

**Part 2A of Form ADV  
Firm Brochure for:**



**Retirement Plan Consulting**

801-57434

**Investment Advisory Services of Wells Fargo Advisors Financial Network, LLC**

Revised December 2023

Wells Fargo Advisors is a trade name used by Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC, separate registered broker-dealers and non-bank affiliates of Wells Fargo & Company.

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**This brochure provides information about the qualifications and business practices of Wells Fargo Advisors Financial Network, LLC and our Retirement Plan Consulting Program. This information should be considered before becoming a Client. If you have any questions about these services or the contents of this brochure, please contact us at the telephone number above.**

**This information has not been approved or verified by United States Securities and Exchange Commission or by any state securities authority. Additional Information about Wells Fargo Advisors Financial Network, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Please note that registration as an investment adviser does not imply a certain level of skill or training.**

**The advisory services described in this brochure are not insured or otherwise protected by the U.S. Government, the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other government agency and involve risk, including the possible loss of principal.**

# Summary of Material Changes

Material Changes to the Firm Brochure for Retirement Plan Consulting since March 31, 2023:

- Section "Types of Advisory Services" has been updated. These updates do not impact existing clients. Updates include:
  - Summary of level of duty under ERISA with respect to investment-related services and non-investment-related services have been moved to the first sub-section.
  - Description of Non-Discretionary Investment Search and Recommendation services has been revised from "In this report, we will provide you with investments or investment managers for consideration whose investment philosophies and policies are, in our judgment, compatible with your plan, the investment objectives, policies and constraints and risk tolerance specified by the plan's IPS and/or you" to "In this report, we will provide you with investments or investment managers for consideration whose investment philosophies and policies are, in our judgment, compatible with your plan."
- Section "Fees and Compensation" has been updated with the following:

We reserve the right to negotiate fee rates published above on a case-by-case basis.

## **Frequency and Method of Payment**

Fees for one-time services are payable immediately after services are provided. Fees for ongoing services are assessed quarterly in arrears. Clients may choose to pay fees by invoice to the plan or plan sponsor, or to instruct us to send the invoice to the plan's provider/recordkeeper.

## **Termination**

In the event the Client Agreement is terminated, you shall have no obligation to make additional payments that would otherwise be required to be made, but we may submit to you an accounting of the services theretofore provided to you (which may include an accounting of our preparations to provide services that would have been provided by us but for such termination) and you shall be liable to us for the amount set forth thereon (which amount will not exceed the total amount of our compensation as agreed to by you and us in the Client Agreement) (the "Termination Obligation"). In the event you have paid any payments prior to such termination: (i) if the amount of such payments exceeds the Termination Obligation, you shall be entitled to a refund of such excess, and we shall be entitled to retain the remainder in full satisfaction of the Termination Obligation and (ii) if the Termination Obligation exceeds the amount of such payments, and you shall promptly pay the amount of such excess in order to satisfy the Termination Obligation.

- Section "Methods of Analysis, Investment Strategies and Risk of Loss" has been updated and now contains additional discussion of the methods of analysis used in the provision of services to our retirement plan consulting clients. These updates do not impact existing clients. See Section "Methods of Analysis, Investment Strategies and Risk of Loss" for additional information.
- In August 2023, Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC (collectively, the "Firm") agreed to a settlement with the SEC regarding allegations that from at least 2002 through December 2022, the Firm and its predecessor firms overcharged approximately 10,945 accounts of advisory clients, for accounts opened through 2014, for more than \$26.8 million in advisory fees and failed to adopt and implement written compliance policies and procedures reasonably designed to prevent the over billing in willful violation of Sections 206(2) and 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-7 thereunder. Specifically, from at least 2002 through 2014, certain investment adviser representatives from Wells Fargo and its predecessor firms agreed to reduce the firms' standard, pre-set advisory fee rate for certain clients at the time these clients agreed to open accounts. The representatives made handwritten or typed changes on the clients' standard investment advisory agreements that reflected the reduced fee rate. However, in certain instances, the account processing employees at Wells Fargo and its predecessor firms failed to enter the agreed-upon reduced advisory fee rate into the firms' billing systems when setting up the clients' accounts. In 2022 and 2023, the Firm corrected the advisory fees to be charged to the accounts and issued payments for the overcharged advisory fees, plus interest, to the affected account holders. Without admitting or denying the findings, the Firm consented to a settlement that included a cease and desist order, censure and civil money penalty of \$35,000,000.

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# Advisory Business

## Firm Description and Ownership

Wells Fargo Advisors Financial Network, LLC ("WFAFN"), is a broker-dealer and investment advisory firm providing investment and other financial services to individual, corporate, and institutional clients through a network of independent contractor representatives. It is a non-bank affiliate of Wells Fargo & Company ("Wells Fargo"), a financial holding company and bank holding company founded in 1852 and publicly held company (NYSE: WFC). Wells Fargo and its Affiliates are engaged in a number of financial businesses, including retail brokerage and investment advisory services.

WFAFN is affiliated with Wells Fargo Clearing Services, LLC (WFCS), a broker-dealer and investment adviser that also provides advisory and brokerage services as well as securities-execution and brokerage-clearance services to WFAFN, and other retail securities firms throughout the United States. WFCS operates under the trade name Wells Fargo Advisors ("WFA") in providing advisory and brokerage services. WFAFN is also affiliated with Wells Fargo Investment Institute, Inc ("WFII"), a registered investment adviser that provides advisory services and research to WFAFN and WFA.

WFAFN has entered into an agreement with WFA, a non-bank affiliate of WFAFN, pursuant to which WFA will act as sub-adviser and/or service provider to WFAFN with respect to the advisory programs and services offered by the Firm. WFA is a member of the New York Stock Exchange, Inc. ("NYSE") and the principal stock exchanges in the nation, as well as FINRA and SIPC.

The terms "Client," "you," and "your" are used throughout this document to refer to the person(s) or organization(s) who contract with us for the services described here. "WFAFN," "we," "our," and "us" refer to WFAFN together with our Affiliates, including but not limited to, Wells Fargo & Company and its agents with respect to any services provided by those agents. "Affiliate" means any entity that is controlled by, controls or is under common control with WFAFN. Each Affiliate is a separate legal entity, none of which is responsible for the obligations of the other.

"Account" means collectively or individually any brokerage Account and/or any Advisory Program Account you have with us, including any and all funds, money, securities and/or other property you have deposited with us. "Securities and/or Other Property" means, but is not limited to, money, securities, financial instruments and commodities of every kind and nature and related contracts and options, distributions, proceeds, products and accessions of all property.

## Types of Advisory Services

We sponsor a number of wrap fee advisory Programs that are designed to help Clients meet their investment objectives and goals. They include Unified and Separately Managed Account Programs, Mutual Fund Advisory Programs, Financial Advisor-Directed Programs and Non-Discretionary Advisory Programs ("Programs"). We also offer Consulting and Financial Planning advisory services. This Disclosure Document is being provided pursuant to Section 204 of the Investment Advisers Act of 1940 and deals solely with our Retirement Plan Consulting Program. Descriptions of the services and fees for the other Programs and services we offer can be found in separate disclosure documents, copies of which are available upon request.

## Retirement Plan Consulting

The Retirement Plan Consulting Program is a service in which Financial Advisors ("FAs") provide consulting services to retirement plans for a fee. We offer both non-discretionary and discretionary services under the Program. In non-discretionary services, your FA cannot choose and will not take any actions without your direction. The final decisions are yours. You may choose to act upon any or all of the information provided to you. FAs are required to meet additional Firm established criteria to be eligible to offer discretionary services. In a discretionary service, your FA has the authority to create and maintain the plan's investment menu on your behalf and without your approval.

We are fiduciaries within the meaning of ERISA and/or the Internal Revenue Code, as applicable, when we provide "investment advice," as defined under Title 1 ERISA, to you regarding your plan. The Services to the plan for which we are a fiduciary are intended to be limited to those investment-related Services that constitute investment advice under Section 3(21) of ERISA. The way we make money creates some conflicts with your interests, so when we operate as a fiduciary for your plan we operate under a special rule, PTE 2020-02, that requires us to act in your best interest and not put out interest ahead of yours. To the extent that particular communications to you or Services are considered "investment education" or otherwise nonfiduciary under ERISA, we expressly disclaim that we have an fiduciary duties or obligations in connection with such communications or Services.

The Retirement Plan Consulting Program offers one or more of the following services:

## Non-Discretionary Services

**Investment Policy Statement:** We will assist you in preparing an Investment Policy Statement ("IPS") that identifies the objectives, risk tolerance and constraints for the management of the investments. The development of the IPS will be based on information provided by you and is designed to outline the investment philosophy, and establish the management procedures for use by you and the investment manager(s) for the effective management of the investments. Periodically, in the future, we will review the IPS with you on an agreed upon basis.

Our IPS services do not include any recommendations as to the management of the plan's investments or specific recommendations regarding specific securities or other investment vehicles, unless you specifically and separately select investment search and recommendation. You shall be responsible for review and final approval of the IPS. No assurance has been or can be given that the investment objectives reflected in your IPS will be achieved.

**Investment Search and Recommendation:** Upon your request, we will provide an Investment Search Report (options may include money market, collective investment trusts, mutual funds or group annuity contracts) to you. In this report, we will provide you with investments or investment managers for consideration whose investment philosophies and policies are, in our judgment, compatible with your plan. While WFA will recommend an investment option or option(s) and investment managers, as appropriate, the decision to invest with or retain any particular manager or investment, or offer any investment to participants as an investment option rests with you. You understand that we make no representations concerning any investment option or manager chosen by you without or contrary to our recommendation, nor shall we assume any liability for any loss, claim, damage or expense attributable to your selection of any manager that has not been profiled, reviewed or approved by us.

If requested by you, we will also provide a diversification review designed to identify particular asset classes that we feel should be included in the plan's list of investments options made available to the participants based on the plan's IPS. This information is based on modern portfolio theory and other general diversification philosophies. Based on our review, we may recommend to you additional asset classes to complement the plan's existing investment options.

**Performance Reporting:** On an agreed upon basis, we will provide periodic Performance Reports to assist you in evaluating your Plan's designated investment options (options may include money market, collective investment trusts, mutual funds or group annuity contracts) and the performance of the plan's portfolio over various time periods, as well as comparing various aspects of such performance to benchmarks identified in the IPS. The investments will be analyzed based on their investment philosophies, policies, risk level, and performance as they relate to the investment and diversification objectives, policies, constraints, and risk tolerance, as specified in the investment policy statement and/or you. These reports may include a combination of: market commentary; plan asset allocation summary; risk and return analysis; investment cost analysis; investment research; and overall review for comparison to the IPS. Account data will be derived from trust or custodial statements for each period. We will not be responsible for verification of the information supplied by the custodian or trustee. While we are not responsible for and will not separately monitor the investments in your plan, we will provide you with Performance Reports on an agreed upon periodic basis so that you can monitor such investments.

**Service Provider Search:** We will request retirement plan proposals from a group of record keeping platforms based on stated goals, objectives and demographics of the plan, and subsequently prepare a report to summarize the results. The summary report is designed to provide comparison of the features, benefits, available investment options and fees of a specific record keeper product that can be analyzed in comparison to the stated criteria. This search process may be performed on an as-needed basis for your fiduciary due diligence or upon request to provide you information to support your decisions on product solution decisions.

**Plan Benchmarking:** We will provide plan benchmarking reports that identify and compare specific plan-design elements such as: plan features; investment-related information; participant behaviors, plan oversight as well as plan-related fees with other plans in similar industries, or with similar plan size and/or demographics. The benchmarking report may be comprehensive and include all elements or a summary of specific items and fees. These reports will be prepared on an as-needed basis or as part of the overall annual review.

**Employee Education:** We will provide investment education to and for the benefit of employees of your company. The parties agree that the education services offered under this Agreement are not intended to include personal investment advice and are limited to providing Investment Education or general information as described in DOL Interpretive Bulletin 96-1, 29 C.F.R. Section 2510.3-21 or any successor DOL regulations describing the scope of non-fiduciary participant education.

**Plan Fiduciary Meeting Support:** We will attend plan fiduciary meetings to deliver various non-discretionary services. We will provide general summary reports and statistical updates to the plan committee(s) or other fiduciaries. These may include: participation and demographic reports; a review of goals and results of the education policy statement; updates on participant meetings, regulatory updates and market updates. Unless you specifically and separately select investment services, our plan meeting support will not include investment search and recommendation.

## **Discretionary Services**

**Plan Level Investment Selection 3(38):** We will provide Investment Search and Selection and Performance Monitoring and Reporting. In providing the Investment Search and Selection and Performance Reporting services hereunder, we are an "investment manager" as such terms are defined in Section 3(38) of the Employee Retirement Income Security Act of 1974 ("Investment Manager"), as amended and the regulations promulgated thereunder ("ERISA") and acknowledge our fiduciary status as such.

**Investment Search and Selection:** We will review the investment options available to you and provide you with advice regarding Designated Investment Alternatives ("DIAs") based on your Investment Policy Statement. Plans with existing assets will be mapped and moved into the DIAs as noted above, which will include both the asset movement of current balances and the future investment elections of each participant in the plan. Once our initial investment advice has been implemented, we will monitor the DIAs and will instruct your record-keeper directly to remove and replace investments that no longer meet the IPS criteria. We will communicate any changes to you reasonably in advance of a proposed change. You understand and agree that declining our investment advice or investment decisions may cause the termination of your agreement. DIAs may include money market mutual funds, collective investment trusts, mutual funds or group annuity contracts. We will not be responsible for selection or monitoring, and will not make any advice or make decisions to retain or remove, employer stock, guaranteed investment contracts, participant loans, or investment options beyond the DIAs (i.e., investments in self-directed brokerage windows, managed accounts, and other investments that we may restrict from time to time). You also agree that we will not determine for you or recommend to you a Qualified Default Investment Alternative as defined under ERISA.

Although we will not have discretion over the following, if mutually agreed upon, we may provide investment advice recommendations on the following: stable value funds, and guaranteed investment contracts.

**Performance Reporting:** On an agreed upon basis, but no less frequently than annually, we will provide periodic Performance Reports to assist you in evaluating your plan's DIAs and the performance of the plan's portfolio over various time periods, as well as comparing various aspects of such performance to benchmarks identified in the IPS. The investments will be analyzed based on their investment philosophies, policies, risk level, and performance as they relate to the investment and diversification objectives, policies, constraints, and risk tolerance, as specified in the investment policy statement and/or you. These Performance Reports may include a combination of: market commentary; plan asset allocation summary; risk and return analysis; investment cost analysis; investment research; and overall review for comparison to the IPS. Account data will be derived from trust or custodial statements for each period. We will not be responsible for verification of the information supplied by the custodian or trustee.

**Additional Plan Services:** In addition to investment-related Services, periodically in the future and as mutually agreed upon, we will provide additional non-discretionary services, as defined above.

### Services Tailored to Individual Client Needs

Each of the advisory services we offer is tailored to you and designed to meet your individual investment objectives, financial needs and tolerance of risk. They are drawn from research and analysis we believe to be reliable and appropriate to your financial circumstances.

### Portfolio Management Services

We act as portfolio manager for certain wrap fee advisory Programs that we offer to Clients and collect a fee for performing that service. We do not act as a portfolio manager for the services described in this brochure.

### Assets Under Management

As of December 31, 2022, we manage \$76,713,021,108 of Client assets on a discretionary basis and \$26,394,437,242 of Client assets on a non-discretionary basis.

### Fees and Compensation

Fees for services are described below and are guidelines which may vary due to the complexity and size of the plan, and are therefore subject to negotiation. You can choose to pay for services either as a flat annual fee, a percentage of assets, or, for some services, as a one-time service. Generally, ongoing fees are paid on a quarterly basis unless otherwise agreed upon.

Plan Size	Ongoing % (bps)		Ongoing Dollar	
AUM	Min Fee	Max Fee	Min \$ Fee	Max \$ Fee
\$0 - \$1M	0.1	1	\$500	\$10,000
\$1M - \$5M	0.1	0.7	\$1,000	\$30,000
\$5M - \$10M	0.1	0.5	\$3,500	\$40,000
\$10M - \$25M	0.01	0.25	\$5,000	\$100,000

The fee for the Plan Level Investment Selection 3(38) service is as follows:

	Fee Range
Plan Level Investment Selection 3(38)	5 to 10 bps per year

For Educational Services, travel, incidental expenses and material costs will be charged to the employer separately.

We reserve the right to negotiate fee rates published above on a case-by-case basis.

### Frequency and Method of Payment

Fees for one-time services are payable immediately after services are provided. Fees for ongoing services are assessed quarterly in arrears. Clients may choose to pay fees by invoice to the plan or plan sponsor, or to instruct us to send the invoice to the plan's provider/recordkeeper.

### Termination

In the event the Client Agreement is terminated, you shall have no obligation to make additional payments that would otherwise be required to be made, but we may submit to you an accounting of the services theretofore provide to you (which may include an accounting of our preparations to provide services that would have been provided by us but for such termination) and you shall be liable to us for the amount set forth thereon (which amount will not exceed the total amount of our compensation as agreed to by you and us in the Client Agreement( the "Termination Obligation"). In the event you have paid any payments prior to such termination: (i) if the amount of such payments exceeds the Termination Obligation, you shall be entitled to a refund of such excess, and we shall be entitled to retain the remainder in full satisfaction of the Termination Obligation and (ii) if the Termination Obligation exceeds the amount of such payments, and you shall promptly pay the amount of such excess in order to satisfy the Termination Obligation.

## Performance-Based Fees and Side-By-Side Management

We do not charge performance-based fees in any of our investment advisory Programs. We do not have any side-by-side management situations.

## Types of Clients

We offer Retirement Plan Consulting Services to both qualified plans subject to ERISA and non-qualified deferred compensation plans not subject to ERISA.

## Methods of Analysis, Investment Strategies and Risk of Loss

Under our Retirement Plan Consulting Program, we render services to both retirement plans subject to ERISA and retirement plans not subject to ERISA. Our specific recommendations may vary based on the scope of the services for which we are engaged to advise upon. At all times, our investment philosophy will reflect our duty to act with respect to the plan solely in the interests of participants and beneficiaries as well as within the principles of prudence, diversification, and compliance with the plan's governing documents to the extent provided by the plan.

For plans subject to ERISA, we will carry out our duties and responsibilities in accordance with ERISA as it applies to the services we are rendering. To the extent not contrary to ERISA, we will take into consideration the goals and objectives as provided and/or communicated by the plan. If in our view, any provision in the plan document or any instruction received from a plan fiduciary is inconsistent with or contrary to ERISA, we will disregard such provision or instruction when carrying out our duties and will act in accordance with our responsibilities under ERISA and the regulations promulgated thereunder.

For the purposes of our non-discretionary service of providing Investment Search and Recommendation services to plans subject to ERISA, if the plan does not provide written investment instructions or objectives such as an IPS, we will focus on identifying a menu of diversified investment options, each with differing risk and return characteristics appropriate for a plan participant or beneficiary. The investment options we recommend could include active and passive investment vehicles, as well as target-date investment options. When we are engaged to provide discretionary services to plans subject to ERISA, we will use the IPS and the investment philosophy outlined therein in providing investment advice.

If the plan is not subject to ERISA and we are hired to provide Investment Search and Recommendation—we will recommend a menu of investment options for the plan that provides plan participants a diversified set of investment options—ranging from conservative to aggressive growth investment choices. We could include active and passive investment vehicles in our recommendations, as well as target-date investment options. When we are hired to provide Investment Search and Recommendation Service for plans not subject to ERISA, we seek to identify and recommend one (or more when appropriate) investment managers to manage a plan's assets—either in their entirety or a portion thereof. In doing so, we will recommend investment manager(s) that we believe are capable of adding value on a risk-adjusted basis. When reviewing potential investment managers, we take into consideration the overall stated objectives of the assets which will vary based on (a) plan type; and (b) and whether the investment manager's mandate will be limited to a specific asset class or investment category within a broader pool of assets. We do not provide investment advice in a discretionary manner to plans not subject to ERISA.

## Methods of Analysis

In performing the investment advisory services, our analyses and recommendations are based on modern portfolio theory and other general diversification philosophies. WFAFN makes available to its financial advisers (a) reports and analyses on investment products and asset managers from WFAFN's affiliate investment adviser Wells Fargo Investment Institute, Inc. (*Wells Fargo Investment Institute, Inc. is an investment adviser registered with the Securities and Exchange Commission. It is a subsidiary of Wells Fargo Bank, N.A. Registration as an investment adviser does not imply a certain level of skill or training. Wells Fargo Investment Institute, Inc. and Wells Fargo Bank, N.A. are subject to the control of Wells Fargo & Company (NYSE: WFC), a financial holding company.*); and (b) third-party databases, analytics tools and presentation tools. These resources are used individually or in combination in both initial investment product and investment manager selection. They are also used in the periodic review or, in the case of our 3(38) services, the monitoring of recommended investment products and investment managers. When evaluating and recommending investment options or investment managers to manage the plan's assets, WFAFN generally considers the following (*List includes common relevant considerations but is not intended to be exhaustive; nor will all be necessarily relevant to a particular plan's needs.*):

- General principles of diversification of assets and modern portfolio theory
- Legal and regulatory considerations
- Plan imposed restrictions
- Time horizons
- Need for current income
- Investment objectives
- Management fees
- Shareholder fees
- Asset class
- Performance

Investing carries risk of loss. Separately managed accounts managed by investment managers, mutual funds and exchange-traded funds, and individual securities are all subject to risk of loss. With respect to an investment manager that we may recommend to a plan, each manager will have investor materials addressing the risks associated with the particular manager's strategies.

## Investment Strategies

When we provide Plan Level Investment Selection services, we do not provide personalized investment advice to plan participants. When we provide Investment Manager Search and Recommendation Services, information regarding the investment strategies (generally investment risks, investment methods of analysis, and types of securities used) offered by the investment manager that we recommend to the plan will be contained in each manager's Form ADV Part 2A, or similar document, other informational materials of the manager.

## Risk of Loss

All investments shall be at your risk exclusively, and you must understand that we do not guarantee any return on the investments recommended or advised upon and may not be responsible for losses resulting from such trading or for any transactions that we have not recommended to you.

## Disciplinary Information

We are both a broker-dealer and investment advisory Firm. The disciplinary events listed below are related to the activities of the broker-dealer, investment adviser or predecessor firms.

For more information on broker/dealer related disciplinary events you may visit:

<http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/>.

Our investment advisory disciplinary history is available by going to: <http://www.adviserinfo.sec.gov/>.

- In August 2023, Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC (collectively, the "Firm") agreed to a settlement with the SEC regarding allegations that from at least 2002 through December 2022, the Firm and its predecessor firms overcharged approximately 10,945 accounts of advisory clients, for accounts opened through 2014, for more than \$26.8 million in advisory fees and failed to adopt and implement written compliance policies and procedures reasonably designed to prevent the over billing in willful violation of Sections 206(2) and 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-7 thereunder. Specifically, from at least 2002 through 2014, certain investment adviser representatives from Wells Fargo and its predecessor firms agreed to reduce the firms' standard, pre-set advisory fee rate for certain clients at the time these clients agreed to open accounts. The representatives made handwritten or typed changes on the clients' standard investment advisory agreements that reflected the reduced fee rate. However, in certain instances, the account processing employees at Wells Fargo and its predecessor firms failed to enter the agreed-upon reduced advisory fee rate into the firms' billing systems when setting up the clients' accounts. In 2022 and 2023, the Firm corrected the advisory fees to be charged to the accounts and issued payments for the overcharged advisory fees, plus interest, to the affected account holders. Without admitting or denying the findings, the Firm consented to a settlement that included a cease and desist order, censure and civil money penalty of \$35,000,000.
- In December 2021, Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC agreed to a settlement with FINRA regarding allegations that for more than three years beginning in November 2016, the Firm failed to store 13 million records, pertaining to 8.2 million customers, related to its anti-money laundering Customer Identification Program (CIP) in the required non-erasable and non-writable "Write Once, Read Many" (WORM) format in violation of Exchange Act Rule 17A-4(F)(2)(II)(A) and failed to notify FINRA prior to using the non-WORM compliant storage platform in violation of Exchange Act rules 17A-4(F)(3)(V) and 17A-4(F)(2)(I). Without admitting or denying the findings, the firms consented to a settlement that included a censure and fine, jointly and severally, of \$2,250,000.
- On February 27, 2020, the Securities and Exchange Commission ("Commission") entered an order against Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC, following the Firms' offers of settlement. The Commission found that, from April 2012 through September 2019, the Firms recommended that many retail investment advisory clients and brokerage customers buy and hold single-inverse exchange-traded funds ("ETFs") without having adequate compliance policies and procedures and without providing financial advisors proper training and supervision of single-inverse ETFs. The Commission found that, as a result, certain investment adviser representatives and registered representatives made unsuitable recommendations to certain clients. The Commission found that the Firms willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, failed reasonably to fulfill their supervisory responsibilities within the meaning of Section 203(e)(6) of the Advisers Act and failed reasonably to fulfill their supervisory responsibilities within the meaning of Section 15(b)(4)(E) of the Exchange Act. The Firms consented, without admitting or denying the findings contained in the Order, to: (a) cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, (b) be censured, and (c) jointly and severally pay a civil monetary penalty in the amount of \$35,000,000.



- In 2018, Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC elected to participate in the Securities and Exchange Commission's Mutual Fund Share Class Selection Disclosure Initiative ("SCSD Initiative"). The SCSD Initiative provided investment advisers with the opportunity to voluntarily self-report to the SEC's Division of Enforcement possible securities law violations related to the adequacy of their disclosures concerning mutual fund share class selection and fees received pursuant to Rule 12b-1 under the Investment Company Act of 1940. As part of the SCSD Initiative, the Firms reviewed disclosures and activities related to mutual fund share class selection within advisory programs. At the conclusion of the SCSD Initiative, the Firms jointly and severally consented to a settlement agreement alleging violations of Sections 206(2) and Section 207 of the Investment Advisers Act of 1940 and entry of an order under which the Firms were censured, agreed to cease and desist from committing further violations, and agreed to pay disgorgement and prejudgment interest totaling \$17,363,847.29. The SEC did not impose a fine or civil monetary penalty in recognition of the fact that the Firms self-reported.
- On December 21, 2016, Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC agreed to a settlement with FINRA regarding allegations that the Firms failed to maintain approximately one million electronic brokerage records in non-erasable and non-rewritable format, which is intended to prevent the alteration or destruction of broker-dealer records stored electronically. The findings also stated that for approximately 1.5 million accounts, the Firm failed to preserve customer account form templates containing the terms and conditions related to the opening and maintenance of accounts, failed to retain certain communications and failed to notify FINRA at least 90 days prior to using new storage media to store electronic broker-dealer records. FINRA also found that the Firms failed to implement an audit system for those records, failed to provide its third party vendors full access to the storage systems, failed to implement an adequate supervisory system and failed to enforce written procedures. Without admitting or denying the findings, the Firms agreed to a censure and fine, jointly and severally, of \$1,500,000. The Firms also consented to a review of its policies and procedures.
- On December 5, 2016, Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC agreed to a settlement with FINRA regarding allegations that the Firms failed to establish, maintain and enforce reasonable supervisory systems for the use of consolidated reports generated by their registered representatives through available applications. The findings stated that these applications allowed the Firms' representatives to manually enter information regarding customers' external accounts, assets and liabilities into a centralized table which the Firms maintained. This information would then be used to populate reports, including those that would be sent to the Firms' customers. FINRA found that the Firms did not have systems in place to review the contents of the reports, including information about customer holdings away from the Firms. In addition, the Firms' supervisory systems and procedures were inadequate because there was no mechanism allowing representatives to designate which reports were actually provided to customers and the system could not distinguish between draft reports and completed reports that were sent to customers, which should have been subject to the Firms' supervisory systems designed to review customer communications. Without admitting or denying the findings, the Firms agreed to a censure and fine, jointly and severally, of \$1,000,000.
- In December 2014, Wells Fargo Advisors agreed to a settlement with FINRA regarding allegations that the Firm failed to comply fully with requirements to verify the identity of each customer opening a new account under its Customer Identification Program ("CIP"). Due to a design flaw in the Firm's CIP system, 220,000 accounts, out of the total 6.9 million accounts opened during the period from October 2003 through October 2012, were not subject to the Firm's CIP review. When considering sanctions, FINRA took into consideration that WFA discovered the system flaw through self-testing, performed remediation CIP on approximately 100,000 accounts that remained open, made system changes to prevent recurrences and reported the violations in accordance with FINRA Rule 4530(b). Without admitting or denying the allegations, the Firm agreed to a settlement that included a censure, and payment, jointly and severally with its affiliate Wells Fargo Advisors Financial Network, of a \$1,500,000 fine.

## Other Financial Industry Activities and Affiliations

WFAFN is a national securities firm providing investment and other financial services to individual, corporate and institutional Clients. We are a registered broker-dealer and investment adviser. Accounts are carried by WFCS, a qualified custodian. WFCS is an affiliate owned indirectly by Wells Fargo. WFAFN and WFCS are members of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). WFCS may also route transactions through its affiliate, Wells Fargo Securities, LLC.

**We are a non-bank affiliate of Wells Fargo. We are not a bank or thrift and are a separate and distinct corporate entity from our affiliated banks. Unless otherwise stated as the case, the investment advisory services offered and the underlying stock, bonds, mutual funds and other securities bought or sold through us are not deposits of any bank and are not insured or otherwise protected by the Federal Deposit Insurance Corporation ("FDIC") or another government agency. They are not obligations of any bank or any affiliate of us; are not endorsed or guaranteed by Wells Fargo, WFAFN, or any bank or any affiliate of us; and involve investment risk including possible loss of principal. Cash balances in your Accounts may be held in a depository product sponsored by a Wells Fargo entity. Deposit products, like the cash sweep program, are protected by FDIC insurance up to applicable limits.**

Our obligations and commitments do not extend to any affiliated bank or thrift, and any such bank or thrift is not responsible for securities we sell or purchase. As a general matter, unless otherwise stated, we may be a principal or engaged in underwriting securities for which we are providing broker, advisory or other services to our Clients. We may also purchase those securities from an affiliate or sell them to an affiliate. In addition, we or our affiliates may act as an investment adviser to issuers whose securities may be sold to you.

From time to time, a bank or thrift affiliated with us may lend money to an issuer of securities underwritten or privately placed by us. The prospectus or other offering documentation provided in connection with such underwriting or private placement will disclose to the extent required by applicable securities laws: (i) the existence of any material lending relationship by any affiliate of ours with such an issuer and (ii) whether the proceeds of an issuance of such securities will be used by the issuer to repay any outstanding indebtedness to any of our affiliates.

We have a number of related persons who may provide investment management and related financial services to our Program Clients. The advisory services these investment advisers offer are described more fully in their Disclosure Documents and/or Form ADV, Part 2A. The identity of these related persons and summary of the products and services follows.

- Wells Fargo also provides retail brokerage and investment advisory services through Wells Fargo Advisors ("WFA").
- Wells Fargo Investment Institute, Inc. ("WFII") (known prior to November 1, 2014 as Alternative Strategies Group, Inc. and before that as Wachovia Alternatives Strategies, Inc.) is a registered investment adviser and wholly owned subsidiary of Wells Fargo Bank, N.A. that provides advisory services and research to WFA and WFAFN.

Wells Capital Management Incorporated, Wells Fargo Funds Management, LLC, Wells Fargo Asset Management (International) LLC, Wells Fargo Funds Distributor, LLC and Galliard Capital Management, Inc. will no longer be related persons of Wells Fargo Clearing Services, LLC ("WFCS"). These companies were wholly owned by Wells Fargo & Company ("Wells Fargo") and formed the asset management business that Wells Fargo operated under the trade name Wells Fargo Asset Management. These companies served as adviser, sub-adviser, and distributor of the Wells Fargo Funds and certain of the separately managed account programs offered through WFCS. Wells Fargo sold the Wells Fargo Asset Management business in 2021 and the new owners subsequently renamed the business Allspring Global Investments. The sale closed on November 1, 2021.

Allspring Global Investments ("Allspring") is the trade name used by the asset management businesses of Allspring Global Investments Holdings, LLC. This group of companies includes Allspring Funds Management, LLC, the investment adviser to each of the mutual funds within the Allspring Global family of funds, and Allspring Funds Distributor, LLC, the principal underwriter of the Allspring Global mutual funds. It also includes Allspring Global Investments, LLC, an investment adviser to pooled investment vehicles and separately managed accounts.

Wells Fargo will have no role in the management of Allspring. However, Wells Fargo will retain less than a 10% equity ownership interest in Allspring and, for a limited period of time following the close of the sale, continue to provide research and certain non-advisory transition services to Allspring for a fee. WFCS will continue to receive compensation from Allspring for the distribution, administrative and operational services that we provide to the Allspring Global mutual funds. Additionally, WFCS and Wells Fargo Investment Institute, Inc. ("WFII") will continue to provide Allspring, for a fee, with thematic recommended lists and research regarding individual equities used by Allspring to construct portfolios for separately managed accounts that are exclusively distributed by WFCS and its related persons. For a limited period of time, WFII will also continue to provide manager research to Allspring for a fee.

Wells Fargo's equity ownership in Allspring and the agreements by WFCS and its related persons to provide ongoing services and research to Allspring for a fee will provide us with a financial incentive to continue to recommend to our Clients products that are managed and distributed by Allspring, including mutual funds, sweep vehicles, and separately managed account programs. Although Allspring will not be a related person of WFCS, WFCS and its related persons will continue to benefit from the sales of these products to a greater extent than the sale of other third-party products in which we do not have a similar financial interest.

The affiliated funds offered through the Programs may have provisions to allow sales through advisors at net asset value. In such cases, you should understand that there is a potential conflict of interest where the advisors and/or we offer, recommend, and invest you in the affiliated funds because, where permitted by law, we and our affiliates would receive the Program compensation and the compensation for services provided to the fund.

We and our affiliates may give advice and take action in the performance of our duties to you that differs from advice given, or the timing and nature of action taken, with respect to other Program Clients and/or Clients in other advisory Programs. Additionally, we and our affiliates, from time to time, may not be free to divulge or act upon certain information in our possession on behalf of investment banking or other Clients.

We will not sell your information to other companies for marketing purposes. We employ strict security standards and safeguards to protect your personal information and prevent fraud. In addition, we will continue to protect your privacy even if you are no longer our Client.

Consistent with our privacy policies and applicable law, WFAFN and its affiliates may provide access to Client personal information to affiliated and third party service providers throughout the world. When Client information is accessed, we maintain protective measures as described in our privacy policies and notices. For more information, please see our Privacy Statement.

For more information, please read our Privacy Statement, visit a WFAFN office or call your Financial Advisor. With your written permission, obtained via Client Agreement or other written communication, we may provide your information electronically to your investment adviser and/or agent of such adviser. We reserve the right, at our discretion, to refuse to provide such requested information. Furthermore, in compliance with our Privacy Policy, we accept your instructions to discontinue providing such information.

# **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

## **Code of Ethics**

Our Associates are subject to a Code of Ethics that is designed to ensure our business activities are performed with the highest possible standards of ethics and business conduct, and to comply with all applicable laws, rules, and regulations that govern our businesses. Key requirements of our Code of Ethics are summarized below, and you may obtain a complete copy through your Financial Advisor.

- Conduct all aspects of Wells Fargo's business activities in an honest, ethical, and legal manner, and in accordance with all applicable laws, rules, and regulations and our policies and procedures.
- Provide accurate and complete information in dealings with Clients and others, including disclosure of conflicts of interest when they exist.
- Prepare and maintain accurate business records.
- Refrain from improper disclosure or misuse of confidential Client information and material, non-public information. Wells Fargo protects the private, personal, and proprietary information of Clients and others.
- Avoid conflicts of interest in personal and business activities.
- Rules specific to personal trading.

## **Participation or Interest in Client Transactions**

Under the Programs, we are generally appointed as sole and exclusive broker by you with respect to the referenced Account for the execution of transactions. Our Program Fee covers transaction costs when transactions are executed through us. On occasion, you may designate, or the law may require, the use of other brokers. Investment advisers may also elect to execute transactions with other firms as they deem appropriate, taking into account a number of factors such as best execution, research services and other qualitative factors. When transactions are executed with other firms, including transactions executed through our affiliates, there are additional trading costs in executing the transaction that are embedded into the price of the security. Any imbedded execution costs on trades done away from us are in addition to our Program Fee.

In connection with these transactions, we act as agent or, where permitted by law, principal (including instances wherein we are acting as underwriter or selling group members). You authorize that we effect and execute brokerage transactions, including on a national exchange, as permitted by current provisions of Section 11(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and rules promulgated thereunder including any future amendments or changes to such statutes and rules.

With respect to cash sweep vehicles investments, you receive disclosures about our affiliates and the advisory and other fees paid to affiliates by such cash sweep vehicles. These disclosures are contained in the prospectuses for the money market funds in which you invest and in our Disclosure Documents, and Client Agreements, as applicable.

We or our affiliates maintain investment banking or other relationships with certain publicly traded companies. These relationships may from time to time require us to restrict trading in the securities of these companies. As a result of these investment banking or other activities, our affiliates acquire confidential or material non-public information that prevents us or our affiliates, for a period of time, from purchasing, selling or recommending particular securities for your Account. We and our affiliates are not permitted to divulge or to act upon this information with respect to our advisory or brokerage activities.

Additionally, we may be restricted or limited in our ability to purchase or sell particular securities or make investment recommendations as a result of these affiliated activities.

We have certain restrictions, internal procedures and Client disclosures regarding conflicts of interest that we may have with respect to our participation or interest in Client transactions. We communicate our policies and procedures related to participation in Client transactions to our Associates through our compliance policies and procedure manuals and Program-specific policy guidelines.

## **Personal Trading**

We maintain policies and procedures to mitigate conflicts of interest between transactions in our Associates' personal investment Accounts, including Accounts of their immediate family members and transactions in our Clients' Accounts. To ensure Associate trading requirements are observed, certain Associate trading activity is subject to pre-approval. All Associates are subject to regular review by their supervisors, independent oversight by our Compliance Department, and systemic controls that automatically restrict entry of certain orders and generate related surveillance reporting.

## **Brokerage Practices**

We do not provide any brokerage services as part of this Program. Assets are all held away from us with a third-party custodian.

## **Review of Accounts**

The FA provides the services agreed to in the contract.

## **Client Referrals and Other Compensation**

We and our affiliates and your Financial Advisor may perform, among other things, investment banking, research, brokerage and investment advisory or management services for other Clients, and may earn transactional compensation, investment advisory or management fees and other consideration for such activities.

From time to time, we initiate incentive programs for our Associates, including FAs. These programs may compensate them for attracting new assets and Clients, referring business to our affiliates (such as referrals for mortgages, trusts, or insurance services) or other FAs, promoting investment advisory services and promoting green initiatives (such as raising Client awareness of paperless options). We may also initiate programs that reward Financial Advisors who meet total production criteria, length of service requirements, participate in advanced training and improve Client service.

Financial Advisors who participate in these incentive programs may be rewarded with cash and/or non-cash compensation, such as deferred compensation, bonuses, training symposiums and recognition trips. Portions of these programs may be subsidized by external vendors and/or our affiliates, such as mutual fund companies, insurance carriers, or investment advisers. Therefore, Financial Advisors and other Associates have a financial incentive to recommend the programs and services included in these incentive programs over other available products and services we offer.

We may also enter into arrangements with other persons to whom we pay compensation for referrals to our advisory Programs. This compensation is generally in the form of a percentage of the fees described in the Program contracts. The details of such arrangements and the amount of compensation will be described in a separate disclosure provided at the time of such referrals.

From time to time, we compensate Associates other than Financial Advisors for referrals of possible Clients to the Programs. Our Financial Advisors, not the referring Associate, will make the actual presentation and solicitation of these services. The referral compensation takes the form of a payment to the Associate of a percentage of the fees described in the Programs contracts and results in no additional fees to you or other Clients.

Wells Fargo & Company is a full-service financial services firm with many affiliates. Wells Fargo & Company encourages its subsidiaries to use the products and services offered by affiliated firms, when appropriate. During the course of annual business planning, business with our affiliates is included in establishing our sales goals. As a result, we may have an incentive to hire affiliate service providers for our advisory Programs. We may recommend affiliated mutual funds to Program Clients, and may hire other affiliates to provide trade execution, clearing, and platform administration services for the Programs. We intend, however, to make all recommendations independent of any such goals and based solely on our obligations to consider your objectives and needs.

We may receive contributions and/or reimbursements from Program managers and their affiliates for Financial Advisor training and Client presentations that have an informational or educational component. Managers that make payments in connection with Financial Advisor training sessions and Client presentations generally have increased access to our Financial Advisors and heightened visibility for their products at such meetings. Consequently, our Financial Advisors might focus on products offered by such firms when recommending or selecting a money manager and/or mutual fund to you. We intend, however, to make all recommendations independent of such fee considerations and based solely on our obligations to consider your objectives and needs. These managers are under no obligation to make such contributions with respect to these Programs.

## **Custody**

We do not have custody of your funds or securities for this advisory Program. Once the vendor is chosen for the retirement plan, you will receive quarterly, or more frequent, Account statements directly from the vendor and/or the custodian, which may or may not include WFAFN or an affiliate. You should carefully review these statements for accuracy.

## **Investment Discretion**

We do not have discretion for this advisory Program, except when providing the Plan Level Investment Selection 3(38) service.

## **Voting Client Securities**

We do not accept authority to vote Client securities for any Services provided under this Program.

## **Financial Information**

We have no financial condition that is likely to impair our ability to meet our contractual commitments to you.