

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

Certified, Return Receipt Requested

**TO: RBC Capital Markets, LLC
Mr. Andrew C. Small
Chief Compliance Officer – Wealth Management
60 South Sixth Street
18th Floor
Minneapolis, MN 55402**

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

DATE: May 9, 2018

RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20160493435-01

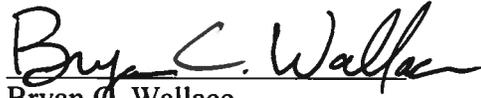
Please be advised that your above-referenced Letter of Acceptance, Waiver and Consent (“AWC”) has been accepted on **May 9, 2018** by the Nasdaq Review Council’s Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the Nasdaq Review Council, pursuant to Nasdaq Rule 9216. A copy 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, and Nasdaq’s Finance Department will send you an invoice regarding the payment of any fine.

RBC Capital Markets, LLC
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If you have any questions concerning this matter, please contact me at 646-430-7060.



Bryan C. Wallace
Principal Counsel
Department of Enforcement, FINRA

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
Ms. Nicole Dogwill
Director & Senior Counsel
Royal Bank of Canada – Wealth Management
60 South Sixth Street
18th Floor
Minneapolis, MN 55402-4400

**THE NASDAQ OPTIONS MARKET LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2016049343501**

TO: The NASDAQ Options Market LLC
c/o Department of Enforcement
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")¹ Code of Procedure, RBC Capital Markets, LLC ("RBCM" or 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 The NASDAQ Options Market LLC ("NOM") on May 28, 2009, and a member of FINRA on March 19, 1993, and its registrations remains in effect. At all times relevant to this matter, RBCM was an Options Participant on NOM and provided, among other things, clearing services to correspondent firms, which includes XYZ Correspondent Firm.² The firm does not have a relevant prior disciplinary history.

SUMMARY

In connection with Matter No. 20160493435, the Options Regulation staff of FINRA's Department of Market Regulation (the "staff") conducted a review to determine if RBCM was in compliance with the rules and regulations of NOM relating to position limits, and whether the firm established any options positions, or allowed customers to establish an options position, outside the prescribed limits between February 25, 2016 and March 17, 2016 (the "Review Period").

¹ All NASDAQ Options Market LLC disciplinary matters are governed by the Nasdaq Code of Procedure.

² A generic identifier is used in place of the name of the correspondent firm involved in this matter.

FACTS AND VIOLATIVE CONDUCT

Position Limits

1. On February 25, 2016, XYZ Correspondent Firm, a client of RBCM, effected opening transactions for the account of its customer that exceeded the applicable position limit on the bullish side of the market in ABCD, which was 50,000 contracts, by 5,676 contracts.³
2. On February 26, 2016, XYZ Correspondent Firm executed an additional 500 contracts in ABCD for the same customer while the customer's position in ABCD had already exceeded the position limit on the previous trading day, which further caused the applicable position limit to be exceeded by a total of 6,176 contracts.
3. RBCM⁴ maintained and cleared the options positions in ABCD for XYZ Correspondent Firm during the Review Period. On February 26, 2016, during a bi-monthly surveillance review of options positions in RBCWM that the Firm conducted, it identified the positions in ABCD. However, the Firm mistook the 5,000,000 shares position limit, which it had obtained from the website of the Options Clearing Corporation, as contracts.⁵ As such, RBCM considered the subject options position to be within the position limit. As a result, RBCM did not follow up on these position limit overages and failed to promptly take the action necessary to bring the position into compliance. Further, XYZ Correspondent Firm also failed to bring its customer's position in ABCD into compliance with the applicable position limit during the Review Period.
4. Accordingly, the position limit in ABCD was exceeded for a total 16 consecutive trading days during the Review Period, which ranged from approximately 11% to 12% over the applicable limit for the security.⁶
5. By virtue of the foregoing, RBCM violated Chapter III, Section 7 of the NOM Rules.

Supervision

6. During the Review Period, RBCM'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 NOM, concerning position limits. Specifically, RBCM only conducted a bi-monthly surveillance review of options positions to determine compliance with position limits for securities in RBCWM, and it failed to detect the position limit overages in ABCD when they were reviewed on February 26, 2016.⁷ By

³ A generic identifier is used in place of the name of the security involved in this matter.

⁴ Specifically, RBC Wealth Management, LLC ("RBCWM") a division of RBCM, handled its correspondent firm's customer account in this matter.

⁵ The 5,000,000 shares position limit is equivalent to the 50,000 contracts position limit since the shares deliverable of an options contract is 100 shares.

⁶ On March 18, 2016, a position limit increase was published by the Options Clearing Corporation that increased the limit from 50,000 contracts to 75,000 contracts, which brought the BRKT customer's positions into compliance.

⁷ On May 2, 2016, RBCM modified its supervisory systems and procedures to provide for a daily review of options positions to determine compliance with position limits for securities in RBCWM.

virtue of the foregoing, RBCM violated Chapter III, Section 1, 2(a), and 2(a)(i) of the NOM Rules and Nasdaq Rules 3010 and 2010A.

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

A censure and a fine of \$13,500 (consisting of a fine of \$6,000 for the position limit violation, and a fine of \$7,500 for the supervisory violation).

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.

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 prejudgment 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 Enforcement 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.

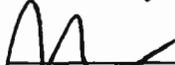
The undersigned, on behalf of the firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, 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.

4.26.18
Date

RBC Capital Markets, LLC
Respondent

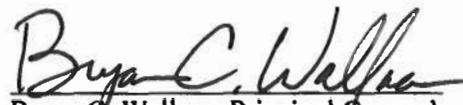
By: 
Name: A. Simon
Title: CCO Wealth Management

Reviewed by:


Counsel for Respondent
Firm Name RBC Capital Markets, LLC
Address 60 South 6th Street
City/State/Zip Minneapolis, MN 55402
Phone Number 612.371.7671

Accepted by The NASDAQ Options Market LLC:

5/9/18
Date


Bryan C. Wallace, Principal Counsel
FINRA Department of Enforcement

Signed on behalf of The NASDAQ Options
Market LLC, 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

4.26.18
Date

By: [Signature]
Name: Nicole Dognell
Title: Director + Senior Analyst

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: Camela Hoffmann
Billing Contact Address: 60 S. 6th St, Minneapolis, MN 55402
Billing Contact Email: cameran.hoffmann@rbc.com
Billing Contact Phone Number: 612.321.7634