

Rule 144

WHEN IT'S TIME TO SELL YOUR SECURITIES

The selling of restricted or control securities can be complicated. With all of the laws, limitations and exceptions, one can allow no mistakes. At RBC Wealth Management, we manage complications for you and make selling restricted or control securities easy.

Our investment professionals know Rule 144 and how to comply with its requirements. We will assist you with the completion of SEC Form 144 and all related paperwork. We will then complete the sale and transfer of your restricted shares. With RBC Wealth Management, it's that easy.

RULE 144

Federal securities laws strictly regulate the sale of restricted or control securities. When certain conditions are met, SEC Rule 144 allows holders of restricted or control securities to sell their stock in the open market, without filing a registration statement.

This fact sheet provides a brief outline of Rule 144. For more information on selling restricted or control securities, contact your RBC Wealth Management® Financial Advisor.

WHAT ARE RESTRICTED AND CONTROL SECURITIES?

Restricted securities are non-registered securities acquired from a company or a control person of the company in a non-public transaction. Example: As an executive of your company, you were given a stock bonus of unregistered stock. You now own restricted securities which must be sold according to Rule 144 regulations.

Control securities are securities owned by an affiliate of an issuing company. Control securities may be considered restricted depending on where and when they were acquired. Example: You purchased stock in a company and later became an executive of that company. To sell your stock, you may be required to follow Rule 144.

WHO MUST FOLLOW RULE 144?

- Any person or entity which has acquired shares which have not been registered to be offered to the public
- "Affiliates" of public companies

The SEC considers an affiliate to be anyone who directly or indirectly controls the affairs of a company. This includes certain officers, directors or stockholders who own 10 percent or more of a corporation's stock, or anyone who has access to inside information.

The SEC also considers certain family members or other persons and organizations related to a control person as affiliates. These individuals and organizations must also follow Rule 144 in the selling of restricted or control securities.

CONDITIONS FOR SELLING RESTRICTED OR CONTROL SECURITIES

Generally, a control person may sell restricted or control securities after company information is made public. This usually means that if the company has fulfilled SEC reporting requirements for the previous 90 day period, and has not been a shell company during the last 12 months, a control person may sell securities subject to Rule 144.



RBC Wealth Management®

Rule 144, continued

However, before a restricted security may be sold, the seller must have fully paid for and owned the security for a minimum of six months if the issuer meets certain reporting and shell status conditions. There is no required holding period for control securities that are not restricted (shares that have been registered by the issuer for sale to the public). Therefore, a control person who acquires shares through a registered stock option plan may sell the shares immediately, although they still must comply with the other requirements of Rule 144.

Other requirements of Rule 144 include limitations on how many shares may be sold within a certain time period, filing appropriate paperwork and manner of sale. For additional information, contact your RBC Wealth Management Financial Advisor.

WHY RBC WEALTH MANAGEMENT?

The selling of restricted or control securities does not have to be tricky business. In fact, when you call RBC Wealth Management, it can be quite easy. Our dedicated team of professionals is knowledgeable and backed by the expertise of our equity traders, and institutional sales professionals.

For complete investment services, including the selling of restricted securities, your RBC Wealth Management Financial Advisor is there to answer your questions, provide step-by-step service and make sure your financial goals are being met. At RBC Wealth Management, we not only know financial regulations and procedures, we make it a point to know our clients and their needs. From that knowledge, we are able to provide personalized, ongoing attention to your individual situation and goals.

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