



**Interpretive Letter #1138  
October 2013**

October 7, 2013

Donna M. Harris  
Managing Counsel  
Wells Fargo & Company  
Law Department  
300 South College Street  
MAC D1053-300  
Charlotte, North Carolina 28288

Re: Request by Wells Fargo Bank, National Association, to Terminate Operating Agreements and Modify Indemnification Agreements

Dear Ms. Harris:

This letter is in response to your request, dated August 29, 2013, that the Office of the Comptroller of the Currency (“OCC”) terminate conditions imposed in writing in connection with the OCC’s approving the purchases by Wells Fargo Bank, National Association, Sioux Falls, South Dakota (“Bank”), of certain auction rate securities (“ARS”) from affiliates. Each OCC approval of the Bank’s purchase of the ARS was subject to a written condition enforceable under 12 U.S.C. § 1818 that the Bank, prior to the acquisition of the ARS, enter into an operating agreement with the OCC, which would require the Bank to enter into indemnification and repurchase agreement with its holding company (“Section 1818 Conditions”).<sup>1</sup>

Pursuant to each approval, the Bank and the OCC entered into an operating agreement, which required the Bank to enter into an indemnification and repurchase agreement with its holding company, Wells Fargo & Company (“WFC”). In turn, each indemnification and repurchase agreement entered into by the Bank, its subsidiary (which acquired the ARS), and WFC required WFC to repurchase the ARS by a date certain and to indemnify the Bank and the subsidiary for certain losses and expenses the Bank incurred as a result of its acquisition of the ARS. In addition to termination of the Section 1818 Conditions, you also request that the OCC consent to

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<sup>1</sup> Interpretive Letters No. 1115 (April 3, 2009) and Interpretive Letter No. 1126 (March 8, 2010). The Bank and its parent holding company, Wells Fargo & Company, as successors in interest to Wachovia Bank N.A. and its holding company, respectively, are subject to the terms of the Section 1818 Condition in Interpretive Letter No. 1115 and the resulting agreements.

the termination of the operating agreements and provide its written, non-objection to modify the indemnification and repurchase agreements, as discussed below.

In your letter, you represent that WFC, through a non-bank subsidiary, completed the repurchase of the ARS from the Bank on December 28, 2011,<sup>2</sup> and March 12, 2012, within the timeframes required by the operating agreements; no losses were booked to the Bank or its subsidiaries as a result of these repurchases; and, since completion of the repurchases, the Bank and its subsidiaries have incurred no losses or expenses for which WFC would have been required to provide indemnification under the indemnification and repurchase agreements but has failed to do so. As a result, you request that the OCC terminate the Section 1818 Conditions, provide its consent to terminate the operating agreements, and provide its non-objection to allow the Bank, its subsidiaries, and WFC to modify the indemnification and repurchase agreements (i) to eliminate the repurchase requirements and (ii) to revise the termination date of each agreement to December 31, 2016.

Based on the information and representations in your letter, the OCC poses no supervisory objection to the proposed modification of the indemnification and repurchase agreements. With the repurchase of the ARS completed and the proposed modifications to the indemnification and repurchase agreement, we believe the purposes of the operating agreements have been achieved. Therefore, the OCC hereby terminates the Section 1818 Conditions and consents and agrees to the termination of the operating agreements.

Sincerely,

/s/

Vance S. Price  
Deputy Comptroller  
Large Bank Supervision

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<sup>2</sup> Interpretive Letter No. 1115 established July 31, 2010, as the date by which WFC was required to repurchase the ARS from the Bank and its subsidiary. The OCC subsequently provided its non-object to an extension of this repurchase date to December 31, 2011. *See* Interpretive Letter No. 1127 (June 9, 2010).