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December 15, 2015

BY ELECTRONIC MAIL

Marcia E. Asquith
Office of the Corporate Secretary
Financial Industry Regulatory Authority
1735 K Street, NW
Washington, DC 20006-1506

Ronald W. Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, VA 22314-3412

**Re: FINRA Regulatory Notice 15-36
Pricing Disclosure in the Fixed Income Markets**

**MSRB Regulatory Notice 2015-16,
Request for Comment on Draft Rule Amendments to
Require Confirmation Disclosure of Mark-ups for
Specified Principal Transactions with Retail Customers**

Dear Ms. Asquith and Mr. Smith:

RBC Capital Markets, LLC (“RBC CM”) appreciates the opportunity to comment on the Financial Industry Regulatory Authority’s (“FINRA’s”) Regulatory Notice 15-36 and the Municipal Securities Rulemaking Board’s (“MSRB’s”) Regulatory Notice 2015-16 (together the “Revised Proposals” or the “Proposals”).

RBC CM is a wholly owned subsidiary of the Royal Bank of Canada. The Royal Bank of Canada is a publicly traded company (RY on TSX and NYSE), RBC CM is a dually registered broker-dealer and investment advisor, As of October 31, 2015, RBC CM’s Wealth Management US division had over \$216 billion in client assets under administration.

The municipal banking, underwriting and distribution resources of RBC CM represent one of the largest and most diverse teams of capital markets professionals in the industry. We provide complete coverage for investors in municipal bonds:

- Top five underwriter by par amount for senior negotiated issues in 2015;
- More than 70 fixed-income institutional sales professionals covering Tier I, II and III investors, including approximately 30 dedicated municipal salespeople;
- Over 30 municipal traders and underwriters;
- More than 1,800 financial consultants operating from 175 different offices in 42 states;

- RBC CM's Wealth Management retail business is ranked as one of the world's top 10 largest wealth managers;
- RBC CM maintains an extensive inventory of fixed income securities and also sources securities from third parties, to provide liquidity to its customers on both sides of the market.

RBC CM supports efforts to enhance bond market price transparency in a way that provides retail investors with useful, clear, and consistent insight into their transactions. We have been actively involved in developing the advocacy of the Securities Industry Financial Markets Association ("SIFMA") on a wide range of issues, including fixed income market structure. RBC CM supports SIFMA's most recent comment letter¹ (the "SIFMA Letter") responding to the Proposals.

The SIFMA Letter requests: 1) a confirmation disclosure requirement uniform in design and operation; 2) any retail confirmation disclosure with specific pricing information should apply solely to trades in which no market risk attaches to the dealer effecting the transaction (*i.e.*, "riskless principal transactions"); 3) should some form of the Proposals proceed, FINRA and the MSRB should embrace a two-hour time frame for disclosure of firm and retail customer trades; 4) should some version of the Proposals proceed, FINRA and the MSRB should adopt a uniform rule that provides firms with the flexibility to adopt a matching framework, a prevailing market price framework, or an alternative readily determinable price reference framework, subject to further regulatory guidance. For example, one potential alternative approach is a daily volume weighted average (market) price ("VWAP").

RBC CM writes to add further support to adopting a framework that permits measuring the price to the customer against an objective measurement, such as a VWAP, or some other formula that is more in alignment with the FINRA Proposal (as well as the MSRB's initial proposal contained in MSRB Notice 2014-20). We believe that disclosure that is measured against an objective factor provides greater clarity, introduces certainty, reduces operational risk, and is more easily auditable – both internally and externally. We are also supportive of an approach that is system driven and can be automated. We believe a manual or subjective process introduces unnecessary operational and regulatory risk, as well as customer confusion.

Taken together with dealer's obligation for best execution, fair and reasonable pricing, and new confirmation disclosure of a reference price, and direct CUSIP links to EMMA and TRACE, a retail customer will have a greatly improved information to evaluate their trade.

¹ See letter from Leslie Norwood and Sean Davy, SIFMA, to Marcia E. Asquith, FINRA, and Ronald W. Smith, MSRB, (December 11, 2015), available at <http://www.sifma.org/issues/item.aspx?id=8589957983>

Marcia E. Asquith and Ronald W. Smith
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RBC CM thanks FINRA and the MSRB for the opportunity to comment on the Revised Proposals and welcomes the opportunity to discuss them with you. Should you have any questions, please do not hesitate to contact me at 212-847-8805 or david.l.cohen@rbccm.com.

Sincerely,

A handwritten signature in blue ink that reads "David L. Cohen". The signature is fluid and cursive, with the first name "David" and last name "Cohen" clearly legible.

David L. Cohen
Senior Counsel and Director