

RBC Dexia Survey: Securities Lending Still Thriving, But With A Renewed Focus On Risk

London, September 21, 2009 – A global survey published today by RBC Dexia shows that securities lending participants are staying in the market or adjusting their risk parameters rather than suspending their programmes, following the market volatility of the past 12 months. Despite purported large-scale programme suspensions, only 17% of all survey respondents suspended participation while the majority, 60%, made no changes at all to their programmes.

RBC Dexia surveyed beneficial owners and market intermediaries around the world to better understand how the global financial crisis was impacting securities lending and received feedback from 86 respondents worldwide, including investment managers and financial institutions.

The results depict an environment focused on risk mitigation and capital preservation, which 80% of respondents rated as highly important, signalling a shift towards greater oversight and increased involvement in programmes by securities lending participants.

Susan Pike, Global Head of Market Products at RBC Dexia, commented: “Despite some concerns over the short-term outlook for securities lending in the midst of market turmoil, our survey indicates that lenders have continued to customise programmes to match their risk/reward tolerance rather than withdrawing from the market. It is critical that beneficial owners and asset managers know what they want and expect from their programmes - the key to success is to actively manage, monitor and review policies and procedures on an ongoing basis.”

Respondents that did make parameter changes tended to make multiple alterations that reflected their focus on managing risk. The most common adjustment was in relation to borrowing counterparties, cited by 38%, closely followed by 35% that made adjustments to the type of collateral accepted.

The survey showed that shifts in programme parameters were precipitated by multiple drivers: 65% reported less confidence in counterparty stability; 59% cited lower risk tolerance; 44% sought greater levels of indemnification and provider strength/stability; 32% were influenced by short selling restrictions; 9% wanted to avoid cash reinvestment losses.

RBC Dexia’s survey also sought to explore the perceived link between short selling and the movement of share prices -- 92% of respondents said it had some influence. Nevertheless, it was not regarded as a deterrent to securities lending.

For a copy of the full survey results, please visit www.rbcdexia.com/SL

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RBC Dexia Investor Services offers a complete range of investor services to institutions worldwide. Our unique offshore and onshore solutions, combined with the expertise of our 5,500 professionals in 16

markets, help clients grow their business and sustain enhanced performance through efficiency improvements and robust risk management practices. Equally owned by RBC and Dexia, the company ranks among the world's top 10 global custodians with USD 2.0 trillion in client assets under administration.

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