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June 10, 2011

Via email to regs.comments@federalreserve.gov and comments@FDIC.gov

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Robert Feldman
Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Re: Federal Reserve System Docket No. 1414 & RIN no. 7100-AD73
Federal Deposit Insurance Corporation (FDIC) RIN No. 3064-AD77
Notice of Proposed Rulemaking
Resolution Plan and Credit Exposure Reports Required

Dear Ms. Johnson and Mr. Feldman:

The following comments are presented on behalf of Wells Fargo & Company ("Wells Fargo") in response to the Notice of Proposed Rulemaking (the "Proposed Rulemaking") jointly published by Board of Governors of the Federal Reserve System (the "Board") and the Federal Deposit Insurance Corporation (the "FDIC") with regard to requirements contained in Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") regarding resolution planning and credit exposure reports.

Wells Fargo is a financial holding company that provides banking, insurance, investments, mortgage banking, investment banking, retail banking, brokerage and consumer finance through banking stores, the internet and other distribution channels to consumers and businesses in all 50 states, the District of Columbia, Puerto Rico and in other countries. These products and services are provided by the subsidiaries of Wells Fargo, including by Wells Fargo

products and services are provided by the subsidiaries of Wells Fargo, including by Wells Fargo Bank, National Association, a national banking association (“WFBNA”).¹

We would note at the outset that the Proposed Rulemaking is of great interest to us, and to the industry as a whole. We thank the Board and the FDIC for the care and thought that were brought to bear in the preparation of the Proposed Rulemaking and the proposing release. We also thank the Board and the FDIC for their efforts to open a dialogue with affected institutions and for their willingness to consider and address the industry’s concerns with regard to the Proposed Rulemaking.

1. Wells Fargo is supportive of and recognizes the need for resolution planning

Wells Fargo recognizes that there is a need for thoughtful resolution planning and for requiring the largest financial companies to formally adopt comprehensive plans for use in connection with any required resolution. The experience of the financial services industry during the recent credit market dislocation underscores the wisdom of the resolution planning requirement of Section 165(d) of the Dodd-Frank Act.

Based on our experience to date, we believe that resolution planning (and similarly, recovery planning) will complement and enhance our existing capital and contingency planning practices. Moreover, we expect that such planning will become an integral part of our risk management program and culture. In this regard, recovery and resolution planning at Wells Fargo since the adoption of Dodd-Frank has raised awareness throughout the institution of the importance and benefits of such planning.² These planning efforts have confirmed the soundness of our existing risk management and capital planning practices, while at the same time allowing us to identify areas where process enhancements might be beneficial. This has been instructive as we manage our businesses in the post Dodd-Frank world.

¹ WFBNA is one of the largest banks in the United States. As of December 31, 2010, it had consolidated assets of \$1.102 trillion, total domestic and foreign deposits of \$847 billion and total equity capital of \$124 billion. It operates its banking business in over 6,300 banking stores and 12,000 ATM’s located in all 50 states and the District of Columbia. WFBNA has branches in 8 foreign countries and 27 representative offices in 24 foreign countries.

² Recovery and resolution planning at Wells Fargo commenced during the early fall of 2010, with a large cross-discipline, cross-business team formed under the oversight of a Steering Committee that is now chaired by the company’s Chief Financial Officer. Work on the Wells Fargo plan has been ongoing since that time.

2. *Wells Fargo endorses the joint comment letter submitted with respect to the Proposed Rulemaking by several trade associations*

Wells Fargo has reviewed the joint trade association comment letter (the “Trade Association Letter”) submitted on June 10, 2011.³ In the main, we endorse the Trade Association Letter and respectfully request that the Board and FDIC act favorably on the specific recommendations made in the Trade Association Letter.

3. *The final rule needs to better acknowledge the confidential nature of resolution plans and credit exposure reports and to explicitly recognize that they are “confidential supervisory information” subject to protection from disclosure under the Freedom of Information Act*

It is of great concern to Wells Fargo that the Proposed Rulemaking does not adequately recognize and protect the sensitive and confidential information that will need to be contained in our resolution plan and credit exposure reports.

Resolution planning information will include, among other things, information regarding core operations, material subsidiaries, capital and stress testing, and recovery planning (including potential divestitures in the event of idiosyncratic or systemic stress) that ordinarily would not be available to the public. Indeed, this is information that Wells Fargo and all financial institutions (with the explicit support of regulators) go to tremendous lengths to protect.

We strongly maintain that resolution plans and credit exposure reports should be accorded the same protection against public disclosure under the Freedom of Information Act’s (“FOIA”) exemption for “confidential supervisory information,” as any other confidential materials made available to our banking examiners as part of the supervisory process. Given the nature of the information that necessarily will be contained in our resolution plan, this protection is critical to protect our competitive position and to avoid possible confusion in the marketplace on the part of our shareholders, our depositors, our employees and other important stakeholders. This is true not just for Wells Fargo, but for every financial institution that is required to prepare and submit a resolution plan.

³ The Trade Association Letter was submitted by The Clearing House Association, the Securities Industry and Financial Markets Association, the American Bankers Association, the Association for Financial Markets in Europe, the Financial Services Roundtable, and the Institute of International Bankers.

We note that information in our resolution plan will include compilations of information that otherwise historically has been subject to supervisory review and protected under the FOIA exemption for confidential supervisory information. We submit that information in the compiled form (i.e. the resolution plan) should be accorded the same protections as identical or similar information that is subject to the FOIA exemption outside of the resolution plan. Any other result would call into question the continued viability of the exemption as it relates to the same or similar information when it is outside of the resolution plan. These same arguments apply with equal force to the confidentiality of information that would be contained in credit exposure reports.

For these reasons, Wells Fargo asks that the Board and the FDIC explicitly state that resolution plans and credit exposure reports constitute confidential supervisory information for FOIA purposes. In this regard, Wells Fargo strongly supports the proposal made in the Trade Association Letter that the Board and the FDIC substitute the text set forth at page 42 of Appendix B of the Trade Association Letter for Section __.9(c) of the Proposed Rulemaking to make it clear that the FOIA exemption for confidential supervisory information applies to resolution plans and credit exposure reports.

In a related matter, we are concerned about information “creep” and the increased potential for leaks that could result from broad or unnecessary sharing of resolution plans, resolution plan information and/or credit exposure reports with other domestic or foreign regulatory authorities. It is essential that such sharing be done with appropriate protocols to ensure that there is a legitimate “need to know” on the part of such authorities and that such information is treated confidentially within a rigorous control environment.⁴

4. The Proposed Rulemaking should be amended to eliminate the requirement that annual resolution plans be submitted during the first quarter of each calendar year.

Section _____.3(a) of the Proposed Rulemaking requires each Covered Company to submit an annual resolution plan to the Board and the FDIC not later than 90 days after the end

⁴ In addition, we are concerned about the current lack of an appropriate framework to protect resolution plans, credit exposure reports and other confidential information that may be shared with the Financial Stability Oversight Council (the “FSOC”). We urge the Board and the FDIC, working with the FSOC, to consider what protections should be put in place to ensure the appropriate treatment of all confidential information shared with the FSOC, including resolution plans and credit exposure reports.

of each calendar year. Requiring annual updates in the first quarter of the calendar year will stress company resources otherwise focused on year-end financial reporting, capital planning, and other annual reviews and initiatives that typically occur during the first calendar quarter. For these reasons, we submit that the Proposed Rulemaking be amended so that Covered Companies are not required to submit annual resolution plans during the first quarter of a calendar year. We further endorse the recommendation set forth in the Trade Association Letter that the final rule provide for the submission of annual resolution plans at a time to be determined by a Covered Company in consultation with its banking examiners.

5. The requirement that resolution plans be updated on an interim basis is not required under Dodd-Frank and should be eliminated

We are concerned that the Proposed Rulemaking would require interim updates of a resolution plan when there has been a change in circumstances “which results in, or could reasonably be foreseen to have, a material effect on the [r]esolution [p]lan of the Covered Company.” The proposing release provides a non-exclusive list of events that “may” require an update.⁵ More notable among these possible update triggers is a reduction in market capitalization of 5% or more. The Proposed Rulemaking would require an update of the resolution plan within 45 days of a triggering event.

As an initial matter, we believe that the Proposed Rulemaking should be changed to eliminate the requirement that a resolution plan be updated on an interim basis. In our view, this requirement is unnecessary and creates too burdensome an obligation on financial institutions with very little concomitant benefit to regulators. There is nothing in Section 165(d) of the Dodd-Frank Act or its legislative history that would suggest or mandate any such requirement. As noted above, Wells Fargo is highly supportive of resolution planning. We appreciate the risk management benefits that have been and will continue to be realized in connection with resolution planning initiatives. We are committed to preparing a credible resolution plan and also to refreshing such plan on annual basis. However, we respectfully submit that an interim update requirement (and the accompanying burden and expense) is not necessary since the benefit sought by such a requirement can be adequately realized through the annual updating requirement.

⁵ Although the proposing release notes that the events identified in the non-exclusive list “may” require an update, we are concerned that there will be a presumption that an update will be required in any such event regardless of whether such event would have a material impact or not on the resolution plan.

In the event the Board and the FDIC determine that interim updates are required, we would request that the Proposed Rulemaking be amended to make it clear that interim updates will only be required when truly necessary to reflect those events that will have a real impact on a resolution plan and resolution planning. We submit that this would obviate the need to include any possible triggering events in the final rule or its promulgating release. In this regard, we specifically endorse the proposal set forth in the Trade Association Letter that the Board and the FDIC incorporate a “fundamental change” standard (as opposed to the material change standard currently set forth in Section __.3(b)(1) of the Proposed Rulemaking) to determine when any interim update would be required.

As stated above, we are concerned by the language in the proposing release suggesting that resolution plans may need to be updated when there has been a reduction in market capitalization of 5% or more (herein referred to as the “5% market cap reduction event”).⁶ If the requirement of interim updates survives the rulemaking process (and if a non-exclusive list of events that may require an update is included in the final rule or the promulgating release), we would request that the 5% market cap reduction event be eliminated from the list.⁷ Short of that, we would request, in lieu of the current 5% market cap reduction event, a new market cap reduction event providing for a percentage reduction change of not less than 15% tied to an average market capitalization of a Covered Company’s peer group over some specified period of time, as opposed to a Covered Company’s market capitalization as of the previous calendar year end.

Finally, in the event the Board and the FDIC determine that interim updates are required, we would ask that that the Proposed Rulemaking be amended to extend the current 45-day deadline to provide sufficient time to allow a Covered Company to complete the required work for the update. We would suggest that the deadline be extended to not less than 90 days from the date of the triggering event.

6. *The assumption regarding extraordinary support should be clarified*

⁶ In relevant part, the proposing release provides, “Material changes [requiring a plan update] may include, but are not limited to, any of the following -- . . . (ix) [a] reduction in the market capitalization or book value of the consolidated capital of 5 percent or more of the Covered Company as of the previous calendar year end.”

⁷ In addition, we question the utility of identifying in the list any potential updating trigger that is referenced to a quantitative measurement. We believe that any such trigger would be too rigid and would not be particularly determinative of what should require an update to a resolution plan.

Consistent with the Trade Association Letter, we ask that the Board and the FDIC clarify that none of Federal Home Loan Bank (“FHLB”) secured advances, access to the Federal Reserve’s discount window, and FDIC use of the Deposit Insurance Fund in a resolution scenario is “extraordinary support” within the meaning of the required and prohibited assumptions set forth in Section __.4(a)(3) of the Proposed Rulemaking.⁸

7. *The role of the board of directors of a Covered Company in connection with the resolution plan should be clarified in the final rule*

It is not consistent with traditional notions of corporate governance for the Proposed Rulemaking to require the board of directors of a complex financial institution like Wells Fargo or any other Covered Company to “approve the analysis and [resolution] plan and attest that the [resolution] plan is accurate and that the information is correct.” The granular nature of the factual information required of, and to be included in, a credible resolution plan is such that no board member should be expected to certify or confirm such information. That responsibility and obligation should fall upon the management of the Covered Company. For this reason, we endorse the language regarding board of director approval of resolution plans set forth in Section __.3(d) of the Modified Proposal contained in Appendix B of the Trade Association Letter. We believe this construct more accurately reflects the traditional oversight and strategic review role of boards of directors.

8. *The financial statements required to be included within resolution plans should be clarified*

Section __. 4(e)(2) of the Proposed Rulemaking provides that “[e]ach [r]esolution [p]lan shall . . . [p]rovide an unconsolidated balance sheet for the Covered Company and a consolidating schedule for all entities that are subject to consolidation by the Covered Company.” This language is troubling and ambiguous. If the intent of Section __.4(e)(2) is to require that a separate consolidating schedule for each entity within a consolidated group be included (and necessarily prepared), we respectfully request that the Board and the FDIC reconsider this requirement as it would create a tremendous accounting burden for Covered Companies. The cost in terms of dollars and man-hours that would be necessary to prepare our initial resolution

⁸ In pertinent part, Section __.4(a)(3) of the Proposed Rulemaking provides “[i]n preparing its plan for rapid and orderly resolution in the event of material financial distress or failure required by this part, a Covered Company shall . . . [n]ot rely on the provision of extraordinary support by the United States or any other government to the Covered Company or its subsidiaries to prevent the failure of the Covered Company.

plan and to refresh/update the plan would be prohibitively expensive, especially when considered against the limited benefit that would be achieved in having such separate schedules available in connection with a resolution. As recommended in the Trade Association Letter, we believe that, at a minimum, the scope of any required unconsolidated balance sheets and consolidating schedules should be limited to material entities, as is provided with respect to other informational requirements in the Proposed Rulemaking. In any event, we respectfully request that the Board and the FDIC clarify what is intended by the financial statement requirement contained in Section __.4(e)(2).

9. The rulemaking on credit exposure reporting should be postponed so that it can be considered and coordinated with related initiatives that are underway or being contemplated

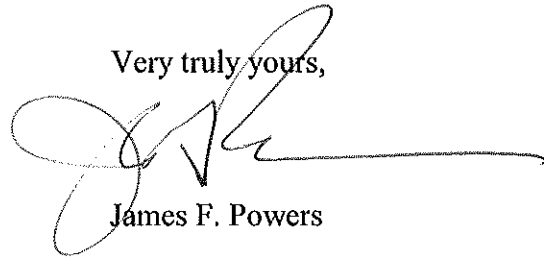
In the proposing release with respect to the Proposed Rulemaking, the Board and the FDIC noted that “there are several other initiatives underway or contemplated, such as the data to support the Board’s single counterparty credit exposure limits and stress testing responsibilities under the Dodd Frank Act.” The proposing release goes on to note that “the Board and the [FDIC] will ensure that the data collected through these other initiatives and the [c]redit [e]xposure [r]eport will be coordinated and harmonized to the extent possible so as to minimize redundant data collections and allow maximum data clarity.” In light of these statements, the timing of the Proposed Rulemaking as it relates to credit exposure reports is, in our view, curious and premature. We ask that the Board and the FDIC postpone the rulemaking so that related rulemakings and initiatives can be considered and treated holistically. Alternatively, as proposed in the Trade Association Letter, we ask that the Board and the FDIC be prepared to re-open the comment period on the credit exposure reports component of the Proposed Rulemaking so that it can be reviewed in the context of future initiatives, including future rulemaking proposals.

Finally, we are very concerned about the position of some regulators that banking organizations should be simplified for the sole purpose of permitting quicker and simpler resolution following failure. We submit that a regulatory approach consistent with such a position would ignore the many benefits realized in organizational structures built up over decades of thoughtful planning and analysis. There are many factors that drive the structure of large banking organizations, including regulatory and legal requirements, the need for responsible asset and liability management, and legitimate business needs designed to enhance the customer experience. In addition, significant operational, financial and other efficiencies are

achieved as the result of existing banking structures -- efficiencies that we believe make companies like Wells Fargo stronger and less likely to need resolution. We respectfully request that the Board and the FDIC remain mindful of these important organizational drivers in their deliberations on the Proposed Rulemaking and also when implementing the rule once it has been finalized. As noted in the Trade Association Letter, "we hope that regulators will not create a system that manages for failure rather than for success."

Wells Fargo appreciates the opportunity to comment on the Proposed Rulemaking. If you have any questions, please call or email Gene Katz (Eugene.M.Katz@wellsfargo.com/(704) 383-7707) or me (Jay.Powers@wellsfargo.com/(704) 383-0520).

Very truly yours,

A handwritten signature in black ink, appearing to read 'J. Powers', with a long horizontal flourish extending to the right.

James F. Powers

cc: Paul Ackerman
Heidi Dzieweczynski
Eugene M. Katz