

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20080136349-01**

TO: Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: RBC Capital Markets, LLC, Respondent
Broker-Dealer
CRD No. 31194

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, RBC Capital Markets Corporation (the "firm") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

The firm has been a member of FINRA since March 19, 1993. The firm's registration remains in effect. On March 3, 2008, RBC Dain Rauscher Inc. ("DAIN") merged with its affiliate, RBC Capital Markets Corporation ("RBCD" or "RBCM"). In connection with this merger, RBC Dain Rauscher Inc., CRD No. 31194, was renamed RBC Capital Markets Corporation¹, and later amended the firm name to RBC Capital Markets, LLC.

¹ RBC Capital Markets Corporation utilized various Market Participant Identifiers ("MPIDs") during the review periods involved in this matter, including RBCD and RBCM.
20080136349 [Incorporating 20090181039] (JSM)

RELEVANT DISCIPLINARY HISTORY

The firm does not have any prior relevant disciplinary history.

SUMMARY

This matter arose out of the following reviews:

- 20080136349, wherein the Fixed Income staff reviewed the firm's pricing of municipal bond transactions reported to the Municipal Securities Rulemaking Board ("MSRB") during the period January 1, 2008 through March 31, 2008 (the "1st Quarter 2008 pricing review period").
- 20090181039, wherein the Fixed Income staff reviewed the firm's pricing of municipal bond transactions reported to the MSRB during the period October 1, 2008 through December 31, 2008 (the "4th Quarter 2008 pricing review period").

FACTS AND VIOLATIVE CONDUCT

20080136349

1. During the 1st Quarter 2008 pricing review period, in 26 transactions, the firm purchased municipal securities for its own account from a customer and/or sold municipal securities for its own account to a customer at an aggregate price (including any mark-down or mark-up) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the broker, dealer, or municipal securities dealer is entitled to a profit, and the total dollar amount of the transaction. The transactions are identified on Exhibit A which is attached. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rules G-17 and G-30(a).

20090181039

2. During the 4th Quarter 2008 pricing review period, in 14 transactions, the firm purchased municipal securities for its own account from a customer and/or sold municipal securities for its own account to a customer at an aggregate price (including any mark-down or mark-up) that was not fair

and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the broker, dealer, or municipal securities dealer is entitled to a profit, and the total dollar amount of the transaction. The transactions are identified on Exhibit B which is attached. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rules G-17 and G-30(a).

B. The firm also consents to the imposition of the following sanctions:

- A censure;
- a fine of \$95,000 (composed of a \$30,000 fine for the fair pricing violations in 20080136349; and a \$65,000 fine for the municipal fair pricing violations in 20090181039); and
- restitution by Respondent to the investors listed on Exhibits A and B which are attached, in the total amount of \$32,913.50,² plus interest at the rate set forth in Section 6621(a) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the date of the violative conduct until the date this AWC is accepted by the National Adjudicatory Council. A registered principal of the firm shall submit satisfactory proof of payment of the restitution, or of reasonable and documented efforts undertaken to effect restitution, to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850 or in an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, no later than 120 days after acceptance of this AWC. If for any reason, Respondent cannot locate any customer after reasonable and documented efforts within such period, or such additional period agreed to by the staff, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed-property or abandoned-property fund for the state in which the customer is known to have last resided.

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

² The overall restitution in this matter was \$43,157.00. The firm has already paid \$10,243.50 in restitution. Accordingly, this AWC requires the firm to pay the remaining \$32,913.50 in restitution.

The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against the firm;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

The firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

The firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and
- C. If accepted:
 - 1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. The firm may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. The firm may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

July 28, 2011
Date

Respondent
RBC Capital Markets, LLC

By: Richard T. Chase

Name: Richard T. Chase

Title: Managing Director + General Counsel

Reviewed by:

Ralph DeSena
Counsel for Respondent
Ralph DeSena
Director + Senior Counsel

Accepted by FINRA:

8/25/11
Date

Signed on behalf of the
Director of ODA, by delegated authority

Thomas R. Gira
Thomas R. Gira
Executive Vice President
Department of Market Regulation

RBC Capital Markets Corporation ("RBCD")
Matter No. 20080136349

Exhibit A

Item No.	Date	CUSIP ID	Quantity	Contra*	Trade Time	Trade Price	Firm	Restitution**
1	03/26/2008	442348ZY7	10	C (B)	13:23:30	98.853	RBCD	\$516.40
2	03/28/2008	442348ZY7	10	C (B)	13:24:45	97.603	RBCD	\$391.40
3	03/06/2008	442434FJ0	5	C (S)	9:31:53	112.75	RBCD	\$242.50
4	03/03/2008	59333PHV3	15	C (S)	16:54:53	84.4	RBCD	
5	03/07/2008	59333PJX7	10	C (B)	11:26:21	100	RBCD	
6	03/03/2008	745190ZT8	30	C (B)	10:02:38	99.791	RBCD	
7	03/03/2008	745190ZT8	25	C (B)	10:36:26	99.791	RBCD	
8	03/07/2008	860753AM4	10	C (B)	15:58:24	100	RBCD	
9	03/10/2008	860753AM4	50	C (B)	10:13:00	100	RBCD	
10	03/10/2008	860753AM4	50	C (B)	10:54:26	100	RBCD	
11	03/10/2008	860753AM4	60	C (B)	11:24:13	100	RBCD	
12	03/10/2008	860753AM4	25	C (B)	11:43:38	100	RBCD	
13	03/10/2008	860753AM4	10	C (B)	11:59:08	100	RBCD	
14	03/10/2008	860753AM4	25	C (B)	11:59:18	100	RBCD	
15	03/10/2008	860753AM4	25	C (B)	12:17:41	100	RBCD	
16	03/10/2008	860753AM4	10	C (B)	16:15:56	99.75	RBCD	
17	03/07/2008	860753AM4	10	C (B)	10:30:33	100	RBCD	
18	03/07/2008	860753AM4	25	C (B)	10:42:07	100	RBCD	
19	03/07/2008	860753AM4	15	C (B)	12:51:20	100	RBCD	
20	03/12/2008	860753AM4	15	C (B)	10:49:56	100	RBCD	
21	03/12/2008	860753AM4	15	C (B)	13:59:32	100	RBCD	
22	03/14/2008	860753AM4	15	C (B)	9:48:04	100	RBCD	
23	03/14/2008	860753AM4	5	C (B)	11:11:27	100	RBCD	
24	03/14/2008	860753AM4	10	C (B)	11:40:04	100	RBCD	
25	03/17/2008	860753AM4	10	C (B)	9:52:26	100	RBCD	
26	03/19/2008	860753AM4	5	C (B)	12:26:20	100	RBCD	
							Total	\$1,150.30

* Contra parties are identified as follows: B-D (S) indicates another Broker-Dealer selling to the firm; B-D (B) indicates another Broker-Dealer buying from the firm; C (S) indicates a customer selling to the firm; and C (B) indicates a customer buying

** Where restitution is not noted, the firm has already provided restitution to the customer.

Item No.	Date	CUSIP ID	Quantity	Contra*	Trade Time	Trade Price	Firm	Restitution**
1	10/10/2008	915217QT3	10,000.00	C (B)	13:41:55	100	RBCD	\$ 773.00
2	10/16/2008	10741LBN5	50,000.00	C (B)	14:33:57	82.524	RBCD	\$ 7,427.00
3	10/16/2008	888808DF6	20,000.00	C (S)	16:54:32	50.5	RBCD	\$ 767.60
4	12/12/2008	118217AT5	25,000.00	C (S)	11:46:59	50.8	RBCD	\$ 1,693.75
5	12/19/2008	717883EV0	25,000.00	C (B)	15:13:25	84.085	RBCD	\$ 851.25
6	10/16/2008	16876QBE8	5,000.00	C (S)	15:29:54	49.5	RBCD	\$ 514.00
7	10/16/2008	16876QBE8	5,000.00	C (S)	16:53:53	51	RBCD	\$ 439.00
8	11/25/2008	13062TH23	10,000.00	C (S)	14:57:10	78.192	RBCD	\$ 437.10
9	11/25/2008	22972NAR8	10,000.00	C(B)	15:18:28	91.55	RBCD	\$ 641.00
10	11/25/2008	22972NAR8	100,000.00	C (B)	16:24:26	91.55	RBCD	\$ 6,410.00
11	12/1/2008	22972NAR8	50,000.00	C (B)	10:12:59	91.55	RBCD	\$ 3,205.00
12	12/1/2008	22972NAR8	100,000.00	C (B)	10:15:33	91.55	RBCD	\$ 6,410.00
13	12/1/2008	79904NCX6	35,000.00	C (B)	11:16:28	92.75	RBCD	\$ 2,194.50
14	12/10/2008	576000FF5	5,000.00	C(B)	13:50:17	92.624	RBCD	
							Total:	\$ 31,763.20

* Contra parties are identified as follows: B-D (S) indicates another Broker-Dealer selling to the firm; B-D (B) indicates another Broker-Dealer buying from the firm; C (S) indicates a customer selling to the firm; and C (B) indicates a customer buying from the firm.

** Where restitution is not noted, the firm has already provided restitution to the customer.