

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20120352228 - 01**

TO: Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: Wells Fargo Advisors, LLC, Respondent
Broker/Dealer
CRD No. 19616

Pursuant to FINRA Rule 9216 of FINRA Code of Procedure, Wells Fargo Advisors, LLC ("the firm") 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 the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

The firm has been a member of FINRA since July 9, 1987, and its registration remains in effect. The firm has no prior relevant disciplinary history.

SUMMARY

In Review No. 20120352228, the FINRA Department of Market Regulation staff ("the staff") conducted an Over-the Counter ("OTC") securities order protection sweep regarding the firm, for the review period January 1, 2012 through March 31, 2012 ("the first review period").

In Review No. 20130384508, the staff conducted an OTC securities order protection sweep regarding the firm, for the review period April 1, 2013 through June 30, 2013 ("the second review period").

As a result of the reviews described above, the staff found that the firm committed the following market order protection, books and records, trade report input, and related supervision violations:

FACTS AND VIOLATIVE CONDUCT

In connection with Review No. 20120352228:

1. During the first review period, in 13 instances, the firm accepted and held customer market orders, traded for its own account at prices that would have satisfied the customer market orders, and failed to immediately thereafter execute the customer market orders. In one instance during the first review period, the firm accepted and held a customer market order, traded for its own account at a price that would have satisfied the customer market order, and failed to immediately thereafter execute the customer market order up to the size and at the same price at which it traded for its own account or at a better price.¹ These instances are reflected on Exhibit A, attached hereto. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 5320 and 2010.
2. During the first review period, the firm failed to show the correct time of execution on the memorandum of 11 brokerage orders. In addition, the firm failed to show the correct time of entry on the memorandum of two brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 4511 and SEC Rule 17a-3.
3. During the first review period, the firm failed to report the correct time of execution to the OTC Reporting Facility ("OTCRF") 11 last sale reports of transactions in designated securities. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7330(d).

In connection with Review No. 20130384508:

4. During the second review period, in 11 instances, the firm accepted and held customer market orders, traded for its own account at prices that would have satisfied the customer market orders, and failed to immediately thereafter execute the customer market orders. These instances are reflected on Exhibit B, attached hereto. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 5320 and 2010.

¹ The firm has made restitution to the affected customer for this transaction.
20120352228 (incl. 20130384508) (GEJ)

In connection with Review Nos. 20120352228 and 20130384508:

5. During the review periods, the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning OTC order protection. At a minimum, adequate written supervisory procedures ("WSPs") addressing quality of markets topics should describe the following:

- (a) specific identification of the individual(s) responsible for supervision;
- (b) the supervisory steps and reviews to be taken by the appropriate supervisor(s);
- (c) the frequency of such reviews; and
- (d) how such reviews shall be documented.

The firm's WSPs failed to provide for one or more of the four above-cited minimum requirements for adequate WSPs in the following subject area: OTC order protection [b]. The conduct described in this paragraph constitutes violations of NASD Rule 3010 and FINRA Rule 2010.

B. The firm also consents to the imposition of the following sanctions:

A censure;

A fine of \$35,000 (\$20,000 for the combined order protection violations (\$7,500 for the violations cited in Review No. 20120352228 and \$12,500 for the violations cited in Review No. 20130384508); \$5,000 for the combined books and records and trade report input violations cited in Review No. 20130384508; and \$10,000 for the combined supervision violations cited in Review Nos. 20120352228 and 20130384508).

An undertaking to address the supervisory violations described in paragraph I.A.5. Within 30 business days of acceptance of this AWC by the National Adjudicatory Council ("NAC"), a registered principal of the Respondent shall submit to the **COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850**, a signed, dated letter, or an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its WSPs to address the deficiencies described above in paragraph I.A.5; and (3) the date the revised procedures were implemented.

The firm agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

The firm specifically and voluntarily waives any right to claim that the firm is unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Formal Complaint issued specifying the allegations against the firm;
- B. To be notified of the Formal 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 NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, 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 acceptance or rejection of this AWC.

The firm 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

The firm 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, 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 the firm;
- C. If accepted:
 - 1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;
 - 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 the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. the firm 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. The firm 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 the firm's: (i) testimonial obligations or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. The firm understands that it may attach a Corrective Action Statement to this AWC, which is a statement by the Respondent of demonstrable corrective steps taken to prevent future misconduct. Respondent may not deny the findings 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 or its staff.

The firm certifies that a duly authorized officer has read and understood all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it 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 herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

April 17, 2015
Date

Wells Fargo Advisors, LLC

By: John F. Fechter

Name: JOHN F. FECHTER

Title: SENIOR VICE PRESIDENT

Reviewed by:

Nicholas T. Chapin
Counsel for Respondent
Wells Fargo & Company Law Department

Accepted by FINRA:

May 6, 2015
Date

James J. Nixon
James J. Nixon
Chief Counsel
Department of Market Regulation
Signed on behalf of the Director of ODA,
by delegated authority

1st Quarter 2012 Order Protection OTC Review

Part I: Triggering Transactions															Part II: Order Details														
Item #	Original Exception #	Trade Report Date	Trade Report Time	Execution Time	MPID	Capacity	Side	Trade Vol	Issue Symbol	Trade Price	Counter party MPID	Counter party Capacity	Market Center	Exception Type	Order Letter	Original Order Letter	Order Received Date	Order Received Time	MPID	Order to Buy/Sell	Quantity	Issue Symbol	Order Type	Limit Price	Firm Order ID	Account Type Code	TIF	Restitution Amount	
1	2	1/10/2012	13:42:42	13:36:44	WRET	P	B	280	ATPGP	38.48	TRAS	P		u	Quantity	A	B	1/10/2012	12:57:43	WRET	B	343	ATPGP	L	38.48	RJA4483	R	GTC	N/A
2	12	1/13/2012	13:44:49	13:44:49	WRET	P	S	2,000	PSBS	24.89				u	Quantity	B	E	1/13/2012	12:59:32	WRET	SL	5,000	PSBS	L	24.89	EST0117	R	DAY	N/A
3	13	1/13/2012	14:24:56	14:22:11	WRET	P	S	10,000	PSBS	24.89	FATS	P		u	Quantity														
4	14	1/19/2012	10:39:30	10:39:30	WRET	P	B	500	LUTHP	680.00	WCHV	P		u	Quantity	C	F	1/19/2012	10:30:09	WRET	B	500	LUTHP	L	680.00	FHF0002	R	DAY	N/A
5	16	1/30/2012	10:40:24	10:40:19	WRET	P	B	450	ATPGP	38.50	TRAS	P		u	Quantity	D	H	1/30/2012	10:00:52	WRET	B	250	ATPGP	M		XXX0209	R		N/A
																E	I	1/30/2012	10:12:11	WRET	B	200	ATPGP	M		XXX0225	R		N/A
6	18	2/2/2012	10:33:37	10:33:00	WRET	P	B	200	ATPGP	37.50	SEID	P		u	Quantity	F	K	2/2/2012	10:19:15	WRET	B	200	ATPGP	M		XXX0272	R		N/A
7	19	2/3/2012	14:07:14	14:07:10	WRET	P	B	1,650	ATPGP	35.03	TRAS	P		u	Quantity	G	L	2/3/2012	12:19:32	WRET	B	750	ATPGP	L	36.00	XXX0843	R	DAY	N/A
																H	M	2/3/2012	12:20:47	WRET	B	900	ATPGP	L	36.00	XXX0848	R	DAY	N/A
8	20	2/7/2012	14:41:53	14:41:53	WRET	P	B	1,000	ATPGP	36.28	SEID	P		u	Quantity	I	N	2/7/2012	11:31:00	WRET	B	1,000	ATPGP	M		KHB4067	R		N/A
9	26	3/6/2012	12:21:42	12:21:00	WRET	P	B	3,000	ATPGP	46.63	SEID	P		u	Quantity	J	R	3/6/2012	11:53:41	WRET	B	3,000	ATPGP	L	49.00	MKM0015	R	DAY	N/A
10	27	3/7/2012	14:31:42	14:31:40	WRET	P	B	200	ATPGP	47.75	TRAS	P		u	Quantity	K	S	3/7/2012	14:20:57	WRET	B	100	ATPGP	L	48.00	ELP0025	R	GTC	N/A
																L	T	3/7/2012	14:21:19	WRET	B	100	ATPGP	L	48.00	ELP0026	R	GTC	N/A
11	34	3/15/2012	13:18:24	13:18:24	WRET	P	S	580	AXSPF	25.28				u	Quantity	M	W	3/15/2012	13:00:06	WRET	SL	2,000	AXSPF	L	25.25	NZV0096	R	DAY	\$17.40
12	35	3/16/2012	13:45:59	13:45:55	WRET	P	B	150	ATPGP	50.00	TRAS	P		u	Quantity	N	X	3/16/2012	12:00:29	WRET	B	150	ATPGP	L	50.00	MKM0009	R	DAY	N/A

\$17.40

Wells Fargo Advisors, LLC ("WRET")
2nd Quarter 2013 Order Protection OTC Review

Part I: Triggering Transactions																Part II: Order Details															
Exception #	Original Exhibit and Exception #	Trade Report Date	Trade Report Time	Execution Time	Firm	Firm ID Type	Capacity	Side	Trade Vol	Issue Symbol	Trade Price	Counter party Firm ID	Counter party Capacity	Market Center	Branch Sequence ID / Exchange Order ID	Order Letter	Original Exhibit and Order Letter	Event Type	Order Received Date	Order Received Time	MPID	Order to Buy/Sell	Quantity	Issue Symbol	Order Type	Limit Price	Firm Order ID	Account Type Code	TIF	Special Handling Code	
1	A - 14	5/13/2013	15:59:11	15:59:00	WRET	M	P	B	500	SDRXN	87.75	SEID	P	u	32668657	A	A - J	OE	5/13/2013	13:58:41	WRET	B	500	SDRXN	M		AGH0028/065400758	I			
2	A - 15	6/12/2013	14:26:29	14:26:29	WRET	M	P	B	9,000	ALLSL	24.77	FATS	P	u	62003381	B	A - K	OE	6/12/2013	12:43:12	WRET	B	2,000	ALLSL	M		TXM0087/077525393	I			
																C	A - L	CR	6/12/2013	12:48:42	WRET	B	3,900	ALLSL	M		TXM0090/077527044	I			
																D	A - M	OE	6/12/2013	13:01:08	WRET	B	600	ALLSL	L	24.80	PMR0004/077531494	I	DAY		
3	A - 17	6/20/2013	14:19:30	14:19:29	WRET	M	P	S	1,000	GJAZ	24.85	PUMA	P	u	70335659	E	A - P	CR	6/20/2013	14:14:19	WRET	SL	1,000	GJAZ	L	24.50	FDC0031/081076796	I	DAY	AON	
4	A - 18	6/20/2013	14:23:18	14:23:00	WRET	M	P	B	1,500	WYHSP	49.50	SEID	P	u	70668836	F	A - Q	NW	6/20/2013	14:17:55	WRET	B	600	WYHSP	L	49.65	EDC0124/081078311	I	DAY		
																G	A - R	OE	6/20/2013	14:18:52	WRET	B	800	WYHSP	L	49.65	EDC0125/081078818	I	DAY		
																H	A - S	OE	6/21/2013	09:36:48	WRET	B	400	WYHSP	L	50.25	EDC0011/081661108	I	DAY		
5	A - 19	6/21/2013	09:57:22	9:57:00	WRET	M	P	B	3,000	WYHSP	49.68	SEID	P	u	71666934	I	A - T	OE	6/21/2013	09:37:54	WRET	B	600	WYHSP	L	50.25	EDC0012/081661756	I	DAY		
																J	A - U	OE	6/21/2013	09:39:57	WRET	B	1,000	WYHSP	M		EDC0015/081662852	I			
																K	A - V	OE	6/24/2013	15:40:09	WRET	B	1,200	WYHSP	L	49.85	EDC0119/082570859	I	DAY		
6	A - 20	6/24/2013	15:50:55	15:50:00	WRET	M	P	B	1,250	WYHSP	49.50	SEID	P	u	74669203																