



## **DISCIPLINARY DECISION**

**Cboe BZX Exchange, Inc.**

**Star No. 20160487713/File No. USE-1710**

**RBC Capital Markets, LLC**

Pursuant to Exchange Rule 8.3, attached to and incorporated as part of this Decision is a Letter of Consent.

### **Applicable Rule(s)**

- BZX Rules 3.2 – Violations Prohibited, 5.1 – Written Procedures, and 24.1 – 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 monetary fine in the amount of \$9,000

### **Effective Date**

October 23, 2019

/s/ Greg Hoogasian

Greg Hoogasian, CRO, SVP

**Cboe BZX Exchange, Inc.**  
**LETTER OF CONSENT**  
**Star No. 20160487713**

---

In the Matter of:

RBC Capital Markets, LLC  
The World Financial Center  
200 Vesey Street  
New York, NY 10281,

Respondent

---

Pursuant to the provisions of Cboe BZX Exchange, Inc. ("BZX" or the "Exchange") Rule 8.3 – Expedited Proceeding, RBC Capital Markets, LLC ("RBC" or the "Firm") submits this Letter of Consent for the purposes of proposing a settlement of the alleged rule violations described below.

The Firm neither admits nor denies the findings for Star No. 20160487713, and the stipulation of facts and findings described herein do not constitute such an admission.

**BACKGROUND**

1. During all relevant periods herein, RBC was acting as a registered Broker-Dealer and was a member of the Exchange. The Firm's registration remains in effect.
2. This matter originated from a cycle examination of the Firm by the Trading and Financial Compliance Examinations section of FINRA's Department of Market Regulation, on behalf of BZX and other self-regulatory organizations.

**VIOLATIVE CONDUCT**

**Applicable Rules**

3. During all relevant periods herein, the following rules were in full force and effect: Exchange Rules 5.1 – Written Procedures, 3.2 – Violations Prohibited, 24.1 – Maintenance, Retention and Furnishing of Books, Records and Other Information, Section 17(a) of the Securities Exchange Act and Rule 17a-3 – Records to be Made by Certain Exchange Members, Brokers and Dealers, thereunder.
4. During all relevant periods herein, Section 17 of the Exchange Act and Rule 17a-3(a)(6)(i) promulgated thereunder required broker-dealers, such as RBC, to create a

brokerage order ticket of each brokerage order, and of any other instruction, given or received for the purchase or sale of securities, whether executed or unexecuted. In relevant part, the rule requires the brokerage order ticket to show, among other things, the terms and conditions of the order or instructions, the time the order was received, the time the order was entered, and the time of execution or cancellation. Such records must be accurate.

5. During all relevant times herein, Exchange Rule 24.1 required that Options Members make, keep current and preserve such books and records as the BZX may prescribe pursuant to BZX Rules and as may be prescribed by the Exchange Act and the rules and regulations promulgated thereunder.
6. During all relevant periods herein, Exchange Rule 5.1 provided that "[e]ach Member shall establish, maintain and enforce written procedures which will enable it to supervise properly the activities of associated persons of the member and to assure their compliance with applicable laws, rules, regulations and statements of policy promulgated thereunder, with the rules of the designated self-regulatory organization, where appropriate, and with Exchange Rules."
7. During all relevant periods herein, Exchange Rule 3.2 provided that no member firm shall engage in conduct in violation of the Exchange Act, or the rules or regulations thereunder and that every member firm shall supervise persons associated with the Member as to assure compliance with those requirements.

#### **Books and Records**

8. During 2016, the Firm handled approximately 16,400 manual options orders, approximately 12% of which were manual customer orders routed to option exchange floor brokers for execution. A sample of 66 manual customer options orders routed to various options exchanges during the period between April 11, 2016 and April 15, 2016 ("Exam Review Period") was reviewed for timestamp accuracy.
9. From the sample of 66 manual customer options orders routed to various options exchanges for execution during the Exam Review Period, the Firm did not maintain an accurate record of the order receipt time for 22 (approximately 33%) of the sampled orders. Of these 22 orders, two were executed on the Exchange.
10. The acts, practices and conduct described in Paragraph 9 constitute violations of Exchange Rule 24.1, and Section 17(a) of the Exchange Act and Rule 17a-3 thereunder.

### **Written Supervisory Procedures**

11. The Firm's Global Equity Linked Products Desk (the "GELP Desk") handles options orders for institutional clients and facilitates customer options orders. From April 2016 to September 13, 2019, the Firm failed to establish and maintain WSPs and a supervisory system applicable to the GELP Desk that were reasonably designed to assure compliance with the recordkeeping provisions of the federal securities laws and BZX rules that require the accurate documentation of the order receipt and transmission times of options orders. Specifically, the Firm's WSPs did not require a reasonable review for order receipt and order transmission times or specify how many orders should be reviewed. Additionally, the Firm's supervisory system did not include a reasonable review for the accuracy of order receipt and order transmission times of options orders handled by the GELP Desk, and the Firm did not conduct such a review. The Firm revised its WSPs applicable to the GELP Desk on September 13, 2019.
12. The acts, practices, and conduct described in Paragraph 11 constitute violations of Exchange Rules 5.1 and 3.2.
13. The Firm's Wealth Management Options Desk (the "WM Desk") executes orders solely for retail customers. From April 2016 to June 28, 2019, the Firm failed to establish and maintain WSPs and supervisory system applicable to the WM Desk that were reasonably designed to assure compliance with the recordkeeping provisions of the federal securities laws and BZX rules that require the accurate documentation of the order receipt and transmission times of options orders. Specifically, the WM Desk WSPs and supervisory system did not include a supervisory review of the accuracy of order receipt and transmission times of options orders handled by the WM Desk. Although the Firm represented that its Options Desk Manager conducted daily order ticket and activity reviews of WM Desk options orders, his review did not include a review for timestamp accuracy. Moreover, the Firm's WSPs did not include a review for the accuracy of order receipt and order transmission times of options orders handled by the WM Desk or specify how such reviews should be conducted. The Firm revised its WSPs applicable to the WM Desk on June 28, 2019.
14. The acts, practices, and conduct described in Paragraph 13 constitute violations of Exchange Rules 5.1 and 3.2.

## SANCTIONS

15. The Firm does not have any prior relevant disciplinary history specifically related to BZX rules and the Exchange Act rules and compliance with, and supervision of, the recordkeeping provisions that require the accurate documentation of the order receipt and transmission times of options orders.
16. In light of the alleged rule violations described above, the Firm consents to the imposition of the following sanctions:
  - a. A censure; and
  - b. A fine in the amount of \$9,000.

If this Letter of Consent is accepted, the Firm acknowledges that it shall be bound by all terms, conditions, representations and acknowledgements of this Letter of Consent, and, in accordance with the provisions of Exchange Rule 8.3, waives the right to review or to defend against any of these allegations in a disciplinary hearing before a Hearing Panel. The Firm further waives the right to appeal any such decision to the Board of Directors, the U.S. Securities and Exchange Commission, a U.S. Federal District Court, or a U.S. Court of Appeals.

The Firm waives any right to claim bias or prejudgment of the Chief Regulatory Officer ("CRO") in connection with the CRO's participation in discussions regarding the terms and conditions of this Letter of Consent, or other consideration of this Letter of Consent, including acceptance or rejection of this Letter of Consent. The Firm further waives any claim that a person violated the ex parte prohibitions of Exchange Rule 8.16, in connection with such person's participation in discussions regarding the terms and conditions of this Letter of Consent, or other consideration of this Letter of Consent, including its acceptance or rejection.

The Firm agrees to pay the monetary sanction(s) upon notice that this Letter of Consent has been accepted and that such payment(s) are due and payable. 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 Firm understands that submission of this Letter of Consent is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the CRO, pursuant to Exchange Rule 8.3. If the Letter of Consent is not accepted, it will not be used as evidence to prove any of the allegations against the Firm.

The Firm understands and acknowledges that acceptance of this Letter of Consent will become part of its disciplinary record and may be considered in any future actions brought by BZX or any other regulator against the Firm. The Letter of Consent will be published on a website maintained by the Exchange in accordance with Exchange Rule 8.18.

The Firm understands that it may not deny the charges or make any statement that is inconsistent with the Letter of Consent. The Firm may attach a Corrective Action Statement to this Letter of Consent that is a statement of demonstrable corrective steps taken to prevent future misconduct. Any such statement does not constitute factual or legal findings by the Exchange, nor does it reflect the views of the Exchange 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 Letter of Consent and has been given a full opportunity to ask questions about it; that it has agreed to the Letter of Consent's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce the Firm to submit it.

Date: 10/16/19

RBC Capital Markets, LLC

By: 

Name: Ryan Taylor

Title: Chief Compliance Officer