

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT**

NO. 20140413771-01

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 Respondent became a member of FINRA in March 1993 and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

In FINRA Matter No. 20060067548 (Dec. 18, 2007), an AWC became final in which RBC Capital Markets Corporation, a predecessor entity of the Firm, agreed to a censure and a fine of \$150,000 for violating NASD Rules 2110, 3010, and 3310 as a result of overstating its trade volume in two securities in August 2006 that was advertised to three private service providers, Thomson Financial's Autex Block Data ("AUTEX"), Bloomberg L.P. ("Bloomberg"), and Reuters, and for related supervisory deficiencies.

SUMMARY

In Matter No. 20140413771, the Department of Market Regulation's ("Market Regulation") Quality of Markets Staff (the "Staff") conducted a review of the accuracy of the Firm's advertised trade volume as transmitted to AUTEX, Bloomberg, and Ullink's

NYFIX (“NYFIX”) systems during the periods of April 2011 through April 2014 (the “First Review Period”) and November 2002 through December 29, 2014 (the “Second Review Period”). The Staff’s investigation revealed that the Firm experienced systems issues during the review periods that resulted in significant overstatements and inaccuracies of its advertised trade volume, in violation of NASD Rules 2110 (for conduct prior to December 15, 2008), 3010 (for conduct prior to December 1, 2014), and 3310 (for conduct prior to February 15, 2010), and FINRA Rules 2010 (for conduct on and after December 15, 2008), 3110 (for conduct on and after December 1, 2014), and 5210 (for conduct on and after February 15, 2010).

FACTS AND VIOLATIVE CONDUCT

1. AUTEX, NYFIX, and Bloomberg are private services and/or service providers that allow subscribers, including broker-dealers, to advertise intra-day and historical trading volume in securities. The advertised trade volume is used by the service providers to compile rankings and other custom-defined reports including, but not limited to, reports that rank the most active broker-dealers by security. Participation by member firms in these services is voluntary.
2. During the First and Second Review Periods, the Firm used an order management system to automatically advertise its aggregate trade volume, compiled from several of its businesses, to various market data providers, including AUTEX, NYFIX and Bloomberg.
3. During the First Review Period, the Firm overstated its advertised trade volume due to a computer coding error that caused the Firm’s systems to incorporate trade volume from its Electronic Trading Desk not only on T+3, but also erroneously on at least T+4 and T+5, resulting in multiple advertisements of the same volume. As a result, the Firm’s trade volume advertised through AUTEX and NYFIX was overstated in at least 350,000 instances¹ across more than 6,000 securities, totaling at least 20 billion shares. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 5210 and 2010.
4. During the Second Review Period, a computer coding error caused advertised trade volume from the Firm’s Electronic Trading Desk to be reported with the wrong execution date. In particular, trade volume from that desk, which was submitted on T+3, was inaccurately published by NYFIX as if it was executed on the submission date. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 (for conduct prior to December 15, 2008) and 3310 (for conduct prior to February 15, 2010), and FINRA Rules 2010 (for conduct on and after December 15, 2008) and 5210 (for conduct on and after February 15, 2010).

¹ An “instance” is: (security) x (trade date) (e.g. on January 1, 2016, the Firm overstated its volume in symbol ABCD by 100 shares, equaling one instance).

5. During the First and Second Review Periods, the Firm failed to establish and maintain a supervisory system that was reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and NASD and FINRA Rules, concerning advertised trade volume. In addition, prior to September 2014, the Firm's supervisory system did not include sufficient written supervisory procedures providing for: (1) the identification of the person(s) responsible for supervision with respect to the applicable rules; (2) a statement of the supervisory step(s) to be taken by the identified person(s); (3) a statement as to how often such person(s) should take such step(s); and (4) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented. The conduct in this paragraph constitutes a violation of NASD Rules 2110 (for conduct prior to December 15, 2008) and 3010 (for conduct prior to December 1, 2014), and FINRA Rules 2010 (for conduct on and after December 15, 2008) and 3110 (for conduct on and after December 1, 2014).

OTHER CONSIDERATIONS

6. In resolving this matter in the manner set forth herein, and in determining the appropriate monetary sanction, Market Regulation considered the Firm's cooperation, including: (i) that the Firm self-reported its advertising violations; and (ii) the immediate remedial steps undertaken by the Firm to correct the identified deficiencies upon their discovery.²

B. Respondent also consents to the imposition of the following sanctions:

1. A censure; and
2. A fine in the amount of \$975,000 (\$650,000 for violations of NASD Rules 2110 and 3310, and FINRA Rules 2010 and 5210; and \$325,000 for violations of NASD Rules 2110 and 3010, and FINRA Rules 2010 and 3110).

Respondent 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.

Respondent 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.

² See FINRA Regulatory Notice 08-70 (Nov. 2008).

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent 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, Respondent 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.

Respondent 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

Respondent 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 Respondent; 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. Respondent 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. Respondent 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. Respondent 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.

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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.

10/18/2016
Date

Respondent RBC Capital Markets, LLC,

By: [Signature]

Name: Maria Dawos

Title: Managing Director &
Asst General Counsel

Reviewed by:

[Signature]

Sam L. Levine
Jillian Berman
Levine Lee LLP
666 Fifth Avenue
New York, NY 10103
212.223.4400

Accepted by FINRA:

11/3/16
Date

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

[Signature]
Robert A. Marchman, Executive Vice President
FINRA Department of Market Regulation