February 18, 2014

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance
Corporation
550 17th Street N.W.
Washington, DC 20429
comments@FDIC.gov

Re: Notice; request for comments: Resolution of Systemically Important Financial Institutions ("SIFIs"): The Single Point of Entry Strategy (the "Notice")

Ladies and Gentlemen:

Wells Fargo & Company ("Wells Fargo") appreciates the opportunity provided by the Federal Deposit Insurance Corporation ("FDIC") to comment on the Notice, which sets out the FDIC's proposed resolution strategy, referred to as single point of entry (or "SPOE"), for SIFIs. The FDIC issued the Notice under its Orderly Liquidation Authority ("OLA") provided by Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Wells Fargo is supportive of Title II's policy goals of resolving SIFIs in a manner that holds accountable owners and management responsible for its failure, maintains the stability of the financial system, and imposes losses on creditors and shareholders in accordance with statutory priorities without imposing a cost on U.S. taxpayers.

We have worked closely with The Clearing House Association L.L.C., the Securities Industry and Financial Markets Association, the American Bankers Association, and the Financial Services Roundtable (collectively, the "Associations") in reviewing the Notice. While we endorse the comment letter of the Associations, we are writing separately to highlight particular issues addressed in the Notice, specifically whether the FDIC's utilization of Title II's orderly liquidation fund ("OLF") would amount to a government "bail-out" of a SIFI and the perception that SIFIs enjoy continued market funding advantages.

We note that a critical component of SPOE is the amount of new capital or debt that a company may be required to hold to facilitate its resolution. Wells Fargo strongly believes that any new capital and debt requirement to implement SPOE should be risk-based and empirically-derived. The requirement should vary across companies and be risk-based to account for differences in the risks and business models of companies and to encourage companies to reduce risk when appropriate. The requirement should be empirically-derived to ensure it is set at a level sufficient to facilitate SPOE but that does not result in unintended consequences if the requirement is set too high. The Board of Governors of the Federal Reserve System ("Federal Reserve") has indicated its intention to issue a proposal to implement these requirements in the near future. We are therefore withholding further comment on this important issue pending our review and analysis of the Federal Reserve's proposal.

I. Use of the OLF

The Notice describes the terms under which the FDIC may provide liquidity support through use of the OLF. Some commentators have expressed concern with the availability of OLF, contending it represents a governmental "bail-out" of SIFIs. We disagree with this characterization of the OLF, which does not take into account the limited circumstances and terms under which the OLF may be utilized. The FDIC has clearly stated that OLF will not be used as a source of capital but instead OLF borrowings and guarantees would be used only as a temporary, back-up source of liquidity if private-sector funding is not immediately available.

We do not believe the characterization of OLF as a "bail-out" is accurate given that OLF borrowings would be fully secured through the pledge of assets of the bridge company and its subsidiaries and repaid ahead of other general creditors. Importantly, in the unlikely event that secured OLF borrowings cannot be fully repaid, the FDIC will fund such shortfalls by imposing risk-based assessments on certain companies[1], which would serve to prevent taxpayer loss as a result of any liquidity support provided by the OLF.

II. Perceived Funding Advantage of SIFIs

The Notice also requests public comment on the perception of some commentators that SIFIs enjoy a funding advantage over smaller competitors due to a market expectation that SIFIs would receive public support in the event of financial difficulties. As an initial matter and for the reasons set forth in the Association's comment letter, we do not agree, despite assertions by some to the contrary, that any funding advantage exists as a result of a market perception of government support. In contrast to any misperception of funding advantages due to government support, SIFIs will be subject to enhanced capital requirements not applicable to other banking organizations. The Federal Reserve has announced it is preparing to issue rules implementing capital surcharges on those U.S. banking organizations that have been designated as global systemically important banks ("G-SIBs") by the Financial Stability Board ("FSB"). The FSB designated Wells Fargo as a G-SIB and provisionally determined that our capital surcharge is 1.0%.

Furthermore, SPOE dispels any remaining misperception of a funding advantage due to government support by establishing clear mechanisms for ensuring that losses will be borne by a SIFI's shareholders and unsecured creditors and requiring SIFIs to maintain higher minimum levels of loss absorbing instruments compared to their smaller competitors. Some

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[1] Shortfalls may be assessed against bank holding companies with $50 billion or more in total assets and nonbank financial companies that have been designated as systemically important by the Financial Stability Oversight Council.

commentators may argue that SPOE transfers the funding advantage they perceive from the holding company to the SIFI's operating subsidiaries. These commentators may contend that SPOE's requirement that SIFIs maintain higher levels of capital and debt to recapitalize key operating subsidiaries will result in lower funding costs for the operating subsidiaries. While maintaining additional capital and debt at the holding company level should make the risk associated with debt issued by a SIFI's operating subsidiary lower than the risk associated with debt issued by an operating subsidiary owned by a parent holding comparatively lower levels of capital and loss absorbing instruments, this "funding advantage" would actually reflect risk/return dynamics, rather than any misperception of government support, and is fully appropriate.

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We appreciate the opportunity to provide comments on the Notice. If you have any questions regarding our comments, please feel free to contact us.

Sincerely Yours,

Paul R. Ackerman

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Executive Vice President and Treasurer