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December 22, 2014

Via e-mail to *rule-comments@sec.gov*

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

RE: Request for Comment – Joint Industry Plan to Implement a One-Year Tick Size Pilot Program Pursuant to Rule 608 of Regulation NMS Under Section 11A of the Securities Exchange Act of 1934; Release No. 73511, File No. 4-657

Dear Ms. Murphy:

Wells Fargo Advisors, LLC ("WFA" or the "Firm") appreciates the opportunity to comment on the proposal issued by the United States Securities and Exchange Commission ("SEC" or the "Commission") to implement a joint industry plan (the "Plan") to adopt a one-year tick size pilot program pursuant to Rule 608 of Regulation NMS under the Securities Exchange Act of 1934 (the "Pilot"). [1]

WFA is a dually registered broker-dealer and investment advisor that administers approximately $1.4 trillion in client assets. It employs approximately 15,189 full-service financial advisors in branch offices in all 50 states and 3,472 licensed financial specialists in

[1] Securities and Exchange Commission requests comment on Joint Industry Plan; BATS Exchange, Inc., BATS Y-Exchange, Inc., Chicago Stock Exchange, Inc., EDGA Exchange, Inc., EDGX Exchange, Inc., Financial Industry Regulatory Authority, Inc., NASDAQ OMX BX, Inc., NASDAQ OMX PHLX LLC, The Nasdaq Stock Market LLC, New York Stock Exchange LLC, NYSE MKT LLC, and NYSE Arca, Inc.; Notice of Filing of Proposed National Market System Plan to Implement a Tick Size Pilot Program on a One-Year Pilot Basis; Release No. 73511, File No. 4-657 (November 3, 2014); FR Doc. 2014–26463 (November 7, 2014) (the "Notice") (cites to the Notice herein refer to the copy of the Notice available at: http://www.sec.gov/rules/sro/nms/2014/34-73511.pdf).

6,610 retail bank branches in 39 states. WFA is a non-bank affiliate of Wells Fargo & Company ("Wells Fargo"),[2] whose broker-dealer and asset management affiliates comprise one of the largest retail wealth management, brokerage and retirement providers in the United States. Wells Fargo's brokerage affiliates also include Wells Fargo Advisors Financial Network, LLC ("WFAFN") and First Clearing, LLC, which provides clearing services to 76 correspondent clients, WFA and WFAFN. For the ease of discussion, this letter will use WFA to refer to all such brokerage operations.

WFA and its affiliates help millions of customers of varying means and investment needs obtain the advice and guidance they need to achieve financial goals. Furthermore, WFA offers access to a full range of investment products and services that retail investors need to pursue these goals.

WFA applauds the SEC's ongoing efforts to promote capital markets that operate in a fair, efficient, transparent and competitive manner. As a broker-dealer vested with the responsibility of seeking best execution on transactions for over 7.5 million customer accounts, WFA supports regulatory initiatives that will improve the quality of securities and capital markets for retail investors. An example of one such initiative is the SEC's decimalization policy, which has successfully improved market efficiency and reduced transaction costs for our clients.[3] Indeed, the Commission has achieved decimalization's goal of "reducing transaction costs."[4]

Consequently, WFA does not support the Pilot to increase tick sizes and raise transaction costs for our clients.[5] The Pilot's proposed implementation of wider tick sizes for certain small capitalization stocks has been touted as a job creation policy. Proponents of a wider tick size contend that increasing tick sizes will increase profits for market making firms which will be used to fund additional research analyst coverage of small and emerging companies that will then attract additional interest from investors.[6] More investor interest will in turn theoretically further the Jumpstart Our Business Startups Act ("JOBS Act") goal of revitalizing the initial public

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[2] Wells Fargo is a diversified financial services company providing banking, insurance, investments, mortgage and consumer and commercial finance across the United States of America and internationally. Wells Fargo has approximately 275,000 team members across more than 80 businesses.

[3] *See* Recommendation of the Investor Advisory Committee, Decimalization and Tick Size (Undated) (hereafter "IAC Recommendation"), at 2 ("Decimalization has led to real and very significant savings for investors."), *available at*: http://www.sec.gov/spotlight/investor-advisory-committee-2012/investment-adviser-decimilization-recommendation.pdf; SEC, "Report to Congress on Decimalization: As Required by Section 106 of the Jumpstart Our Business Startups Act" (July 2012) (hereafter "SEC Decimalization Report"), at 8-10 (decimalization has led to a decline in both quoted and effective spreads for most stocks), *available at*: http://www.sec.gov/news/studies/2012/decimalization-072012.pdf.

[4] SEC Order and Notice: Order Directing the Exchanges and NASD to Submit a Phase-In Plan to Implement Decimal Pricing in Equity Securities and Options, Release No. 34-42914 (June 8, 2000), *available at*: http://www.sec.gov/divisions/marketreg/34-42360.htm.

[5] The Pilot includes stocks with a market capitalization of $5 billion or less, an average daily trading volume of one million shares or less, and a closing share price of at least $2 per share. These stocks will be randomly placed into three test groups of 400 stocks each, wherein quotes will be made in $0.05 minimum increments with three unique trading requirements, and a control group. *See* Notice at 3-18.

[6] *See* SEC Decimalization Report at 1-3.

offering ("IPO") market for these companies by providing them with greater access to capital and ultimately creating job growth.[7]

WFA is dubious that this circuitous route to improve the IPO environment for small and emerging companies at the expense of increased transaction costs for retail investors will result in any meaningful change. The SEC's own research does not support the Pilot's proposition that decimalization impacted the number of IPOs. Instead, SEC staff has pointed to a variety of economic factors that may have contributed to the decline of the number of IPOs around the turn of the century.[8] Furthermore, the last two years have seen a resurgent IPO market.[9] This IPO resurgence has taken place since the JOBS Act created new opportunities for small and emerging companies to access private and public markets. Therefore, if the SEC's goal is to further stimulate IPOs, these more direct methods of accessing capital should continue to be explored.[10]

Should the SEC decide to move forward with the Pilot, the Plan should be subjected to the Commission's rulemaking process to ensure any potential benefits outweigh the harm incurred by retail investors.[11] WFA is not supportive of initiating a pilot program that taxes retail investors to test the distributive effects of resulting market maker profits on job growth without undertaking such an analysis.[12]

In addition, the Plan as currently proposed would introduce unnecessary complexity and operational risk into the markets. Therefore, WFA further recommends that, should the SEC move forward with the Pilot, the costs and burdens of the Plan be reduced by eliminating Test Groups Two and Three and that the Plan be modified to include an assessment of its impact on retail investors.

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[7] *See* JOBS Act §106(b) (requiring SEC to "examine the impact decimalization has had on the number of initial public offerings [and] on liquidity for small and middle capitalization company securities").
[8] *See* SEC Decimalization Report at 19 (stating that various economic events "make it difficult to distinguish the specific impact decimalization may have had on the number of companies going public").
[9] *See*, *e.g.*, Arash Massoudi, "US Companies on Target to Raise Record IPO Sums," FINANCIAL TIMES (Nov. 10, 2013) ("US companies look set to raise a record amount in a single year from a tide of initial public offerings."), *available at*: http://www.ft.com/cms/s/0/e74c91a0-48d5-11e3-a3ef-00144feabdc0.html#axzz3KxRUegCU; Jackie Kelley, "JOBS Act Plays A Part In Today's IPO Boom Market," FORBES (Oct. 8, 2014) ("The initial public offering (IPO) market is booming, with US exchanges trending toward their strongest activity in more than a decade. The numbers for the first 9 months of the year are simply staggering: 220 deals raising $77 billion."), *available at*: http://www.forbes.com/sites/ey/2014/10/08/jobs-act-plays-a-part-in-todays-ipo-boom-market/.
[10] *See* Kent Womack, Professor of Finance at Rotman School of Management, University of Toronto, SEC Roundtable on Decimalization, Panel III: Studying the Effects of Alternative Tick Sizes (Feb. 5, 2013) (advocating for reducing overall cost of going public); IAC Recommendation at 7 (listing alternative methods of facilitating IPOs and improving capital markets).
[11] WFA notes the SEC put the Short Sale Pilot through such an economic analysis, which enhanced the ability of the Commission and market participants to ask questions and make informed decisions about the Pilot.
[12] WFA is mindful Congress requested the Commission explore the effects of decimalization, *see* JOBS Act §106(b); however, Congress did not require that tick sizes be modified.

In sum, the three broad challenges with the Plan as currently proposed are as follows:

- The implementation of a mandated, increased tick size will harm WFA retail clients who are experiencing significantly lower transaction costs as a result of decimalization.

- The link between increasing tick size as a means of increasing jobs at small companies is inefficient and tenuous at best.

- The Pilot is overly complex and includes no provision to assess its impact on retail investors.

We discuss these challenges in greater detail below as well as potential alternatives should the Commission determine to move forward.

I. An Increased Tick Size for Small Capitalization Stocks Will Harm Retail Investors.

The shift from a market-based determination of tick size will harm retail investors with little evidence such burden will achieve the SEC's JOBS Act goals. WFA believes the implementation of a mandated, increased tick size will artificially widen spreads and increase costs for WFA retail investor clients without providing small companies access to significant additional capital.

Furthermore, the Pilot's effect of increasing retail trading costs is at odds with SEC Chair Mary Jo White's recent statement that "[w]hile we may not always agree on every issue, we are both focused on protecting the consumers in our securities markets – especially the individual investors, who we often refer to as "retail" investors – who invest their own money to save for retirement, or to buy a home or to send their children to college. The retail investor must be a constant focus of the SEC – if we fail to serve and safeguard the retail investor, we have not fulfilled our mission."[13]

At present, decimalization allows spreads to dynamically adjust based on competitive market forces. The result has been that "spreads between bid and ask prices for the broader market also are as narrow as they have ever been."[14] Moreover, SEC staff recently found there is substantial variation in liquidity among individual stocks within specific capitalization-price categories.[15] In other words, the competitive marketplace currently identifies and rewards

[13] SEC Chair Mary Jo White, "Protecting the Retail Investor," Speech to Consumer Federation of America, 2014 Consumer Assembly (Mar. 21, 2014).
[14] SEC Chair Mary Jo White, "Enhancing Our Equity Market Structure," Speech to Sandler O'Neill & Partners, L.P. Global Exchange and Brokerage Conference (Jun. 5, 2014).
[15] *See* Charles Collver, "A Characterization of Market Quality for Small Capitalization US Equities" (Sept. 2014), *available at*: http://www.sec.gov/marketstructure/research/small_cap_liquidity.pdf (noting that liquidity varies within specific capitalization-price categories).

deserving small capitalization companies. This competition results in pricing efficiency in the stocks of these companies.

The SEC has acknowledged that larger tick sizes will lead to inflated retail investor trading costs. For example, the Commission stated during the discussions that preceded decimalization that the 1/8 of a dollar tick size then in place caused artificially wide spreads and hindered quote competition. This in turn led to excessive profits for market makers.[16] More recently, the SEC's Investor Advisory Committee expressed a similar concern that "a government-mandated increase in tick size would subsidize the profits of the most sophisticated financial participants at the expense of retail investors."[17]

An irony of the Pilot is that while gross price improvement opportunities on individual transactions increase, trading costs to the retail investor are likely to rise. For example, in a situation where a stock is currently trading at $15.12 bid to 15.13 ask, a retail client "buy" order may receive an execution within the national best bid and offer ("NBBO") of $15.127. Under the Pilot, that same stock might trade at $15.10 bid to 15.15 ask and the client's "buy" order could be filled inside the NBBO at $15.14. In the former case, WFA achieves a price improvement for its client of $0.003 and in the latter case, it improves the price by a whole penny, but the overall cost to the investor is greater. WFA anticipates each additional penny in per share transaction costs in the Pilot stocks could collectively increase costs to its customers by over $6.5 million per year.[18]

The Plan does seek to lessen the burden on retail investors through an exception for "Retail Investor Orders," which allows for "price improvement that is at least $0.005 better than the best protected bid or the best protected offer."[19] A "Retail Investor Order" is defined as an "order originating from a natural person."[20] This narrowly defined exception is difficult to administer and fails to protect WFA clients, every one of whom currently have the opportunity to receive the benefit of price improvement on one-hundred percent of their orders. This will no longer be true under the Plan, wherein a percentage of WFA's retail clientele, who do not fall under the Plan's definition of a "Retail Investor Order," will not receive the carve out's limited price improvement.

In addition, the "trade-at" Test Group Three will eliminate certain price improvements that WFA is currently able to provide its clients through non-exchange trades. The requirements

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[16] *See* SEC, "Market 2000: An Examination of Current Equity Market Developments" (1994), *available at*: http://www.sec.gov/divisions/marketreg/market2000.pdf, at 18.
[17] IAC Recommendation at 6.
[18] WFA conducted 10,000 trials to randomly select 1,200 symbols from the symbols that could be included in the Pilot (*i.e.*, those companies with less than $5 billion in market capitalization, less than one million shares average daily volume and a share price of greater than $2.00) and determined based on transactions in these securities over the last twelve months that the average cost increase of the Pilot for each additional $0.01 lost by a customer on a buy or sell would have been $6,540,172.
[19] Notice at 7. While WFA believes it is appropriate to eliminate or, at least, lessen the burden of the Pilot on retail investors, WFA is concerned the number of exceptions listed in the Plan for Test Groups Two and Three, wherein a trade may be executed in increments less than $0.05, may render the data collected during the Pilot inconclusive as to total effect of an increased tick size on the market.
[20] Notice at 8 n.17.

of Test Group Three will intentionally lead to more trades on exchanges and discourage competition from wholesale market makers and alternative trading systems. This competition between market participants has served WFA clientele well and will no longer exist for those stocks included in this Test Group.

Thus, the burden of the Pilot on retail investors will be substantial, is a significant concern to WFA and is at odds with the recent pronouncement from Chair White. WFA clients will incur greater costs through both artificially wider spreads and the elimination of competition between trading venues. Moreover, they are not completely protected by the exception for retail investor orders, and would only receive limited price improvement when they are able to qualify for the exception.

II. <u>The Link Between Tick Size, Liquidity and Job Growth Is Tenuous.</u>

The link between the Pilot, liquidity and job growth necessitates that each of the following hold true:

Increase tick size	→	Increase retail investor trading costs	→	Greater market maker profits	→	More research coverage	→	More investors	→	Greater access to capital for small and emerging companies	→	Job growth

The Pilot will increase retail investor trading costs and lead to greater market maker profits. The downstream ripples from this as set forth in the above daisy chain appear to be pure speculation that becomes more attenuated at each stage. WFA is concerned some or all of these assumptions will not bear out and the Pilot will inflate costs for retail investors without generating significant additional analyst coverage of small and emerging companies, improved capital access for such companies or further job growth.

As an initial matter, there is strong evidence suggesting that macroeconomic events over the years since the implementation of decimalization are the actual cause of the decline in small company IPOs.[21] In fact, IPOs had been waning in the five years prior to decimalization.[22] The JOBS Act deals directly with providing small and emerging companies with capital market access through provisions that lower costs for small companies and improve their ability to communicate with investors. As a result of these policy changes, the IPO market has

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[21] *See* IAC Recommendation at 4-5 (for example, the advantages of selling out to a larger organization, which can speed a product to market and realize economies of scope, have increased relative to the benefits of operating as an independent firm).

[22] *See* Womack *supra* note 10 (citing to Jay R. Ritter, "Reenergizing the IPO Market" in *Restructuring to Speed Economic Recovery* (Brookings Press 2013), *available at*: http://bear.warrington.ufl.edu/ritter/Reenergizing%20the%20IPO%20Market.pdf).

experienced a resurgence in the last two years.[23] These more direct methods of providing additional capital options for emerging companies should continue to be explored.

The idea that a larger tick size will lead to additional IPOs or create jobs falters at the outset on the lack of evidence that wider tick sizes will lead to greater investor trading in small and emerging companies. As the SEC's Investor Advisory Committee stated, "[l]iquidity in itself should be desired mainly because it should cause a higher valuation. This is the implicit assumption behind the desire for more analyst coverage and the market making activity, and the evidence shows that it is not there."[24]

A larger tick size is also unlikely to generate significant additional analyst coverage of small and emerging companies. As the SEC noted, decimalization does not appear to have reduced market maker profitability.[25] Thus, a decline in market maker profitability is not the cause of the perceived lack of analyst coverage of such companies. [26] This is due in part to the fact that the largest market makers do not even provide the market research that the Pilot seeks to promote.[27] If increased analyst coverage of such companies is a goal of the Pilot, there are means of directly encouraging such research without mandating an increased tick size.[28]

There is simply no reason to believe that further subsidizing market maker profits at the expense of retail investors will lead to any change in capital market access for small and emerging companies. The decimalized market already provides the most efficient assessment of stock value. If this natural equilibrium is disturbed by a mandated tick size, market maker profits will increase, but investor interest is unlikely to be altered.[29] As such, WFA believes the Commission must fully weigh the costs of the Pilot to retail investors against any possible benefits by putting the Plan through its rulemaking process.

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[23] *See generally supra* note 9.
[24] IAC Recommendation at 3-4 n.13.
[25] *See* SEC Decimalization Report at 11-13.
[26] *But see* Fidelity Letter to the Securities and Exchange Commission Re: Securities and Exchange Commission Dodd-Frank Investor Advisory Committee; File Number 265-28 (Feb. 21, 2014), at 4 (countering assumption that there is a dearth of research on securities of smaller companies and stating,"Fidelity currently offers its retail customers, through its website, an Equity Summary Score on over two thousand issuers with total gross revenues of less than $1 billion. … Only stocks that have four or more analyst opinions qualify."), *available at*: http://www.sec.gov/comments/265-28/26528-70.pdf.
[27] *See* IAC Recommendation at 4.
[28] For example, firms could be incentivized to raise their commission to pay for research (*see* Brian B. Conroy, President, Fidelity Capital Markets, SEC Roundtable on Decimalization, Panel I: Evaluating Concerns Relating to Tick Size for Small and Middle Capitalization Companies (Feb. 5, 2013)), or the cost of research could being paid by the issuing firm. *See* Adam V. Reed, Julian Price Scholar in Finance and Associate Professor of Finance at Kenan-Flagler Business School, University of North Carolina, SEC Roundtable on Decimalization, Panel III: Studying the Effects of Alternative Tick Sizes (Feb. 5, 2013).
[29] *See* IAC Recommendation at 6-7; *see also* Collver *supra* note 15.

III. The Present Plan for the Pilot Is Overly Burdensome.

The Plan is unnecessarily complex and burdensome to test the simple theory that increasing tick sizes will lead to a more fertile environment for emerging market companies to access the public markets and ultimately create more jobs. The cumulative effect of the Pilot combined with other ongoing regulatory efforts is to unnecessarily siphon a firm's finite resources, squeezing out investments in technology that could otherwise be used to enhance broker-dealer operations and the customer experience.[30] This is another reason why the Pilot should be eliminated, or at a minimum, subject to the Commission's rulemaking process. A simpler, more streamlined Pilot that at least eliminates the Plan's "trade-at" Test Group Three would still allow the Commission to explore the effects of decimalization.[31]

The Plan has expanded far beyond the original focus on small-cap stocks and includes measures with complex policy and implementation issues. As an initial matter, the Plan includes over 1,200 stocks, ranging from small-cap to those with a market capitalization of up to $5 billion. To include mid-cap stocks in the Plan is inconsistent with the SEC's order directing the national securities exchanges and FINRA to develop a tick size pilot for "small capitalization stocks."[32] The JOBS Act itself defines an emerging growth company as having total annual revenues of less than $1 billion[33] and other legislation to improve small-cap liquidity companies has set the threshold even lower.[34] A proper pilot should seek to limit the number of variables by only testing a narrow capitalization category.

WFA also believes the systems and technology work that would be required to program for the three distinct Test Groups could be unnecessarily costly for the industry, particularly as there is no guaranty that any aspect of the Pilot will become permanent.[35] In particular, WFA does not believe the costs or the risks justify inclusion of Test Group Three, which should be dropped from the Pilot. The "trade-at" requirement in this Test Group would require market participants to amend their policies and procedures regarding best execution practice and significantly adjust their operational model for just 400 securities. Moreover, any provision that

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[30] A cost analysis should not ignore the contextual backdrop of an industry with multiple regulatory reporting efforts underway (e.g., Consolidated Audit Trail). *See also* SEC Commissioner Daniel Gallagher, Interview at Security Traders Association Market Structure Conference (Oct. 1, 2014) (supporting a holistic review of market structure).
[31] *See* JOBS Act §106(b).
[32] Order Directing the Exchanges and the Financial Industry Regulatory Authority to Submit a Tick Size Pilot Plan, SEC Release No. 34-72460 (June 24, 2014), at 1, *available at:* http://www.sec.gov/rules/other/2014/34-72460.pdf.
[33] *See* JOBS Act §101(b)(2)(80).
[34] *See, e.g.*, U.S. House, 113th Congress, "H.R. 3448. Small Cap Liquidity Reform Act of 2014" (provides that issuers eligible for the liquidity pilot program are emerging growth companies with total annual gross revenues of less than $750,000,000), *available at*: https://beta.congress.gov/bill/113th-congress/house-bill/3448.
[35] While WFA is opposed to the Plan in its present form and questions the need for the Pilot, WFA notes the length of the Pilot will not enable the SEC to gauge the magnitude of commitments the industry might make if it were certain that the size and scope of tick size increases would be made permanent.

requires systems and order routing changes could engender unnecessary systemic risk to the market.[36]

Furthermore, if the Commission's goal is to measure whether a wider tick size increases market maker profit and volume, the "trade-at" provision is immaterial. The Commission suggests in the Plan that the "trade-at" provision is appropriate to negate potential detrimental consequences of Test Group Two. If so, WFA recommends the elimination of Test Group Two in addition to Test Group Three. The elimination of Test Groups Two and Three would also eliminate the burden of executing the exceptions for particular order types within these Test Groups, such as a "Retail Investor Order," which will require WFA to segregate order flow between those orders designated as made by a "natural person" and all others. An improper order designation by any firm would also present a systemic risk to the market.

Thus, the costs and risks of the Pilot would be lessened in a study involving only one control group and one test group without exceptions. A properly constructed single test group should provide sufficient data for the Commission to analyze. In addition, the reduced financial costs of such a study would allow WFA to use its finite resources to further develop products and improve processes for its retail clients.

Alternatively, the SEC could design a pilot that is restricted to increasing the tick size to a nickel for smaller capitalization securities where the average displayed quotation spread is greater than \$0.05.[37] This would focus the pilot on smaller company securities that are currently experiencing limited market interest and focus measurement of liquidity on a more appropriate universe of smaller capitalization securities without necessarily increasing trading costs to WFA clients.

Finally, WFA is concerned the Plan does not include a provision to assess the impact of a \$0.05 tick size on retail investors.[38] While the Plan calls for studies of the data amassed during the Pilot to assess its impact on various aspects of the market, the Pilot, as presently conceived, will not determine the extent of the costs borne by the retail investor. Given the clear potential disadvantages to retail investors of increasing tick size, the Plan should include a provision to study the statistical and economic impact of the Pilot on retail investors.

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[36] *See, e.g.*, Nathaniel Popper, "Knight Capital Says Trading Glitch Cost It \$440 Million," NY TIMES (Aug. 2, 2012) ("The problem on Wednesday led the firm's computers to rapidly buy and sell millions of shares… . The company said the problems happened because of new trading software that had been installed."), *available at*: http://dealbook.nytimes.com//2012/08/02/knight-capital-says-trading-mishap-cost-it-440-million/?_r=0; Nikolaj Gammeltoft, et al., "Goldman's Options Error Shows Peril Persists After Knight," BLOOMBERG (Aug. 21, 2013) ("A programming error caused the firm to send unintentional stock options orders in the first minutes of trading"), *available at*: http://www.bloomberg.com/news/2013-08-21/goldman-options-error-shows-peril-persists-one-year-after-knight.html.

[37] *See* David Wessberger, RegOne Solutions, "What Should the Tick Size Pilot Be About?," TABB FORUM (Dec 11. 2014).

[38] The list of proposed assessments include, (1) studying the Pilot's impact on "market quality," (2) studying its impact on the "number of Market Makers," (3) studying its impact on "Market Maker participation," (4) studying its impact on "market transparency," (5) evaluating these assessments across stocks, (6) studying the impact of a "trading increment," (7) studying the impact of a "trade-at prohibition," and (8) evaluating "any other economic issues." Notice at 20.

Conclusion

WFA appreciates the opportunity to respond to the SEC's Plan for the Pilot. As discussed above, WFA does not support increasing costs to our retail client investors through wider spreads in any securities, including the implementation of the proposed Pilot. Additionally, WFA is concerned there is no meaningful basis to determine that increased retail investor costs will result in increased access to capital for these issuers, and believes the Plan should be subject to the Commission's rulemaking process. Finally, notwithstanding those concerns, if the Pilot moves forward, WFA recommends changes to eliminate unnecessary costs and complexity. If you would like to further discuss this issue, please contact the undersigned at 314-955-2156 or robert.j.mccarthy@wellsfargoadvisors.com.

Sincerely,

Robert J. McCarthy
Director of Regulatory Policy