



COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
ADMINISTRATIVE ACTION NO. 2025-DFI-0141

KENTUCKY DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

v.

RBC CAPITAL MARKETS, LLC

RESPONDENT

CONSENT ORDER

I. PRELIMINARY STATEMENT

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 Kentucky Department of Financial Institutions (the "Department") concluded that RBC Capital Markets, LLC ("RBC" or "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.

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 Department as hereafter set forth. If this Order is not accepted by the Department, the Order is withdrawn and shall not be used in or become part of any proceeding. If the Order is accepted, it will conclude the Department's investigation and any civil or administrative action that could be commenced pursuant to the Act for the specific violations during the Relevant Time Period described in Section III and resolved herein, solely as it relates to Respondent, including any investigations and any civil or

administrative actions that could be commenced relating to the charging of minimum commissions in connection with trades in any security or product type, not limited to equity securities.

Respondent neither admits nor denies the facts set forth in Section V and the violations of law set forth in Section VI below, agrees to the representations and undertakings set forth below, and consents to the entry of this Order by the Department thereby settling the above-captioned matter with prejudice. 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 provision of the Securities Act of Kentucky, and the regulations promulgated thereunder at 808 KAR, Section 10.

II. JURISDICTION

1. The Department has jurisdiction over matters relating to securities pursuant to the Securities Act of Kentucky.
2. This Order is made in accordance with the Securities Act of Kentucky, KRS 292.470, and KRS 292.500.
3. The acts and practices that are the subject of the Department's investigation occurred while RBC was registered as a broker-dealer in Kentucky.

III. RELEVANT TIME PERIOD

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

IV. RESPONDENT

5. RBC Capital Markets, LLC is a broker-dealer registered in Kentucky 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 no branch offices in Kentucky.

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. 808 KAR 10:440, Section 1(21) prohibits 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 Kentucky, Respondent executed 181 equity transactions which included an unreasonable commission for services performed (i.e. in excess of 5% of the principal trade amount) totaling \$7,246.16.

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

24. KRS 292.337(2)(k) states that:

For actions taken in subsection (1) of this section, the commissioner shall find that it is in the public interest and further find that the applicant or registrant or, in the case of a broker-dealer, or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser:

...

(k) Has reasonably failed to supervise an agent, investment adviser representative, or other individual, if the agent, investment adviser representative, or other individual was subject to the person's supervision and, within the previous ten (10) years, committed a violation of this chapter or administrative regulation promulgated or order issued under this chapter.

25. 808 KAR 10:030, Section 3(1)(b) states that:

(1) Each agent shall be subject to the supervision of a supervisor designated by the broker-dealer employing the agent. The responsibilities of a designated supervisor with respect to each agent under his supervision shall include the prompt review and written approval of:

...

(b) Each securities transaction by the agent;

26. Respondent's acts and practices, as described above, constitute a violation of KRS 292.337(2)(k) and 808 KAR 10:030, Section 3(1)(b).

VII. REPRESENTATIONS AND UNDERTAKINGS

Respondent in full settlement of these matters neither admits nor denies the Statement of Facts as set forth in Section V, and neither admits nor denies the Violations of Law set out in

Section VI, makes the following representations, and agrees to the undertakings herein as part of the Order:

A. Respondent agrees to permanently cease and desist from the conduct described herein that is in violation of the Securities Act of Kentucky;

B. Respondent agrees to be censured by the Department;

C. Respondent agrees to provide restitution in an amount of no less than \$7,246.16 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 Kentucky customers, plus interest in the amount of 6% compounded annually from the date of the transaction to the end of the Relevant Time Period:

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. 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 Department with a list of all Kentucky residents for whom Respondent receives a restitution payment as returned to sender. To the extent the Department has access to different address information, Respondent shall send the payment and a second notice to each Kentucky resident within thirty (30) days of the Department providing the different address; and

- iii. Respondent agrees to—within forty-five (45) days of the date of this Order—prepare and submit a report to the Department detailing the restitution paid pursuant to the Order, which shall include:
 - a. Identification of all restitution payments; and
 - b. Names, dates, amounts, and methods of the transfer of funds for all restitution payments.
- D. Respondent agrees to pay an administrative fine in the amount of \$20,000 to Kentucky 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 Kentucky Department of Financial Institutions; (3) either hand-delivered, mailed to Department of Financial Institutions, Securities Division, 2025-DFI-0141, 500 Mero Street, Frankfort, KY 40601; or wired per the Department's instructions; and (4) submitted under cover letter or other documentation that identifies payment by Respondent and the docket number of the proceeding;
- E. Respondent agrees that a person not unacceptable to the Multi-State Group has certified in writing to the Department that Respondent has undertaken the following:
 - i. Updated its commission schedule to reflect that commissions on equity transactions generally do not exceed 5% of the principal trade amount;
 - ii. Adjusted the parameters of its trading review system and corresponding controls 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 agrees not to claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal or local tax for any administrative fine amounts that RBC shall pay pursuant to this Order;
- G. Respondent agrees not to 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 this Order, Respondent agrees to provide written notice to the Department within five (5) days of the date of the petition;
- 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 Department 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. Respondent agrees that, upon the issuance of an Order by the Department that contains the terms as set forth above, if Respondent fails to comply with any of the terms set forth in the Order, the Department may institute an action to have this 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 Department may move to have the Order declared null and void, in whole or in part, and reinstitute the associated proceeding that had been brought against Respondent; and

K. For good cause shown, the Department 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 Department.

VIII. WAIVER

Respondent hereby waives all rights to contest an Order entered by the Department pursuant to this Order, including, but not limited to, (A) the right to contest whether the Order is fair, reasonable, and/or in the public interest, (B) the right to contest the Order's findings of fact, and (C) the right to contest the Order's conclusions of law. Respondent further waives the procedural due process right to a hearing, all procedural rights provided by KRS Chapter 13B, and the right to seek judicial review of the Order.

IX. NO DISQUALIFICATION

A signed order issued pursuant to this Order waives any disqualification in the laws of Kentucky, 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 Department 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.

SO ORDERED on this the 15th day of June, 2026.


MARNI ROCK GIBSON
COMMISSIONER

Consented to:

On behalf of the Department of Financial Institutions,

This 1st day of June, 2026.

Chad Harlan

Assistant Director, Division of Securities
Department of Financial Institutions

and

On behalf of RBC Capital Markets, LLC,

This 29 day of May, 2026.

[Signature]

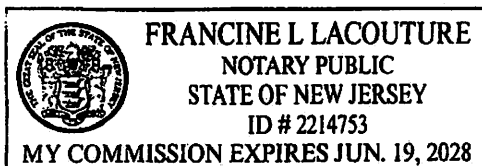
Representative on behalf of
RBC Capital Markets, LLC

ACKNOWLEDGEMENT

STATE OF New Jersey)
COUNTY OF morris)

On this the 29 day of may, 2026, a **representative on behalf of RBC Capital Markets, LLC**, in my presence, acknowledged **themselves** to be the authorized representative of **RBC Capital Markets, LLC**, and, being authorized to do so, did enter into and execute the foregoing instrument, on behalf of **RBC Capital Markets, LLC**, for the purposes therein contained, acknowledging the same.

My Commission Expires: 6-19-2028



[Signature]
Notary Public

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Consent Order was sent on this the 15 day of June, 2026, by the method indicated below to the following:

Via electronic delivery:

Emily Renshaw
MORGAN, LEWIS & BOCKIUS LLP
One Federal Street
Boston, MA 02110-1726
Counsel on behalf of Respondent

Via electronic delivery:

Brandon Adcock, Staff Attorney III
DEPARTMENT OF FINANCIAL INSTITUTIONS
500 Mero Street
Frankfort, KY 40601
brandon.adcock@ky.gov
Counsel for Department of Financial Institutions

Kentucky Department of Financial Institutions

Name: Allison Reed by Victoria Ward-Bishop

Title: Executive Staff Advisor