

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2023078410201**

TO: Department of Enforcement
Financial Industry Regulatory Authority (FINRA)

RE: Wells Fargo Clearing Services, LLC (Respondent)
Member Firm
CRD No. 19616

Pursuant to FINRA Rule 9216, Respondent Wells Fargo Clearing Services, LLC submits this Letter of Acceptance, Waiver, and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

Wells Fargo has been a FINRA member since July 1987 and a Municipal Securities Rulemaking Board (MSRB) registrant since September 1990. The firm employs over 18,000 registered representatives in over 5,000 branch offices and is headquartered in St. Louis, Missouri. The firm's business activities include securities and commodities brokerage, investment advisory, asset management, and clearing services.¹

OVERVIEW

From at least June 2019 to November 2024, Wells Fargo failed to establish and maintain a supervisory system, including written supervisory procedures (WSPs), that was reasonably designed to achieve compliance with Section 15B(a)(1)(B) of the Securities Exchange Act of 1934, which prohibits unregistered municipal advisory activity. As a result, Wells Fargo violated MSRB Rule G-27 and FINRA Rules 3110(a) and (b) and 2010. For these violations, Wells Fargo is censured and fined \$275,000.

¹ For more information about the firm, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's cycle examination of Wells Fargo.

MSRB Rule G-27(a) requires brokers, dealers, and municipal securities dealers to supervise the conduct of their municipal securities activities to ensure compliance with MSRB rules and applicable provisions of the Exchange Act and Exchange Act rules. MSRB Rule G-27(b) requires brokers, dealers, and municipal securities dealers to establish and maintain a system to supervise the municipal securities activities of each registered representative, registered principal, and other associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable MSRB rules. MSRB Rule G-27(c) requires brokers, dealers, and municipal securities dealers to adopt, maintain, and enforce written supervisory procedures reasonably designed to ensure compliance with MSRB Rule G-27(a).

FINRA Rules 3110(a) and (b) require member firms to establish, maintain, and enforce a supervisory system, including WSPs, to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws, regulations, and FINRA rules. A violation of FINRA Rule 3110 is also a violation of FINRA Rule 2010, which requires members to "observe high standards of commercial honor and just and equitable principles of trade" in the conduct of their business.

Section 15B(a)(1)(B) of the Exchange Act prohibits broker-dealers from providing advice to municipal entities about, among other things, investing proceeds from the issuance of municipal securities unless the broker-dealers are registered as a municipal advisor, with certain inapplicable exceptions. In Regulatory Notice 19-28, FINRA reminded members that if they are not registered as municipal advisors yet hold or transact in municipal entities' accounts, they must establish and maintain a supervisory system and WSPs that are reasonably designed to detect and prevent investment-related activities that would require registration as a municipal advisor.

From at least June 2019 to November 2024, Wells Fargo had hundreds of municipal entity customers who transacted in municipal and non-municipal securities in their firm accounts, but the firm was not registered as a municipal advisor. Wells Fargo did not establish and maintain a supervisory system, including WSPs, that was reasonably designed to ensure that the firm's and its associated persons' investment-related activities did not require the firm to register as a municipal advisor. Although Wells Fargo's WSPs prohibited its associated persons from advising municipal entities about investing proceeds from the issuance of municipal securities, the firm did not provide guidance to its associated persons about what constituted providing such advice and what other activities require municipal advisor registration. Wells Fargo also did not have any process for identifying whether deposits in municipal entities' accounts were proceeds from the issuance of municipal securities and did not implement controls to detect and prevent associated persons from giving advice to municipal entities about investing

proceeds from the issuance of municipal securities. While Wells Fargo relied on provisions in its client account agreement and disclosures provided to customers in their year-end account statements to help ensure municipal entities were not depositing proceeds from the issuance of municipal securities, these provisions and disclosures were not prominent. Wells Fargo did not otherwise take reasonable steps to ensure that its services for municipal entities did not include providing advice on the investment of proceeds from the issuance of municipal securities and thus constitute municipal advisory activity.

In November 2024, Wells Fargo took steps to modify its supervisory system, including its WSPs, relating to municipal advisory activity.

By failing to establish and maintain a reasonable supervisory system and procedures, Wells Fargo violated MSRB Rule G-27 and FINRA Rules 3110(a) and (b) and 2010.

B. Respondent also consents to the imposition of the following sanctions:

- a censure and
- a \$275,000 fine (\$137,500 of which pertains to the violations of MSRB Rule G-27).

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against it;
- B. To be notified of the complaint and have the opportunity to answer the allegations in writing;

- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made, and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
 - 3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and

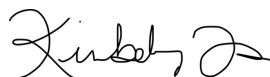
4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.

D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this statement. This statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

7/23/25

Date



Wells Fargo Clearing Services, LLC
Respondent

Print Name: Kimberly Ta

Title: Managing Director, Wealth Branch Infrastructure Executive

Accepted by FINRA:

Signed on behalf of the
Director of ODA, by delegated authority

8/11/2025

Date



Alex Marinello
Principal Counsel
FINRA
Department of Enforcement
Two Jericho Plaza
Jericho, NY 11753