

TRAVIS J. ILES
SECURITIES COMMISSIONER



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DEPUTY SECURITIES COMMISSIONER

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MEMBER

IN THE MATTER OF THE DEALER
REGISTRATION OF
RBC CAPITAL MARKETS, LLC

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Order No. LID-25-CAF-03

I. DISCIPLINARY ORDER

This Consent Order (the "Order") is entered into by the Texas State Securities Board ("TSSB") with RBC Capital Markets, LLC ("Respondent") with respect to a coordinated investigation led by seven jurisdictions, including Alabama, Iowa, Massachusetts, Missouri, Montana, Texas, and Washington (the "Multi-state Group") into whether Respondent engaged in acts or practices that violated the Texas Securities Act, Tex. Gov't Code §§ 4001.001-4008.105 (the "Texas Securities Act"), and the rules and regulations promulgated thereunder, Texas State Securities Board Rules, 7 Tex. Admin. Code §§ 101.1-139.27 (the "Board Rules").

As the result of the investigation, the Multi-state Group concluded that Respondent charged unreasonable commissions in excess of 5% of the principal amount on certain small principal equity transactions. Nationwide, Respondent charged commissions in excess of 5% of the principal amount on approximately 89,900 equity transactions over a five-year period totaling approximately \$3,400,000.00.

This Order concludes the TSSB's investigation and any civil or administrative action that could be commenced pursuant to the Act for the specific violations resolved herein, solely as it relates to Respondent. This includes any investigations and any civil or administrative actions that could be commenced relating to the charging of minimum commissions in connection with trades in any security or product type, not limited to equity securities. Nothing in this agreement shall be construed to create, waive, release, or limit any private right of action, including any claims retail customers have or may have on an individual or class basis under state or federal laws against any person or entity.

Respondent neither admits nor denies the facts set forth in Section V and the violations of law set forth in Section VI below, and consents to the entry of this Order by the TSSB, thereby settling the above-captioned matter with prejudice.

II. Jurisdiction

1. The TSSB has jurisdiction over matters relating to securities pursuant to the Texas Securities Act and the Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001-2001.903.
2. This Order is entered in accordance with § 4007.105(a)(13)(B) and § 4007.106(a)(3) of the Texas Securities Act and § 115.10 of the Board Rules. Respondent elects to permanently waive any rights to a hearing and any other procedural rights granted by the Texas Securities Act or the Administrative Procedure Act.
3. The acts and practices that are the subject of TSSB's investigation occurred while Respondent was registered with the Securities Commissioner of Texas ("Securities Commissioner") as a dealer in Texas.

III. RELEVANT TIME PERIOD

4. Except as otherwise expressly stated, the conduct described herein occurred during the time period of May 16, 2020 to May 16, 2025 (the "Relevant Time Period").

IV. RESPONDENT

5. Respondent is a dealer registered in Texas with a main address of 3 World Financial Center, 200 Vesey Street, New York, New York 10281. Respondent is identified by Financial Industry Regulatory Authority ("FINRA") CRD No. 31194.

V. STATEMENT OF FACTS

Respondent's Minimum Commission Practices for Equity Transactions Failed to Ensure Transactions Were Executed at a Fair and Reasonable Price

6. During the Relevant Time Period, Respondent charged unreasonable commissions in excess of five percent (5%) of the principal amount to retail brokerage customers on certain equity transactions.
7. Respondent charged a minimum fixed commission on exchange traded equity transactions.
8. For all equity transactions executed during the Relevant Time Period, Respondent generally charged retail brokerage customers between 0.5% to 4.0% of the principal amount of the trade.
9. Respondent generally charged a minimum commission of ninety-five dollars (\$95.00) for equity buy and sell transactions (the "Minimum Equity Commission").
10. Certain small equity sell transactions resulted in a minimum commission below ninety-five dollars (\$95.00).

11. Respondent's policies and procedures note that its commission schedule was designed to have the majority of equity transactions result in a commission of less than five percent (5%) of the principal amount of the transaction.
12. However, Respondent's policies and procedures exempted transactions where the commission exceeded five percent (5%) of the principal amount if the commission charged was less than the Minimum Equity Commission.
13. The Board Rules prohibits Respondent from charging unreasonable commissions for services performed.
14. FINRA Rule 2121 Supplementary Material .01 (Rule 2121.01) provides a guideline of five percent for determining whether a commission is unfair or unreasonable. However, the "5% Policy" is a guide, not a rule. A commission pattern of five percent or even less may be considered unfair or unreasonable.
15. In Texas, Respondent executed 5,264 equity transactions which included an unreasonable commission for services performed (i.e. in excess of 5% of the principal trade amount) totaling \$195,264.85.
16. Numerous equity transactions executed by Respondent included a commission well in excess of 5% of the principal value of the transaction.

Respondent Did Not Reasonably Supervise Transactions Which Applied the Minimum Equity Commission

17. Respondent did not reasonably supervise certain transactions, which included a Minimum Equity Commission charge, to ensure that Respondent charged its customers a reasonable commission.
18. Respondent's trade review system was not set to flag transactions where the commission exceeded 5% of the principal amount if the commission charged was less than the Minimum Equity Commission.
19. Respondent did not have sufficient surveillance systems in place to supervise small principal equity transactions where the Minimum Equity Commission was in excess of 5%.
20. Respondent's surveillance system excluded transactions which applied the Minimum Equity Commission from its reviews.
21. As a result, Respondent failed to adequately supervise small principal equity transactions where the Minimum Equity Commission was in excess of 5%.

Respondent Self-Reported to FINRA and Remediated Its Systems

22. On March 23, 2023, Respondent filed a Form 4530 disclosure with FINRA voluntarily reporting that it had identified certain equity transactions where the Minimum Equity Commission had been charged resulting in commissions that exceeded 5% of the principal amount.
23. Respondent updated its commission schedule and adjusted the parameters of its trade review system to flag any commissions that exceed 5% of the principal amount. Respondent has also updated its policies and procedures accordingly.

VI. VIOLATIONS OF LAW

24. Sections 115.10(a) of the Board Rules requires dealers to establish, maintain, and enforce a system to supervise the activities of its agents that is reasonably designed to achieve compliance with the Texas Securities Act, the Board Rules, and all applicable securities laws and regulations.
25. Respondent's acts and practices, as described above, constitute a violation of § 115.10 of the Board Rules.
26. Pursuant to § 4007.105(a)(13)(B) of the Texas Securities Act, Respondent's violations of § 115.10 of the Board Rules constitute a basis for the issuance of an Order reprimanding Respondent.
27. Pursuant to § 4007.106(a)(3) of the Texas Securities Act, Respondent's violations of § 115.10 of the Board Rules also constitute a basis for the assessment of an administrative fine.

VII. REPRESENTATIONS AND UNDERTAKINGS

Respondent in full settlement of these matters neither admits nor denies the Statement of Facts as set forth in Section V, and neither admits nor denies the Violations of Law set out in Section VI, makes the following representations, and agrees to the undertakings herein as part of the Offer:

IT IS HEREBY ORDERED:

- A. Respondent agrees to permanently cease and desist from conduct described herein in violation of the Texas Securities Act and Board Rules in Texas;
- B. Respondent is reprimanded by the TSSB;
- C. Respondent agrees to provide restitution in an amount of no less than \$195,264.85 providing the amount of the commission on certain small principal equity transactions that exceeded five percent (5%) of the principal trade amount during the Relevant Time Period to the affected Texas customers, plus interest in the amount of 6% compounded annually from the date of the transaction to the end of the Relevant Time Period. Respondent agrees to provide restitution within one hundred and twenty (120) days of execution of the Order:

- i. Respondent agrees that restitution shall be in the form of a dollar credit to current customer accounts, or a bank check for all former customers or current customers who are entitled to restitution as a result of transactions involving an individual retirement account;
 - ii. Respondent agrees to provide a notice of restitution to customers on terms not unacceptable to the Multi-State Group ("Notice"). The Notice shall be sent prior to or with the distribution of any restitution. Within forty-five (45) days of the date of this Order, Respondent shall provide the TSSB with a list of all Texas residents for whom Respondent receives a Notice as returned to sender ("Undeliverable Texas Residents"). To the extent the TSSB has access to different address information, Respondent shall mail a second Notice to each Undeliverable Texas Resident within thirty (30) days of the TSSB providing such different address; and
 - iii. Respondent agrees to, within forty-five (45) days of the date of this Order, submit to the TSSB a report detailing the restitution paid pursuant to the Order, which shall include:
 - i. Identification of all restitution payments; and
 - ii. Dates, amounts, and methods of the transfer of funds for all restitution payments.
- D. Respondent agrees to pay an administrative fine in the amount of \$25,000.00 to Texas within fifteen (15) days following the date of entry of this Order. Payment shall be: (1) made by check; (2) made payable to the "State of Texas," and (3) mailed by FedEx or UPS to 208 East 10th Street, Room 610, Austin, Texas 78701-2407;
- E. Respondent agrees that a person not unacceptable to the Multi-State Group has certified in writing to the TSSB that Respondent has undertaken the following:
 - i. Updated its commission schedule to reflect that commissions on equity transactions do not exceed 5% of the principal trade amount;
 - ii. Adjusted the parameters of its trading system and corresponding controls to flag any commissions that exceed 5% of the principal amount; and
 - iii. Amended its policies and procedures to reflect and incorporate these changes.
- F. Respondent agrees not to seek or accept, directly or indirectly, reimbursement or indemnification, including, but not limited to, any payments made pursuant to any insurance policy, with regard to any amount that Respondent shall pay pursuant to this Order;
- G. If Respondent is the subject of a voluntary or involuntary bankruptcy petition under Title 11 of the United States Code within three hundred sixty-five (365) days of the

entry of this Order, Respondent agrees to provide written notice to the TSSB within five (5) days of the date of the petition;

- H. Respondent agrees that any fine, penalty, and/or money that Respondent shall pay in accordance with this Order is intended by Respondent and the TSSB to be a contemporaneous exchange for new value given to Respondent pursuant to 11 U.S.C. § 547(c)(1)(A) and is, in fact, a substantially contemporaneous exchange pursuant to 11 U.S.C. § 547(c)(1)(B);
- I. Respondent agrees that, upon the issuance of an Order by the TSSB that contains the terms as set forth above, if Respondent fails to comply with any of the terms set forth in the Order, the TSSB may institute an action to have this Order declared null and void. Additionally, after a fair hearing and the issuance of an order finding that Respondent has not complied with the Order, the TSSB may move to have the Order declared null and void, in whole or in part, and re-institute the associated proceeding that had been brought against Respondent; and
- J. For good cause shown, the TSSB may extend any of the procedural dates set forth above. Respondent shall make any requests for extensions of the procedural dates set forth above in writing to the TSSB.

VIII. WAIVER

Respondent has waived (a) Respondent's right to notice and hearing in this matter; (b) Respondent's right to appear and present evidence in this matter; (c) Respondent's right to appeal this Order; and (d) all other procedural rights granted to the Respondent by The Securities Act, Tex. Gov't Code §§ 4001.001-4008.105 ("Texas Securities Act"), and the Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001-2001.903.

IX. NO DISQUALIFICATION

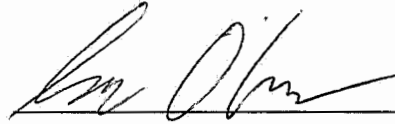
This Order waives any disqualification in the Texas Securities Act and Board Rules, including any disqualification from relying upon the registration exemptions or safe harbor provisions to which Respondent may be subject. This Order is not intended to be a final order based upon violations of the Texas Securities Act that prohibit fraudulent, manipulative, or deceptive conduct. This Order is not intended to form the basis of any disqualifications under Section 3(a)(39) of the Securities Exchange Act of 1934; or Rules 504(b)(3) and 506(d)(1) of Regulation D, Rule 262(a) of Regulation A and Rule 503(a) of Regulation CF under the Securities Act of 1933. This Order is not intended to form the basis of disqualification under the FINRA rules prohibiting continuance in membership absent the filing of a MC-400A application or disqualification under SRO rules prohibiting continuance in membership. This Order is not intended to form a basis of a disqualification under 204(a)(2) of the Uniform Securities Act of 1956 or Section 412(d) of the Uniform Securities Act of 2002. Except in an action by the TSSB to enforce the obligations of this Order, any acts performed or documents executed in furtherance of this Order: (a) may not be deemed or used as an admission of, or evidence of, the validity of any alleged wrongdoing, liability, or lack of any wrongdoing or liability; or (b) may not be deemed or used as an admission of; or evidence of, any such alleged fault or omission of Respondent in any civil, criminal, arbitration, or administrative proceeding in any court, administrative agency, or tribunal.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 19th day
of December, 2025.



TRAVIS J. ILES
Securities Commissioner

Respondent:

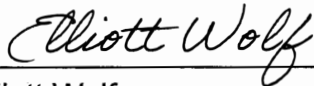


Sean O'Connor
Chief Compliance Officer – USWM
Respondent RBC Capital Markets, LLC

Approved as to Form:



Cristi Ochoa,
Deputy Securities Commissioner



Elliott Wolf,
Attorney
Legal and Investigations Division