



DISCIPLINARY DECISION

Cboe C2 Exchange, Inc.

Star No. 20160509336/File No. USRI-7935

RBC Capital Markets, LLC

Pursuant to Exchange Rule 17.3, attached to and incorporated as part of this Decision is a Letter of Consent.

Applicable Rule(s)

- C2 Rules 4.2 – Adherence to Law, 4.22 – Communications to the Exchange or the Clearing Corporation, 4.24 – Supervision, 6.38 – Reporting of Trade Information and 15.1 – Maintenance, Retention and Furnishing of Books, Records and Other Information
- Section 17(a) of the Securities Exchange Act of 1934, as amended and Rule 17a-3 – Records to be Made by Certain Exchange Members, Brokers and Dealers, thereunder

Sanction

A censure and a total monetary fine in the amount of \$100,000, of which \$5,984 is payable to C2.¹

Acceptance Date

August 28, 2019

/s/ Greg Hoogasian

Greg Hoogasian, CRO, SVP

Effective Date

October 2, 2019

¹ The balance of the total monetary fine shall be paid to the other exchanges involved in this matter, reflected on page 3 of the attached Letter of Consent.

CBOE C2 EXCHANGE, INC.

In the Matter of:)	
)	
)	
RBC Capital Markets, LLC)	
200 Vesey Street)	
New York, New York 10281)	STAR No. 20160509336
)	
)	
Subject)	
)	

LETTER OF CONSENT

In order to resolve these proceedings pursuant to Cboe C2 Exchange, Inc. (the “Exchange” or “C2”) Rule 17.3 – Expedited Proceeding, the Subject, RBC Capital Markets, LLC (“RBC” or the “Firm”), hereby submits this Letter of Consent in the above captioned matter. Only for purposes of this proceeding, and without admitting or denying that a violation of Exchange Rules or the Securities Exchange Act of 1934, as amended (“Exchange Act”) has been committed, RBC consents to the Stipulation of Facts and Findings and Sanction set forth below.

Stipulation of Facts and Findings

1. During all relevant periods, RBC was an Exchange Trading Permit Holder registered to conduct business on C2 as a Clearing Trading Permit Holder and Floor Broker.
2. During all relevant periods, RBC was acting as a registered Broker-Dealer.
3. During all relevant periods, Exchange Rules 4.2 – Adherence to Law, 4.22 – Communications to the Exchange or the Clearing Corporation, 4.24 – Supervision, 6.38 – Reporting of Trade Information,¹ and 15.1 – Maintenance, Retention and Furnishing of Books, Records and Other Information; and Section 17(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Rule 17a-3 – Records to Be Made by Certain Exchange Members, Brokers and Dealers thereunder, were in full force and effect.
4. During all relevant periods, Exchange Rule 4.22 provided, in relevant part: “No Trading Permit Holder, person associated with a Trading Permit Holder or applicant to be a Trading Permit Holder shall make any misrepresentation or omission in any application, report or other

¹ During all relevant periods, C2 Rule 6.38 required that each Trading Permit Holder file with the Exchange trade information in a form prescribed by the Exchange. *See also* Exchange Regulatory Circulars C2 RG10-004 and C2 RG 13-015. C2 deleted Rule 6.38 in May 2018 (*See* Securities Exchange Act Release No. 83214 (May 11, 2018) 83 FR 22796 (May 16, 2018) (SR-C2-2018-005)).

communication to the Exchange, or to the Clearing Corporation with respect to the reporting or clearance of any Exchange transaction...”

5. From on or about February 4, 2016 through on or about April 18, 2016, RBC submitted orders with the incorrect origin code of “C” (instead of “F”) to the Clearing Corporation, resulting in the execution of approximately 6,501 contracts on C2 with an incorrect origin code.
6. From on or about February 4, 2016 through on or about April 18, 2016, by submitting orders with incorrect order origin codes resulting in the execution of approximately 6,501 contracts on C2 with an incorrect origin code, RBC failed to make and maintain accurate books and records.
7. From on or about February 4, 2016 through on or about April 18, 2016, RBC failed to enforce its Written Supervisory Procedures related to origin code marking and execution, in that RBC failed to detect the conduct described in Paragraphs 5 and 6, notwithstanding the supervisory reports and processes that the Firm had established.
8. From on or about February 4, 2016 through on or about April 18, 2016, RBC failed to supervise its Associated Persons to assure compliance with C2 Rules 4.2, 4.22, 6.38 and 15.1; and Section 17(a) of the Exchange Act and Rule 17a-3 thereunder, as such rules relate to origin code marking and execution.
9. The acts, practices and conduct described in Paragraph 5 constitute a violation of Exchange Rules 4.22 and 6.38 by RBC, in that RBC submitted orders with the incorrect origin code of “C” (instead of “F”) to the Clearing Corporation, resulting in the execution of approximately 6,501 contracts on C2 with an incorrect origin code.
10. The acts, practices, and conduct described in Paragraph 6 above constitute violations of Exchange Rules 4.2 and 15.1; and Section 17(a) of the Exchange Act and Rule 17a-3 thereunder by RBC, in that RBC, by submitting orders with incorrect order origin codes resulting in the execution of approximately 6,501 contracts on C2 with an incorrect origin code, failed to maintain accurate books and records.
11. The acts, practices, and conduct described in Paragraph 7 above constitute violations of Exchange Rule 4.24 by RBC, in that RBC failed to enforce its Written Supervisory Procedures related to origin code marking and execution.
12. The acts, practices, and conduct described in Paragraph 8 above constitute violations of Exchange Rule 4.2 by RBC, in that RBC failed supervise its Associated Persons to assure compliance with C2 Rules 4.2, 4.22, 6.38 and 15.1; and Section 17(a) of the Exchange Act and Rule 17a-3 thereunder, as such rules relate to origin code marking and execution.

Sanction: A censure and total fine in the amount of \$100,000, of which \$5,984 is payable to C2.²

Subject acknowledges that it has read the foregoing Letter of Consent, that no promise or inducement of any kind has been made to it by the Exchange or its staff, and that this Letter of Consent is voluntary on its part.

Subject understands and acknowledges that the Exchange's decision in this matter will become part of its disciplinary record and may be considered in any future Exchange proceeding.

Subject also acknowledges that the Chief Regulatory Officer's decision to accept or reject this Letter of Consent is final, and that it may not seek review thereof in accordance with Exchange Rule 17.3.

08/22/19
Date


RBC Capital Markets, LLC

Chris Whelan
Print Name

Managing Director &
Title
Senior Counsel

² The balance of the fine shall be paid to Cboe Exchange, Inc., Cboe BZX Exchange, Inc., Nasdaq ISE LLC, Nasdaq Options Market, LLC, Nasdaq PHLX LLC, NYSE American LLC, and NYSE Arca, Inc. Acceptance of this Letter of Consent is conditioned upon acceptance of similar settlement agreements in related matters between RBC and each of these self-regulatory organizations.