

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20140411974-01

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" or "Respondent") 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent 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 November 8, 2011, FINRA accepted an AWC in which the firm was censured and fined \$125,000, of which \$30,000 was for Trade Reporting and Compliance Engine ("TRACE") reporting violations that occurred during the periods October 1, 2007 through December 31, 2007, July 1, 2008 through September 30, 2008, and January 1, 2009 through June 30, 2009.

On December 12, 2012, FINRA accepted an AWC in which the firm was censured and fined \$62,500, of which \$10,000 was for TRACE reporting violations and \$5,000 was for deficient written supervisory procedures concerning registration of TRACE-eligible securities during the period October 1, 2009 through March 31, 2010.

On April 24, 2013, FINRA accepted an AWC in which the firm was censured and fined \$97,500, of which \$17,500 was for TRACE reporting violations during the period April 1, 2011 through December 31, 2011.

On November 13, 2013, FINRA accepted an AWC in which the firm was censured and fined \$50,000, of which \$25,000 was for TRACE reporting violations during the period January 1, 2012 through March 31, 2012.

SUMMARY

Matters 20140411974, 20140425691 and 20150442586 each resulted from sweeps conducted by the TRACE Section of the Department of Market Regulation (the "staff"). The staff reviewed the firm's compliance with TRACE reporting rules during the periods of January 1, 2014 through March 31, 2014 (the "1Q14 review period"), April 1, 2014 through June 30, 2014 (the "2Q14 review period"), and October 1, 2014 through December 31, 2014 (the "4Q14 review period"). As a result of these reviews, the staff found the following violations:

FACTS AND VIOLATIVE CONDUCT

20140411974

1. During the 1Q14 review period, the firm failed to report to TRACE 2,258 S1 transactions in TRACE-eligible corporate debt securities within the time required by FINRA Rule 6730. These late transactions constituted approximately three percent of the S1 transactions in TRACE-eligible corporate debt securities that the firm reported to TRACE during this period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(a) and a pattern or practice of late reporting without exceptional circumstances in violation of FINRA Rule 2010.

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2. During the 2Q14 review period, the firm failed to report to TRACE 818 transactions in TRACE-eligible securitized products within the time required by FINRA Rule 6730. These late transactions constituted approximately four percent of the transactions in TRACE-eligible securitized products that the firm reported to TRACE during this period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(a) and a pattern or practice of late reporting without exceptional circumstances in violation of FINRA Rule 2010.

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3. During the 4Q14 review period, the firm failed to report to TRACE 97 transactions in TRACE-eligible agency debt securities within the time required by FINRA Rule 6730. These late transactions constituted approximately three percent of the

transactions in TRACE-eligible agency debt securities that the firm reported to TRACE during this period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(a) and a pattern or practice of late reporting without exceptional circumstances in violation of FINRA Rule 2010.

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

A censure and fine of \$40,000.

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 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 Chief Legal Officer, 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 accordance with FINRA Rule 8313;**
 - 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.

3/3/16
Date

Respondent
RBC Capital Markets, LLC

By: [Signature]

Name: Kevin Genirs

Title: Managing Director +
General Counsel

Reviewed by:

Attorney Name
Counsel for Respondent
Firm Name
Address
City/State/Zip
Phone Number

Accepted by FINRA:

3/3/16
Date

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

[Signature]
Tina Salehi Gubb
Chief Counsel
Department of Market Regulation