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October 4, 2016

Via e-mail: rule-comments@sec.gov

Mr. Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

RE: SR-MSRB-2016-12: Notice of Filing of a Proposed Rule Change To MSRB Rules G-15 and G-30 To Require Disclosure of Mark-Ups and Mark-Downs To Retail Customers on Certain Principal Transactions and To Provide Guidance on Prevailing Market Price

Dear Mr. Fields:

Wells Fargo Advisors, LLC (“WFA”) appreciates the opportunity to provide this letter in response to the Municipal Securities Rulemaking Board’s (“MSRB”) proposed rule filing with the Securities and Exchange Commission (the “SEC”), SR-MSRB-2016-12 (the “Current Proposal”),¹ to amend MSRB Rule G-15 and G-30. The Current Proposal would require members to disclose mark-ups and mark-downs on customer confirmations in connection with municipal fixed income transactions with retail customers.

WFA is a dually registered broker-dealer and investment advisor that administers approximately \$1.4 trillion in client assets. We employ approximately 15,042 full-service financial advisors in branch offices in all 50 states and 3,900 licensed financial specialists in

¹ MSRB Rule Filing 2016-12, Proposed Rule Change to MSRB Rules G-15 and G-30 to Require Disclosure of Mark-Ups and Mark-Downs to Retail Customers on Certain Principal Transactions and to Provide Guidance on Prevailing Market Price, September 1, 2016, *available at*: <http://www.msrb.org/~media/Files/SEC-Filings/2016/MSRB-2016-12.ashx>

retail bank branches across the country.² 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. Furthermore, WFA offers access to a full range of investment products and services that retail investors need to pursue these goals.

I. EXECUTIVE SUMMARY

WFA supports the SEC, the MSRB and FINRA's objective of improving price transparency in the fixed income markets and applauds their efforts to enhance access to meaningful pricing information for retail investors. WFA has previously provided comments to the MSRB³ in response to prior rule proposals⁴ on disclosing pricing reference information on retail customer confirmations, as well as the most recent FINRA proposal SR-FINRA-2016-032.⁵ WFA continues to believe retail investors are best served by continuing to focus on providing meaningful information about prevailing market conditions via real-time price dissemination tools, specifically through the use of "Electronic Municipal Market Access" ("EMMA") system.

Nonetheless, WFA recognizes the strong desire for a confirmation disclosure for fixed income securities and believes any final MSRB rule should also be consistent with any FINRA rule. We are supportive of the guidance provided in the Current Proposal to enable firms to use reasonable diligence in determining prevailing market price and believe it should be consistent for non-municipal securities as well. We believe the MSRB should retain the current disclosure requirement for time of execution and delay the requirement for a reference and hyperlink to EMMA to coordinate with FINRA as they address a similar requirement for TRACE. Finally, the

² 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 retail brokerage affiliates also include Wells Fargo Advisors Financial Network LLC ("WFAFN") and First Clearing LLC, which provides clearing services to 78 correspondent clients, WFA and WFAFN. For the ease of discussion, this letter will use WFA to refer to all of those brokerage operations.

³ See correspondence from Robert J. McCarthy to Ronald W. Smith and Marcia E. Asquith, dated December 11, 2015, available at: http://www.finra.org/sites/default/files/15-36_WellsFargoAdvisors_comment.pdf; See correspondence from Robert J. McCarthy to Ronald W. Smith and Marcia E. Asquith, dated January 20, 2015, available at: http://www.finra.org/sites/default/files/notice_comment_file_ref/Wells%20Fargo.pdf

⁴ MSRB Regulatory Notice 2015-016 - Request for Comment on Draft Rule Amendments to Require Confirmation Disclosure of Mark-ups for Specified Principal Transactions with Retail Customers, September 24, 2015, available at: <http://www.msrb.org/~media/Files/Regulatory-Notices/RFCs/2015-16.ashx?la=en>. MSRB Notice 2014-20 - Request for Comment on Draft Rule Amendments to Require Dealers to Provide Pricing Reference Information on Retail Customer Confirmations, November 17, 2014, available at: <http://www.msrb.org/~media/Files/Regulatory-Notices/RFCs/2014-20.ashx?n=1>

⁵ FINRA File No. SR-FINRA-2016-032 – Proposed Rule Change Relating to FINRA Rule 2232 (Customer Confirmations) to Require Members to Disclose Additional Pricing Information on Retail Customer Confirmations Relating to Transactions in Fixed Income Securities, available at: http://www.finra.org/sites/default/files/rule_filing_file/SR-FINRA-2016-032.pdf

Current Proposal should allow for adequate time for implementation and allow for an explanatory statement of the information to be included on the confirmation.

II. CURRENT PROPOSAL

The Current Proposal will require that a customer confirmation include the member's mark-up or mark-down from the prevailing market price for municipal security transactions with retail customers, expressed in total dollar amount and as a percentage of the prevailing market price; provide a reference and hyperlink to the security details page for the security on EMMA, along with a brief description of the type of information available on that page; and provide the time of execution if: (1) a member is effecting a transaction in a principal capacity in a corporate or agency debt security with a non-institutional customer, and (2) the member purchased (sold) the security in one or more transactions in an aggregate trading size meeting or exceeding the size of such sale to (purchase from) the non-institutional customer on the same trading day as the non-institutional customer transaction.⁶

III. DISCUSSION

WFA supports the MSRB's efforts to improve price transparency in the municipal markets but believes having consistency among all securities markets (i.e., municipal and non-municipal) and on all customer confirmations is imperative in achieving the MSRB's goal of improving price transparency and providing meaningful information to customers. Although the Current Proposal is largely consistent with FINRA's proposal certain challenges will remain if consistency is not attained among the regulators. WFA commends the MSRB in their effort to set forth the standard of "reasonable diligence" as it should be the basis for determining prevailing market price. We believe this standard should exist across all customer transactions, for both municipal and non-municipal securities, and have requested FINRA to adopt the "reasonable diligence" standard to promote consistency.

Below, WFA highlights additional areas within the Current Proposal where inconsistencies exist with FINRA and makes recommendations to align those inconsistencies. Specifically, we recommend the existing requirements for time of execution remain in place; the hyperlink and additional information required to be placed on every confirmation be aligned with a similar FINRA requirement for TRACE; implementation dates be aligned; and an explanatory statement should be allowed to be placed on the confirmation.

A. Disclosure Requirements for Time of Execution Should Remain the Same.

The Current Proposal requires time of execution be included on all confirmations even for transactions where the mark-up disclosure requirement does not apply. This information is not required for transactions in corporate and agency debt securities. MSRB Rule G-15(a)(i)(A)(2) currently allows firms to either provide time of execution on the confirmation or in writing upon request from the customer. WFA requests the MSRB retain the existing

⁶ See supra note 1, pp. 473

requirement and allow firms to provide execution time to customers upon request. This would allow for consistency across all customer confirmations and avoid potential customer confusion as to why execution time is provided for municipal securities and not for non-municipal securities.

B. Requirement for a Reference and Hyperlink to the Security Details Page on EMMA Should Align with FINRA.

The Current Proposal requires firms provide a reference and hyperlink to the security details page on EMMA, along with a brief description of the type of information available on that page. WFA believes the timing of this requirement should align with a similar requirement noted by FINRA. In FINRA's recent Rule Filing SR-FINRA-2016-032, they "intend to submit a rule filing in the near future that proposes these requirements."⁷ WFA believes the timing of these similar requirements should be aligned and requests the MSRB delay such requirement set forth in the Current Proposal to such time when both FINRA and the MSRB are able to coordinate implementation.

C. The Implementation Period For Both the MSRB Proposal and the FINRA Proposal Must Align and Should Be Three Years But No Less Than Two Years.

WFA believes it is extremely difficult to plan and implement significant changes to fixed income pricing disclosure systems as required by the Current Proposal. This would be compounded if the FINRA rule proposal has a different implementation date. Thus, WFA requests that both agencies work to ensure their respective proposals have aligned implementation dates.

When commenting on prior proposals, WFA joined many member firms and industry groups in advocating for an implementation period of at least three years.⁸ With the substantial technical and systemic requirements that remain in the Current Proposal, WFA continues to believe that three years remains a reasonable timeframe for implementation. However, in recognizing the importance of the issue to clients and the desired urgency for action, WFA requests the implementation period for the rule be no less than two years.

D. The Rule Should Provide For An Explanatory Statement on Customer Confirmations.

WFA believes that mark-ups and mark-downs listed on the customer confirmation for fixed income transactions may result in questions and confusion for customers. The components of the mark-up or mark-down may vary depending on whether a firm is acting in a riskless or "at risk" capacity. Variability in profit or loss ("P&L") from market price fluctuations in "at risk" transactions may cause confusion for customers, since the mark-up may not always constitute pure profit to a firm. Allowing for an explanatory statement on the confirmation can provide context to customers so they better understand this. Thus, WFA requests that the rule be

⁷ See supra note 5, p. 12, footnote 13

⁸ See supra note 3

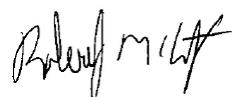
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modified to specifically include an allowance for an explanatory statement on the confirmation.

IV. CONCLUSION

WFA appreciates the opportunity to respond to the MSRB's Current Proposal and remains committed to achieving greater price transparency for retail investors. If you would like to discuss this issue further, please feel free to contact me directly at [REDACTED] or [REDACTED].

Sincerely,



Robert J. McCarthy
Director of Regulatory Policy