



## Notice, Pursuant to Exchange By-law 18-2, of Disciplinary Action Against RBC Professional Trader Group, LLC, Member Organization

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**To:** Members, Member Organizations, Participants and Participant Organizations

**From:** John C. Pickford, Enforcement Counsel, NASDAQ OMX PHLX<sup>SM</sup>

**DATE:** April 28, 2010

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### **NASDAQ OMX PHLX No. 10-13 Enforcement No. 2010-02**

On April 26, 2010, the Business Conduct Committee (the "Committee") issued a disciplinary decision against RBC Professional Trader Group, LLC ("RBC"), a member organization of the Exchange. In response to a Statement of Charges issued in this action, RBC submitted an Offer of Settlement, Stipulation of Facts and Consent to Sanctions ("Offer"). Solely to settle this proceeding, and without admitting or denying the charges, RBC consented to findings that it violated, Sections 15 and 17 of the Exchange Act, Rules 15b3-1, 15c3-1, 17a-3, 17a-4, and 17a-5 promulgated thereunder, and Exchange Rules 605, 703, 748, 760, 761, 907, and 921: (i) failing to provide Exchange staff a satisfactory expense sharing agreement between itself and RBC Capital Markets, LLC. (ii) failing (a) compute its amended net capital upon the withdrawal of "temporary capital"; (b) properly reflect temporary capital as a liability in its financial filings; and (c) maintain an accurate schedule of capital deposits, capital withdrawal and profit payouts. (iii) failing to amend its Form BD to accurately reflect the equity ownership of its greater than 5% equity owners. (iv) failing to submit copies of its advertising and promotional material to the Exchange for approval prior to its publication. (v) failing to ensure that several of its employees updated their ITSFEA (Insider Trading and Securities Fraud Enforcement Act of 1988) forms within thirty business days of any change in their brokerage accounts. (vi) failing to have one of its officers registered as a member of the Exchange. (vii) failing to be qualified by an Exchange permit holder. (viii) failing to establish, maintain and enforce written supervisory procedures, and a system for applying such procedures, reasonably expected to prevent and deter, insofar as practicable, violations of applicable securities laws and regulations including the by-laws and rules of the Exchange, by failing to: (a) incorporate the following into its written procedures: (1) an updated list of branch office locations, officers, compliance designees and assigned branch office managers; (2) a statement regarding its policy on the acceptance and holding of securities in the section dealing with its Anti-Money Laundering Compliance Program ("AMLCP"); (3) a reference to its net capital requirement pursuant to Exchange Act Rule 15c3-1; (4) the fact that Forms U-4 and U-5 are filed through Web CRD rather than the Exchange; (5) outline a cycle pursuant to which it would inspect each office or location; and (6) the following primary conditions or requirements of Regulation SHO promulgated under the Exchange Act: (A) Respondent must have written organizational plans identifying its defined trading units, specifying its trading objectives, and supporting its independent identity; (B) all traders in an aggregation unit pursue only the trading

objectives or strategy of that aggregation unit; and (C) individual traders are assigned to only one aggregation unit at any time; (b) ensure that all traders and employees completed its AMLCP by December 31, 2008; (c) conduct an annual compliance meeting with all registered representatives, employees, or associated persons, and retain a written record of the dates, participants and topics covered in the meeting; (d) review all employees' email accounts; (e) ensure that all trader files were complete, and all documents were updated as required; (f) ensure that all traders and employees update their certificate of compliance forms on an annual basis; and (g) ensure that all traders and employees complete all required compliance forms at the commencement of their employment

The Committee found that RBC violated Sections 15 and 17 of the Exchange Act, Rules 15b3-1, 15c3-1, 17a-3, 17a-4, and 17a-5 promulgated thereunder, and Exchange Rules 605, 703, 748, 760, 761, 907, and 921, concurred in the sanctions consented to by it, and ordered the imposition of the following sanctions: (i) a censure and (ii) a fine of \$10,000.

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For more information, contact:

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