State of Alabama
Alabama Securities Commission

In the matter of	)	
	)	
RBC Capital Markets, LLC,	)	
	)	**ADMINISTRATIVE CONSENT ORDER**
Respondent.	)	
	)	**No:** CO-2013-0016
	)	
	)	

WHEREAS, RBC Capital Markets, LLC ("RBC") is a broker-dealer registered in the state of Alabama, with a Central Registration Depository ("CRD") number of 31194; and

State securities regulators have conducted coordinated investigations into the registration of RBC Client Associates ("CAs") and RBC's supervisory system with respect to the registration of CAs; and

RBC has cooperated with regulators conducting the investigations by responding to inquiries, providing documentary evidence and other materials, and providing regulators with access to facts relating to the investigations; and

RBC has advised regulators of its agreement to resolve the investigations pursuant to the terms specified in this Consent Order (the "Order"); and

RBC agrees to make certain changes in its supervisory system with respect to the registration of CAs, and to make certain payments in accordance with the terms of this Order; and

RBC elects to waive permanently any right to a hearing and appeal under *Code of Alabama*, §§ 8-6-32, 8-6-25, and applicable Rules of the Commission with respect to this Order; and

Solely for the purpose of terminating the multi-state investigations, and in settlement of the issues contained in this Order, RBC, without admitting or denying the findings of fact or conclusions of law contained in this Order, consents to the entry of this Order.

NOW, THEREFORE, the Director, as administrator of the Alabama Securities Act, hereby enters this Order:

I.

FINDINGS OF FACTS

1. RBC admits the jurisdiction of the Alabama Securities Commission ("ASC") in this matter.

Background on Client Associates

2. The CAs function as sales assistants and typically provide administrative and sales support to one or more of RBC's registered representatives ("RRs"). There are different CA positions, including Registered Client Associate and Registered Senior Client Associate.

3. The primary job duties vary depending on the specific CA position. In varying degrees, the "Major Job Accountabilities" of a CA include:

a. Handling client requests;

b. Resolving client inquiries;

c. Determining if client issues require escalation to the RR or the branch management team; and

d. Processing of operational documents such as letters of authorization and client check requests.

4. In addition to the responsibilities described above, and of particular significance to this Order, some CAs are permitted to accept unsolicited orders from clients; others are permitted, with the assistance of a RR, to prospect for new clients, open new accounts, gather assets and select investments to recommend to clients. As discussed below, RBC's written policies and procedures require that any CAs accepting client orders first obtain the necessary licenses and registrations.

5. Notably, RRs might have a "primary CA" and a "secondary CA", or a "primary CA team" and a "secondary CA team." As suggested by the designation, the customary practice is that the primary CA or team would handle the RR's administrative matters and client orders. However, if the primary CA or team was unavailable, the secondary CA or team would step in to handle the RR's administrative matters and client orders.

6. During the period from 2005 to 2009, RBC employed an average of approximately 672 CAs per year.

Registration Required

7. Pursuant to *Code of Alabama,* § 8-6-3(a), registration is required to engage in sale of securities.

8. Pursuant to the general prohibition under *Code of Alabama* § 8-6-3(a), a person cannot accept unsolicited orders in Alabama without being registered pursuant to § 8-6-3, *et seq.* and applicable Rules thereto.

9. Pursuant to Section 8-6-16, 8-6-17, 8-6-19 and Rules attendant thereto, of the Alabama Securities Act, a broker-dealer may be fined for selling securities in Alabama through agents other than Alabama-registered agents.

RBC Requires Registration of Client Associates

10. In order for a CA to accept client orders, RBC generally required each CA to pass the series 7 and 63 qualification exams and to register in the appropriate jurisdictions.

11. At all times relevant to this Order, RBC's policies and procedures specified that each CA maintain registrations in the same jurisdictions as his or her RR, or broadly required that each CA maintain registrations in all necessary jurisdictions.

Regulatory Investigations and Findings

12. During late 2009, RBC received regulatory inquiries regarding CA registrations.

13. The multi-state investigation focused on systemic issues with RBC CA registrations and related supervisory structure. Specifically:

a. After accepting an order from a client, CAs accessed the electronic order entry system to place the order;

b. The order entry system automatically recorded the identity of the person entering the order using the user's login information. If the order was received from the client by someone other than the person entering the order, the person entering the

order was required to identify the person who accepted the order from the client by typing the name or initials in a text box;

c. RBC's trading system checked the registration of the RR assigned to the account, but did not check the registration status of the person accepting the order, if different from the RR, (the "who accepted field") to ensure that the person was registered in the appropriate jurisdiction.

14. The multi-state investigation identified instances in which CAs supported RRs registered in Alabama when the CAs were not registered in Alabama as agents of RBC. This difference in registration status increased the possibility that CAs would accept orders which they did not solicit from customers without proper registration.

15. The multi-state investigation determined that it was highly likely that certain RBC CAs accepted orders which they did not solicit in Alabama at times when the CAs were not appropriately registered in Alabama.

16. As a result of the inquiries by state regulators, RBC conducted a review of its CA registration practices.

17. RBC's review found that as of November 2008, the firm had 692 registered CAs. While CAs were registered in approximately 7 states, at that time RRs were registered, on average, in 17 states. Approximately 454, almost 66%, of those registered CAs were only registered in their home state or their home state and one additional state.

18. Many RBC CAs were not registered in the same jurisdictions as their respective RRs. RBC's review identified incidences where CAs who were not properly state registered accepted orders they had not solicited.

19. Beginning in 2010, RBC took steps to enhance its policies and procedures regarding CAs' state registrations, and added a substantial number of CA state registrations.

a. In January 2010, RBC amended its registration policy to require that each CA register in the same states as the RRs whom they support. RBC alerted the field to this policy.

b. In November 2010, Supervisors in RBC's branches and complexes reviewed the current CA registrations to ensure the CAs were properly registered prior to the annual renewals.

c. RBC updated its training to include additional information on registration requirements and on the firm's policies on CA registration. RBC also, as part of the annual registration renewal process, added to the annual renewal notice information regarding the CA registration policy.

d. RBC modified its procedures regarding the manner in which it grants electronic order entry access to client accounts. The required forms were revised to identify supporting CAs and the forms are provided to the Licensing and Registration department to verify that proper registrations are in place for RRs and CAs when access is granted.

e. RBC conducted Compliance Training sessions for CAs covering information on order entry procedures and registration requirements.

f. RBC revised its registration forms to identify assigned CAs on RRs' registration forms and assigned RRs on CAs' registration forms. This allows the registration and licensing group to submit registrations for the CAs that mirror those held by the RRs whom they support.

20. RBC has also undertaken to implement enhancements to its order entry systems and to its supervision of the order entry procedures. The order entry systems will require the individual entering an order either to attest that he or she also accepted the order or to identify the person who accepted the order by entering that person's system ID. RBC policies and procedures prohibit RBC personnel from using any credentials but their own to log on to the order entry systems. RBC is developing an exception report to identify any trades entered in an account for which the person who accepted the order did not hold the necessary state registration.

21. RBC provided timely responses and substantial cooperation in connection with the regulatory investigations into this issue.

II.

CONCLUSIONS OF LAW

1. The ASC has jurisdiction over this matter pursuant to the Alabama Securities Act, *Code of Alabama*, § 8-6-1, *et seq.*

2. RBC's failure to establish an adequate system to monitor the registration status of persons accepting client orders constitutes a failure to establish a reasonably designed supervisory system and/or failure to establish, maintain and enforce reasonably designed procedures as required under Rule 830-X-3-13(3).

3. RBC's failure to ensure its CAs were registered in the appropriate jurisdictions constitutes a failure to enforce its established written procedures, and is a violation of Rule 830-X-3-13(3).

4. RBC's acceptance of orders in Alabama through CAs who were not properly registered in Alabama constitutes violations of *Code of Alabama*, § 8-6-3(a).

5. Pursuant to the Alabama Securities Act, the violations described above constitute bases for the assessment of an administrative fine against RBC.

6. The ASC finds the following relief appropriate and in the public interest.

III.

UNDERTAKINGS

RBC hereby undertakes and agrees to establish and maintain policies, procedures and systems that reasonably supervise the trade process so that a person can only accept client orders that originate from jurisdictions where the person accepting the order is appropriately registered.

IV.

ORDER

On the basis of the Findings of Facts, Conclusions of Law, and RBC's consent to the entry of

this Order,

IT IS HEREBY ORDERED:

1. This Order concludes the investigation by the ASC and any other action that the ASC could commence against RBC under applicable Alabama law as it relates to unregistered activity in Alabama by RBC's CAs and RBC's supervision of CA registrations during the period from January 1, 2005 through the date of this Order.

2. This Order is entered into solely for the purpose of resolving the referenced multi-state investigation, and is not intended to be used for any other purpose. For any person or entity not a party to the Order, this Order does not limit or create any private rights or remedies against RBC, limit or create liability of RBC, or limit or create defenses of RBC, to any claims.

3. RBC is hereby ordered to pay the sum of Thirty Seven Thousand Seven Hundred Seventy and 17/100 Dollars ($ 37,770.17) to the ASC within ten days of the date of this Order, pursuant to *Code of Alabama*, § 8-6-19(k)(2).

4. RBC is hereby ordered to comply with the Undertakings contained herein.

5. This order is not intended by the ASC to subject any Covered Person to any disqualifications under the laws of the United States, any state, the District of Columbia, Puerto Rico, or the U.S. Virgin Islands including, without limitation, any disqualification from relying upon the state or federal registration exemptions or safe harbor provisions. "Covered Person," means RBC or any of its affiliates and their current or former officers or former officers, directors, employees, or other persons that would otherwise be disqualified as a result of the Orders (as defined below).

6. This Order and the order of any other State in related proceedings against RBC (collectively, the "Orders") shall not disqualify any Covered Person from any business that they otherwise are qualified, licensed or permitted to perform under applicable securities laws of Alabama and any disqualifications from relying upon this state's registration exemptions or safe harbor provisions that arise from the Orders are hereby waived.

7. This Order shall be binding upon RBC and its successors and assigns as well as to

successors and assigns of relevant affiliates with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

Dated this 27 day of September, 2013.

BY ORDER OF THE ALABAMA SECURITIES COMMISSION,

JOSEPH P. BORG, DIRECTOR

CONSENT TO ENTRY OF ADMINISTRATIVE ORDER BY RBC

RBC hereby acknowledges that it has been served with a copy of this Consent Order ("Order"), has read the foregoing Order, is aware of its right to a hearing and appeal in this matter, and has waived the same.

RBC admits the jurisdiction of the Alabama Securities Commission ("ASC"), neither admits nor denies the Findings of Facts and Conclusions of Law contained in this Order, and consents to entry of this Order by the ASC as settlement of the issues contained in this Order.

RBC agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal or local tax for any administrative monetary penalty that RBC shall pay pursuant to this Order.

RBC states that no promise of any kind or nature whatsoever was made to it to induce it to enter into this Order and that it has entered into this Order voluntarily.

Joe Fleming represents that s/he is Sr V.P. Compliance Director of RBC and that, as such, has been authorized by RBC to enter into this Order for and on behalf of RBC.

Dated this 10 day of September, 2013.

RBC Capital Markets, LLC

By: _____

Title: Sr. V.P. Compliance Director

SUBSCRIBED AND SWORN TO before me this 10th day of September, 2013.

[Affix seal]

Helen Ann Morrell
NOTARY PUBLIC
State of Minneasota
My Commission Expires 1-31-2018

Helen Morrell

Notary Public in and for the
State of Minnesota

My Commission expires:
1-31-2018