

Wells Fargo Advisors

Regulatory Policy
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Member FINRA/SIPC

March 15, 2019

Submitted electronically to: rule-comments@sec.gov

Ms. Vanessa Countryman, Acting Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

**Re: Comment on Proposed Updated Disclosure Requirements and Summary Prospectus for Variable Annuity and Variable Life Insurance Contracts
File Number: S7-23-18**

Dear Ms. Countryman:

Wells Fargo Advisors (“WFA”) appreciates the opportunity to comment on the Securities and Exchange Commission’s (“SEC”) above-referenced proposal to update the disclosure requirements for variable annuity and variable life insurance products (the “Proposal”).

Who We Are and Whom We Serve

WFA is a dually registered broker-dealer and investment advisor that administers approximately \$1.4 trillion in client assets. We provide investment advice and guidance to help clients achieve their financial goals through nearly 14,000 Financial Advisors.¹ WFA and its affiliates help millions of customers of varying means and investment needs obtain the advice and guidance they need to achieve their financial goals.

We offer a wide variety of products including both variable annuity contracts and variable life insurance policies. Our role as a distributor of these products provides us unique insights into the preferences of our clients, the individual retail investor. We are happy to share these insights to help inform this important rulemaking.

¹ “Wells Fargo Advisors” is the trade name for Wells Fargo Clearing Services, LLC (“WFCS”), a dually-registered broker-dealer and investment adviser, member FINRA/SIPC, and a separate non-bank affiliate of Wells Fargo & Co. “First Clearing” is the trade name for WFCS’s clearing business, providing services to unaffiliated introducing broker-dealers. WFCS is affiliated with Wells Fargo Advisor Financial Network, a broker-dealer also providing advisory and brokerage services. For the ease of this discussion, this letter will use WFA to refer to all of these brokerage operations.

Ms. Vanessa Countryman

March 15, 2019

Page 2 of 3

WFA Supports the SEC's Efforts to Modernize Disclosures

WFA supports the SEC's efforts to update the disclosure requirements for variable annuity and variable life insurance products. We believe the SEC is taking a positive step forward in fulfilling their stated objective of improving transparency for retail investors.

Similar to the views shared by the SEC in the Proposal, our own client research has found that investors prefer to digest concise, easy-to-read, and summarized information that is accompanied by directions on how to access more detailed information. Our research also supports the notion that standardized information and graphical formats enable investors to more readily assess relevant information and make informed choices. Thus, we believe that an approach that first utilizes a concise, plain English disclosure document with instructions on how to obtain additional, more detailed information will meet the expectations and preferences of investors while also providing meaningful information about the risks inherent in these variable products.

We Believe that Layered Disclosure is the Best Approach

Quite simply, this proposed layered approach of disclosure aligns more closely with the expectations of investors today. As noted by the SEC, the statutory prospectuses used today can run hundreds of pages in length. They contain detailed information and however well-intentioned, may actually discourage the average retail investor from reading the material to better understand the product they are investing in.

This Proposal provides the opportunity for more meaningful disclosure by highlighting key features, benefits, and costs of a variable annuity or variable life product up front. We believe our clients will be more likely to review and thus better understand a variable annuity or variable life insurance product with this approach. Furthermore, any risk that a client is not being provided enough detailed information is fully mitigated by providing the client with clear instructions on how to receive the statutory prospectus which contains more detailed information.

We Believe that the "Access = Delivery" Approach is Excellent and Should be Expanded

A growing number of investors have elected to access information online and through electronic delivery. This Proposal recognizes that the existing regulatory framework falls short in utilizing the common access methods of today. If anything, we believe the "access = delivery" approach being proposed for the delivery of underlying separate account information could be taken a step further and be more broadly applied to the delivery of both the statutory variable product prospectus and also the statutory mutual fund product. Such an expansion would better recognize that technological advances will most certainly continue in the future and make the adopted rules more adaptable to those advances.

Ms. Vanessa Countryman
March 15, 2019
Page 3 of 3

We Believe the Sample Summary Prospectus is Well Conceived and Offer Modest Suggestions for Improvement

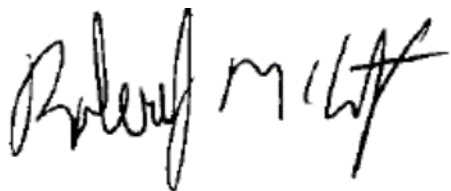
The Proposal is accompanied by a sample summary prospectus (Appendix A) which is a helpful illustration of what an investor could expect to receive in the future, if the Proposal is adopted. We recommend making the summary prospectus as simple and empowering to clients as possible. The ultimate goal is to encourage the investor to read the prospectus to gain information and make informed choices. Overall, the concept draft is excellent and we believe that the SEC is moving in a direction that vastly improves upon what is used today. To help improve the concept even more, we offer some suggestions below that are rooted in the feedback we've received from our retail clients:

- First, we recommend reformatting the cover page. Our clients have indicated that they are more likely to read documents that are approachable, containing less legalese and more white space. One suggestion is to eliminate or reduce in size the second paragraph on page one that begins with "Before you invest..."
- Second, we believe the "Special Terms" section on page two will be helpful to the reader as it defines terms with which they may not be familiar. Adding a definition of "annuitize," which is used throughout the document, could also be beneficial.
- Third, the question and answer format used in the "Overview of the Variable Annuity Contract" is easy to understand. However, we suggest changing the layout by placing the questions to the left and the answers to the right to make it more visually appealing.
- Finally, we recommend adding a "band" down the side of each page of the summary prospectus to enable an investor to quickly identify which section they are reading.

Conclusion

WFA appreciates the opportunity to express its support for the Proposal and commends the SEC for moving forward with efforts to modernize disclosure requirements for variable annuity and variable life insurance products. Should you have any questions or wish to discuss this matter further, please do not hesitate to contact me at [REDACTED] or [REDACTED] or Carl Tugberk, Senior Vice President for Wells Fargo & Company, at [REDACTED] or [REDACTED].

Sincerely,



Robert J. McCarthy
Director of Regulatory Policy
Wells Fargo Advisors