

**COMMONWEALTH OF MASSACHUSETTS  
OFFICE OF THE SECRETARY OF THE COMMONWEALTH  
SECURITIES DIVISION  
ONE ASHBURTON PLACE, ROOM 1701  
BOSTON, MASSACHUSETTS 02108**

	)	
IN THE MATTER OF:	)	
	)	
RBC CAPITAL MARKETS, LLC –	)	
RETAIL MINIMUM COMMISSIONS,	)	
	)	
RESPONDENT.	)	Docket No. 2025-0190
	)	

**CONSENT ORDER**

**I. PRELIMINARY STATEMENT**

This Consent Order (the “Order”) is entered into by the Securities Division of the Office of the Secretary of the Commonwealth of Massachusetts (the “Division”) and RBC Capital Markets, LLC ("RBC" or "Respondent") with respect to an investigation by the Enforcement Section of the Division into whether Respondent’s acts and practices constituted violations of the Massachusetts Uniform Securities Act, M.G.L. c. 110A (the “Act”), and the regulations promulgated thereunder at 950 CMR 10.00-14.413 (the “Regulations”). As the result of a coordinated investigation, with the Division serving as a lead state, the Division concluded that Respondent charged unreasonable commissions in excess 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.

On May 19, 2025, Respondent submitted an Offer of Settlement (the “Offer”) to the Division. Respondent neither admits nor denies the Statement of Facts set forth in Section V below and neither admits nor denies the Violations of Law set forth in Section VI below, and consents to the entry of this Order by the Division, consistent with the language and terms of the Offer, settling the above-captioned matter (2025-0190)<sup>1</sup> with prejudice. Pursuant to M.G.L. c. 110A, § 412(b), this Order “is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of [the Act].”

## **II. JURISDICTION AND AUTHORITY**

1. The Division has jurisdiction over matters related to securities pursuant to the Act and Regulations.
2. The Offer was made and this Order is entered in accordance with the Act and Section 10.10 of the Regulations.
3. The acts and practices that are the subject of the Division's investigation occurred while Respondent was registered as a broker-dealer in Massachusetts.

## **III. RELEVANT TIME PERIOD**

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

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<sup>1</sup> The above captioned docket number reflects the conclusion of previously captioned investigation 2023-0061, solely as it pertains to RBC. 2023-0061 remains an ongoing investigation into registered broker-dealer commission practices.

#### IV. RESPONDENT

5. RBC Capital Markets, LLC is a broker-dealer registered in Massachusetts 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 5 branch offices in Massachusetts.

#### V. STATEMENT OF FACTS

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

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

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

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

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

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

11. 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.

12. 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.

13. The Act and Regulations prohibit Respondent from charging unreasonable commissions for services performed.

14. 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.

15. In Massachusetts, Respondent executed 2,966 equity transactions which included an unreasonable commission for services performed (*i.e.* in excess of 5% of the principal trade amount) totaling \$113,295.06.

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

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

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

18. 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.

19. Respondent did not have in place surveillance sufficient to supervise small

principal equity transactions where the Minimum Equity Commission was in excess of 5%.

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

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

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

22. 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.

23. 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.

**VI. VIOLATIONS OF LAW**

**Count I – Violation of M.G.L. c. 110A, § 204(a)(2)(J)**

24. Section 204 of the Act provides:

The secretary may by order deny, suspend, or revoke any registration if he finds (1) that the order is in the public interest and (2) that the applicant or registrant  
...  
(J) has failed reasonably to supervise agents, investment adviser representatives or other employees to assure compliance with this chapter[.]

*Id.* § 204(a)(2)(J).

25. Respondent's acts and practices, as described above, constitute a violation of Section 204(a)(2)(J) of the Act.

## **VII. ORDER**

### **IT IS HEREBY ORDERED:**

- A. Respondent shall permanently cease and desist from conduct in violation of the Act and Regulations in the Commonwealth;
- B. Respondent is censured by the Division;
- C. Respondent shall provide restitution in an amount of no less than \$113,295.06 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 Massachusetts customers set forth in Exhibit A, plus interest in the amount of 6% compounded annually from the date of the transaction to the date of the Offer. Respondent shall provide restitution within one hundred and twenty (120) days of execution of this Order;
  - i. 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 shall 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 mailing of the Notice, Respondent shall provide the Division with a list of all Massachusetts residents for whom Respondent receives a Notice as returned to sender ("Undeliverable Massachusetts Residents"). To the extent

the Division has access to different address information, Respondent shall mail a second Notice to each Massachusetts resident within thirty (30) days of the Division providing such different address; and

iii. Within forty-five (45) days of payment of restitution, Respondent shall prepare, and submit to the Division, a report detailing the restitution paid pursuant to this Order, which shall include:

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

D. Respondent shall pay an administrative fine in the amount of \$25,000.00 to Massachusetts within fifteen (15) days following the date of entry of this Order, Payment shall be: (1) made by United States postal money order, certified check, bank cashier's check, bank money order, or wire; (2) made payable to the Commonwealth of Massachusetts; (3) either hand-delivered, mailed to One Ashburton Place, Room 1701 Boston Massachusetts 02108; or wired per the Division instructions; and (4) submitted under cover letter or other documentation that identifies payment by Respondent and the docket number of the proceeding;

E. Within sixty (60) days of this Order, a person not unacceptable to the Multi-State Group shall certify in writing to the Division that Respondent has undertaken the following;

- i. Updated its commission schedule to reflect that commissions on equity transactions do not exceed 5% of the principal amount;

- ii. Adjusted the parameters of its trade review system to flag any commissions that exceed 5% of the principal amount; and
  - iii. Amended its policies and procedures to reflect and incorporate these changes.
- F. 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;
- G. 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;
- H. 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 the Order, Respondent shall provide written notice to the Division within five (5) days of the date of the petition;
- I. Any fine, penalty, and/or money that Respondent shall pay in accordance with the Order is intended by Respondent and the Division 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);
- J. Upon the issuance of this Order, if Respondent fails to comply with any of the terms set forth in the Order, the Division may institute an action to have the Order declared null and void. Additionally, after a fair hearing and the issuance of an order finding that Respondent has not complied with the Order, the Division may move to have the



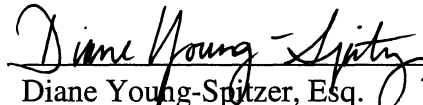
- Order declared null and void, in whole or in part, and re-institute the associated proceeding that had been brought against Respondent; and
- K. For good cause shown, the Division may extend any of the procedural dates set forth above. Respondent shall make any requests for extensions of the procedural dates set forth above in writing to the Division.

#### **IX. NO DISQUALIFICATION**

This Order waives any disqualification in the laws of Massachusetts, 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 Division 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.

**WILLIAM FRANCIS GALVIN  
SECRETARY OF THE COMMONWEALTH**

A handwritten signature in cursive script, reading "Diane Young-Spitzer", written over a horizontal line.

Diane Young-Spitzer, Esq.

Director & General Counsel

Securities Division

Office of the Secretary of the Commonwealth

John W. McCormack Building, 17th Floor

One Ashburton Place

Boston, MA 02108

Dated: June 4, 2025