459

Jan-2013

Timestamp: December 04, 2017 3:54 PM

FORM 1, PART I – STATEMENT E [Continued]

RBC Dominion Securities Inc./RBC Direct Investing

(Dealer Member Name)

STATEMENT OF INCOME AND COMPREHENSIVE INCOME

at October 31, 2017 with comparative figures at October 31, 2016

REFERENCE			NOTES	(CURRENT YEAR / MONTH)	(PREVIOUS YEAR / MONTH)
32.		Income – Asset revaluation		0	0
33.		Expense – Asset revaluation		0	0
34.		Interest expense on internal subordinated debt		335	289
35.		Bonuses		283,754	241,592
36.		**Net income/(loss) before income tax**		1,135,845	959,578
37.	S-6(5)	Income tax expense (recovery), including taxes on profit (loss) from discontinued operations		341,836	295,570
38.		PROFIT [LOSS] FOR PERIOD		794,009 F-11	664,008
		Other comprehensive income			
39.		Gain (loss) arising on revaluation of properties		0 F-5a	0
40.		Actuarial gain (loss) on defined benefit pension plans		51,524 F-5b	(64,145)
41		Other comprehensive income for the period, net of tax [Lines 39 plus 40]		51,524	(64,145)
42.		**Total comprehensive income for the period** [Lines 38 plus 41]		845,533	599,863

Jan-2013

Timestamp: December 04, 2017 3:54 PM

Print Date: December 07, 2017 4:36 PM

RBC Dominion Securities Inc./RBC Direct Investing Inc.
Notes – Part I, Form 1
October 31, 2017 and 2016
($000's)

1. GENERAL INFORMATION

RBC Dominion Securities Inc. ("DSI") is a wholly owned subsidiary of RBC Dominion Securities Ltd., which is a wholly owned subsidiary of Royal Bank of Canada ("RBC"). DSI is a registered securities dealer and is engaged in principal transactions, agency transactions, investment banking and investment advisory businesses.

RBC Direct Investing Inc. ("DII") is a retail discount brokerage operating under the trade name of Direct Investing, which offers its services through various delivery channels in Canada. DII is an indirectly wholly owned subsidiary of RBC.

DSI and DII (collectively referred to as the "Company") are incorporated under the laws of Canada and are members of the Investment Industry Regulatory Organization of Canada ("IIROC") and participating institutions of the Canadian Investor Protection Fund ("CIPF"). The Company's corporate headquarters are located at 200 Bay Street, 9th Floor, South Tower, Toronto, Ontario, M5V 2J5.

IIROC rules specify the form and content of the presentation and disclosure of items contained within the Statements and Schedules to Form 1 (or "the financial statements").

Form 1 was authorized for issue by the Board of Directors on December 11, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES and JUDGEMENTS

I. IIROC Requirements

The non-consolidated combined financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the prescribed reporting requirements contained within the rules of IIROC, which requires the use of International Financial Reporting Standards ("IFRS") unless otherwise modified by IIROC as summarized below.

The "market value of securities" as defined by IIROC is not a term contemplated under IFRS. For the purposes of these notes, the use of the term fair value is equivalent to market value.

The basis of accounting used in these financial statements materially differs from IFRS, in the following key areas:

a) DSI has obtained approval from IIROC to file a combined Form 1, which includes the results of its affiliate, DII, in which it does not have ownership. Consequently, the accompanying financial statements represent the combined balance sheets, regulatory schedules and results of operations for the Company (after the elimination of intercompany receivable and payable balances), which is not contemplated under IFRS.

b) As prescribed by Form 1, a statement of cash flows has not been presented.

c) Statements A and E present assets, liabilities, revenues and expenses in accordance with classification required by IIROC, which requires the presentation of liquid assets, other allowable assets and non-allowable assets, which are not terms defined under IFRS. Certain items are presented net on Statement A or E which would not be presented net under IFRS. Statements B, C, D and F are prepared in a form prescribed by IIROC and in accordance with the applicable instructions contained within its rules. These are not statements contemplated under IFRS. In addition, specific balances may be classified or presented on Statement A, E, and F in a manner that differs from IFRS requirements.

d) For client and broker balances, IIROC allows the netting of receivables from and payables to the same counterparty. The Company records net client receivable/payables of the same client in an account having pending trades with different settlement dates.

e) Available-for-sale ("AFS") financial assets are recorded at cost for Form 1 purposes.

f) The Company's subsidiaries, which are wholly owned, are accounted for using the cost method. The significant direct and indirect subsidiaries are as follows.

RBC Capital Markets Real Estate Group Inc.	RBC Wealth Management Financial Services Inc.
RBC Capital Markets Realty Inc.	RBC Securities Australia Pty Limited
RBC Dominion Securities Global Limited	RBC Brasil Participacoes Ltda (1)
RBC Investment Services (Asia) Limited	RBC Asesorias Limitada (1)

(1) Operations have been wound down and The Company is in the process of liquidating and closing these entities down.

II. General

Use of estimates and assumptions

In preparing the financial statements, management is required to make subjective estimates and assumptions that affect the reported amount of assets, liabilities, net income and related disclosures. Estimates made by management are based on historical experience and other assumptions that are believed to be reasonable. Key sources of estimation uncertainty include: determination of fair value of financial instruments, derecognition of financial assets, securities impairment, pensions and other post-employment benefits, income taxes, carrying value of intangible assets and litigation provisions. Accordingly, actual results may differ from these and other estimates thereby impacting the future financial statements. Refer to the relevant accounting policies in this Note for details on the use of estimates and assumptions.

Significant judgments

In preparation of these financial statements, management is required to make significant judgments that affect the carrying amounts of certain assets and liabilities, and the reported amounts of revenues and expenses recorded during the period. Significant judgments have been made in the following areas: fair value of financial instruments, derecognition of financial assets, securities impairment, pensions and post-retirement benefits, income taxes and litigation provisions. Refer to the relevant accounting policies in this Note for details on the Company's significant judgments.

Trade-date accounting

The Company accounts for all transactions and recognizes assets and liabilities on a trade-date basis.

III. Significant Accounting Policies

a) **Functional and Presentation Currency**

These financial statements are presented in Canadian dollars, which is the Company's functional currency. Except as otherwise indicated, financial information presented in Canadian dollars has been rounded to the nearest thousand.

b) **Financial Instruments – Recognition and measurement**

Securities
Securities are classified at inception, based on management's intention, as at fair value through profit and loss (FVTPL) or designated as FVTPL using the fair value option.

Trading securities include securities purchased for sale in the near term which are classified as at FVTPL by nature and securities designated as at FVTPL under the fair value option. Obligations to deliver trading securities sold but not yet purchased are recorded as liabilities and carried at fair value. Realized and unrealized gains and losses on these securities are recorded as Principal Revenue on Statement E. Interest income accruing on Trading securities is recorded in Principal Revenue, and interest expense accrued on securities sold short are recorded in Financing costs. Dividends accrued are recorded in Principal Revenue.

Certain investments are classified as AFS investments, and measured at cost in the financial statements, including securities which may be sold to meet liquidity needs, in response to or in anticipation of changes in interest rates and resulting prepayment risk, changes in foreign currency risk, and changes in funding sources or terms. The Company's investments in subsidiaries are recorded at cost in the financial statements as required by IIROC. At each reporting date, and more frequently when conditions warrant, the Company evaluates these investments to determine whether there is any objective evidence of impairment. In assessing whether there is any objective evidence that suggests that they are impaired, the Company considers factors which include the length of time and extent the fair value has been below cost, along with management's assessment of the financial condition, business and other risks of the issuer. If an investment is impaired, the difference between the cost/amortized cost and current fair value less any impairment loss previously recognized is recognized as an impairment loss in net income.

Fair value option
A financial instrument can be designated as at FVTPL (the fair value option) on its initial recognition even if the financial instrument was not acquired or incurred principally for the purpose of selling or repurchasing it in the near term. An instrument that is designated as at FVTPL by way of this fair value option must have a reliably measurable fair value and satisfy one of the following criteria: (i) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities, or recognizing gains and losses on them on a different basis (an accounting mismatch); (ii) it belongs to a group of financial assets or financial liabilities or both that are managed, evaluated, and reported to key management personnel on a fair value basis in accordance with the Company's risk management strategy, and the Company can demonstrate that significant financial risks are eliminated or significantly reduced; or (iii) there is an embedded derivative in the financial or non-financial host contract and the derivative is not closely related to the host contract. These instruments cannot be reclassified out of the FVTPL category while they are held or issued.

Financial assets designated as at FVTPL are recorded at fair value and any unrealized gain or loss arising due to changes in fair value is included in Principal Revenue. Financial liabilities designated as at FVTPL are recorded at fair value and fair value changes are recorded in Principal Revenue.

To determine the fair value adjustments on the Company's financial liabilities designated as at FVTPL, the Company calculates the present value of the instruments based on the contractual cash flows over the term of the arrangement by using the effective funding rate at the beginning and end of the period with the change in present value recorded in Principal Revenue.

Determination of fair value

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company determines fair value by incorporating all factors that market participants would consider in setting a price, including commonly accepted valuation approaches.

The Company has established policies, procedures and controls for valuation methodologies and techniques to ensure fair value is reasonably estimated. Major valuation processes and controls include, but are not limited to, profit and loss decomposition, independent price verification (IPV) and model validation standards. These control processes are managed by either Finance or RBC Group Risk Management and are independent of the relevant businesses and their trading functions. Profit and loss decomposition is a process to explain the fair value changes of certain positions and is performed daily for trading portfolios. All fair value instruments are subject to IPV, a process whereby trading function valuations are verified against external market prices and other relevant market data. Market data sources include traded prices, brokers and price vendors. Priority is given to those third-party pricing services and prices having the highest and most consistent accuracy. The level of accuracy is developed over time by comparing third-party price values to traders' or system values, to other pricing service values and, when available, to actual trade data. Other valuation techniques are used when a price or quote is not available. Some valuation processes use models to determine fair value. The Company has a systematic and consistent approach to control model use. Valuation models are approved for use within the Company's model risk management framework. The framework addresses, among other things, model development standards, validation processes and procedures, and approval authorities. Model validation ensures that a model is suitable for its intended use and to set parameters for its use. All models are revalidated regularly.

Valuation adjustments are recorded to appropriately reflect counterparty credit quality of the Company's derivative portfolio, unrealized gains or losses at inception of the transaction, bid-offer spreads and unobservable parameters. These adjustments may be subjective as they require significant judgment in the input selection, such as probability of default and recovery rate, and are intended to arrive at fair value that is determined based on assumptions that market participants would use in pricing the financial instrument. The realized price for a transaction may be different from its recorded value that is previously estimated using management judgment, and may therefore impact unrealized gains and losses recognized in Principal Revenue.

Where required, a valuation adjustment is made to reflect the unrealized gain or loss at inception of a financial instrument contract where the fair value of that financial instrument is not obtained from a quoted market price or cannot be evidenced by other observable market transactions based on a valuation technique incorporating observable market data.

A bid-offer valuation adjustment is required when a financial instrument is valued at the mid-market price, instead of the bid or offer price for asset or liability positions, respectively. The valuation adjustment takes into account the spread from the mid to either the bid or offer price.

Some valuation models require parameter calibration from such factors as market observed option prices. The calibration of parameters may be sensitive to factors such as the choice of instruments or optimization methodology. A valuation adjustment is also estimated to mitigate the uncertainties of parameter calibration.

In determining fair value, a hierarchy is used which prioritizes the inputs to valuation techniques. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Determination of fair value based on this hierarchy requires the use of observable market data whenever available. Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that have the ability to access at the measurement date. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model inputs that are either observable, or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 3 inputs are one or more inputs that are unobservable and significant to the fair value of the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available at the measurement date. The availability of inputs for valuation may affect the selection of valuation techniques. The classification of a financial instrument in the hierarchy for disclosure purposes is based upon the lowest level of input that is significant to the measurement of fair value.

Where observable prices or inputs are not available, management judgment is required to determine fair values by assessing other relevant sources of information such as historical data, proxy information from similar transactions, and through extrapolation and interpolation techniques. For more complex or illiquid instruments, significant judgment is required in the determination of the model used, the selection of model inputs, and in some cases the application of valuation adjustments to the model value or quoted price for inactively traded financial instruments, as the selection of model inputs may be subjective and the inputs may be unobservable. Unobservable inputs are inherently uncertain as there is little or no market data available from which to determine the level at which the transaction would occur under normal business circumstances. Appropriate parameter uncertainty and market risk valuation adjustments for such inputs and other model risk valuation adjustments are assessed in all such instances.

Transaction costs
Transaction costs are expensed as incurred for financial instruments classified or designated as at FVTPL. For other financial instruments, transaction costs are capitalized on initial recognition, and are amortized through net income over the estimated life of the instrument.

Offsetting financial assets and financial liabilities
Financial assets and financial liabilities other than client and broker balances are offset on Statement A when there exists both a legally enforceable right to offset the recognized amounts and an ability and intention to settle on a net basis, or realize the asset and settle the liability simultaneously. For client and broker balances, trades posted to the same client account which have not settled by the reporting date are presented on a net basis, as described in Note 2 section I above.

Assets purchased under reverse repurchase agreements and sold under repurchase agreements
The Company purchases securities under agreements to resell (reverse repurchase agreement) and takes possession of these securities. Reverse repurchase agreements are treated as collateralized lending transactions whereby the Company monitors the market value of the securities purchased and additional collateral is obtained when appropriate. The Company has the right to liquidate the collateral held in the event of counterparty default. The Company also sells securities under agreements to repurchase (repurchase agreements), which are treated as collateralized borrowing transactions. The securities received under reverse repurchase agreements and securities delivered under repurchase agreements are not recognized on, or derecognized from, Statement A respectively, unless the risks and rewards of ownership are obtained or relinquished.

Reverse repurchase agreements and repurchase agreements are designated as at FVTPL and are recorded at fair value. Certain agreements, the majority of which are less than one month in duration, are held at amortized cost. Interest earned on reverse repurchase agreements is included in interest income, and interest incurred on repurchase agreements is netted against interest income in Statement E. Changes in fair value for reverse repurchase agreements and repurchase agreements designated as at FVTPL are included in Principal Revenue.

Securities borrowed and loaned

Securities borrowed and securities loaned are collateralized by either negotiable securities or cash. In the case of cash, it is carried at the amounts of cash collateral advanced and received in connection with the transactions as specified in the respective agreements. Interest is accrued over the term of the borrowing or lending activity and is reported in interest income.

Derivatives

Derivative instruments are recorded on the Company's Statement A at fair value, including those derivatives that are embedded in financial or non-financial contracts that are not closely related to the host contracts. Changes in the fair value of derivative instruments are recognized in net income. Derivative financial instruments include futures, forwards, swaps and option contracts whose value is derived from interest rates, foreign exchange rates, equity and commodity prices or other financial indices. These derivative instruments are either exchange traded (futures and options) or over-the-counter (swaps, forwards and options). The Company's derivatives trading results from client driven and economic hedging activities, and are valued at prevailing market rates. Changes in the fair value of derivatives used to manage the exposures in economic hedge relationships are offset against the relevant economically hedged expensed item. Quoted market prices, where available, are used as the basis to determine the fair value of derivatives as at FVTPL. If quoted market prices are not available, then fair values are estimated on the basis of pricing models, quoted prices of instruments with similar characteristics, or discounted cash flows. Where appropriate, a valuation adjustment is made to cover market, model and credit risks. Fair value of derivative instruments are recorded in securities owned or securities sold short, as appropriate. Resulting realized and unrealized gains and losses are included in Principal Revenue.

Loans and receivables

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans are initially recognized at fair value. When loans are issued at a market rate, fair value is represented by the cash advanced to the borrowers. Loans are subsequently measured at amortized cost using the effective interest method less impairment.

The Company assesses at each reporting date whether there is objective evidence that the loans are impaired. Evidence of impairment may include indications that the borrower is experiencing significant financial difficulty, probability of bankruptcy or other financial reorganization, as well as a measurable decrease in the estimated future cash flows evidenced by the adverse changes in the payments status of the borrower or economic conditions that correlate with defaults.

Derecognition of financial assets

Financial assets are derecognized from the Company's Statement A when the Company's contractual rights to the cash flows from the assets have expired, when the Company retains the rights to receive the cash flows of the assets but assume an obligation to pay those cash flows to a third party subject to certain pass-through requirements, or when the Company transfers its contractual rights to receive the cash flows and substantially all of the risks and rewards of the assets have been transferred. When the Company neither retains nor transfers substantially all the risks and rewards of ownership of the assets, it derecognizes the assets if control over the assets is relinquished. If the Company retains control over the transferred assets, the Company continues to recognize the transferred assets to the extent of the Company's continuing involvement.

Management's judgment is applied in determining whether the contractual rights to the cash flows from the transferred assets have expired or whether the rights are retained to receive cash flows on the assets but assume an obligation to pay for those cash flows. The Company derecognizes transferred financial assets if the Company transfers substantially all the risk and rewards of the ownership in the assets. When assessing whether the Company has transferred substantially all of the risk and rewards of the transferred assets, management considers the entity exposure before and after the transfer with the variability in the amount and timing of the net cash flows of the transferred assets. In transfers that the Company retains the servicing rights, management has applied judgment in assessing the benefits of servicing against market expectations. When the benefits of servicing are greater than fair market value, a servicing asset is recognized in Other assets in Statement A. When the benefits of servicing are less than fair market value, a servicing liability is recognized in other liabilities in Statement A.

Derecognition of financial liabilities
Financial liabilities are derecognized from the Company's Statement A when the Company's obligation specified in the contract expires, or is discharged or cancelled. The Company recognizes the difference between the carrying amount of a financial liability transferred and the consideration paid in net income.

c) **Revenue**

Commissions and fees
Portfolio management fees are recognized based on the applicable service contracts. Fees related to provision of services including asset management, wealth management, financial planning and custody services that cover a specified service period, are recognized over the period in which the service is provided. Investment management and custodial fees are generally calculated as a percentage of daily or period-end net asset values, and are received monthly, quarterly, semi-annually or annually, depending on the terms of the contracts. Management fees are generally derived from assets under management (AUM) when our clients solicit the investment capabilities of an investment manager, and administrative fees are derived from assets under administration (AUA) where the investment strategy is directed by the client or a designated third party manager. Performance-based fees, which are earned upon exceeding certain benchmarks or performance targets, are recognized only when the benchmark or performance targets are achieved. Brokerage commissions that are related to the provision of specific transaction type services are recognized when the service has been completed.

When service fees and other costs are incurred in relation to commission and fees earned and the Company is principal to such arrangements, they are recorded on a gross basis in either Commissions and Fees paid to Third Parties (Line E23) or Operating Expenses (Line E30), as applicable.

Principal revenue
Principal revenue includes realized and unrealized gains or losses, interest income and dividends from trading securities. Interest is recognized for all interest-bearing financial instruments using the effective interest method. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial asset or liability to the net carrying amount upon initial recognition. Dividend income is recognized when the right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders have approved the dividend for unlisted equity securities.

Corporate finance revenues
New issue fees include gains, losses, and fees arising from securities offerings in which the Company acts as underwriter or agent and are booked at the time the underwriting is substantially completed and the income is reasonably determinable.

Corporate advisory fees include fees earned from providing merger-and-acquisition and financial restructuring advisory services and are recognized when the service has been substantially completed.

d) **Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at rates prevailing at the balance sheet date. Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars at historical rates. Revenue and expenses denominated in foreign currencies are translated to Canadian dollars at the rate in effect on the date of the transaction. Foreign exchange gains and losses are reported in Other revenue in Statement E.

e) **Capital assets**

Capital assets include property and equipment, and are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. Gains and losses on disposal of assets are reported in other revenue in Statement E.

f) **Intangible assets**

Capitalized computer software is carried at cost and depreciated on a straight-line basis over the estimated useful life of the assets, which are three to five years.

Customer lists are amortized using the straight-line method over their estimated useful life up to 15 years. The Company reviews the amortization period and method for intangible assets with a finite useful life at least annually. If the expected useful life of the asset is different from previous estimates, then the amortization period is changed accordingly.

In addition, the Company reviews the carrying value of amortizable intangible assets and assesses for indicators of impairment at least annually. If there is an indication that an intangible asset may be impaired, an impairment test is performed by comparing the carrying amount of the intangible asset to its recoverable amount.

An impairment loss recognized previously is reversed if there is a change in the estimates used to determine the recoverable amount of the asset since the last impairment loss was recognized. If an impairment loss is subsequently reversed, the carrying amount of the asset is revised to the lower of its recoverable amount and the carrying amount that would have been determined (net of amortization) had there been no prior impairment. Significant judgment is required in determining the useful lives and recoverable amounts of the Company's intangible assets, and assessing whether certain events or circumstances constitute objective evidence of impairment.

g) **Pensions and other post-employment benefits**

The Company's defined benefit pension expense, which is included in operating expense in Statement E, consists of the cost of employee pension benefits for current year service, net interest on the net defined benefit liability (asset), past service cost and gains or losses on settlement. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in OCI in the period in which they occur. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred), as well as the effects of changes in actuarial assumptions. Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment and is charged immediately to income.

For each defined benefit plan, the Company recognizes the present value of the Company's defined benefit obligations less the fair value of the plan assets as a defined benefit liability reported in Provisions on Statement A. For plans where there is a net defined benefit asset, the amount is reported as an asset in Other Assets on Statement A.

The calculation of defined benefit expenses and obligations requires significant judgment as the recognition is dependent on discount rates and various actuarial assumptions such as healthcare cost trend rates, projected salary increases, retirement age, and mortality and termination rates. Due to the long-term nature of these plans, such estimates and assumptions are subject to inherent risks and uncertainties. For pension and other post-employment plans, the discount rate is determined by reference to market yields on high quality corporate bonds. Since the discount rate is based on currently available yields, and involves management's assessment of market liquidity, it is only a proxy for future yields. Actuarial assumptions, set in accordance with current practices in Canada, may differ from actual experience as statistics are only an estimate for future employee behaviour. These assumptions are determined by management and are reviewed by actuaries at least annually. Changes to any of the above assumptions may affect the amounts of benefits obligations and remeasurements that the Company recognizes.

The Company's contributions to defined contribution plans are expensed when employees have rendered services in exchange for such contributions, generally in the year of contribution. Defined contribution plan expense is included in Operating expenses in Statement E.

h) **Income Taxes**

Income tax comprises current tax and deferred tax and is recognized on the Company's Statement E except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income tax payable on profits is recognized as an expense based on the applicable tax laws in each jurisdiction in the period in which profits arise, calculated using tax rates enacted or substantively enacted by the balance sheet date. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes compared with tax purposes. Deferred tax assets and liabilities are determined based on the tax rates that are expected to be in effect in the period that the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income taxes accumulate as a result of temporary differences and tax loss carry forwards. On a quarterly basis, the Company reviews its deferred income tax assets to determine whether it is probable that the benefits associated with these assets will be realized. This review involves evaluating both positive and negative evidence.

The Company is subject to income tax laws in various jurisdictions where it operates, and the complex tax laws are potentially subject to different interpretations by the Company and the relevant taxation authority. Significant judgment is required in the interpretation of the relevant tax laws and in estimating the provision for current and deferred income taxes due to uncertainty in timing and amount of taxable income and in the design and ability to implement tax planning strategies.

i) **Share-based Compensation**

The Company offers an RBC share-based compensation plan to certain key employees, including performance deferred share plans and deferred share unit plans (the Plans). The obligations for the Plans are accrued over their vesting periods. The Plans are settled in cash and the accrued obligations are adjusted to their fair value at each balance sheet date. Changes in the Company's obligations, net of related hedges, are recorded as Operating Expenses in Statement E with a corresponding increase in Bonuses payable in Statement A. The compensation cost attributable to awards granted to employees who are eligible to retire or will become eligible to retire during the vesting period, is recognized immediately if the employee is eligible to retire on the grant date or over the period between the grant date and the date the employee becomes eligible to retire. The Company's contributions to the employee savings and share ownership plans are expensed as incurred.

j) **Provisions**

Provisions are liabilities of uncertain timing or amount and are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured as the best estimate of the consideration required to settle the present obligation less accumulated amortization at the reporting date. Significant judgment is required in determining whether a present obligation exists and in estimating the probability, timing and amount of any outflows. The Company records provisions related to litigation, asset retirement obligations, and other items. Provisions are recorded under Provisions on Statement A. The Company is required to estimate the results of ongoing legal proceedings, expenses to be incurred to dispose of capital assets, and credit losses on undrawn commitments and guarantees. The forward-looking nature of these estimates requires the Company to use a significant amount of judgment in projecting the timing and amount of future cash flows. The

Company records the provisions on the basis of all available information at the end of the reporting period and makes adjustments on an annual basis to reflect current expectations. Should actual results differ from the Company's expectations, the Company may incur expenses in excess of the provisions recognized. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, such as an insurer, a separate asset is recognized if it is virtually certain that reimbursement will be received.

IV. Future Accounting Changes

The Company is currently assessing the impact to the financial statements of adopting the following standards:

IFRS 9 *Financial Instruments* (IFRS 9)

In July 2014, the International Accounting Standards Board (IASB) issued the complete version of IFRS 9, first issued in November 2009, which brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement* (IAS 39). IFRS 9 introduces a principles-based approach to the classification of financial assets based on an entity's business model and the nature of the cash flows of the asset. All financial assets, including hybrid contracts, are measured as at FVTPL, fair value through other comprehensive income or amortized cost. For financial liabilities, IFRS 9 includes the requirements for classification and measurement previously included in IAS 39. IFRS 9 also introduces an expected loss impairment model for all financial assets not as at FVTPL. The model has three stages: (1) on initial recognition, 12-month expected credit losses are recognized in profit or loss and a loss allowance is established; (2) if credit risk increases significantly and the resulting credit risk is not considered to be low, full lifetime expected credit losses are recognized; and (3) when a financial asset is considered impaired, interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance, rather than its gross carrying amount. Finally, IFRS 9 introduces a new hedge accounting model that aligns the accounting for hedge relationships more closely with an entity's risk management activities, permits hedge accounting to be applied more broadly to a greater variety of hedging instruments and risks and requires additional disclosures. IFRS 9 will be effective for the Company on November 1, 2017.

The new impairment and classification and measurement requirements will be applied retrospectively by adjusting the Balance Sheet on the date of initial application with no restatement of comparative periods. Based on current estimates, the adoption of IFRS 9 is not expected to result in any material impacts to the Company's financial statements.

IFRS 15 *Revenue from Contracts with Customers* (IFRS 15)

In May 2014, the IASB issued IFRS 15 which establishes principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard provides a single, principles based five-step model for revenue recognition to be applied to contracts with customers except for revenue arising from items such as financial instruments. In April 2016, the IASB issued amendments to IFRS 15, which clarify the underlying principles of IFRS 15 and provide additional transitional relief on initial application. IFRS 15 and its amendments will be effective for the Company on November 1, 2018. The Company is currently assessing the impact of this standard on the financial statements.

IFRS 16 *Leases* (IFRS 16)

In January 2016, the IASB issued IFRS 16, which sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard removed the current requirement for lessees to classify leases as finance leases or operating leases by introducing a single lessee accounting model that requires the recognition of lease assets and lease liabilities on the balance sheet for most leases. Lessees will also recognize depreciation expense on the lease asset and interest expense on the lease liability in net income. IFRS 16 will be effective for the Company on November 1, 2019. The Company is currently assessing the impact of this standard on the financial statements.

($000's)

3. FINANCIAL INSTRUMENTS

a) Fair Value of financial instruments

i) Carrying value and fair value of selected financial instruments

The following tables provide a comparison of the carrying and fair values for each classification of financial instruments.

	October 31, 2017						
	Carrying Value and fair value of		Carrying value	Fair value			
	Financial Instruments Classified as at FVTPL	Financial Instruments designated as at FVTPL	Financial Instruments measured at amortized cost	Financial Instruments measured at amortized cost	Available-for-sale instruments measured at cost	Total carrying amount	Total fair value
Financial Assets							
Securities owned (including Derivatives)	$ 16,613,376	$ 160,167	$ -	$ -	$ -	$ 16,773,543	$ 16,773,543
Loans receivable, securities borrowed and reverse repurchases	-	66,299,786	21,485,959	21,485,959	-	$ 87,785,745	$ 87,785,745
Client accounts	-	-	9,779,584	9,779,584	-	$ 9,779,584	$ 9,779,584
Other Assets	-	-	10,809,989	10,809,989	12,765	$ 10,822,754	$ 10,809,989
	$ 16,613,376	$ 66,459,953	$ 42,075,532	$ 42,075,532	$ 12,765	$ 125,161,626	$ 125,148,861
Financial Liabilities							
Securities sold short (including Derivatives)	$ 25,466,499	$ -	$ -	$ -	$ -	$ 25,466,499	$ 25,466,499
Loans payable, securities loaned and repurchases	-	59,727,882	1,743,252	1,743,252	-	$ 61,471,134	$ 61,471,134
Client accounts	-	-	26,041,063	26,041,063	-	$ 26,041,063	$ 26,041,063
Other Liabilities	-	-	6,399,828	6,399,828	-	$ 6,399,828	$ 6,399,828
	$ 25,466,499	$ 59,727,882	$ 34,184,143	$ 34,184,143	$ -	$ 119,378,524	$ 119,378,524

	October 31, 2016						
	Carrying Value and fair value of		Carrying value	Fair value			
	Financial Instruments Classified as at FVTPL	Financial Instruments designated as at FVTPL	Financial Instruments measured at amortized cost	Financial Instruments measured at amortized cost	Available-for-sale instruments measured at cost	Total carrying amount	Total fair value
Financial Assets							
Securities owned (including Derivatives)	$ 18,145,805	$ 456,348	$ -	$ -	$ -	$ 18,602,153	$ 18,602,153
Loans receivable, securities borrowed and reverse repurchases	-	42,187,355	14,527,100	14,527,100	-	$ 56,714,455	$ 56,714,455
Client accounts	-	-	14,582,526	14,582,526	-	$ 14,582,526	$ 14,582,526
Other Assets	-	-	10,028,882	10,028,882	11,857	$ 10,040,739	$ 10,028,882
	$ 18,145,805	$ 42,643,703	$ 39,138,508	$ 39,138,508	$ 11,857	$ 99,939,873	$ 99,928,016
Financial Liabilities							
Securities sold short (including Derivatives)	$ 25,995,944	$ -	$ -	$ -	$ -	$ 25,995,944	$ 25,995,944
Loans payable, securities loaned and repurchases	-	35,586,479	1,011,618	1,011,618	-	$ 36,598,097	$ 36,598,097
Client accounts	-	-	24,653,506	24,653,506	-	$ 24,653,506	$ 24,653,506
Other Liabilities	-	-	6,890,461	6,890,461	-	$ 6,890,461	$ 6,890,461
	$ 25,995,944	$ 35,586,479	$ 32,555,585	$ 32,555,585	$ -	$ 94,138,008	$ 94,138,008

($000's)

ii) **Loans and receivables designated as at fair value through profit or loss**

The following table presents information on loans and receivables designated as at FVTPL and the maximum exposure to credit risk as at October 31, 2017 and October 31, 2016. The Company measures the change in the fair value of loans and receivables designated as at FVTPL due to changes in credit risk as the difference between the total change in the fair value of the instrument during the period and the change in fair value calculated using the appropriate risk-free yield curves.

	As at			
	October 31, 2017		October 31, 2016	
Loans and receivable designated as at FVTPL	Carrying amount of loans and receivables designated as at FVTPL	Maximum exposure to credit risk	Carrying amount of loans and receivables designated as at FVTPL	Maximum exposure to credit risk
Loans receivable, securities borrowed and reverse repurchases	$ 66,299,786	$ 66,299,786	$ 42,187,355	$ 42,187,355
Total	$ 66,299,786	$ 66,299,786	$ 42,187,355	$ 42,187,355

iii) **Liabilities designated as at fair value through profit or loss**

The following tables present the changes in the fair value of the Company's financial liabilities designated as at FVTPL using the fair value option as well as their contractual maturity and carrying amounts. In order to determine the change during a year in the fair value of a financial liability that has been designated as at FVTPL, the Company calculates the present value of the instrument's contractual cash flows using rates as at the beginning of the year using an observed discount rate. The Company then compares the difference between those values to the difference between the same calculations using rates at the end of the period.

	October 31, 2017					
Liabilities designated as at FVTPL	Contractual maturity amount	Carrying amount	Difference between carrying amount and contractual maturity amount	Changes in the fair value for the year ended attributable to changes in credit risk included in net income for positions still held	Changes in the fair value for the year ended attributable to changes in credit risk included in other comprehensive income for positions still held	Cumulative change in fair value attributable to changes in credit risk for positions still held
Obligations related to assets sold under repurchase agreements and securities loaned	$ 59,731,556	$ 59,727,882	$ 3,674	$ -	$ -	$ -

($000's)

October 31, 2016						
Liabilities designated as at FVTPL	**Contractual maturity amount**	**Carrying amount**	**Difference between carrying amount and contractual maturity amount**	**Changes in the fair value for the year ended attributable to changes in credit risk included in net income for positions still held**	**Changes in the fair value for the year ended attributable to changes in credit risk included in other comprehensive income for positions still held**	**Cumulative change in fair value attributable to changes in credit risk for positions still held**
Obligations related to assets sold under repurchase agreements and securities loaned	$ 35,587,480	$ 35,586,479	$ 1,001	$ -	$ -	$ -

iv) **Net gains (losses) from financial instruments held at fair value through profit or loss:**

Financial instruments held at FVTPL, which includes primarily trading securities, derivatives, trading liabilities as well as financial assets and liabilities designated as at FVTPL, are measured at fair value with realized and unrealized gains and losses recognized in Principal Revenue.

		2017	[redacted]
Net gains (losses)			[redacted]
Classified as at fair value through profit or loss	$	332,009	[redacted]
Designated as at fair value through profit or loss		14,724	[redacted]
	$	346,733	[redacted]
By product line			[redacted]
Interest rate and credit	$	(210,528)	[redacted]
Equities		(1,474,216)	[redacted]
Foreign exchange and other		2,031,477	[redacted]
	$	346,733	[redacted]

($000's)

v) **Net interest income from financial instruments:**

Interest and dividend income arising from these assets and liabilities and the associated costs of funding are reported in Other Revenue.

		2017		2016
Interest Income				
Financial instruments held as at fair value through profit or loss	$	740,801	$	402,261
Other categories of financial instruments		706,616		408,220
	$	1,447,417	$	810,481
Interest Expense				
Financial instruments held as at fair value through profit or loss	$	516,490	$	122,921
Other categories of financial instruments		431,728		306,312
	$	948,218	$	429,233

vi) **Fair value of assets and liabilities measured on a recurring basis and classified using the fair value hierarchy**

The following tables present the financial instruments that are measured at fair value on a recurring basis and classified by the fair value hierarchy.

October 31, 2017	Fair value measurements using			Assets / Liabilities
	Level 1	Level 2	Level 3	at fair value
Assets				
Securities				
Trading				
Canadian government debt				
Federal	$ 4,559,785	$ 1,361,578	$ -	$ 5,921,363
Provincial and municipal	-	4,633,145	-	4,633,145
U.S. government debt	18,387	19,484	-	37,871
Other OECD government debt	-	812	-	812
Asset-backed securities	-	163,438	-	163,438
Corporate debt and other debt	-	3,468,099	3,488	3,471,587
Equities	939,659	181,226	48,321	1,169,206
Derivatives	120,369	1,247,501	8,251	1,376,121
	$ 5,638,200	$ 11,075,283	$ 60,060	$ 16,773,543
Loans receivable, securities borrowed and reverse repurchases	$ -	$ 66,299,786	$ -	$ 66,299,786
	$ -	$ 66,299,786	$ -	$ 66,299,786
Liabilities				
Obligations related to securities sold short	$ 19,267,856	$ 5,788,820	$ 3	$ 25,056,679
Obligations related to assets under repurchase agreements and securities loaned	-	59,727,882	-	59,727,882
Derivatives	46,487	362,811	522	409,820
	$ 19,314,343	$ 65,879,513	$ 525	$ 85,194,381

($000's)

October 31, 2016								
	Fair value measurements using							Assets / Liabilities
	Level 1		Level 2		Level 3			at fair value
Assets								
Securities								
Trading								
Canadian government debt								
Federal	$	3,884,310	$	2,146,673	$	-	$	6,030,983
Provincial and municipal		-		5,888,357		-		5,888,357
U.S. government debt		84,577		153,241		-		237,818
Other OECD government debt		-		170		-		170
Asset-backed securities		-		356,526		4,005		360,531
Corporate debt and other debt		-		2,888,984		15,983		2,904,967
Equities		1,000,618		171,702		-		1,172,320
Derivatives		81,867		1,925,138		2		2,007,007
	$	5,051,372	$	13,530,791	$	19,990	$	18,602,153
Loans receivable, securities borrowed and reverse repurchases	$	-	$	42,187,355	$	-	$	42,187,355
	$	-	$	42,187,355	$	-	$	42,187,355
Liabilities								
Obligations related to securities sold short	$	19,583,459	$	6,039,639	$	-	$	25,623,098
Obligations related to assets under repurchase agreements and securities loaned		-		35,586,479		-		35,586,479
Derivatives		5,592		365,898		1,356		372,846
	$	19,589,051	$	41,992,016	$	1,356	$	61,582,423

The following describes how fair values are determined, what inputs are used and where they are classified in the fair value hierarchy table above, for significant assets and liabilities that are measured at fair value on a recurring basis:

Government bonds (Canadian, U.S. and other OECD governments)
Government bonds are included in Canadian government debt, U.S. government debt, Other OECD government debt and Obligations related to securities sold short in the fair value hierarchy table. The fair values of government issued or guaranteed debt securities in active markets are determined by reference to recent transaction prices, broker quotes, or third-party vendor prices and is classified as Level 1 in the fair value hierarchy. The fair values of securities that are not traded in active markets are based on either security prices, or valuation techniques using implied yields and risk spreads derived from prices of actively traded and similar government securities. Securities with observable prices or rate inputs as compared to transaction prices, dealer quotes or vendor prices are classified as Level 2 in the hierarchy. Securities where inputs are unobservable are classified as Level 3 in the hierarchy.

Corporate and other debt
The fair value of corporate and other debt is determined using the most recently executed transaction prices, broker quotes, pricing services and discounted cash flow valuation models using inputs such as benchmark yields (Canadian Dealer Offered Rate, LIBOR and other similar reference rates) and credit spreads. Securities with observable prices or rate inputs as compared to transaction prices, dealer quotes or vendor prices are classified as Level 2 in the hierarchy. Securities where significant inputs are unobservable are classified as Level 3 in the hierarchy.

Asset-backed Securities ("ABS")
Asset-backed Securities are primarily Collateralized Loan Obligations. Inputs for valuation are, when available, traded prices, dealer or lead manager quotes, broker quotes and vendor prices of the identical securities. When prices of the identical securities are not readily available, the Company uses industry standard models with inputs such as discount margins, yields, default, prepayment and loss severity rates that are implied from transaction prices, dealer quotes or vendor prices of comparable instruments. Where security prices and inputs are observable, ABS are classified as Level 2 in the hierarchy. Otherwise, they are classified as Level 3 in the hierarchy.

Equities and obligations related to securities sold short
Equities and obligations related to securities sold short in the fair value hierarchy table consist of listed and unlisted common shares, private equities and hedge funds with certain redemption restrictions. The fair values of common shares are based on quoted prices in active markets, where available, and are classified as Level 1 in the hierarchy. Where quoted prices in active markets are not readily available, fair value is determined based on quoted market prices for similar securities or through valuation techniques, including multiples of earnings and discounted cash flow method with forecasted cash flows and discount rate as inputs. Private equities are classified as Level 3 in the hierarchy as their inputs are not observable.

Derivatives
The fair values of exchange-traded derivatives, such as interest rate and equity options and futures, are based on quoted market prices and are classified as Level 1 in the fair value hierarchy. OTC derivatives primarily consist of interest rate and cross currency swaps, interest rate options, foreign exchange forward contracts, and commodity options and swaps. The fair values of OTC derivatives are determined using valuation models when quoted market prices or third-party consensus pricing information are not available. The valuation models, such as discounted cash flow method or Black-Scholes option model, incorporate observable or unobservable inputs for interest and foreign exchange rates, equity and commodity prices (including indices), credit spreads, corresponding market volatility levels, and other market-based pricing factors. As previously discussed in Note 2, other adjustments to fair value include bid-offer, parameter and model uncertainties, and unrealized gain or loss at inception of a transaction. A derivative instrument is classified as Level 2 in the hierarchy if observable market inputs are available or the unobservable inputs are not significant to the fair value. Otherwise, it is classified as Level 3 in the hierarchy.

Securities borrowed or purchased under resale agreements and securities lent or sold under repurchase agreements
In the fair value hierarchy table, these instruments are included in Assets purchased under reverse repurchase agreements and securities borrowed, and Obligations related to assets sold under repurchase agreements and securities loaned. Fair value for these contracts is calculated using valuation techniques such as discounted cash flow method using interest rate curves as inputs. They are classified as Level 2 instruments in the hierarchy as the inputs are observable.

($000's)

vii) Quantitative information about fair value measurements using significant unobservable inputs (Level 3 Instruments)

The following tables present fair values of the Company's significant Level 3 financial instruments, valuation techniques used to determine their fair values, ranges and weighted averages of unobservable inputs.

As at October 31, 2017

Products	Reporting line in the fair value hierarchy table	Fair value: Assets	Fair value: Liabilities	Valuation techniques	Significant unobservable inputs (1)	Range of input values (1): Low	Range of input values (1): High	Range of input values (1): Weighted average / Inputs
Non-derivative financial instruments								
Corporate debt				Price-based	Prices	$ 20.00	$ 119.30	$ 113.77
	Corporate debt and other debt	$ 3,488	$ -	Discounted cash flows	Credit spread	1.11 %	11.59 %	6.35 %
	Obligations related to securities sold short	-	3		Credit enhancement	12.82 %	17.10 %	14.16 %
Private equities								
	Equities	48,321	-					
				Market comparable	EV/EBITDA multiples	9.30 X	16.60 X	13.32 X
				Price-based	P/E multiples	4.80 X	27.40 X	19.42 X
				Discounted cash flows	EV/Rev multiples	1.50 X	9.51 X	5.75 X
					Liquidity discounts	15.00 %	40.00 %	25.24 %
					Discount rate	11.00 %	11.00 %	11.00 %
Derivative financial instruments								
Equity derivatives and equity-linked structured notes				Discounted cash flows	Dividend yields	0.02 %	10.49 %	Lower
				Option pricing model	Equity (EQ)-EQ correlations	15.00 %	97.34 %	Middle
	Derivative-related assets	8,251	-					
	Derivative-related liabilities	-	522		EQ-FX correlations	(70.00) %	39.10 %	Middle
					EQ Volatilities	3.00 %	110.00 %	Lower
Total		$ 60,060	$ 525					

As at October 31, 2016 (Thousands of Canadian dollars, except for prices, percentages and ratios)

Products	Reporting line in the fair value hierarchy table	Fair value: Assets	Fair value: Liabilities	Valuation techniques	Significant unobservable inputs (1)	Range of input values (1): Low	Range of input values (1): High	Range of input values (1): Weighted average / Inputs
Non-derivative financial instruments								
Asset-backed securities				Price-based	Prices	$ 100.06	$ 100.19	$ 100.12
	Asset-backed securities	$ 4,005	-	Discounted cash flows	Discount margins	n.a.	n.a.	n.a.
Corporate debt				Price-based	Prices	$ 20.00	$ 127.54	$ 111.93
	Corporate debt and other debt	15,983	-	Discounted cash flows	Yields	5.25 %	8.85 %	7.39 %
Derivative financial instruments								
Equity derivatives and equity-linked structured notes				Discounted cash flows	Dividend yields	0.04 %	20.64 %	Lower
	Derivative-related assets	2	-	Option pricing model	Equity (EQ)-EQ correlations	13.90 %	97.40 %	Middle
	Derivative-related liabilities	-	1,356	Option pricing model	EQ Volatilities	3.00 %	118.00 %	Lower
Total		$ 19,990	$ 1,356					

(1) The low and high input values represent the actual highest and lowest level inputs used to value a group of financial instruments in a particular product category. These input ranges do not reflect the level of input uncertainty, but are affected by the different underlying instruments within the product category. The input ranges will therefore vary from period to period based on the characteristics of the underlying instruments held at each balance sheet date. The weighted averages are not presented in the table as they would not provide a comparable metric; instead, distribution of significant unobservable inputs within the range for each product category is indicated in the table.

viii) **Sensitivity to unobservable inputs and interrelationships between unobservable inputs**

Funding spread
Funding spreads are credit spreads specific to the Company's funding or deposit rates. A decrease in funding spreads, on its own, will increase fair value of the liabilities, and vice versa.

Volatility rates
Volatility measures the potential variability of future prices and is often measured as the standard deviation of price movements. Volatility is an input to option pricing models used to value derivatives and issued structured notes. Volatility is used in valuing equity, interest rate, commodity and foreign exchange options. A higher volatility rate means that the underlying price or rate movements are more likely to occur. Higher volatility rates may increase or decrease an option's fair value depending on the option's terms. The determination of volatility rates is dependent on various factors, including but not limited to, the underlying's market price, the strike price and maturity.

Dividend yields
A dividend yield is the underlying equity's expected dividends expressed as an annualized percentage of its price. Dividend yield is used as an input for forward equity price and option models. Higher dividend yields will decrease the forward price, and vice versa. A higher dividend yield will increase or decrease an option's value, depending on the option's terms.

Correlation rates
Correlation is the linear relationship between the movements in two different variables. Correlation is an input to the valuation of derivative contracts and issued structured notes when an instrument's payout is determined by correlated variables. When variables are positively correlated, an increase in one variable will result in an increase in the other variable. When variables are negatively correlated, an increase in one variable will result in a decrease in the other variable. The referenced variables can be within a single asset class or market (equity, interest rate, commodities, credit and foreign exchange) or between variables in different asset classes (equity to foreign exchange, or interest rate to foreign exchange, etc.). Changes in correlation will either increase or decrease a financial instrument's fair value depending on the terms of its contractual payout.

($000's)

ix) Changes in fair value measurement for instruments measured on a recurring basis and categorized in Level 3

The following tables present the changes in fair value measurements on a recurring basis for instruments included in Level 3 of the fair value hierarchy.

For the year ended October 31, 2017

	Fair value, November 1, 2016	Total realized/ unrealized gains (losses) included in earnings (1)	Purchases of assets / issuances of liabilities	Sales of Assets / settlements of liabilities and other(2)	Transfers into Level 3 (1)	Transfers out of Level 3 (1)	FX on P&L	FX on FV	Fair value, October 31, 2017	Changes in unrealized gains (losses) included in earnings for assets and liabilities for the year ended October 31, 2017 for positions still held
Assets										
Securities										
Trading										
Asset-backed securities	$ 4,005	$ 5	$ -	$ (4,010)	$ -	$ -	$ -	$ -	$ -	$ -
Corporate debt and other debt	15,983	(2,277)	2,648	(14,663)	2,911	(1,114)	-	-	3,488	331
Equities	-	45,098	482	-	2,741	-	-	-	48,321	(202)
Derivatives	2	11,920	199	(3,870)	-	-	-	-	8,251	3
	$ 19,990	$ 54,746	$ 3,329	$ (22,543)	$ 5,652	$ (1,114)	$ -	$ -	$ 60,060	$ 132
Liabilities										
Other										
Obligations related to Securities Sold Short	-	-	-	(3)	-	-	-	-	(3)	-
Derivatives	(1,356)	273	33,903	(33,654)	-	324	(2)	(10)	(522)	(341)
	$ (1,356)	$ 273	$ 33,903	$ (33,657)	$ -	$ 324	$ (2)	$ (10)	$ (525)	$ (341)

For the year ended October 31, 2016

	Fair value, November 1, 2015	Total realized/ unrealized gains (losses) included in earnings (1)	Purchases of assets / issuances of liabilities	Sales of Assets / settlements of liabilities and other(2)	Transfers into Level 3 (1)	Transfers out of Level 3 (1)	FX on P&L	FX on FV	Fair value, October 31, 2016	Changes in unrealized gains (losses) included in earnings for assets and liabilities for the year ended October 31, 2016 for positions still held
Assets										
Securities										
Trading										
Asset-backed securities	$ -	$ -	$ 4,005	$ -	$ -	$ -	$ -	$ -	$ 4,005	$ -
Corporate debt and other debt & Equities	63,216	(2,395)	312,066	(351,178)	1,601	(7,224)	(6)	(97)	15,983	
Derivatives	14	(13)	3	-	-	-	1	(3)	2	(258)
	$ 63,230	$ (2,408)	$ 316,074	$ (351,178)	$ 1,601	$ (7,224)	$ (5)	$ (100)	$ 19,990	$ (258)
Liabilities										
Other										
Obligations related to Securities Sold Short	(12)	17	30,807	(30,812)	-	-	-	-	-	-
Derivatives	(2,726)	3,688	17,533	(20,005)	-	127	12	15	(1,356)	(14)
	$ (2,738)	$ 3,705	$ 48,340	$ (50,817)	$ -	$ 127	$ 12	$ 15	$ (1,356)	$ (14)

(1) Transfers in and out of Level 3 are assumed to occur at the end of the period. For an asset or liability that transfers into Level 3 during the period, the entire change in fair value for the period is excluded from the "Total realized/unrealized gains/(losses) included in earnings" column of the reconciliation, whereas for transfers out of Level 3 during the period, the entire change in fair value for the period is included in the said column of the reconciliation.

(2) Other includes amortization of premiums or discounts in net income.

($000's)

x) **Positive and negative fair value movement of Level 3 financial instruments from using reasonable possible assumptions:**

A financial instrument is classified as Level 3 in the fair value hierarchy if one or more of its unobservable inputs may significantly affect the measurement of the fair value. In preparing the financial statements, appropriate levels for these unobservable input parameters are chosen so that they are consistent with prevailing market evidence or management judgment. Due to the unobservable nature of the prices or rates, there may be uncertainty about the valuation of these Level 3 financial instruments.

The following table summarizes the impact to fair values of Level 3 financial instruments using reasonably possible alternative assumptions. This sensitivity disclosure is intended to illustrate the potential impact of the relative uncertainty in the fair value of Level 3 financial instruments. In reporting the sensitivities below, the Company has considered offsetting balances in instances when: (i) the move in valuation factor caused an offsetting positive and negative fair value movement, (ii) both offsetting instruments are in Level 3, and (iii) when exposures are managed and reported on a net basis. With respect to overall sensitivity, it is unlikely in practice that all reasonably possible alternative assumptions would be simultaneously realized.

2017	Level 3 fair value	Positive fair value movement using reasonable possible values	Negative fair value movement using reasonable possible values
Assets			
Securities			
Trading			
Corporate debt and other debt	$ 3,488	$ 25	$ (25)
Equities	48,321	13,144	(7,160)
Derivatives	8,251	5,514	(5,514)
	$ 60,060	$ 18,683	$ (12,699)
Liabilities			
Obligations related to Securities Sold Short	(3)	-	-
Derivatives	(522)	257	(257)
	$ (525)	$ 257	$ (257)

2016	Level 3 fair value	Positive fair value movement using reasonable possible values	Negative fair value movement using reasonable possible values
Assets			
Securities			
Trading			
Corporate debt and other debt	$ 15,983	$ 457	$ (457)
Asset-backed securities	4,005	126	(126)
Derivatives	2	2	(2)
	$ 19,990	$ 585	$ (585)
Liabilities			
Derivatives	(1,356)	1,535	(1,535)
	$ (1,356)	$ 1,535	$ (1,535)

xi) **Sensitivity results**

As at October 31, 2017, the effects of applying other reasonably possible alternative assumptions to the Level 3 asset positions would be an increase of $18,683 and a reduction of $12,699 in fair value. The effects of applying these assumptions to the Level 3 liabilities positions would result in an increase of $257 and a decrease of $257 in fair value.

xii) **Level 3 valuation inputs and approaches to developing reasonably possible alternative assumptions**

The following is a summary of the unobservable inputs of the Level 3 instruments and the approaches to develop reasonably possible alternative assumptions used to determine sensitivity.

Financial assets or liabilities	Sensitivity methodology
Asset backed securities, corporate debt and government debt	The positive and negative sensitivities are determined based on plus or minus one standard deviation of the bid-offer spreads or input prices if a sufficient number of prices is received, or using high and low vendor prices as reasonably possible alternative assumptions.
Private equities, hedge fund investments and related equity derivatives	Sensitivity of direct private equity investments is determined by (i) adjusting the discount rate by 2% when the discounted cash flow method is used to determine fair value, (ii) adjusting the price multiples based on the range of multiples of comparable companies when price-based models are used, or (iii) using an alternative valuation approach. Net asset values of the private equity funds, hedge funds and related equity derivatives are provided by the fund managers, and as a result, there are no other reasonably possible alternative assumptions for these investments.
Equity derivatives	Sensitivity of the Level 3 position will be determined by shifting the unobservable model inputs by plus or minus one standard deviation of the pricing service market data including volatility, dividends or correlations, as applicable.
Structured notes	Sensitivities for interest-rate-linked and equity-linked structured notes are derived by adjusting inputs by plus or minus one standard deviation, and for other deposits, by estimating a reasonable move in the funding curve by plus or minus certain basis points.

($000's)

xiii) Fair value for financial instruments that are carried at amortized cost and classified using the fair value hierarchy

The following tables present fair values of financial assets and liabilities that are carried at amortized cost and classified by the fair value hierarchy.

	As at October 31, 2017 (1)					
	Fair value approximates carrying value	Fair value may not approximate carrying value Fair value hierarchy				
		Level 1	Level 2	Level 3	Total	Total Fair Value
Available-For-Sale securities	$ -	$ -	$ -	$ 23,852	$ 23,852	$ 23,852
Loans receivable, securities borrowed and reverse repurchases	21,485,959	-	-	-	-	21,485,959
Clients' accounts and Brokers and dealers trading balances	12,286,151	-	-	-	-	12,286,151
Other assets	8,399,591	-	-	-	-	8,399,591
Loans payable, securities loaned and repurchases	1,743,252	-	-	-	-	1,743,252
Deposits	26,041,063	-	-	-	-	26,041,063
Other liabilities	3,106,961	-	-	-	-	3,106,961
Subordinated loans	25,000	-	-	-	-	25,000

(1) Carrying amounts of certain financial instruments approximate their fair values due to the short-term nature and generally insignificant credit risk of the instruments: (i) cash collateral relating to Assets purchased under reverse repurchase agreements and securities borrowed and Obligations related to assets sold under repurchase agreements and securities loaned; (ii) loans and deposits with original maturity of less than three months or payable on demand; and (iii) certain receivables and payables in Other assets and Other liabilities.

	As at October 31, 2016 (1)					
	Fair value approximates carrying value	Fair value may not approximate carrying value Fair value hierarchy				
		Level 1	Level 2	Level 3	Total	Total Fair Value
Available-For-Sale securities	$ -	$ -	$ -	$ 51,765	$ 51,765	$ 51,765
Loans receivable, securities borrowed and reverse repurchases	14,527,100	-	-	-	-	14,527,100
Clients' accounts and Brokers and dealers trading balances	16,481,427	-	-	-	-	16,481,427
Other assets	8,217,679	-	-	-	-	8,217,679
Loans payable, securities loaned and repurchases	1,011,618	-	-	-	-	1,011,618
Deposits	24,653,506	-	-	-	-	24,653,506
Other liabilities	4,307,817	-	-	-	-	4,307,817
Subordinated loans	25,000	-	-	-	-	25,000

(1) Carrying amounts of certain financial instruments approximate their fair values due to the short-term nature and generally insignificant credit risk of the instruments: (i) cash collateral relating to Assets purchased under reverse repurchase agreements and securities borrowed and Obligations related to assets sold under repurchase agreements and securities loaned; (ii) loans and deposits with original maturity of less than three months or payable on demand; and (iii) certain receivables and payables in Other assets and Other liabilities.

Fair values of financial assets and liabilities carried at amortized cost and disclosed in the table above are determined using the following valuation techniques and inputs.

Available-for-sale securities
Fair values of AFS are based on price multiple models.

Client accounts and Brokers and dealers trading balances
Balances include clients' margin loans which are demand in nature, where the carrying values approximate their fair values.

Other assets
Other assets include funds deposited in trust for Registered Retirement Savings Plans and other miscellaneous receivables. The carrying values approximate their fair values.

Deposits
Deposits primarily comprise of clients' deposits and are demand in nature. The carrying values approximate their fair values.

Other liabilities
Other liabilities include broker and dealer balances that are short-term in nature, and the carrying values approximate their fair values.

Subordinated loans
Subordinated loans represent an unsecured obligation to RBC due on demand. The carrying values approximate their fair values.

($000's)

b) **Securities**

i) Carrying value of securities

The following table presents the contractual maturities of financial instruments that were held at the end of the period, measured at carrying value.

TERM TO MATURITY

2017	Under 3 Months	3-6 Months	7-12 Months	1-3 Years	4-5 Years	Over 5 Years	With no specific maturity	Total
Securities Owned								
Canadian government	$ 1,448,990	$ 1,878,050	$ 1,329,572	$ 1,372,877	$ 1,188,929	$ 3,336,090	$ -	$10,554,508
Other debt	562,912	286,167	481,225	685,608	433,338	1,224,458	-	3,673,708
Equities	-	-	-	-	-	-	1,169,206	1,169,206
Options	-	-	-	-	-	-	124,117	124,117
OTC Derivatives	3,779	2,730	2,098	928	-	-	1,242,469	1,252,004
Total	$ 2,015,681	$ 2,166,947	$ 1,812,895	$ 2,059,413	$ 1,622,267	$ 4,560,548	$ 2,535,792	$16,773,543
Securities Sold Short								
Canadian government	$ 461,334	$ 165,064	$ 313,650	$ 895,368	$ 845,671	$ 3,838,316	$ -	$ 6,519,403
Other debt	63,446	9,065	177,939	293,080	530,295	807,366	-	1,881,191
Equities	-	-	-	-	-	-	16,656,085	16,656,085
Options	-	-	-	-	-	-	46,487	46,487
OTC Derivatives	148	1,674	373	-	-	-	361,138	363,333
Total	$ 524,928	$ 175,803	$ 491,962	$ 1,188,448	$ 1,375,966	$ 4,645,682	$17,063,710	$25,466,499

TERM TO MATURITY

2016	Under 3 Months	3-6 Months	7-12 Months	1-3 Years	4-5 Years	Over 5 Years	With no specific maturity	Total
Securities Owned								
Canadian government	$ 1,815,156	$ 317,619	$ 2,388,868	$ 1,872,781	$ 1,178,118	$ 4,346,798	$ -	$11,919,340
Other debt	870,754	48,482	316,891	688,852	507,166	1,071,341	-	3,503,486
Equities	-	-	-	-	-	-	1,172,320	1,172,320
Options	-	-	-	-	-	-	119,896	119,896
OTC Derivatives	152	125	715	516	-	-	1,885,623	1,887,111
Total	$ 2,686,042	$ 366,226	$ 2,706,474	$ 2,562,149	$ 1,685,284	$ 5,418,139	$ 3,177,839	$18,602,153
Securities Sold Short								
Canadian government	$ 688,303	$ 1,284,973	$ 162,951	$ 1,165,356	$ 2,381,905	$ 3,957,970	$ -	$ 9,641,458
Other debt	36,487	30,370	13,471	307,618	259,481	625,962	-	1,273,389
Equities	-	-	-	-	-	-	14,708,251	14,708,251
Options	-	-	-	-	-	-	144,566	144,566
OTC Derivatives	72	46	844	891	206	-	226,221	228,280
Total	$ 724,862	$ 1,315,389	$ 177,266	$ 1,473,865	$ 2,641,592	$ 4,583,932	$15,079,038	$25,995,944

ii) **Derivatives**

Financial derivatives are financial contracts whose value is derived from an underlying interest rate, foreign exchange rate, credit risk, and equity or equity index. The notional amount of derivatives represents the contract amount used as a reference point to calculate payments. Notional amounts are generally not exchanged by counterparties, and do not reflect the Company's exposure at default.

Interest Rate Contracts
Includes interest rate swaps, interest rate futures, and interest rate options:

Interest rate swaps are transactions in which two counterparties exchange cash flows, usually based on a fixed interest rate versus a floating interest rate, on a specified notional amount for a predetermined period.

Interest rate futures are contractual obligations to buy or sell a financial instrument on a future date at a specified price established on an organized exchange. Since futures contracts are collateralized by cash or marketable securities and changes in the futures contract value are settled daily with the exchange, the credit risk is negligible.

Interest rate options are contractual agreements under which the seller (writer) grants the purchaser the right, but not the obligation, either to buy (call option) or sell (put option) at or by a set date, a specific amount of a financial instrument at a predetermined price. In consideration for the assumption of interest rate risk, the seller receives a premium from the purchaser. Options may be either exchange-traded or negotiated between the Company and a client. The credit risk associated with exchange-traded options is negligible.

Foreign exchange forward contracts
These include commitments to exchange two currencies at a specified future date based on a rate agreed to by both parties at the inception of the contract. The Company enters into these contracts to service the needs of clients and to manage its own asset/liability exposures.

Equity-linked contracts
These include stock index futures, equity options and equity swaps. Stock index instruments are contracts which pay or receive cash flows based on the increase or decrease in the underlying index.

Options
Options are contractual agreements under which the seller (writer) grants the purchaser the right, but not the obligation, either to buy (call option) or sell (put option), a security, exchange rate, interest rate, or other financial instrument or commodity at a predetermined price, at or by a specified future date. The seller (writer) of an option can also settle the contract by paying the cash settlement value of the purchaser's right. The seller (writer) receives a premium from the purchaser for this right. The various option agreements that the Company enters into include but are not limited to interest rate options, foreign currency options, equity options and index options.

($000's)

iii) Notional amount of derivatives by term to maturity

	AMOUNT OF NOTIONAL VALUE MATURING IN							
2017	Under 3 Months	3-6 Months	7-12 Months	1-3 Years	4-5 Years	Over 5 Years	With no specific maturity	Total
Interest rate contracts								
Swaps	$ 7,205,600	$ 3,408,000	$ 1,448,500	$ 92,500	$ -	$ -	$ -	$ 12,154,600
Futures	11,594,000	345,000	803,000	387,000	-	-	-	13,129,000
Equity linked contracts								
Swaps	-	-	-	-	-	-	15,708,705	15,708,705
Call & Put Options written	-	-	-	-	-	-	12,542,205	12,542,205
Call & Put Options purchased	-	-	-	-	-	-	12,651,024	12,651,024
Futures	-	-	-	-	-	-	945,115	945,115
Total	$18,799,600	$ 3,753,000	$ 2,251,500	$ 479,500	$ -	$ -	$ 41,847,049	$ 67,130,649

	AMOUNT OF NOTIONAL VALUE MATURING IN							
2016	Under 3 Months	3-6 Months	7-12 Months	1-3 Years	4-5 Years	Over 5 Years	With no specific maturity	Total
Interest rate contracts								
Swaps	$ 7,271,000	$ 2,248,000	$ 2,304,000	$ 554,000	$ 12,000	$ -	$ -	$ 12,389,000
Futures	7,334,200	1,125,275	1,264,330	335,275	-	-	-	10,059,080
Equity linked contracts								
Swaps	-	-	-	-	-	-	14,938,288	14,938,288
Call & Put Options written	-	-	-	-	-	-	15,816,233	15,816,233
Call & Put Options purchased	-	-	-	-	-	-	14,478,675	14,478,675
Futures	-	-	-	-	-	-	1,355,553	1,355,553
Total	$14,605,200	$ 3,373,275	$ 3,568,330	$ 889,275	$ 12,000	$ -	$ 46,588,749	$ 69,036,829

iv) Fair value of derivative instruments

Derivative-related credit risk

Credit risk from derivative transactions is generated by the potential for the counterparty to default on its contractual obligations when one or more transactions have a positive market value to the Company. Therefore, derivative-related credit risk represents the positive fair value of the instrument and is normally a small fraction of the contract's notional amount.

The Company subjects its derivative-related credit risk to the same credit approval, limit and monitoring standards that the Company uses for managing other transactions that create credit exposure. This includes evaluating the credit worthiness of counterparties, and managing the size, diversification and maturity structure of the portfolio. Credit utilization for all products is compared with established limits on a continual basis and is subject to a standard exception reporting process. The Company utilizes a single internal rating system for all credit risk exposure. In most cases, these internal ratings approximate the external risk ratings of public rating agencies.

Netting is a technique that can reduce credit exposure from derivatives and is generally facilitated through the use of master netting agreements. A master netting agreement provides for a single net settlement of all financial instruments covered by the agreement in the event of the default. However, credit risk is only reduced to the extent that the Company's financial obligations to the same counterparty can be set off against obligations of the counterparty to the Company. The Company maximizes the use of master netting agreements to reduce derivative-related credit exposure. The Company's overall exposure to credit risk that is reduced through master netting agreements may change substantially following the reporting date as the exposure is affected by each transaction subject to the agreement as well as by changes in underlying market rates. Measurement of the Company's credit exposure arising out of derivative transactions is reduced to reflect the effects of netting in cases where enforceability of that netting is supported by appropriate legal analysis as documented in the Company's trading credit risk policies.

The use of collateral is another significant credit mitigation technique for managing derivative-related counterparty credit risk. Mark-to-market provisions in the Company's agreements with some counterparties, typically in the form of a Credit Support Annex, provide the Company with the right to request that the counterparty pay down or collateralize the current market value of its derivatives positions when the value passes a specified threshold amount.

4. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Credit risk

Credit risk is the risk of loss associated with an obligator's potential inability or unwillingness to fulfill its contractual obligations. Credit risk may arise directly from the risk of default of a primary obligator (e.g. issuer, debtor, counterparty, borrower or policyholder), or indirectly from a secondary obligator (e.g. guarantor, reinsurer).

The failure to effectively manage credit risk across the Company's and all its products, services and activities can have a direct, immediate and material impact on the earnings and reputation of the Company.

The Company balances risk and return by:

i) Ensuring credit quality is not compromised for growth;
ii) Diversifying credit risks in transactions, relationships and portfolios;
iii) Using credit risk rating and scoring systems or other approved credit risk assessment or rating methodologies, prices and tools;
iv) Pricing appropriately for the credit risk taken;
v) Applying consistent credit risk exposure measurements;
vi) Mitigating credit risk through preventive and detective controls;
vii) Transferring credit risk to third parties where appropriate through approved credit risk mitigation techniques, including hedging activities and insurance coverage; and
viii) Ongoing credit risk monitoring and administration.

Credit risk for the Company arises from cash on deposit with Acceptable Institutions, net receivables from clients and brokers and investment dealers and other accounts receivables. The maximum exposure of the Company to credit risk before taking into account any collateral held or other credit enhancements is the carrying amount of the financial instruments as disclosed in Note 3 - Financial Instruments under fair values.

The primary source of credit risk to the Company is in connection with trading activity by clients and client margin accounts. To minimize its exposure, the Company applies certain credit standards, applies limits to transactions and requires settlement of securities transactions on a cash basis or delivery against payment. Margin transactions are collateralized by securities in the client's accounts in accordance with limits established by the applicable regulatory authorities and are subject to the Company's credit review and daily monitoring procedures. Management monitors the collectability of receivables and estimates an allowance for doubtful accounts.

The Company is also exposed to the risk that counterparties to transactions do not fulfill their obligations. Counterparties primarily include investment dealers, clearing agencies, banks and other financial institutions. Credit risk is managed by dealing with counterparties the Company believes to be creditworthy, setting overall exposure limits with specific counterparties, monitoring credit exposure and obtaining collateral. Credit risk on derivative transactions is limited to the current replacement cost (fair value) of those contracts.

Concentration of counterparty credit risk exists if a number of clients are engaged in similar activities, are located in the same geographic region or have comparable economic characteristics such that their ability to meet their contractual obligations to the Company would be similarly and adversely affected by a change in economic, political, market or other conditions. The Company's most significant concentration of counterparty credit risk is with financial institutions and institutional clients.

The Company holds debt instruments that are subject to credit risk if the counterparties do not fulfill their obligations. The Company manages the risk with regards to debt instruments by monitoring counterparties' credit ratings.

Liquidity risk

Liquidity and funding risk (liquidity risk) is the risk that the Company may be unable to generate or obtain sufficient cash or its equivalent in a timely and cost-effective manner to meet commitments as they come due.

The Company's liquidity position is established to satisfy current and prospective commitments while also contributing, in conjunction with capital position, to safety and soundness in times of stress. To achieve these goals, the Company operates under a comprehensive liquidity management framework mandated by the Company's parent bank and together employs key liquidity risk mitigation strategies that include the maintenance of:

i) An appropriate balance between the level of risk taken and the cost of its mitigation that take into account the potential impact of extreme but plausible events;
ii) Broad funding access, including preserving and promoting a reliable base of core client deposits, continual access to diversified sources of wholesale funding and demonstrated capacities to monetize specific asset classes;
iii) A comprehensive enterprise wide liquidity contingency plan that is supported by an earmarked pool of unencumbered marketable securities that provide assured access to cash in a crisis; and
iv) Appropriate and transparent liquidity transfer pricing and cost allocation.

The Company's management is responsible for reviewing liquidity resources to ensure funds are readily available to meet its financial obligations as they come due, as well as ensuring adequate funds exist to support business strategies and operational growth. The Company's business requires capital for operating and regulatory purposes. The liquid assets reflected on Statement A are highly liquid. The majority of the positions held as securities owned are readily marketable and all are recorded at their market value. Client receivables are secured by readily marketable securities and are reviewed daily for impairment in value and collectability. Receivables and payables from brokers and dealers represent the following: current open transactions that generally settle within the normal two-day settlement cycle; collateralized securities borrowed and/or loaned in transactions that can be closed within a few days on demand; and balances on behalf of introducing brokers representing net balances in connection with their client accounts. The Company does not manage its liquidity based on contractual maturity.

Liquidity management policies, practices and processes reinforce these risk mitigation strategies. In managing liquidity risk, the Company favours a centralized management approach but various considerations outlined in this section influence the extent to which this can be pursued.

Note 14 (Recovery and Settlement of On-Balance Sheet Assets and Liabilities) presents an analysis of assets and liabilities on the Company's Statement A by amounts to be recovered or settled within one year and after one year, as at the balance sheet date. As warranted, the Company manages the liquidity risk of various products based on historical behavioural patterns that are often not aligned with contractual maturities. Amounts to be recovered or settled within one year, may not be reflective of the Company's long term view of the liquidity profile of certain balance sheet categories.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, equity or commodity prices, and credit spreads. The Company is exposed to market risk in trading activities and asset/ liability management activities. The level to which the Company is exposed varies depending on market conditions, expectations of future price and yield movements and the composition of its trading portfolio.

Fair value risk

The Company is exposed to fair value risk as a result of its principal trading in equity securities and fixed income securities. Securities as at FVTPL are valued based on quoted market prices and as such changes in market value affect earnings as they occur. Fair value risk also arises from the possibility that changes in market prices will affect the value of the securities the Company holds as collateral for client margin accounts. The Company mitigates its fair value risk exposure through controls to limit concentration levels.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value or future cash flows of financial instruments held by the Company. The Company incurs interest rate risk on its own cash on deposit with Acceptable Institutions and client account balances, as well as its subordinated debt. The Company minimizes and monitors its exposure to interest rate risk through quantitative analysis of its net holdings positions of fixed income securities, client cash balances, securities lending and borrowing activities, and short-term borrowings. The Company does not hedge its exposure to interest rate risk as it is minimal.

All cash on deposit with Acceptable Institutions mature within three months. Net client receivables/(payables) charges/(incurs) interest based on floating interest rates. Subordinated debt bears interest at a rate based on overnight money market interest rates.

Foreign exchange risk

Foreign exchange risk arises from the possibility that changes in the price of foreign currencies will result in losses.
The Company uses derivative financial instruments primarily to manage foreign exchange risk on pending security settlements in foreign currencies. The fair value of these contracts is nominal due to their short term to maturity. Realized and unrealized gains and losses related to these contracts are recognized in net income during the year. Schedules 11 and 11A provide details of foreign currency exposures by currency.

Trading Market Risk Measurement

Trading market risk reflects the potential adverse impact on earnings and economic value of the Company's trading activities and is comprised of the following components:

i) Interest rate risk arises from the changes in interest rates and is composed of directional risk, yield curve risk, basis risk and option risk. Interest rate risk also captures credit spread risk arising from the changes in an issuer's spreads.
ii) Credit risk arises from the change in the creditworthiness and default of issuers of holdings in fixed income products.
iii) Foreign exchange rate risk arises from the change in currency rates and precious metals price movements and market implied volatilities. In the Company's proprietary positions, there is exposure to the spot, forward and derivative markets.
iv) Equity risk arises from the movements in individual equity prices or movements in the level of stock market indices.
v) Commodities risk arises from commodities price movements and volatilities.
vi) Market illiquidity risk arises from the inability to liquidate positions or acquire hedges to neutralize trading positions.

The Company uses risk measurement tools such as Value-at-Risk (VaR), sensitivity analysis and stress testing in assessing global risk-return trends. The majority of trading positions in foreign exchange, interest rate, equity, commodity and credit trading have capital calculated under a VaR based Internal Models Approach. The breadth of the Company's trading activity is designed to diversify market risk to any particular strategy, and to reduce trading revenue volatility.

VaR is a statistical technique that measures the worst-case loss expected over the period within a 99% confidence level. Larger losses are possible, but with low probability. For example, based on a 99% confidence interval, a portfolio with a VaR of $20 million held over one day would have a one in one hundred chance of suffering a loss greater than $20 million in that day. The Company measures VaR by major risk category on a discrete basis. The Company also measures and monitors the effects of correlation in the movements of interest rates, exchange rates, equity and commodity prices and highlights the benefit of diversification within its trading portfolio.

As with any modeled risk measure, there are certain limitations that arise from the assumptions used in VaR. Historical VaR assumes that the future will behave like the past. As a result, historical scenarios may not reflect the next market cycle. Furthermore, the use of a one-day horizon VaR for risk measurement implies that positions could be unwound or hedged within a day but this may not be a realistic assumption if the market becomes largely or completely illiquid. VaR is calculated on end-of-day positions.

To ensure VaR effectively captures the Company's market risk, the Company continuously monitors and enhances its methodology. Daily back-testing serves to compare hypothetical profit or loss against the VaR to monitor the statistical validity of 99% confidence level of the daily VaR measure. Back-testing is calculated by holding position levels constant and isolating the effect of the movement of actual market rates over the next day and over the next 10 days on the market value of the portfolios.

Intraday position changes account for most of the difference between theoretical back-testing and actual profit and loss. VaR models and market risk factors are independently reviewed periodically to further ensure accuracy and reliability.

Sensitivity analysis is used to measure the impact of small changes in individual risk factors such as interest rates and foreign exchange rates and is designed to isolate and quantify exposure to the underlying risk.

VaR is a risk measure that is only meaningful in normal market conditions. To address more extreme market events, stress testing is used to measure and alert senior management to the Company's exposure to potential political, economic or other disruptive events. The Company's stress scenarios are reviewed and updated as required to reflect relevant events and hypothetical situations. In light of the current market environment, the Company's supplemented existing market risk measures by frequent updates to the historical scenario window used in VaR and risk factors were refined to accurately reflect the current market conditions in the calculations. While the Company endeavours to be conservative in its stress testing, there can be no assurance that the Company's stress testing assumptions will cover every market scenario that may unfold.

($000's)

The following table shows the Company's global VaR for total trading activities by major risk category and the diversification effect, which is calculated as the difference between the global VaR and the sum of the separate risk factor VaRs.

	October 31, 2017	October 31, 2016
Equity	$ 1,082	$ 8,211
Interest rate	1,628	1,386
Credit specific	1,006	1,079
Foreign exchange	10	43
Commodities	8	1
Diversification	(1,527)	(8,460)
Total	$ 2,207	$ 2,260

Non-Trading Market Risk Measurement

Measurement of risk is based on rates charged to clients as well as funds transfer pricing rates. Key rate analysis is utilized as a primary tool for risk management as it provides the Company with an assessment of the sensitivity of the exposure of the Company's economic value of equity to instantaneous changes in individual points on the yield curve. The economic value of equity is equal to the net present value of the Company's assets, liabilities and off-balance sheet instruments. Interest risk on non-trading portfolio is not considered to be significant as it is mitigated through the hedging activities that the Company undertakes on the portfolio.

Securities lending and borrowing

The Company employs securities lending and borrowing primarily to facilitate the securities settlement process. These arrangements are typically short term in nature, with interest being received on the cash delivered and interest being paid on the cash received. These transactions are collateralized and are subject to margin calls for any deficiency between the market value of the security given and the amount of collateral received. These transactions are collateralized by either cash or securities, including government treasury bills and government bonds. The Company manages its credit exposure by establishing and monitoring aggregate limits by customer for these transactions. Interest earned on cash collateral is based on a floating rate.

($000's)

5. CAPITAL ASSETS

Capital Assets

	Computer equipment - HW	Furniture, fixtures and other equipment	Leasehold improvements	Assets Retirement Obligation	WIP Leaseholds/ F&E	Total
Cost						
Balance at October 31, 2016	$ 10,198	$ 48,859	$ 155,175	$ 4,224	$ 3,088	$ 221,544
Additions	30	2,169	6,636	29	5,372	14,236
Disposals / write-offs	-	(50)	-	-	-	(50)
Balance at October 31, 2017	$ 10,228	$ 50,978	$ 161,811	$ 4,253	$ 8,460	$ 235,730
Accumulated depreciation						
Balance at October 31, 2016	$ (10,149)	$ (38,046)	$ (108,107)	$ (3,362)	$ -	$ (159,664)
Depreciation	(22)	(3,590)	(11,524)	(224)	-	(15,360)
Disposals / write -offs	-	45	-	-	-	45
Balance at October 31, 2017	$ (10,171)	$ (41,591)	$ (119,631)	$ (3,586)	$ -	$ (174,979)
Net carrying amount at October 31, 2017	$ 57	$ 9,387	$ 42,180	$ 667	$ 8,460	$ 60,751

2016-Capital Assets

	Computer equipment - HW	Furniture, fixtures and other equipment	Leasehold improvements	Assets Retirement Obligation	WIP Leaseholds/ F&E	Total
Cost						
Balance at October 31, 2015	$ 10,151	$ 45,461	$ 140,713	$ 4,709	$ 4,494	$ 205,528
Additions	47	3,383	12,104		3,088	18,622
Transfers from work in process	-	237	4,257	-	(4,494)	-
Disposals / write -offs	-	(222)	(1,900)	-	-	(2,122)
Other				(485)		(485)
Balance at October 31, 2016	$ 10,198	$ 48,859	$ 155,175	$ 4,224	$ 3,088	$ 221,543
Accumulated depreciation						
Balance at October 31, 2015	$ (10,115)	$ (34,778)	$ (98,586)	$ (3,117)	$ -	$ (146,597)
Depreciation	(34)	(3,465)	(11,311)	(244)	-	(15,055)
Disposals / write -offs	-	197	1,790	-	-	1,987
Balance at October 31, 2016	$ (10,149)	$ (38,046)	$ (108,107)	$ (3,362)	$ -	$ (159,665)
Net carrying amount at October 31, 2016	$ 49	$ 10,813	$ 47,067	$ 862	$ 3,088	$ 61,878

($000's)

6. INTANGIBLE ASSETS

Intangible Assets

	Computer equipment - Software	WIP Capital Software Development	Customer List	Goodwill	Total
Cost					
Balance at October 31, 2016	$ 138,411	$ 12,182	$ 13,778	$ 2,275	$ 166,646
Additions	15,058	-	-	-	15,058
Transfers from work in process	-	(8,230)	-	-	(8,230)
Retirement	(6,922)	-	-	-	(6,922)
Balance at October 31, 2017	$ 146,547	$ 3,952	$ 13,778	$ 2,275	$ 166,552
Accumulated amortization					
Balance at October 31, 2016	$ (130,143)	$ -	$ (13,065)	$ -	$ (143,208)
Amortization	(5,182)	-	(713)	-	(5,895)
Retirement	265	-	-	-	265
Balance at October 31, 2017	$ (135,060)	$ -	$ (13,778)	$ -	$ (148,838)
Net carrying amount at October 31, 2017	$ 11,487	$ 3,952	$ -	$ 2,275	$ 17,714

COMPUTER SOFTWARE INTANGIBLE ASSET

	Computer equipment - Software	WIP Capital Software Development	Customer List	Goodwill	Total
Cost					
Balance at October 31, 2015	$ 134,584	$ 8,812	$ 13,778	$ 2,275	$ 159,449
Additions	-	7,197	-	-	7,197
Transfers from work in process	3,827	(3,827)	-	-	-
Balance at October 31, 2016	$ 138,411	$ 12,182	$ 13,778	$ 2,275	$ 166,646
Accumulated amortization					
Balance at October 31, 2015	$ (126,084)	$ -	$ (12,128)	$ -	$ (138,212)
Amortization	(4,059)	-	(937)	-	(4,996)
Balance at October 31, 2016	$ (130,143)	$ -	$ (13,065)	$ -	$ (143,208)
Net carrying amount at October 31, 2016	$ 8,268	$ 12,182	$ 713	$ 2,275	$ 23,438

7. PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

Plan Characteristics

The Company sponsors a number of plans that provide pension and post-employment benefits to eligible employees. The pension plans are administered by separate trustees that are legally segregated from the Company. All of the plan's beneficiaries are located in Canada. The pension arrangements including investment, plan benefits and funding decisions are governed by pension committees or management. Significant plan changes require the approval of the Board of Directors.

The Company's defined benefit pension plans provide benefits based on years of service, contributions and average earnings at retirement. Defined benefit pension plans are closed to new members. New employees are generally eligible to join defined contribution plans. All beneficiaries of the plans are located in Canada. The Company also provides supplemental non-registered (non-qualified) pension plan for certain executives and senior management.

The Company's defined contribution plan provides pension benefits based on accumulated employee and company contributions. The Company contributions are based on a percentage of employee's annual earnings and a portion of the Company contribution is dependent on the amount being contributed by the employee and their years of service.

($000's)

The Company's other post-employment benefit plans provide health, dental, disability and life insurance coverage and cover a number of current and retired employees who are located in Canada. These plans are unfunded unless required by legislation.

The Company measures the benefit obligations and pension assets as at October 31 each year. All plans are valued using the projected unit-credit method. The Company funds its registered defined benefit pension plans in accordance with actuarially determined amounts required to satisfy employee benefit obligations under current pension regulations. The most recent funding actuarial valuation was completed on January 1, 2017, and the next valuation will be completed no later than January 1, 2020.

For 2017, total company contributions to the pension plans (defined benefit and defined contribution plans) and other post-employment plans were $31,894 and $2,462 (2016 – $13,400 and $2,336), respectively. For 2018, total contributions to the pension plans and other post-employment benefit plans are expected to be approximately $50,747 and $2,816 respectively.

Risks

By their design, the defined benefit pension and other post-employment plans expose the Company to various risks such as investment performance, reductions in discount rates used to value the obligations, increased longevity of plan members, future inflation levels impacting future salary increases as well as future increases in health care costs. These risks will reduce over time due to the membership closure of the defined benefit pension and migration to defined contribution pension plan.

The following table presents the financial position related to the pension and other post-employment plans, including executive retirement arrangements.

	October 31, 2017		October 31, 2016	
	Defined benefit pension plans	Other post-employment plans	Defined benefit pension plans	Other post-employment plans
Fair value of plan assets	$ 854,933	$ -	$ 777,698	$ -
Present value of defined benefit obligation	859,006	82,665	822,926	93,132
Net (deficit) surplus (1)	$ (4,073)	$ (82,665)	$ (45,228)	$ (93,132)

The amount comprised of $8,088 employee benefit assets and $94,826 employee benefit liabilities on the Balance Sheet.

($000's)

The following table presents an analysis of the movement in the financial position related to the pension and other post-employment plans, including executive retirement arrangements.

	October 31, 2017		October 31, 2016	
	Defined benefit pension plans	Other post-employment plans	Defined benefit pension plans	Other post-employment plans
Change in fair value of plan assets				
Opening fair value of plan assets	$ 777,698	$ -	$ 747,890	$ -
Interest income	27,103	-	31,802	-
Remeasurements				
Return on plan assets (excluding interest income)	51,744	6	22,738	27
Contributions - Employer	22,432	2,462	4,745	2,336
Contributions - Plan participant	6,927	329	7,062	262
Payments	(29,671)	(2,797)	(35,389)	(2,625)
Other	(1,300)		(1,150)	
Closing fair value of plan assets	$ 854,933	$ -	$ 777,698	$ -
Change in present value of benefit obligation				
Opening benefit obligation	$ 822,926	$ 93,132	$ 695,395	$ 77,086
Current service cost	35,536	4,145	27,843	3,478
Past service cost	(1,033)			
Interest expense	28,212	3,162	29,233	3,199
Remeasurements				
Actuarial (gains) losses from demographic assumptions	-	(7,626)	-	335
Actuarial (gains) losses from financial assumptions	(12,199)	(2,087)	97,134	11,475
Actuarial (gains) losses from experience adjustments	8,308	(5,593)	1,648	(78)
Contributions - Plan participant	6,927	329	7,062	262
Payments	(29,671)	(2,797)	(35,389)	(2,625)
Closing benefit obligation (1)	$ 859,006	$ 82,665	$ 822,926	$ 93,132

(1) For pension plans with funding deficits, the benefit obligations and fair value of plan assets as at October 31, 2017 were $818,987 and $806,824, respectively (October 31, 2016 - $781,240 and $731,490, respectively).

Pension and other post-employment benefit expense

The following table presents the composition of the pension and other post-employment benefit expense.

	Defined Benefit Pension plans		Other post-employment plans	
	For the year ended		For the year ended	
	October 31 2017	October 31 2016	October 31 2017	October 31 2016
Current service costs	$ 35,536	$ 27,843	$ 4,145	$ 3,478
Past service costs	(1,033)	-	-	-
Net interest expense	1,109	(2,569)	3,162	3,199
Remeasurements of other long term benefits	-	-	(657)	239
Administrative expense	1,300	1,150	-	-
Defined benefit pension expense	36,912	26,424	6,650	6,916
Defined contribution pension expense	9,462	8,656	-	-
Total benefit expense	$ 46,374	$ 35,080	$ 6,650	$ 6,916

($000's)

Remeasurements of employee benefit plans

The following table presents the composition of the Company's remeasurements recorded in OCI.

	Defined Benefit Pension plans		Other post-employment plans	
	For the year ended		For the year ended	
	October 31 2017	October 31 2016	October 31 2017	October 31 2016
Actuarial (gains) losses				
Changes in demographic assumptions	$ -	$ -	$ (7,555)	$ 154
Changes in financial assumptions	(12,199)	97,134	(2,036)	11,108
Experience adjustments	8,308	1,648	(5,064)	215
Return on plan assets (excluding interest based on discount rate)	(51,744)	(22,738)	-	(11)
Total remeasurement	$ (55,635)	$ 76,044	$ (14,655)	$ 11,466

Investment policy and strategies

Defined benefit pension plan assets are invested prudently in order to meet the Company's longer-term pension obligations at a reasonable cost. The pension plan's investment strategy is to hold a diversified mix of investments by asset class and geographic location in order to reduce investment-specific risk to the funded status while maximizing the expected returns to meet pension obligations. Investment of the plan's assets is conducted with careful consideration of the pension obligation's sensitivity to interest rates and credit spreads which are key risk factors impacting the obligation's value. The asset mix policy is therefore consistent with an asset/liability framework. Factors taken into consideration in developing the asset mix include but are not limited to the following:

(i) the nature of the underlying benefit obligations, including the duration and term profile of the liabilities;
(ii) the member demographics, including normal retirements, terminations, and deaths;
(iii) the financial position of the pension plans;
(iv) the diversification benefits obtained by the inclusion of multiple asset classes; and
(v) expected asset returns, including assets and liability volatility and correlations.

To implement the Company's asset mix policy, the Company may invest in debt securities, equity securities, alternative investments and derivative instruments. The Company's holdings in certain investments, including common shares, emerging market equities, debt securities rated lower than BBB and residential and commercial mortgages, cannot exceed a defined percentage of the market value of the defined benefit pension plans assets. The Company may use derivative instruments as either a synthetic investment to more efficiently replicate the performance of an underlying security, or as a hedge against financial risks associated with the underlying portfolio plan. To manage the credit risk exposure, where derivatives instruments are not centrally cleared, counterparties are required to meet minimum credit ratings and enter into collateral agreements, and counterparty exposures are monitored and reported to management on an ongoing basis.

The defined benefit pension plan assets are primarily comprised of debt and equity securities and alternative investments. The Company's equity securities generally have unadjusted quoted market prices in an active market (Level 1) and our debt securities generally have quoted market prices for similar assets in an active market (Level 2). Alternative investments and other includes cash, hedge funds, and private fund investments including infrastructure, real estate leases, private equity and derivative financial instruments. In the case of private fund investments, no quoted market prices are usually available (Level 2 or Level 3). These fund assets are either valued by an independent valuator or priced using observable market inputs.

($000's)

During the year ended October 31, 2017, investment management focused on fund opportunities and optimizing mix to increase diversification and improve expected returns within the plan's alternative and equity asset classes. Over time, an increasing allocation to debt securities is being used to reduce asset/liability duration mismatch and hence variability of the plan's funded status due to interest rate movement. Longer maturity debt securities, given their price sensitivity to movements in interest rates, are considered to be a good economic hedge to risk associated with the plan's liabilities, which are discounted using predominantly long maturity bond interest rates as inputs.

	As at					
	October 31, 2017			October 31, 2016		
	Fair value	%	Quoted in active market %	Fair value	%	Quoted in active market %
Equity securities						
Domestic	$ 119,690	14.0%	100%	$ 101,302	13.0%	100%
Foreign	208,604	24.4%	100%	190,053	24.4%	89%
Debt securities						
Domestic Government Bonds	170,132	19.9%	0%	172,354	22.2%	0%
Foreign Government Bonds	23,938	2.8%	0%	24,779	3.2%	0%
Corporate and Other Bonds	169,277	19.8%	0%	149,772	19.3%	0%
Alternative Investments and Other	163,292	19.1%	19%	139,438	17.9%	26%
	$ 854,933	100%	42%	$ 777,698	100%	39%

The allocation to equities of the Company's pension plan is 38.4% (October 31, 2016 – 37.4%). The allocation to debt securities of the Company's pension plan is 42.5% (October 31, 2016 – 44.7%). The allocation to alternative investments and other assets in the Company's pension plan is 19.1% (October 31, 2016 – 17.9%).

As at October 31, 2017, the plan assets include 82,100 (October 31, 2016 – 81,000) of the Company's common shares having a fair value of $8,280 (October 31, 2016 – $6,825) and $2,832 (October 31, 2016 – $4,274) of the Company's debt securities. For the year ended October 31, 2017, dividends received on the common shares held in the plan assets were $272 (October 31, 2016 – $260).

Maturity profile

The following table presents the maturity profile of the Company's defined benefit pension plan obligation.

	As at October 31, 2017
Number of plan participants	$ 4,704
Actual benefit payments 2017	$ 29,671
Benefits expected to be paid 2018	$ 35,049
Benefits expected to be paid 2019	$ 37,808
Benefits expected to be paid 2020	$ 40,358
Benefits expected to be paid 2021	$ 42,538
Benefits expected to be paid 2022	$ 44,389
Benefits expected to be paid 2023-2027	$ 243,703
Weighted average duration of defined benefit (in years)	15.6

($000's)

Significant assumptions

The methodologies to determine significant assumptions used in calculating the defined benefit pension and other post-employment expense are as follows:

Discount rate

All future expected benefits at each measurement date are discounted at spot rates from a derived AA corporate bond yield curve. The derived curve is based on actual short and mid-maturity corporate AA rates and extrapolated longer term rates. The extrapolated corporate AA rates are derived from observed corporate A, corporate AA, and provincial AA yields. Spot rates beyond 30 years are set to equal the 30-year spot rate. The discount rate is the equivalent single rate that produces the same discounted value as that determined using the entire discount curve. This valuation methodology does not rely on assumptions regarding reinvestment returns.

Rate of Increase in future compensation

The assumptions for increase in future compensation are developed separately for each plan, where relevant. Each assumption is set based on the price inflation assumption and compensation policies in Canada, as well as relevant statutory and plan specific requirements.

Healthcare cost trend rates

Health care cost calculations are based on both short and long term trend assumptions established based on the plan's recent trend experience as well as on market expectations.

	Defined Benefit Pension plans		Other post-employment plans	
	As at		As at	
	October 31 2017	October 31 2016	October 31 2017	October 31 2016
Weighted average assumptions to determine benefit obligations				
Discount rate	3.6%	3.5%	3.5%	3.5%
Rate of increase in future compensation	3.3%	3.3%	n.a.	n.a.
Health care cost (1)				
- Medical	n.a.	n.a.	3.7%	4.1%
- Dental	n.a.	n.a.	4.0%	4.0%

(1) For our other post-employment benefit plans, the 2017 assumed trend rates used to measure the expected benefits cost of the defined benefit obligations are also the ultimate rates.

n.a. not applicable

Mortality assumptions

Mortality assumptions are significant in measuring the Company's obligations under the defined benefit plans. These assumptions have been set based on country specific statistics. Future longevity improvements have been considered and included where appropriate. The following table summarizes the mortality assumptions used for the defined benefit plans.

	October 31, 2017				October 31, 2016			
	Life expectancy at 65 for a member currently at				Life expectancy at 65 for a member currently at			
	Age 65		Age 45		Age 65		Age 45	
(in years)	Male	Female	Male	Female	Male	Female	Male	Female
Country								
Canada	23.2	23.7	24.2	24.6	23.1	23.6	24.1	24.6

($000's)

Sensitivity analysis

Assumptions adopted can have a significant effect on the obligations for defined benefit pension and other post-employment benefit plans. The increase (decrease) in obligation in the following table has been determined assuming all other assumptions are held constant. In practice, this is unlikely to occur, as changes in some of the assumptions may be correlated. The following table presents the sensitivity analysis of key assumptions for 2017:

	Defined benefit pension plans	Other post-employment plans
	Increase (decrease) in obligation	**Increase (decrease) in obligation**
Discount rate		
Impact of 50 bps increase in discount rate	$ (63,635)	$ (6,119)
Impact of 50 bps decrease in discount rate	70,854	6,961
Rate of increase in future compensation		
Impact of 50 bps increase in rate of increase in future compensation	1,701	n/a
Impact of 50 bps decrease in rate of increase in future compensation	(1,833)	n/a
Mortality rate		
Impact of an increase in longevity by one additional year	19,524	1,422
Health care cost trend rate		
Impact of 100 bps increase in health care cost trend rate	n/a	1,403
Impact of 100 bps decrease in health care cost trend rate	n/a	(1,220)

8. INCOME TAXES

The Company had a 2017 effective tax rate of 30.2% (2016: 30.8%) as compared to the statutory tax rate of 26.7% (2016: 26.7%). The effective tax rate changed from 30.8% for 2016 to 30.2% for 2017, primarily due to an increase in tax-exempt income from securities.

The Corporation's effective tax rate differs from its combined federal and provincial statutory rates primarily as a result of the following:

Reconciliation to statutory tax rate

	October 31, 2017	October 31, 2016
Income taxes at Canadian statutory rate	$ 302,487	$ 256,219
Increase (decrease) in income taxes resulting from		
Non-deductible expenses	54,670	45,898
Tax-exempt income from securities	(16,147)	(11,434)
Other	826	4,886
Income taxes reported in Statement of income	$ 341,836	$ 295,569

($000's)

The components of tax expense are as follows:

		October 31, 2017		October 31, 2016
Income taxes (recoveries) in Statement of Income				
Current tax				
Tax expense for current year	$	360,364	$	297,785
Adjustments for prior years		5,205		3,100
		365,569		300,885
Deferred tax				
Origination and reversal of temporary differences		(17,569)		(3,568)
Effects of changes in tax rates		(287)		-
Adjustments for prior years		(5,877)		(1,948)
		(23,733)		(5,516)
		341,836		295,369
Income taxes expenses (recoveries) in statement of comprehensive income and changes in equity				
Remeasurement of employee benefit plans		18,768		(23,365)
Total income taxes	$	360,604	$	272,004

Significant components of deferred tax assets and liabilities (in $millions):

		Net Asset November 1, 2016		Change through profit or loss		Change through equity		Net Asset October 31, 2017
Net deferred tax asset/(liability)								
Deferred compensation	$	121	$	19	$	-	$	140
Deferred income		34		(2)		-		32
Pension and post-employment related		10		4		(18)		(4)
Premises and equipment		(3)		1		-		(2)
Deferred expense		(4)		2		-		(2)
Intangibles		1		-		-		1
Other		6		-		-		6
	$	165	$	24	$	(18)	$	171

		Net Asset November 1, 2015		Change through profit or loss		Change through equity		Net Asset October 31, 2016
Net deferred tax asset/(liability)								
Deferred compensation	$	122	$	(1)	$	-	$	121
Deferred income		31		3		-		34
Pension and post-employment related		(19)		6		23		10
Premises and equipment		(3)		-		-		(3)
Deferred expense		(5)		1		-		(4)
Intangibles		1		-		-		1
Other		10		(4)		-		6
	$	137	$	5	$	23	$	165

($000's)

9. COMMITMENTS AND CONTINGENCIES

a) Lease commitments

The future minimum lease payments under operating leases are estimated as:

2018	$28,019
2019	$25,124
2020	$22,772
2021	$20,962
2022	$17,391
Thereafter	$75,164
	$189,432

The total lease expense for the year was $35,482 (2016 - $34,867).

b) Underwriting commitments

The Company acts as underwriter for certain new issuances under which the Company alone or together with a syndicate of financial institutions purchases the new issuances for resale to investors. In connection with these activities, the Company's commitments were $38 million as at October 31, 2017 (October 31, 2016 – $22 million).

c) The Company is part of a six year contract between a service organization and RBC and affiliates, collectively referred to as Royal Bank of Canada Financial Group ("RBCFG"). The service organization provides trade processing services. The commitment, which is variable, based on trading volume, has maximum payments of approximately US$32,500 per annum.

d) The Company is party to a number of legal claims arising in the ordinary course of business. Management believes, based upon discussion with legal counsel, that adequate provision has been made in the accounts for costs associated with these claims.

e) Guarantees

DSI & DII have entered into a cross guarantee agreement whereby they guarantee certain liabilities of each other. The amount of the guarantee is limited to each of their risk adjusted capital calculated in accordance with IIROC rules and only relates to liabilities to brokerage clients who are covered by CIPF.

In the normal course of operation, the Company may provide indemnifications, which are often standard contractual terms, to counterparts in transactions such as service agreements, clearing system arrangements, leases, and purchases of goods. Under these agreements, the Company may agree to indemnify the counterparty against loss or liability arising from the acts or omissions of the Company in relation to the agreement. The nature of the indemnifications in these agreements prevents the Company from making a reasonable estimate of the maximum potential amount that the Company could be required to pay such counterparties.

DSI also guarantees the obligations of RBC Capital Markets Real Estate Group Inc. in the amount of $1,000.

($000's)

f) Written put options

The Company enters into written put options that are contractual agreements which grant the purchasers the right, but not the obligation to sell, by or at a set date, a specified amount of a financial instrument at a predetermined price. Written put options that typically qualify as guarantees include foreign exchange contracts, equity-based contracts, and certain commodity-based contracts. The term of these options varies based on the contract and can range up to five years. The notional value of these put options is $11,132,879 (2016: $15,320,528).

g) Pledged assets and collateral

In the ordinary course of business, the Company pledges assets and enters into collateral agreements with terms and conditions that are usual and customary to the Company's regular lending, borrowing and trading activities recorded on the Company's combined Balance Sheet. The right of the pledgee to sell or re-pledge the assets is dependent on the specific agreement under which the collateral is pledged. If there is no default, the pledgee must return the assets or comparable assets to the pledgor upon satisfaction of the obligation.

Details of assets pledged against liabilities are shown in the following tables:

Sources of pledged assets and collateral	**2017**	**2016**
Company Assets		
Cash collateral for securities lent	$ 1,433,231	$ 1,115,954
Securities	13,004,810	14,530,475
	$ 14,438,041	$ 15,646,429
Client Assets		
Collateral received and available for sale or re-pledging	$ 206,936,006	$ 167,241,563
Less: not sold or re-pledged	(31,628,340)	(25,046,559)
	175,307,666	142,195,004
	$ 189,745,707	$ 157,841,433

Uses of pledged assets and collateral	**2017**	**2016**
Securities lent	$ 44,882,108	$ 33,347,669
Securities borrowed	57,045,080	62,966,232
Securities pledged to clearing corporations	981,325	1,011,200
Obligations related to securities sold short	24,992,743	25,537,808
Obligations related to securities or sold under repurchase agreement	61,844,451	34,978,524
	$ 189,745,707	$ 157,841,433

10. RELATED PARTY TRANSACTIONS

Description of Relationships and Transactions

In the normal course of business, the Company has transactions with RBC and its related companies. These transactions include securities trading, financing transactions and entering into derivative contracts, as well as certain management payroll, accounts payable, expenses, and administrative services, such as risk management, securities and data processing and building management.

Related parties include the parent bank, RBC, associated companies, post-employment benefit plans for the benefit of the Company's employees, key management personnel, the Board of Directors of RBC ('Directors'), close family members of key management personnel and Directors, and entities which are, directly or indirectly, controlled by, jointly controlled by or significantly influenced by key management personnel, Directors or their close family members.

($000's)

The following summarizes the Company's related party balances on the balance sheet and statement of income with RBC and RBC affiliates as at and for the year ending October 31, 2017 and 2016:

Balance Sheet

Assets	2017	2016
Loans, securities borrowed and resale agreements	23,696,145	21,179,549
Due from clients and dealers	3,195,755	4,500,530
Receivables from subsidiaries and affiliated corporations	27,527,872	26,246,908
Other	16,817	40

Liabilities	2017	2016
Call loans, securities loaned and repurchase agreements	26,002,490	20,285,099
Due to clients and dealers	2,548,800	4,225,345
Payables to subsidiaries and affiliated corporations	43,775,191	43,473,434
Other	1,249	3,501
Subordinated debt	25,000	25,000

Income Statement

Revenue	2017	2016
Commissions paid	135,088	154,582
Interest	531,369	385,587
Principal trading	2,942,660	2,844,271
Investment Banking	(26,106)	(33,597)
Management fees	(121,319)	(102,344)
Other	60,399	52,697

Expenses	2017	2016
Interest	166,423	125,098
Other	129,888	124,824

Dividend Payment

During the year, DSI paid $750,000 (2016: $1,000,000) in dividends to its parent, RBC Dominion Securities Limited. DI paid $75,000 (2016: $55,000) in dividends to its parent, Royal Bank Holding Inc.

Trading Inventory

The Company as part of its trading inventory holds the following shares of RBC:

	2017		2016	
	Number of Shares	Market Value	Number of Shares	Market Value
Common	557,033	$ 56,188	1,246,829	$ 104,484
Non-cumulative First Preferred Shares AC	12	0	114	3
Non-cumulative First Preferred Shares AF	-	-	54	1
Non-cumulative First Preferred Shares AJ	10	0	-	-
Non-cumulative First Preferred Shares AZ	-	-	30	1
Non-cumulative First Preferred Shares BD	962	24	-	-
Non-cumulative First Preferred Shares BF	758	18	-	-
Non-cumulative First Preferred Shares BH	-	-	104	3
Non-cumulative First Preferred Shares BK	592	16	-	-
Non-cumulative First Preferred Shares BM	249	7	-	-

Notional of Derivatives

	2017	2016
Foreign exchange forwards	$ -	$ -
Interest rate swaps	12,154,600	12,389,000
Equity swaps	15,708,705	14,938,288
Equity options written	11,132,879	15,320,528
Equity options purchased	10,919,194	14,176,865
Equity forwards	-	-

($000's)

Subordinated loan

The subordinated loan is recorded at amortized cost and is an unsecured obligation to RBC and is subordinated in right of payment to the claims of clients, dealers and certain other creditors. The loan is due on demand and all changes to the amount of subordinated debt are subject to approval by IIROC. The interest rate is based on overnight money market interest rates.

Subordinated debentures held

The Company as part of its trading inventory holds the following subordinated debentures of RBC:

2017					
Maturity	**Number of Debentures**	**Market Value**	**Earliest par value redemption date**	**Interest rate**	
June 4, 2025	2,192,000	$ 2,196	June 4, 2020	2.48%	(1)

(1) Interest at stated interest rate until earliest par value redemption date, and thereafter at a rate of 1.10% above the 90-day Bankers' Acceptance rate.

Key management personnel and Directors

Key management personnel are defined as those persons having, directly or indirectly, authority and responsibility for planning directing and controlling the activities of RBC and its subsidiaries and comprise the senior executives of RBC called the Group Executive (GE). Specifically, the GE comprises the Chief Executive Officer and those individuals that report directly to him, including the Chief Administrative Officer and Chief Financial Officer, Chief Human Resource Officer, the Chief Risk Officer, and heads of the Company's business units. The GE is ultimately responsible for all material decisions of RBC. The GE is also responsible for establishing the overall strategic direction of the RBC group and, in that regard, sets global parameters for the RBC group within which the board of directors and management of each subsidiary in the RBC group exercise their respective discretion to make decisions concerning the strategic direction and day-to-day management of the particular subsidiary. The Directors of RBC do not plan, direct, or control the day-to-day activities of RBC; they oversee the management of the business and provide stewardship.

Compensation of key management personnel and Directors

The following tables present the compensation paid, shareholdings and options held by key management personnel and Directors.

	For the year ended October 31 2017	For the year ended October 31 2016
Salaries and other short-term employee benefits	$ 33,000	$ 26,000
Post-employment benefits	2,000	2,000
Share-based payments	37,000	41,000
	$ 72,000	$ 69,000

($000's)

Shareholdings and options held by key management personnel, directors and family members

	No. of units held	Value at October 31, 2017	No. of units held	Value at October 31, 2016
Stock options	2,174,841	$ 60,000	2,110,038	$ 42,000
Other non-option stock based awards	1,371,104	138,000	1,703,221	143,000
RBC common shares	632,631	64,000	789,295	66,000
	4,178,576	$ 262,000	4,602,554	$ 251,000

In the normal course of business, the Company provides certain banking services to key management personnel, directors, and their close family members. These transactions were made on substantially the same terms, including interest rates and security, as for comparable transactions with persons of a similar standing and did not involve more than the normal risk of repayment or present other unfavourable features.

Transactions, arrangements and agreements involving key management personnel, directors and family members

Aside from the above transactions, no guarantees, pledges or commitments have been given to key management personnel, directors, or their close family members.

11. SHARE BASED COMPENSATION

RBC Dominion Securities Savings Plan

DSI offers employees an opportunity to own RBC stock through the RBC Dominion Securities Savings Plan. Under this plan, the employee can generally contribute between 1% and 10% of their prior year compensation or benefit base for commissioned employees. For each contribution between 1% and 6%, the Company matches 50% of the employee contributions in RBC common shares to a maximum annual contribution of $4.5 per employee. DSI contributed $14,665 (2016 – $14,419), under the terms of these plans, towards the purchase of RBC common shares. As at October 31, 2017, an aggregate of 7,188 (2016 – 7,201) of RBC's common shares were held under these plans.

Deferred share and other plans

The Company offers deferred share unit plans to certain executives and previously to certain key employees. Under these plans, each executive or employee may choose to receive all or a percentage of their annual incentive bonus in the form of deferred share units (DSUs). The executives or employees must elect to participate in the plan prior to the beginning of the fiscal year. DSUs earn dividend equivalents in the form of additional DSUs at the same rate as dividends on RBC common shares. The participant is not allowed to convert the DSUs until retirement, permanent disability or termination of employment/directorship. The cash value of the DSUs is equivalent to the market value of RBC common shares when conversion takes place. The value of the DSUs as at October 31, 2017, was $145,180 (2016 - $114,309). The share price fluctuations and dividend equivalents compensation loss recorded for the year ended October 31, 2017, in respect of these plans was $28,143 (2016 - $16,604).

The Company has a deferred bonus plan for certain key employees. Under this plan, a percentage of each employee's annual incentive bonus is deferred and accumulates dividend equivalents at the same rate as dividends on RBC common shares. The employee will receive the deferred bonus amounts within 90 days of the three following year-end dates. The value of the deferred bonus paid will be equivalent to the original deferred bonus adjusted for dividends and changes in the market value of RBC common shares at the time the bonus is paid. The value of the deferred bonus as at October 31, 2017, was $239,629 (2016 - $278,746). The share price fluctuations and dividend equivalents compensation gain for the year ended October 31, 2017, in respect of this plan was $66,342 (2016 - $36,908).

The Company offers performance deferred award plans to certain key employees, all of which vest at the end of three years. Awards under the plans are deferred in the form of RBC common shares which are held in trust until they fully vest, or in the form of DSUs. Upon vesting, the award is paid in cash and is based on the original number of RBC share units granted plus accumulated dividends valued using the average closing price of RBC common shares during the five trading days immediately preceding the vesting date. A portion of the award under some plans can be increased or decreased up to 25% for awards granted, depending on RBC's total shareholder return compared to a defined peer group of global financial institutions. The value of the award paid will be equivalent to the original award adjusted for dividends and a change in the market value of RBC's common shares at the time the award vests. The value related to the DSUs liability as at October 31, 2017 was $89,047 (2016 - $78,894). Compensation expense recorded for the year ended October 31, 2017, in respect of these plans was $43,658 (2016 - $33,520).

The liabilities for the awards granted under the deferred share and other plans are measured at fair value, determined based on the quoted market price of RBC's common shares and specified fund choices as applicable. Annually, this obligation is increased by additional units earned by plan participants, and is offset by forfeitures, cancellations, and the settlement of vested units. In addition, this obligation is impacted by fluctuations in the market price of RBC's common shares and specified fund units. For performance deferred share award plans, the estimated outcome of meeting the performance conditions also impacts this obligation.

The following tables present the units that have been earned by the participants and our obligations for these earned units under the deferred share and other plans.

Obligation under deferred share and other plans						
	October 31, 2017			October 31, 2016		
	Units granted during the year		Units outstanding at the end of the year	Units granted during the year		Units outstanding at the end of the year
(Millions of Canadian dollars)	Number granted (in thousands)	Weighted average fair value	Carrying amount	Number granted (in thousands)	Weighted average fair value	Carrying amount
Deferred share unit plans	33	$ 88.80	$ 145	58	$ 74.28	$ 114
Deferred bonus plan	846	101.06	240	823	83.66	279
Performance deferred share award plans	161	88.08	89	157	74.28	64
Other stock-based plan	1	91.40	13	46	73.97	15
Total	1,041	$ 98.66	$ 487	1,084	$ 81.39	$ 472

($000's)

12. RESULTS BY BROKER DEALER

DSI and DII have combined their financial results for regulatory reporting purposes. DSI includes principal transactions, agency transactions, investment banking and investment advisory businesses. DII includes retail discount brokerage transactions. Operating revenue and expenses directly associated with each broker-dealer are included in the results.

2017	DSI	DII	Total
Net interest income (1)	$ 369,242	$ 129,957	$ 499,199
Non-interest income	3,195,034	163,307	3,358,341
Total revenue	3,564,276	293,264	3,857,540
Non-interest expense	2,536,800	184,896	2,721,696
Net income before income taxes	1,027,476	108,368	1,135,844
Income taxes	313,129	28,707	341,836
Net income	$ 714,347	$ 79,661	$ 794,008
Total assets	$ 116,841,305	$ 8,786,954	$ 125,628,259
Total liabilities	$ 112,535,011	$ 8,640,949	$ 121,175,960

(1) Inter-segment revenue and share of profits are not material

2016	DSI	DII	Total
Net interest income (1)	$ 271,503	$ 109,745	$ 381,248
Non-interest income	2,944,303	145,374	3,089,677
Total revenue	3,215,806	255,119	3,470,925
Non-interest expense	2,340,802	170,545	2,511,347
Net income before income taxes	875,004	84,574	959,578
Income taxes	272,885	22,685	295,570
Net income	$ 602,119	$ 61,889	$ 664,008
Total assets	$ 91,953,416	$ 8,437,748	$ 100,391,164
Total liabilities	$ 87,662,993	$ 8,296,404	$ 95,959,397

(1) Inter-segment revenue and share of profits are not material

13. CAPITAL MANAGEMENT

The capital levels of the Company are regulated pursuant to the rules issued by its regulator IIROC. The primary objective of these rules is to quantify the company's liquidity risk and to ensure that at all times the Company maintains a risk adjusted capital ("RAC") greater than zero. This calculation comprises Statement B of the Form 1.

The Company sets a target RAC based on its expectations of projected capital requirements resulting from current and planned business activities. In order to maintain the capital structure, the Company may adjust the amount of dividends paid to shareholders and/or the amount of capital or subordinated debt received from its Provider of Capital.

On a weekly basis, the Company documents its monitoring of the RAC comparing the current balance to the projected capital and prior week's amounts.

During 2017, the Company's strategy was unchanged from 2016 which was to maintain RAC at greater than zero. The Company was in compliance with all capital requirements throughout the year.

The Company is authorized to issue an unlimited number of common shares. There are 2,001,004 outstanding common shares that were issued at a par value of nil.

($000's)

14. RECOVERY AND SETTLEMENT OF ON-BALANCE SHEET ASSETS AND LIABILITIES

The table below presents an analysis of assets and liabilities recorded on the Company's Statement A by amounts that are expected to be recovered or settled within one year and after one year, as at the date of the Statement A. Amounts to be recovered or settled within one year, as presented below, may not be reflective of management's long-term view of the liquidity profile of certain asset and liability categories.

2017	Less than one year	Greater than one year	Total
Assets			
Cash on deposit with acceptable institutions	$ 637,225	$ -	$ 637,225
Funds deposited in trust for RRSP and other similar accounts	7,400,336	-	7,400,336
Loans receivable, securities borrowed and sold	87,785,745	-	87,785,745
Securities Owned - at market value	16,773,543	-	16,773,543
Client Accounts	9,779,584	-	9,779,584
Brokers and dealers trading balances	2,506,567	-	2,506,567
Other	177,947	567,312	745,259
Total assets	$ 125,060,947	$ 567,312	$ 125,628,259
Liabilities			
Overdrafts, loans securities loaned and repurchases	$ 61,471,134	$ -	$ 61,471,134
Securities sold short - at market value	25,466,499	-	25,466,499
Client accounts	26,041,063	-	26,041,063
Brokers and dealers	2,339,917	-	2,339,917
Current Income taxes	71,272	-	71,272
Other liabilities	819,743	4,966,331	5,786,074
Total liabilities	$ 116,209,628	$ 4,966,331	$ 121,175,959

2016	Less than one year	Greater than one year	Total
Assets			
Cash on deposit with acceptable institutions	$ 643,652	$ -	$ 643,652
Funds deposited in trust for RRSP and other similar accounts	7,246,667	-	7,246,667
Loans receivable, securities borrowed and sold	56,714,455	-	56,714,455
Securities Owned - at market value	18,602,153	-	18,602,153
Client Accounts	14,582,526	-	14,582,526
Brokers and dealers trading balances	1,898,901	-	1,898,901
Other	171,783	531,027	702,810
Total assets	$ 99,860,137	$ 531,027	$ 100,391,164
Liabilities			
Overdrafts, loans securities loaned and repurchases	$ 36,598,097	$ -	$ 36,598,097
Securities sold short - at market value	25,995,944	-	25,995,944
Client accounts	24,653,506	-	24,653,506
Brokers and dealers	3,545,101	-	3,545,101
Current Income taxes	127,719	-	127,719
Other liabilities	739,517	4,299,513	5,039,030
Total liabilities	$ 91,659,884	$ 4,299,513	$ 95,959,397

($000's)

15. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Offsetting within the balance sheet may be achieved where financial assets and liabilities are subject to master netting arrangements that provide the currently enforceable right of offset and where there is an intention to settle on a net basis, or realize the assets and liabilities simultaneously. For repurchase and reverse repurchase arrangements, this is generally achieved when there is a market mechanism for settlement (e.g. clearing house) which provides daily net settlement of cash flows arising from these contracts.

Amounts that do not qualify for offsetting include master netting arrangements that only permit outstanding transactions with the same counterparty to be offset in an event of default or occurrence of other predetermined events. Such master netting arrangements include the global master repurchase agreement and global master securities lending agreements for repurchase, reverse repurchase and other similar secured lending and borrowing arrangements.

The amount of the financial collateral received or pledged subject to master netting arrangements or similar agreements but not qualified for offsetting refers to the collateral received or pledged to cover the net exposure between counterparties, by enabling the collateral to be realized in an event of default or the occurrence of other predetermined events. Certain amounts of collateral are restricted from being sold or re-pledged unless there is an event of default or the occurrence of other predetermined events.

The tables below provide the amount of financial instruments that have been offset on the balance sheet and the amounts that do not qualify for offsetting but are subject to enforceable master netting arrangements or similar agreements. The amounts presented are not intended to represent our actual exposure to credit risk.

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

		As at October 31, 2017							
		Amounts subject to enforceable netting arrangements							
					Amount subject to master netting arrangement or similar agreements but do not qualify for offsetting on the balance sheet (1)				
		Gross amount of financial assets before balance sheet offsetting	Amount of financial liabilities offset on the balance sheet	Net amount of financial assets presented on the balance sheet	Impact of master netting agreement	Financial securities received for cash pledged / lent	Net amount	Amounts not subject to enforceable netting arrangements (2)	Total amount recognized on the balance sheet (3)
Assets purchased under reverse repurchase agreements and securities borrowed	$	89,349,330	1,563,586	87,785,745	1,219	87,773,692	10,834	-	87,785,745
Due from clients		11,380,304	1,414,036	9,966,268	-	-	-	-	9,966,268
Due from broker dealer		2,469,433	149,550	2,319,883	-	-	-	-	2,319,883
Total	$	103,199,067	3,127,172	100,071,896	1,219	87,773,692	10,834	-	100,071,896

(1) Financial collateral is reflected at fair value The amount of financial instruments and financial collateral disclosed is limited to the net balance sheet exposure, and any over-collateralization is excluded from the table

(2) Refers to other bilateral transaction where we do not have an agreement in place that permits netting in any circumstances

(3) The netted amount of the financial assets and liabilities, together with the financial assets and liabilities not subject to enforceable netting arrangement or similar arrangement, are reconciled to the amounts presented on the associated Consolidated Balance Sheet line

($000's)

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

		As at October 31, 2016							
		Amounts subject to enforceable netting arrangements							
					Amount subject to master netting arrangement or similar agreements but do not qualify for offsetting on the balance sheet (1)				
		Gross amount of financial assets before balance sheet offsetting	Amount of financial liabilities offset on the balance sheet	Net amount of financial assets presented on the balance sheet	Impact of master netting agreement	Financial securities received for cash pledged / lent	Net amount	Amounts not subject to enforceable netting arrangements (2)	Total amount recognized on the balance sheet (3)
Assets purchased under reverse repurchase agreements and securities borrowed	$	57,807,484	1,093,028	56,714,456	2,222	56,586,148	126,086	-	56,714,456
Due from clients		14,733,339	150,813	14,582,526	-	-	-	-	14,582,526
Due from broker dealer		2,841,116	942,215	1,898,901	-	-	-	-	1,898,901
Total	$	75,301,900	2,106,056	73,185,883	2,222	56,586,148	126,086	-	[illegible]

(1) Financial collateral is reflected at fair value. The amount of financial instruments and financial collateral disclosed is limited to the net balance sheet exposure, and any over-collateralization is excluded from the table.

(2) Refers to other bilateral transaction where we do not have an agreement in place that permits netting in any circumstances.

(3) The netted amount of the financial assets and liabilities, together with the financial assets and liabilities not subject to enforceable netting arrangement or similar arrangement, are reconciled to the amounts presented on the associated Consolidated Balance Sheet line.

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

		As at October 31, 2017							
		Amounts subject to enforceable netting arrangements							
					Amount subject to master netting arrangement or similar agreements but do not qualify for offsetting on the balance sheet (1)				
		Gross amount of financial liabilities before balance sheet offsetting	Amount of financial liabilities offset on the balance sheet	Net amount of financial liabilities presented on the balance sheet	Impact of master netting agreement	Financial securities received for cash pledged / lent	Net amount	Amounts not subject to enforceable netting arrangements (2)	Total amount recognized on the balance sheet (3)
Obligations related to assets sold under repurchase agreements and securities loaned	$	63,034,720	1,563,586	61,471,134	1,219	61,460,000	9,915	-	61,471,134
Due to clients		27,455,099	1,414,036	26,041,063	-	-	-	-	26,041,063
Due to broker dealer		2,489,467	149,550	2,339,917	-	-	-	-	2,339,917
Total	$	92,979,286	3,127,172	89,852,114	1,219	61,460,000	9,915	-	89,852,114

(1) Financial collateral is reflected at fair value. The amount of financial instruments and financial collateral disclosed is limited to the net balance sheet exposure, and any over-collateralization is excluded from the table.

(2) Refers to other bilateral transaction where we do not have an agreement in place that permits netting in any circumstances.

(3) The netted amount of the financial assets and liabilities, together with the financial assets and liabilities not subject to enforceable netting arrangement or similar arrangement, are reconciled to the amounts presented on the associated Consolidated Balance Sheet line

($000's)

		As at October 31, 2016							
		Amounts subject to enforceable netting arrangements							
					Amounts subject to master netting arrangement or similar agreements but do not qualify for offsetting on the balance sheet (1)				
		Gross amount of financial liabilities before balance sheet offsetting	Amount of financial liabilities offset on the balance sheet	Net amount of financial liabilities presented on the balance sheet	Impact of master netting agreement	Financial securities received for cash pledged / lent	Net amount	Amounts not subject to enforceable netting arrangements (2)	Total amount recognized on the balance sheet (3)
Obligations related to assets sold under repurchase agreements and securities loaned	$	37,691,125	1,093,028	36,598,097	2,222	36,578,959	16,916	-	36,598,097
Due to clients		24,804,319	150,813	24,653,506	-	-	-	-	24,653,506
Due to broker dealer		4,487,316	942,215	3,545,101	-	-	-	-	3,545,101
Total	$	66,982,760	2,186,056	64,796,704	2,222	36,578,959	16,916	-	64,796,704

(1) Financial collateral is reflected at fair value. The amount of financial instruments and financial collateral disclosed is limited to the net balance sheet exposure, and any over-collateralization is excluded from the table.

(2) Refers to other bilateral transaction where we do not have an agreement in place that permits netting in any circumstances.

(3) The netted amount of the financial assets and liabilities, together with the financial assets and liabilities not subject to enforceable netting arrangement or similar arrangement, are reconciled to the amounts presented on the associated Consolidated Balance Sheet line.