

ROYAL BANK OF CANADA  
Form FWP  
December 15, 2017

---

December 2017

MSELN-312-C

Registration Statement No. 333-208507

Dated December 14, 2017

Filed Pursuant to Rule 433

STRUCTURED INVESTMENTS

Opportunities in U.S. Equities

Contingent Income Auto-Callable Securities due June 27, 2018

With the Coupon and Payment at Maturity Subject to the Performance of the Common Stock of United States Steel Corporation

Principal at Risk Securities

Contingent Income Auto-Callable Securities do not guarantee the payment of interest or the repayment of principal. Instead, the securities offer the opportunity for investors to earn a contingent monthly coupon equal to 1.16667% of the stated principal amount (14.00% per annum), but only with respect to each determination date on which the determination closing price of the underlying stock, or the final share price, as applicable, is greater than or equal to 70% of the initial share price, which we refer to as the downside threshold level. In addition, if the determination closing price of the underlying stock is greater than or equal to the redemption threshold level (which will be equal to 100% of the initial share price) on any determination date, the securities will be automatically redeemed for an amount per security equal to the stated principal amount and the contingent monthly coupon. At maturity, if the securities have not previously been redeemed and the final share price is greater than or equal to the downside threshold level, the payment at maturity will be the stated principal amount and the contingent monthly coupon with respect to the final determination date. However, if the final share price of the underlying stock is below the downside threshold level on the final determination date, investors will be fully exposed to the decrease in the underlying stock on a 1 to 1 basis and will receive a payment at maturity that is less than 70% of the stated principal amount and could be zero. Moreover, if on any determination date the determination closing price of the underlying stock, or the final share price, as applicable, is less than the downside threshold level, you will not receive any contingent monthly coupon for that monthly period. Accordingly, investors in the securities must be willing to accept the risk of losing their entire principal and also the risk of not receiving any contingent monthly coupon. The securities are for investors who are willing to risk their principal and seek an opportunity to earn interest at a potentially above-market rate in exchange for the risk of receiving few or no contingent monthly coupons over the term of the securities. Investors will not participate in any appreciation of the underlying stock. The securities are senior unsecured obligations of Royal Bank of Canada, issued as part of Royal Bank of Canada's Series G Senior Global Medium-Term Notes program. All payments on the securities are subject to the credit risk of Royal Bank of Canada.

SUMMARY

TERMS

Issuer:	Royal Bank of Canada
Underlying stock:	Common stock of United States Steel Corporation (Bloomberg symbol: "X")
Aggregate principal amount:	\$
Stated principal amount:	\$10 per security
Issue price:	\$10 per security
Pricing date:	December 22, 2017
Original issue date:	December 28, 2017 (3 business days after the pricing date)
Maturity date:	

Edgar Filing: ROYAL BANK OF CANADA - Form FWP

June 27, 2018, subject to adjustment as described in “Additional Information About the Securities” below.

Early redemption:	If, on any of the first five determination dates, the determination closing price of the underlying stock is greater than or equal to the redemption threshold level, the securities will be automatically redeemed for an early redemption payment on the third business day following the related determination date. No further payments will be made on the securities once they have been redeemed.		
Redemption threshold level:	100% of the initial share price		
Early redemption payment:	The early redemption payment will be an amount equal to (i) the stated principal amount plus (ii) the contingent monthly coupon with respect to the related determination date.		
Determination closing price:	The closing price of the underlying stock on any determination date other than the final determination date times the adjustment factor on that determination date		
Contingent monthly coupon:	<ul style="list-style-type: none"> <li>• If, on any determination date, the determination closing price or the final share price, as applicable, is greater than or equal to the downside threshold level, we will pay a contingent monthly coupon of \$0.11667 (1.16667% of the stated principal amount, or 14.00% per annum) per security on the related contingent payment date.</li> <li>• If, on any determination date, the determination closing price or the final share price, as applicable, is less than the downside threshold level, no contingent monthly coupon will be made with respect to that determination date.</li> </ul>		
Determination dates:	January 22, 2018, February 22, 2018, March 22, 2018, April 23, 2018, May 22, 2018 and June 22, 2018, subject to postponement for non-trading days and certain market disruption events as described in “Additional Information About the Securities” below. We also refer to June 22, 2018 as the final determination date.		
Contingent payment dates:	With respect to each determination date other than the final determination date, the third business day after the related determination date. The payment of the contingent monthly coupon, if any, with respect to the final determination date will be made on the maturity date.		
Payment at maturity:	equal to the downside threshold level:	monthly coupon with respect to the final determination date	
	downside threshold level:	(i) the stated principal amount multiplied by (ii) the share performance factor	
Share performance factor:	Final share price divided by the initial share price		
Adjustment factor:	1.0, subject to adjustment in the event of certain corporate events affecting the underlying stock		
Downside threshold level:	\$ , which is equal to 70.00% of the initial share price		
Initial share price:	\$ , which is the closing price of the underlying stock on the pricing date		
Final share price:	The closing price of the underlying stock on the final determination date times the adjustment factor on that date		
CUSIP/ISIN:	78013F883 / US78013F8831		
Listing:	The securities will not be listed on any securities exchange.		
Agent:	RBC Capital Markets, LLC (“RBCCM”). See “Supplemental information regarding plan of distribution; conflicts of interest.”		
Commissions and issue price:	Price to public Agent’s commissions	Proceeds to issuer	
Per security	\$10.000	\$0.075 <sup>(1)</sup>	
		\$0.050 <sup>(2)</sup>	\$9.875
Total	\$	\$	\$

(1) RBCCM, acting as agent for Royal Bank of Canada, will receive a fee of \$0.125 per \$10 stated principal amount and will pay to Morgan Stanley Wealth Management (“MSWM”) a fixed sales commission of \$0.075 for each security that MSWM sells. See “Supplemental information regarding plan of distribution; conflicts of interest.”

(2) Of the amount per \$10 stated principal amount received by RBCCM, acting as agent for Royal Bank of Canada, RBCCM will pay MSWM a structuring fee of \$0.05 for each security.

The pricing date, original issue date and other dates set forth above are subject to change, and will be set forth in the pricing supplement relating to the securities. The initial estimated value of the securities as of the date of this document is \$9.7962 per \$10 in principal amount, which is less than the price to public. The pricing supplement relating to the securities will set forth our estimate of the initial value of the securities as of the pricing date, which will not be more than \$0.30 less than this amount. The actual value of the securities at any time will reflect many factors, cannot be predicted with accuracy, and may be less than this amount.

The securities involve risks not associated with an investment in ordinary debt securities. See “Risk Factors” beginning on page 6.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this document or the accompanying prospectus supplement and prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The securities will not constitute deposits insured by the Canada Deposit Insurance Corporation, the U.S. Federal Deposit Insurance Corporation (the “FDIC”) or any other Canadian or U.S. government agency or instrumentality.

You should read this document together with the related prospectus supplement and prospectus, each of which can be accessed via the hyperlinks below. Please also see “Additional Information About the Securities” at the end of this document.

[Prospectus Supplement dated January 8, 2016](#)

[Prospectus dated January 8, 2016](#)

---

Contingent Income Auto-Callable Securities due June 27, 2018

With the Coupon and Payment at Maturity Subject to the Performance of the Common Stock of United States Steel Corporation

Principal at Risk Securities

Investment Summary

The Contingent Income Auto-Callable Securities due June 27, 2018 with the Coupon and Payment at Maturity Subject to the Performance of the Common Stock of United States Steel Corporation, which we refer to as the “securities,” provide an opportunity for investors to earn a contingent monthly coupon, which is an amount equal to \$0.11667 (1.16667% of the stated principal amount, or 14.00% per annum) per security, with respect to each monthly determination date on which the determination closing price or the final share price, as applicable, is greater than or equal to 70.00% of the initial share price, which we refer to as the downside threshold level. The contingent monthly coupon, if any, will be payable monthly on the contingent payment date, which is the third business day after the related determination date. It is possible that the closing price of the underlying stock could remain below the downside threshold level for extended periods of time or even throughout the term of the securities so that you may receive few or no contingent monthly coupons.

If the determination closing price is greater than or equal to the redemption threshold level on any of the first five determination dates, the securities will be automatically redeemed for an early redemption payment equal to the stated principal amount plus the contingent monthly coupon with respect to the related determination date. If the securities have not previously been redeemed and the final share price is greater than or equal to the downside threshold level, the payment at maturity will also be the sum of the stated principal amount and the contingent monthly coupon with respect to the related determination date. However, if the securities have not previously been redeemed and the final share price is less than the downside threshold level, investors will be exposed to the decline in the closing price of the underlying stock, as compared to the initial share price, on a 1 to 1 basis and will receive a payment at maturity that is less than 70% of the stated principal amount of the securities and could be zero. Investors in the securities must be willing to accept the risk of losing their entire principal and also the risk of not receiving any contingent monthly coupon. In addition, investors will not participate in any appreciation of the underlying stock.

Key Investment Rationale

The securities offer investors an opportunity to earn a contingent monthly coupon equal to 1.16667% of the stated principal amount (14.00% per annum) with respect to each determination date on which the determination closing price or the final share price, as applicable, is greater than or equal to 70% of the initial share price, which we refer to as the downside threshold level. The securities may be redeemed prior to maturity for the stated principal amount per security plus the applicable contingent monthly coupon, and the payment at maturity will vary depending on the final share price, as follows:

- |            |  |
|------------|--|
| Scenario 1 | <p>On any of the first five determination dates, the determination closing price is greater than or equal to the redemption threshold level.</p> <p>§ The securities will be automatically redeemed for (i) the stated principal amount plus (ii) the contingent monthly coupon with respect to the related determination date.</p> <p>§ Investors will not participate in any appreciation of the underlying stock from the initial share price.</p> <p>The securities are not automatically redeemed prior to maturity and the final share price is greater than or equal to the downside threshold level.</p> |
| Scenario 2 | <p>§ The payment due at maturity will be (i) the stated principal amount plus (ii) the contingent monthly coupon with respect to the final determination date.</p> <p>§ Investors will not participate in any appreciation of the underlying stock from the initial share price.</p> <p>The securities are not automatically redeemed prior to maturity and the final share price is less than the downside threshold level.</p>   |
| Scenario 3 | <p>§ The payment due at maturity will be (i) the stated principal amount multiplied by (ii) the share performance factor.</p> <p>§ Investors will lose a significant portion, and may lose all, of their principal amount in this scenario.</p>  |



Contingent Income Auto-Callable Securities due June 27, 2018

With the Coupon and Payment at Maturity Subject to the Performance of the Common Stock of United States Steel Corporation

Principal at Risk Securities

How the Securities Work

The following diagrams illustrate the potential outcomes for the securities depending on (1) the determination closing price and (2) the final share price.

Diagram #1: First Five Determination Dates

Diagram #2: Payment at Maturity if No Automatic Early Redemption Occurs

December 2017 Page 3

---

Edgar Filing: ROYAL BANK OF CANADA - Form FWP

Contingent Income Auto-Callable Securities due June 27, 2018

With the Coupon and Payment at Maturity Subject to the Performance of the Common Stock of United States Steel Corporation

Principal at Risk Securities

Hypothetical Examples

The examples below are based on the following terms:

Hypothetical Initial Share Price:	\$100.00
Hypothetical Downside Threshold Level:	\$70.00, which is 70% of the hypothetical initial share price
Hypothetical Adjustment Factor:	1.0
Contingent Monthly Coupon:	\$0.11667 (1.16667% of the stated principal amount, or 14.00% per annum)
Stated Principal Amount:	\$10 per security
Redemption Threshold Level:	\$100.00, which is equal to 100% of the hypothetical initial share price

In Examples 1 and 2, the closing price of the underlying stock fluctuates over the term of the securities and the determination closing price of the underlying stock is greater than or equal to the redemption threshold level on one of the first five determination dates. Because the determination closing price is greater than or equal to the redemption threshold level on one of the first five determination dates, the securities are automatically redeemed following the relevant determination date. In Examples 3 and 4, the determination closing price on the first five determination dates is less than the redemption threshold level, and, consequently, the securities are not automatically redeemed prior to, and remain outstanding until, maturity.

Determination Dates	Example 1			Example 2		
	Hypothetical Determination Closing Price (or Final Share Price)	Contingent Monthly Coupon	Early Redemption Payment*	Hypothetical Determination Closing Price (or Final Share Price)	Contingent Monthly Coupon	Early Redemption Payment
#1	\$105.00	-*	\$10.11667	\$90.00	\$0.11667	N/A
#2	N/A	N/A	N/A	\$91.00	\$0.11667	N/A
#3	N/A	N/A	N/A	\$92.00	\$0.11667	N/A
#4	N/A	N/A	N/A	\$93.00	\$0.11667	