

[Banking and Finance Law Daily Wrap Up, DODD-FRANK ACT—Agencies lift restrictions after Wells Fargo addresses 2015 living will issues, \(Apr. 25, 2017\)](#)

Banking and Finance Law Daily Wrap Up

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By [Lisa M. Goolik, J.D.](#)

The Federal Reserve Board and the Federal Deposit Insurance Corporation announced that Wells Fargo has adequately remediated deficiencies found in its 2015 resolution plan. As a result, the firm will no longer be subject to restrictions on the growth of the firm's international and non-bank activities, which the agencies imposed last year. Wells Fargo is next required to file a new resolution plan by July 1, 2017, addressing vulnerabilities to orderly resolution as noted in guidance issued by the agencies last year.

Remediation steps. In December 2016, the agencies determined that Wells Fargo had not remedied two deficiencies—in the categories of "legal entity rationalization" and "shared services"—identified previously by the agencies and imposed the growth restrictions on the growth of the firm's international and non-bank activities (see [Banking and Finance Law Daily](#), Dec. 14, 2016).

As a result, Wells Fargo submitted a revised plan in March 2017 demonstrating that it has remediated the remaining deficiencies. A [feedback letter](#) issued to Wells Fargo details the specific steps taken by the firm to resolve the previously identified deficiencies, including:

- Wells Fargo adequately remedied the legal entity rationalization deficiency by demonstrating that its legal entity rationalization criteria are clear, actionable, and promote the best alignment of legal entities and business lines to improve the firm's resolvability given the firm's bridge bank strategy.
- By incorporating the mapping of critical services into its legal entity rationalization criteria and implementation efforts, Wells Fargo remedied the operational deficiency related to shared services. The firm identified areas of potential misalignment between its criteria and its existing servicing model, and is taking appropriate action to address these areas.

Following the agencies' [announcement](#), Wells Fargo issued a [statement](#) that the firm was pleased with the findings and that it "remain[s]" committed to sound resolution planning and preparedness as we finalize our July 2017 submission."

Companies: Wells Fargo

RegulatoryActivity: DoddFrankAct FederalReserveSystem FinancialStability Receiverships