

# RBC Capital Markets, LLC Client Relationship Summary

June 30, 2023



PLEASE RETAIN A COPY OF THIS DOCUMENT FOR YOUR RECORDS

RBC Capital Markets, LLC (“we,” “us” or “RBC CM”) is registered as a broker-dealer and investment advisor with the U.S. Securities and Exchange Commission (SEC). You<sup>1</sup> may receive services from RBC CM as a client of its RBC Wealth Management division or as a client of another broker-dealer for which RBC CM provides custody and clearing services through its RBC Clearing & Custody division (in which case, such other broker-dealer is referred to here as your “introducing broker”). If you receive services through your introducing broker, RBC CM does not make investment recommendations to you in its capacity as broker-dealer; please review your introducing broker’s Client Relationship Summary for information about their brokerage services to you.

Brokerage and investment advisory services and fees differ and it is important for you to understand these differences. This disclosure summarizes the differences between our brokerage and investment advisory services and fees and will help you understand these differences (and our conflicts), particularly when you are deciding to open and fund either a brokerage or advisory account with us. Free and simple tools are available for you to research firms at the SEC’s investor education website, [investor.gov/CRS](https://investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisors, and investing. You can find additional information about us and our financial advisors (“FAs”) on the Financial Industry Regulatory Authority’s (FINRA) website located at [brokercheck.finra.org](https://brokercheck.finra.org).

This disclosure is provided to comply with the SEC’s Form CRS and Regulation Best Interest disclosure requirements. Additional information is available on our website at [www.rbcwm.com/disclosures](https://www.rbcwm.com/disclosures).

This disclosure includes information about our services, fees and costs, and conflicts of interest that we are required to provide to you when we recommend that you open and fund either a brokerage or advisory account, or when we recommend that you roll over or transfer assets to a brokerage or advisory account with us. Additional information about the securities we may recommend to you in your brokerage or advisory account is included in our “Brokerage Disclosure Document” and our “Advisory Disclosure Documents,” which are available at [www.rbcwm.com/disclosures](https://www.rbcwm.com/disclosures).

## WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

Depending on your needs and your investment objectives, we may assist you with brokerage services, investment advisory services, or both. Our FAs serve as both registered representatives and investment adviser representatives for the dually registered broker-dealer/investment adviser, RBC WM. Our FAs are acting in the capacity as an investment advisory representative when providing services related to accounts enrolled in our investment advisory programs. Our FAs are acting in the capacity of a registered representative of the broker-dealer when offering brokerage accounts services.

## Our investment offerings

In both our brokerage services and investment advisory services, we offer and recommend a wide range of investments including but not limited to: mutual funds, stocks, exchange traded products (ETPs), including exchange traded funds (ETFs), and exchange traded notes, options, fixed income securities, certificates of deposit (CDs), unit investment trusts (UITs), structured notes, variable annuities, and variable life insurance, including investments or other products that we and our affiliates issue, sponsor, provide or manage (“proprietary products”), as well as investments from unaffiliated third-parties. We do not limit our investment offerings or recommendations to proprietary products, specific asset classes, or to those with third-party compensation arrangements, though we expect to receive compensation from third-parties in connection with many of the investments we offer, including, in particular, mutual funds, variable annuities, and cash sweep options.

## Brokerage services

Our brokerage services include buying and selling securities (e.g., mutual funds, stocks, and bonds) at your direction. From time to time, or when you request, we also provide you with investment recommendations, research, financial tools, and investor education. Investment recommendations we make to you, including recommendations to open or transfer assets to a brokerage account, will be made in our capacity as a broker dealer.

## Limits on monitoring and investment discretion

We do not exercise discretionary investment authority in your brokerage account (i.e., make decisions to buy or sell your investments without your direction) or monitor your brokerage account

<sup>1</sup> This Client Relationship Summary only applies to you if you are a natural person, or the legal representative of such natural person, who seeks to receive or receives services from RBC CM primarily for personal, family or household purposes.

Investment and insurance products offered through RBC Capital Markets, LLC are not insured by the FDIC or any other federal government agency, are not deposits or other obligations of, or guaranteed by, a bank or any bank affiliate, and are subject to investment risks, including possible loss of the principal amount invested.

investments for you, unless we state otherwise in writing. This means that you are responsible for reviewing your account and investments to make sure your investment mix is appropriate for you and for deciding whether to follow our investment recommendations.

### **No account minimums**

You do not need to have a minimum amount to invest to open a brokerage account with us, but some of the investments you may purchase through us have minimum investment requirements. For more information regarding minimum investment requirements, please refer to the prospectus or offering documents for your investment.

More information about our brokerage services is included in our “Brokerage Disclosure Document,” which is available at [www.rbcwm.com/disclosures](http://www.rbcwm.com/disclosures).

### **Investment advisory services**

Our investment advisory services include managing and allocating client assets among investments available on our advisory platforms, managed portfolios from third-party managers, and financial planning services. When we provide you with investment advice for a fee under an investment advisory agreement, including advising you to open or transfer assets to an advisory account, we will be acting in our capacity as an investment advisor.

If we provide investment advisory services to you through your introducing firm, you should also consult your introducing firm’s separate Client Relationship Summary for more information about your introducing firm’s services.

### **Investment discretion**

Depending on the program and services you select, we will provide you with investment recommendations, and you will make the ultimate decision regarding your investments and approve each transaction (“non-discretionary advice”), or you grant us authority to make investment decisions on your behalf without your pre-approval, based on information provided by you (“discretionary advice”). You may also hire a third-party or RBC-affiliated investment manager to provide discretionary advice to you through our programs, or we can choose one for you. The terms and limits of our discretionary authority are described in your advisory agreement with us.

### **Monitoring**

We monitor your advisory account for you as part of our advisory services in accordance with the terms of your advisory agreement with us. Our financial planning services are limited to preparation of a financial plan based on the information that you provide, and do not include ongoing monitoring. The frequency and limitations of our account monitoring depend on the advisory program that you select.

### **Account minimums**

You must meet certain account minimums to open an advisory account.

More information about our investment advisory services and current account minimums for advisory programs are described in our “Advisory Disclosure Documents” (Form ADV, Part 2A brochures), which are available at [www.rbcwm.com/disclosures](http://www.rbcwm.com/disclosures).

### **Additional information about our services**

Please see our “Advisory Disclosure Documents” which are available at [www.rbcwm.com/disclosures](http://www.rbcwm.com/disclosures), and, for our brokerage services, our “Brokerage Disclosure Document” and other applicable documents, also available at that website.

#### **Conversation starters:**

#### **Questions you may want to ask your financial advisor**

- *Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?*
- *How will you choose investments to recommend to me?*
- *What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?*

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### **WHAT FEES WILL I PAY?**

#### **Brokerage services**

For our brokerage services, the primary fees you pay are “transaction-based” fees. These fees are typically called “commissions,” “sales charges,” “loads,” “selling concessions,” or “trails.” These fees vary depending on the investment product you select, the capacity in which we act, and the size of your transaction, and can be charged up-front when you purchase or sell the investment, or on an ongoing basis for as long as you hold the investment (“trails”). If we purchase a security from you or sell a security to you from our own account (as “principal”), rather than acting as your agent to purchase or sell a security from a third party, we are paid by marking the price up or down and retain that difference, which is a benefit to us. Because we are compensated for these transactions, we have a conflict of interest to encourage you to invest in products that pay us greater compensation than those that pay us less, to trade more frequently and in greater volume, and to trade with us as principal because we generally receive more revenue when you do so. In addition, we, and your FA, have an incentive to recommend that you open, or transfer assets to, a brokerage account instead of an advisory account when you trade so frequently or in such volume that we’d receive more revenue than if you invested through an advisory account.

#### **Description of other fees and costs**

In addition to the foregoing fees, you will pay, and we will receive, certain fees associated with your brokerage account, including fees for account maintenance and custody, as well as costs for certain services that you select, such as wire transfer fees or RBC Express Credit (margin) interest, and a termination or transfer fee when you instruct us to close your account or transfer your account to another broker-dealer. More information about the fees and costs for our brokerage services is included in our “Brokerage Disclosure Document,” which is available at [www.rbcwm.com/disclosures](http://www.rbcwm.com/disclosures). The fees and costs you pay for specific securities transactions are disclosed to you on the confirmation statement you receive after your transaction is executed. The total costs you incur (and compensation we earn) in connection with your brokerage accounts will primarily depend on your investment mix and how frequently you trade.

## Investment advisory

For our investment advisory services, you pay a fee (the “Program Fee”) for the program you select. The Program Fee is a “wrap fee,” meaning that, in addition to the discretionary or non-discretionary investment advisory services that we provide in connection with the investment advisory program you select, the Program Fee includes certain trade execution, custody, and other brokerage services as part of that fee. Program Fees are typically “asset-based” meaning that they are calculated as a percentage of the assets invested in your advisory account according to the fee schedule in your advisory agreement with us. This means that the more assets you maintain in your account, the more you will pay in fees, and therefore we, and your FA, have an incentive to encourage you to increase your advisory account assets. In addition, we generally earn more compensation when you invest with us through an advisory account instead of a brokerage account, particularly if you trade infrequently or purchase investments that would pay us lower commissions and other compensation if purchased through a brokerage account. This creates an incentive for us, and your FA, to recommend that you open, or transfer assets to, an advisory account instead of a brokerage account. More information about Program Fees is available in our “Advisory Disclosure Documents,” which are available at [www.rbcwm.com/disclosures](http://www.rbcwm.com/disclosures).

Because the Program Fee includes most transaction and custody costs, it will be higher than an asset-based advisory fee that does not include transaction costs and fees. The Program Fee presents a conflict because it creates an incentive for us to not trade in your account since transaction costs are included in the Program Fee. As a part of the Program Fee, depending on the program you select, we may charge a fee for our services as an overlay manager and any investment manager fees. Also, if a third-party manager elects to trade away from us you will pay additional transaction fees for those trades. Our financial planning services are available for a fixed fee and are not subject to a wrap fee.

More information about our advisory programs and Program Fees is available in our “Advisory Disclosure Documents,” which are available at [www.rbcwm.com/disclosures](http://www.rbcwm.com/disclosures).

### **Description of other fees and costs**

In addition to the fees described above, we assess certain fees associated with your advisory account, such as account termination fees, and account transfer or liquidation fees, depending on the advisory program. For additional information, please see your Client Account Agreement, or your Customer’s Agreement if we provide services to you through your introducing broker, and our “Advisory Disclosure Documents” and other applicable documents which are available at [www.rbcwm.com/disclosures](http://www.rbcwm.com/disclosures). The fees and costs you pay for investment advisory services are disclosed to you on the account statements you receive each quarter. The total costs you incur (and compensation we earn) in connection with your advisory accounts will primarily depend on the assets in your advisory account and the Program Fee rate.

### **Additional Information About Fees and Costs**

*Please see our “Advisory Disclosure Documents,” our “Brokerage Disclosure Document,” and other applicable documents which are available at [www.rbcwm.com/disclosures](http://www.rbcwm.com/disclosures). For clients of our RBC Wealth Management division, you can also access our “Schedule of Fees” at that site. If you receive services through your introducing broker, please see your agreements with your introducing broker and us for information about account fees that apply to you. With respect to both broker-dealer and advisory services, you will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount*

*of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. Certain investments, such as mutual funds, ETPs, UITs, annuities, and 529 College Savings Plans (“529 Plans”), bear ongoing costs that you pay indirectly because they are factored into the cost of the investment and are in addition to our brokerage and advisory fees. In addition, these types of investments may charge surrender or early termination fees if you sell your investments early. For more information regarding these expenses, please refer to the prospectus or offering documents for your investment.*

### **Conversation starter:**

#### **Question you may want to ask your financial advisor**

*Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

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### **WHAT ARE YOUR LEGAL OBLIGATIONS TO ME WHEN PROVIDING RECOMMENDATIONS AS MY BROKER-DEALER OR WHEN ACTING AS MY INVESTMENT ADVISOR? HOW ELSE DOES YOUR FIRM MAKE MONEY AND WHAT CONFLICTS OF INTEREST DO YOU HAVE?**

*When we provide you with a recommendation as your broker-dealer or act as your investment advisor, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide to you. Here are some examples to help you understand what this means.*

#### **Examples of ways we make money and conflicts of interest**

##### **Proprietary products**

RBC CM and its affiliates earn higher fees, compensation, and other benefits when you invest in or utilize a product that we (or one of our affiliates) advise, make available, manage, sponsor, or underwrite such as a mutual fund or structured product. As such, we have an incentive to recommend (or to invest your assets in) these products over third-party products. Certain fees are offset in advisory retirement accounts for proprietary and affiliated mutual fund holdings. For more information see our “Advisory Disclosure Documents” which are available at [www.rbcwm.com/disclosures](http://www.rbcwm.com/disclosures).

##### **Third-party payments**

We receive payments from third parties (or their affiliates) when a client holds or transacts in certain products. As such, we have an incentive to recommend (or to invest your assets in) products of third parties that pay us over products of third parties that do not pay us or pay us less.

##### **Revenue sharing**

Certain managers and sponsors (or their affiliates) share the revenue they earn when you invest in certain of their investment products (primarily mutual funds and variable annuities) with us. As such, we have an incentive to recommend (or to invest your assets in) products of sponsors and fund managers that share their revenue with us, over other products of sponsors or fund managers that do not or who share less.

##### **Principal trading**

When we provide brokerage services, we may buy from or sell securities to you from our own inventory. Because we earn compensation (such as mark-ups, mark-downs, and spreads) and can receive other benefits in principal transactions, we have an incentive

to trade with you on a principal basis and to recommend securities that we hold in inventory. We do not trade as principal in connection with retirement accounts or advisory services except where permitted by applicable law following strict guidelines.

### **Sweep programs**

Our sweep programs for otherwise uninvested cash create a conflict of interest for us because we have an incentive for you to maintain and direct otherwise uninvested cash in your account to deposits of our affiliated banks, where they can use such deposits to generate additional revenue. We also receive revenue for your cash deposits directed to third-party banks or our affiliates through our sweep programs. This creates an incentive for us to recommend or direct investments that result in cash being invested through our sweep programs. Please see the Cash Management section of our public website at [www.rbcwm.com/disclosures](http://www.rbcwm.com/disclosures).

### **Additional information about conflicts of interest**

Please see our "Advisory Disclosure Documents" which are available at [www.rbcwm.com/disclosures](http://www.rbcwm.com/disclosures), and, for our brokerage services, our "Brokerage Disclosure Document" and other applicable documents, also available at that website.

#### **Conversation starter:**

#### **Question you may want to ask your financial advisor**

*How might your conflicts of interest affect me and how will you address them?*

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### **HOW DO YOUR FINANCIAL ADVISORS MAKE MONEY?**

RBC CM FAs are compensated based upon a percentage of advisory fees, commissions, and similar compensation paid to us by the clients serviced by the FA. This percentage varies based on the FA's production level, industry experience and tenure with RBC CM or otherwise at our discretion. The compensation paid by us to an FA increases or decreases as the compensation paid to us by clients serviced by the FA increases or decreases. Our FAs are also eligible for incentive compensation and bonuses based upon the amount of the FA's compensation, length of service and the revenue they produce. We offer recruiting packages to FAs joining from other firms, which gives your FA an incentive to enter employment with us regardless of the comparative benefits clients they service receive at other financial firms and to recommend opening an account with us. This also gives your FA an incentive to encourage you to engage in more investment transactions and in transactions in greater amounts, and to recommend products and services that result in more revenue for us so that they can meet requirements for incentives under the recruiting packages. We may increase/reduce the rate of compensation it pays to FAs when the commissions, fees and similar compensation paid by clients are above/below certain levels. This creates an incentive for FAs to charge commissions and fees at or above those levels and a disincentive to reduce commissions and fees below a level that will negatively impact the amount of revenue they produce.

We also count the receipt of commissions, investment advisory fees and similar compensation toward certain qualifying rewards for our FAs, including trips and awards. These qualifying rewards present a conflict because they create an incentive for the FA to encourage you to choose the account type that will maximize the amount of compensation your FA gets credit for and by encouraging you to either trade in your brokerage account more frequently, in larger amounts or

invest in products that result in greater compensation or to increase your assets in your advisory account, respectively, and therefore qualify for these rewards.

In the case of certain investment products, including funds, the issuer or the sponsor provides our FAs with other forms of compensation, including business entertainment, expense reimbursement for travel associated with educational or similar business meetings, financial assistance in covering the cost of marketing and sales events, and nominal gifts. In addition, depending on the specific type of investment advisory program, certain FAs may receive similar forms of other compensation from the sponsors or managers of those programs, including business entertainment and business travel expense reimbursements. The receipt of these payments presents a conflict because it creates an incentive for the FA to recommend (and maximize the use of) those investments products whose issuers or sponsors offer these forms of compensation.

### **Additional information**

Please see our "Advisory Disclosure Documents" which are available at [www.rbcwm.com/disclosures](http://www.rbcwm.com/disclosures), and, for our brokerage services, our "Brokerage Disclosure Document" and other applicable documents, also available at that website.

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### **DO YOU OR YOUR FINANCIAL ADVISORS HAVE LEGAL OR DISCIPLINARY HISTORY?**

Yes. Please visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research us and our FAs.

#### **Conversation starter:**

#### **Question you may want to ask your financial advisor**

*As a financial advisor, do you have any disciplinary history? For what type of conduct?*

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### **ADDITIONAL INFORMATION**

For additional information about our brokerage services, our investment advisory services, or to obtain an updated copy of this Client Relationship Summary, please visit our website at [www.rbcwm.com/disclosures](http://www.rbcwm.com/disclosures). You may also request up-to-date information and request a copy of this Client Relationship Summary by calling us at (800) 759-4029 or by contacting us in writing at RBC Wealth Management, Attn: Client Support Services, 250 Nicollet Mall, Suite 1800, Minneapolis, MN 55401-1931.

#### **Conversation starter:**

#### **Question you may want to ask your financial advisor**

*Who is my primary contact person? Is that primary contact person a representative of an investment advisor or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?*