

**BATS EDGA EXCHANGE, INC.**  
**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
**NO. 20140416350-05**

TO: Bats EDGA Exchange, Inc.  
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 8.3 of the Rules of Bats EDGA Exchange, Inc. ("EDGA"), 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, EDGA 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 EDGA, or to which EDGA 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 EDGA:

**BACKGROUND**

The firm became registered with EDGA on May 14, 2010 and its registration 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 EDGA, 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 EDGA Rules 3.1, 5.1, and 11.8(c).

## **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 and EDGA Rule 11.8(c).<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 EDGA, 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 EDGA Rules 3.1 and 5.1.<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., EDGA, Bats EDGX Exchange, Inc., The NASDAQ Stock Market LLC, NASDAQ BX, Inc., New York Stock Exchange LLC, and NYSE Arca, Inc., of which \$10,500 of that total amount shall be paid to EDGA.

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

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 EDGA.

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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)]." EDGA Rule 11.8(c) sets out the EDGA requirements for ISOs.

<sup>3</sup> EDGA Rule 5.1 requires members to "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 EDGA rules and the federal securities laws. EDGA Rule 3.1 states that "[a] Member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade."

## II.

### WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under EDGA Rules:

- A. To have a Statement of Charges issued specifying the allegations against the firm;
- B. To be notified of the Statement of Charges 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 Appeals Committee of EDGA's Board of Directors 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 prejudgment of the Chief Regulatory Officer ("CRO"), in connection with the CRO'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 EDGA Rule 8.16, 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:

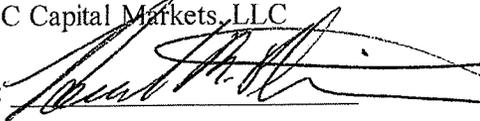
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the CRO, pursuant to EDGA Rule 8.3;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and
- C. 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 EDGA or any other regulator against the firm;

2. this AWC will be published on a website maintained by EDGA in accordance with EDGA Rule 8.18. In addition, this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record; 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 EDGA, or to which EDGA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which EDGA 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 EDGA, nor does it reflect the views of EDGA 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

Respondent  
RBC Capital Markets, LLC

By: 

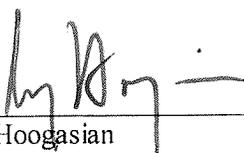
Name: HOWARD R. PLOTKIN  
MANAGING DIRECTOR

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

Reviewed by:

\_\_\_\_\_  
Counsel for Respondent  
Firm Name

8/28/2017  
Date

  
\_\_\_\_\_  
Greg Hoogasian  
Senior Vice President & Chief Regulatory Officer  
Bats EDGA Exchange, Inc.

**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: \_\_\_\_\_