

FINANCIAL INDUSTRY REGULATORY AUTHORITY

In the Matter of the
Continued Membership
of
Wells Fargo Clearing Services, LLC
(CRD No. 19616)

Notice Pursuant to
Rule 19h-1
Securities Exchange Act
of 1934

SD-2370

July 1, 2024

I. Introduction

On September 15, 2023, Wells Fargo Clearing Services, LLC (“Wells Fargo” or “Firm”) submitted a Membership Continuance Application (“MC-400A” or “Application”) to FINRA’s Credentialing, Registration, Education, and Disclosure (“CRED”) Department.¹ The Application seeks to permit the Firm, a FINRA member, to continue its membership with FINRA notwithstanding its statutory disqualification. A hearing was not held in this matter; rather, pursuant to FINRA Rule 9523(b), FINRA’s Department of Member Supervision (“FINRA,” “Member Supervision,” or “Department”) approves the Application and is filing this Notice pursuant to Rule 19h-1 of the Securities Exchange Act of 1934 (“Exchange Act” or “SEA”).

II. The Statutorily Disqualifying Event

The Firm is subject to statutory disqualification, as that term is defined in Section 3(a)(39)(F) of the Exchange Act, incorporating by reference Sections 15(b)(4)(D) and (E), as a result of an August 2023 order issued by the Securities and Exchange Commission (“SEC” or “Commission”) finding that Wells Fargo willfully violated Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) and failed reasonably to supervise its employees with a view to preventing or detecting certain of its employees’ aiding and abetting violations of Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder (“SEC Order”).²

¹ See MC-400A and related attachments compiled by CRED, with a cover memorandum dated October 18, 2023, attached as Exhibit 1.

² See SEC Order, *In re Wells Fargo Securities, LLC, Wells Fargo Clearing Services, LLC, and Wells Fargo Advisors Financial Network, LLC*, Exchange Act Release No. 98076 (Aug. 8, 2023), attached as Exhibit 2.

The SEC Order also triggered disqualification under Rules 262(a)(4), 506(d)(1)(iv), and 602(c)(3) of the Securities Act of 1933 and Rule 503(a)(4)(ii) of Regulation Crowdfunding. On August 8, 2023, the SEC granted a waiver from the application of the disqualification provisions of these Rules. See *In re Certain Broker-Dealer Practices*, Securities Act Release No. 11221 (Aug. 8, 2023), attached as Exhibit 3.

According to the SEC Order, from January 2019 to September 2022, Wells Fargo's employees sent and received off-channel communications that related to the Firm's business, and a majority of these written communications was not maintained or preserved by the Firm.³ Further, supervisors who were responsible for preventing this misconduct among junior employees routinely communicated off-channel using their personal devices, and, in so doing, failed to comply with Firm policies by communicating using non-Firm approved methods on their personal devices about the Firm's broker-dealer business.⁴

The Firm was censured and ordered to cease and desist from committing or causing any future violations, to pay (jointly and severally) a civil money penalty of \$125 million, and to comply with certain undertakings.⁵ The Firm represented that it paid the penalty on August 11, 2023⁶ and is in compliance with the undertakings.⁷

III. Remedial Measures

In its Application, the Firm represented that it undertook remedial measures prior to the issuance of the SEC Order, including revising its policies and procedures concerning the use of approved communications methods, enhancing its training on that topic, implementing changes to the technology available to employees for text messaging purposes, and enhancing surveillance for identifying instances where unauthorized communication methods are used.⁸ The Firm is also taking additional remedial measures in accordance with the SEC Order, including hiring an independent compliance consultant to conduct a comprehensive review of the Firm's policies, procedures, and training related to electronic communications.⁹ According to the SEC Order, the Commission considered the Firm's prompt remedial actions and cooperation with the SEC when determining to accept the Offer of Settlement.¹⁰

IV. Firm Background

The Firm has been a FINRA member since July 1987.¹¹ It is headquartered in St. Louis,

³ See Exhibit 2 at p. 2 ¶ 3.

⁴ *Id.* at p. 2 ¶ 4.

⁵ *Id.* at pp. 6-10.

⁶ See Exhibit 1 at FINRA01248 Response to Item 4 and FINRA01265.

⁷ *Id.* at FINRA01262-63, 01268-69. See also Firm's Discovery Responses dated February 16, 2024, attached as Exhibit 4, at p. 1 Response 1.

⁸ See Exhibit 1 at FINRA01268.

⁹ *Id.* at FINRA01268-70.

¹⁰ See Exhibit 2 at p. 6.

¹¹ See Central Registration Depository ("CRD") Excerpt – Organization Registration Status, attached as Exhibit 5.

Missouri, with 5,157 branches (646 of which are Offices of Supervisory Jurisdiction).¹² The Firm employs approximately 19,512 registered representatives (3,482 of which are registered principals), 126 operations professionals, and 11,329 non-registered fingerprint employees.¹³ The Firm employs nine individuals who are subject to statutory disqualification.¹⁴

Wells Fargo is approved to engage in the following lines of business: exchange member engaged in exchange commission business other than floor activities; exchange member engaged in floor activities; broker or dealer making inter-dealer markets in corporate securities over-the-counter; broker or dealer retailing corporate equity securities over-the-counter; broker or dealer selling corporate debt securities; underwriter or selling group participant (corporate securities other than mutual funds); mutual fund retailer; U.S. government securities dealer; U.S. government securities broker; municipal securities dealer; municipal securities broker; broker or dealer selling variable life insurance or annuities; solicitor of time deposits in a financial institution; broker or dealer selling gas or oil interests; put and call broker or dealer or option writer; broker or dealer selling securities of non-profit organizations; investment advisory services; broker or dealer selling tax shelters or limited partnerships in primary distributions; non-exchange member arranging for transactions in listed securities by exchange member; trading securities for own account; private placements of securities; broker or dealer selling interests in mortgages or other receivables; broker or dealer involved in a networking, kiosk, or similar arrangement with a bank, savings bank or association, or credit union; engages in other securities business (solicits and effects transactions in repurchase agreements, reverse purchase agreements, certificates of deposit, banker's acceptance, deposit notes, and other exempt securities transaction for affiliated and non-affiliated entities; engaging in multi-currency fixed income business and foreign exchange transactions ancillary to this business; trade settlement and securities clearance and correspondent clearing services; prime brokerage services; securities lending); effects transactions in commodity futures, commodities, commodity options as broker for others or dealer for own account; and engages in other non-securities business (solicits and effects transactions in repurchase agreements, reverse purchase agreements, certificates of deposit, banker's acceptances, deposit notes, and other exempt securities transaction for affiliated and non-affiliated entities).¹⁵

Wells Fargo is a member of the following self-regulatory organizations ("SROs"): Cboe Exchange, Inc. ("Cboe"); Cboe BZX Exchange, Inc. ("BZX"); New York Stock Exchange LLC ("NYSE"); NYSE American LLC ("NYSE American"); NYSE Arca, Inc. ("NYSE Arca"); NYSE Chicago, Inc. ("NYSE Chicago"); Nasdaq GEMX, LLC ("GEMX"); Nasdaq ISE, LLC ("ISE"); Nasdaq PHLX LLC ("PHLX"); The Nasdaq Stock Market LLC

¹² Verified by FINRA staff through a review of information contained in CRD, last performed on May 28, 2024.

¹³ *Id.*

¹⁴ See Appendix A, attached.

¹⁵ See CRD Excerpts – Types of Business and Other Business Description, collectively attached as Exhibit 6.

(“Nasdaq”);¹⁶ Municipal Securities Rulemaking Board (“MSRB”); The Depository Trust Company (“DTC”); Fixed Income Clearing Corporation – Government Securities Division (“FICC-GOV”); Fixed Income Clearing Corporation – Mortgage-Backed Securities Division (“FICC-MBS”); and National Securities Clearing Corporation (“NSCC”).¹⁷

Recent Examinations

In the past two years, FINRA completed two routine examinations of the Firm, one that resulted in a Cautionary Action Letter (“CAL”) and the other that was completed on behalf of several SROs and resulted in no exceptions. FINRA also completed two non-routine examinations of the Firm that resulted in CALs. The SEC recently completed two examinations that identified several deficiencies at the Firm.

A. FINRA Routine Examinations

In July 2023, FINRA completed a routine examination that resulted in a CAL to the Firm for four exceptions, a referral to FINRA’s Department of Enforcement (“Enforcement”) for further review and disposition of one exception, and two exceptions that closed with no further action.¹⁸ The four exceptions that were the subject of the CAL pertained to the Firm’s failure to: accurately report that it was acting in a principal capacity when executing off-setting transactions with its affiliate; maintain adequate operational or written supervisory procedures (“WSPs”) that addressed its compliance with the Vendor Display requirements under SEC Regulation NMS Rule 603; comply with the Sub-Penny Rule due to the Firm’s attempt to route orders in impermissible sub-penny increments; and have an appropriately licensed supervisor approve uncovered options trading.¹⁹ The Firm responded in writing that it would modify its reporting practices, publish additional operating procedures, work with its vendor to correct the issue with routing transactions in sub-penny increments, and added additional layers of review to its options accounts.²⁰ The one exception referred to Enforcement pertained to violations of MSRB rules because the Firm failed to receive transactions in municipal securities within the timeframe required and did not take prompt steps to obtain physical possession or control of municipal securities.²¹ The Firm responded in writing that these failures were due to circumstances

¹⁶ See Exhibit 5.

¹⁷ The Firm’s membership was verified by FINRA staff through a search of public member directories, last performed on March 18, 2024.

¹⁸ See Disposition Letter for Examination No. 20220732879 dated July 13, 2023, Examination Report dated April 28, 2023, Firm Response dated June 9, 2023, and Firm Supplemental Response (undated), collectively attached as Exhibit 7.

¹⁹ *Id.* at FINRA pp. 1, 6-9.

²⁰ *Id.* at FINRA pp. 12-14, 18.

²¹ *Id.* at FINRA p. 5.

beyond Wells Fargo's control and it took reasonable measures to resolve the failures.²²

In November 2022, FINRA completed a routine examination of the Firm on behalf of several SROs, and no exceptions were found.²³

B. FINRA Non-Routine Examinations

On February 17, 2023, FINRA completed a non-routine examination that resulted in a CAL being issued to the Firm for one exception.²⁴ The exception pertained to the Firm's failure to implement an automated alert surveillance system tailored to effectively detect and cause the reporting of potential suspicious activity.²⁵ The Firm responded in writing that it adjusted its model used for automated surveillance, commenced a lookback review of alerts, and is assessing the current governance processes of implementation and subsequent upgrades/changes to the model used by the broker-dealer business.²⁶

On February 15, 2023, FINRA completed a non-routine examination that resulted in a CAL being issued to the Firm for failing to 1) store internal employment applications in non-erasable/non-rewritable format, 2) retain internal employment applications for the requisite regulatory record retention period, and 3) ensure that associated persons' employment applications were approved in writing by an authorized representative of the Firm and contained ten years of employment history along with information about the applicants' criminal history.²⁷

C. SEC Examinations

In May 2023, the SEC concluded an examination of the Firm that identified deficiencies related to the Firm's failure to 1) maintain procedures that included a process for risk-ranking/risk-scoring the Firm's third-party vendors with regards to safeguarding customer records and information and 2) block its terminated financial advisors' broker-of-record access to directly-held investments.²⁸ The Firm responded in writing by explaining its

²² *Id.* at FINRA pp. 11-12. As of the date of this Notice, the matter was still open with Enforcement.

²³ *See* Disposition Letter and Examination Report for Examination No. 20220732880 dated November 30, 2022, collectively attached as Exhibit 8. FINRA completed this examination on behalf of Cboe, BZX, Nasdaq, ISE, GEMX, NYSE, NYSE American, NYSE Arca, and NYSE Chicago.

²⁴ *See* Disposition Letter for Examination No. 20210716782 dated February 17, 2023, Examination Report dated December 22, 2022, and Firm Response dated January 31, 2023, collectively attached as Exhibit 9.

²⁵ *Id.* at FINRA p. 5.

²⁶ *Id.* at FINRA pp. 10-11.

²⁷ *See* CAL and Examination Report for Examination No. 20220745640 dated February 15, 2023, collectively attached as Exhibit 10. The Firm was not required to provide a written response.

²⁸ *See* SEC Examination Letter for File No. 008-37180 dated May 10, 2023, Firm Response dated June 20, 2023, and SEC's Reply Letter dated August 4, 2023, collectively attached as Exhibit 11.

processes for risk-ranking third-party vendors and removing terminated financial advisors' access to customer records.²⁹

In August 2022, the SEC concluded an examination of the Firm that identified deficiencies related to the Firm's failure to 1) reasonably supervise the recommendations by at least one of its registered representatives to a customer to engage in unsuitable options trading, 2) establish WSPs reasonably designed to detect and prevent violations related to suitability of trade recommendations, 3) enforce its WSPs related to documenting the basis for recommending complex higher-risk securities, 4) create and retain trade correction reports for two transactions, 5) prevent a registered representative from making unsuitable recommendations in a customer's account, and 6) update a registered representative's Form U4 to reflect a customer complaint.³⁰ The Firm responded in writing that it is updating its supervisory policies related to making trade recommendations, enhancing its training related to complex options trading, reviewed the trade correction report failures, put the registered representative at issue on heightened supervision, and believed in good faith that the type of customer complaint did not need reported on a Form U4.³¹

Regulatory Actions

In the past two years, Wells Fargo has been the subject of two other disciplinary actions besides the SEC Order that resulted in the Application: a September 2023 Consent Agreement with the Office of Securities for the State of Maine and an August 2023 SEC order. The August 2023 SEC order and two additional SEC orders in the past five years subjected the Firm to statutory disqualification but did not require the filing of a SEA Rule 19h-1 Notice with the Commission.

A. Maine Consent Agreement

On September 5, 2023, the Firm and the Securities Administrator of the Maine Office of Securities entered into a Consent Agreement which found that Wells Fargo violated Maine's Order No. 2021-12 and Maine Office of Securities Rule ch. 504 § (7)(4)(B) because the Firm failed to conduct on-site inspections of one of its Maine branch offices.³² The Firm agreed to comply with all securities licensing requirements in the State of Maine and to pay a \$5000 civil fine.³³ The Firm paid the fine on September 7, 2023.³⁴

²⁹ *Id.* at FINRA pp. 6-8.

³⁰ *See* SEC Examination Letter for File No. 008-37180 dated August 30, 2022, and Firm Response dated October 14, 2022, collectively attached as Exhibit 12 (excluding internal exhibits).

³¹ *Id.* at FINRA pp. 9-14.

³² *See* Consent Agreement No. 2023-46, *In re Wells Fargo Clearing Services LLC*, Case No. 23-19307 (State of Maine Office of Securities, Sept. 5, 2023), attached as Exhibit 13.

³³ *Id.* at p. 2.

³⁴ *See* Exhibit 4 at FINRA p. 2, Request 2, and FINRA pp. 7-9.

B. SEC Orders and Other Statutory Disqualification Matters

On August 25, 2023, the SEC issued an order finding that the Firm willfully violated Sections 206(2) and 206(4) of the Investment Advisers Act of 1940 (“Advisers Act”) and Rule 206(4)-7 thereunder by overcharging 10,945 advisory client accounts by more than \$26.8 million in advisory fees from 2002 through 2014.³⁵ The Firm was censured, ordered to cease and desist from committing further violations, and ordered to pay a \$35 million civil money penalty.³⁶

On May 20, 2022, the SEC issued an order finding that the Firm willfully violated Section 17(a) of the Exchange Act and Rule 17a-8 thereunder by failing to timely file at least 25 suspicious activity reports.³⁷ The Firm was censured, ordered to cease and desist from committing further violations, and ordered to pay a \$7 million civil money penalty.³⁸

On February 27, 2020, the SEC issued an order finding that the Firm willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder by failing to adopt written compliance policies and procedures reasonably designed to prevent unsuitable recommendations of single-inverse ETFs, and failing to implement its existing written policies and procedures.³⁹ The Firm also failed reasonably to fulfill its supervisory responsibilities within the meaning of Section 203(e)(6) of the Advisers Act and Section 15(b)(4)(E) of the Exchange Act, with a view to preventing its financial advisors’ unsuitable recommendations to investors.⁴⁰ The Firm was censured, ordered to cease and desist from committing further violations, and ordered to jointly and severally pay a civil money penalty of \$35 million.⁴¹

³⁵ See *In re Wells Fargo Clearing Services, LLC et al.*, Exchange Act Release No. 98221 (Aug. 25, 2023), attached as Exhibit 14. This order subjects the Firm to statutory disqualification as defined in Exchange Act Section 3(a)(39)(F), incorporating by reference Section 15(b)(4)(D).

³⁶ *Id.* at pp. 6-7. On September 13, 2023, the Firm submitted an affirmation to FINRA that sanctions were no longer in effect. Since there are no sanctions in effect for statutory disqualification purposes, an application to continue in membership is no longer required under FINRA rules. See also [FINRA Regulatory Notice 09-19](#) (June 15, 2009). As such, a 19h-1 Notice was not filed in connection with this matter.

³⁷ See *In re Wells Fargo Clearing Services, LLC*, Exchange Act Release No. 94955 (May 20, 2022), attached as Exhibit 15. This order subjects the Firm to statutory disqualification as defined in Exchange Act Section 3(a)(39)(F), incorporating by reference Section 15(b)(4)(D).

³⁸ *Id.* at p. 8. On August 10, 2022, the Firm submitted an affirmation to FINRA that sanctions were no longer in effect. Since there are no sanctions in effect for statutory disqualification purposes, an application to continue in membership is no longer required under FINRA rules. See also [FINRA Regulatory Notice 09-19](#) (June 15, 2009). As such, a 19h-1 Notice was not filed in connection with this matter.

³⁹ See *In re Wells Fargo Clearing Services, LLC et al.*, Exchange Act Release No. 88295 (Feb. 27, 2020), attached as Exhibit 16 at p. 8. This order subjects the Firm to statutory disqualification as defined in Exchange Act Section 3(a)(39)(F), incorporating by reference Sections 15(b)(4)(D) and (E).

⁴⁰ *Id.* at p. 8.

⁴¹ *Id.* at pp. 9-12. On March 27, 2020, the Firm submitted an affirmation to FINRA that sanctions were no

V. Prior SEA Rule 19h-1 Notices

FINRA previously filed one Rule 19h-1 Notice approving Wells Fargo's continued membership notwithstanding the existence of its statutory disqualification.

On October 2, 2014, FINRA filed a Rule 19h-1 Notice approving Wells Fargo's membership notwithstanding its statutory disqualification stemming from a judgment entered by the U.S. District Court for the Northern District of Illinois on February 17, 2009 permanently enjoining the Firm from violating Section 15(c)(1) of the Exchange Act.⁴² The Commission acknowledged FINRA's Notice on October 16, 2014.⁴³

VI. The Firm's Proposed Continued Membership with FINRA and Plan of Heightened Supervision

The Firm seeks to continue its membership with FINRA notwithstanding its status as a disqualified member. The Firm has agreed to the following Plan of Heightened Supervision ("Supervision Plan" or "Plan") as a condition of its continued membership with FINRA:⁴⁴

Wells Fargo Clearing Services, LLC (the "Firm") is subject to statutory disqualification pursuant to Section 3(a)(39)(F) of the Securities Exchange Act of 1934, which incorporates by reference Sections 15(b)(4)(D) & (E), as a result of an order issued by the U.S. Securities and Exchange Commission ("SEC" or "Commission") dated August 8, 2023, which found that the Firm willfully violated Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-4(b)(4) thereunder ("SEC Order"). The SEC Order also found that the Firm failed to reasonably supervise its employees within the meaning of Section 15(b)(4)(E).

For the purpose of this Supervision Plan, the term "Digital Communication Channels" means all written electronic methods of communication used to conduct Firm business, including but not limited to, text messaging platforms, whether via SMS messaging, iMessage, or other messaging services such as WhatsApp; direct messaging platforms including X f/k/a "Twitter," Instagram, LinkedIn, Slack, or Bloomberg Messaging; non-firm domain email accounts; and any other written electronic business-related correspondence. "Digital Communication Channels" encompass platforms used to

longer in effect. Since there are no sanctions in effect for statutory disqualification purposes, an application to continue in membership is no longer required under FINRA rules. [FINRA Regulatory Notice 09-19](#) (June 15, 2009). As such, a 19h-1 Notice was not filed in connection with this matter.

⁴² See *In re the Continued Membership of Wells Fargo Advisors, LLC*, SD-1798 (FINRA NAC Oct. 2, 2014), the SEC's Letter of Acknowledgement dated October 16, 2014, and CRD Excerpt – Organization Names List, collectively attached as Exhibit 17. The Firm was known as Wells Fargo Advisors, LLC from 2009 through 2016. *Id.* at FINRA p. 8.

⁴³ *Id.* at FINRA p. 7.

⁴⁴ See Executed Consent to Plan of Heightened Supervision dated April 23, 2024, attached as Exhibit 18.

exchange messages with internal or external stakeholders using either a personal or Firm-provided device.

For the purpose of this Supervision Plan, the term “Off-Channel Communications” means all business-related written electronic messages required to be maintained under Rule 17a-4 sent on Digital Communication Channels that are not captured by Firm surveillance and record-keeping systems.

In consenting to this Supervision Plan, the Firm agrees to the following:

1. The Firm shall comply with all of the undertakings outlined in the SEC Order.
2. The Firm shall maintain copies of all correspondence between the Firm and Commission staff relating to the SEC Order, including documenting when Commission staff grants extensions to the deadlines set forth in the SEC Order. The Firm shall maintain copies of all such correspondence in a readily accessible place for ease of review by FINRA staff.
3. The Firm shall provide FINRA’s Statutory Disqualification Group with copies of all certifications submitted to the SEC upon completion of the undertakings as specified in the SEC Order. The Firm shall maintain copies of all certifications in a readily accessible place for ease of review by FINRA staff.
4. The Firm shall maintain copies of all reports and supporting documentation submitted to SEC staff in accordance with the SEC Order, as well as any other documentation needed to evidence the status and completion of each of the undertakings outlined in the SEC Order. The Firm shall maintain copies of such documentation in a readily accessible place for ease of review by FINRA staff.
5. Within six months of the SEC’s Letter of Acknowledgement (“LOA”) in this matter, to the extent that it has not already done so within the past six months, and on at least an annual basis thereafter, for a term of six years from the date of the LOA, the Firm shall conduct training for all associated persons regarding the Digital Communication Channels that the Firm has approved for business communication, along with the Firm’s current policies regarding retention of business-related electronic communications. The Firm shall maintain a record of individual completion of said training and a copy of said training materials in a readily accessible place for ease of review by FINRA staff.
6. The Firm shall conduct the training described in item number 5 above for all new hires, within 65 days from the date of commencement of new hire training, for a term of six years from the date of the LOA. The Firm shall retain a record of all new hire training, including a copy of all written training materials, and keep said record(s) in a readily accessible place for ease of review by FINRA staff.
7. Within 90 days of the LOA, the Firm shall, to the extent that it has not already done so, establish and maintain a written list(s) of all Digital Communication Channels that its associated persons are permitted to use to communicate about Firm business.

The list(s) shall be circulated to all of the Firm's associated persons at least on a semi-annual basis, for a term of six years from the date of the LOA. The Firm shall require that all associated persons obtain written approval for use of any Digital Communication Channels to communicate about Firm business that are not already on the approved list(s) maintained by the Firm. The Firm shall maintain a record of all requests and approvals or rejections of each request, including the date of the requests and the Firm's decision. The Firm shall maintain copies of such requests and decisions in a readily accessible place for ease of review by FINRA staff.

8. The Firm shall require all associated persons to disclose on at least a semi-annual basis, for a term of six years from the date of the LOA, any unapproved Digital Communication Channels he/she is using to communicate about Firm business. The Firm shall retain records of such disclosures in a readily accessible place for ease of review by FINRA staff.
9. Subject to Paragraph 7 above, the Firm shall prohibit associated persons from using Off-Channel Communications.
10. Within 90 days of the LOA, the Firm shall, to the extent that it has not already done so, develop a process whereby, in the event that an associated person sends or receives an Off-Channel Communication, the Off-Channel Communication is submitted to the Firm and retained in compliance with relevant securities laws and regulations. For a term of six years from the date of the LOA, the Firm shall maintain a record of all such Off-Channel Communications, including a record of the Firm's receipt of the communication, in a readily accessible place for ease of review by FINRA staff.
11. Within 90 days of the LOA, the Firm shall, to the extent that it has not already done so, develop and maintain written policies and procedures detailing the Firm's processes for disciplining associated persons who use Off-Channel Communications to communicate about Firm business. When the Firm uses the disciplinary process, the Firm shall document each instance. The Firm shall retain records of such written policies and procedures and records of the disciplinary processes and each outcome.
12. All requested documents and certifications under this Supervision Plan shall be sent directly to FINRA's Statutory Disqualification Group at SDMailbox@FINRA.org.
13. The Firm shall obtain written approval from FINRA's Statutory Disqualification Group prior to changing any provision of the Supervision Plan.
14. The Firm shall submit any proposed changes or other requested information under this Supervision Plan to FINRA's Statutory Disqualification Group at SDMailbox@FINRA.org.

VII. Discussion

After carefully reviewing the entire record in this matter, FINRA approves the Firm's request to continue its membership with FINRA, subject to the terms and conditions set forth herein. In evaluating Wells Fargo's Application, FINRA assessed whether the Firm has demonstrated that its continued membership is consistent with the public interest and does not create an unreasonable risk of harm to investors or the markets. *See* FINRA By-Laws, Art. III, Sec. 3(d); *cf. Frank Kufrovich*, 55 S.E.C. 616, 624 (2002) (holding that FINRA "may deny an application by a firm for association with a statutorily disqualified individual if it determines that employment under the proposed plan would not be consistent with the public interest and the protection of investors"). Typically, factors that bear on FINRA's assessment include, among other things, the nature and gravity of the statutorily disqualifying misconduct, the time elapsed since its occurrence, the restrictions imposed, the Firm's regulatory history, and whether there has been any intervening misconduct.

As of the date of this Notice, FINRA has determined that the Firm's continued membership is consistent with the public interest and does not create an unreasonable risk of harm to investors or the markets. While the SEC Order identified serious violations of securities laws, the Firm was not expelled or suspended, nor were any limitations placed on Wells Fargo's securities activities. Although the SEC Order triggered certain disqualifications from exemptions from registration available under the Securities Act of 1933 ("Securities Act"), specifically Regulations A, D and E of the Securities Act and Regulation Crowdfunding, the SEC granted the Firm a waiver from the application of the disqualification provisions of Rules 262(a)(4)(ii), 506(d)(1)(iv)(B), and 602(c)(3) of the Securities Act and Rule 503(a)(4)(ii) of Regulation Crowdfunding. Moreover, the full amount of the civil monetary penalty was promptly paid. Additionally, the Firm represented that it is in compliance with the ordered undertakings.

Member Supervision also acknowledges that within the SEC Order the Commission considered the Firm's prompt remedial actions and cooperation with the Commission when determining to accept the Offer of Settlement.⁴⁵ The Firm has represented that it revised its policies and procedures, enhanced its training, implemented new technology, and enhanced its surveillance measures.

In evaluating the Firm's Application, FINRA noted the Firm's limited regulatory history, its corrective measures taken in response to its recent exam findings, and the actions taken thus far to implement the independent consultant's recommendations in connection with the disqualifying event. Wells Fargo has paid all fines and none of the other regulatory matters would prevent the continuance of the Firm as a FINRA member. Following the approval of the Firm's continued membership in FINRA, FINRA intends to utilize its examination and surveillance processes to monitor the Firm's continued compliance with the standards prescribed by Exchange Act Rule 19h-1 and FINRA Rule 9523.

FINRA is further reassured by the controls set in place by the Firm's Supervision Plan

⁴⁵ *See* Exhibit 2 at p. 6.

which bolster the undertakings outlined in the SEC Order and will continue to provide oversight of the Firm and compliance with its remaining undertakings. In accordance with the Plan, the Firm agreed to conduct annual training for all associated persons, including new hires, regarding the Firm's approved digital communication methods and record retention policies for electronic communications. Further, the Plan calls for the Firm to maintain a list of approved digital communication methods that associated persons are permitted to use for Firm business and to circulate that list to its associated persons semi-annually. The Plan requires the Firm's associated persons to obtain written approval to use digital communication channels not already approved. The Plan prohibits the use of off-channel communications and requires associated persons to semi-annually disclose any unapproved digital communication methods they are using for Firm business; they must also forward any off-channel communications that may have taken place to the Firm for retention purposes. These provisions will help to ensure that the Firm is aware of the communication methods being used by associated persons so that it can appropriately monitor, capture, and retain those communications. Additionally, the Plan mandates that the Firm develop policies and procedures for disciplining associated persons who use unapproved communication methods for Firm business and segregate all certifications, reports, and supporting documentation submitted to the SEC regarding compliance with the undertakings, for ease of review by FINRA staff to ensure ongoing compliance.

Thus, FINRA is satisfied, based on the foregoing and on the Firm's representations made pursuant to the Supervision Plan, that the Firm's continued membership in FINRA is consistent with the public interest and does not create an unreasonable risk of harm to the market or investors. Accordingly, FINRA approves Wells Fargo's Application to continue its membership with FINRA.

FINRA certifies that the Firm meets all qualification requirements and represents that the Firm is registered with several other SROs including Cboe, BZX, NYSE, NYSE American, NYSE Arca, NYSE Chicago, GEMX, ISE, PHLX, Nasdaq, DTC, FICC-GOV, FICC-MBS, and NSCC. The SROs have been provided with the terms and conditions of Wells Fargo's proposed continued membership, and they concur with FINRA.

In conformity with the provisions of Rule 19h-1 of the Exchange Act, the continued membership of the Firm will become effective within 30 days of the receipt of this notice by the Commission, unless otherwise notified by the SEC.

On Behalf of FINRA,



Jennifer Piorko Mitchell
VP, Corporate Governance & Deputy Corporate
Secretary

Appendix A

**Statutory Disqualified Individuals
Associated with Wells Fargo Clearing Services, LLC**

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[REDACTED]

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EXHIBITS
SD-2370

1. MC-400A and related attachments compiled by CRED, with a cover memorandum dated October 18, 2023.
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9. Disposition Letter for Examination No. 20210716782 dated February 17, 2023, Examination Report dated December 22, 2022, and Firm Response dated January 31, 2023.
10. CAL and Examination Report for Examination No. 20220745640 dated February 15, 2023.
11. SEC Examination Letter for File No. 008-37180 dated May 10, 2023, Firm Response dated June 20, 2023, and SEC's Reply Letter dated August 4, 2023.
12. SEC Examination Letter for File No. 008-37180 dated August 30, 2022, and Firm Response dated October 14, 2022.
13. Consent Agreement No. 2023-46, *In re Wells Fargo Clearing Services LLC*, Case No. 23-19307 (State of Maine Office of Securities, Sept. 5, 2023).
14. *In re Wells Fargo Clearing Services, LLC et al.*, Exchange Act Release No. 98221 (Aug. 25, 2023).

15. *In re Wells Fargo Clearing Services, LLC*, Exchange Act Release No. 94955 (May 20, 2022).
16. *In re Wells Fargo Clearing Services, LLC et al.*, Exchange Act Release No. 88295 (Feb. 27, 2020).
17. *In re the Continued Membership of Wells Fargo Advisors, LLC*, SD-1798 (FINRA NAC Oct. 2, 2014), the SEC's Letter of Acknowledgement dated October 16, 2014, and CRD Excerpt – Organization Names List.
18. Executed Consent to Plan of Heightened Supervision dated April 23, 2024.