



INVESTMENT INDUSTRY ASSOCIATION OF CANADA
ASSOCIATION CANADIENNE DU COMMERCE DES VALEURS MOBILIÈRES

Ian C.W. Russell FCSI
President & Chief Executive Officer

February 17, 2009

Mr. John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1903, Box 55
Toronto, Ontario M5H 3S8
e-mail: jstevenson@osc.gov.on.ca

Ms. Anne-Marie Beaudoin
Directrice du secretariat
Autorité des marchés financiers
Tour de la Bourse
800, square Victoria
C.P. 246, 22e étage
Montréal, QC H4Z1G3
e-mail: consultation-en-cours@lautorite.qc.ca

Dear Sirs/Mesdames:

Re: CSA Consultation Paper 11-405: Securities Regulatory Proposals Stemming from the 2007-08 Credit Market Turmoil and its Effect on the ABCP Market in Canada (the Consultation Paper)

Thank you for providing us with the opportunity to comment on the Consultation Paper released by the Canadian Securities Administrators (CSA) in October 2008.

The Investment Industry Association of Canada (IIAC) is the professional association for the securities industry, representing over 200 investment dealers in Canada. Our mandate is to promote efficient, fair and competitive capital markets for Canada and assist our member firms across the country.

In response to the issuance of the Consultation Paper, the IIAC struck an Asset-Backed Commercial Paper (ABCP) Working Group (the Working Group). This submission was drafted based on the input of the Working Group, which represents a cross-section of IIAC members firms from around the country. The industry professionals serving on the

Working Group are knowledgeable and experienced in the structured product business in Canada.

The IIAC believes that the formation by the CSA of a working group (the Committee) is a timely response to a financial crisis that has exposed regulatory vulnerabilities in Canada's derivative markets.

Further, the IIAC supports the five areas that the Committee considered to determine if regulatory action is necessary or appropriate.¹ The IIAC also believes the Committee's application of four guiding principles was useful to assist in carrying out the work of the Committee.

The Working Group has focused its efforts primarily on developing responses to the Committee's proposals surrounding potential amendments to the current short-term debt exemption to make it unavailable to distributions of asset-backed short-term debt.

The Working Group recommends a more robust disclosure regime for asset-backed securities. We believe this approach balances the need for better investor protection with cost-effective issuances.

While the Working Group did not comment on the role of Credit Rating Agencies (CRAs), or the use of credit ratings in securities legislation and investments by mutual funds in ABCP, we do have some general views and observations concerning the proposal for a CRA regulatory framework, as outlined immediately below.

RULES APPLICABLE TO CRAs

IOSCO Code of Conduct

The CRAs in Canada and abroad failed to adequately assess overall credit and liquidity risk in derivative markets as a result of flawed methodology. Thus, there is clearly a need for more robust analysis and better disclosure.

Consequently, the Working Group is generally supportive of adopting the "comply or explain" provision of the International Organization of Securities Commissions' (IOSCO) Code of Conduct as this will assist CRAs in strengthening their processes and procedures to protect the integrity of the ratings process and help ensure investors are treated fairly. However, given the international nature of today's financial markets, changes to CRA requirements should occur globally to develop a level playing field in all jurisdictions. For instance, as mentioned in the Consultation Paper, the Securities and Exchange Commission (SEC) is contemplating making reforms in the regulation of CRAs. The Committee of European Securities Regulators (CESR) is also looking into similar reforms. CESR proposed in May 2008 to strengthen the oversight of CRAs, including through the establishment of an international body to develop standards in line with the IOSCO Code of Conduct and monitor their observance. It is important that the

¹ Consultation Paper at p. 12.

Committee takes an international perspective into account when determining what changes to make to CRAs in Canada in order to avoid a fragmentation of CRAs' role across financial markets internationally.

Disclosure of Information Provided to CRAs

The Consultation Paper considers whether CRAs should be required to disclose all information provided by an issuer which CRAs use in determining credit ratings. The Working Group has serious concerns with this proposal.

The Working Group questions whether such information would be meaningful and useful to investors given the nature and quantity of information provided to CRAs. Privacy issues may also arise with respect to customers of the originators of the assets. The Working Group is concerned that CRAs play a key role in the industry and have access to material non-public information which is used in rating products without causing movement in the market. The disclosure of such information could have unintended consequences as sophisticated participants in the market may use it for purposes other than for informing investors in their attempt to evaluate the ABCP issue. The Working Group supports enhanced disclosure and increased transparency and proposes disclosure described below that will provide transparency without such unintended consequences.

PROPOSED AMENDMENT TO THE SHORT-TERM DEBT EXEMPTION

Enhanced Transparency in Global Markets

The Working Group believes that high standards of transparency and disclosure for short-term traded instruments are essential to safeguard investor protection and is critical in today's international markets. An example of this global trend is evident in the work undertaken by a number of international bodies such as the G20, the European Securitization Forum, the American Securitization Forum, the Securities Industry and Financial Markets Association and the Japan Securities Dealers Association, to strengthen disclosure and transparency in the securitization market.

Further, the Joint Associations Committee (JAC), comprised of five industry trade associations², has issued a set of principles designed to address a range of issues affecting the distribution of retail structured products to individual (retail) investors.³

While the JAC principles are non-binding, firms involved in the distribution of structured products to individual investors are encouraged to reflect on these principles in their policies and procedures.

² European Securitization Forum, International Capital Market Association, International Swaps and Derivatives Association, London Investment Banking Association, Securities Industry and Financial Markets Association.

³ "Structured Products: Principles for Managing the Distributor-Individual Investor Relationship", JAC July 2008.

One of the articulated principles is *product transparency*. This principle outlines that the party responsible for creating marketing materials, prospectuses or other offering memoranda should use reasonable efforts to ensure that the material features of the particular structured product are clearly articulated and delineated in a way that enables individual investors to evaluate the investment from a risk-reward perspective.

Furthermore, as outlined in the Consultation Paper, other industry associations such as the International Capital Markets Association (ICMA) are taking measures to enhance transparency. ICMA released a voluntary code of conduct in June 2008 on disclosure in the ABCP market in Europe. One of the requirements of the ICMA code is for issuers to distribute monthly reports to existing investors with specific information.⁴

Most recently, the Investment Industry Regulatory Organization of Canada (IIROC) released its “Regulatory Study, Review and Recommendations concerning the manufacture and distribution by IIROC member firms of Third-Party Asset-Backed Commercial Paper in Canada” on October 17, 2008 (the IIROC Study). The IIROC Study also identified that there is a need for greater product transparency to ensure that investors can evaluate the investment, taking into account the needs of retail investors.

Clearly, there is now a fundamental concern that investors and the marketplace as a whole need access to adequate disclosure and increased transparency surrounding structured products available in the market. This can be accomplished through regulatory reform.

We believe that the lessons that the industry can learn from the events surrounding the ABCP liquidity crisis are applicable to all products that currently are eligible to use the short-term debt exemption under section 2.35 of National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106). This provision permits the distribution of short-term traded paper without a prospectus, contingent on a rating from a single rating agency.

Prospectuses are neither practical for short-term debt nor applicable to ABCP and while other exemptions may be available, they are not feasible for money market instruments due to the costs associated with filing reports and paying fees to provincial securities commissions. The Working Group does not believe that removing this exemption for ABCP addresses the issues highlighted by the recent turmoil.

We therefore recommend a middle ground in which short-term issuers could avail themselves of the prospectus exemptions but be obligated to provide additional disclosure to investors. This strikes the right balance between investor protection and the cost to issuers.

⁴ Available at <http://www-icma-group.org>.

Importance of the ABCP Market to the Canadian Capital Market

The short-term debt exemption is important to the smooth functioning of the Canadian money market and is used to distribute both corporate commercial paper and asset-backed commercial paper.

The economic importance of the ABCP market in Canada should not be overlooked when recommendations are proposed. The Canadian money market is an essential part of Canada's capital markets and as of December 31, 2007 money market instruments totaled \$363 billion of the total capital market of \$6.3 trillion.⁵ From 2000 to 2007 the ABCP market in Canada grew faster than in any other country, doubling in size and representing a total of \$108 billion.⁶ The ABCP market has been and remains very important to Canada's economy. Although most of this growth was with third-party ABCP programmes, the bank-sponsored ABCP market was worth approximately \$80 billion before the turmoil in August 2007 and even after the freezing of the third-party ABCP market, as of December 31, 2007, was worth \$76 billion compared to the \$32 billion of frozen third-party ABCP.⁷

In considering disclosure requirements, the Consultation Paper did not recognize the distinction between third-party ABCP programmes and bank-sponsored ABCP programmes and the role that the third-party ABCP programmes played in the liquidity crisis in Canada.

Bank-sponsored ABCP are bona fide securities backed by loans, leases and other financial assets. Bank-sponsored ABCP has provided important funding to Canadian banks and companies requiring working capital as well as offering money market investors secure and liquid investments with enhanced yield. When considering the need for enhanced disclosure and transparency, the structure of the securities are more easily understood and more transparent than third-party ABCP.

On the other hand, third-party ABCP accounted for approximately 71% of the assets of affected ABCP conduits precipitating the crisis in the summer of 2007.⁸ Many of these conduits were backed by complicated financial assets such as derivative contracts.

When contemplating regulatory amendments we need to ensure that there are no unintended consequences from regulatory changes in how ABCP is distributed as this could have serious implications for continued economic growth in Canada. Changes made should not stifle innovation in the financial markets but simply improve the current system to make certain that incidents similar to the credit turmoil do not occur again.

⁵ Bank of Canada Financial System Review – June 2008.

⁶ See IIROC Study at p. 1.

⁷ *Ibid.*

⁸ *The ABCP Crisis in Canada: The Implications for the Regulation of Financial Markets*, A Research Study prepared for the Expert Panel on Securities Regulation (Research Study), by John Chant at www.expertpanel.ca at p. 9.

We collectively recognize that access to such markets is a privilege and not a right. To address issues of investor protection and the need for enhanced disclosure while recognizing the bank-sponsored ABCP market and its importance for both bank funding and the funding of other commercial entities, we have developed the following IAC Proposal, which we believe is a workable solution that balances these important concerns. Consequently, we would recommend the continuation of section 2.35 as it is currently drafted with some additional requirements and variations.

The IAC Proposal

First, the Working Group proposes a two-stage disclosure requirement to be applicable for short-term debt exemptions:

- 1) An offering document requirement for both corporate commercial paper and ABCP issuers: In the form of an Information Memorandum, which would carry with it a requirement for timely disclosure of material changes and liability for any misrepresentations.
- 2) A continuous minimum disclosure requirement for ABCP issuers: In the form of regular monthly disclosure provided by ABCP issuers.

Both of these disclosure requirements are outlined in further detail on page 7 below.

Second, the short-term debt exemption would be revised to mirror the criteria for eligible ABCP as collateral as set out by the Bank of Canada, which requires a minimum of two credit ratings.⁹

Third, there would be narrowing of the type of ABCP that could use the short-term exemption. The criteria for lower-risk or “acceptable” ABCP would be based upon the Bank of Canada’s criteria for accepting ABCP as collateral under its standing liquidity facility.¹⁰ This eligibility criteria provides guidance for the determination of what constitutes lower-risk ABCP.

This would therefore exclude ABCP products based on synthetic assets, such as those backed by derivative contracts.

Those ABCP issuers that do not meet the Bank of Canada criteria would have to rely on another exemption to distribute such debt without a prospectus. We agree with the Committee’s proposal that for such distributions where a prospectus exemption (such as the accredited investor exemption and the \$150,000 exemption) is used, a credit rating

⁹ The Bank of Canada requires at “least two ratings that are either R1 (high) by DBRS, A-1 (high) by S&P, P1 by Moody’s, or F1+ by Fitch Ratings.” See “Securities Eligible as Collateral under the Bank of Canada’s Standing Liquidity Facility”, released March 31, 2008, updated September 11, 2008, available at http://www.bank-banque-canada.ca/en/notices_fmd.

¹⁰ *Ibid.*

would not be required as the exemption would be used by purchasers who are presumed to be able to withstand the risk of financial loss resulting from an exempt transaction.

Outlined below are further details pertaining to the IIAC's Proposal, specifically relating to the enhanced disclosure requirements.

Part 1: Disclosure Requirement - Information Memorandum

The current requirement for an Information Memorandum (IM) is found under IIROC Rule 100.2(a)(vi). Rule 100 deals generally with margin requirements. IIROC margin rules include a specific category for money market instruments called "acceptable Canadian commercial, corporate finance company notes." It is given favourable margin treatment over other commercial bonds, debentures and notes, provided that certain criteria are met (i.e. issuer incorporated in Canada and certain net worth). In addition, the product must be issued under either a prospectus or an information circular or memorandum (IM) accompanied by specified information.

IIROC Rule 100.2(a)(vi)(B) sets out the information that should be contained in the IM. It includes basic information regarding the issuer, sponsor, interest rate, date of repayment, dealers distributing the securities and details of any guarantee of payments. It is typically prepared upon the inception of the programme, but may be updated from time to time.

However, this requirement is only applicable to IIROC member firms who wish to apply the favourable margin treatment. For other industry participants the IM is simply a voluntary document and the disclosure within it is solely in accordance with market demand and practice. As such, the disclosure can vary significantly.

Consequently, the Working Group believes that the IM should become a formalized requirement for the industry as a whole. The IM would provide some consistency in the market by providing a more robust level of disclosure, thereby raising the standard for all short-term debt products. IIROC and IIAC members have found the IM to be a useful tool in the marketplace for investors, dealers and issuers.

Requiring an IM for all short-term debt distributions and not just those where IIROC members are acting as agent, would level the playing field for all market participants. The information included in an IM is information that is appropriate to be put into the market.

However, the Working Group recognizes that the standard of disclosure in the IM varies widely. In fact, the IIROC Study outlined that they found "significant gaps" in the information contained in the IMs that they examined for third-party

.../8

ABCP programmes.¹¹ Further, the IIROC requirement is somewhat outdated and requires a renewed examination of the provisions.

Consequently, the Working Group has provided samples of IMs that we suggest be reviewed by the CSA and IIROC in the development of any standardized IM requirements. These sample IMs are attached as Appendices A and B.

We would also recommend that similar to the requirements under National Instrument 44-102 *Shelf Distributions* (NI 44-102) where a base shelf prospectus is valid for 25 months, the IM also be required to be updated and filed every 25 months.

In addition, we would also suggest that attached to this disclosure provision would be a requirement to provide amendments for material changes and liability for misrepresentations, similar to the liability for a misrepresentation in an offering memorandum found in section 130.1 of the *Securities Act* (Ontario).

Part 2: Disclosure Requirement - Continuous Disclosure

As outlined above, the Working Group suggests a second layer of disclosure to accompany the IM as part of the proposed short-term debt exemption for ABCP issuers. This would consist of continuous disclosure prepared by the ABCP issuer, commonly referred to as an “Investor Report”.

The Investor Report contains critical information, including:

- the parties involved
- the credit ratings of the series and classes of the notes
- the credit rating of the asset provider
- the credit rating of the liquidity provider
- the underlying assets broken down by underlying exposure, asset category and current credit ratings.

We suggest that Investor Reports could perhaps be either posted separately on an issuer’s website or on some form of a centralized website. Further, as is currently the industry practice, issuers would be under an obligation to provide this disclosure document to investors on a monthly basis and provide timely disclosure of any significant change to the information contained in the Investor Report.

With respect to the content of the continuous disclosure information, the Bank of Canada, as part of its program eligibility criteria for the use of ABCP as collateral under its standing liquidity facility, requires issuers to:

.../9

¹¹ *Supra* note 6 at p. 41.

- provide the Bank with a single concise document that includes “all relevant investment information”
- make the document accessible to all investors, and
- provide investors with timely disclosure of any significant change to the information in the document.

The Bank of Canada then outlines the minimum relevant investment information that must be disclosed.¹² The Working Group proposes that this information, attached as Appendix C, be used to help develop a model template. We have also attached as Appendix D an illustration of an Investor Report, which incorporates this information. We would recommend that the regulators consider this sample as an example of the information that should be provided to the market without mandating a particular form, leaving the manner it is presented to the determination of individual firms.

Conclusion

In its Consultation Paper, the Committee outlined some of the main causes of the credit turmoil.

The Consultation Paper stated that originators did not always disclose, and/or investors did not always demand, adequate information about the structure of, and assets underlying, structured products including asset-backed securities such as ABCP and went on to say:

This lack of transparency made it difficult for market participants to determine which products were backed by the subprime mortgage and what the underlying asset mix was for any specific product. That contributed to the crisis of confidence and the flight to safety by investors.¹³

The Working Group believes that the additional disclosure requirements that we are proposing for the short-term debt exemption as it relates to ABCP will help to rectify the lack of transparency identified by the Committee.

In addition, we believe that the ABCP experience provides an opportunity to improve the regulation of financial markets in general and not simply respond to the unique facts and circumstances of the ABCP crisis. In fact, John Chant stated in his Research Study for the Expert Panel that, “Every crisis is one of a kind: the ABCP crisis will never be repeated from the same script. Nevertheless, the lessons from the crisis are general and not specific to ABCP.”¹⁴

The IIAC Proposal addresses the concerns raised by the credit turmoil and applies the lessons learned to products beyond the ABCP market. The IIAC Proposal, which

¹² *Supra* note 5.

¹³ Consultation Paper at p. 9.

¹⁴ Research Study at p. 42.

includes additional disclosure, the requirement for two approved credit ratings, and a definition of which ABCP programmes can qualify to use the short-term debt exemption will provide a fair and efficient marketplace while ensuring that investors receive robust disclosure to enable them to make informed investment decisions.

The IIAC and our Working Group look forward to the next steps in the development of the CSA's proposals and we would be more than pleased to respond to any questions that you may have regarding this submission.

Yours sincerely,

A handwritten signature in black ink, appearing to read "J. Russell". The signature is written in a cursive style with a long, sweeping underline.

**RELIANT
TRUST**

Information Memorandum

**SENIOR
SHORT TERM
ASSET-BACKED
NOTES**

Rated by DBRS Limited: R-1 (high)

October 19, 2007

This Information Memorandum is not, and under no circumstances is to be construed as, an offering of these Senior Short Term Asset-Backed Notes for sale in the United States of America or in the territories or possessions thereof, or to any U.S. person. These Senior Short Term Asset-Backed Notes are not being offered under this Information Memorandum to persons resident in the Province of Nova Scotia and no person resident in the Province of Nova Scotia may rely on this Information Memorandum in purchasing these Senior Short Term Asset-Backed Notes. This Information Memorandum does not in any way obligate Reliant Trust to accept an offer to purchase the Senior Short Term Asset-Backed Notes.

An Introduction to Reliant Trust

Reliant Trust (the "Trust") issues senior short term asset-backed notes ("Notes") having a term of 364 days or less. The Trust will invest the proceeds of the sale of the Notes, directly or indirectly, in conventional revolving and term assets (the "Assets"), that may include, but are not limited to, trade, utility, retail, wholesale, credit card receivables and secured and unsecured personal lines of credit, real property, residential mortgages, commercial and industrial mortgages, personal property leases, automobile and other instalment loans and promissory securities and mutual fund management and redemption fees. **The Trust will not invest any proceeds of the sale of Notes in any structured products that are backed by collateralized debt obligations or securities that are backed by such structured products or economic exposures to such assets through financial contracts such as credit-linked notes, credit default swaps or such other similar agreements ("CDO Transactions").** Assets may be originated within the Trust or acquired directly or through the acquisition of whole or undivided interests in pools of assets or interests in intermediaries such as trusts or partnerships or through the acquisition of asset-backed securities.

The Trust may also issue first subordinated short term asset-backed notes ("First Subordinated Notes") and second subordinated short term asset-backed notes ("Second Subordinated Notes") (the First Subordinated Notes and Second Subordinated Notes are referred to collectively as "Subordinated Notes"). This Information Memorandum relates to the Notes only. The Notes and the Subordinated Notes are sometimes referred to collectively in this Information Memorandum as the Short Term Notes.

The Trust may also issue senior and subordinated medium term asset-backed notes (collectively, "Medium Term Notes"). The senior Medium Term Notes will rank *pari passu* with the Notes.

About the Trust

The Trust is a trust established under the laws of the Province of Ontario. The trustee for the Trust is The Canada Trust Company (the "Trustee"). The head office of the Trust and the Toronto office of the Trustee is c/o Computershare Trust Company of Canada at 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, telephone: (416) 262-9200. Computershare Trust Company of Canada acts as agent for The Canada Trust Company in its capacity as Trustee. Pursuant to an asset purchase agreement dated February 26, 2007, all rights and obligations of The Canada Trust Company as Trustee will be assigned to Computershare Trust Company of Canada. The beneficiary of the Trust is a registered charity.

The equity of the Trust is nominal. Holders of the Notes will have recourse only to the assets of the Trust and neither the Trustee nor the beneficiary will have any liability for the repayment of the Notes. The assets of the Trust will consist primarily of the Assets, the credit enhancement described below and the proceeds thereof.

The Financial Services Agent

TD Securities Inc. ("TD Securities"), an investment and securities dealer with its head office at Toronto Dominion Centre, Toronto, Canada will act as the Financial Services Agent and will provide certain financial services to the Trust including, without limitation, performing the Trust's funding, investing and purchasing activities.

The Administrative Agent

TD Asset Finance Corp. will act as the Administrative Agent for the Trust and will provide certain administrative services to the Trust.

The Dealer

The Toronto-Dominion Bank ("Dealer") has agreed to act on behalf of the Trust for the purpose of soliciting and receiving offers to purchase Notes issued from time to time, subject to compliance with the terms and conditions contained in the dealer agreement dated as of August 24, 2006 between the Trust and the Dealer. The Trust may also enter into agreements with other dealers from time to time with respect to the Notes.

The Issuing and Paying Agent

The Toronto-Dominion Bank (“Issuing and Paying Agent”) has agreed to act on behalf of the Trust as the issuing and paying agent. The Issuing and Paying Agent will issue and make payment upon and in respect of all Notes.

Trust Indenture

The Notes will be issued pursuant to the terms of a trust indenture dated as of August 24, 2006, between the Trust and CIBC Mellon Trust Company, as such indenture may be amended, supplemented, modified, restated or replaced from time to time (“Trust Indenture”). The Trust Indenture provides for certain covenants on the part of the Trust and restrictions on its activities and the granting of security by the Trust.

The Trust Indenture secures the assets of the Trust in favour of the holders of the Short Term Notes and the Medium Term Notes and other specified creditors of the Trust and establishes an order of priority of payment of monies by the Trust.

The Trust Indenture also provides for meetings of the holders of Notes for purposes of modifying the rights of such holders. Resolutions passed at such meetings will be binding on all holders of Notes.

Form of Notes

The Notes may be issued in fully registered, bearer or book entry form. Transfers of book entry notes will be settled through the Debt Clearing Service of CDS Clearing and Depository Services Inc.

Protection of Holders of Notes

There are several layers of protection for holders of the Notes including:

- the quality of the Assets, which are subject to stringent eligibility criteria;
- rigorous approval process for qualified sellers or originators (“Sellers”) of Assets who will continue to service the Assets on an ongoing basis;
- credit enhancement established as appropriate from time to time in respect of each portfolio of Assets in which the Trust acquires an interest;
- as additional protection for holders of the Notes, upon the occurrence of an Event of Default (as defined in the Trust Indenture) and the acceleration of amounts due under the Short Term Notes, no payment will be made in respect of the Subordinated Notes, if issued, until the Notes and the senior Medium Term Notes are repaid in full; and
- committed “global-style” liquidity protection which is not limited to the occurrence of a general market disruption in the Canadian commercial paper market.

Approval Process

DBRS Limited (“DBRS”), the rating agency which rates the Notes, will review each transaction under which the Trust will acquire Assets and will approve the terms of the applicable securitization or other agreements.

Potential Sellers will undergo a thorough credit, collection and systems analysis. The analysis will assess the adequacy of the Seller’s credit and collection policies and determine the Seller’s capability to act as the servicer of the applicable Assets. The Trust will reserve the right to appoint a substitute servicer for such Assets if the Seller fails to meet established criteria. The Trust will undertake a similar review and assessment of the Assets.

DBRS will review potential Sellers and/or Assets and will approve the terms of the applicable securitization or other agreements (collectively, "Securitization Agreements").

Asset Eligibility

Each Securitization Agreement will prescribe eligibility standards for the Assets in which the Trust invests or acquires an interest. The Trust's assets must meet minimum eligibility criteria relating to freedom from adverse claims, obligor concentration limits and other matters relating to the quality of the Assets. **As stated above, the Trust will not invest any proceeds from the issuance of the Notes in any CDO Transactions.**

Credit Enhancement

Credit enhancement provides protection for the holders of Notes. Credit enhancement will be established as appropriate for each acquisition of Assets made by the Trust and will be approved by DBRS. The level of credit enhancement is determined based on a number of factors including historical delinquency, dilutions and loss rates for the Assets. Credit enhancement can consist of additional eligible assets owned by the Trust, spread accounts, letters of credit or cash collateral accounts (collectively, "Credit Enhancement Facilities").

When letters of credit are used, Credit Enhancement Facilities will consist of non-cross-collateralized (i.e. transaction specific) facilities. Under these facilities, the credit enhancement will be limited to the Assets acquired in the transaction for which credit enhancement is provided. The aggregate level of credit enhancement provided will vary based upon the credit quality and diversification of the applicable Assets and will be at a level approved by DBRS.

Credit Enhancers

Minimum credit standards have been established for credit enhancers ("Credit Enhancers"), where required, by the Trust and DBRS. The overall rating of the Trust reflects the high standard that all of the Credit Enhancers must meet.

Liquidity

As a condition precedent to the issuance of any Note under the Trust Indenture, the Trust must have in place committed liquidity lines ("Liquidity Lines") that will allow it to meet both its obligations under maturing Short Term Notes (other than Second Subordinated Short Term Notes) as well as any accrued and unpaid interest on amounts that have been drawn under Liquidity Lines. The availability of these Liquidity Lines will not be limited to circumstances where there is a general market disruption in the Canadian commercial paper market.

The Trust will enter into one or more liquidity agreements with the Bank or such other financial institutions that have either a short term rating of at least "R-1(middle)" by DBRS or a long term rating of at least "AA(low)" by DBRS. The amount of credit available under the Liquidity Lines will typically equal 102% of the outstanding Short Term Notes (other than Second Subordinated Short Term Notes).

Liquidity Lines may be provided through liquidity agreements as well as transaction specific Credit Enhancement Facilities. Draws on the Credit Enhancement Facilities for credit enhancement may reduce the amount available for liquidity purposes. Liquidity lenders will generally not be obligated to make loans to the Trust if the Trust is insolvent, subject to insolvency proceedings or if the Trust has liabilities in excess of its assets.

The liquidity lenders have security on the assets of the Trust and, following an Event of Default (as defined in the Trust Indenture), such security will rank pari passu with that of the holders of the Notes in respect of that portion of any Liquidity Lines drawn upon to repay Notes. Liquidity lenders who have advanced funds under the Liquidity Lines are entitled to attend and vote at meetings of the holders of the Notes for the purpose of modifying the rights of the holders of the Notes and the liquidity lenders.

Interest Rate and Currency Protection

The Trust may incur interest rate or currency risk as a result of funding its investment in fixed rate Assets with Notes or in funding its investments, with Notes denominated in currencies other than Canadian dollars. To mitigate these risks, the Trust will use a combination of interest rate and currency swaps, caps and other hedging instruments.

Minimum credit standards have been established for the hedging counterparties by the Trust and DBRS. The overall rating of the Trust reflects the high standard that all of the hedging counterparties must meet.

The hedging counterparties may have security on the assets of the Trust, which security will rank pari passu with that of the holders of the Notes. The security provided to hedging counterparties will be acceptable to DBRS.

Subordinated Assets

The Trust may, from time to time, enter into trust indentures (“Subsequent Trust Indentures”) pursuant to which it may, from time to time, issue short term notes and medium term notes (“Other Notes”) secured by separate pools of assets. Recourse of a holder of Other Notes is limited to the specific pools of assets comprising security for the Other Notes (“Subordinated Assets”). The Subordinated Assets will form part of the collateral for the Notes on a subordinated basis to the security provided for under the Subsequent Trust Indentures.

ADMINISTRATION OF THE TRUST

Sellers will generally service the Assets including the collection of amounts due thereunder. The Trust has the right to appoint a substitute servicer in certain circumstances.

Sellers are required to produce a periodic statement, usually monthly, which will typically include collections received, losses incurred, portfolio balances, ageing statistics, and the ratio analysis necessary to identify the occurrence of an event which triggers the termination of a revolving transaction or an accelerated amortization of an Asset pool. These reports are available to DBRS to enable monitoring of programme compliance.

TD Securities, as Financial Services Agent, will perform financial services on behalf of the Trust. TD Securities utilizes a customized receivables analysis and administration system. The system provides the ability to perform sophisticated analysis and serves as a management information system to monitor the performance of the Trust.

TD Asset Finance Corp., as Administrative Agent, will provide general administrative and management services required to permit the Trust to carry on its activities.

On a periodic basis, certain Sellers may be required to provide more detailed data on the assets they service in order to confirm the eligible and ineligible asset balances, portfolio statistics, ageing and other information. The data may also be evaluated for changes such as shifts in the portfolio concentration risk. In most cases the Trust may require a portfolio audit at any time.

THE OBLIGATIONS REPRESENTED BY THE NOTES ARE OBLIGATIONS SOLELY OF THE TRUST. THE TORONTO-DOMINION BANK, IN ITS CAPACITY AS A DEALER, CREDIT ENHANCER, ISSUING AND PAYING AGENT OR LIQUIDITY LENDER, TD SECURITIES INC., IN ITS CAPACITY AS FINANCIAL SERVICES AGENT FOR THE TRUST, TD ASSET FINANCE CORP., IN ITS CAPACITY AS ADMINISTRATIVE AGENT FOR THE TRUST, AND CIBC MELLON TRUST COMPANY, IN ITS CAPACITY AS INDENTURE TRUSTEE, DO NOT GUARANTEE OR INSURE PAYMENT OF THE NOTES BY THE TRUST AND DO NOT UNDERTAKE TO COMPENSATE THE TRUST OR HOLDERS OF THE NOTES FOR ANY LOSS SUFFERED ON THEIR INVESTMENT. EXCEPT IN CASES OF GROSS NEGLIGENCE OR WILFULL MISCONDUCT, THE LIABILITY OF THE TRUSTEE WILL BE LIMITED TO THE ASSETS OF THE TRUST. NO OTHER PROPERTY OF THE TRUSTEE, WHETHER OWNED BY IT IN

ITS PERSONAL CAPACITY OR OTHERWISE, WILL BE SUBJECT TO EXECUTION OR OTHER ENFORCEMENT PROCEDURE WITH REGARD TO ANY OBLIGATION OF THE TRUST.

	Reliant Trust
	Description of the Senior Short Term Asset-Backed Notes
Purpose	The net proceeds from the sale of the Notes will be used for the acquisition or origination of or investment in, directly or indirectly, conventional revolving and term assets. The Trust will not invest any proceeds from the sale of the Notes in CDO Transactions.
Denominations	Multiples of \$1,000 in Canadian or other currencies.
Maturities	The Notes will mature on a banking day up to 364 days from the date of issuance.
Rates	Available on request.
Rating	The Senior Short Term Asset-Backed Notes have been rated "R-1 (high)" by DBRS Limited.
Issuer Trustee	The Canada Trust Company.
Administrative Agent	TD Asset Finance Corp.
Financial Services Agent	TD Securities Inc.
Issuing and Paying Agent	The Toronto-Dominion Bank has been appointed as issuing and paying agent for the Notes. The Issuing and Paying Agent will issue and make payment upon and in respect of all Notes.
Form of Notes	The Notes may be issued in fully registered, bearer or book-entry form. Transfers of book-entry Notes will be settled through the Debt Clearing Service of CDS Clearing and Depository Services Inc.
Indenture Trustee	CIBC Mellon Trust Company.
New Issue Test	The Trust will only issue Notes if, after giving effect to such issue, the Trust will (i) not have liabilities in excess of its assets (calculated in accordance with Canadian generally accepted accounting principles consistently applied) and the Trust is not in default under the Trust Indenture and (ii) have in place committed Liquidity Lines that will allow it to meet both its obligations under maturing Short Term Notes (other than Second Subordinated Short Term Notes) as well as any accrued and unpaid interest on amounts that have been drawn under Liquidity Lines.
Security	The holders of Notes have security on all of the assets of the Trust, subject to the claims of liquidity lenders and hedging counterparties which, following an Event of Default (as defined in the Trust Indenture), will rank <i>pari passu</i> with the holders of the Notes, subject to the claims of certain other specified creditors of the Trust and subject to a prior encumbrance on the Subordinated Assets, all as set out in the Trust Indenture.
Liquidity Facilities	The Trust's primary source of funding is the issue of the Short Term Notes and Medium Term Notes. In addition, subject to certain conditions, the Trust may borrow under its Liquidity Lines to meet its maturing obligations with respect to the Short Term Notes (other than the Second Subordinated Notes). The amount of credit available under the Liquidity Lines is typically 102% of the outstanding Short Term Notes but must also be sufficient to cover

	amounts payable by the Trust in respect of accrued and unpaid interest on amounts drawn under the Liquidity Lines (other than the Second Subordinated Notes), part of which may be provided through the Credit Enhancement Facilities.
Credit Enhancements	If required, financial institutions or other parties approved by DBRS may provide credit enhancement specific to specified asset pools.
Hedging	To mitigate interest rate, currency and similar risks, the Trust will use a combination of swaps and other hedging instruments.

October 19, 2007

Reliant Trust
c/o Computershare Trust Company of Canada
100 University Avenue
9th Floor
Toronto, Ontario M5J 2Y1

Attention: Assistant Vice President, Corporate Trust Services

Dear Sirs and Mesdames:

Re: Issue of Senior Short Term Asset-Backed Notes

We have acted as counsel to Reliant Trust (the "Trust"), a trust established by The Canada Trust Company (the "Trustee") by declaration of trust (the "Declaration of Trust") dated August 24, 2006 in connection with the issuance and sale from time to time by the Trust in all provinces of Canada (the "Offering Jurisdictions") of negotiable senior short term asset-backed notes (the "Notes"). The Notes are issued pursuant to the provisions of a trust indenture dated as of August 24, 2006, between the Trust and CIBC Mellon Trust Company (the "Indenture Trustee"), as such indenture may be amended, supplemented, modified, restated or replaced from time to time (the "Trust Indenture"). The Notes have the terms more particularly described in the information memorandum of the Trust dated October 19, 2007 (the "Information Memorandum"). Each Note will mature not more than 364 days from the date of issuance. The Notes are not convertible or exchangeable into or accompanied by a right to purchase another security and we are advised that they are not being sold to any purchaser in the Province of Québec pursuant to a written agreement. We understand that the Trust (i) will file the Information Memorandum with the Autorité des marchés financiers and (ii) will not deliver the Information Memorandum to persons resident in the Province of Nova Scotia. Terms used but not defined herein have the respective meanings attributed to such terms in the Trust Indenture.

We have examined originals or copies, certified or otherwise identified to our satisfaction, of such public and other records, certificates and other documents including, without limitation, the Declaration of Trust, the Trust Indenture, the Administration Agreement, the Financial Services Agreement, the Dealer Agreement, the Issuing and Paying Agent Agreement, the Information Memorandum and a specimen of the form of Notes, and have considered such questions of law as we have deemed relevant and necessary as a basis for the opinions hereinafter expressed.

In such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity with originals of all documents submitted to us as certified, conformed, telecopied or photostatic copies and the authenticity of the originals of all such documents. In connection with the opinions expressed in paragraphs 1, 2, 3 and 4 below, we have also assumed: (a) the due incorporation, subsistence, requisite corporate power, authority and capacity of the Trustee, (b) the due authorization, execution and delivery of the Declaration of Trust, the Notes and the Trust Indenture by the Trustee, the Indenture Trustee and the Issuing and Paying Agent, as applicable, and (c) the enforceability of the Trust Indenture against the Indenture Trustee.

We understand that if the Information Memorandum is furnished to persons in the Province of Québec, it will be accompanied by the French language version thereof.

The opinions hereinafter expressed are based upon legislation and other laws as in effect on the date hereof. Insofar as the opinions hereinafter expressed relate to future issuances of Notes, such opinions must be read subject to the assumptions that at the time of any such issuance:

- (i) the Trust has the necessary authority at such time to issue the Notes; and
- (ii) any other authorization or approval with respect to the issuance of Notes required at such time shall have been obtained.

The opinions expressed herein are subject to qualification by applicable bankruptcy, insolvency, winding-up, arrangement, moratorium, reorganization and other laws affecting creditors' rights generally (and specifically that certain rights and remedies under the Trust Indenture may be limited by applicable provisions of the *Personal Property Security Act* (Ontario)), by general principles of equity and the obligation to act in a reasonable manner, by the fact that equitable remedies, such as specific performance, are available only in the discretion of the court, by the fact that the effectiveness of terms exculpating a party from any liability or duty otherwise owed by it to another may be limited by law, by the fact that the awarding of costs is in the discretion of a court of competent jurisdiction, by the fact that any provision in any document which purports to sever from such document any provision therein which is prohibited or unenforceable under applicable law without affecting the validity of the remainder of such document would be enforced only to the extent that the court determined that such prohibited or unenforceable provision could be severed without impairing the interpretation and application of the remainder of such document and by the fact that pursuant to the *Currency Act* (Canada), a judgment by a court in any province in Canada may be awarded in Canadian currency only. No opinion is expressed herein regarding the creation, validity, enforceability or perfection of any security interest expressed to be created by or under any of the documents, the enforceability of any provision of the Trust Indenture which requires payment of interest by the Indenture Trustee but does not specify a rate, whether or not any default interest payable under the Notes constitutes an unenforceable penalty, or the enforceability of the provision of the Trust Indenture which precludes specified creditors (including holders of the Notes) from participating in or initiating certain types of insolvency proceedings. In addition, the enforceability of the Trust Indenture is subject to the *Limitations Act, 2002* (Ontario) and we express no opinion whether a court might find any provision in the Notes, the Declaration of Trust or the Trust Indenture to be unenforceable as an attempt to vary or exclude a limitation period under that Act.

In giving the opinions set forth below with respect to provinces other than Ontario, Quebec, Alberta and British Columbia, we have relied upon opinions of counsel in such other provinces. To the extent that any opinion of counsel upon which we have relied is stated to be based on any assumption, to be given in reliance on any certificate or other document or to be subject to any limitation, qualification or exception, the opinions expressed herein in reliance on such opinion of counsel are based upon the same assumption, are given in reliance on the same certificate or document, and are subject to the same limitation, qualification or exception. Unless otherwise expressly indicated, the opinions hereinafter expressed are limited to the laws of the Province of Ontario and the federal laws of Canada applicable therein.

We have assumed that any "market intermediary" (as such term is defined in the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador), as applicable), which participates in a trade of the Notes in Ontario or Newfoundland and Labrador is registered under the applicable securities legislation of Ontario or Newfoundland and Labrador, as the case may be, in a category permitting it to trade in Notes in Ontario and Newfoundland and Labrador and that any such market intermediary has complied with all such applicable securities laws applicable to its registration in connection with the trades of the Notes in Ontario and Newfoundland and Labrador. We have also assumed that any agent acting in connection with the offer and sale of the Notes that is a registered dealer or broker under any applicable securities laws has complied with the relevant provisions of such applicable securities laws and the terms of such registration in connection with such offer and sale and that at the time of any trade in the Notes hereafter referred to no order, ruling, decision or condition of any agent's registration is in effect that restricts any trades in the Notes or that affects any person or company that engages in any such trades, including, without limitation, cease trade orders and conditions of registration directing that any dealer registration exemption does not apply to any person or company.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Trust has been constituted as a trust under the laws of the Province of Ontario and has not been terminated.
2. Pursuant to the Declaration of Trust, the Trustee has the power and capacity to borrow money on behalf of the Trust by the issuance and sale of the Notes and all necessary action has been taken by the Trustee to authorize the issuance and sale of the Notes and the borrowing of money thereby by the Trust.
3. The Notes, when issued in the form of the specimen copy of the Note set out in the Information Memorandum and duly executed by manual or facsimile signature of the Trustee on behalf of the Trust, will be valid and legally binding obligations of the Trust, enforceable against the Trust in accordance with their terms.
4. The Trust Indenture constitutes a legal, valid and binding obligation of the Trustee, enforceable against the Trustee in accordance with its terms.
5. The Trust may, either directly or through agents, offer and sell the Notes in the Offering Jurisdictions, if:
 - (a) the Notes have a rating at or above one of the following rating categories (each an “Approved Credit Rating”) or a category that replaces one of the following rating categories:

<i>Approved Credit Rating Organization</i>	<i>Rating</i>
DBRS Limited	R-1 (low)
Fitch Ratings	F1
Moody’s Investors Service	P-1
Standard & Poor’s	A-1 (low)

issued by an approved credit rating organization shown above or any of their respective successors (each an “Approved Credit Rating Organization”); and

- (b) there has been no announcement by an Approved Credit Rating Organization of which the Trust, the Trustee, Financial Services Agent or any other person trading the Notes or any purchaser of the Notes is or reasonably should be aware that the rating of the Notes to which the Approved Credit Rating was given may be down-graded to a rating category that would not be an Approved Credit Rating and no Approved Credit Rating Organization has rated the Notes in a rating category that is not an Approved Credit Rating;

without making any filing under, or registering with, any governmental or public body or authority pursuant to the securities legislation in such Offering Jurisdictions, except for the filing without delay with the Autorité des marchés financiers of this Information Memorandum and any other disclosure document delivered to purchasers of the Notes in Québec.

6. Subject to compliance with the prudent investment standards and general investment provisions and restrictions of the statutes referred to below (and, where applicable, the regulations thereunder) and, in certain cases, subject to satisfaction of additional requirements relating to investment or lending policies, procedures or goals and, in certain cases, the filing of such policies, procedures or goals, the Notes are not, on the date hereof, precluded as investments under or by the following statutes:
 - (a) *Insurance Companies Act (Canada)*

- (b) *Trust and Loan Companies Act (Canada)*
- (c) *Pension Benefits Standards Act, 1985 (Canada)*
- (d) *Bank Act (Canada)*
- (e) *Cooperative Credit Associations Act (Canada)*
- (f) *Pension Benefits Act (Ontario)*
- (g) *Loan and Trust Corporations Act (Alberta)*
- (h) *Employment Pension Plans Act (Alberta)*
- (i) *Alberta Heritage Savings Trust Fund Act (Alberta)*
- (j) *Pension Benefits Standards Act (British Columbia)*
- (k) *Financial Institutions Act (British Columbia)*
- (l) *Supplemental Pension Plans Act (Québec);*
- (m) *An Act respecting insurance (Québec) (for insurers other than guarantee funds);*
- (n) *An Act respecting trust companies and savings companies (Québec) (for trust companies investing their own funds and deposits they receive and for savings companies investing their funds);*
- (o) *The Trustee Act (Manitoba);*
- (p) *The Insurance Act (Manitoba);*
- (q) *The Pension Benefits Act (Manitoba);*
- (r) *The Trust and Loan Corporations Act, 1997 (Saskatchewan); and*
- (s) *The Pension Benefits Act, 1992 (Saskatchewan).*

Yours very truly,

McCarthy Tétrault LLP

ELECTRONIC SIGNATURE

Reliant Trust

- Discount/À escompte
- Interest Bearing/Portant intérêt

Note/Billet #:

FOR VALUE RECEIVED, hereby promises to pay to or to the order of:
VALEUR REÇUE, par les présentes promet de payer à ou à l'ordre de:

on
le

at the main branch of The Toronto-Dominion Bank in
à la succursale principale de La Banque Toronto-Dominion à

the sum of (\$)
la somme de ()

with interest thereon at the rate of percent per annum
avec intérêt au taux de pour cent par année

in lawful money of upon due presentation and surrender of this Note.
en monnaie légale d sur présentation et remise du présent billet.

Unless this Note is deposited with the Clearing Agency, this Note shall become valid only when manually certified on behalf of Reliant Trust by The Toronto-Dominion Bank or by one of its employees duly authorized for that purpose, as designated signatory.

À moins que le présent billet ne soit déposé auprès de la chambre de compensation, le présent billet sera valide seulement lorsqu'il sera attesté au nom de Fiducie Reliant par La Banque Toronto-Dominion ou par un de ses employés dûment autorisé à cette fin, à titre de signataire désigné.

This Note is one of the Senior Short Term Notes of Reliant Trust (the "Trust") issued under and with the benefit of a trust indenture made as of August 24, 2006 between the Trust and CIBC Mellon Trust Company as Indenture Trustee (the said trust indenture as amended, supplemented, modified, restated or replaced is hereinafter referred to as the "Trust Indenture"). The Senior Short Term Notes rank equally and rateably and without preference among themselves and rank equally and rateably with the Senior Medium Term Notes issued by the Trust under the Trust Indenture. Reference is hereby made to the Trust Indenture for the rights of the holders of Notes issued and to be issued thereunder. The Canada Trust Company ("Canada Trust"), in its capacity as trustee of the Trust and not in its personal capacity, has entered into the Trust Indenture and issued this Note. The liability of Canada Trust hereunder and under the Trust Indenture is limited to the assets of the Trust. No other property or assets of Canada Trust, whether owned by it in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedures with regard to any obligation hereunder or under the Trust Indenture. This Note shall be governed and construed in accordance with the laws of the Province of Ontario. In the event of any conflict between the provisions of this Note and the provisions of the Trust Indenture, the latter shall prevail. Unless otherwise defined herein, all capitalized terms used in this Note will have the meanings attributed to them in the Trust Indenture.

Le présent billet fait partie des billets à court terme subordonnés de Fiducie Reliant (le "Fonds") émis en vertu d'une convention de fiducie intervenue en date du 24 Aout 2006 entre le Fonds et Compagnie Trust CIBC Mellon, en sa qualité de fiduciaire (cette convention de fiducie qui peut être modifiée, complétée, refondue ou remplacée est appelée ci-après la "convention de fiducie"). Les billets à court terme subordonnés ont un rang égal et proportionnel entre eux et aucun n'a priorité sur les autres. Ils ont un rang égal et proportionnel à celui des billets à moyen terme subordonnés émis par le Fonds en vertu de la convention de fiducie. Les billets à court terme subordonnés sont subordonnés quant au paiement aux billets de premier rang. Il y a lieu de se reporter à la convention de fiducie pour l'énoncé des droits des porteurs de billets émis et devant être émis aux termes de la convention de fiducie. La Société Canada Trust ("Fiducie Canada"), en sa qualité de fiduciaire du Fonds et non en sa qualité personnelle, a conclu la convention de fiducie et émis le présent billet. La responsabilité de Fiducie Canada en vertu des présentes et de la

convention de fiducie se limite à l'actif du Fonds. Aucun autre bien ou élément d'actif de Fiducie Canada, qu'il soit détenu en sa qualité personnelle ou autrement, ne pourra faire l'objet d'une saisie ou autre procédure d'exécution relativement à toute obligation des présentes ou de la convention de fiducie. Le présent billet est régi et interprété conformément aux lois de la province d'Ontario. En cas de conflit entre les dispositions du présent billet et celles de la convention de fiducie, cette dernière aura préséance. À moins d'indication contraire aux présentes, les termes clés définis dans le présent billet ont le sens qui leur est attribué dans la convention de fiducie.

Certified for and on behalf of Reliant Trust by The
Toronto-Dominion Bank as Issuing and Paying Agent.

Attesté pour Fiducie Reliant et en son nom par
La Banque Toronto-Dominion à titre d'agent émetteur et
payeur.

By/Par _____
Designated Signatory/Signataire designé

DATED the day of ,

DATÉ du jour d , .

Reliant Trust/
Fiducie Reliant
by its trustee/par son fiduciaire

The Canada Trust Company/La Société Canada Trust

By/Par _____

By/Par _____
Authorized Signatories/Signataires autorisés

This Information Memorandum has been prepared for use in connection with the sale in Canada of asset-backed commercial paper notes issued from time to time by Storm King FundingTM and is not, and under any circumstances is not to be construed as, an offering of such securities for sale directly or indirectly in the United States of America or in the territories and possessions thereof or to any U.S. person.

This Information Memorandum does not in any way obligate Storm King FundingTM to accept an offer to purchase any of the asset-backed commercial paper notes described herein.

STORM KING FUNDINGTM

INFORMATION MEMORANDUM

Asset-Backed Commercial Paper Notes

Unlimited Issue

Rated by:
DBRS Limited (R-1 (high)),
Standard & Poor's Rating Services (A1+/A-1(high)),
Moody's Investor Service, Inc. (P-1), and
Fitch Ratings, Ltd. (F1+)

January 28, 2009

STORM KING FUNDING

INFORMATION MEMORANDUM

Asset-Backed Commercial Paper Notes

Storm King Funding, an Ontario trust, is the issuer of the asset-backed commercial paper notes described in this Information Memorandum (the “Notes”). Storm King Funding is a special purpose trust established under Ontario law. Its activities generally are limited to acquiring or financing financial assets as described below and engaging in other activities incidental to such investment and financing activities. The assets which are acquired or financed include accounts, intangibles, loans, leases, chattel paper, instruments, investment property, mortgages and other financial assets, or legal, beneficial, security or other interests in, or exposure to rights and benefits of, any of the foregoing, originated, owned or acquired by qualified entities referred to Storm King Funding by Royal Bank of Canada, a Canadian chartered bank. Assets may be denominated or valued in Canadian dollars or other currencies. Storm King Funding funds its activities through the issuance of asset backed commercial paper notes (the “Notes”).

The Notes are direct debt obligations of Storm King Funding secured by, and having recourse only to, Storm King Funding’s ownership interests in the assets that it acquires pursuant to the acquisition agreements funded by the Notes. The Notes are issued with varying maturities, denominated in Canadian dollars or U.S. dollars, and are issued in book-entry form. The Notes may bear interest payable at maturity or may be sold at a discount and mature at face value.

The Notes are not interests in or obligations of Royal Bank of Canada, in any capacity, CIBC Mellon Trust Company (other than in its capacity as issuer trustee of Storm King Funding), The Canada Trust Company, or any of their respective affiliates. None of CIBC Mellon Trust Company, in its personal capacity, The Canada Trust Company, in any capacity, Royal Bank of Canada, in any capacity, RBC Dominion Securities Inc., or any of their affiliates, has guaranteed, insured or is otherwise responsible for the payment of the face or principal amount of, or interest, if any, on the Notes when due. Apart from the specific obligations of Royal Bank of Canada under Liquidity Agreements and Credit Enhancement Agreements, none of Royal Bank of Canada, CIBC Mellon Trust Company, in its personal capacity, The Canada Trust Company, in any capacity, RBC Dominion Securities Inc., or any of their affiliates will have any liability for the Notes issued from time to time by Storm King Funding.

TABLE OF CONTENTS

	<u>Page</u>
I. NOTES OVERVIEW	1
II. GENERAL BACKGROUND.....	2
Business Purpose	2
Storm King Funding Administration	3
Asset Investment Criteria.....	3
Use of Proceeds.....	3
III. THE NOTES.....	4
Ratings Description.....	4
General.....	4
Risks	5
Offering of Notes	5
Repayment	5
IV. TYPICAL TRANSACTION DESCRIPTION	6
Transaction Overview.....	6
Form of Assets	6
Transaction Mechanics	8
Transaction Credit Enhancement and Concentration Limits	8
Nature of Commitments; Termination Events.....	9
Servicers of the Assets.....	10
V. MATERIAL AGREEMENTS.....	10
Liquidity Agreement.....	12
Standby Credit Agreement.....	13
Shared Credit Enhancement Agreement.....	13
Financial Services Agreement	14
Issuing and Paying Agency Agreement.....	14
Hedge Agreements.....	14
Credit Enhancement Asset Purchase Agreement.....	14
Indenture	15
Termination of CP Issuance and Default.....	16
Payment Priorities.....	16
VI. ADDITIONAL CONDUIT INFORMATION.....	17

OVERVIEW

Storm King Funding was established for the purpose of issuing notes to fund assets pursuant to transactions referred to Storm King Funding by Royal Bank of Canada (“**RBC**”). Assets are acquired pursuant to agreements (“**Purchase Agreements**”) with qualified sellers (“**Sellers**”). The underlying assets that comprise the assets funded by Storm King Funding (“**Assets**”) consist of a variety of staple asset types. RBC, under a financial services agreement (see “*Material Agreements - Financial Services Agreement*”), acts as financial services agent (the “**Financial Services Agent**”) for Storm King Funding and, in such capacity, coordinates funding activities, interfaces with Sellers, executes documentation and monitors the transactions.

Storm King Funding was established by a declaration of trust dated January 27, 1999 by its issuer trustee, CIBC Mellon Trust Company (in such capacity, the “**Issuer Trustee**”) as amended by amendments dated August 20, 2003 and March 29, 2005. The beneficiaries of Storm King Funding are one or more charities registered under the *Income Tax Act* (Canada). The beneficiaries of Storm King Funding have no liability for repayment of any notes of Storm King Funding. Recourse of the holders of the Notes against the Issuer Trustee is limited to the assets of Storm King Funding. Neither RBC, nor any of its affiliates or subsidiaries is a beneficiary of Storm King Funding.

Storm King Funding customarily provides funding for assets through the issuance of Notes. The Notes are secured by, and recourse for payment of the Notes is limited to, the assets purchased using the proceeds of the Notes.

I. NOTES OVERVIEW

Sellers are typically investment grade entities, but may include non-investment-grade sellers acceptable to RBC and the rating agencies rating the Notes of Storm King Funding (the “**Rating Agencies**”).

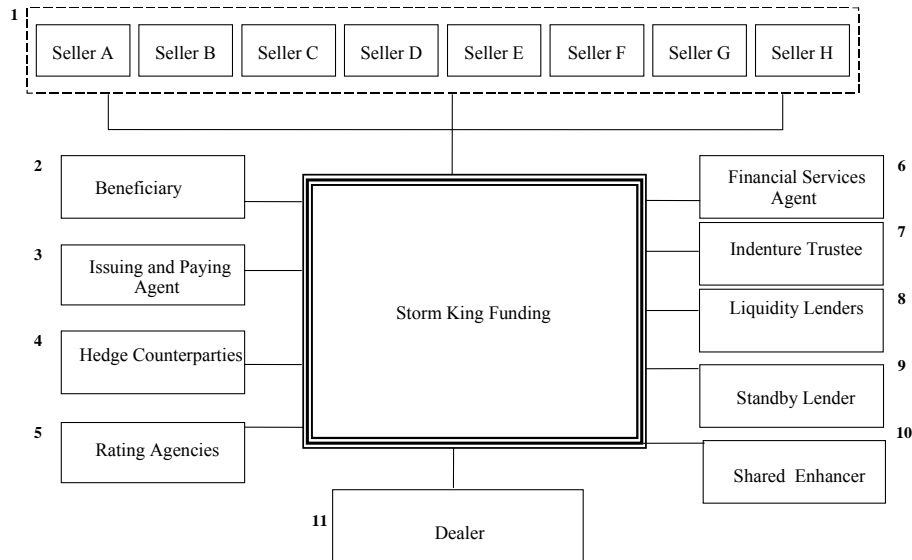
Storm King Funding transactions generally utilize credit enhancement sufficient to cover a multiple of historical losses for the purpose of minimizing the effects of defaults on the underlying pools of assets (see “*Typical Transaction Description - Transaction Overview*” and “*Transaction Mechanics*”).

Storm King Funding’s transactions may include not only purchases of receivables or interests therein but also asset-backed loan transactions and other types of transactions. In some transactions Storm King Funding may provide funds to another bankruptcy-remote special purpose intermediary entity which in turn acquires the assets. For simplicity, in this memorandum all such transactions are generally referred to as acquisitions for financings of Assets by Storm King Funding and things that may be done by intermediary entity may be referred to as things done by Storm King Funding.

The Notes are rated R-1(high) by DBRS Limited (“**DBRS**”), A-1+/A-1(high) by Standard & Poor’s Rating Services (“**S&P**”), P-1 by Moody’s Investor Service, Inc. (“**Moody’s**”), and F1+ by Fitch Ratings, Ltd. (“**Fitch**”). The Notes are supported by a standby credit facility (see “*Material Agreements – Standby Credit Agreement*”), a transaction-specific liquidity facility (see

“Material Agreements - Liquidity Agreement”), and a program-wide credit support facility (see “Material Agreements – “Shared Credit Enhancement Agreement”).

Exhibit A: Relevant Parties in respect of Notes



1. Assets include interests in the assets from qualified Sellers funded through the issuance of Notes (see “Typical Transaction Description-Transaction Mechanics”).
2. A not-for-profit organization registered under the *Income Tax Act* (Canada) (see “Overview”).
3. RBC acts as Issuing and Paying Agent provides certain depository and note issuing and paying agency services in respect of the Notes (see “Material Agreements - Issuing and Paying Agency Agreement”).
4. RBC, the Seller or another highly rated corporation may act as Hedge Counterparty (see “Material Agreements - Hedge Agreements”).
5. Storm King Funding’s commercial paper is rated A-1+/A-1(high) by S&P, P-1 from Moody’s, F1+ by Fitch and R-1 (high) by DBRS.
6. RBC acts as Financial Services Agent (see “Material Agreements - Financial Services Agreement”).
7. The Canada Trust Company acts as Indenture Trustee (see “Material Agreements - Indenture”).
8. RBC and any other financial institutions acting as Liquidity Lenders (see “Material Agreements - Liquidity Agreements”).
9. RBC acts as the Standby Lender (see “Material Agreements – Standby Credit Agreement”).
10. RBC acts as the Credit Enhancer (see “Material Agreements – Shared Credit Enhancement Agreement”).
11. RBC Dominion Securities Inc. acts as the Dealer in respect of the Notes.

II. GENERAL BACKGROUND

Business Purpose

Storm King Funding was formed to provide its Sellers with financing for a variety of asset types, including, but not limited to, automobile loans, automobile leases, credit card receivables, trade receivables, consumer loans, residential mortgage loans, equipment leases and equipment loans. Storm King Funding has never owned, and there is no intention that it will acquire, interests in highly structured or levered credit products such as collateralized debt obligations (CDO’s), collateralized loan obligations (CLO’s). The Sellers typically are banks, finance companies, insurance companies, or retail or industrial corporations. The amounts owing to Storm King Funding related to these assets are expected to provide Storm King Funding with a return sufficient to pay the interest rate applicable to the Notes, certain fees charged by Storm King Funding and expenses incurred by Storm King Funding.

Storm King Funding Administration

Storm King Funding has retained RBC to provide services in connection with the structuring, negotiation and acquisition of Storm King Funding investments in Assets and the administration and monitoring of the Assets, the related Liquidity Facilities, and the program-wide credit enhancement facility described below (See “*Program Document and credit Facilities-Credit Support Agreement*”) (the “**Credit Support Agreement**”) as well as the issuance, sale and payment of the Notes (the “*Program Documents and Credit Facilities – Administrative Agreement*”).

Asset Investment Criteria

For each portfolio of Assets to be financed by Storm King Funding, RBC, as Financial Services Agent, performs due diligence with respect to the Seller’s credit and collection policies and the underlying asset portfolio’s performance and composition, and recommends appropriate levels and forms of overcollateralization or other transaction credit enhancement. Transaction terms typically include eligibility criteria, concentration limits, termination events, covenants, representations and warranties, indemnities, and servicing or collection requirements. RBC generally evaluates no less than three years of historical portfolio statistics before recommending a structure for the purchase of Assets. Underwriting standards include, as applicable, the requirements that:

- Sellers and the Assets must meet certain credit standards and limits as determined by the Financial Services Agent and the Rating Agencies;
- The Assets include credit enhancement as required the Financial Services Agent and the Rating Agencies;
- Storm King Funding generally limits the concentration percentages of obligors in respect of the Assets in accordance with the Financial Services Agent’s and the Rating Agencies’ criteria; and
- The Assets acquired must be sufficient to repay the amount invested and the yield and fees in respect of such amount.

Acquisition of any Assets by Storm King Funding is subject to pre-review by all Rating Agencies and written confirmation from those Rating Agencies that the acquisition and related transaction structure are consistent with the existing rating of the Notes.

Use of Proceeds

The proceeds of the Notes will be applied to finance the Assets, if such proceeds are not needed to pay maturing Notes or other maturing obligations. To the extent that such proceeds are not required for the foregoing purposes, Storm King Funding will invest such proceeds in certain permitted investments.

III. THE NOTES

Ratings Description

The Notes are currently rated R-1(high) by DBRS, A-1+/A-1(high) by S&P, P-1 by Moody's, and F1+ by Fitch.

The above rating for the Notes is based on, among other things:

- The credit quality of the Assets funded by Storm King Funding;
- The structural mechanisms that reduce the risk of losses accruing to investors in the Notes;
- The credit and investment policies creating a diversified portfolio of Assets;
- The servicing capability of the Sellers;
- The ability of RBC to manage an asset-backed commercial paper program; and
- The availability of Liquidity Agreements (see below), the Shared Credit Enhancement Agreement (see below) and Transaction Credit Enhancement (see below).

The Rating Agencies will continue to monitor and evaluate the rating of the Notes. However, there can be no assurance that Storm King Funding will maintain such ratings in the future. The ratings are not recommendations to buy, sell or hold the Notes and are subject to revision, qualification or withdrawal by the Rating Agencies at any time.

General

The Notes will be sold on either a discount basis or on an interest-bearing basis and will be issued in either certificated form (in both bearer or fully registered form) or book-entry form. Book-entry Notes will be transferred and settled only through the Debt Clearing Service of CDS Clearing and Depository Services Inc. ("CDS"), a clearing agency recognized by the Ontario Securities Commission. Holders of book-entry Notes will not be entitled to receive definitive certificates unless the Notes cease to be issued in book-entry form. The Indenture contains provisions facilitating voting and other actions to be taken by holders of book-entry Notes. The Notes will be sold in minimum denominations of Cdn\$100,000 or US\$100,000 and integral multiples of Cdn\$1,000 or US\$1,000 in excess thereof with maturities of up to 364 days from the date of issuance. The maximum amount of Notes that may be outstanding at any time is unlimited. The Notes are not redeemable or subject to voluntary prepayment by Storm King Funding prior to maturity.

The Notes will be issued by Storm King Funding under an arrangement with RBC, which will act as the Issuing and Paying Agent with respect to the Notes. The face amount of each Note will be paid upon maturity in immediately available funds, to the extent available (i) upon presentation of Notes which were issued in certificated form at the office of the Issuing and Paying Agent at Royal Bank Plaza, North Tower, 6th Floor, P.O. Box 50, Toronto, Ontario, M5J 2W7, Attention: Cage Manager; or (ii) by transfers automatically effected through the records of the CDS with respect to Notes which were issued in book-entry form. If the funds available to the Issuing and Paying Agent for payment of the Notes are insufficient to pay such Notes in full, the Issuing and paying Agent will notify Storm King Funding and the Financial

Services Agent. In turn, the Financial Services Agent has the right to request the Liquidity Lenders under the Liquidity Agreements and/or the providers of credit enhancement (“**Credit Enhancers**”) under the Shared Credit Enhancement Agreement or any relevant Transaction Credit Enhancement (together, “**Credit Enhancement Agreements**”) to make loans or other advances thereunder and will transfer any related funds received in respect thereof to the Issuing and Paying Agent. A loan request may also be made to the Standby Lender under the Standby Credit Agreement however there is no obligation on the part of the Standby Lender to advance funds. Certain remedies arising upon the occurrence of events of default, including certain rights of the Indenture Trustee, are exercisable upon the instructions of persons holding at least 25% of the debt outstanding under the Notes, Liquidity Agreements and the Standby Credit Agreement unless such default is waived (subject to certain situations requiring all lenders to waive) by lenders holding more than 50% of such debt obligations of Storm King Funding.

Risks

Storm King Funding provides current information as to the number of Sellers, their industries, and the nature of the assets comprising the Assets (see “*Additional Conduit Information*” below). There can be no assurance that Storm King Funding’s investments in Assets will remain diversified.

Concentration limits and the availability of the Liquidity Agreements and Credit Enhancement Agreements are expected to reduce, but do not eliminate, the risk of losses to Storm King Funding in respect of the Notes and the risk of nonpayment of maturing Notes in the event of Seller bankruptcies or defaults on the Assets financed by Storm King Funding. If substantial obligor defaults should occur, the availability under the relevant Liquidity Agreement and Credit Enhancement Agreement might not be sufficient for the payment of all maturing Notes. (see “*The Notes – General*”). In such a case, collections on the Assets would be applied to pay maturing Notes pursuant to the Indenture but a delay in payment or a loss could occur.

Offering of Notes

The Notes are being offered on a continuing basis by Storm King Funding through the Dealer. As compensation for services rendered in connection with the sale of the Notes, Storm King Funding has agreed to pay commission to the Dealer.

Storm King Funding also has agreed to indemnify the Dealer for certain liabilities, including certain liabilities under the Dealer Agreement.

Repayment

Interest on the Notes is generally expected to be paid at maturity from Storm King Funding’s yield from the Assets. Funding for repayment of the principal portion of the Notes will be obtained at maturity from:

- The issuance of new Notes to replace the maturing Notes to the extent possible;
- The collections of Assets; and
- The Standby Credit Agreement (see “*Material Agreements – Standby Credit Agreement*”), the Liquidity Agreement (see “*Material Agreements - Liquidity*”).

Agreement”), the Shared Credit Enhancement Agreement (see “*Material Agreements – Shared Credit Enhancement Agreement*” below) and any Transaction Credit Enhancement (see below).

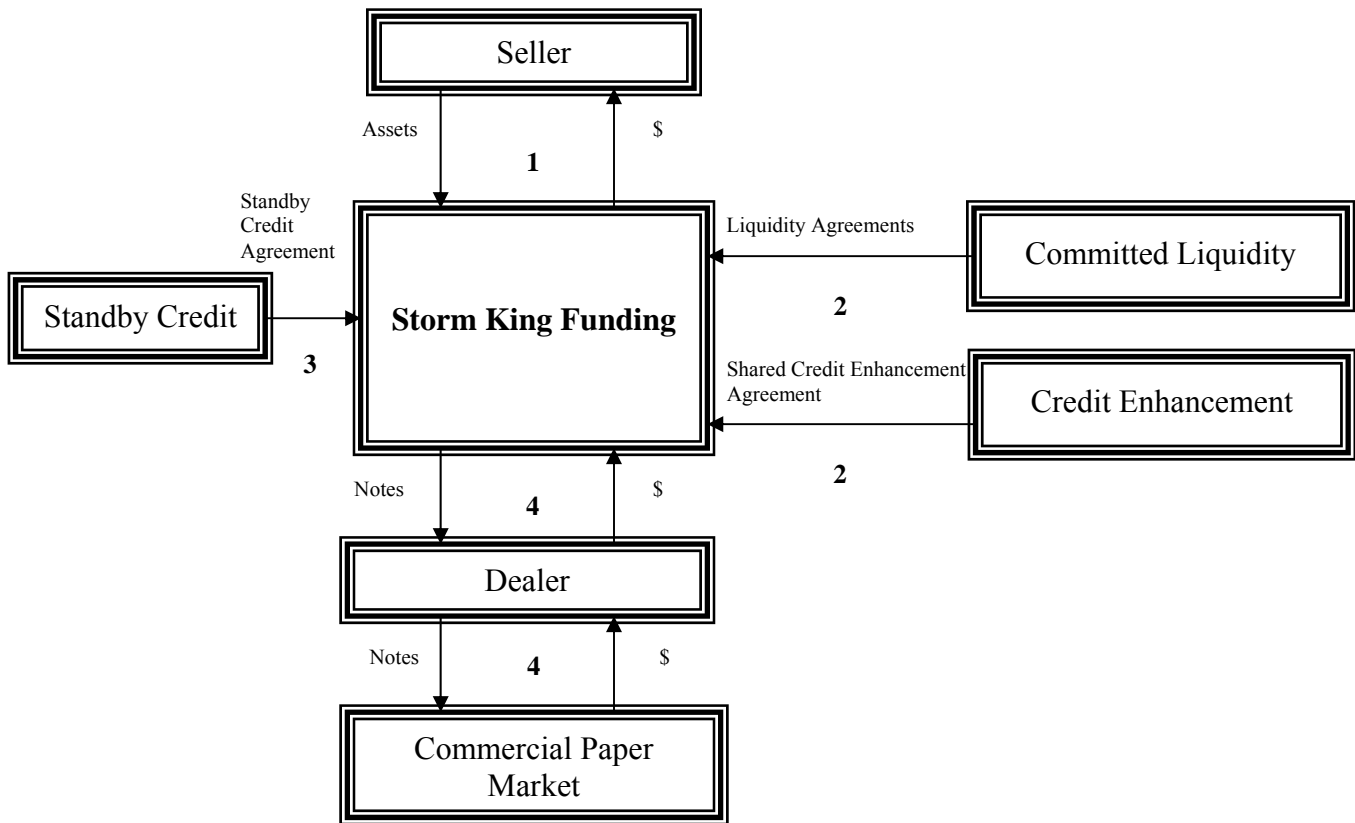
Assets will not be financed unless collections are expected to be sufficient in amount to repay the investments in the Assets and the yield and fees in respect thereof.

IV. TYPICAL TRANSACTION DESCRIPTION

Transaction Overview

As evidenced in Exhibit B, below, the Notes benefit from the Standby Credit Agreement, the Liquidity Agreements and the Shared Credit Enhancement Agreement.

Exhibit B: Transaction Schematic and Steps



1. The Seller transfers the assets to Storm King Funding for cash proceeds.
2. Concurrent with the transfer to Storm King Funding, a committed transaction-specific liquidity facility is put in place and the Shared Credit Enhancement Agreement is increased in amount.
3. Also concurrent with the transfer to Storm King Funding, the uncommitted standby credit facility with RBC is increased in amount.
4. In order to finance the assets related to the Notes, Storm King Funding issues Notes distributed to investors through the authorized dealer.

Form of Assets

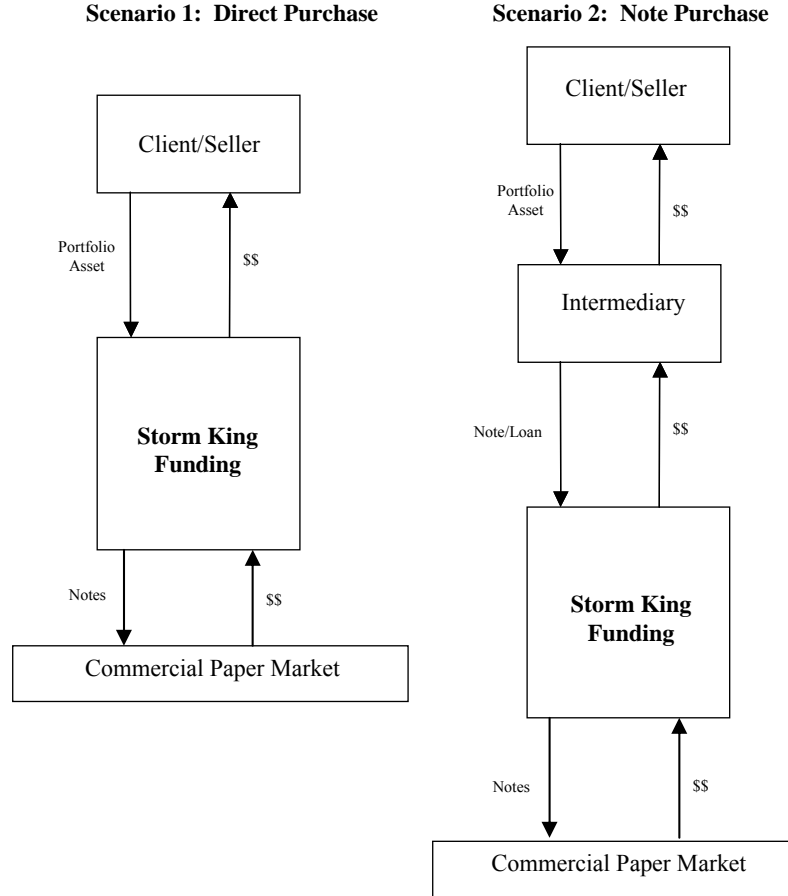
Storm King Funding structures the Assets in a variety of forms including the following types of transactions with Sellers:

- Undivided or whole ownership interests in amortizing pools of assets;
- Undivided or whole ownership interests in a revolving pool of assets; and
- Loans or other indebtedness secured by amortizing or revolving pools of assets.

The form of the Assets (whether a purchase or secured debt) has no impact on the credit quality of the investment. Assets are structured so that Storm King Funding has the same senior claim on the underlying assets and related cash flow. Indebtedness secured by assets consists of loans advanced to, or notes purchased from, an intermediary entity by Storm King Funding. Many credit card issuers and companies involved in auto or equipment financing establish intermediary entities to consolidate their finance receivables and facilitate funding of these assets through securitization with multiple conduit providers.

The intermediary entities typically purchase finance receivables from the originator, and fund that purchase through the issuance of notes to Storm King Funding or other conduits. The notes are fully secured by a proportionate interest in the receivables pool and, on a proportionate basis, Storm King Funding has full recourse to, and a priority claim over, the collections from those assets for repayment of the note. Overcollateralization or other reserve mechanics are employed to mitigate risk, in the same way they are used when a direct interest in the assets is purchased by the conduit (see “*Transaction Mechanics*” below).

Exhibit B: Investment Mechanisms

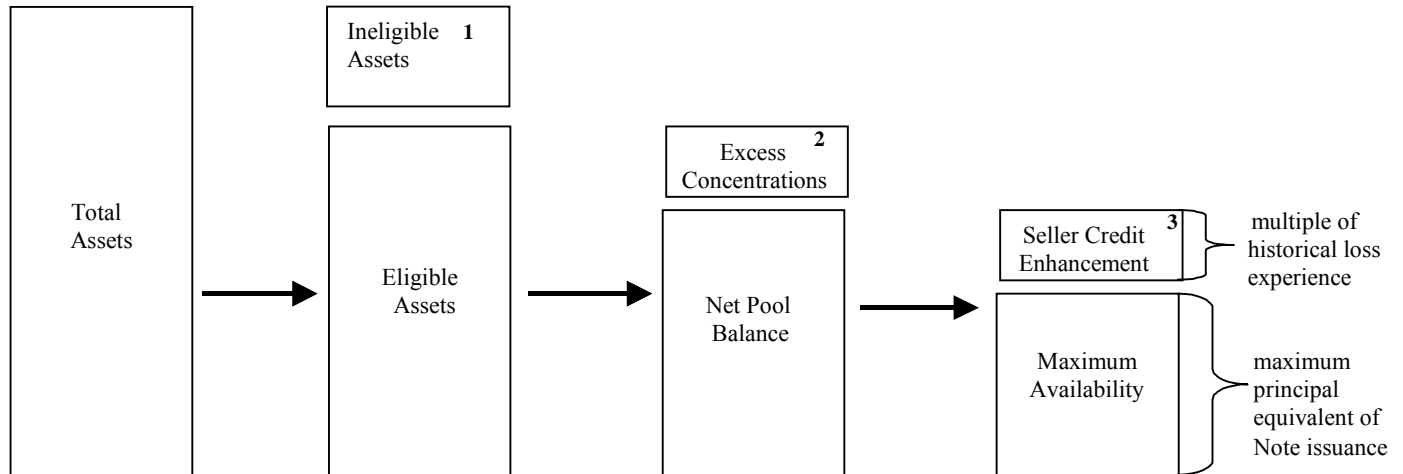


Transaction Mechanics

Each transaction entered into by Storm King Funding and funded by Notes employs various requirements, limitations and credit standards that are designed to maximize the probability of realizing the investment and a return thereon and payment of fees related to such transaction. In addition to structuring transactions to meet the Seller objectives, the structure of each transaction is customized to balance the funding needs and business strategy of the related Seller with Storm King Funding's credit requirements regarding the composition and the performance of the Assets acquired. The maximum availability (i.e., maximum amount advanced by Storm King Funding for any given transaction) is a function of transaction mechanics that normally include:

- Eligibility criteria;
- Concentration limits; and
- Level of transaction credit enhancement.

Exhibit C: Determining Maximum Availability



1. Eligibility criteria restrict Storm King Funding from buying or funding certain “ineligible” assets (e.g. defaulted or certain government receivables).
2. Excess concentrations (i.e. balances above maximum concentration percentages) are deducted from the eligible asset balance.
3. Storm King Funding only advances against the amount of total assets reduced by the amount of ineligible assets and excess concentrations, less a cushion for Seller credit enhancement.

Transaction Credit Enhancement and Concentration Limits

To provide credit support against losses in respect of the Assets financed in each transaction, each transaction has one or more types of transaction-specific credit enhancement incorporated into the structure, which are sufficient to maintain the rating of the Notes from the Rating Agencies. The credit enhancement generally will cover some multiple of the historical loss experience. Forms of this credit enhancement (“**Transaction Credit Enhancement**”) include, but are not limited to, the following:

- Overcollateralization (typically developed under dynamic purchase discount mechanisms for revolving structures);
- Subordinated classes of assets;
- Third-party credit support (e.g., third-party guaranty, letter of credit, spread account, reserve account, cash collateral account or monoline insurance); and
- Excess spread.

As mentioned above, the amount of Transaction Credit Enhancement in any given transaction varies, but is structured to cover a multiple of the following risks:

- Obligor default risk (payment default);
- Receivables dilution risk (non-cash adjustments);
- Carrying cost coverage risk (note discount plus fees);
- Replacement servicer risk (asset servicer cost); and
- Currency risk.

In most instances, the Rating Agencies have developed asset-specific criteria to address the sizing of the Transaction Credit Enhancement to cover the aforementioned risks. Such criteria generally take into consideration the level, trend and stability of:

- Losses;
- Aging performance;
- Dilution;
- Cash flows;
- Asset/liability mismatches; and
- Liquidity of underlying assets.

The aggregate amount and form of Transaction Credit Enhancement for any transaction will vary. Many transactions include the concept of dynamic Transaction Credit Enhancement reserves that could result in the level of Transaction Credit Enhancement being adjusted periodically after the initial purchase based upon the ongoing performance of the Assets acquired in the transaction. The Transaction Credit Enhancement for a transaction generally will be unconditional and irrevocable.

The levels of concentration limits are significant considerations when sizing the Transaction Credit Enhancement. Most transactions integrate concentration limits in sizing the maximum availability. Such limits are intended to mitigate Storm King Funding's exposure to individual obligors, industries, or geographic regions (among other things). Concentration limits vary by asset type and portfolio characteristics.

Nature of Commitments; Termination Events

Each transaction includes termination events (the "**Termination Events**") designed to protect the Noteholders in the event of a material deterioration in the performance of the Assets acquired under the transaction or in the credit quality or performance of the Seller or any separate servicer or collection agent. Such Termination Events may include portfolio performance tests, Seller or servicer downgrade provisions and financial covenant violations, among other things.

Portfolio performance tests are designed to provide early warning of a material adverse change in portfolio performance. The tests are in the form of minimum or maximum ratios, which are set at the outset of each transaction based on key performance metrics for that asset class and historic portfolio performance for that Seller. Tests may include one or more of the following:

- Maximum delinquency ratio;
- Maximum default ratio;
- Maximum loss ratio;
- Maximum dilution ratio;
- Minimum portfolio yield percentage;
- Minimum payment rate percentage, and;
- Minimum portfolio turnover ratio.

The test ratios are compared against actual portfolio performance no less frequently than monthly. Breach of a portfolio performance test will give rise to a Termination Event.

Other Termination Events include at least the following:

- Bankruptcy or other insolvency events;
- Remittance and payment default; and
- Breach of representations, warranties or covenants.

The occurrence of a Termination Event may lead to one or more of the following events:

- Increase in Transaction Credit enhancement;
- Termination of funding for new assets;
- Amortization of Assets;
- Accelerated repayment through application of excess spread or other payment feature;
- Replacement of the servicer / collection agent; and
- Funding of the Assets in respect of such transaction by Liquidity Agreement draws and/or Credit Enhancement Agreement draws.

Servicers of the Assets

Typically, each Seller, or an affiliate of the Seller, acts as the servicer (the “**Servicer**”) with respect to the Assets acquired from such Seller. However, Storm King Funding generally has the ability to replace the Servicer upon the occurrence of certain Termination Events. Duties of the Servicer include the collection of the Assets for such transaction and regular reporting (usually monthly) as to the performance of such Assets.

V. MATERIAL AGREEMENTS

Storm King Funding has entered into the following material agreements relating to the Notes and the Assets:

- Indenture;
- Financial Services Agreement;
- Liquidity Agreements;
- Standby Credit Agreement;
- Shared Credit Enhancement Agreement;
- Purchase Agreements;
- Issuing and Paying Agency Agreement;
- Dealer Agreement;
- Hedge Agreements; and
- Credit Enhancement Asset Purchase Agreement.

Exhibit D: Significant Parties and Governing Documents

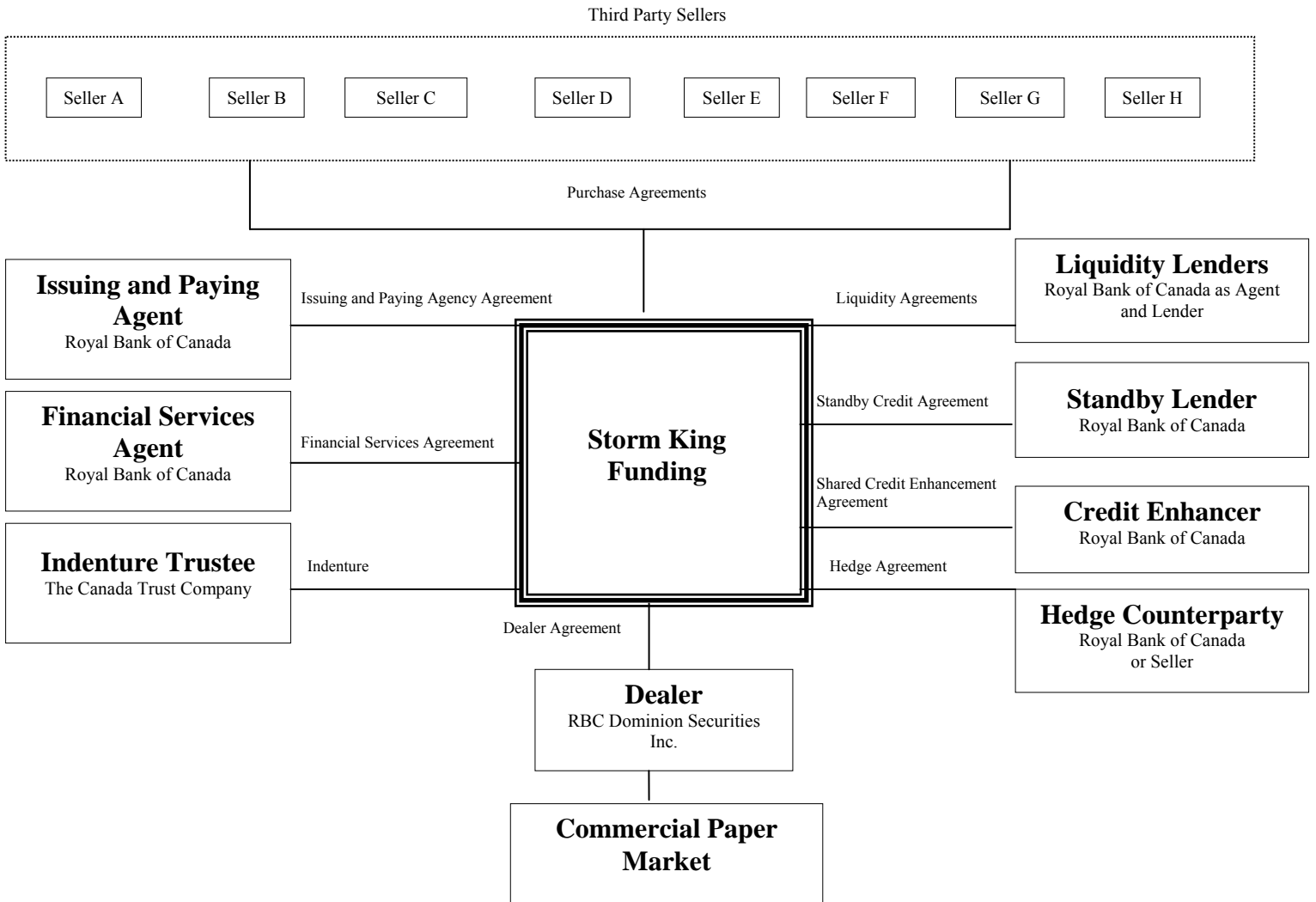
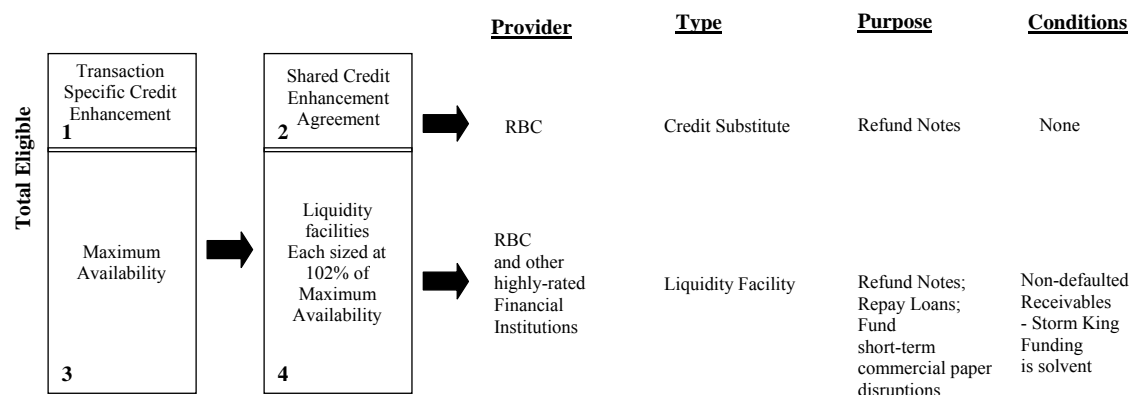


Exhibit E: Storm King Funding Credit and Liquidity Facilities



1. Seller and third party transaction credit enhancement sized appropriately to maintain A-1+/P-1/F1+/R-1(high) ratings provides an additional layer of protection to Noteholders (see “*Typical Transaction Description – Transaction Credit Enhancement and Concentration Limits*”).
2. The Shared Credit Enhancement Agreement provides a layer of loss protection to the holders of Notes.
3. Maximum availability based on transaction mechanics (see “*Typical Transaction Description - Transaction Mechanics*”).
4. Liquidity Agreement equals 102% of maximum availability (see “*Material Agreements - Liquidity Agreement*”).

* Rated R-1 (middle) or better by DBRS, A-1+ by S&P, P-1 by Moody’s and F1+ from Fitch

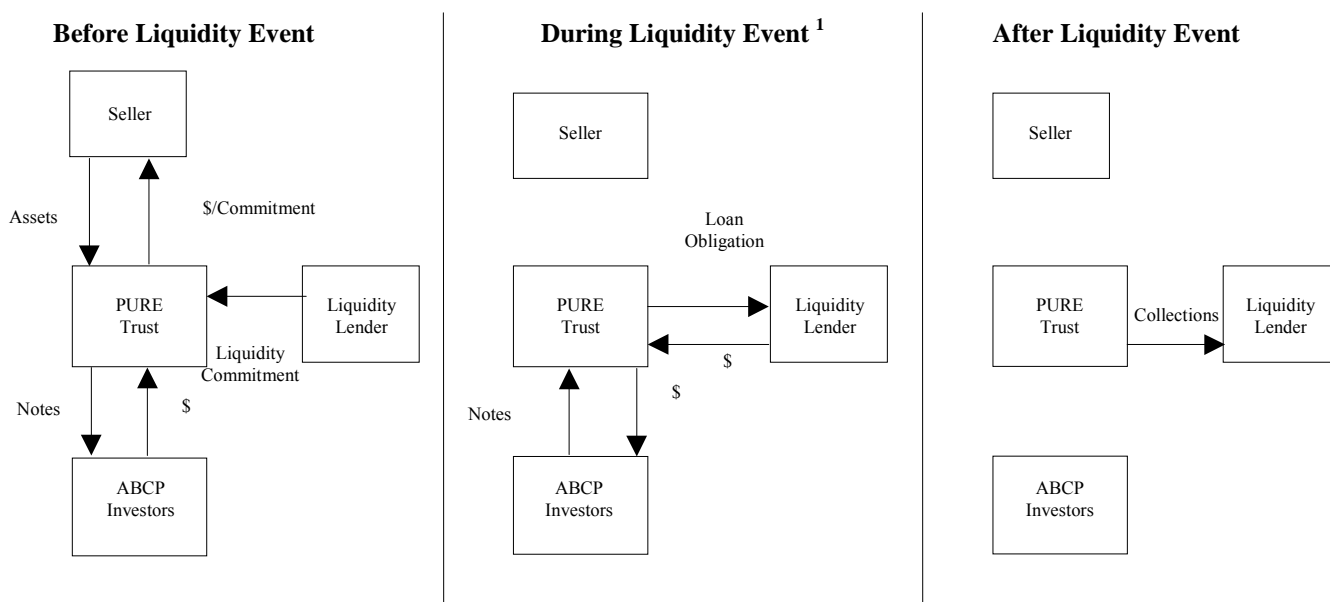
Liquidity Agreement

Concurrently with entering into each Purchase Agreement with a Seller, Storm King Funding enters into a committed credit agreement (a “**Liquidity Agreement**”) with RBC as Agent and with RBC and other financial institutions as liquidity lenders (each a “**Liquidity Lender**”) providing liquidity support for the Notes. Each Liquidity Agreement will have a commitment equal to 102% of the financing limit established by Storm King Funding under the related Purchase Agreement.

Pursuant to each Liquidity Agreement, the Liquidity Lenders will be obligated, upon request and subject to the absence of certain bankruptcy and insolvency events with respect to Storm King Funding, to make advances on any business day in the form of loans to Storm King Funding. Storm King Funding will use the proceeds from advances from the Liquidity Lenders to repay maturing Notes. The aggregate amount of the Liquidity Agreement advances in respect of each Purchase Agreement are limited to the total amount of non-defaulted Assets under such Purchase Agreement.

Liquidity Lenders will be protected from losses exclusively by payments made under the related Assets and, in some cases, any remaining credit enhancement provided under a Transaction Credit Enhancement. Exhibit F provides a schematic of a draw scenario under a Liquidity Agreement.

Exhibit F: Liquidity Agreement Mechanics



¹ A 100% committed liquidity draw is assumed.

Standby Credit Agreement

Under the Standby Credit Agreement, RBC (the “**Standby Lender**”) has provided an uncommitted standby facility to Storm King Funding to meet obligations to its creditors. The facility may be drawn at any time so long as the Standby Lender elects to advance.

Standby Loans rank equally with outstanding Notes and Liquidity Loans. The Standby Lender has no obligation to agree to advance funds under the Standby Credit Agreement.

Shared Credit Enhancement Agreement

RBC has entered into a Shared Credit Enhancement Agreement (the “**Shared Credit Enhancement Agreement**”) with Storm King Funding. The Shared Credit Enhancement Agreement serves as program level credit support for the Notes. The Shared Credit Enhancement Agreement provides a commitment to lend Storm King Funding an amount equal to 10% of the cash proceeds of all outstanding Notes of Storm King Funding. Storm King Funding would use funds advanced under the Shared Credit Enhancement Agreement to retire the Notes.

Pursuant to the Shared Credit Enhancement Agreement, if on any date any of the Notes mature and Storm King Funding does not otherwise have the funds for payment of those Notes (such as from issuance of replacement Notes, from collections on the Assets, from Transaction Credit Enhancement or from the Liquidity Agreements) Storm King Funding will be entitled to request an advance under the Shared Credit Enhancement Agreement of funds in respect of a Purchase

Agreement to retire the Notes, in an amount up to 10% of the cash proceeds of all outstanding Notes of Storm King Funding.

Financial Services Agreement

Storm King Funding has retained RBC to provide services in connection with the structuring, administration and monitoring of assets, liquidity facilities and credit enhancement and other duties in respect of the Notes. RBC's responsibilities include:

- Making recommendations with respect to Storm King Funding's purchases;
- Identifying investment opportunities;
- Structuring and executing Purchase Agreements and all related documentation;
- Arranging liquidity and credit enhancement facilities;
- Maintaining and preparing, or retaining appropriate advisors to maintain and prepare, general accounting records and financial statements;
- Retaining an accounting firm to audit Storm King Funding's financial statements;
- Monitoring pool performance; and
- Authorizing the issuance of notes.

Issuing and Paying Agency Agreement

Storm King Funding has retained RBC to provide certain depository and note issuing and paying agency services in connection with the Notes. As Issuing and Paying Agent for Storm King Funding, RBC's responsibilities include:

- Issuing and transferring, and paying interest and principal on, Notes; and
- Maintaining and preserving books and records of the issuance, sale, and payment of Notes.

Hedge Agreements

Storm King Funding may from time to time enter into hedging agreements with RBC, Sellers or other highly rated financial institutions or corporations, as hedge counterparty (the "**Hedge Counterparty**"), in connection with the hedging of interest rate, currency or other risks related to the Assets.

The predominant form of hedge used by Storm King Funding is an interest rate swap to convert a portion of Storm King Funding's floating rate funding costs to a fixed rate of interest, in order to match the amount and term of a fixed rate portfolio of Assets. Fixed rate Assets include most auto loan and lease portfolios, equipment loan and lease portfolios, and mortgage pools. Interest rate swaps are entered into at the outset of these transactions to help ensure that Storm King Funding's funding costs will not exceed the yield on the related Assets over the life of those transactions.

Credit Enhancement Asset Purchase Agreement

Storm King Funding entered into a Credit Enhancement Asset Purchase Agreement on October 27, 2004 with a third party Expected Loss Provider (“**EL Provider**”). Under this agreement, the EL Provider has committed to purchase an interest in defaulted assets from Storm King Funding, in the event that a default were to occur in the future (the “**EL Commitment**”). The amount of the EL Commitment represents at least a majority of expected losses as detailed in the Accounting Standards Board Guideline 15, Consolidation of Variable Interest Entities (“**AcG 15**”) and provides an additional form of credit enhancement. The amount of the EL Commitment is based on a financial model developed by the Financial Services Agent and approved by the Financial Services Agent’s auditors, which is used to determine the expected losses. The commitment is recalculated at least as frequently as the earlier of either the addition or extension of any asset or on a quarterly basis. Accordingly, the EL Commitment may fluctuate over time based on the composition and performance of Storm King Funding’s assets. While it is the Financial Services Agent’s intention to maintain a level of EL Commitment that would result in the EL Provider having a majority of AcG 15 expected losses, there is no assurance that this level of EL Commitment will be maintained from time to time. The EL Provider has deposited an amount equal to the EL Commitment in a segregated account which has been invested in highly-rated, short term investments. Funds in the account will be available to Storm King Funding on a second loss basis after first loss protection provided by Sellers on a pool specific basis has been exhausted and will be available for the entire life of the applicable assets. The EL Commitment does not affect the priority or status of the Notes, and noteholders should not rely on the EL Commitment for credit enhancement.

Indenture

Storm King Funding has entered into a trust indenture dated as of January 29, 1999 (the “**Trust Indenture**”) with The Canada Trust Company, as indenture trustee (the “**Indenture Trustee**”). The Trust Indenture contains provisions with respect to the issuance of notes by Storm King Funding and the granting of security by Storm King Funding for the benefit of certain of its creditors. The Trust Indenture, and any supplements to the Trust Indenture, is herein referred to as the “**Indenture**”. Pursuant to the Indenture, Storm King Funding has granted a security interest in all of its right, title and interest in and to the assets acquired pursuant to each Purchase Agreement to the Indenture Trustee, for the benefit of the following secured parties:

- The Issuer Trustee;
- The Indenture Trustee;
- The Noteholders;
- The Standby Lender;
- The Liquidity Lenders under the Liquidity Agreements related to such Purchase Agreement;
- Each Hedge Counterparty related to such Purchase Agreement;
- The Credit Support Provider; and
- Each Seller with respect to its subordinated entitlement to any residual internal or seller credit support.

Under the terms of the Indenture, the Indenture Trustee may enforce the security interest in the Assets upon a default by Storm King Funding in payment of the Notes or in certain other circumstances.

Resolutions passed by Noteholders holding more than 66 $\frac{2}{3}$ % of the principal amount of outstanding notes at a valid meeting of Noteholders will be binding upon all Noteholders.

Termination of CP Issuance and Default

The Indenture includes several events of default the occurrence of which would, following a request of persons holding 25% of the aggregate amount of Notes and outstanding loans under the Standby Credit Agreement and Liquidity Agreements, result in a termination of Storm King Funding's right to issue Notes. Such events include:

- An insolvency event of Storm King Funding;
- Non-payment of principal or interest in respect of a Note; or
- Non-payment of principal or interest in respect of the Standby Credit Agreement or a Liquidity Agreement.

Payment Priorities

Upon the enforcement of the Indenture lien, any proceeds of realization in respect of the Assets acquired under any Purchase Agreement will, subject to any supplemental indenture changing such priorities referred to below, be applied in the following order of priority:

1. first, in payment or reimbursement of a proportion of the fees, costs and expenses of the Issuer Trustee, the Indenture Trustee and any receiver appointed in respect of such assets;
2. second, to pay to:
 - (a) the Noteholders and the Standby Lender, principal up to the amount of the proceeds of the Notes and Standby Loans invested under such Purchase Agreement, and
 - (b) the related Liquidity Lenders, principal amounts payable in connection with the related Liquidity Agreement,

to be applied pro rata if there are insufficient funds to pay all of such obligations;

3. third, to pay to:
 - (a) the Noteholders and the Standby Lender, non-principal amounts owing on the Notes and Standby Loans, and
 - (b) the related Liquidity Lenders, non-principal amounts payable in connection with the related Liquidity Agreement,

to be applied pro rata if there are insufficient funds to pay all of such obligations;

4. fourth, to pay any obligations owing to any Hedge Counterparty relating to such Purchase Agreement;
5. fifth, to pay any obligations owing to any Credit Enhancers in respect of such Purchase Agreement;
6. sixth, to pay the net amounts, if any, required to be paid to the Seller pursuant to such Purchase Agreement.
7. seventh, to pay any obligations under other Purchase Agreements.

As stated in clause 2 above, proceeds of realization from the Assets acquired under any Purchase Agreement would be applied to the payment of all outstanding Notes and all advances under the Standby Credit and Liquidity Agreements related to such Purchase Agreement on a pro rata basis. The Noteholders may experience delays in payment, and might not be repaid in full, if the Assets acquired under any Purchase Agreement in combination with amounts available under the related Liquidity Agreement and related Credit Enhancement Agreements are insufficient for such payment.

The above order of priority may be changed with respect to the proceeds related to a Purchase Agreement by the Indenture Trustee and Issuer Trustee entering into a supplemental indenture prior to the acquisition of assets under such Purchase Agreement provided that DBRS and any other applicable Rating Agencies confirm their rating of the Notes prior to the initial funding under such Purchase Agreement.

VI. ADDITIONAL CONDUIT INFORMATION

Current Rating Agency reports and monthly Investor Reports can be found on the RBC conduits' website (www.rbcconduits.com). The Investor Reports are produced by RBC and provide current and historic information on Storm King Funding, including the following:

- Asset composition by asset type, industry, and credit rating of Seller;
- Characteristics of asset pools, including performance measures, credit enhancement, number of obligors, average remaining term, and performance under asset triggers;
- The current amount of the liquidity facilities, including the amount of support from each liquidity provider;
- The amount of program-wide credit enhancement, and;
- Contact names and phone numbers for personnel within RBC that can answer questions on the reports.

Securities Eligible as Collateral under the Bank of Canada's Standing Liquidity Facility - Program Eligibility Criteria for the Use of ABCP as Collateral

At a minimum, the relevant investment information to be disclosed in this document must include:

- the identity of the sponsor, the financial services agent, administrative agent, or similar service provider, as well as the liquidity provider(s);
- the range of assets that may be held by the program, including maximum or minimum proportion, if applicable;
- the manner in which the ABCP program gains exposure to each of the underlying assets – for example, via a note, loan, or direct purchase;
- for any second-level assets held by the ABCP program:
 - (i) a brief description of such assets and the securitization programs issuing them, and
 - (ii) any other relevant information, such as the identity of the sponsor, the financial services agent, administrative agent, or similar service provider, and the liquidity provider (if applicable), subject to confidentiality agreements;
- a statement that the assets supporting the ABCP do not and will not include, directly or indirectly (including through second-level assets): CDOs or other highly structured products; synthetic assets or similar assets that directly or indirectly involve the transfer of credit risk by means of credit derivatives;
- characteristics of the asset pools, including, at a minimum: composition, foreign-currency exposures, performance measures, credit ratings (if applicable) and credit enhancements, number of sellers and obligors, average remaining term, and hedging methods; (Other information, such as current payment speeds and geographic locations, should be disclosed if relevant to the investor.)
- where the investor can obtain updates of relevant investment information;
- the nature of the liquidity facilities, including the amount of support from each liquidity provider;
- the nature and amount of program-wide credit enhancements;
- asset-performance triggers and their consequences for investors;
- the flow of funds for the ABCP program, including payment allocations, rights, and distribution priorities; and for second-level assets, the ranking of the ABCP program in priority of payments;
- schematic diagrams or flow charts that set out the basic structure of the ABCP program and its cash flows in simplified form.

ABCP Trust

ABCP Outstanding as of:	January 31, 2009	Portfolio Data as of:	December 31, 2008
Sponsor:	TD Bank	Structure Type:	Multi-Asset, Multi-Seller
Financial Services Agent:	TD Securities Inc.	Current Rating:	Senior: R-1 (high) / P-1 DBRS/Moody's
Liquidity Provider:	TD Bank (100%, Global Style Liquidity) (AA / AA- / Aaa DBRS / S&P / Moodys)	Senior Notes (MM):	\$3,912

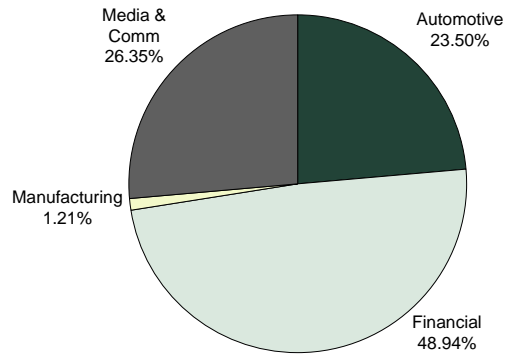
Seller Information			Transaction Information								
Pool No.	Industry	Seller / Performance Guarantor Rating	Outstanding (\$MM)		Asset Class	Credit Enhancement		Performance Ratios			
			Current CP O/S	Eligible Balance / NBV		Form of Enhancement	Enhance ment % *	Delinquency Ratio	Default Ratio	Loss Ratio	Other
1	Automotive	Not Rated	187	187	Auto Leases	- L/C - Excess Spread	10.0%	2.08% ⁵	0.50% ⁵		
2	Media & Comm	Invest. Grade	1,111	1,292	Trade Receivables	- O/C - Indemnity	18.1%	7.22%	1.72% ³		
3	Manufacturing	Not Rated	50	69	Trade Receivables	- Sub Notes - O/C - Dilution L/C - Cash Reserve	37.5%	5.74% ³	1.61% ⁶		
4	Automotive	Non. Invest. Grade	604	720	Auto Leases	- Sub Notes - O/C - Excess Spread - Cash Reserve	35.9%	0.23%		0.40%	8.08% ²
5	Automotive	Non. Invest. Grade	98	336	Auto Loans	- Sub Notes - O/C - Excess Spread	13.0%	0.09%		0.23%	
6	Financial	Non. Invest. Grade	72	72	Non-Conv. Mortgages	- Sub Notes	24.1%	1.02% ¹	2.78% ¹	0.05% ¹	
7	Financial	Not Rated	592	592	Ins./Conv. Mortgages	- Cash Reserve - Sub Notes - Excess Spread	0.9%		0.44% ¹	0.00%	
8	Financial	Invest. Grade	1,198	1,198	Ins./Conv. Mortgages	- Cash Reserve - Sub Notes - Excess Spread	2.3%	0.20%	0.09%		

*Enhancement to R-1 (high) or equivalent, calculated as a percentage of program amount, excludes excess spread

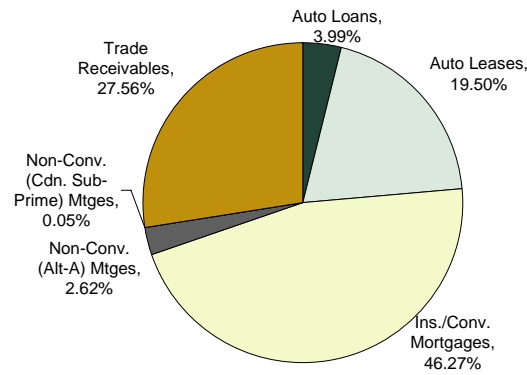
Please see Glossary of Conduit Performance Ratios for information on calculation methodologies

ABCP Trust

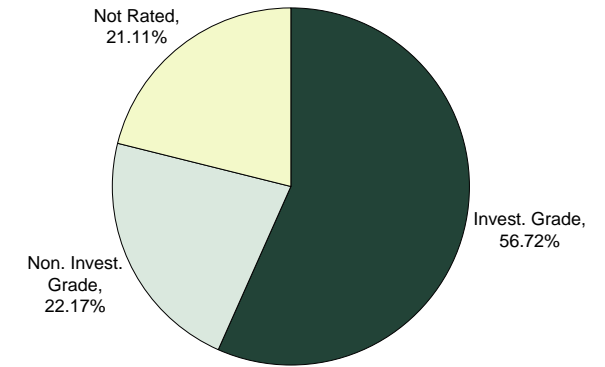
Industry Concentration



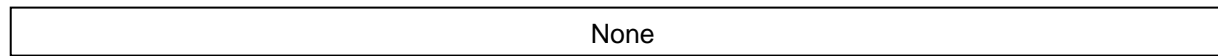
Asset Concentration



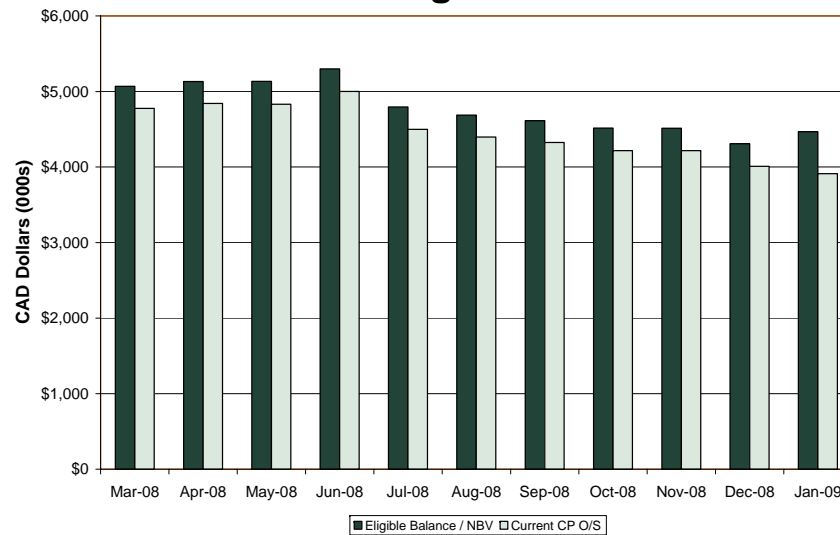
Seller / Guarantor Ratings



Additions / Removals



Historical Program Balances



Glossary of Conduit Performance Ratios

Delinquency Ratio:

unmarked	3 month average ratio of total delinquent assets to total assets
1	1 month ratio of total delinquent assets to total assets
2	4 month average ratio of total delinquent assets to total assets
3	3 month average ratio of total delinquent assets to total lagged sales
4	3 month average ratio of total delinquent assets to total current sales
5	3 month average ratio of total delinquent billings to total current month billings
6	6 month average ratio of total delinquent assets to total assets

Default Ratio

unmarked	3 month average ratio of total defaulted assets (aged past a certain amount of days) to total assets
1	1 month ratio of total defaulted assets (aged past a certain amount of days) to total assets
2	4 month average ratio of total defaulted assets (aged past a certain amount of days) to total assets
3	3 month average ratio of total defaulted assets (aged past a certain amount of days) to total lagged sales
4	3 month average ratio of total defaulted assets (aged past a certain amount of days) to total current sales
5	3 month average ratio of newly defaulted billings (aged past a certain amount of days) to current month billings
6	3 month average ratio of newly defaulted assets (aged past a certain amount of days) to lagged sales

Loss Ratio

unmarked	3 month average ratio of write-offs/losses less any recoveries to total assets
1	1 month ratio of write-offs/losses less any recoveries to total assets
2	4 month average ratio of write-offs/losses less any recoveries to total assets
3	6 month average ratio of write-offs/losses less any recoveries to lagged collections
4	3 month average ratio of new write-offs/less any recoveries to total assets
5	6 month average ratio of annualized write-offs/losses less any recoveries to total assets

Other Ratio

1	3 month rolling average excess spread
2	3 month average ratio of residual loss/(gain) to book value of disposed vehicles
3	Cumulative loss ratio calculated from cumulative losses to original total assets
4	Principal payment rate as a ratio of current principal collections to prior total principal