



## MEMORANDUM

TO: ARKANSAS

FROM: Ronak Patel, Chair, NASAA Sales Assistant Registrations Working Group  
Joseph Brady, General Counsel, NASAA

DATE: July 12, 2013

RE: RBC Client Associate Registration Settlement

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Accompanying this memorandum is the settlement template negotiated between the NASAA Sales Assistant Registrations Working Group and RBC Capital Markets, LLC ("RBC"). This settlement is in connection with a multi-state task force investigation related to RBC's failure to register its Client Associates ("CAs") in necessary jurisdictions. The lead state on the investigation was Colorado.

As mentioned above, the accompanying template Order was negotiated with RBC. If your jurisdiction seeks to enter into a settlement with RBC pursuant to the terms described in the template Order, please utilize the template in preparing an order to be entered against RBC in your jurisdiction.

### General terms

- The order is based on RBC's failure to properly register its CAs as broker-dealer registered representatives as well as its failure to develop a supervisory system reasonably designed to prevent CAs from accepting client orders from jurisdictions where the CAs were not registered.
- RBC CAs function as sales assistants. As a general matter, CAs may be either registered (i.e. licensed) or unregistered. Registered CAs are authorized to accept unsolicited orders from clients.
- The investigation found that certain RBC CAs were only registered in approximately 7 states while the RBC registered representatives were registered in about 17 on average. This gap in registrations between the CAs and the registered representatives created a significant likelihood that CAs would accept client orders from customers in states where the CAs were not registered.
- The investigation concluded that certain CAs had in fact accepted trade orders from customers in states where the CA was not registered.
- As part of the settlement, RBC has made enhancements to its supervisory system to resolve this issue and prevent its recurrence.
- RBC has agreed to pay \$2.8 million dollars to be distributed among the 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

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RBC Client Associate Registration Settlement

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**Jurisdiction Specific Settlement Amount**

The settlement amount for ARKANSAS is \$44,745.17. This amount includes a \$27,720.17 base for each jurisdiction plus an additional sum representing an assessment of registration fees RBC may have avoided paying your specific jurisdiction during the period 2005 through 2009.

**State-specific changes to template**

The template states that a multi-state task force conducted and coordinated investigations. You may wish to include that your state participated in the multi-state task force investigation.

**Contacts**

For any state-specific issues you wish to negotiate directly with RBC, contact:

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If you have any questions about the template, you can contact:

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