RBC Financial Planning Disclosure Brochure

Form ADV, Part 2A: Firm Brochure

September 29, 2023

This RBC Financial Planning Disclosure Brochure provides you with information about the qualifications and business practices of RBC Wealth Management, a division of RBC Capital Markets, LLC, Member NYSE/FINRA/SIPC ("RBC CM"), an indirectly wholly-owned subsidiary of Royal Bank of Canada. This brochure describes only RBC Financial Planning services offered by RBC CM. This document provides investors with information about RBC CM and our Financial Planning Services that should be considered before becoming a client of the program. Please contact us at (800) 759-4029 if you have any questions about the content of this brochure. This information has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or any state securities authority. Registration of an investment adviser does not imply a certain level of skill or training.

Additional information about RBC Wealth Management is available on the SEC's website at www.adviserinfo.sec.gov.

RBC Wealth Management

250 Nicollet Mall | Minneapolis, MN 55401-1931

(800) 759-4029 | www.rbcwealthmanagement.com

PLEASE RETAIN A COPY OF THIS DOCUMENT FOR YOUR RECORDS

Wealth Management

Investment and insurance products offered through RBC Wealth Management 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.

23-25-02148_6422 (09/23)

ITEM 2: MATERIAL CHANGES

In this Item 2, RBC WM is required to identify and discuss all material changes to its RBC Financial Planning Disclosure Brochure. Since the June 30, 2023, version of the RBC Financial Planning Disclosure Brochure, we have the following material updates.

We have updated certain sections to enhance our existing disclosures on products and services and, in certain instances, to provide additional clarity related to our conflicts of interest, including:

Item 9: Disciplinary Information

In May 2023, RBC CM reached a settlement with the Commonwealth of Virginia regarding allegations that RBC CM employed an investment advisor representative in the Commonwealth of Virginia without that person being duly registered with the Division of Securities and Retail Franchising of the State Corporation Commission of Virginia, in violation of § 13.1-504 c (ii) of the Virginia Securities Act. The representative was registered in another state but moved offices with RBC CM. RBC CM agreed to pay a $10,000 monetary penalty and $1,000 for the cost of the investigation.

In April 2023, without admitting or denying the findings, RBC CM reached a settlement with FINRA and consented to sanctions and to the entry of findings that it failed to establish and maintain a supervisory system reasonably designed to achieve compliance with its suitability obligations in connection with syndicate preferred stock in brokerage accounts. The findings stated that while the firm's procedures called for supervisors to closely examine representatives' short-term trading of preferred stocks, the firm's electronic surveillance of short-term trading in preferred stock was unreasonably designed, and it failed to monitor for that activity. Although the surveillance system had certain alerts that specifically monitored for short-term trading in other products, such as closed-end funds, it did not have any alerts that specifically monitored for short-term trading in preferred stock. The firm also did not have any other alerts that flagged the purchase and sale within 180 days of syndicate preferred stock. Registered representatives at the firm recommended a number of the firm's retail customers purchase syndicate preferred stocks, and then sell the positions within 180 days, and the customers sustained losses on these transactions. The firm earned $653,313 in selling concessions from the syndicate purchases and $128,643 in sales commissions from the subsequent sales. The firm conducted a substantial syndicate preferred stock business yet did not maintain a reasonable supervisory system to monitor whether its representatives recommended short-term trading of syndicate preferred securities that was unsuitable, including for the purpose of capturing sales concessions and commissions. The firm was censured, fined $300,000, ordered to pay $128,643.17, plus interest, in restitution to customers, ordered to pay $653,312.83, plus interest, in disgorgement, and required to certify that it has remediated the issues identified in this AWC and implemented a supervisory system, including WSPs, reasonably designed to achieve compliance with FINRA rule 3110 regarding the issues identified in this AWC.

RBC WM will provide you with a new RBC Financial Planning Disclosure Brochure without charge, upon request to your Financial Advisor. Our RBC Financial Planning Disclosure Brochure is also available on the SEC's website, www.adviserinfo.sec.gov. The SEC's website also provides information about any persons affiliated with RBC WM who are registered, or are required to be registered, as investment adviser representatives of RBC WM.

ITEM 3: TABLE OF CONTENTS

ITEM 4: ADVISORY BUSINESS

About RBC Capital Markets

RBC Capital Markets, LLC ("RBC CM") is a member of all principal securities and commodities exchanges in the United States including the New York Stock Exchange ("NYSE") and has been registered with the SEC since 1977. Our parent company, Royal Bank of Canada, is publicly held and is a global, integrated investment services firm and one of the world's leading banks. We are registered to act as a broker-dealer, investment adviser, and futures commission merchant. As a registered investment adviser, we complete a Part 1 of Form ADV, which contains additional information about our business and our affiliates. This information is publicly available through our filings with the SEC at www.adviserinfo.sec.gov. This information is current as of the date of this document and is subject to change at our discretion.

RBC Financial Planning

This disclosure document describes the financial planning services offered by the RBC Wealth Management division of RBC CM along with the features and fees. Our financial planning services provide a personalized analysis and written advice to help you assess your financial situation and your ability to pursue specific financial goals. For the purposes of this disclosure document RBC Wealth Management and RBC Capital Markets, LLC will be collectively referred to as "RBC CM" and the financial planning services offered by RBC CM will be referred to as RBC Financial Planning.

RBC Financial Planning may include financial planning for individuals and for employees of entities. RBC Financial Planning — Individual Client is designed for individuals as a long-term, comprehensive financial planning relationship.

RBC Financial Planning – Corporate Client is designed for certain employees of entities choosing to participate in RBC Financial Planning.

Both RBC Financial Planning-Individual Client and RBC Financial Planning — Corporate Client closely follow a three step process which may include:

- **Gather Information** — Together with your Financial Advisor you will provide all the relevant financial information and define and prioritize your financial goals.
- **Analyze Information** — Review the information you provided to determine whether or not you are on track to achieve your defined goals.
- **Propose Recommendations** — Develop specific and actionable written financial recommendations in the form of an executive summary specific to your financial situation.

RBC Financial Planning Topics

RBC Financial Planning provides individuals with generalized guidance on one or more financial goals and objectives. Using information that you provide, your Financial Advisor ("Financial Advisor" or "FA") will help you assess and understand your current financial situation and provide you with an executive summary. Your Financial Advisor may include other RBC subject matter experts to help with your financial planning engagement. The plan may include an analysis of one or more of the following areas:

- Assistance in development of an investment plan (i.e. goal identification, asset allocation, and diversification). These are asset class level recommendations and not specific security or product recommendations.
- Accumulating wealth (i.e. retirement funding, lifestyle maintenance, major purchase planning, and employee stock options)
- Protecting wealth (i.e. income/earning power protection, managing debt, and risk management)
- Converting wealth to income (i.e. retirement income planning)
- Transferring wealth (i.e. charitable planning, gifting strategies, estate planning, and business succession/continuation planning)
- Advanced/other planning

Implementing Financial Planning Recommendations

Financial planning is an investment advisory service that creates a fiduciary relationship. This means that we must place your interests above our own. This disclosure document explains your rights and our obligations in providing you with this service. Please read it carefully and keep it for your records. Please note that although we act as your investment adviser in providing financial planning advice to you, this does not affect any other relationship you may have with your Financial Advisor or RBC CM. The nature of your existing RBC CM accounts, your rights and obligations relating to these accounts, and the terms and conditions of any RBC CM account agreement in effect do not change in any way.

Our financial planning service does not include any advice regarding specific securities or other specific product recommendations. In addition, you should understand that our financial planning service ends upon our delivery of the plan to you, as will the fiduciary relationship that arises from providing you with this service.

You understand that neither RBC WM nor its affiliates provide legal, accounting or tax advice. All legal, accounting or tax decisions regarding your accounts and any transactions or investments entered into in relation to such accounts, should be made in consultation with your independent advisors. You understand that no information, including but not limited to written materials, provided by RBC WM should be construed as legal, accounting or tax advice.

In addition, our financial plans assume that you are a U.S. citizen or resident and subject to U.S. taxes. Our financial plans may therefore not be applicable to or appropriate for non-U.S. citizens or those persons subject to other tax jurisdictions and requirements.

You should also understand that a financial plan does not address every aspect of a client's financial life (e.g., areas not covered include analysis of property and casualty, homeowners, medical and excess liability coverage, etc.). Please consult with your Financial Advisor regarding the specific topics included in your financial plan. Please note that a topic may not be included in your financial plan for a variety of reasons (e.g., insufficient data provided, separate analysis to be provided, etc.) and that such omission does not indicate that the topic is not applicable to your financial situation. Also, unless otherwise noted, any analysis of your estate planning documents or illustrations of death, gift or estate liabilities are estimates and should not be relied upon. You are advised to seek the counsel of your legal and tax advisors for a complete analysis of your estate and death tax liabilities.

Qualifications of Financial Advisors and Specialists Who Offer RBC Financial Planning Services

Financial Advisors are required to apply for approval to offer RBC Financial Planning services to clients. Eligibility requirements may include a review of education, designations, experience, and regulatory records.

Generally, our Financial Advisor and professional personnel who provide financial planning services to clients have a college degree and/or securities industry experience. In addition, certain Financial Advisors and other RBC CM employees participating in financial planning services may possess a professional designation (e.g. Certified Financial Planner (CFP), Chartered Financial Consultant (ChFC), etc.) or an internal certification. Holding a professional designation typically indicates that the Financial Advisor or RBC CM employee has completed certain courses or continuing education. However, use of such designations does not change the nature of RBC CM's or your Financial Advisor's obligation with respect to the advisory or brokerage products and services that may be offered to you.

Other Advisory Services

RBC CM offers several types of Advisory Programs, including:

- Consulting Solutions
- Managed Account Program
- Portfolio Focus
- RBC Advisor
- RBC Unified Portfolio

At this time not all Advisory Programs are available to all clients; contact your Financial Advisor for more information. Please review the RBC Wealth Management Wrap Fee Program Brochure for a full description of these services.

Assets Under Management

As of June 30, 2023, we had $207,920,901,662 in assets under management, $151,361,387,446 of which was managed on a discretionary basis and $56,559,514,216 of which was managed on a non-discretionary basis.

ITEM 5: FEES AND COMPENSATION

RBC Financial Planning Fee Schedule

The fee that you pay (in the case of RBC Financial Planning – Individual Client), or your employer pays on your behalf (in the case of RBC Financial Planning – Corporate Client) for our financial planning service covers our advice and the development and delivery of a financial plan.

Fees for RBC Financial Planning Services are negotiated within a range of $1,000 to $20,000, but in certain cases a fee higher than $20,000 may be negotiated. Financial Planning fees, when combined with the RBC WM Advice Fee received from the client in any other RBC WM sponsored advisory program, may not exceed 2% of investable net worth at the time the client enters into the Financial Planning Agreement.

Fees for our financial planning services are negotiable, and are at our sole discretion, may be waived, and may differ from client to client based on a number of factors. These factors include, but are not limited to:

- the financial planning service selected;
- the scope of the engagement;
- the complexity of the services provided;
- the nature and amount of client assets involved; and
- the extent that other RBC Specialists (Wealth Strategist Wealth Planner) are engaged.

Your Financial Advisor receives a percentage of the financial planning fees you pay to us.

Billing Practices

When RBC Financial Planning fees are assessed, all fees associated with the financial planning service are disclosed, in advance, in a separate service agreement. The fees for the service are generally payable at delivery of the plan. However, other fee arrangements may be offered at our sole discretion. Payment is made by check or by debit from a RBC CM account you designate. You may terminate the financial planning agreement without penalty within five business days if you do not receive the RBC Financial Planning Disclosure Documents at least 48 hours prior to entering into the Agreement.

Employee Programs and Promotions

Our ability to negotiate the fee or waive the fee may result in one client paying for the same set of services provided to another client at a lower fee or free of charge. We may also discount fees for clients purchasing multiple financial planning services or discount fees based on the broader relationship with RBC CM.

Fees as well as other account requirements may vary as a result of the application of prior policies depending upon when you received financial planning services from us. From time to time, the fees for financial planning or certain advisory services available through RBC CM may be reduced for our employees, certain other family members or employees of our affiliates.

Other types of fee arrangements, such as a wrap fee arrangements, are available in other advisory programs and services. We may enter into special agreements to provide other services involving specific clients, Financial Advisors or any of our branch offices. For more information regarding the above, contact your Financial Advisor.

You are not required to purchase products that RBC CM distributes, or otherwise transact business with RBC CM or any of our affiliates in order to put into action any aspect of your financial plan. If you would like RBC CM to be involved with helping you develop an investment strategy, the capacity in which we act when helping you implement an investment strategy will depend on, and vary by, the nature of your accounts (i.e., brokerage or advisory accounts) used for such implementation.

Transaction-based Brokerage Account

You pay commissions and other charges (such as sales loads on mutual funds) at the time of each individual securities transaction.

Fee-based Investment Advisory Account

You pay a fee on a quarterly basis based on the assets held within, and services provided for, your account rather than a commission on each individual transaction.

It is important to understand that brokerage and investment advisory services are separate and distinct and each is governed by different laws and separate contracts with you. While there are similarities among the brokerage and advisory services we provide, depending on the capacity in which we act, our contractual relationship and legal duties to you are subject to a number of important differences.

The fee you pay covers only the RBC Financial Planning Service as set forth in the service agreement you enter into with us. The fee does not cover any other services, accounts or products. Therefore, if you maintain accounts with us, or if we assist you in implementing your financial plan, you will pay other charges, such as compensation for the sale of securities or other investment products, in addition to the financial planning fee. This will add to the overall compensation that we receive and may present a conflict of interest based on an incentive to recommend investment products based on the compensation received, rather than based on your needs. The financial planning fees will not be reduced or offset by these other fees.

We may reduce or terminate the above payouts to Financial Advisors in connection with accounts they service that do not meet certain prescribed asset levels on a household basis. This will only affect the amounts paid to your Financial Advisor and will not mean that you will pay less.

The percentage of firm revenues credited to Financial Advisors in asset-based programs is higher than the percentage of firm revenues credited on most other products and services, including the compensation they would receive if you paid separately for advice, brokerage and other services. The differences in compensation create an incentive for Financial Advisor to recommend products for which they receive higher compensation.

Under certain circumstances (e.g., acquisitions and recruitment), some Financial Advisors may be compensated differently. Financial Advisors also receive certain revenue awards based on their production amount, business mix and net new assets. We reserve the right, at our discretion and without prior notice, to change the methods by which we compensate our Financial Advisors.

RBC CM offers recruiting packages to financial advisors joining from other firms. Under these packages, financial advisors are eligible for two types of promissory notes in designated amounts. The first note is issued to the financial advisor once his or her securities license is transferred to RBC CM. Depending upon the recruiting package RBC CM will either forgive, or collect, the principal and interest amount of the this note each month, so long as the financial advisor remains employed and in good standing for a predetermined period of time. Although there are no set production goals for the note to be forgiven, a financial advisor must maintain a certain production to remain employed. Thus, these loans create a conflict of interest because they provide incentives for our financial advisors to encourage you to effect more investment transactions and to effect investment transactions in greater amounts, and to recommend products and services that generate more revenue for us.

The second type of note is issuable each year for a fixed number of years if the financial advisor meets specified production goals. After issue, depending upon the recruiting package RBC either forgives, or collects, these loans each month so long as the financial advisor remains employed and in good standing for a predetermined period of time. These loans create a conflict of interest because they provide incentives for our financial advisors to encourage you to effect more investment transactions and to effect investment transactions in greater amounts, and to recommend products and services that generate more revenue for us.

Branch Directors and Complex Directors, who may also be Financial Advisors, perform supervisory responsibilities over other RBC WM Financial Advisors for the branch or region in which they are located. We compensate these individuals for their supervisory activities through a base salary, but also pay a bonus to these individuals that is based on meeting certain internal benchmarks, which include revenue generated by the Financial Advisors in their branch or region. This is a conflict of interest as supervisors have an incentive to encourage the recommendations of products, services and investments that generate greater revenue for RBC WM in order to meet the revenue portion of the internal benchmark. We mitigate this conflict by not compensating our supervisors directly based on the recommendation of any specific products, services or investments but instead on attainment of specific internal benchmarks, which include revenue goals.

ITEM 6: PERFORMANCE BASED FEES AND SIDE BY SIDE MANAGEMENT

We do not have any performance-based fees for any advisory programs.

ITEM 7: TYPES OF CLIENTS

RBC Financial Planning is generally intended for individuals; married couples; domestic partners; and entities with financial planning needs, such as trusts, estates, nonprofit organizations and business entities. Clients are required to open an account with RBC CM to satisfy the Patriot Act, however clients are not required to maintain an asset balance in this account.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

Methods of Financial Analysis

When developing an analysis and recommendations for you, your Financial Advisor compares your financial goals with your investment risk tolerance. Your Financial Advisor may use asset value, current and projected return, and other assumptions you provide, as well as historical return analysis prepared by RBC CM. Your financial plan may be prepared through the use of one or more computer software packages to analyze your goals using one or more methods of analysis, including probability and deterministic modeling. Forward looking analyses, including probabilistic modeling (which presents the likelihood that the client may be able to achieve certain goals) are hypothetical in nature, do not reflect actual investments results and are not a guarantee of future results. These analyses do not analyze specific securities. Actual market conditions may result in outcomes significantly different than those illustrated.

With respect to probabilistic modeling, the results may vary over time and with each use if any of the underlying assumptions or profile data is adjusted. In addition, the analysis does not present the results that could occur from an extreme market event, either positive or negative, due to the low probability of such an occurrence.

Investment Strategies

Evaluation of your financial situation may also include an asset allocation analysis designed to assist you in positioning your investment assets. If your assessment includes such analysis, the recommended portfolio allocation will be determined based on a variety of factors, including your personal financial information, risk tolerance, and the anticipated performance of different asset classes.

Our asset allocations are based on a proprietary methodology. In developing those allocations, RBC CM considers asset class risk and return results that are based on estimated forward-looking return and risk assumptions, as measured by standard deviation ("capital market assumptions"), which are based on RBC CM proprietary research. The development process includes a review of a variety of factors, including the return, risk, correlations and historical performance of various asset classes, inflation and risk premium. The process assumes a situation where the supply and demand for investments is in balance and in which expected returns of all asset classes are a reflection of their expected risk and correlations regardless of time frame. These capital market assumptions are designed with a 20 year outlook.

RBC CM periodically reviews the economic or market conditions or other general investment considerations that it believes may impact the capital market assumptions. The capital market assumptions may change from time to time at the discretion of RBC CM. RBC CM has changed its risk and return assumptions in the past and may do so in the future. Neither RBC CM nor your Financial Advisor is required to provide you with an updated proposal based upon changes to these or other underlying assumptions. Changes in the assumptions may affect your Target Allocation on the broad, subclass or style level. We may also add or remove asset classes, subclasses and styles from the allocation methodology at any time. Once we have delivered a financial plan to you, we are not required to provide you with an updated analysis based upon changes to these capital market assumptions or resulting changes to your Target Allocation. It is important to note that implementing changes to your Target Allocation may result in tax consequences to you. Please consult your tax advisor if this occurs.

There is no guarantee that if you adopt your financial plan, you will meet all of your objectives. As actual investment returns, inflation, taxes, and other economic conditions will vary from the assumptions used in our reports, your actual results will vary from those presented and may impact your ability to reach your financial planning goals.

The asset allocation analysis does not provide a comprehensive financial analysis of your ability to reach your other financial planning goals, and it does not identify the impact of your investment strategy on your tax and estate planning situations.

Our financial planning reports do not:

- make individual security or specific product recommendations.
- analyze particular securities.
- provide on-going advice regarding specific securities or other investments, regardless of whether or not a fee is assessed; rather, a general asset allocation strategy based upon your stated risk tolerance, investment objectives, financial needs, age, current asset allocation and value of the assets is suggested in the financial planning report.

Before you actually sell any such assets, consult with your legal and tax professionals regarding the tax and other implications of any such sale.

Sources of Information

The primary source of information used by your Financial Advisor is the data provided by you, such as your personal data, assets and liabilities, income expectations, assumed overall rates of interest and inflation, short-term and long-term financial goals, risk tolerance associated with goals, and other relevant information.

If you decide to implement any portion of your financial plan with RBC CM, at your request, your Financial Advisor can make specific product recommendations and help you develop an investment strategy. Your Financial Advisor may use training and marketing materials; prospectuses and annual reports for the investment; financial and insurance products distributed by RBC CM or its affiliates. We may utilize research, model portfolios and asset allocation services generated by RBC CM, RBC CM affiliates, third parties, by or through brokers or dealers or investment advisers, including research, model portfolios and asset allocation advice purchased through economic arrangements with such parties. Investing in securities involves risks that may result in losses, which you should be prepared to bear.

ITEM 9: DISCIPLINARY INFORMATION

In the past, we have entered into various orders, consent and settlements with our regulators and other third parties and have been the subject of adverse legal and disciplinary events. Below are summaries of certain events that may be material to your decision in selecting or maintaining our services for your investment advisory needs.

It should be noted that the disciplinary reporting requirements for broker-dealers and investment advisors differ. Since we are registered as both a broker-dealer and investment adviser, we file information as required by both sets of regulatory requirements. In addition to the descriptions below, you can find additional information about us and management personnel on the Securities and Exchange Commission's website located at www.adviserinfo.sec.gov as well as the Financial Industry Regulatory Authority's ("FINRA") website located at www.finra.org/brokercheck.

Please note that in each of the instances described below, we entered into various orders, consent and settlements without admitting or denying any of the allegations.

In May 2023, RBC CM reached a settlement with the Commonwealth of Virginia regarding allegations that RBC CM employed an investment advisor representative in the Commonwealth of Virginia without that person being duly registered with the Division of Securities and Retail Franchising of the State Corporation Commission of Virginia, in violation of § 13.1-504 c (ii) of the Virginia Securities Act. The representative was registered in another state but moved offices with RBC CM. RBC CM agreed to pay a $10,000 monetary penalty and $1,000 for the cost of the investigation.

In April 2023, without admitting or denying the findings, RBC CM reached a settlement with FINRA and consented to sanctions and to the entry of findings that it failed to establish and maintain a supervisory system reasonably designed to achieve compliance with its suitability obligations in connection with syndicate preferred stock in brokerage accounts. The findings stated that while the firm's procedures called for supervisors to closely examine representatives' short-term trading of preferred stocks, the firm's electronic surveillance of short-term trading in preferred stock was unreasonably designed, and it failed to monitor for that activity. Although the surveillance system had certain alerts that specifically monitored for short-term trading in other products, such as closed-end funds, it did not have any alerts that specifically monitored for short-term trading in preferred stock. The firm also did not have any other alerts that flagged the purchase and sale within 180 days of syndicate preferred stock. Registered representatives at the firm recommended a number of the firm's retail customers purchase syndicate preferred stocks, and then sell the positions within 180 days, and the customers sustained losses on these transactions. The firm earned $653,313 in selling concessions from the syndicate purchases and $128,643 in sales commissions from the subsequent sales. The firm conducted a substantial syndicate preferred stock business yet did not maintain a reasonable supervisory system to monitor whether its representatives recommended short-term trading of syndicate preferred securities that was unsuitable, including for the purpose of capturing sales concessions and commissions. The firm was censured, fined $300,000, ordered to pay $128,643.17, plus interest, in restitution to customers, ordered to pay $653,312.83, plus interest, in disgorgement, and required to certify that it has remediated the issues identified in this AWC and implemented a supervisory system, including WSPs, reasonably designed to achieve compliance with FINRA rule 3110 regarding the issues identified in this AWC.

On March 3, 2022, City National Rochdale, LLC ("CNR"), a registered investment advisor and affiliate of RBC CM, reached a settlement with the SEC concerning CNR's breach of fiduciary duties relating to its use of proprietary mutual funds and share classes in advisory accounts. Those funds generated fees for CNR and its affiliates, rather than competitor funds within the same asset classes that may not have generated such fees, and created a conflict that was not disclosed. The SEC determined that CNR willfully violated sections 206(2) and 206(4) of the Advisers Act as well as Rule 206(4)-7 by failing to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act. Under the terms of the settlement, CNR paid $30,361,804 in fines, disgorgement and interest.

Without admitting or denying the findings, RBC CM consented to the sanctions and to the entry of findings that it failed to establish, maintain, and enforce a supervisory system, including written supervisory procedures (WSPs), reasonably designed to achieve compliance with FINRA and Municipal Securities Rulemaking Board (MSRB) rules with respect to representatives' recommendations of high-yield corporate and municipal bonds. The findings stated that the firm's policies and procedures did not sufficiently address the suitability factors that representatives should consider before recommending high-yield bonds. On December 15, 2021, RBC CM was censured, fined $550,000, and ordered to pay $456,155, plus interest, in restitution to customers.

It is alleged that from 2014-2017, RBC CM engaged in improper conduct in connection with the allocation, purchase and sale of certain new issue municipal bond offerings in violation of internal procedures, as well as MSRB and SEC rules. The SEC order found that as a result of its conduct it violated MSRB and SEC rules. RBC CM was censured; and paid disgorgement of $552,440, prejudgment interest of $160,886.97 on disgorgement, and a civil money penalty of $150,000 to the commission. The payments were made by RBC CM on September 22, 2021.

The Virginia state corporation commission alleged that, from December 1, 2017 through November 27, 2020, RBC CM employed an investment advisor representative (IAR) who was registered in the District of Columbia but not Virginia and that RBC CM failed to enforce its written supervisory procedures regarding IAR registration. On September 8, 2021, RBC CM executed the settlement order which states that RBC CM neither admits nor denies the Virginia state corporation commission's allegations and paid a $10,000 civil penalty.

It is alleged by the NYSE that RBC CM violated NYSE rule 3110(a) and (b) (supervision) by failing to establish and maintain a supervisory system and written supervisory procedures (WSPs) reasonably designed to detect and prevent errors in market on close (MOC) orders. On July 6, 2021, RBC CM entered into a letter of acceptance, waiver and consent with NYSE under which RBC CM consented to the sanctions and was censured and fined $10,000.

It is alleged that RBC Capital Markets, LLC violated SEC Rule 15c3-5(b) and (c)(1)(ii) and Rules 3.2 and 5.1 of the CBOE BZX Exchange, Inc., CBOE EDGA Exchange, Inc., CBOE BYX Exchange, Inc., and CBOE EDGX Exchange, Inc. due to the fact that the Firm's financial risk management controls and supervisory procedures were not reasonably designed to (i) prevent the entry of erroneous orders, (ii) reject orders that exceed appropriate price or size parameters, on an order by- order basis or over a short period of time, or (iii) reject duplicative orders. On March 30, 2021, without admitting or denying the findings, RBC CM was censured and fined $45,000 by CBOE BZX Exchange, Inc., $45,000 by CBOE EDGA Exchange, Inc., $70,000 by CBOE BYX Exchange, Inc. and $45,000 by CBOE EDGX Exchange, Inc.

The Massachusetts Securities Division alleged that RBC CM failed to adequately supervise its representatives with respect to concentration and suitability of master limited partnership energy and telecom positions in certain client accounts. On February 2, 2021 without admitting to any supervisory deficiencies RBC CM agreed to the described sanctions and fines totaling $320,267.41.

Without admitting or denying the findings, on December 15, 2020 RBC CM consented to the sanctions and to the entry of findings that it failed to establish and maintain a supervisory system reasonably designed to supervise representatives' recommendations to customers to purchase particular share classes of 529 college savings plans. The findings stated that RBC CM did not provide adequate guidance to representatives regarding the importance of considering share class differences when recommending 529 plans and had no procedures requiring supervisors to review 529 plan share class recommendations for suitability. RBC CM updated its procedures to include such a requirement, but the updated procedures failed to adequately instruct supervisors to consider either the age of the beneficiary or the number of years until expected withdrawals, both critical factors in determining the suitability of the recommended share class. Also, RBC CM did not consistently provide supervisors with the information necessary to review the suitability of 529 plan share class recommendations. Later, RBC CM issued a company-wide compliance alert that provided guidance to representatives regarding 529 plan share class recommendations. RBC CM then updated its supervisory systems and procedures with respect to 529 share class recommendations. Among other things, RBC CM instructed supervisors to consider the age of the beneficiary when assessing the suitability of a representative's 529 share class recommendation. RBC CM has agreed to pay restitution and interest relating to the sale of class C shares to certain 529 plan customers in the estimated amount of $839,803.

The SEC alleged that from at least July 2012 through August 2017, RBC CM disadvantaged certain retirement plan and charitable organization brokerage customers who maintained accounts at RBC CM ("Eligible Customers") by failing to ascertain that they were eligible for a less expensive share class, and recommending and selling them more expensive share classes in certain open-end mutual funds when less expensive share classes were available. RBC CM did so without disclosing that it would receive greater compensation from the Eligible Customers' purchases of the more expensive share classes. Eligible Customers did not have sufficient information to understand that RBC CM had a conflict of interest resulting from compensation it received for selling the more expensive share classes. Specifically, RBC CM recommended and sold these Eligible Customers class A shares with an up-front sales charge, or class B or class C shares with a back-end contingent deferred sales charge (a deferred sales charge the purchaser pays if the purchaser sells the shares during a specified time period following the purchase) and higher ongoing fees and expenses, when these Eligible Customers were eligible to purchase load-waived class A and/or no-load class R shares. RBC CM omitted material information concerning its compensation when it recommended the more expensive share classes. RBC CM also did not disclose that the purchase of the more expensive share classes would negatively impact the overall return on the Eligible Customers' investments, in light of the different fee structures for the different fund share classes. In making those recommendations of more expensive share classes while omitting material facts, RBC CM violated sections 17(a)(2) and 17(a)(3) of the Securities Act. These provisions prohibit, respectively, in the offer or sale of securities, obtaining money or property by means of an omission to state a material fact necessary to make statements made not misleading, and engaging in a course of business which operates as a fraud or deceit on the purchaser. As a result of the conduct described above, RBC CM willfully violated sections 17(a)(2) and 17(a)(3) of the Securities Act. On April 24, 2020 RBC CM was censured and paid disgorgement of $2,607,676, prejudgment interest of $631,331, plus a civil monetary penalty of $650,000.

Without admitting or denying the findings, RBC CM consented to the sanctions and the entry of findings that RBC CM entered 670 principal orders with incorrect origin codes, indicating that the orders were for customers instead of RBC CM. The findings state that RBC CM ignored red flags and failed to remedy the pattern of entering and executing orders with incorrect origin codes. In addition, for the calendar year 2018, RBC CM conducted 11 of 12 monthly origin code reviews late because RBC CM failed to enforce its procedures requiring timely origin code reviews. Between August 28, 2019, and October 2, 2019, RBC CM settled for a total of $100,000 across eight exchanges (NASDAQ PHLX LLC $7,138; NASDAQ Stock Markets/The NASDAQ Options Market $5,687; CBOE BZX Exchange, Inc. $28,271; NASDAQ ISE, LLC Fine $6,721; NYSE American LLC $4,098; NYSE ARCA, Inc. $5,509; CBOE Exchange, Inc.: $36,592; and CBOE C2 Exchange, Inc., $5,984).

FINRA alleged that from March 2008 to June 2016, RBC CM failed to make the statutorily required delivery of prospectuses to customers who purchased approximately 165,000 exchange traded funds and notes and hundreds of thousands of mutual funds. RBC CM failed to design, implement and enforce a reasonable supervisory system, procedures and set of controls to comply with prospectus delivery rules for ETFs, ETNs and mutual funds and as a result, failed to discover the delivery failures until FINRA's investigation into the matter. On October 17, 2019, RBC CM was censured and fined in the amount of $2,900,000.

The firm self-reported to the SEC the violations described below pursuant to the Division of Enforcement's Share Class Selection Disclosure Initiative ("SCSD Initiative"). The SEC alleged that RBC CM, during the period of January 1, 2014, through March 27, 2017, failed to make adequate disclosures, in its Form ADV or otherwise, regarding its mutual fund share class selection practices, and the 12b-1 fees it received, in connection with advisory account transactions. Specifically, at times during the relevant period, RBC CM purchased, recommended or held in advisory accounts mutual fund share classes that charged 12b-1 fees instead of lower-cost share classes in the same fund. The SEC alleged that RBC CM failed to adequately disclose the receipt of the 12b-1 fees and the associated conflict of interest, thereby allegedly willfully violating sections 206(2) and 207 of the Investment Advisers Act. On March 11, 2019, without admitting or denying the findings, the firm shall cease from committing or causing any violation and any future violations of sections 206(2) and 207 of the Advisers Act. Respondent is censured, shall pay disgorgement of $10,494,813.38 and prejudgment interest of $1,220,581.34, and shall comply with the undertakings enumerated in the offer settlement.

It is alleged by FINRA that RBC CM failed to identify and apply sales charge discounts to eligible customer transactions in Unit Investment Trusts (UITs). This resulted in approximately 4,399 eligible transactions paying an excess sales charge amount of approximately $502,088.88. In addition, it is alleged that RBC CM failed to effectively inform and train registered representatives and supervisors to ensure the proper procedures were followed and applicable sales charge discounts were applied. On April 4, 2016; RBC CM was censured and fined $225,000 and ordered to pay $502,088.88 plus interest in restitution to customers.

It is alleged by the NYSE that RBC CM violated NYSE rule 92(A) by entering a proprietary order on thirteen occasions to buy or sell an NYSE-listed security while knowingly was in possession of a customer order to buy or sell such security that could have been executed at the same price. This resulted in the proprietary order to be traded along with, or ahead of, the customer order or caused the customer's order to be traded outside of their consent parameters. It is also alleged that on two occasions, the Firm violated NYSE Rule 2010 by failing to document customer consent to the allocation split as required by NYSE Rule 92(B). In addition, it is alleged that the Firm violated NYSE Rule 342 by failing to reasonably supervise and implement adequate controls reasonably designed to achieve compliance with certain NYSE rules and policies. On August 28, 2015; RBC CM was censured and fined $80,000.

It is alleged by the Securities and Exchange Commission ("SEC") that RBC CM violated section 17(A)(2) of the Securities Act by conducting inadequate due diligence in certain municipal securities offering and, as a result, failed to form a reasonable basis on the validity of certain material representations in official statements issued in connection with those offerings. On June 18, 2015 RBC CM was fined $500,000 and ordered to retain an independent consultant to conduct a review of the policies and procedures relating to municipal securities underwriting due diligence.

It is alleged by FINRA that between 2008 and 2012, RBC CM violated NASD rules 3010(A), 2310, 2110 and FINRA rule 2010 by failing to have in place supervisory systems and procedures reasonably designed to ensure compliance with applicable laws and regulations and its internal guidelines concerning suitability of reverse convertibles, a type of complex structured product. On April 23, 2015; RBC CM was censured and fined $1,000,000 and ordered to pay $433,898.10 plus interest in restitution to certain clients.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

RBC CM is a full-service brokerage and financial services firm and is registered as a broker-dealer and an investment adviser with the SEC. RBC CM is also registered with the Commodity Futures Trading Commission as a futures commission merchant. Further, RBC CM is a member of the NYSE, FINRA, the Securities Investor Protection Corporation ("SIPC"), and several other exchanges and self-regulatory organizations.

RBC CM does not make recommendations or select investment advisors for you nor are you required to purchase products that RBC CM distributes, or otherwise transact business with RBC CM or any of our affiliates in order to put into action any aspect of your financial plan. If you would like RBC CM to be involved with helping you develop an investment strategy, the capacity in which we act when helping you implement an investment strategy will depend on and vary by the nature of your accounts (i.e., brokerage or advisory accounts) used for such implementation and may result in different conflict of interests.

RBC GAM-US is an affiliate of RBC CM. RBC GAM-US is a federally registered investment adviser that provides portfolio management services to institutional separate accounts, registered investment companies, pooled vehicles, and portfolio management services for wrap fee accounts and model portfolios offered by other providers. RBC GAMUS also serves as a sub-adviser to RBC CM sponsored wrap program and is a model provider.

City National Bank (CNB) is an affiliate of RBC CM. CNB offers retail and commercial banking, including securities-backed lending.

City National Rochdale, LLC is a subsidiary of City National Bank, an affiliate of RBC CM. City National Rochdale is a federally registered investment adviser that provides money management services to high net worth individuals, families and foundations. City National Rochdale may also serve as investment adviser and/or sub-advisor to mutual funds.

RBC CM and its affiliated banks, RBC Bank (Georgia), N.A., City National Bank and the Three World Financial Center Branch of Royal Bank of Canada are collectively considered the "Affiliate Banks". RBC CM, RBC GAM-US and City National Bank are wholly-owned subsidiaries of RBC USA Holdco Corporation, which is a wholly-owned indirect subsidiary of Royal Bank of Canada.

RBC Global Asset Management (UK) Limited ("GAM UK") and BlueBay Asset Management LLP ("BlueBay LLP") are wholly owned indirect subsidiaries of RBC and affiliates of RBC CM. GAM UK and BlueBay LLP serve as investment sub-advisers to certain U.S. registered mutual funds for which RBC GAM-US or other third-parties serve as the investment adviser. BlueBay LLP also manufactures and manages certain alternative investment funds and strategies available to Advisory Program clients.

Client may select RBC Trust Company (Delaware) Limited, a Delaware chartered trust company and a division of RBC or City National Bank, a nationally chartered bank and trust company and an affiliate of RBC CM, as a professional trust and estate settlement service provider. RBC WM and your Financial Advisor are prohibited from serving as trustees.

Client may select TrustCorp America (TCA), a Washington DC chartered trust company, as a professional trust and estate settlement service provider. RBC CM has a controlling interest in TCA.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

Our Investment Adviser Code of Ethics, summarized below, is available separately upon your request. All covered personnel are subject to our Code of Ethics and must certify receipt and compliance with the Code of Ethics annually. We are committed to ensuring that in our capacity as an investment adviser as well as a broker-dealer, we achieve the objectives below, as reflected in our Code of Ethics.

As an investment advisor, RBC CM is committed to:

- Acting in the best interests of our clients and not allowing personal interests, including personal securities trading, or those of the organization to take precedence over the interest of our clients;
- Acting with due skill, care and diligence in conducting our business and all transactions and trading activities;
- Preserving client confidentiality at all times;

- Respecting the intellectual property rights of others;
- Preventing and fully disclosing any perceived or real conflicts of interest;
- Protecting and promoting the integrity of the market; and
- Preserving honesty, integrity and trust in all communications with clients, employees and shareholders.

The objectives of the RBC CM Investment Advisor Code of Ethics are to:

- Require and foster an organizational work environment that prompts internal reporting of suspected violations of our Code of Ethics including but not limited to securities transactions personal trading activities, employee behavior, and suspected violations of the RBC Code of Conduct;
- Promote compliance with applicable securities laws, rules and regulations through leveraging an ethically based approach;
- Promote honest and ethical conduct by all employees, financial advisors and executives, including the ethical management of actual or apparent conflicts of interest between external, personal and professional relationships and;
- Promote full, fair, accurate and understandable disclosure in reports, documents and client communications that we create, submit and disseminate; and establish accountability on the part of employees, advisors and executives regarding adherence to our Code of Ethics.

Participation or Interest in Client Transactions and Personal Trading

Many of the conflicts related to participation or interest in client transactions and personal trading may not apply in the context of financial planning because the financial plan does not make specific investment recommendations or analyze particular securities. Moreover, we do not require you to purchase products or otherwise transact business with us. Nevertheless, we attempt to address potential conflicts of interest through this and other disclosure documents.

In addition to sponsoring the Advisory Programs, RBC CM sponsors other investment advisory programs and engages in a broad range of brokerage and other financial services. These include public and private investment banking and underwriting, retail and institutional brokerage and trading, institutional research and numerous other brokerage, advisory and financial services. Clients of RBC CM may include investment managers and overlay managers under RBC WM Programs. Our broker-dealer activities are our principal business and account for the vast majority of our time, energies and resources.

As a full service broker-dealer, on an ongoing basis and as permitted by applicable law, we may, when appropriate:

- act as principal, buy securities from, or sell securities to you;
- act as broker or agent, effect securities transactions for compensation for you;
- act as broker or agent for any person other than an advisory client, effect transactions in which an advisory client's securities are sold to or bought from a brokerage client;
- recommend to you that you buy or sell securities or investment products in which we or a related person or a family member of an employee has some financial interest;
- buy or sell for ourselves securities that we also recommend to you; or
- sell or convert mutual fund shares or other unbilled assets, which will subject proceeds to program fees.

We have adopted and enforce internal policies and procedures with respect to conflicts of interest between us and our clients. Pursuant to these policies and procedures, we, when engaging in the activities enumerated above, treat your orders fairly and do not give our own orders preference over your orders. Where required by applicable law or exchange rules, we obtain the consent of affected clients in advance of any transactions in which we will be engaging in the activities referenced above. When we engage in the activities referenced above, all statements and/or confirmations of such transactions contain the disclosures required by applicable law and exchange rules. Securities activities are monitored daily to detect and prevent employees from trading ahead of client accounts.

In certain situations, investment managers may execute trades through us. It is the duty of the investment manager to seek the best net price and execution on securities trades for their clients. In the event that we sell a security to you or buy a security from you, we will use all reasonable efforts to assure that you obtain the best net price and execution on the purchase or sale based on prevailing inter-dealer market prices. In some circumstances, the change in market price may result in a financial benefit to us. We may consider it appropriate to use our own execution services to effect purchases and sales of securities for investment advisory clients. We may receive brokerage commissions in connection with such transactions and, in accordance with Section 11(a) of the Securities Exchange Act of 1934, may execute transactions for investment advisory accounts over which we have discretion on the floors of securities exchanges of which we are a member. Mark-ups and markdowns charged by a dealer unaffiliated with us may be included in the price of certain transactions.

From time to time, we may incur trade errors. In these instances, we may profit from the error or may incur a loss. Regardless, your transaction will not be affected. We may from time to time receive compensation from executing transactions for securities for which we have also received compensation as a result of providing research services.

We and our affiliates may give advice and take action in performing our duties to other clients that differs from advice given, or the timing and nature of action taken, with respect to you. In the course of our respective investment banking activities or otherwise, we and our affiliates may from time to time acquire material nonpublic or other information about corporations or other entities or their securities. We and our affiliates are not obligated and may not be permitted to divulge any such information to or for the benefit of clients, or otherwise act on the basis of any such information in providing services to clients. We, our related persons and affiliates may purchase for our own accounts securities that are recommended to clients.

We have no control over where investment managers execute its trades; however, in situations where investment managers execute trades through us, a financial incentive may exist for us and we may recommend investment managers or model portfolios with lower portfolio turnover rates. This arrangement may also create a financial incentive for investment managers or overlay managers to refrain from searching as actively among other securities brokers and dealers for best execution.

ITEM 12: BROKERAGE PRACTICES

Our financial planning services do not include the review or recommendation of broker-dealers for client transactions.

ITEM 13: REVIEW OF ACCOUNTS

The Business Supervision Group or their delegates are responsible for the supervision and review of financial planning reports generated by the Financial Advisors in accordance with our supervisory guidelines. The current procedures require the Business Supervision Group or their delegates to review every executive summary and supporting materials prepared for clients. The guidelines provide steps for the Business Supervision Group or their delegates to follow to review the content of the plans and document any variations from the standards. The financial plan consists of various sections pre-determined by the Financial Advisor and the client. Each section includes static text that cannot be changed or modified by the individual users.

In addition, when a fee is charged for financial planning services the Financial Advisor is required to document the advice specific to the client and related to the analysis in an executive summary and present the executive summary to the client. When a financial plan is delivered to the client, the financial planning service terminates. Our financial planning services do not include ongoing advice or reporting.

ITEM 14: CLIENT REFERALS AND OTHER COMPENSATION

We have referral agreements with independent third parties (each, a “Solicitor”) whereby a Solicitor will refer prospective clients to us for investment advisory services. Under one of these arrangements we will pay the Solicitor for these referrals by sharing with the Solicitor a portion of the Program Fee (generally about 25%, although it can be higher than 25%, depending on facts and circumstances) that we receive from a referred client that opens one of our sponsored advisory Program Accounts. Under a second arrangement, we or the individual Financial Advisor will pay a Solicitor a one-time flat fee of up to $695, based on the potential level of investable assets for each referral, with such fee payable regardless of whether the referred party opens an account with us. This second arrangement presents a conflict of interest for us and our Financial Advisors because it has the potential to incentivize a recommendation that such prospective clients become clients in order to recoup the cost of the referral payment.

We receive referral fees from third-party investment advisers, third-party professional trust and estate settlement service providers, third-party lending institutions, or an affiliate of ours for successful client referrals made by our Financial Advisors. The professional trust and estate settlement service provider or lending institution pays a referral fee pursuant to a referral agreement between us and the professional trust and estate settlement service provider or lending institution. The investment adviser or affiliate shares a portion of the advisory fee it receives from the client with us pursuant to a referral agreement between us and the investment adviser. In the case where a Financial Advisor refers a client to an affiliate, there is a monetary incentive for us to recommend an affiliate over other qualified and suitable non-affiliated advisors.

An RBC CM employee or an affiliate may also refer a client to an RBC CM Financial Advisor. As an incentive, the referring employee may receive a percentage or a portion of the fees paid by the client for selected services. In addition, RBC WM FAs are eligible to receive a one-time payment to refer existing client accounts to the RBC Advantage team. The referring employee’s role in the ongoing client relationship, if any, may vary depending on each client’s particular situation. The amount of the referral fee paid to us by a third-party investment adviser or by us to an employee providing a referral varies depending on the facts and circumstances.

The amount of the referral fee paid to us by a third-party investment adviser or by us to an employee providing a referral varies depending on the facts and circumstances. The client acknowledges the referral fee arrangement by signing the investment adviser’s consent and disclosure document.

ITEM 15: CUSTODY

We do not require you to custody your assets with RBC CM to participate in RBC Financial Planning. However, if you do custody your assets with us, we will send you periodic account statements reflecting the details in your account. We urge you to carefully review your statements upon receipt.

ITEM 16: INVESTMENT DISCRETION

Our financial planning services do not involve the delegation or exercise of discretion on our part over your assets. However, your Financial Advisor may offer discretionary portfolio management services which are described in a separate brochure. Please contact your Financial Advisor with questions.

ITEM 17: VOTING CLIENT SECURITIES

Our financial planning services do not include proxy voting services.

ITEM 18: FINANCIAL INFORMATION

We are not required to include a balance sheet in this disclosure document because we do not require or solicit prepayment of more than $1,200 in fees per client, six months or more in advance.

We do not have any financial conditions that are reasonably likely to impair our ability to meet our contractual commitments to clients.

RBC CM and its predecessors has not been the subject of a bankruptcy petition during the past 10 years.