

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF:)	
)	ADMINISTRATIVE ORDER
RBC CAPITAL MARKETS, LLC)	NO. CO-2025- <u>0033</u>
)	
<u>RESPONDENT</u>)	

CONSENT ORDER

I. PRELIMINARY STATEMENT

RBC Capital Markets, LLC (“RBC” or “Respondent”) submits this Order of Settlement (the “Order”) with respect to the above-captioned investigation by the Alabama Securities Commission (“Commission”) into whether Respondent engaged in acts or practices that violated Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act (the “Act”), and the regulations promulgated thereunder at Chapter 830-X-1, et seq. (the “Regulations”). As the result of a coordinated investigation, with the Commission serving as a lead state, the Commission 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 \$3.4 million.

This Order is submitted solely for the purpose of settlement and with the understanding that it will not be used in any proceeding unless it is accepted by the Commission as hereafter set forth. If this Order is not accepted by the Commission, the Order is withdrawn and shall not be used in or become part of any proceeding. If the Order is accepted, it will conclude the Commission’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.

Respondent neither admits nor denies the facts set forth in Section V and the violations of law set forth in Section VI below, agrees to the representations and undertakings set forth below, and consents to the entry of a Consent Order (the “Order”) by the Commission thereby settling the above-captioned matter with prejudice. This order is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policies and provisions of the Act and Regulations.

II. JURISDICTION

1. The Commission has jurisdiction over matters relating to securities pursuant to the Act.
2. This Order is made in accordance with the Act and Regulations.
3. The acts and practices that are the subject of the Commission’s investigation occurred while Respondent was registered as a broker-dealer in Alabama.

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. RBC Capital Markets, LLC is a broker-dealer registered in Alabama 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

A. 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 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 \$95 for equity buy and sell transactions (the "Minimum Equity Commission").

10. Certain small equity sell transactions resulted in a minimum commission below \$95.

11. Respondent's policies and procedures note that its commission schedule was designed so that the majority of equity transactions would result in a commission of less than 5% of the principal amount of the transaction.

12. However, Respondent's policies and procedures exempted transactions where the commission exceeded 5% of the principal amount if the commission charged was less than the Minimum Equity Commission.

13. The Act and Regulations 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 Alabama, Respondent executed 230 equity transactions which included an unreasonable commission for services performed (i.e. in excess of 5% of the principal trade amount) totaling \$9,846.28.

16. Numerous equity transactions executed by Respondent included a commission well in excess of 5% of the principal value of the transaction.

B. 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 in place surveillance sufficient to supervise small principal equity transactions where the Minimum Equity Commission was in excess of 5%.

20. Respondent’s surveillance system excluded transactions that applied the Minimum Equity Commission from reviews.

21. As a result, Respondent failed to adequately supervise small-principal equity transactions where the Minimum Equity Commission was in excess of 5%.

C. 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. Section 8-6-3(j)(2) and (10) of the Act provides that the Commission “may by order . . . censor . . . any registrant” that “[h]as willfully violated or willfully failed to comply with any provisions of” the Act and the Regulations or “[h]as failed reasonably to supervise his or her agents or employees . . . to assure their compliance with” the Act.

25. Section 8-6-19(j)(1) of the Act provides that the Commission “may by order, if it finds such order to be in the public interest, impose an administrative assessment upon any person who violates any provision of [the Act] or any rule or order issued under” the Act.

26. Respondent’s acts and practices, as described above, constitute a violation of Rule 830-X-3-.13(1), which requires that “[e]very dealer . . . shall exercise diligent supervision over all the securities activities of its associated persons.”

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 Order:

- A. Respondent agrees to permanently cease and desist from conduct described herein in violation of the Act and Regulations in Alabama;
- B. Respondent agrees to be censured by the Commission;
- C. Respondent agrees to provide restitution in an amount of no less than \$9,846.28 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 Alabama customers identified in the multistate investigation, 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 Massachusetts, Montana, Missouri, Alabama, Washington, Texas, and Iowa (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 Commission with a list of all Alabama residents for whom Respondent receives a Notice as returned to sender ("Undeliverable Alabama Residents"). To the extent the Commission has access to different address information, Respondent shall mail a second Notice to each

Alabama resident within thirty (30) days of the Commission providing such different address; and

- iii. Respondent agrees to, within forty-five (45) days of the date of this Order, submit to the Commission 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 assessment in the amount of \$25,000 to Alabama within fifteen (15) days following the date of entry of this Order. Payment shall be: (1) made by United States postal money order, certified check, bank cashier's check, bank money order, or wire; (2) made payable to the State of Alabama; (3) either hand-delivered, mailed to 445 Dexter Avenue, Suite 12000, Montgomery, Alabama 36104; or wired per the Commission's instructions; and (4) submitted under cover letter or other documentation that identifies payment by Respondent and the docket number of the proceeding;
- E. Respondent agrees that a person not unacceptable to the Multi-State Group has certified in writing to the Commission 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 claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal or local tax for any part of the administrative assessment that Respondent shall pay pursuant to this Order;
- G. 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;
- H. 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 Commission within five (5) days of the date of the petition;
- I. Respondent agrees that any fine, penalty, and/or money that Respondent shall pay in accordance with this Order is intended by Respondent and the Commission 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);
- J. Respondent agrees that, upon the issuance of an Order by the Commission that contains the terms as set forth above, if Respondent fails to comply with any of the terms set forth in the Order, the Commission 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 Commission 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

K. For good cause shown, the Commission 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 Commission.

VIII. WAIVER

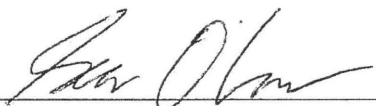
Respondent hereby waives all rights to contest an Order entered by the Commission pursuant to this Order, including, but not limited to (A) the right to contest whether the Order is fair, reasonable, and/or in the public interest, (B) the right to contest the Order's findings of fact, and (C) the right to contest the Order's conclusions of law. Respondent further waives the procedural due process right to a hearing, all procedural rights provided by Section 8-6-16(a), -25, and -32(a) of the Act, and the right to seek judicial review of the Order under Section 8-6-32(b) of the Act and under Section 41-22-1 et seq. of the Alabama Administrative Procedure Act.

IX. NO DISQUALIFICATION

A signed Order issued pursuant to this Order waives any disqualification under the laws of Alabama, or rules or regulations thereunder, 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 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 Commission 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.

RBC CAPITAL MARKETS, LLC by:

Signature: 

Print Name: Sean O'Connor


Title: Managing Director, Chief Compliance Officer- RBC Wealth Management

Dated: 12/17/2025

Entered at Montgomery, Alabama this 18th day of December, 2025.



ALABAMA SECURITIES COMMISSION
445 Dexter Avenue, Suite 12000
Montgomery, AL 36104
(334) 242-2984

BY: 
AMANDA SENN
Director