STATE OF NORTH DAKOTA

NORTH DAKOTA INSURANCE AND SECURITIES DEPARTMENT

IN THE MATTER OF:	)	
	)	**CONSENT ORDER**
	)	
RBC CAPITAL MARKETS, LLC,	)	Case No. SO-25-912
	)	25-2019
	)	
Respondent	)	

I. PRELIMINARY STATEMENT

RBC Capital Markets, LLC ("RBC" or "Respondent") submits this Consent Order (the "Order") with respect to an investigation by the North Dakota Insurance & Securities Department (the "Department") into whether Respondent engaged in acts or practices that violated the Securities Act, N.D.C.C. Chapter 10-04, (the "Act"), and the regulations promulgated thereunder at Title 73 of the North Dakota Administrative Code, (the "Regulations").

As the result of a coordinated investigation led by multiple jurisdictions, including Massachusetts, Montana, Missouri, Alabama, Washington, Texas, and Iowa (the "Multi-State Group"), the Department 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.

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 If this Order is not accepted by the Department, the Order is withdrawn and shall not be used in or become part of any proceeding.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 resolved herein, solely as it relates to Respondent. This includes any investigations and any civil or administrative actions that could be commenced relating to the charging of minimum commissions in connection with trades occurring from May 16, 2020 to May 16, 2025, 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 conclusions 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 North Dakota Insurance Commissioner (the "Commissioner") 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 Act.

II. JURISDICTION

1. The Department has jurisdiction over matters relating to securities pursuant to the Act and the Regulations.
2. This Order is made in accordance with the Act and the Regulations.
3. The acts and practices that are the subject of the Multi-State Group's investigation occurred while Respondent was registered as a broker-dealer in North Dakota.

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").

IV. RESPONDENT

5. RBC is a broker-dealer registered in North Dakota 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.

V. FINDINGS 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 the 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 North Dakota, Respondent executed 112 equity transactions which included an unreasonable commission for services performed (i.e. in excess of 5% of the principal trade amount) totaling $4,358.06.

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

B. <u>Respondent Did Not Reasonably Supervise Transactions Which Applied the Minimum Equity Commission</u>

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. CONCLUSIONS OF LAW

Count I – N.D.C.C. § 10-04-11(1)(m)

24. N.D.C.C. § 10-04-11(1)(m) of the Act requires that Respondent establish and maintain a system to supervise the activities of its broker-dealer agents that is reasonably designed to achieve compliance with the Act, rules adopted

thereunder, and all applicable securities laws and regulations, including the establishment and maintenance of written procedures.

25. Respondent's acts and practices, as described above, constitute a violation of N.D.C.C. § 10-04-11(1)(m).

VII. ORDER

Respondent in full settlement of these matters neither admits nor denies the Findings of Facts as set forth in Section V, and neither admits nor denies the Conclusions 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 conduct described herein in violation of the Act and Regulations in North Dakota;

B. Respondent agrees to be censured by the North Dakota Insurance Commissioner pursuant to the provisions of N.D.C.C. §§ 10-04-11(1)(m) and 10-04-16(1);

C. Respondent agrees to provide restitution in an amount of no less than $4,358.06 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 North Dakota 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.

   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 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 Department with a list of all North Dakota 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 mail the payment and a second Notice to each North Dakota resident within thirty (30) days of the Department providing such different address; and

iii. Respondent agrees to, within forty-five (45) days of the date of this Order submit to the Department a report detailing the restitution paid pursuant to the 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 agrees to pay an administrative fine in the amount of $20,000 to the Department 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 North Dakota Insurance & Securities Department; (3) either hand-delivered, mailed to the Department at 600 East Boulevard Avenue, State Capitol – 5th Floor, Bismarck ND, 58505, or wired per the Department's emailed 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 do not exceed 5% of the principal trade amount;

   ii. Adjusted the parameters of its trading 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 that Respondent 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 Commissioner that contains the terms as set forth above, if Respondent fails to comply with any of the terms set forth in the Order, the Commissioner 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 Commissioner 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 North Dakota Insurance & Securities 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 Commissioner 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, and the right to seek judicial review of the Order under N.D.C.C. § 10-04-12 and N.D.C.C. § 28-32-21 with respect to the entry of this Order.

IX. NO DISQUALIFICATION

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

IN TESTIMONY WHEREOF, witness my hand and seal this 24th of August, 2026.

(SEAL)

COMMISSIONER OF INSURANCE SEAL STATE OF NORTH DAKOTA

By: ______________________________

Jon Godfread, Insurance Commissioner
North Dakota Insurance & Securities Department
600 East Boulevard Ave.
State Capitol – Fifth Floor
Bismarck, ND 58505-0510
(701) 328-2440

CONSENT TO ENTRY OF ADMINISTRATIVE ORDER BY RESPONDENT

RBC Capital Markets, LLC hereby acknowledges that it has been served with a copy of this Order, has read the foregoing Order, is aware of its right to a hearing and appeal in this matter, and has waived the same.

RBC Capital Markets, LLC admits the jurisdiction of the North Dakota Insurance & Securities Department, neither admits nor denies the Findings of Facts and Conclusions of Law contained in this Order, and consents to entry of this Order by the North Dakota Insurance Commissioner as settlement of the issues contained in this Order.

RBC Capital Markets, LLC agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal, or local tax for any administrative fine that shall be made pursuant to this Order.

RBC Capital Markets, LLC states that no promise of any kind or nature whatsoever was made to it to induce it to consent to this Order and that it has consented to this Order voluntarily.

Dated this 13 day of August, 2026.

RBC CAPITAL MARKETS, LLC by:

Signature: ______________________

Print Name: Sean O'Connor

Title: Managing Director, Chief Compliance Officer – US Wealth Management