

BEFORE THE BUSINESS CONDUCT COMMITTEE
OF THE
CBOE EXCHANGE, INC.

_____)	
In the Matter of:)	
)	
RBC Capital Markets, LLC)	File No. 18-0012
3 World Financial Center)	STAR No. 20160498080
200 Vesey Street)	
New York, NY 10281)	
)	
Subject)	
_____)	

DECISION ACCEPTING LETTER OF CONSENT

This proceeding was instituted by the Business Conduct Committee (the “Committee”) of the Cboe Exchange, Inc. (the “Exchange”) as a result of an investigation by the staff of the Exchange. In order to resolve this matter, the subject, RBC Capital Markets, LLC has submitted a Letter of Consent. Such Letter of Consent was submitted solely for the purposes of this proceeding without admitting or denying that a violation of Exchange Rules has been committed. With due regard to the stipulated facts and findings and the proposed sanction contained therein, the Committee believes it is appropriate to accept the Letter of Consent for File No. 18-0012 (STAR No. 20160498080) which is attached to and made a part of this Decision.

**SO ORDERED
FOR THE COMMITTEE**

Dated: August 30, 2018

By: /s/ Richard Bruder
Richard Bruder
Chairman
Business Conduct Committee

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LETTER OF CONSENT

In order to resolve these proceedings pursuant to Cboe Exchange, Inc. (the “Exchange” or “Cboe”) Rule 17.3 – Expedited Proceedings, 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 Cboe 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 herein, RBC was an Exchange Trading Permit Holder registered to conduct business as a Clearing Trading Permit Holder and Floor Broker.
2. During all relevant periods herein, RBC was acting as a registered Broker-Dealer.
3. During all relevant periods herein, Cboe Rules 4.2 – Adherence to Law and 6.2B – Hybrid Opening System (“HOSS”)¹ were in full force and effect.
4. During all relevant periods herein, Interpretation and Policy .01 to Exchange Rule 6.2B provided, in relevant part: “All index option orders for participation in the modified HOSS opening procedure that are related to positions in, or a strategy involving, volatility index options or futures, and any change to or cancellation of any such order: (A) must be received prior to the applicable strategy order cut-off time for the affected index option series (established by the Exchange on a class-by-class basis)...and (B) may not be cancelled or changed after the applicable strategy order cut-off time...” Pursuant to

¹ In or about February 2018, Cboe re-codified the relevant provisions of Rule 6.2B referenced above as Rule 6.2 – Hybrid Opening (and Sometimes Closing) System (“HOSS”). (See Securities Exchange Act Release No. 82646 (February 7, 2018), 83 FR 6294 (February 13, 2018) (SR-CBOE-2018-010)).

Regulatory Circular RG08-043, the cut-off time for the entry of strategy orders in Standard and Poor's 500 index options ("SPX") series used to calculate the settlement price of the CBOE Volatility Index ("VIX") on VIX settlement days is 8:15 a.m. (CT).

5. On or about July 18, 2012, RBC entered a sell-side strategy order prior to the 8:15 a.m. cut-off time for participation in the Special Opening Quotation ("SOQ") and subsequently changed its strategy order through its submission of buy-side orders after the 8:15 a.m. cut-off time.
6. On or about August 22, 2012, RBC entered a sell-side strategy order prior to the 8:15 a.m. cut-off time for participation in the SOQ and subsequently changed its strategy order through its submission of buy-side orders after the 8:15 a.m. cut-off time.
7. From in or about July 2012 through in or about August 2012, RBC failed to establish and maintain adequate supervisory procedures to assure compliance with Exchange Rule 6.2B.
8. On or about July 18, 2012 and on or about August 22, 2012, RBC failed to supervise its Associated Persons to assure compliance with Exchange Rule 6.2B, as it relates to the conduct described in Paragraphs 5 and 6 above.
9. The acts, practices and conduct described in Paragraphs 5 and 6, above, constitute a violation of Cboe Rule 6.2B by RBC, in that RBC, on two settlement dates, entered sell-side strategy orders prior to the 8:15 a.m. cut-off time for participation in the SOQ and subsequently changed its strategy orders through its submission of buy-side orders after the 8:15 a.m. cut-off time.
10. The acts, practices and conduct described in Paragraph 7, above, constitute a violation of Cboe Rule 4.2, in that RBC failed to establish and maintain adequate supervisory procedures to assure compliance with Exchange Rule 6.2B.
11. The acts, practices and conduct described in Paragraph 8, above, constitute a violation of Cboe Rule 4.2 by RBC, in that RBC failed to supervise its Associated Persons to assure compliance with Exchange Rule 6.2B, as it relates to the conduct described in Paragraphs 5 and 6 above.

Sanction: A \$75,000 fine and a censure.

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 Committee'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 Committee'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.

Dated: June 21, 2018

**By: /s/ RBC Capital Markets, LLC
RBC Capital Markets, LLC**