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July 8, 2013

Via: <http://www.sec.gov/cgi-bin/ruling-comments>

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

Re: Proposed Regulation Systems Compliance and Integrity, Exchange Act Release No. 69077 [File No. S7-01-13], 78 Federal Register 18084 (Mar. 25, 2013)

Dear Ms. Murphy:

Wells Fargo Advisors, LLC (“WFA”) appreciates the opportunity to briefly comment on a proposal by the Securities and Exchange Commission (“the SEC” or “the Commission”) entitled Regulation Systems Compliance and Integrity (“Reg. SCI”).¹ The proposal is designed to address technology risks in the securities markets by imposing obligations on SCI entities and Responsible SCI personnel, each as defined in the proposal, concerning certain systems utilized in the conduct of their business. The Commission asserts Reg. SCI “would further the goals of the national market system and reinforce the Exchange Act obligations to require entities important to the functioning of the U.S. securities markets to carefully design, develop, test, maintain, and surveil systems integral to their operations.”² WFA commends the Commission for seeking comment on proposed Reg. SCI and appreciates the opportunity to

¹ SEC. & EXCH. COMM’N, Proposed Regulation Systems Compliance and Integrity, Exchange Act Release No. 69077 [File No. S7-01-13], 78 Federal Register 18084 (Mar. 25, 2013) (the “Proposing Release”).

² See Proposing Release at 18091.

offer its views. This comment letter briefly outlines WFA's views on the potential expansion of Reg. SCI obligations to broker-dealers.

WFA consists of brokerage operations that administer approximately \$1.3 trillion in client assets. It employs approximately 15,354 full-service financial advisors in branch offices located in all 50 states and the District of Columbia, and 3,204 licensed financial specialists located in retail bank branches in 39 states.³

Although the Commission stated in the release that it would issue a separate proposal if it later proposes to apply the requirements of Reg. SCI to broker-dealers other than SCI alternative trading systems ("ATSS"), the proposal poses a series of questions about the potential applicability of Reg. SCI to broker-dealers.⁴

WFA does not believe that an extension of the proposed Reg. SCI requirements to broker-dealers is necessary or appropriate in view of existing regulations currently governing systems-related risks of broker-dealers. In 2010, the SEC adopted Rule 15c3-5 under the Securities Exchange Act of 1934 ("Rule 15c3-5"), imposing a number of financial and regulatory risk management obligations on broker-dealers whose activities might significantly impact the national market system.

In proposed Reg. SCI the SEC acknowledged that Rule 15c3-5 "address[es] some of the same concerns regarding systems integrity" that proposed Reg. SCI does.⁵ Broker-dealers have already spent considerable funds and time designing and implementing systems to comply with Rule 15c3-5 and other recent rule requirements. The extension of Reg. SCI requirements to broker-dealers in order to address many of the same issues recently addressed by 15c3-5 would therefore be unduly burdensome and duplicative.

In addition, WFA does not believe that the SEC should propose a requirement that SCI self-regulatory organizations ("SCI SROs") require members to institute policies and procedures similar to those required under Reg. SCI.⁶ As the SEC acknowledged, all broker-dealers are members of at least one SCI SRO.⁷ These SCI SROs already impose regulatory requirements touching similar concerns to those that Reg. SCI is designed to address.⁸ Thus, a

³ WFA is a non-bank affiliate of Wells Fargo & Company ("Wells Fargo"), 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's brokerage affiliates also include Wells Fargo Advisors Financial Network LLC ("WFAFN") and First Clearing LLC, which provides clearing services to 89 correspondent clients, WFA and WFAFN. For ease of discussion, this letter will use WFA to refer to all of those brokerage operations.

⁴ See Proposing Release, 78 Fed. Reg. at 18139-41, questions 192 through 208.

⁵ *Id.* at 18139.

⁶ *Id.* at 18140-41.

⁷ *Id.*

⁸ See for example, FINRA 4370. Business Continuity Plans and Emergency Contact Information, http://finra.complinet.com/en/display/display_main.html?rbid=2403&element_id=8625 (imposing business

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requirement that SCI SROs issue rules similar to Reg. SCI would also be unnecessarily duplicative and burdensome for broker-dealers.

Conclusion

Recent action by the SEC imposed upon broker-dealers the requirement to establish, document and maintain a system of risk management controls and supervisory procedures that are reasonably designed to ensure compliance with applicable regulatory requirement in connection with market access. The extension of Reg. SCI requirements to broker-dealers, whether by directly subjecting broker-dealers to the rule or by requiring SCI SROs to impose such rules, would therefore be unduly burdensome and duplicative.

WFA thanks the Securities and Exchange Commission staff for its willingness to consider the issues raised in this letter. If you have questions regarding this comment letter, please do not hesitate to contact me.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Robert J. McCarthy". The signature is written in a cursive, slightly slanted style.

Robert J. McCarthy
Director of Regulatory Policy
Wells Fargo Advisors, LLC

continuity planning obligations on members, including minimum requirements to provide for emergency continuity of mission critical systems and address potential impacts to other parties potentially affected by a disruption of the firm's business.).