These are Service Materials for Clearing and Settlement, and form part of the Master Client Agreement for Business Clients between Royal Bank and the Customer.

1. Definitions and Interpretation

Introduction

All capitalized terms not defined have the meanings given in the Legal Terms and Conditions of the Master Client Agreement for Business Clients, and the rules of interpretation prescribed by the Legal Terms and Condition also apply.

For the purpose of Clearing and Settlement Services, the terms defined below will be used:

<table>
<thead>
<tr>
<th>By-Law Number 3</th>
<th>The Canadian Payments Association By-Law No. 3 - Payment Items and Automated Clearing Settlement System.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clearing Agent</td>
<td>A Direct Clearer, appointed as Clearing Agent under By-Law Number 3, that, on behalf of an Indirect Clearer, exchanges Items and either effects clearing and settlement or makes entries into the ACSS.</td>
</tr>
<tr>
<td>Direct Clearer</td>
<td>A member of the CPA, other than Royal Bank of Canada, appointed as Direct Clearer under By-Law Number 3 that, on its own behalf, exchanges Items and makes entries into the ACSS.</td>
</tr>
<tr>
<td>Indirect Clearer</td>
<td>A member of the CPA on behalf of which a Clearing Agent exchanges Items and either effects payment and settlement or makes entries into the ACSS. An Indirect Clearer may or may not be a Non-Participating Direct Clearer.</td>
</tr>
<tr>
<td>Items</td>
<td>Payment items, including paper, electronic, or image transactions, as defined by the CP Act, accepted into or from the system(s).</td>
</tr>
<tr>
<td>Non-Participating Direct Clearer</td>
<td>A Direct Clearer that accesses the clearing system through another Direct Clearer acting as the Clearing Agent of such first mentioned Direct Clearer.</td>
</tr>
</tbody>
</table>
Terms of Agreement

2. Clearing Agent
Royal Bank will act as Clearing Agent for the Customer in the ACSS and LVTS, as the case may be, and the US Dollar Bulk Exchange for US dollar Items in Canada, if applicable, for the purpose of accepting and delivering eligible Items.

3. Items
The Customer is solely responsible for the negotiation of Items, including for the verification of the authenticity and validity of all endorsements.

The Customer has the sole right and obligation to pay or return Items which are invalid or unacceptable for any reason in accordance with this Agreement and the CP Act, except in the case of a default as prescribed by the CP Act.

4. Settlement
All Items drawn on the Customer and cleared through Royal Bank will be settled:

- in the case where the Customer is an Indirect Clearer that is not a Non-Participating Direct Clearer, by a charge by Royal Bank to the Canadian or US dollar Accounts, as applicable
- in the case where the Customer is a Non-Participating Direct Clearer, by:
  - inputting entries to the ACSS or LVTS, as the case may be, for Canadian dollar clearings on the Customer's behalf for the total of individual Items, lists or bundles of Items, all in accordance with the terms and conditions of the CP Act, and

5. US Dollar Items
For US dollar Items, if the Customer is a Non-Participating Direct Clearer, it must maintain an arrangement with a US correspondent bank in the State of New York.

6. Returns
All Items drawn on other financial institutions, including Royal Bank, and subsequently returned unpaid for any reason, will be debited to the appropriate Accounts of the Customer with Royal Bank or, if in existence, accounts of the Customer with the Bank of Canada.

7. Cover
Where the Customer is an Indirect Clearer that is not a Non-Participating Direct Clearer, it will maintain sufficient funds on deposit with Royal Bank or establish and maintain with Royal Bank a line of credit, subject to agreement in writing as to the terms and conditions applicable to such line of credit, including arrangements regarding appropriate security, to cover the value of all Items drawn on the Customer and all Items drawn on other financial institutions, including Royal Bank, which are subsequently returned unpaid and whether in Canadian or US dollars.