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Attorneys for Complainant

BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION  
OF THE STATE OF CALIFORNIA

In the Matter of:

CRD NO.: 31194

THE COMMISSIONER OF FINANCIAL  
PROTECTION AND INNOVATION,

CONSENT ORDER

Complainant,

v.

RBC CAPITAL MARKETS, LLC,

Respondent.

The Commissioner of Financial Protection and Innovation (Commissioner) and RBC Capital Markets, LLC (RBC or Respondent) (collectively, the Parties) hereby enter this Consent Order (Consent Order or Order) with respect to the following:

**I.**

**RECITALS**

A. Respondent is a broker-dealer registered in California, 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 21

1 branch offices in California.

2 B. The Commissioner is authorized to administer and enforce the provisions of the  
3 Corporate Securities Law of 1968 (Cal. Corp. Code §§ 25000-25707) (“CSL”) and the regulations  
4 promulgated thereunder at title 10 of the California Code of Regulations, which include the  
5 licensure, examination, and regulation of investment advisers and broker-dealers.

6 C. Members of the North American Securities Administrators Association (NASAA)  
7 conducted a coordinated investigation into whether Respondent charged unreasonable commissions  
8 in excess of 5% of the principal amount on certain small principal equity transactions  
9 (Investigation).

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

12 E. Respondent has agreed to resolve the Investigation upon the terms specified herein.

13 F. This Order is submitted solely for the purpose of settlement and with the  
14 understanding that it will not be used in any proceeding unless it is accepted by the Commissioner  
15 as hereafter set forth. If this Order is not accepted by the Commissioner, the Offer is withdrawn and  
16 shall not be used in or become part of any proceeding. If the Order is accepted, it will conclude the  
17 Commissioner’s investigation and any civil or administrative action that could be commenced  
18 pursuant to the CSL for the specific violations resolved herein, solely as it relates to Respondent.  
19 This includes any investigations and any civil or administrative actions that could be commenced  
20 relating to the charging of minimum commissions in connection with trades in any security or  
21 product type, not limited to equity securities.

22 G. The Parties intend to resolve this matter amicably without the necessity of a hearing  
23 or other litigation. Respondent admits to the jurisdiction of the Commissioner, neither admits nor  
24 denies the findings of fact, set forth in Section II, and conclusions of law, set forth in Section III, in  
25 this Order, and consents to the entry of this Order by the Commissioner.

26 H. Respondent agrees to comply in all material respects with the undertakings specified  
27 herein.

28 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions

1 contained herein, the Parties agree to the following.

2 **II.**

3 **FINDINGS OF FACT**

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

6 1. During the Relevant Time Period, Respondent charged unreasonable commissions in  
7 excess of 5% of the principal amount to retail brokerage customers on certain equity transactions.  
8 Nationwide, Respondent charged commissions in excess of 5% of the principal amount on  
9 approximately 89,900 equity transactions totaling approximately \$3,400,000 during the Relevant  
10 Time Period.

11 2. Respondent charged a minimum fixed commission on exchange traded equity  
12 transactions.

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

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

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

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

22 7. However, Respondent's policies and procedures exempted transactions where the  
23 commission exceeded 5% of the principal amount if the commission charged was less than the  
24 Minimum Equity Commission.

25 8. The CSL and its regulations prohibit Respondent from charging unreasonable  
26 commissions for services performed.

27 9. FINRA Rule 2121 Supplementary Material .01 (Rule 2121.01) provides a guideline  
28

1 of 5% for determining whether a commission is unfair or unreasonable. However, the “5% Policy”  
2 is a guide, not a rule. A commission pattern of 5% or even less may be considered unfair or  
3 unreasonable.

4 10. In California, Respondent executed equity transactions which included an  
5 unreasonable commission for services performed (i.e. in excess of 5% of the principal trade  
6 amount) totaling \$350,808.76. Numerous equity transactions executed by Respondent included a  
7 commission well in excess of 5% of the principal value of the transaction.

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

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

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

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

18 14. Respondent’s surveillance system excluded transactions which applied the Minimum  
19 Equity Commission from reviews.

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

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

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

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

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**III.**

**CONCLUSIONS OF LAW**

18. It is a violation of Corporations Code section 25218 and Code of Regulations, title 10, section 260.218.4 for a broker-dealer firm to fail to establish and maintain a supervisory system that is reasonably designed to achieve compliance with securities laws and regulations.

19. Respondent’s charging of unreasonable commissions and failure to implement and maintain adequate supervisory systems violated Corporations Code section 25218 and Code of Regulations, title 10, section 260.218.4.

**IV.**

**TERMS AND CONDITIONS**

20. Purpose. This Consent Order resolves the issues before the Commissioner in a manner that avoids the expense of a hearing and other possible court proceedings, protects consumers, is in the public interest, and is consistent with the purposes, policies, and provisions of the CSL.

21. Finality of Consent Order. Respondent agrees to comply with this Consent Order and stipulates this Consent Order is hereby deemed final.

22. Censure. Respondent is censured by the Commissioner pursuant to Corporations Code section 25212(i).

23. Order to Discontinue Violations. Respondent agrees, and the Commissioner orders, that in accordance with Corporations Code section 25249, RBC will immediately discontinue the violations of Corporations Code section 25218 and Code of Regulations, title 10, section 260.218.4, set forth herein.

24. Order to Pay Restitution. Pursuant to Corporations Code section 25254(a), Respondent is hereby ordered to pay restitution in the amount of no less than \$350,808.76 providing the amount of the commission on certain small principal equity transactions that exceeded 5% of the principal trade amount during the Relevant Time Period to the affected California customers, plus interest in the amount of 6% compounded annually from the date of the transaction to the end date of the Relevant Time Period.

- 1 a. Restitution shall be in the form of a dollar credit to current customer accounts, or a
- 2 bank check for all former customers or current customers who are entitled to
- 3 restitution as a result of transactions involving an individual retirement account.
- 4 b. Respondent agrees to provide notice (Notice Letter) to the last known address of
- 5 record for each California customer prior to or with the distribution of any
- 6 restitution.
- 7 c. Within forty-five (45) days of the Effective Date, Respondent agrees to submit to the
- 8 Commissioner via email to Kelly Suk, Senior Counsel, Department of Financial
- 9 Protection and Innovation, Enforcement Division, at: Kelly.Suk@dfpi.ca.gov, a
- 10 report detailing Restitution paid pursuant to the Consent Order, which shall include:
- 11 i. Name of Customer and address for Customer, ;
- 12 ii. Dates, amounts, and methods of the transfer of funds for all Restitution
- 13 payments;
- 14 iii. Whether the mailed Notice Letter and Restitution check were deliverable
- 15 or undeliverable.
- 16 iv. Whether each check has been cashed or remains uncashed.
- 17 d. Within forty-five (45) days of the Effective Date, Respondent shall provide the
- 18 Commissioner with a list of all California residents for whom Respondent receives a
- 19 restitution payment as returned to sender. To the extent the Commissioner has access
- 20 to different address information, Respondent shall mail a second Notice and payment
- 21 to each California resident within thirty (30) days of the Commissioner providing
- 22 such different address. ;

23 25. Order to Pay Administrative Fine. Pursuant to Corporations Code section 25252,

24 Respondent is hereby ordered to pay an administrative fine totaling \$20,000.00 (“Fine”) to the

25 Commissioner within 15 days following the Effective Date. Payment shall be made in the form of a

26 cashier’s check or Automated Clearing House deposit payable to the “Department of Financial

27 Protection and Innovation” and transmitted to the attention of “Accounting – Litigation” at the

28 Department of Financial Protection and Innovation, 651 Bannan Street, Suite 300, Sacramento,

1 California 95811. Notice of such payment shall be forwarded to Kelly Suk, Senior Counsel,  
2 Department of Financial Protection and Innovation, Enforcement Division, via email at:  
3 Kelly.Suk@dfpi.ca.gov.

4 26. Policies and Procedures. Respondent has certified in writing that Respondent has  
5 undertaken the following:

- 6 a. Updated its commission schedule to reflect that commissions on equity transactions  
7 do not exceed 5% of the principal trade amount;
- 8 b. Adjusted the parameters of its trading system and corresponding controls to flag any  
9 commissions that exceed 5% of the principal amount; and
- 10 c. Amended its policies and procedures to reflect and incorporate these changes.

11 27. Record Retention. Respondent agrees to retain copies of any and all report(s) as set  
12 forth in paragraphs 24-26 above in an easily accessible place for a period of five (5) years from the  
13 date of the reports.

14 28. Tax Deduction/Credit Prohibition. RBC agrees that it shall not claim, assert, or apply  
15 for a tax deduction or tax credit with regard to any state, federal or local tax for any fine amount  
16 that RBC shall pay pursuant to this Consent Order and as governed under enacted Regulations  
17 under Internal Revenue Code Section 162(f).

18 29. Bankruptcy Notice. Respondent agrees that if it is the subject of a voluntary or  
19 involuntary bankruptcy petition under Title 11 of the United States Code within three hundred  
20 sixty-five (365) days of the Effective Date of this Consent Order, Respondent shall provide written  
21 notice to the Commissioner within five (5) days of the date of the petition.

22 30. Contemporaneous Exchange. Any fine, penalty, and/or money that Respondent shall  
23 pay in accordance with this Consent Order is intended by the Parties to be a contemporaneous  
24 exchange for new value given to Respondent pursuant to 11 U.S.C. § 547(c)(1)(A) and is, in fact, a  
25 substantially contemporaneous exchange pursuant to 11 U.S.C. § 547(c)(1)(B).

26 31. Extension of Procedural Dates. For good cause shown, the Commissioner may  
27 extend any of the procedural dates set forth above. Respondent shall make any requests for  
28 extensions of the procedural dates set forth above in writing to the Commissioner via email to Kelly

1 Suk, Senior Counsel, Department of Financial Protection and Innovation, Enforcement Division, at:  
2 Kelly.Suk@dfpi.ca.gov.

3 32. Disqualifications. This Consent Order waives any disqualification under the CSL, or  
4 rules or regulations thereunder, including any disqualification from relying upon the registration  
5 exemptions or safe harbor provisions to which Respondent may be subject. This Order is not  
6 intended to be a final order based upon violations of the CSL that prohibit fraudulent, manipulative,  
7 or deceptive conduct. This Consent Order is not intended to form the basis of any disqualifications  
8 under Section 3(a)(39) of the Securities Exchange Act of 1934; or Rules 504(b)(3) and 506(d)(1) of  
9 Regulation D, Rule 262(a) of Regulation A and Rule 503(a) of Regulation CF under the Securities  
10 Act of 1933. This Consent Order is not intended to form the basis of disqualification under the  
11 FINRA rules prohibiting continuance in membership and is not intended to trigger any requirement  
12 that Respondent must file a MC-400A application to remain a member in good standing or to  
13 trigger any disqualification under SRO rules prohibiting continuance in membership. This Consent  
14 Order is not intended to form a basis of a disqualification under 204(a)(2) of the Uniform Securities  
15 Act of 1956 or Section 412(d) of the Uniform Securities Act of 2002. Except in an action by the  
16 Commissioner to enforce the obligations of the Consent Order, and except as provided in Paragraph  
17 45, any acts performed or documents executed in furtherance of this Consent Order: (a) may not be  
18 deemed or used as an admission of, or evidence of, the validity of any alleged wrongdoing, liability,  
19 or lack of any wrongdoing or liability; or (b) may not be deemed or used as an admission of, or  
20 evidence of, any such alleged fault or omission of Respondent in any civil, criminal, arbitration, or  
21 administrative proceeding in any court, administrative agency, or tribunal.

22 33. Waiver of Hearing Rights. Respondent acknowledges that the Commissioner is  
23 ready, willing, and able to proceed with the filing of an enforcement action upon the matters  
24 discussed herein. Respondent hereby waives the right to any hearings, and to any reconsideration,  
25 appeal, or other right to review which may be afforded pursuant to the CSL, the California  
26 Administrative Procedures Act, the California Code of Civil Procedure, or any other provision of  
27 law. Respondent further expressly waives any requirement for the filing of an Accusation pursuant  
28 to Government Code section 11415.60 (b). By waiving such rights, Respondent effectively consents

1 to this Consent Order, Order to Discontinue Violations, Order for Restitution, and Order for Fines  
2 contained herein becoming final.

3 34. Full and Final Settlement. The parties hereby acknowledge and agree that this  
4 Consent Order is intended to constitute a full, final, and complete resolution of the findings  
5 described herein, and that no further proceedings or actions will be brought by the Commissioner in  
6 connection with these findings under the CSL or any other provision of law, excepting therefrom  
7 any proceeding to enforce compliance with the terms of this Consent Order.

8 35. Information Willfully Withheld or Misrepresented. Notwithstanding Paragraph 41,  
9 this Consent Order may be revoked, and the Commissioner may pursue any and all remedies  
10 available under the law against Respondent if the Commissioner discovers that Respondent  
11 knowingly or willfully withheld or misrepresented information.

12 36. Future Actions by Commissioner. If Respondent fails to comply with any terms of  
13 the Consent Order, the Commissioner may institute proceedings for any and all violations otherwise  
14 resolved under this Consent Order. The Commissioner reserves the right to bring any future actions  
15 against Respondent, or any of its partners, owners, officers, shareholders, directors, employees, or  
16 successors for any and all unknown violations of the CSL.

17 37. Failure to Comply with Consent Order or Cure Breach. Respondent agrees that if it  
18 fails to comply with this Consent Order or fails to timely cure any breach to the satisfaction of the  
19 Commissioner, the Commissioner may, in addition to all other available remedies it may invoke  
20 under the CSL, summarily suspend, revoke, or deny its qualification or permit. Respondent  
21 stipulates to the finality of any such suspensions, revocations, or denials that the Commissioner may  
22 order. Respondent waives any notice and hearing rights to contest such summary suspensions,  
23 revocations, or denials which may be afforded under the CSL, the California Administrative  
24 Procedure Act, the California Code of Civil Procedure, or any other provision of law in connection  
25 therewith.

26 38. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner's  
27 ability to assist any other government agency (city, county, state, or federal) with any prosecution,  
28 administrative, civil, or criminal brought by that agency against Respondent or any other person

1 based upon any of the activities alleged in this matter or otherwise.

2 39. Headings. The headings to the paragraphs of this Consent Order are inserted for  
3 convenience only and will not be deemed a part hereof or affect the construction or interpretation of  
4 the provisions hereof.

5 40. Binding Agreement. This Consent Order is binding upon Respondent and its  
6 successors and assigns, as well as to successors and assigns of relevant affiliates, with respect to all  
7 conduct subject to the provisions above and all future obligations, responsibilities, undertakings,  
8 commitments, limitations, restrictions, events, and conditions.

9 41. Reliance. Each of the Parties represents, warrants, and agrees that in executing this  
10 Consent Order it has relied solely on the statements set forth herein and the advice of its own  
11 counsel. Each of the Parties further represents, warrants, and agrees that in executing this Consent  
12 Order it has placed no reliance on any statement, representation, or promise of any other party, or  
13 any other person or entity not expressly set forth herein, or upon the failure of any party or any  
14 other person or entity to make any statement, representation, or disclosure of anything whatsoever.  
15 The Parties have included this clause: (1) to preclude any claim that any party was in any way  
16 fraudulently induced to execute this Consent Order; and (2) to preclude the introduction of parol  
17 evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

18 42. Waiver, Amendments, and Modifications. No waiver, amendment, or modification  
19 of this Consent Order will be valid or binding unless it is in writing and signed by each of the  
20 Parties. The waiver of any provision of this Consent Order will not be deemed a waiver of any other  
21 provision. No waiver by either Party of any breach of, or of compliance with, any condition or  
22 provision of this Consent Order by the other Party will be considered a waiver of any other  
23 condition or provision or of the same condition or provision at another time.

24 43. Full Integration. This Consent Order is the final written expression and the complete  
25 and exclusive statement of all the agreements, conditions, promises, representations, and covenant  
26 between the parties with respect to the subject matter hereof, and supersedes all prior or  
27 contemporaneous agreements, negotiations, representations, understandings, and discussions  
28 between and among the parties, their respective representatives, and any other person or entity, with

1 respect to the subject matter covered hereby.

2 44. Governing Law. This Consent Order will be governed by and construed in  
3 accordance with California law. Each of the Parties hereto consents to the jurisdiction of such court,  
4 and hereby irrevocably waives, to the fullest extent permitted by law, the defense of an  
5 inconvenient forum to the maintenance of such action or proceeding in such court.

6 45. Effect Upon Future Proceedings. If Respondent applies for any license, permit or  
7 qualification under the Commissioner's current or future jurisdiction, or is the subject of any future  
8 action by the Commissioner to enforce this Consent Order, then the matters hereof shall be admitted  
9 for the purpose of such application(s) or enforcement proceeding(s).

10 46. Voluntary Agreement. Respondent enters this Consent Order voluntarily and without  
11 coercion and acknowledges that no promises, threats, or assurances have been made by the  
12 Commissioner or any officer, or agent thereof, about this Consent Order. The parties each represent  
13 and acknowledge that they are executing this Agreement completely voluntarily and without any  
14 duress or undue influence of any kind from any source.

15 47. Counterparts. This Consent Order may be executed in one or more separate  
16 counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall  
17 together constitute a single document.

18 48. Notice. Any notice required under this Consent Order shall be provided to each party  
19 by email and overnight mail/courier service at the following addresses.

20  
21 To Respondent: Emily Renshaw  
22 Morgan, Lewis & Bockius LLP  
23 One Federal Street  
24 Boston, MA 02110

25 To the Commissioner: Kelly Suk  
26 Senior Counsel, Enforcement Division  
27 Department of Financial Protection and Innovation  
28 320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, California 90013  
Kelly.Suk@dfpi.ca.gov

49. Signatures. A fax or electronic mail signature shall be deemed the same as an

1 original signature.

2 50. Public Record. Respondent hereby acknowledges that this Consent Order is a matter  
3 of public record.

4 51. Effective Date. This Consent Order shall become final and effective when signed by  
5 all Parties and sent by the Commissioner’s agent email to Kelly Suk, Senior Counsel, Department  
6 of Financial Protection and Innovation, Enforcement Division, at: Kelly.Suk@dfpi.ca.gov.

7 52. Authority to Sign. Each signatory hereto covenants that he or she possesses all  
8 necessary capacity and authority to sign and enter into this Consent Order and undertake the  
9 obligations set forth herein.

10 This Consent Order is in the public interest, is necessary for the protection of investors, and  
11 is consistent with the purposes, policies, and provisions of the CSL.

12 Dated: May 12, 2026

KHALIL MOHSENI  
Commissioner of Financial Protection and Innovation



13  
14  
15 By: \_\_\_\_\_  
16 Mary Ann Smith  
17 Deputy Commissioner  
18 Enforcement Division

19 Dated: May 13, 2026

RBC CAPITAL MARKETS, LLC by:

20  
21 By: \_\_\_\_\_  
22 Name  
23 Title