ROYAL BANK OF CANADA
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Product prospectus supplement no. UBS-TAS-2
To the Prospectus dated September 7, 2018 and the
Prospectus Supplement dated September 7, 2018
Senior Global Medium-Term Notes, Series H

Royal Bank of Canada
Trigger Autocallable Securities Linked to Common Stock or Exchange Traded Fund Shares

- Royal Bank of Canada may offer and sell from time to time Trigger Autocallable Securities linked to the common equity securities of an issuer, including American depositary shares ("ADSs," and when reference is made to an ADS, the term "issuer" refers to the issuer of the shares underlying the ADSs), or shares of an exchange traded fund (an "ETF," and each such common equity security or ETF is referred to as an "underlying equity"). We refer to these securities as the "securities."
- The prospectus dated September 7, 2018, the prospectus supplement dated September 7, 2018 and this product prospectus supplement describe the terms that will apply generally to the securities. A separate free writing prospectus or pricing supplement, as the case may be, will describe the terms that apply specifically to the securities, including any changes to the terms specified below. We refer to such free writing prospectuses and pricing supplements generally as terms supplements. If the terms described in the relevant terms supplement are inconsistent with those described in this product prospectus supplement, the accompanying prospectus supplement or prospectus, the terms described in the relevant terms supplement will control.
- The securities are senior unsecured obligations of Royal Bank of Canada and any payment on the securities is subject to our credit risk.
- No interest payments will be made on the securities.
- The securities will be automatically called for the principal amount plus an amount based on the applicable Call Return Rate if the closing price of one share of the underlying equity on any Observation Date, as set forth in the applicable terms supplement, is equal to or greater than the Initial Underlying Price. If the securities are called, you will receive the Call Price for that Observation Date as set forth in the applicable terms supplement. Unless otherwise specified in the relevant terms supplement, you will receive a positive return on your securities only if the underlying equity closes at a price equal to or above the Initial Underlying Price on an Observation Date, including the final Observation Date.
- The securities do not guarantee any return of principal at maturity. If the securities have not been called, and the underlying equity closes below the applicable Downside Threshold on the final Observation Date, you will lose 1% (or a fraction thereof) of the principal amount for every 1% (or a fraction thereof) decrease in the price per share of the underlying equity below the Initial Underlying Price. In this case, the payment you will receive at maturity will be less than the principal amount of your securities and may be zero.
- Subject to our creditworthiness, and unless otherwise specified in the relevant terms supplement, if you hold the securities to maturity, the securities are not called on the final Observation Date and the closing price of the underlying equity is above or equal to the Downside Threshold on the final Observation Date, we will pay you an amount in cash equal to the principal amount of your securities.
- For important information about the tax consequences of an investment in the securities, see "Supplemental Discussion of U.S. Federal Income Tax Consequences" and "Supplemental Discussion of Canadian Federal Income Tax Consequences" below.
- Minimum denominations of $10 and integral multiples of $10, unless otherwise specified in the relevant terms supplement.

- Investing in the securities is not equivalent to investing in the underlying equity, or any of the equity securities included in any ETF.
- The securities will not be listed on any securities exchange.

Your investment in the securities involves certain risks. The securities differ from ordinary debt securities in that the repayment of principal is not guaranteed. If the Final Underlying Price is greater than or equal to the Downside Threshold on the final Observation Date, you will receive the principal amount. However, if the Final Underlying Price is below the Downside Threshold on the final Observation Date, will pay you for each $10 in principal amount of the securities you own a cash payment that is less than your principal amount, if anything, resulting in a loss that is proportionate to the decline of the underlying equity from the Trade Date to the final Observation Date, resulting in a loss of some or all of your investment. Any payment on the securities, including any repayment of principal, is subject to our creditworthiness. See “Risk Factors” beginning on page PS-4 to read about investment risks relating to the securities.

None of the Securities and Exchange Commission (the “SEC”), any state securities commission or any other regulatory body has approved or disapproved of the securities or passed upon the accuracy of this product prospectus supplement or the accompanying prospectus and prospectus supplement. Any representation to the contrary is a criminal offense.

We may use this product prospectus supplement in the initial sale of a security. In addition, RBC Capital Markets LLC (“RBCCM”), or one of our other affiliates may use this product prospectus supplement in a market-making transaction in a security after its initial sale. Unless we or our agent informs the purchaser otherwise in the confirmation of sale, this product prospectus supplement is being used in a market-making transaction.

The securities will not constitute deposits insured by the Canada Deposit Insurance Corporation, the U.S. Federal Deposit Insurance Corporation or any other Canadian or U.S. governmental agency or instrumentality.

UBS Financial Services Inc. RBC Capital Markets, LLC

Product Prospectus Supplement dated September 7, 2018

TABLE OF CONTENTS

In making your investment decision, you should rely only on the information contained or incorporated by reference in the terms supplement relevant to your investment, this product prospectus supplement and the accompanying prospectus supplement and prospectus with respect to the securities offered and with respect to Royal Bank of Canada. This product prospectus supplement, together with the relevant terms supplement, and the accompanying prospectus and prospectus supplement, contain the terms of the securities and supersede all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, fact sheets, brochures or other educational materials of ours, or any written materials prepared by UBS Financial Services, Inc. or RBC Capital Markets, LLC. The information in the relevant terms supplement, this product prospectus supplement and the accompanying prospectus supplement and prospectus may only be accurate as of the dates of each of these documents, respectively.

The securities described in the relevant terms supplement and this product prospectus supplement are not appropriate for all investors, and involve important legal and tax consequences and investment risks, which should be discussed with your professional advisers. You should be aware that the regulations of the Financial Industry Regulatory Authority, or FINRA, and the laws of certain jurisdictions (including regulations and laws that require brokers to ensure that investments are suitable for their customers) may limit the availability of the securities. The relevant terms supplement, this product prospectus supplement and the accompanying prospectus supplement and prospectus do not constitute an offer to sell or a solicitation of an offer to buy the securities in any circumstances in which such offer or solicitation is unlawful.

In this product prospectus supplement, the relevant terms supplement and the accompanying prospectus supplement and prospectus, “we,” “us” and “our” refer to Royal Bank of Canada, unless the context requires otherwise.

SUMMARY

The information in this "Summary" section is qualified by the more detailed information set forth in this product prospectus supplement, the prospectus supplement and the prospectus, as well as the relevant terms supplement.

Key Terms

Underlying Equity:	The underlying equity specified in the relevant terms supplement. Each underlying equity will be either an equity security or a share of an ETF.
Call Feature:	The securities will be called automatically if the closing price of one share of the underlying equity on any Observation Date is at or above the Initial Underlying Price.
Call Return Rate:	A return based on a per annum percentage to be specified in the relevant terms supplement. The call return increases the longer the securities are outstanding.
Call Price:	If the securities are called, you will receive on the applicable call settlement date a cash payment per $10.00 principal amount of the securities equal to the Call Price for the applicable Observation Date on which the securities are called. The Call Price applicable to each Observation Date will be specified in the relevant terms supplement and will be calculated based on the Call Return Rate and the amount of time that the securities have been outstanding between the settlement date and the applicable Call Settlement Date.
Call Settlement Dates:	Unless otherwise specified in the relevant terms supplement, if the securities are called on any Observation Date (other than the final Observation Date), the Call Settlement Date will be three business days following such Observation Date, unless that day is not a business day, in which case the Call Settlement Date will be the next following business day. If the securities are called on the final Observation Date, the Call Settlement Date will be the maturity date. As described under "General Terms of the Securities—Observation Dates" below, the calculation agent may postpone any Observation Date, and therefore a Call Settlement Date, if a market disruption event occurs or is continuing on a day that would otherwise be an Observation Date. We describe market disruption events under "General Terms of the Securities—Market Disruption Event" below.
Payment at Maturity:	Unless otherwise specified in the relevant terms supplement, if the securities are not called, we will pay you at maturity a cash payment per $10.00 principal amount of the securities based on the Final Underlying Price, calculated as described below: · If the Final Underlying Price is above or equal to the Downside Threshold on the final Observation Date, we will pay you a cash payment equal to the principal amount of your securities. · If the Final Underlying Price is below the Downside Threshold on the final Observation Date, we will pay you for each $10 in principal amount of the securities you own a cash payment that is less than your principal amount, if anything, resulting in a loss that is proportionate to the decline of the underlying equity from the Trade Date to the final Observation Date, for a return equal to: $10.00 x (1 + underlying return). The repayment of your principal amount is not guaranteed. If the securities are not called, you may lose some or all of your investment. Specifically, if the securities are not called and the Final Underlying Price is below the Downside Threshold on the final Observation Date, you will lose 1% (or a fraction thereof) of your principal amount for each 1% (or a fraction thereof) decrease in the price per share of the underlying equity

	below the Initial Underlying Price. Accordingly, if the Final Underlying Price is below the Downside Threshold on the final Observation Date, you may lose up to 100% of your principal amount.
Contingent Absolute Return Autocallable Securities:	If so specified in the applicable terms supplement, your securities will have the additional terms set forth under "General Terms of the Notes—Contingent Absolute Return Autocallable Securities."
Underlying Return:	Unless otherwise specified in the relevant terms supplement:
	$\frac{\text{Final Underlying Price – Initial Underlying Price}}{\text{Initial Underlying Price}}$
Initial Underlying Price:	Unless otherwise specified in the relevant terms supplement, the closing price of one share of the underlying equity on the Trade Date or such other date as specified in the relevant terms supplement. The Initial Underlying Price may be subject to adjustment. See "General Terms of the Securities—Anti-dilution Adjustments."
Final Underlying Price:	Unless otherwise specified in the relevant terms supplement, the closing price of one share of the underlying equity on the final Observation Date. The Final Underlying Price is subject to adjustment upon the occurrence of certain corporate events affecting the underlying equity. See "General Terms of the Securities—Payment at Maturity—Anti-dilution Adjustments."
Downside Threshold:	A specified price of the underlying equity which is below the Initial Underlying Price, as set forth in the applicable terms supplement. The Downside Threshold is subject to adjustment upon the occurrence of certain corporate events affecting the underlying equity. See "General Terms of the Securities—Anti-dilution Adjustments."
Observation Date(s):	One or more dates as specified in the relevant terms supplement, subject to postponement in the event of certain market disruption events.
Issue Price:	Unless otherwise specified in the relevant terms supplement, $10 per $10 in principal amount of the securities.
Trade Date:	As specified in the relevant terms supplement.
Settlement Date:	As specified in the relevant terms supplement.
Maturity Date:	As specified in the relevant terms supplement. If not previously called, the securities will mature on the maturity date. The maturity date is subject to postponement in the event of certain market disruption events and as described under "General Terms of the Securities—Payment at Maturity."

RISK FACTORS

An investment in the securities is subject to the risks described below, as well as the risks described under “Risk Factors” in the prospectus and the prospectus supplement. The securities do not pay interest or guarantee any return of principal at, or prior to, maturity. Investing in the securities is not equivalent to investing directly in the underlying equity. In addition, your investment in the securities entails other risks not associated with an investment in conventional debt securities. You should consider carefully the following discussion of risks before you decide that an investment in the securities is suitable for you.

Risks Relating to the Securities Generally

The securities do not pay interest or guarantee any return of principal at maturity. A decrease in the value of the underlying equity may lead to a loss of some or all of your investment at maturity.

The securities do not pay interest and may not return any of your investment. The amount payable to you at maturity, if any, will be determined as described in this product prospectus supplement and the relevant terms supplement. The return on the securities will depend on whether underlying equity increases in value as of each Observation Date, or if the securities are not called, the extent to which the Final Underlying Price is less than the applicable Downside Threshold. If the securities are not called and the Final Underlying Price is below the Downside Threshold on the final Observation Date, you will lose 1% (or a fraction thereof) of the principal amount for every 1% (or a fraction thereof) decrease in the price per share of the underlying equity below the Initial Underlying Price. Accordingly, your return, if any, will be less than the principal amount of the securities.

The securities are subject to the credit risk of Royal Bank of Canada.

The securities are subject to the credit risk of Royal Bank of Canada and our credit ratings and credit spreads may adversely affect the market value of the securities. Investors are dependent on Royal Bank of Canada’s ability to pay all amounts due on the securities, and therefore investors are subject to our credit risk and to changes in the market’s view of our creditworthiness. Any decline in our credit ratings or increase in the credit spreads charged by the market for taking our credit risk is likely to adversely affect the value of the securities. Payment on the securities, including any repayment of principal, is subject to the creditworthiness of Royal Bank of Canada. If we were to default on our payment obligations, you may not receive any amounts owed to you under the securities and you could lose your entire investment.

Your potential return on the securities is limited to the Call Return Rate.

The return on the securities is limited to the Call Return Rate set forth in the relevant terms supplement, regardless of any appreciation of the underlying equity. Your investment in the securities will result in a gain if the closing price of one share of the underlying equity on any of the Observation Dates is at or above the Initial Underlying Price. However, this gain will be limited to the return represented by the applicable Call Price, regardless of the appreciation of the underlying equity, which may be significantly greater than the return associated with the Call Price. As a result, the return on the securities, if any, is expected to be limited to the Call Return Rate.

If you sell your securities prior to maturity, you may receive less than the principal amount.

If your securities are not automatically called, you should be willing to hold your securities until maturity. If you are able to sell your securities in the secondary market prior to maturity, you may have to sell them for a loss relative to the principal amount, even if the price of the underlying equity is above the Downside Threshold. In addition, you will not receive the benefit of any contingent repayment of principal represented by the Downside Threshold if you sell your securities before the maturity date. The potential returns described in the relevant terms supplement assume that your securities, which are not designed to be short-term trading instruments, are held to maturity.

The securities may be called early and are subject to reinvestment risk.

If your securities are called early, the term of the securities will be reduced and you will not receive any payment on the securities after the applicable Call Settlement Date. There is no guarantee that you would be able to reinvest the proceeds from an automatic call of the securities at a comparable rate of return for a similar level of risk. To the extent you are able to reinvest such proceeds in an investment comparable to the securities, you may incur transaction costs such as dealer discounts and hedging costs built into the price of the new securities. Because the securities may be called as early as one month after issuance, you should be prepared in the event the securities are called early.

The Call Return Rate will reflect in part the volatility of the underlying equity and may not be sufficient to compensate you for the risk of loss at maturity.

"Volatility" refers to the frequency and magnitude of changes in the price of the underlying equity. The greater the volatility of the applicable underlying equity, the more likely it is that the price of that underlying equity could close below the Downside Threshold on the Final Valuation Date of the securities. This risk will generally be reflected in a higher Call Return Rate for the securities than the return payable on our conventional debt securities with a comparable term. However, while the Call Return Rate is set on the Trade Date, the underlying equity's volatility can change significantly over the term of the securities, and may increase. The price of the underlying equity could fall sharply as of the Final Valuation Date, which could result in a significant loss of your principal amount.

Holders of the securities will not participate in any appreciation of the underlying equity, and any positive return on the securities will be limited to the Call Return Rate.

Despite being exposed to the risk of a decline in the price of the applicable underlying equity, you will not participate in any appreciation in the price of the applicable underlying equity. Any positive return on the securities will be limited to the Call Return Rate. Accordingly, if the Final Underlying Price is greater than the Initial Underlying Price, you should expect that your return on the securities at maturity may be less than your return on a direct investment in the applicable underlying equity or on a similar security that allows you to participate in the appreciation of the price of the underlying equity. In contrast, if the Final Underlying Price is less than the Downside Threshold, we will deliver to you at maturity for each security you own an amount less than the principal amount, and in each case you may lose your entire investment. As a result, a positive return on the securities, if any, will be limited to the Call Return Rate for the securities.

If your securities are Contingent Absolute Return Autocallable Securities, their terms will differ from those of the ordinary securities.

If specified in the relevant terms supplement, your securities may be Contingent Absolute Return Autocallable Securities. If your securities are Contingent Absolute Return Autocallable Securities, they will have terms that differ from those discussed in this product prospectus supplement, namely that if the securities are not called and the Final Underlying Price is greater than or equal to the Downside Threshold, you will receive a positive return equal to the absolute value of the underlying return. This differs from ordinary Trigger Autocallable Securities in that for ordinary Trigger Autocallable Securities, if the securities are not called and the Final Underlying Price is greater than or equal to the Downside Threshold, you will receive only your principal amount in return.

Regardless of whether the relevant terms supplement specifies your securities as Contingent Absolute Return Autocallable Securities, if the Final Underlying Price is less than the Downside Threshold, you will be exposed to the full decline in the price of the underlying equity, resulting in a loss of some or all your entire investment.

Your return on the securities may be lower than the return on a conventional debt security of comparable maturity.
The return that you will receive on your securities, which could be negative, may be less than the return you could earn on other investments. Your investment may not reflect the full opportunity cost to you when you take into account factors that affect the time value of money, such as inflation.
Your return on the securities will not reflect dividends on the underlying equity or the equity securities included in any ETF.
The return on the securities will not reflect the return you would realize if you actually owned the underlying equity or the equity securities included in any applicable ETF and received the dividends paid on those equity securities. The Final Underlying Price of the underlying equity and the determination of the amount to be paid at maturity or upon an automatic call will not take into consideration the value of those dividends.
Owning the securities is not the same as owning the underlying equity.
The return on your securities may not reflect the return you would realize if you actually owned the underlying equity. For instance, the underlying equity may appreciate substantially during the term of the securities, and you will not participate in that appreciation. The following factors, among others, may cause the financial return on your securities to differ from the financial return you would receive by investing directly in the underlying equity:

- the return on a direct investment in the underlying equity would depend primarily upon the relative appreciation or depreciation of the underlying equity during the term of the securities, and not on whether the closing price of the underlying equity is equal to or greater than the Initial Underlying Price on any Observation Date or is less than the Downside Threshold on the final Observation Date;
- in the case of a direct investment in the underlying equity, the return could include substantial dividend payments or other distributions, which you will not receive as an investor in the securities;
- in the case of a direct investment in the underlying equity, the return could include rights, such as voting rights, that you will not have as an investor in the securities; and
- a direct investment in the underlying equity is likely to have tax consequences that are different from an investment in the securities.

If the price of the shares of the underlying equity changes, the market value of your securities may not change in the same manner.
Owning the securities is not the same as owning shares of the underlying equity. Accordingly, changes in the price of one share of the underlying equity may not result in a comparable change of the market value of the securities. If the closing price of one share of the underlying equity on any trading day increases above the Initial Underlying Price, the value of the securities may not increase in a comparable manner, if at all. It is possible for the price of the shares of the underlying equity to increase while the value of the securities declines.
The determination as to whether the securities are subject to an automatic call, or the formula for calculating the payment at maturity of the securities do not take into account all developments in the price of the underlying equity.
Changes in the price of the underlying equity during the periods between each Observation Date will not be reflected in the determination as to whether the securities are subject to an automatic call, or the calculation of the amount payable, if any, at maturity of the securities. The calculation agent will determine whether the securities are subject to an automatic call by observing only the closing price of the underlying equity on each applicable Observation Date. The calculation agent will calculate the payment at maturity by comparing only the closing price of the underlying equity on the final Observation Date relative to the closing price of the underlying equity on the Trade Date (as the same may be adjusted upon the occurrence of certain adjustment events described in “General Terms of the

Securities—Anti-dilution Adjustments”). No other prices or values will be taken into account. As a result, you may lose some or all of your principal amount even if the price of the underlying equity has risen at certain times during the term of the securities before falling to a closing price below the Downside Threshold on the final Observation Date.
No assurance that the investment view implicit in the securities will be successful.
It is impossible to predict whether and the extent to which the price of the underlying equity will rise or fall. There can be no assurance that the price of the underlying equity will rise above the Initial Underlying Price on any Observation Date or that the closing price of the underlying equity will not fall below the Downside Threshold on the final Observation Date. The closing price of the underlying equity on each Observation Date will be influenced by complex and interrelated political, economic, financial and other factors that affect the issuer of the underlying equity or, if the underlying equity is an ETF, the equity securities included in that ETF. You should be willing to accept the risk of losing some or all of your investment.
In some circumstances, the payment you receive on the securities may be based on the securities issued by another issuer and not on the underlying equity.
Following certain corporate events relating to the underlying equity where the applicable issuer is not the surviving entity, your payment from Royal Bank of Canada at maturity or on any Call Settlement Date may be based on the common stock of a successor to the respective issuer in combination with any cash or any other assets distributed to holders of the underlying equity in such corporate event, which may include securities issued by a non-U.S. company and quoted and traded in a foreign currency. If the issuer of an underlying equity becomes subject to a Reorganization Event (as defined below), the consequent adjustments, may materially and adversely affect the value of the securities. We describe the specific corporate events that may lead to these adjustments and the procedures for selecting Distribution Property in the section of this product prospectus supplement called “General Terms of the Securities—Anti-dilution Adjustments—Reorganization Events.” The calculation agent will make any such adjustments in order to achieve an equitable result.
If the underlying equity is an ADS and the ADS is no longer listed or admitted to trading on a U.S. securities exchange registered under the Exchange Act nor included in the OTC Bulletin Board Service operated by FINRA, or if the ADS facility between the issuer of the foreign stock and the ADS depositary is terminated for any reason, the amount you receive upon an automatic call or at maturity will be based on the common stock represented by the ADS. Such delisting of the ADS or termination of the ADS facility and the consequent adjustments may materially and adversely affect the value of the securities. We describe such delisting of the ADS or termination of the ADS facility and the consequent adjustments in the section of this product prospectus supplement called “General Terms of Securities—Delisting of ADSs or Termination of ADS Facility.”
If an underlying equity or an ETF that is serving as the underlying equity is discontinued, delisted or trading of such underlying equity on its primary exchange is suspended, the determination as to the payments on the securities may be based on a security issued by another issuer or a share of another ETF (as applicable) and not the underlying equity. Such discontinuance, delisting or suspension of trading of the underlying equity and the consequent adjustments may materially and adversely affect the value of the securities. We describe such discontinuance, delisting or suspension of trading of the underlying equity and the consequent adjustments in the sections of this product prospectus supplement called “General Terms of the Securities—Anti-dilution Adjustments—Reorganization Events.”
In any of these situations, any payment on the securities will be subject to our ability to pay our obligations when due.
The securities are not designed to be short-term trading instruments.
The price at which you will be able to sell your securities to us or our affiliates prior to maturity, if at all, may be at a substantial discount from the principal amount of the securities, even in cases where the closing price of one share of the underlying equity has appreciated since the Trade Date. In addition,

you will not receive the benefit of any contingent repayment of principal represented by the Downside Threshold if you sell your securities before the maturity date. The potential returns described in the relevant terms supplement assume that your securities, which are not designed to be short-term trading instruments, are held to maturity.

You must rely on your own evaluation of the merits of an investment linked to the underlying equity.

In the ordinary course of their business, our affiliates may have expressed views on expected movement in any underlying equity, or the equity securities included in any ETF, and may do so in the future. These views or reports may be communicated to our clients and clients of our affiliates. However, these views are subject to change from time to time. Moreover, other professionals who transact business in markets relating to any underlying equity, may at any time have significantly different views from those of our affiliates. For these reasons, you are encouraged to derive information concerning the applicable underlying equity from multiple sources, and you should not rely solely on views expressed by our affiliates.

Your anti-dilution protection is limited.

The calculation agent will make adjustments to the Initial Underlying Price and the Downside Threshold for certain events affecting the shares of the underlying equity. See “General Terms of the Securities—Anti-dilution Adjustments.” The calculation agent is not required, however, to make such adjustments in response to all events that could affect the shares of the underlying equity. If an event occurs that does not require the calculation agent to make an adjustment, such as an offering of common shares for cash, the value of the securities may be materially and adversely affected. In addition, all determinations and calculations concerning any such adjustment will be made by the calculation agent, which will be binding on you absent manifest error. You should be aware that the calculation agent may make any such adjustment, determination or calculation in a manner that differs from, or that is in addition to, that described in this product prospectus supplement or the applicable terms supplement as necessary to achieve an equitable result. You should refer to “General Terms of the Securities—Anti-dilution Adjustments” for a description of the items that the calculation agent is responsible for determining.

Risks Relating to Liquidity and Secondary Market Issues

Secondary trading in the securities may be limited.

Unless otherwise specified in the relevant terms supplement, the securities will not be listed on a securities exchange. There may be little or no secondary market for the securities. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the securities easily.

RBCCM, may act as a market maker for the securities, but is not required to do so. Because we do not expect that other market makers will participate significantly in the secondary market for the securities, the price at which you may be able to trade your securities is likely to depend on the price, if any, at which RBCCM is willing to buy the securities. If at any time RBCCM or another Agent does not act as a market maker, it is likely that there would be little or no secondary market for the securities. We expect that transaction costs in any secondary market would be high. As a result, the difference between the bid and asked prices for your securities in any secondary market could be substantial. If you sell your securities before maturity, you may have to do so at a substantial discount from the issue price, and as a result, you may suffer substantial losses.

The inclusion in the original issue price of each agent’s commission and the estimated cost of hedging our obligations under the securities through one or more of our affiliates is likely to adversely affect the value of the securities prior to maturity.

While the payment at maturity, if any, will be based on the principal amount of your securities, the original issue price of the securities includes each agent’s commission and the estimated cost of hedging our obligations under the securities through one or more of our affiliates. Such estimated cost includes our affiliates' expected cost of providing such hedge, as well as the profit our affiliates expect to realize in consideration for assuming the risks inherent in providing such hedge. As a result, assuming no change in market conditions or any other relevant factors, the price, if any, at which RBCCM may be willing to purchase securities from you in secondary market transactions, if at all, will likely be lower than the original issue price. In addition, any such prices may differ from values determined by pricing models used by RBCCM, as a result of such compensation or other transaction costs.

Prior to maturity, the value of the securities will be influenced by many unpredictable factors.

Many economic and market factors will influence the value of the securities. We expect that, generally, the closing price of one share of the underlying equity on any day will affect the value of the securities more than any other single factor. However, you should not expect the value of the securities in the secondary market to vary in proportion to changes in the closing price of one share of the underlying equity. The value of the securities will be affected by a number of other factors that may either offset or magnify each other, including:

- the market price of the shares of the underlying equity;
- whether the market price of the underlying equity is below the Downside Threshold;
- the expected volatility of the underlying equity;
- the time to maturity of the securities;
- the dividend rate on the underlying equity or on the equity securities held by the underlying equity (if the underlying equity is an ETF);
- interest and yield rates in the market generally, as well as in the markets of the equity securities held by the underlying equity (if the underlying equity is an ETF);
- the occurrence of certain events relating to the underlying equity that may or may not require an adjustment to the Initial Underlying Price and the Downside Threshold;
- economic, financial, political, regulatory or judicial events that affect the underlying equity or the equity securities held by the underlying equity (if the underlying equity is an ETF) or stock markets generally, and which may affect the closing price of shares of the underlying equity on any Observation Date;
- if the applicable underlying equity is an ETF that invests in securities that are traded in non-U.S. markets, the exchange rate and the volatility of the exchange rate between the U.S. dollar and the currencies in which the equity securities held by the underlying equity are traded, and, if the net asset value of the underlying equity is calculated in one currency and the equity securities held by the underlying equity are traded in another currency or currencies, the correlation between those rates and the market price of the underlying equity; and
- our creditworthiness, including actual or anticipated downgrades in our credit ratings.

Some or all of these factors will influence the price you will receive if you choose to sell your securities prior to maturity. The impact of any of the factors set forth above may enhance or offset some or all of any change resulting from another factor or factors. You may have to sell your securities at a substantial discount from the principal amount if the market price of the underlying equity is at, below or not sufficiently above the Initial Underlying Price.

Risks Relating to the Underlying Equity

The issuer of the underlying equity will not have any role or responsibilities with respect to the securities.

The issuer of the underlying equity will not have authorized or approved the securities, and will not be involved in any offering. The issuer of the underlying equity will not have any financial or legal obligation with respect to the securities or the amounts to be paid to you, including any obligation to take our needs or your needs into consideration for any reason, including taking any corporate actions that might affect the value of the underlying equity or the securities. The issuer of the underlying equity will not receive any of the proceeds from any offering of the securities. No issuer of an underlying equity will be responsible for, or participate in, the determination or calculation of the amounts receivable by holders of the securities.

We and our affiliates have no affiliation with the issuer of any underlying equity and are not responsible for its public disclosure of information or that of any other company.

Unless otherwise specified in the applicable terms supplement, we and our affiliates are not affiliated with the underlying equity issuer and have no ability to control or predict its actions, including any corporate actions of the type that would require the calculation agent to adjust the determinations of the payments on the securities, and have no ability to control the public disclosure of these corporate actions or any events or circumstances affecting the underlying equity issuer, unless (and only to the extent that) our securities or the securities of our affiliates are represented by that underlying equity. The underlying equity issuer will not be involved in the offering of the securities in any way and has no obligation to consider your interests as owner of the securities in taking any corporate actions that might affect the market value of your securities or the payment at maturity. An underlying equity issuer may take actions that could adversely affect the market value of the securities.

The securities are unsecured debt obligations of Royal Bank of Canada only and are not obligations of the underlying equity issuer or any other third party. No portion of the issue price you pay for the securities will be paid to the underlying equity issuer.

Unless otherwise specified in the applicable terms supplement, we will have derived the information about the respective underlying equity issuer and the underlying equity from publicly available information, without independent verification. Neither we nor any of our affiliates assume any responsibility for the adequacy or accuracy of the information about the respective underlying equity issuer or the underlying equity. You, as an investor in the securities, should make your own investigation into the respective underlying equity issuer and the underlying equity for your securities. We urge you to review financial and other information filed periodically by the underlying equity issuer with the SEC.

This product prospectus supplement and each terms supplement relates only to the securities and does not relate to the underlying equity or an underlying equity issuer.

The issuer of the underlying equity—and thus the underlying equity—is subject to various market risks.

The issuer of the underlying equity is subject to various market risks or, if the underlying equity is an ETF, each company whose securities constitute the ETF or each futures contract or commodity that constitutes the securities of the ETF, are subject to various market risks. Consequently, the prices of the underlying equity may fluctuate depending on the respective markets in which the respective underlying equity issuer operates or, if the underlying equity is an ETF, the respective markets in which the assets held by such ETF trade. Market forces outside of our control could cause the price of the underlying equity to be below the Downside Threshold on the final Observation Date. The price of the underlying equity can rise or fall sharply due to factors specific to that underlying equity and the underlying equity issuer, such as equity or commodity price volatility, earnings, financial conditions, corporate, industry and regulatory developments, management changes and decisions, and other events, and by general market factors, such as general securities and commodity market volatility and levels, interest rates and economic and political conditions. The applicable terms supplement will provide a brief description of the underlying equity issuer and the underlying equity to which the securities we offer are linked. We urge you to review financial and other information filed periodically by the underlying equity issuer with the SEC.

The historical performance of the underlying equity should not be taken as an indication of its future performance.

The price of the underlying equity will determine the amount to be paid on the securities. The historical performance of the underlying equity does not give an indication of its future performance. As a result, it is impossible to predict whether the price of the underlying equity will rise or fall during the term of the securities. The price of the underlying equity will be influenced by complex and interrelated political, economic, financial and other factors. The value of the underlying equity may decrease such that you may not receive any payment on your investment. There can be no assurance that the price of the underlying equity will not decrease so that at maturity you will not lose some or all of your investment.

For securities linked to a foreign underlying equity, an investment in the securities is subject to risks associated with non-U.S. securities markets.

The underlying equity, or shares held by an ETF to which the securities are linked, may have been issued by one or more non-U.S. companies. An investment in securities linked to the value of non-U.S. equity securities involves particular risks. Non-U.S. securities markets may be more volatile than U.S. securities markets, and market developments may affect non-U.S. securities markets differently from the U.S. securities markets. Direct or indirect government intervention to stabilize these non-U.S. securities markets, as well as cross shareholdings among non-U.S. companies, may affect trading prices and volumes in those markets. Also, there is generally less publicly available information in the U.S. about non-U.S. companies than about those U.S. companies that are subject to the reporting requirements of the SEC, and non-U.S. companies are subject to accounting, disclosure, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies.

Prices of securities in non-U.S. countries are subject to political, economic, financial and social factors that may be unique to the particular country. These factors, which could negatively affect the non-U.S. securities markets, include the possibility of recent or future changes in the economic and fiscal policies of non-U.S. governments, the possible imposition of, or changes in, currency exchange laws or other non-U.S. laws or restrictions applicable to non-U.S. companies or investments in non-U.S. equity securities, the possibility of fluctuations in the rate of exchange between currencies, the possibility of outbreaks of hostility and political instability and the possibility of natural disaster or adverse public health developments in the region. Moreover, the economies of certain foreign countries may differ favorably or unfavorably from the U.S. economy in important respects, such as growth of gross national product, rate of inflation, trade surpluses or deficits, capital reinvestment, resources and self-sufficiency.

Fluctuations relating to exchange rates may affect the value of your investment.

Fluctuations in exchange rates may affect the value of your investment where: (1) the underlying equity is an ADS, which is quoted and traded in U.S. dollars, but represents the underlying common shares that are quoted and traded in a foreign currency and that may trade differently from the ADS, (2) the underlying equity is substituted or replaced by a security that is quoted and traded in a foreign currency, or (3) the underlying equity is an ETF that invests in securities, futures contracts or commodities that are quoted and traded in a foreign currency. Such substitution or replacement of the underlying equity by a security issued by a non-U.S. company may occur following certain corporate events affecting the underlying equity (as described under “General Terms of the Securities—Anti-dilution Adjustments—Reorganization Events”) or in the event of delisting or termination of the underlying equity that is an ADS (as described under “General Terms of the Securities—Delisting of ADSs or Termination of ADS Facility”).

If the underlying equity is an ETF that invests in securities, futures contracts or commodities that are traded on non-U.S. markets, the market price of such underlying assets generally will reflect the U.S. dollar value of those assets. Therefore, holders of securities based upon one or more ETFs that invest in non-U.S. markets will be exposed to currency exchange rate risk with respect to the currency in which such assets trade. An investor’s net exposure will depend on the extent to which the relevant non-U.S. currency strengthens or weakens against the U.S. dollar and the relative weight of each non-U.S. asset in the relevant ETF's portfolio. If, taking into account such weighting, the dollar strengthens against the non-U.S. currency, the value of the non-U.S. securities, futures contracts or commodities in which an ETF invests will be adversely affected and the value of the securities may decrease.

In recent years, the exchange rates between the U.S. dollar and some other currencies have been highly volatile, and this volatility may continue in the future. Risks relating to exchange rate fluctuations generally depend on economic and political events over which we have no control. However, fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative of fluctuations that may occur during the term of the securities. Changes in the exchange rate between the U.S. dollar and a foreign currency may affect the U.S. dollar equivalent of the price of any relevant security, futures contract or commodity on non-U.S. markets and, as a result, may affect the value of the securities. In addition, foreign exchange rates can either be floating or fixed by sovereign governments. Exchange rates of the currencies used by most economically developed nations are permitted to fluctuate in value relative to the U.S. dollar and to each other. However, from time to time governments and, in the case of countries using the euro, the European Central Bank, may use a variety of techniques, such as intervention by a central bank in foreign exchange, money markets, sovereign debt or other financial markets, the imposition of regulatory controls or taxes or changes in interest rates to influence the exchange rates of their currencies. Governments may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by a devaluation or revaluation of a currency. These governmental actions could change or interfere with currency valuations and currency fluctuations that would otherwise occur in response to economic forces, as well as in response to the movement of currencies across borders. As a consequence, these government actions could adversely affect the value of the securities.

We will not make any adjustment or change in the terms of the securities in the event that applicable exchange rates should become fixed, or in the event of any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes, or in the event of other developments affecting the U.S. dollar or any relevant foreign currency.

Risks Relating to Underlying Equities that Are ADSs

The value of the underlying equity may not accurately track the value of the underlying common shares represented by such ADS.

If the underlying equity is an ADS, each share of the underlying equity will represent shares of the relevant company (an "underlying company"). The trading patterns of the ADSs will generally reflect the characteristics and valuations of the underlying common shares; however, the value of the ADSs may not completely track the value of those shares. Trading volume and pricing on the applicable non-U.S. exchange may, but will not necessarily, have similar characteristics as the ADSs. For example, certain factors may increase or decrease the public float of the ADSs and, as a result, the ADSs may have less liquidity or lower market value than the underlying common shares.

Adverse trading conditions in the applicable non-U.S. market may negatively affect the value of the underlying equity.

Holders of the underlying company's ADSs may usually surrender the ADSs in order to receive and trade the underlying common shares. This provision permits investors in the ADSs to take advantage of price differentials between markets. However, this provision may also cause the market prices of the underlying equity to more closely correspond with the values of the common shares in the applicable non-U.S. markets. As a result, a market outside of the United States for the underlying common shares that is not liquid may also result in an illiquid market for the ADSs.

There are important differences between the rights of holders of ADSs and the rights of holders of the foreign stock.

If the underlying equity is an ADS, you should be aware that your securities are linked to the ADS and not the underlying common shares represented by such ADS, and there exist important differences between the rights of holders of an ADS and the underlying common shares such ADS represents. Each

ADS is a security evidenced by American Depositary Receipts that represents a specified number of shares of the underlying common shares. Generally, the ADSs are issued under a deposit agreement, which sets forth the rights and responsibilities of the depositary, the underlying common shares issuer and holders of the ADSs, which may be different from the rights of holders of common stock of the foreign stock issuer. For example, the foreign stock issuer may make distributions in respect of the foreign stock that are not passed on to the holders of its ADSs. Any such differences between the rights of holders of the ADSs and holders of the foreign stock may be significant and may materially and adversely affect the market value of your securities.

Additional Risks Relating to Exchange Traded Fund Underlying Equities

Changes that affect an underlying index will affect the market value of the securities and the payments on the securities.

The policies of the applicable index sponsor concerning the calculation of an index underlying an ETF that is an underlying equity (an "underlying index"), additions, deletions or substitutions of the components of that underlying index and the manner in which changes affecting those components, such as stock dividends, reorganizations or mergers, may be reflected in the underlying index and, therefore, could affect the amounts payable on the securities at maturity, and the market value of the securities prior to maturity. The amounts payable on the securities and their market value could also be affected if the index sponsor changes these policies, for example, by changing the manner in which it calculates the underlying index, or if the index sponsor discontinues or suspends calculation or publication of the underlying index, in which case it may become difficult to determine the market value of the securities.

We have no affiliation with any index sponsor and will not be responsible for any actions taken by an index sponsor.

Unless otherwise specified in the relevant terms supplement, no index sponsor is an affiliate of ours or will be involved in any offerings of the securities in any way. Consequently, we have no control of the actions of any index sponsor, including any actions of the type that might impact the value of the securities. No index sponsor has any obligation of any sort with respect to the securities. Thus, no index sponsor has any obligation to take your interests into consideration for any reason, including in taking any actions that might affect the value of the securities. None of our proceeds from any issuance of the securities will be delivered to any index sponsor.

There are liquidity and management risks associated with an ETF.

Although shares of an ETF that is an underlying equity will be listed for trading on a securities exchange and a number of similar products have been traded on various exchanges for varying periods of time, there is no assurance that an active trading market will continue for the shares of the underlying equity or that there will be liquidity in that trading market.

An ETF is subject to management risk, which is the risk that the investment adviser's investment strategy, the implementation of which is subject to a number of constraints, may not produce the intended results.

We cannot control actions by the investment adviser which may adjust the ETF in a way that could adversely affect the payments on the securities and their market value, and the investment adviser has no obligation to consider your interests.

The policies of the applicable investment adviser concerning the calculation of the ETF's net asset value, additions, deletions or substitutions of securities or other investments held by the ETF and the manner in which changes affecting the underlying index are reflected in the ETF could affect the market price per share of the underlying equity and, therefore, the amounts payable on the securities and their market value. The amounts payable on the securities and their market value could also be affected if the investment adviser changes these policies, for example, by changing the manner in which it calculates the ETF's net asset value, or if the investment adviser discontinues or suspends calculation or publication of the ETF's net asset value, in which case it may become difficult to determine the value of your securities. If events such as these occur or if the closing price of the underlying equity is not available on any Observation Date, the calculation agent may determine the closing price per share of the underlying equity on such Observation Date in a manner the calculation agent considers appropriate, in its sole discretion.

The performance of the underlying equity and the performance of the underlying index may vary.

The performance of the underlying equity and that of its underlying index (or other underlying asset) generally will vary due to transaction costs, certain corporate actions and timing variances. If the underlying equity maintains a "representative sampling" strategy as to an underlying index, the performance of the underlying equity will differ to some degree from that of the underlying index.

In addition, because the shares of the underlying equity are traded on a securities exchange and are subject to market supply and investor demand, the market value of one share of the underlying equity may differ from its net asset value per share; shares of the underlying equity may trade at, above, or below their net asset value per share.

For the foregoing reasons, the performance of the underlying equity may not match the performance of the underlying index (or other underlying asset) over the same period. Because of this variance, the return on the securities, to the extent dependent on the return of the underlying asset may not be the same as an investment directly in the securities or other investments included in the underlying asset or the same as a debt security with a payment at maturity linked to the performance of the underlying asset.

Time zone differences between the cities where the underlying asset and the underlying equity trade may create discrepancies in trading levels.

As a result of the time zone difference, if applicable, between the cities where the securities or commodities comprising the underlying asset trade and where the shares of the underlying equity trade, there may be discrepancies between the values of the underlying asset and the market value of the securities. In addition, there may be periods when the foreign securities or commodities markets are closed for trading (for example, during holidays in a country other than the United States) that may result in the values of the underlying asset remaining unchanged for multiple trading days in the city where the shares of the underlying equity trade. Conversely, there may be periods in which the applicable foreign securities or commodities markets are open, but the securities market on which the underlying equity trades is closed.

Risks Relating to Hedging Activities and Conflicts of Interest

We or our affiliates may have adverse economic interests to the holders of the securities.

RBCCM and other affiliates of ours may trade the shares of the underlying equity and the equity securities that may be held by an underlying equity issuer that is an ETF, and other financial instruments related to the underlying equity on a regular basis, for their accounts and for other accounts under their management. RBCCM and these affiliates may also issue or underwrite or assist unaffiliated entities in the issuance or underwriting of other securities or financial instruments linked to the underlying equity or any equity securities held by an underlying equity issuer that is an ETF. To the extent that we or one of our affiliates serves as issuer, agent or underwriter for such securities or financial instruments, our or their interests with respect to such products may be adverse to those of the holders of the securities. Any of these trading activities could potentially affect the performance of the underlying equity and, accordingly, could affect the value of the securities, and the amounts, if any, payable on the securities.

We or our affiliates may currently or from time to time engage in business with the issuer of the underlying equity or issuers of securities held by an underlying equity issuer that is an ETF, including extending loans to, or making equity investments in, or providing advisory services to them, including merger and acquisition advisory services. In the course of this business, we or our affiliates may acquire non-public information about these companies, and we will not disclose any such information to you. We do not make any representation or warranty to any purchaser of a security with respect to any matters whatsoever relating to our business with the issuer of any underlying equity or future price movements of any underlying equity or any equity securities that may be held by an ETF.

Additionally, we or one of our affiliates may serve as issuer, agent or underwriter for additional issuances of securities with returns linked or related to changes in the price of the shares of the underlying equity or the price of the equity securities or other assets held by an underlying equity issuer that is an ETF. By introducing competing products into the marketplace in this manner, we or one or more of our affiliates could adversely affect the value of the securities.

We may hedge our obligations under the securities through certain affiliates, who would expect to make a profit on such hedge. We or our affiliates may adjust these hedges by, among other things, purchasing or selling those assets at any time, including around the time of each Observation Date, which could have an impact on the return of your securities. Because hedging our obligations entails risk and may be influenced by market forces beyond our or our affiliates' control, such hedging may result in a profit that is more or less than expected, or it may result in a loss.

We or one of our affiliates may currently or from time to time engage in trading activities related to the currencies in which the non-U.S. equity securities or other assets held by an underlying equity issuer that is an ETF are denominated. These trading activities could potentially affect the exchange rates with respect to such currencies and, if currency exchange rate calculations are involved in the calculation of the net asset value of that underlying equity, could affect the closing prices of that underlying equity and, accordingly, if the securities are linked to that underlying equity, the value of the securities.

In the course of our or our affiliates' currency trading activities, we or our affiliates may acquire material nonpublic information with respect to currency exchange rates, and we will not disclose any such information to you. In addition, one or more of our affiliates may produce and/or publish research reports, or otherwise express views, with respect to expected movements in currency exchange rates. We do not make any representation or warranty to any purchaser of the securities with respect to any matters whatsoever relating to future currency exchange rate movements and, if the securities are linked to an underlying equity that is an ETF which invests in non-U.S. securities or other assets, any prospective purchaser of the securities should undertake an independent investigation of the currencies in which the assets held by that underlying equity are denominated and their related exchange rates as, in its judgment, is appropriate to make an informed decision with respect to an investment in the securities.

The calculation agent will have significant discretion with respect to the securities, which may be exercised in a manner that is adverse to your interests.

Our wholly-owned subsidiary, RBCCM, will act as the calculation agent. The calculation agent will determine, among other things, the closing price of one share of the underlying equity on each Observation Date; anti-dilution adjustments, if any; whether the securities are subject to an automatic call; the Final Underlying Price; the underlying return; and the amount, if any, that we will pay to you on the securities. The calculation agent will also be responsible for determining whether a market disruption event has occurred, and may also make certain adjustments to an underlying equity issuer that is an ETF, for example, if that ETF is delisted, or if material changes are made to is underlying index or asset. The calculation agent may exercise its discretion in a manner which reduces your return on the securities. Since these determinations by the calculation agent will affect the payments on the securities, the calculation agent may have a conflict of interest if it needs to make a determination of this kind. Since these determinations by the calculation agent will affect the payments on the securities, the calculation agent may have a conflict of interest if it needs to make a determination of this kind.

Market disruptions may adversely affect your return.

The calculation agent may, in its sole discretion, determine that the markets have been affected in a manner that prevents it from properly determining the closing price of one share of the underlying equity on any Observation Date or calculating the underlying return and the amount, if any, that we are required to pay you at maturity. These events may include disruptions or suspensions of trading in the markets as a whole. If the calculation agent, in its sole discretion, determines that any of these events prevents us or any of our affiliates from properly hedging our obligations under the securities, it is possible that one or more of the Observation Dates and the maturity date will be postponed, and your return will be adversely affected. See "General Terms of the Securities—Market Disruption Events."

Non-U.S. investors may be subject to certain additional risks.

This product prospectus supplement contains a general description of certain U.S. tax considerations relating to the securities. In the event you are a non-U.S. investor, you should consult your tax advisors as to the consequences, under the tax laws of the country where you are resident for tax purposes, of acquiring, holding and disposing of the securities and receiving the payments that might be due under the securities.

For a discussion of the Canadian federal income tax consequences of investing in the securities, please see the section entitled "Tax Consequences—Canadian Taxation" in the accompanying prospectus. If you are not a Non-resident Holder (as defined in the section titled "Tax Consequences—Canadian Taxation" in the accompanying prospectus) or if you acquire the securities in the secondary market, you should consult your tax advisors as to the consequences of acquiring, holding and disposing of the securities and receiving the payments that may be due under the securities.

Significant aspects of the income tax treatment of an investment in the securities may be uncertain.

The tax treatment of an investment in the securities is uncertain. We do not plan to request a ruling from the Internal Revenue Service or the Canada Revenue Agency regarding the tax treatment of an investment in the securities, and the Internal Revenue Service, the Canada Revenue Agency or a court may not agree with the tax treatment described in this product prospectus supplement.

If the underlying equity is an ETF, while the matter is not entirely clear, unless otherwise specified in the applicable terms supplement, there exists a substantial risk that an investment in a security is, in whole or in part, a "constructive ownership transaction" to which Section 1260 of the Internal Revenue Code applies. If Section 1260 of the Internal Revenue Code applies, all or a portion of any long-term capital gain recognized by a U.S. Holder in respect of a security will be recharacterized as ordinary income and certain interest charges may apply. See the section entitled "Supplemental Discussion of U.S. Federal Income Tax Consequences—Supplemental U.S. Tax Considerations—Potential Application of Section 1260 of the Internal Revenue Code."

The Internal Revenue Service has issued a notice indicating that it and the U.S. Treasury Department are actively considering whether, among other issues, a holder should be required to accrue interest over the term of an instrument such as the securities even though that holder will not receive any payments with respect to the securities until maturity and whether all or part of the gain a holder may recognize upon sale or maturity of an instrument such as the securities should be treated as ordinary income. The outcome of this process is uncertain and could apply on a retroactive basis.

Please read carefully the section entitled "Supplemental Discussion of U.S. Federal Income Tax Consequences" in this product prospectus supplement, the section "Tax Consequences" in the accompanying prospectus and the section entitled "Certain Income Tax Consequences" in the accompanying prospectus supplement. You should consult your tax advisor about your own tax situation.

USE OF PROCEEDS AND HEDGING

Unless otherwise specified in the relevant terms supplement, the net proceeds we receive from the sale of the securities will be used for general corporate purposes and, in part, by us or by one or more of our affiliates in connection with hedging our obligations under the securities. The original issue price of the securities includes each agent's commissions (as shown on the cover page of the relevant terms supplement) paid with respect to the securities and the estimated cost of hedging our obligations under the securities.

Unless otherwise specified in the relevant terms supplement, the original issue price of the securities will include the reimbursement of certain issuance costs and the estimated cost of hedging our obligations under the securities. Because hedging our obligations entails risk and may be influenced by market forces beyond our or our affiliates' control, the actual cost of such hedging may result in a profit that is more or less than expected, or could result in a loss. See also "Use of Proceeds" in the accompanying prospectus.

In anticipation of the sale of the securities, we expect to enter into hedging transactions with one or more of our affiliates, or with one or more of the Agents or their affiliates, involving purchases of shares of the underlying equity, the equity securities or other assets held by the underlying equity or included in the