

**THE NASDAQ STOCK MARKET LLC  
NOTICE OF ACCEPTANCE OF AWC**

**Certified, Return Receipt Requested**

**TO: RBC Capital Markets, LLC  
Mr. Howard D. Plotkin  
Managing Director  
3 World Financial Center  
200 Vesey St.  
New York, NY 10281**

**FROM: The NASDAQ Stock Market LLC ("Nasdaq")  
c/o Financial Industry Regulatory Authority ("FINRA")  
Department of Market Regulation  
9509 Key West Avenue  
Rockville, MD 20850**

**DATE: September 20, 2017**

**RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20140416350-03**

**Please be advised** that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted on **September 20, 2017** by the Nasdaq Review Council's Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the Nasdaq Review Council, pursuant to Nasdaq Rule 9216. A copy of the AWC is enclosed herewith.

You are again reminded of your obligation, if currently registered, immediately to update your Uniform Application for Broker-Dealer Registration ("Form BD") to reflect the conclusion of this disciplinary action. Additionally, you must also notify FINRA (or NASDAQ if you are not a member of FINRA) in writing of any change of address or other changes required to be made to your Form BD.

You will be notified by the Registration and Disclosure Department regarding sanctions if a suspension has been imposed and by NASDAQ's Finance Department regarding the payment of any fine if a fine has been imposed.

RBC Capital Markets, LLC  
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If you have any questions concerning this matter, please contact Gerald O'Hara, Principal Counsel,  
at (240) 386-6871.



Gerard P. Finn  
Chief Counsel, Legal Section  
Department of Market Regulation

Signed on behalf of NASDAQ

Enclosure

FINRA District 10 – New York  
Michael Solomon  
Senior Vice President and Regional Director  
(Via email)

RBC Capital Markets, LLC  
Mr. Paul Carlesimo  
3 World Financial Center  
200 Vesey St.  
New York, NY 10281

**THE NASDAQ STOCK MARKET LLC**  
**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
**NO. 20140416350-03**

TO: The NASDAQ Stock Market LLC  
c/o Department of Market Regulation  
Financial Industry Regulatory Authority ("FINRA")

RE: RBC Capital Markets, LLC, Respondent  
Broker-Dealer  
CRD No. 31194

Pursuant to Rule 9216 of The NASDAQ Stock Market LLC ("Nasdaq") Code of Procedure, RBC Capital Markets, LLC (the "firm") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, Nasdaq will not bring any future actions against the firm alleging violations based on the same factual findings described herein.

**I.**

**ACCEPTANCE AND CONSENT**

- A. The firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of Nasdaq, or to which Nasdaq is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by Nasdaq:

**BACKGROUND**

The firm became a member of Nasdaq on July 12, 2006 and a member of FINRA on March 19, 1993, and its registrations remains in effect. The firm has no relevant disciplinary history.

**SUMMARY**

In connection with review 20140416350, the Market Analysis Team ("Market Analysis") of FINRA's Market Regulation Department (the "staff"), on behalf of Nasdaq, reviewed the firm's handling of Intermarket Sweep Orders ("ISOs") for compliance with Regulation NMS and related exchange requirements during the period May 23, 2012 through August 22, 2014 (the "review period").

Based on its review, the staff found the firm violated SEC Rule 611(c) and Nasdaq Rules 2010A and 3010.

## FACTS AND VIOLATIVE CONDUCT

1. The firm failed to take reasonable steps to establish that certain of the ISOs it routed met the definitional requirements set forth in Rule 600(b)(30) of Regulation NMS.<sup>1</sup> The conduct described in this paragraph constitutes a violation of SEC Rule 611(c) of Regulation NMS.<sup>2</sup>
2. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the Rules of Nasdaq, concerning ISOs that complied with the SEC's Regulation NMS. Specifically, the firm's supervisory system did not include written supervisory procedures that would enable it in certain instances to promptly identify issues with the firm's access to timely and accurate market data. The conduct described in this paragraph constitutes a violation of Nasdaq Rules 2010A and 3010.<sup>3</sup>

B. The firm also consents to the imposition of the following sanctions:

A censure; and a fine in the total amount of \$84,000 to be paid jointly to Bats BYX Exchange, Inc., Bats BZX Exchange, Inc., Bats EDGA Exchange, Inc., Bats EDGX Exchange, Inc., Nasdaq, NASDAQ BX, Inc., New York Stock Exchange LLC, and NYSE Arca, Inc., of which \$10,500 of that total amount shall be paid to Nasdaq.

The firm agrees to pay the monetary sanction(s) in accordance with its executed Election of Payment Form.

The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

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<sup>1</sup> SEC Rule 600(b)(30) defines the term "intermarket sweep order" as a limit order for an NMS stock that meets two requirements. First, the order must be identified as an ISO when it is routed to a trading center. Second, at the same time the ISO order is routed to a market center, one or more additional ISOs must be routed to other market centers that are displaying protected quotations (*i.e.*, another national market center's best bid or offer). These simultaneous ISOs must be identified as such, and are required to contain a limit price that is superior to the limit price of the original ISO, with the intention that they execute against the full displayed size of any protected bid or offer on the other market centers.

<sup>2</sup> SEC Rule 611(c) requires a broker-dealer that routes an ISO to "take reasonable steps to establish that [the ISO] meets the requirements set forth in [SEC Rule 600(b)(30)]."

<sup>3</sup> Nasdaq Rule 2010A states: "A member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade." Nasdaq Rule 3010 requires members "to establish and maintain a system to supervise the activities of each registered representative and associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations and with applicable Nasdaq rules."

## II.

### WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under Nasdaq's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the firm;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the Nasdaq Review Council and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm specifically and voluntarily waives any right to claim bias or prejudice of the Chief Regulatory Officer, the Nasdaq Review Council, or any member of the Nasdaq Review Council, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

The firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

## III.

### OTHER MATTERS

The firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by FINRA's Department of Market Regulation and the Nasdaq Review Council, the Review Subcommittee, or the Office of Disciplinary Affairs ("ODA"), pursuant to Nasdaq Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and

C. If accepted:

1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by Nasdaq or any other regulator against the firm;
2. Nasdaq may release this AWC or make a public announcement concerning this agreement and the subject matter thereof in accordance with Nasdaq Rule 8310 and IM-8310-3; and
3. The firm may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. The firm may not take any position in any proceeding brought by or on behalf of Nasdaq, or to which Nasdaq is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's right to take legal or factual positions in litigation or other legal proceedings in which Nasdaq is not a party.

D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by Nasdaq, nor does it reflect the views of Nasdaq or its staff.

The undersigned, on behalf of the firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

8/17/2017

Date

RBC Capital Markets, LLC

Respondent

By: 

Name:

HOWARD R. PLOTKIN

Title:

MANAGING DIRECTOR

Reviewed by:

\_\_\_\_\_  
Counsel for Respondent

Firm Name

Accepted by Nasdaq:

9/20/17

Date



Gerard P. Finn

Chief Counsel

Department of Market Regulation

Signed on behalf of Nasdaq, by delegated authority from the Director of ODA

**ELECTION OF PAYMENT FORM**

The firm intends to pay the fine proposed in the attached Letter of Acceptance, Waiver and Consent by the following method (check one):

- A firm check or bank check for the full amount
- Wire transfer

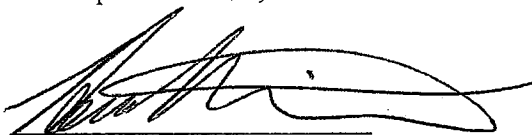
Respectfully submitted,

Respondent

RBC Capital Markets, LLC

8/17/2017

Date

By: 

Name: HOWARD R. PLOTKIN  
MANAGING DIRECTOR

Title: \_\_\_\_\_

**Billing and Payment Contact**

Please enter the billing contact information below. Nasdaq MarketWatch will contact you with billing options and payment instructions. ***Please DO NOT submit payment until Nasdaq has sent you an invoice.***

Billing Contact Name: \_\_\_\_\_

Billing Contact Address: \_\_\_\_\_

Billing Contact Email: \_\_\_\_\_

Billing Contact Phone Number: \_\_\_\_\_