

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF BANKING AND SECURITIES

ORDER NO. 25-70-S

IN THE MATTER OF:)

CONSENT ORDER

RBC CAPITAL MARKETS LLC- RETAIL)
MINIMUM COMMISSIONS)

Respondent.)
_____)

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 Department of Commerce, Community, and Economic Development, Division of Banking and Securities (“Administrator”) into whether Respondent engaged in acts or practices that violated the Alaska Securities Act, Alaska Statute (“AS”) 45.56 *et seq.* (the “Act”), and the regulations promulgated thereunder. As the result of a coordinated investigation led by seven jurisdictions including Massachusetts, Montana, Missouri, Alabama, Washington, Texas, and Iowa (the “Multi-State Group”), the Administrator 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 \$3,400,000.00.

This Order is submitted solely for the purpose of settlement and with the

1 understanding that it will not be used in any proceeding unless it is accepted by the
2 Administrator as hereafter set forth. If this Order is not accepted by the Administrator, the
3 Order is withdrawn and shall not be used in or become part of any proceeding. If the Order is
4 accepted, it will conclude the Administrator's investigation and any civil or administrative
5 action that could be commenced pursuant to the Act for the specific violations resolved
6 herein, solely as it relates to Respondent. This includes any investigations and any civil or
7 administrative actions that could be commenced relating to the charging of minimum
8 commissions in connection with trades in any security or product type, not limited to equity
9 securities.

10 Respondent neither admits nor denies the facts set forth in Section V and the
11 violations of law set forth in Section VI below, agrees to the representations and undertakings
12 set forth below, and consents to the entry of a Consent Order (the "Order") by the
13 Administrator thereby settling the above-captioned matter with prejudice. This order is
14 necessary or appropriate in the public interest or for the protection of investors and consistent
15 with the purposes fairly intended by the policy and provision of the Act.

16 **II. JURISDICTION**

17 1. The Administrator has jurisdiction over matters relating to securities pursuant
18 to the Act, codified at Alaska Statute ("AS") 45.56 et seq.

19 2. This Order is made in accordance with the Act.

20 3. The acts and practices that are the subject of the Multi-State Group's
21 investigation occurred while Respondent was registered as a broker-dealer in Alaska.

22 **III. RELEVANT TIME PERIOD**

23 4. Except as otherwise expressly stated, the conduct described herein occurred
24 during the time period of May 16, 2020 to May 16, 2025 (the "Relevant Time Period").

1 IV. **RESPONDENT**

2 5. RBC Capital Markets, LLC is a broker-dealer registered in Alaska with a main
3 address of 3 World Financial Center, 200 Vesey Street, New York, New York 10281.
4 Respondent is identified by Financial Industry Regulatory Authority ("FINRA") CRD No.
5 31194. Respondent maintains no branch offices in Alaska.

6 V. **STATEMENT OF FACTS**

7 A. **Respondent's Minimum Commission Practices for Equity Transactions**
8 **Failed to Ensure Transactions Were Executed at a Fair and Reasonable**
9 **Price**

10 6. During the Relevant Time Period, Respondent charged unreasonable
11 commissions in excess of 5% of the principal amount to retail brokerage customers on certain
12 equity transactions.

13 7. Respondent charged a minimum fixed commission on exchange traded equity
14 transactions.

15 8. For all equity transactions executed during the Relevant Time Period,
16 Respondent generally charged retail brokerage customers between 0.5% to 4.0% of the
17 principal amount of the trade.

18 9. Respondent generally charged a minimum commission of \$95 for equity buy
19 and sell transactions (the "Minimum Equity Commission").

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

22 11. Respondent's policies and procedures note that its commission schedule was
23 designed so that the majority of equity transactions would result in a commission of less than
24 5% of the principal amount of the transaction.

12. However, Respondent's policies and procedures exempted transactions where

1 the commission exceeded 5% of the principal amount if the commission charged was less
2 than the Minimum Equity Commission.

3 13. The Act and associated regulations prohibit Respondent from charging
4 unreasonable commissions for services performed.

5 14. FINRA Rule 2121 Supplementary Material .01 (Rule 2121.01) provides a
6 guideline of five percent for determining whether a commission is unfair or unreasonable.
7 However, the “5% Policy” is a guide, not a rule. A commission pattern of five percent or
8 even less may be considered unfair or unreasonable.

9 15. In Alaska, Respondent executed 113 equity transactions which included an
10 unreasonable commission for services performed (i.e. in excess of 5% of the principal trade
11 amount) totaling \$4,529.60.

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

14 **B. Respondent Did Not Reasonably Supervise Transactions**
15 **Which Applied the Minimum Equity Commission**

16 17. Respondent did not reasonably supervise certain transactions, which included
17 a Minimum Equity Commission charge, to ensure that Respondent charged its customers a
18 reasonable commission.

19 18. Respondent’s trade review system was not set to flag transactions where the
20 commission exceeded 5% of the principal amount if the commission charged was less than
21 the Minimum Equity Commission.

22 19. Respondent did not have in place surveillance sufficient to supervise small
23 principal equity transactions where the Minimum Equity Commission was in excess of 5%.

24 20. Respondent’s surveillance system excluded transactions which applied the

1 Minimum Equity Commission from reviews.

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

4 **C. Respondent Self-Reported to FINRA and Remediated Its Systems**

5 22. On March 23, 2023, Respondent filed a Form 4530 disclosure with FINRA
6 voluntarily reporting that it had identified certain equity transactions where the Minimum
7 Equity Commission had been charged resulting in commissions that exceeded 5% of the
8 principal amount.

9 23. Respondent updated its commission schedule and adjusted the parameters of
10 its trade review system to flag any commissions that exceed 5% of the principal amount.
11 Respondent has also updated its policies and procedures accordingly.

12 **VI. VIOLATIONS OF LAW**

13 **Count I – AS 45.56.440(d)(9)**

14 24. Pursuant to AS 45.56.440(d)(9), it is a violation of the Act for a registered
15 broker-dealer firm to fail to establish and maintain a system to reasonably supervise its
16 agents.

17 25. Respondent's acts and practices, as described above, constitute a violation of
18 AS 45.56.440(d)(9).

19 **VII. REPRESENTATIONS AND UNDERTAKINGS**

20 Respondent in full settlement of these matters neither admits nor denies the Statement
21 of Facts as set forth in Section V, and neither admits nor denies the Violations of Law set out
22 in Section VI, makes the following representations, and agrees to the undertakings herein as
23 part of the Order:

24 A. Respondent agrees to permanently cease and desist from conduct described

herein in violation of the Act in Alaska;

B. Respondent agrees to be censured by the Administrator;

C. Respondent agrees to provide restitution in an amount of no less than \$4,529.60 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 Alaska 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 Administrator with a list of all Alaska residents for whom Respondent receives a restitution payment as returned to sender ("Undeliverable Alaska Residents"). To the extent the Administrator has access to different address information, Respondent shall mail the payment and a second Notice to each Alaska resident within thirty (30) days of the Administrator providing such different address; and

iii. Respondent agrees to, within forty-five (45) days of the date of this Order submit to the Administrator a report detailing the restitution paid pursuant to the Order,

1 which shall include:

- 2 i. Identification of all restitution payments; and
3 ii. Dates, amounts, and methods of the transfer of funds for all restitution
4 payments.

5 D. Respondent agrees to pay an administrative fine in the amount of \$20,000 to
6 the State of Alaska within fifteen (15) days following the date of entry of this Order. Payment
7 shall be: (1) made by United States postal money order, certified check, bank cashier's check,
8 bank money order, or wire; (2) made payable to the State of Alaska; (3) either hand-
9 delivered, mailed to P.O. Box 110807 Juneau, AK 99811-0807, or wired per the
10 Administrator's instructions; and (4) submitted under cover letter or other documentation that
11 identifies payment by Respondent and the docket number of the proceeding;

12 E. Respondent agrees that a person not unacceptable to the Multi-State Group has
13 certified in writing to the Administrator that Respondent has undertaken the following:

- 14 i. Updated its commission schedule to reflect that commissions on equity
15 transactions do not exceed 5% of the principal amount;
16 ii. Adjusted the parameters of its trade review system and corresponding controls
17 to flag any commissions that exceed 5% of the principal amount; and
18 iii. Amended its policies and procedures to reflect and incorporate these changes.

19 F. Respondent agrees not to seek or accept, directly or indirectly, reimbursement
20 or indemnification, including, but not limited to, any payments made pursuant to any
21 insurance policy, with regard to any amount that Respondent shall pay pursuant to this Order;

22 G. If Respondent is the subject of a voluntary or involuntary bankruptcy petition
23 under Title 11 of the United States Code within three hundred sixty-five (365) days of the
24 entry of this Order, Respondent agrees to provide written notice to the Administrator within

1 five (5) days of the date of the petition;

2 H. Respondent agrees that any fine, penalty, and/or money that Respondent shall
3 pay in accordance with this Order is intended by Respondent and the Administrator to be a
4 contemporaneous exchange for new value given to Respondent pursuant to 11 U.S.C. §
5 547(c)(1)(A) and is, in fact, a substantially contemporaneous exchange pursuant to 11 U.S.C.
6 § 547(c)(1)(B);

7 I. Respondent agrees that, upon the issuance of an Order by the Administrator
8 that contains the terms as set forth above, if Respondent fails to comply with any of the terms
9 set forth in the Order, the Administrator may institute an action to have this Order declared
10 null and void. Additionally, after a fair hearing and the issuance of an order finding that
11 Respondent has not complied with the Order, the Administrator may move to have the Order
12 declared null and void, in whole or in part, and re-institute the associated proceeding that had
13 been brought against Respondent; and

14 J. For good cause shown, the Administrator may extend any of the procedural
15 dates set forth above. Respondent shall make any requests for extensions of the procedural
16 dates set forth above in writing to the Administrator.

17 VIII. WAIVER

18 Respondent hereby waives all rights to contest an Order entered by the Administrator
19 pursuant to this Order, including, but not limited to, (A) the right to contest whether the Order
20 is fair, reasonable, and/or in the public interest, (B) the right to contest the Order's findings of
21 fact, and (C) the right to contest the Order's conclusions of law. Respondent further waives
22 the procedural due process right to a hearing, all procedural rights provided by AS 45.56.670
23 of the Act, and the right to seek judicial review of the Order under Section 45.56.740 of the
24 Act and under Section AS 44.62 of Alaska's Administrative Procedure Act.

IX. NO DISQUALIFICATION

A signed Order issued pursuant to this Order waives any disqualification in the laws of Alaska, 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 Administrator 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.

IT IS SO ORDERED.

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Julie Sande, Commissioner
Department of Commerce, Community and
Economic Development

DATED: 1/21/2026

/s/ Tracy Reno
Tracy Reno, Director
Division of Banking and Securities

RBC CAPITAL MARKETS, LLC by:

Signature: /s/ Sean O'Connor

Print Name: Sean O'Connor

Title: Chief Compliance Officer, US Wealth Management

Dated: 1/16/26