

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20110280314-01

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, LLC (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 became a member of FINRA on March 19, 1993, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

On January 6, 2010, an AWC became final wherein the firm was censured and fined \$150,000. The fine included \$10,000 for violations of Municipal Securities Rulemaking Board ("MSRB") Rules G-17 and G-30 during the period October 1, 2007 through December 31, 2007.

On August 25, 2011, an AWC became final wherein the firm was censured and fined \$95,000 for violations of MSRB Rules G-17 and G-30 during the periods January 1, 2008 through March 31, 2008, and October 1, 2008 through December 31, 2008.

On November 8, 2011, an AWC became final wherein the firm was censured and fined \$125,000. The fine included \$15,000 for Trade Reporting and Compliance Engine ("TRACE") reporting violations during the periods January 1, 2009 through March 31, 2009, and April 1, 2009 through June 30, 2009.

SUMMARY

In connection with matter 20110280314, the Customer Issues Group of FINRA's Department of Market Regulation reviewed the firm's compliance with limit order protection requirements during the period October 1, 2010 through December 31, 2010 (the "4Q10 LOP Review Period").

In connection with matter 20120323055, the Fixed Income Investigations Team reviewed the firm's compliance with fair pricing requirements related to municipal bonds during the period December 1, 2011 through March 31, 2012 (the "Municipal Review Period").

In connection with matter 20120326859, the TRACE Agency/SP Team reviewed the firm's reporting of TRACE-eligible transactions in securitized products during the period January 1, 2012 through March 31, 2012 (the "1Q12 TRACE Review Period").

FACTS AND VIOLATIVE CONDUCT

20110280314

1. In two instances, the firm failed to execute two customer limit orders after it traded each subject security for its own market-making account at a price that would have satisfied each customer's limit order. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2010 and NASD IM-2110-2. These instances are reflected on Exhibit A, which is attached.
2. In three instances, the firm failed to contemporaneously execute three customer limit orders after it traded each subject security for its own market-making account at a price that would have satisfied each customer's limit order. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2010 and NASD IM-2110-2. These instances are reflected on Exhibit A, which is attached.
3. In 25 instances, the firm failed to contemporaneously execute 17 customer limit orders after it traded each subject security for its own market-making account, and failed to execute such orders at a price that would have satisfied each customer's limit order. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2010 and NASD IM-2110-2. These instances are reflected on Exhibit A, which is attached.

20120323055

4. During the Municipal Review Period, in seven 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).

20120326859

During the 1Q12 TRACE Review Period:

5. The firm failed to report to TRACE 70 transactions for its DCSD MPID in TRACE-eligible Securitized Products. These transactions constituted 51 percent of the inter-dealer reports that the firm should have submitted to TRACE during the relevant period for the DCSD MPID. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(b).
6. The firm failed to report to TRACE the correct contra-party's identifier for seven transactions in TRACE-eligible Securitized Products. Specifically, the firm reported seven inter-dealer transactions for its DCSD MPID as customer trades. These transactions constituted five percent of the inter-dealer reports that the firm should have submitted to TRACE during the relevant period for the DCSD MPID. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(c)(6).

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

A censure and a fine of \$50,000 (comprised of \$10,000 for the limit order protection violations; \$15,000 for the fair pricing violations of MSRB rules; and \$25,000 for the TRACE reporting violations).

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.

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: (i) testimonial obligations; or (ii) 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.

October 24, 2013

Date

Respondent

RBC Capital Markets, LLC

By: Richard T. Chase

Name: Richard T. Chase

Title: Managing Director & General Counsel

Reviewed by:

Ralph DeSena

Ralph DeSena

Director & Senior Counsel

RBC Capital Markets, LLC

Three World Financial Center

200 Vesey Street

New York, NY 10281-8098

Tel.: 212-428-6203

Accepted by FINRA:

11/13/13

Date

Signed on behalf of the

Director of ODA, by delegated authority

Tina Salehi Gubb

Tina Salehi Gubb

Chief Counsel

Department of Market Regulation

Part I: Trigger Transactions									Part II: Customer Limit Orders								
Item No.	Trade Report Date	Trade Report Time	Execution Time	Side	Trade Vol	Issue Symbol	Trade Price	Counter party MPID	Order Received Date	Order Received Time	Order to Buy/Sell	Quantity	Issue Symbol	Order Price	Routing Firm MP ID	TIF	Restitution
1	10/04/2010	10:21:18	10:21:17	B	400	CIGTP	26.0200		10/04/2010	09:49:55	B	9,500	CIGTP	26.0700		GTD	\$249.50
2	10/04/2010	10:22:23	10:22:22	B	1,000	CIGTP	26.0200										
3	10/04/2010	10:22:31	10:22:30	B	1,000	CIGTP	26.0200										
4	10/04/2010	10:22:42	10:22:41	B	1,350	CIGTP	26.0000										
5	10/04/2010	10:22:51	10:22:50	B	700	CIGTP	26.0200										
9	10/06/2010	11:53:11	11:53:11	S	25,000	SHASF	0.6820	SBSH	02/03/2010	09:20:45	SL	2,500	SHASF	0.6600	SBSH	GTC	\$6.25
10	10/06/2010	12:15:32	12:15:31	S	50,000	SHASF	0.6650	HDSN									n/a
11	10/07/2010	09:31:41	09:31:40	B	21,000	AOVTF	0.3490	SBSH	10/07/2010	09:29:20	B	30,000	AOVTF	0.3500	SBSH	GTC	\$52.50
12	10/12/2010	12:50:28	12:50:27	S	8,000	MTCEF	0.2630	ETRF	10/12/2010	12:11:30	SL	20,000	MTCEF	0.2450	OPCO	DAY	\$135.00
13	10/18/2010	11:05:58	11:05:57	B	30,000	GWMGF	0.3700	SBSH	10/18/2010	11:04:35	B	20,000	GWMGF	0.3800	OPCO	DAY	\$200.00
									10/18/2010	11:04:53	B	20,000	GWMGF	0.3800	OPCO	DAY	\$100.00
14	10/18/2010	11:07:23	11:07:23	S	20,000	GWMGF	0.3800	OPCO	10/15/2010	08:41:02	SL	50,000	GWMGF	0.3700	DAIN	GTC	\$200.00
15	10/18/2010	11:07:38	11:07:37	S	20,000	GWMGF	0.3800	OPCO									\$200.00
16	10/18/2010	11:07:49	11:07:48	S	20,000	GWMGF	0.3800	OPCO									\$100.00
16	10/18/2010	11:08:00	11:08:00	S	20,000	GWMGF	0.3800	OPCO									n/a
17	10/18/2010	11:08:29	11:08:28	S	20,000	GWMGF	0.3800	OPCO									n/a
21	11/08/2010	14:51:14	14:51:13	B	35,000	STZYF	1.0074	NITE	11/08/2010	14:50:20	B	20,000	STZYF	1.0500	DAIN	DAY	\$852.00
22	11/10/2010	14:44:08	14:44:07	S	2,850	TITXF	2.0100	ETRF	11/10/2010	10:59:18	SL	2,265	TITXF	2.0000	SBSH	GTC	\$22.65
23	11/11/2010	11:56:28	11:56:27	B	118	BDRBF	4.8900	SBSH	11/10/2010	09:01:31	B	5,000	BDRBF	4.9200	OPCO	GTC	\$3.54
24	11/11/2010	13:43:40	13:43:40	S	14,700	GWMGF	0.3700		11/11/2010	11:35:09	SL	9,000	GWMGF	0.3700	DAIN	DAY	n/a
28	11/17/2010	10:26:43	10:26:42	S	1,000	GLWGF	3.5000	OPCO	11/17/2010	10:23:30	SL	1,000	GLWGF	3.4000	OPCO	DAY	\$68.00
29	11/17/2010	11:53:52	11:53:51	S	15,000	CALVF	0.1225	SBSH	11/17/2010	11:45:21	SL	21,500	CALVF	0.1145	SBSH	DAY	\$105.00
30	11/17/2010	11:56:18	11:56:17	S	14,303	CALVF	0.1273	SBSH									\$76.70
35	11/30/2010	13:38:54	13:38:54	S	10,000	MNEAF	2.5500	SBSH	11/30/2010	13:09:54	SL	10,000	MNEAF	2.5500		DAY	n/a
39	11/30/2010	15:37:02	15:37:01	S	10,000	MNEAF	2.6000		11/30/2010	15:23:40	SL	8,000	MNEAF	2.5800	DAIN	DAY	\$160.00
45	12/09/2010	13:29:17	13:29:16	B	100,000	ABNAF	0.1850		12/09/2010	13:14:49	B	131,500	ABNAF	0.1900	DAIN	DAY	n/a
									12/09/2010	13:17:03	B	50,000	ABNAF	0.1900	DAIN	DAY	\$1,130.00
									12/09/2010	13:18:42	B	51,500	ABNAF	0.1900	DAIN	DAY	\$1,162.50
46	12/09/2010	15:13:32	15:13:31	B	5,000	LVNVF	1.7747	SBSH	12/09/2010	14:38:05	B	5,000	LVNVF	1.8000	DAIN	DAY	\$51.60
									12/09/2010	14:39:12	B	5,000	LVNVF	1.8000	DAIN	DAY	\$34.40

20110280314

RBC Capital Markets, LLC ("RBCM")

Exhibit A

48	12/28/2010	10:03:48	10:03:48	S	4,500	PRTDF	2.0500	ETRF	12/28/2010	09:51:01	SL	31,500	PRTDF	1.9300	OPCO	DAY	\$366.50
49	12/28/2010	10:04:24	10:04:23	S	10,000	PRTDF	2.0500	ETRF									
50	12/28/2010	10:05:17	10:05:17	S	500	PRTDF	2.0300	SSGI									
																Total Restitution	\$5,276.14

RBC Capital Markets, LLC ("RBCD")
Matter No. 20120323055
Exhibit B

Item No.	Date	Time Execution	CUSIP	Amount	Contra *	Firm	Reported Price	Restitution
1	01/17/2012	16:19:18	13063BBU5	25	C (B)	RBCD	122.260	1,322.49
2	01/17/2012	16:19:34	13063BBU5	20	C (B)	RBCD	122.260	1,057.99
8	02/22/2012	10:44:24	593563AC3	25	C (B)	RBCD	107.000	359.25
9	01/20/2012	11:45:50	64966HTX8	30	C (B)	RBCD	111.500	360.00
10	03/26/2012	14:01:22	650035HZ4	100	C (B)	RBCD	108.386	3,138.98
2a	12/9/2011	8:59:16	65820YHE9	15	C (B)	RBCD	94.000	997.58
2b	12/9/2011	9:00:46	65820YHE9	10	C (B)	RBCD	94.000	665.05
TOTAL RESTITUTION								7,901.34

* 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; C (B) Indicates a customer buying from the firm