

_____	)	
IN THE MATTER OF:	)	
	)	
RBC CAPITAL MARKETS, LLC	- )	Consent Order
RETAIL MINIMUM COMMISSIONS	)	
	)	
RESPONDENT.	)	
	)	
_____	)	

**I. PRELIMINARY STATEMENT**

RBC Capital Markets, LLC (“RBC” or “Respondent”) submits this Order of Settlement (the “Order”) with respect to the above captioned investigation by The South Dakota Division of Insurance into whether Respondent engaged in acts or practices that violated the South Dakota Uniform Securities Act of 2002 (the “Act”), and the regulations promulgated thereunder at SDCL Ch. 47-31B. As the result of a coordinated investigation, the South Dakota Division of Insurance 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 South Dakota Division of Insurance as hereafter set forth. If this Order is not accepted by the South Dakota Division of Insurance, the Order is withdrawn and shall not be used in or become part of any proceeding.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 South Dakota Division of Insurance 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 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 the Order by the South Dakota Division of Insurance 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 South Dakota Division of Insurance has jurisdiction over matters relating to securities pursuant to the South Dakota Uniform Securities Act of 2002, codified at SDCL Ch. 47-31B.
2. This Order is made in accordance with the South Dakota Uniform Securities Act of 2002, SDCL Ch. 47-31B & ARSD 20:08.
3. The acts and practices that are the subject of the South Dakota Division of Insurance's investigation occurred while Respondent was registered as a broker-dealer in South 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 Capital Markets, LLC is a broker-dealer registered in South 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. Respondent maintains three branch offices in South Dakota.

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 South Dakota Uniform Securities Act of 2002 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 South Dakota, Respondent executed 301 equity transactions which included an unreasonable commission for services performed (i.e. in excess of 5% of the principal trade amount) totaling \$10,762.37.

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**

24. Section 47-31B-412(d)(9) of the Act provides:

Any person may be disciplined . . . if the person . . . Has failed to reasonably supervise an agent, investment advisor representative, or other individual . . . .”

25. Respondent’s acts and practices, as described above, constitute a violation of Section 47-31B-412(d)(9) of the Act.

**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 conduct described herein in violation of the South Dakota Uniform Securities Act of 2002 in South Dakota;
- B. Respondent agrees to be censured by the South Dakota Division of Insurance;

- C. Respondent agrees to provide restitution in an amount of no less than \$10,762.37 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 South 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. Respondent agrees to provide restitution within one hundred and twenty (120) days of execution of the Order:
- 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 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 date of this Order, Respondent shall provide the South Dakota Division of Insurance with a list of all South Dakota residents for whom Respondent receives a restitution payment as returned to sender. To the extent the South Dakota Division of Insurance has access to different address information, Respondent shall mail the payment and a second Notice to each South Dakota resident within thirty (30) days of the South Dakota Division of Insurance providing such different address; and

- iii. Respondent agrees to, within forty-five (45) days of and the date of this Order, submit to the South Dakota Division of Insurance, 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 South Dakota 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 South Dakota Division of Insurance; (3) either hand-delivered, mailed to the South Dakota Division of Insurance, 124 S. Euclid Ave, Pierre SD 57501; 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 South Dakota Division of Insurance 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 South Dakota Division of Insurance 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 South Dakota Division of Insurance 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 South Dakota Division of Insurance that contains the terms as set forth above, if Respondent fails to comply with any of the terms set forth in the Order, the South Dakota Division of Insurance 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 South Dakota Division of Insurance 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 South Dakota Division of Insurance 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 South Dakota Division of Insurance.

#### **VIII. WAIVER**

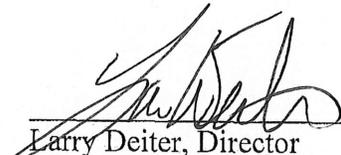
Respondent hereby waives all rights to contest an Order entered by the South Dakota Division of Insurance pursuant to this Order, including, but not limited to, (A) the right to contest whether the Order is fair, reasonable, and/or in the public interest, (B) the right to contest the Order's findings 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 Section SDCL 47-31B-412 of the Act, and the right to seek judicial review of the Order under Section SDCL 47-31B-412 of the Act and under Section SDCL 1-26-30 of the South Dakota Administrative Procedure Act, SDCL Ch. 1-26.

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

A signed Order issued pursuant to this Order waives any disqualification in the laws of South 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 South Dakota Division of Insurance 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.

Dated this 24<sup>th</sup> day of February 2026.

  
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Larry Deiter, Director  
South Dakota Division of Insurance

RBC CAPITAL MARKETS, LLC by:

Signature:   
\_\_\_\_\_

Print Name: Sean O'Connor

Title: Managing Director, Chief Compliance Officer, RBC Wealth Management

Dated: 2/20/2026