



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, DC 20551

September 29, 2016

William Myers, Esq.
Norwest Venture Partners
525 University Avenue
Suite 800
Palo Alto, California 94301

Dear Mr. Myers:

This is in response to your letter dated June 27, 2016, on behalf of Wells Fargo & Company (“Wells Fargo”), San Francisco, California, requesting an extension of time for Wells Fargo to hold its investment in [REDACTED] (“Investment”), [REDACTED]. Wells Fargo, a bank holding company that has made an effective election to be treated as a financial holding company (“FHC”), currently holds the Investment as a merchant banking investment under section 4(k)(4)(H) of the Bank Holding Company Act of 1956, as amended (“BHC Act”), and subpart J of the Board’s Regulation Y.¹ The holding period applicable to the Investment expires on September 26, 2016, and Wells Fargo seeks additional time to conform or divest its interest in the Investment.

Under the merchant banking rules, an FHC is generally permitted to make, as part of a bona fide underwriting, investment, or merchant banking activity, an investment in a nonbanking company or other entity that is engaged in an activity not otherwise authorized for an FHC under section 4 of the BHC Act. In general, an FHC may hold a merchant banking investment (other than one held in or through a qualifying private equity fund) for no longer than 10 years and is

¹ See 12 U.S.C. § 1843(k)(4)(H) and 12 CFR 225.171 et seq.

prohibited from routinely managing or operating the relevant portfolio company.² The rules also permit an FHC to request an extension of the holding period.³

Wells Fargo has submitted to the Board the information required by 12 CFR 225.172(b)(4). All the information provided has been considered, including Wells Fargo's average holding period for its merchant banking investments and its continued efforts to conform or divest its interests in the Investment. The record in this case shows that Wells Fargo has made good faith efforts to divest the Investment before the expiration of the holding period. Wells Fargo has also represented that it has held the Investment in conformity with the requirements of the merchant banking rules, including the restrictions on routine management and operation.

Based on the foregoing and all the facts of record, the Director of the Division of Banking Supervision and Regulation, acting under authority delegated by the Board and in consultation with the General Counsel, has granted Wells Fargo a [REDACTED] extension of time, until [REDACTED] to hold the Investment under, and in accordance with, the merchant banking provisions of the BHC Act and the Board's Regulation Y. Wells Fargo must calculate its regulatory capital requirements under Regulation Q⁴ and also must make any adjustments required by 12 CFR 225.172(b)(6).

Wells Fargo has committed that it will file with appropriate supervisory staff at the Federal Reserve Bank of San Francisco, commencing 30 days from the date of this letter, quarterly progress reports detailing the actions it is taking to divest or conform the Investment under the BHC Act. In addition, Wells Fargo has committed to submit a final report no later than [REDACTED] [REDACTED], describing how the Investment was divested or conformed under the BHC Act.

This action is based on all the facts and representations set forth in Wells Fargo's request for the extension and in related correspondence. Any change in the facts presented could result in a different conclusion and should be

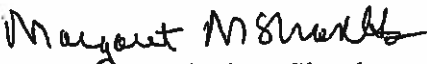
² See 12 CFR 225.171 and 225.172(b)(1).

³ See 12 CFR 225.172(b)(4).

⁴ See 12 CFR part 217.

reported immediately to Board staff. In addition, this action is made in reliance on the commitments made by Wells Fargo in connection with the request for the extension. For purposes of this action, these commitments are deemed to be conditions imposed in writing by the Board in connection with the findings and discussion herein and, as such, may be enforced under applicable law.

Very truly yours,


Margaret McCloskey Shanks
Deputy Secretary of the Board