

September 3, 2020

Office of the Secretary
United States Securities and Exchange Commission
VIA Electronic Mail: rule-comments@sec.gov

RE: Comments to Administrative Proceeding File No. 3-19704

Dear Ms. Countryman:

Broadridge Financial Solutions, Inc. is pleased to offer its comments on the Securities and Exchange Commission's ("SEC") proposed Plan of Distribution for Wells Fargo & Company, Administrative Proceeding File No. 3-19704 (hereafter, the "Plan").¹

The Plan solicits comments on efforts to promote swift, expeditious, and accurate payments to underlying investors and to ensure high levels of participation on the part of eligible investors. While we have no opinion on the merits of the underlying action, or on the distribution allocation process as outlined, we believe several of the procedures contained in the Plan could have unintended consequences on the efficiency of the process and, therefore, on investor participation. Certain provisions of the Plan would make it more difficult for claims to be filed and less likely that eligible participants, or their financial institutions, would seek or receive payments.

Asset recovery in class actions, collective actions, and regulatory proceedings for investors is a complex process involving many parties and established practices which are subject to a variety of controls and review. Technology and operational procedures are essential for accurate, efficient, and effective redress. Many financial institutions, for both their own and their underlying eligible participants' accounts, outsource the portfolio monitoring, claims filing, and asset recovery functions to processing

¹ Broadridge is a global Fintech company supporting the financial services community for over 50 years. In addition to the many services it offers to investors and the financial services community, Broadridge provides portfolio monitoring and asset recovery services related to legal proceedings, such as distributions for this Fair Fund, to over 600 financial institutions (and their clients) worldwide. We specialize in recovering funds in securities class- and collective actions proceedings, as well as in regulatory disgorgement and enforcement actions.

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services providers such as Broadridge. Processing services providers act as agents on behalf of financial institutions, and serve mutual funds, pension funds, proprietary institutional trading accounts, trust accounts, managed accounts, and millions of accounts of Main Street investors. Financial institutions and their underlying client accounts rely on agents to determine eligibility, to file complete and accurate claims in formats required by Fund Administrators, and to intake funds to ensure that they can be swiftly deposited into their clients' accounts.

Our comments relate to certain aspects of the Plan that would unintentionally introduce inefficiencies into the process and potentially impede eligible participants from filing claims or being paid for valid claims.

Paragraph 65 states: *“Documentation generated by the Third-Party Filer as well as affidavits in lieu of supporting documentation, will not be accepted unless, for good cause, the Fund Administrator determines it acceptable.”*

It is common practice in U.S. securities class actions and with SEC Fair Funds for processing services providers to submit to Fund Administrators data files that cover millions of transactions across thousands of claims in any one case. These files are submitted together with supporting affidavits or similar documents verifying that the records are true, accurate and complete. Because these affidavits are accepted in lieu of supplying millions of pages of documents or printouts of client screen shots, the process is both accurate and efficient. By every measure, the process has worked well for over a decade. However, by adding new steps for claims submitted by Third Party Filers, the Plan would make claims submission significantly more burdensome and this could impede participation.

The Plan provides for significant oversight, audit, and review without a change in this procedure. We note that, *“The Fund Administrator will have the right to request, and the Third Party Filer will have the burden of providing to the Fund Administrator, any additional information and/or documentation deemed necessary by the Fund Administrator to substantiate the claim(s) contained in the submission.”*

Paragraph 66 requires that distribution payments be *“made by check or electronic payment payable to the Potential Claimant (beneficial account owner)”* and that Third-Party Filers *“shall not be the payee of any Distribution Payment check or electronic Distribution Payment.”* We would respectfully submit that this new requirement would be a step backwards for process efficiency and payment distribution in aspects of the process that today are characterized by a high degree of straight-through processing tied

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to books and records and underlying accounts. Financial institutions engage processing services providers to recover funds on their behalf, and then distribute those funds to the account(s) identified by them. As such, some processing services providers, including Broadridge, maintain fiduciary bank accounts to which Fund Administrators typically send bulk wire transfers on behalf of all eligible accounts. This proven method to distribute funds is accurate and efficient. It keeps fund administration costs down and eliminates “uncashed checks” that may require escheatment and, ultimately, delay or deny eligible participants from receiving their funds.

Moreover, where a Fund Administrator issues checks instead of a bulk wire transfer, the industry practice is to issue the checks to the agent *for the benefit of* “FBO” the eligible participant.

Paragraph 66 could also introduce inefficiencies in how financial institutions remit payments to processing services agents for work provided. Often, the payments are based on a portion of the distribution. We note that paragraph 66 states, *“Compensation to the Third-Party Filer for its services may not be paid or deducted from the Distribution Payment.”*

While some institutions pay for these services on a *per claim* or *fixed rate* basis, the vast majority of financial institutions and their underlying clients prefer to pay for services based on a portion of assets recovered. This has the benefit to them of deferring their costs, as well as ensuring that the work performed is aligned with the payments recovered. By changing this established practice, the Plan could restrict participation.

Broadridge appreciates the opportunity to submit its comments. We welcome any questions you may have.

Sincerely,



Stephen Cirami
VP, Head of Class Actions and Corporate Actions
Broadridge Financial Solutions, Inc.