



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
RBC CAPITAL MARKETS, LLC,)
CRD # 31194,) Case No.: AP-25-06
)
Respondent.)

CONSENT ORDER

1. This consent order (the “**Order**”), which is entered into by the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“**Enforcement Section**”) and RBC Capital Markets, LLC (“**RBC**” or “**Respondent**”), arises out of a coordinated investigation conducted by a multi-state group (“**Multi-State Group**”), for which Missouri served as one of the lead states, into whether Respondent charged unreasonable commissions in violation of applicable state securities laws and regulations.
2. As the result of the coordinated investigation, the Multi-State Group and the Enforcement Section concluded and alleged that, from May 16, 2020 to May 16, 2025 (the “**Relevant Period**”), 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, during the Relevant Period, totaling approximately \$3,400,000.00. The Enforcement Section alleges that the foregoing acts and practices by Respondent are in contravention of 15 CSR 30-51.171(2)(A) and constitute sufficient grounds to sanction Respondent in accordance with Section 409.6-604 of the Missouri Securities Act of 2003, Chapter 409, et seq. (the “**Act**”)¹, and the regulations promulgated thereunder.
3. Respondent and the Enforcement Section desire to settle the allegations raised in this matter by the Enforcement Section relating to the alleged violations of 15 CSR 30-51.171(2)(A).

CONSENT TO JURISDICTION

4. Respondent and the Enforcement Section stipulate and agree that the Missouri

¹ Unless otherwise indicated, statutory citations refer to the 2016 edition of the Revised Statutes of Missouri, updated by the 2024 Cumulative Supplement.

Commissioner of Securities (“**Commissioner**”) has jurisdiction over Respondent and this matter pursuant to the Act.

5. Respondent and the Enforcement Section stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), which provides:

“The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.”

WAIVERS

6. Respondent waives any rights to a hearing with respect to this matter.
7. Respondent waives any rights that it may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondent specifically forever releases and holds harmless the Missouri Office of the Secretary of State, Secretary of State, Commissioner, and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.

CONSENT TO COMMISSIONER’S ORDER

8. This Order is submitted solely for the purpose of settlement and with the understanding that it will not be used in any proceeding unless it is accepted by the Commissioner as hereafter set forth. If this Order is not accepted by the Commissioner, the Order is withdrawn and shall not be used in or become part of any proceeding. If the Order is accepted, Respondent and the Enforcement Section stipulate and agree that issuance of this Order will conclude the Enforcement Section’s investigation and any civil or administrative action that could be commenced pursuant to the Act for the specific violations resolved herein, solely as it relates to Respondent, and Respondent and the Enforcement Section agree to be fully bound by the terms and conditions specified herein.
9. Respondent agrees not to take any action or to make or permit to be made any public statement creating the impression that this Order is without factual basis. Nothing in this paragraph affects Respondent’s (a) testimonial obligations; (b) right to take legal or factual positions in defense of litigation or in defense of other legal proceedings in which the Commissioner is not a party; or (c) right to make public statements that are factual.
10. Respondent agrees that it is not the prevailing party in this action since the parties have reached a good faith settlement.
11. Respondent neither admits nor denies the Findings of Facts as set forth in Section I, and neither admits nor denies the Conclusions of Law set forth in Section II, but agrees to the representations and undertakings set forth below and consents to the Commissioner’s Findings of Fact, Conclusions of Law and Order as set forth herein, solely for the purpose of resolving the above-captioned matter with prejudice, and any proceeding that may be brought to enforce this Order, and no other purpose.

THE COMMISSIONER'S FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

I. FINDINGS OF FACT

A. Respondent

12. RBC is a broker-dealer registered in Missouri, since March 1993, with a main address of 3 World Financial Center, 200 Vesey Street, New York, New York 10281. Respondent is identified by Financial Industry Regulatory Authority (“FINRA”) CRD No. 31194. Respondent maintains 1 branch office in Missouri.

B. Respondent’s Minimum Commission Practices for Equity Transactions Failed to Ensure Transactions Were Executed at a Fair and Reasonable Price

13. During the Relevant Period, Respondent charged unreasonable commissions in excess of 5% of the principal amount of certain customers’ transactions.

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

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

16. Respondent generally charged a minimum commission of \$95 for equity buy and sell transactions (the “**Minimum Equity Commission**”).

17. Certain small equity sell transactions resulted in a minimum commission below \$95.

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

19. However, Respondent’s policies and procedures exempted transactions where the commission exceeded 5% of the principal amount if the commission charged was less than the Minimum Equity Commission.

20. 15 CSR 30-51.170(1)(R) prohibits Respondent from charging unreasonable commissions for services performed.

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

22. During the Relevant Period, Respondent executed 564 equity transactions in Missouri-resident customer accounts, which included an unreasonable commission for services performed (i.e. in excess of 5% of the principal trade amount) totaling \$21,733.00.

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

C. Respondent Did Not Reasonably Supervise Transactions Which Applied the Minimum Equity Commission

24. 15 CSR 30-51.171(2)(A) requires Respondent to establish current procedures and systems for supervising activities of agents, employees, and Missouri office operations that are reasonably designed to achieve compliance with applicable state and federal securities laws and regulations and, if applicable, the rules of FINRA.

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

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

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

28. Respondent's surveillance system excluded transactions which applied the Minimum Equity Commission from reviews.

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

D. Respondent Self-Reported to FINRA and Remediated Its Systems

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

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

II. CONCLUSIONS OF LAW

32. **THE COMMISSIONER CONCLUDES** that, during the Relevant Period, Respondent failed to reasonably supervise for unreasonable commissions in excess of 5% of the principal amount on certain small principal equity transactions, charged on securities transactions in accounts of Missouri-resident customers, in violation of 15 CSR 30-51.171(2)(A).

33. **THE COMMISSIONER CONCLUDES** that the violations above are sufficient to issue an order in accordance with Section 409.6-604.
34. The Commissioner, after consideration of the stipulations set forth above and on consent of the Respondent and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over Respondent in this matter and that the following order is in the public interest, necessary for the protection of public investors, and consistent with the purposes intended by Chapter 409.

III. ORDER

NOW, THEREFORE, it is hereby Ordered that:

- A. Respondent, its agents and employees, and all other persons participating in the above-described alleged violations with knowledge of this Order, are permanently enjoined and restrained from engaging in violations of 15 CSR 30-51.171(2)(A);
- B. Respondent shall pay an administrative fine of \$25,000 to the Missouri Secretary of State's Investor Education and Protection Fund. **This amount is due upon execution of this Order by Respondent and shall be made payable to the Missouri Secretary of State's Investor Education Protection Fund**, and sent to the Missouri Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101;
- C. Respondent shall pay restitution in an amount of no less than \$21,733.00, 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 Period, to the affected Missouri-resident customers identified in the multistate investigation, plus interest in the amount of 6% compounded annually from the date of the transaction to the last day of the Relevant Period. Respondent shall provide restitution within one hundred and twenty (120) days of execution of this Order:
 1. 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;
 2. Respondent shall provide a notice ("Notice") of restitution to customers on terms not unacceptable the Enforcement Section. 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 Enforcement Section with a list of all Missouri-resident customers for whom Respondent receives a restitution payment as returned to sender ("Undeliverable Missouri Residents"). To the extent the Enforcement Section has access to different address information, Respondent shall mail the payment and a second Notice to each Missouri-resident customer within thirty (30) days of the Enforcement Section providing such different address; and
 3. Respondent shall, within forty-five (45) days of the date of this Order, submit to

the Enforcement Section, a report detailing the restitution paid pursuant to this Order, which shall include:

- a. identification of all restitution payments; and
- b. dates, amounts, and methods of the transfer of funds for all restitution payments;

D. Respondent agrees that a person not unacceptable to the Multi-State Group has certified in writing to the Enforcement Section that Respondent has undertaken the following:

- 1. Updated its commission schedule to reflect that commissions on equity transactions do not exceed 5% of the principal amount;
- 2. Adjusted the parameters of its trade review system and corresponding controls to flag any commissions that exceed 5% of the principal amount; and
- 3. Amended its policies and procedures to reflect and incorporate these changes;

E. Respondent shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal or local tax for any amounts that Respondent shall pay pursuant to this Order;

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

G. If Respondent is the subject of a voluntary or involuntary bankruptcy petition under Title 11 of the United States Code within three hundred sixty-five (365) days of the entry of this Order, Respondent shall provide written notice to the Enforcement Section within five (5) days of the date of the petition;

H. For good cause shown, the Commissioner may extend any of the procedural dates set forth above. Respondent shall make any requests for extensions of the procedural dates set forth above in writing to the Enforcement Section;

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

J. Respondent shall pay its own costs and attorneys' fees with respect to this matter.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS 21st DAY OF JANUARY 2026.



DENNY HOSKINS, CPA
SECRETARY OF STATE

Michael O'Donnell
MICHAEL O'DONNELL
COMMISSIONER OF SECURITIES

Consented to by:

THE MISSOURI SECURITIES DIVISION

Douglas M. Jacoby
Douglas M. Jacoby
Director of Enforcement

RESPONDENT

Sean O'Connor
Sean O'Connor
Chief Compliance Officer – US Wealth Management
RBC Capital Markets, LLC