or additional signature line or alternative means of expressing consent must be preceded immediately by prominent, plain English disclosure containing either: (a) An explanation of: (i) The circumstances under which the investment adviser directly or indirectly may engage in principal transactions; (ii) the nature and significance of conflicts with its client's interests as a result of the transactions; and (iii) how the investment adviser addresses those conflicts; or (b) a statement explaining that the client is consenting to principal transactions, followed by a cross-reference to a specific document provided to the client containing the disclosure in (a)(i)–(iii) above and to the specific page or pages on which such disclosure is located; provided, however, that if the investment adviser requires time to modify its electronic systems to provide the disclosure in (a)(i)–(iii) above immediately preceding the separate or additional signature line, the investment adviser may, while updating such electronic systems, and for no more than 90 days from the date of the Order, instead provide a cross-reference to a specific document provided to the client containing the disclosure in (a)(i)–(iii) above and to the specific section in such document in which such disclosure is located. *Transition provision:* To the extent that the adviser obtained fully informed written revocable consent from an advisory client for purposes of rule 206(3)–3T(a)(3) prior to the date of this Order, the adviser may rely on this Order with respect to such client without obtaining additional prospective consent from such client.

5. The investment adviser, prior to the execution of each transaction in reliance on this Order, will: (a) Inform the advisory client, orally or in writing, of the capacity in which it may act with respect to such transaction; and (b) obtain consent from the advisory client, orally or in writing, to act as principal for its own account with respect to such transaction.

6. The investment adviser will send a written confirmation at or before completion of each such transaction that includes, in addition to the information required by rule 10b–10 under the Exchange Act, a conspicuous, plain English statement informing the advisory client that the investment adviser: (a) Disclosed to the client prior to the execution of the transaction that the adviser may be acting in a principal capacity in connection with the transaction and the client authorized the transaction; and (b) sold the security to, or bought the security from, the client for its own account.

7. The investment adviser will send to the client, no less frequently than annually, written disclosure containing a list of all transactions that were executed in the client's account in reliance upon this Order, and the date and price of each such transaction.

8. The investment adviser is a broker-dealer registered under section 15 of the Exchange Act and each account for which the investment adviser relies on this Order is a brokerage account subject to the Exchange Act, and the rules thereunder, and the rules of the self-regulatory organization(s) of which it is a member.

9. Each written disclosure required as a condition to this Order will include a conspicuous, plain English statement that the client may revoke the written consent referred to in Condition 4 above without penalty at any time by written notice to the investment adviser in accordance with reasonable procedures established by the investment adviser, but in all cases such revocation must be given effect within 5 business days of the investment adviser's receipt thereof.

10. The investment adviser will maintain records sufficient to enable verification of compliance with the conditions of this Order. Such records will include, *without limitation:* (a) Documentation sufficient to demonstrate compliance with each disclosure and consent requirement under this Order; (b) in particular, documentation sufficient to demonstrate that, prior to the execution of each transaction in reliance on this Order, the adviser informed the advisory client of the capacity in which it may act with respect to the transaction and that it received the advisory client's consent (if the investment adviser informs the client orally of the capacity in which it may act with respect to such transaction or obtains oral consent, such records may, for example, include recordings of telephone conversations or contemporaneous written notations); and (c) documentation sufficient to enable assessment of compliance by the investment adviser with sections 206(1) and (2) of the Advisers Act in connection with its reliance on this Order.[3] In each case, such records will be maintained and preserved in an easily accessible place for a period of not less than five years, the first two years in an appropriate office of the investment adviser, and be available for inspection by the staff of the Commission.

11. The investment adviser will adopt written compliance policies and procedures reasonably designed to ensure, and the investment adviser's chief compliance officer will monitor, the investment adviser's compliance with the conditions of this Order. The investment adviser's chief compliance officer will, on at least a quarterly basis, conduct testing reasonably sufficient to verify such compliance. Such written policies and procedures, monitoring and testing will address, *without limitation:* (a) Compliance by the investment adviser with its disclosure and consent requirements under this Order; (b) the integrity and operation of electronic systems employed by the investment adviser in connection with its reliance on this Order; (c) compliance by the investment adviser with its recordkeeping obligations under this Order; and (d) whether there is any evidence of the investment adviser engaging in ''dumping'' in connection with its reliance on this Order.[4] The investment adviser's chief compliance officer will document the frequency and results of such monitoring and testing, and the investment adviser will maintain and preserve such documentation in an easily accessible place for a period of not less than five years, the first two years in an appropriate office of the investment adviser, and be available for inspection by the staff of the Commission.

By the Commission.

Brent J. Fields,

Secretary.

[FR Doc. 2016–29297 Filed 12–6–16; 8:45 am]

BILLING CODE 8011–01–P

[3] For example, under sections 206(1) and (2), an adviser may not engage in any transaction on a principal basis with a client that is not consistent with the best interests of the client or that subrogates the client's interests to the adviser's own. *Cf.* Investment Advisers Act Release No. 2106 (Jan. 31, 2003) (adopting Rule 206(4)–6).

[4] *See* Report of the Securities and Exchange Commission, Investment Trusts and Investment Companies, H.R. Doc. No. 279, 76th Cong., 2d Sess., pt. 3, at 2581, 2589 (1939); Hearings on S. 3580 Before a Subcommittee of the Commission on Banking and Currency, 76th Cong., 3d Sess. 209, 212–23 (1940); Hearings on S. 3580 Before the Subcomm. of the Comm. on Banking and Currency, 76th Cong., 3d Sess. 322 (1940).

SECURITIES AND EXCHANGE COMMISSION

[Release No. IA–4581; File No. 803–00234]

Wells Fargo Advisors, LLC and Wells Fargo Advisors Financial Network, LLC; Notice of Application

December 1, 2016.

AGENCY: Securities and Exchange Commission (''Commission'').

ACTION: Notice of application for an exemptive order under section 206A of the Investment Advisers Act of 1940

(''Advisers Act'') providing an exemption from the written disclosure and consent requirements of section 206(3).

Applicants: Wells Fargo Advisors, LLC (''WFA'') and Wells Fargo Advisors Financial Network, LLC (''FiNet,'' and, together with WFA, ''Applicants'').

Relevant Advisers Act Sections: Exemption requested under section 206A from the written disclosure and consent requirements of section 206(3).

Summary of Application: Applicants request that the Commission issue an order under section 206A exempting them and Future Advisers (as defined below) from the written disclosure and consent requirements of section 206(3) with respect to principal transactions with nondiscretionary advisory client accounts.

Filing Dates: The application was filed on November 22, 2016.

Hearing or Notification of Hearing: An order granting the requested relief will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on December 27, 2016, and should be accompanied by proof of service on Applicants, in the form of an affidavit or, for lawyers, a certificate of service. Pursuant to rule 0–5 under the Advisers Act, hearing requests should state the nature of the writer's interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Commission's Secretary.

ADDRESSES: Secretary, U.S. Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090. Applicants, Laura E. Flores and Steven W. Stone, Morgan, Lewis & Bockius LLP, 1111 Pennsylvania Ave. NW., Washington, DC 20004.

FOR FURTHER INFORMATION CONTACT: Robert Shapiro, Senior Counsel, at (202) 551–7758 (Chief Counsel's Office, Division of Investment Management) or Melissa Harke, Senior Special Counsel, at (202) 551–6787 (Investment Adviser Regulation Office, Division of Investment Management).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained via the Commission's Web site at *http://www.sec.gov/rules/iareleases.shtml* or by calling (202) 551–8090.

Applicants seek relief from the written disclosure and consent requirements of section 206(3) of the Advisers Act that would be similar to relief currently provided by Advisers Act rule 206(3)-3T (the ''Rule''), which will expire by its terms on December 31, 2016. The relief sought by Applicants, if granted, would be subject to conditions similar to those under the Rule, as well as certain revised or additional conditions.

Applicants' Representations

1. WFA and FiNet are each registered as investment advisers with the Commission and each is a registered broker-dealer. WFA and FiNet are each indirect subsidiaries and under the common control of Wells Fargo & Company, a diversified financial services company with operations around the world. Each of WFA and FiNet offers a number of advisory programs, including Asset Advisor (the ''Program''), a nondiscretionary advisory program.

2. WFA created the Program in 2004; FiNet has been offering the Program since 2004. In September 2007, a number of WFA's and FiNet's fee-based brokerage accounts were converted to nondiscretionary advisory accounts in the Program following the invalidation of former Rule 202(a)(11)–1 under the Advisers Act. When these accounts had been fee-based brokerage accounts, the Applicants, in their capacity as broker-dealers, engaged in principal transactions with their respective customers in accordance with applicable law. The Applicants currently rely on the Rule to engage in principal transactions with their client accounts in the Program.

3. The Applicants currently have more than 260,000 client accounts enrolled in the Program. Those accounts have approximately $115 billion in assets under management as of August 30, 2016. For 2014 and 2015, WFA and FiNet conducted 27,478 and 2,476 principal trades, respectively, in reliance on the Rule, involving more than $1.5 billion and $141 million in securities, respectively. Approximately 78% percent of the trades done in reliance on the Rule in 2015 were purchases by client accounts; the average purchase was approximately $43,000. Approximately 22% percent of the trades done in reliance on the Rule in 2015 were sales from client accounts; the average sale was approximately $36,000.

4. Any principal transactions in securities that are underwritten by Applicants or an affiliate are effected in accordance with section 206(3) of the Advisers Act.

5. The Applicants acknowledge that the Order, if granted, would not be construed as relieving in any way the Applicants from acting in the best interests of an advisory client, including fulfilling the duty to seek the best execution for the particular transaction for the advisory client; nor shall it relieve the Applicants from any obligation that may be imposed by sections 206(1) or (2) of the Advisers Act or by other applicable provisions of the federal securities laws or applicable FINRA rules.

Applicants' Legal Analysis

1. Section 206(3) provides that it is unlawful for any investment adviser, directly or indirectly, acting as principal for its own account, knowingly to sell any security to or purchase any security from a client, without disclosing to the client in writing before the completion of the transaction the capacity in which the adviser is acting and obtaining the client's consent to the transaction. Rule 206(3)–3T deems an investment adviser to be in compliance with the provisions of section 206(3) of the Advisers Act when the investment adviser, or a person controlling, controlled by, or under common control with the investment adviser, acting as principal for its own account, sells to or purchases from an advisory client any security, provided that the investment adviser complies with the conditions of the Rule.

2. Rule 206(3)–3T requires, among other things, that the investment adviser obtain a client's written, revocable consent prospectively authorizing the adviser, directly or indirectly, acting as principal for its own account, to sell any security to or purchase any security from the client. The consent must be obtained after the adviser provides the client with written disclosure about: (i) The circumstances under which the investment adviser may engage in principal transactions with the client; (ii) the nature and significance of the conflicts the investment adviser has with its client's interests as a result of those transactions; and (iii) how the investment adviser addresses those conflicts. The investment adviser also must provide trade-by-trade disclosure to the client, before the execution of each principal transaction, of the capacity in which the adviser may act with respect to the transaction, and obtain the client's consent (which may be written or oral) to the transaction. The Rule is available only to an investment adviser that is also a broker-dealer registered under section 15 of the

Securities Exchange Act of 1934 (''Exchange Act'') and may only be relied upon with respect to a nondiscretionary account that is a brokerage account subject to the Exchange Act, and the rules thereunder, and the rules of the self-regulatory organization(s) of which it is a member. Rule 206(3)–3T is not available for principal transactions if the investment adviser or a person who controls, is controlled by, or is under common control with the adviser (''control person'') is the issuer or is an underwriter of the security, except that an adviser may rely on the Rule for trades in which the adviser or a control person is an underwriter of non-convertible investment-grade debt securities.

3. The investment adviser also must provide to the client a trade confirmation that, in addition to the requirements of rule 10b–10 under the Exchange Act, includes a conspicuous, plain English statement informing the client that the investment adviser disclosed to the client before the execution of the transaction that the investment adviser may act as principal in connection with the transaction, that the client authorized the transaction, and that the investment adviser sold the security to or bought the security from the client for its own account. The investment adviser also must deliver to the client, at least annually, a written statement listing all transactions that were executed in the account in reliance on the Rule, including the date and price of each transaction.

4. Rule 206(3)–3T is scheduled to expire on December 31, 2016. Upon expiration, the Applicants would be required to provide trade-by-trade written disclosure to each nondiscretionary advisory client with whom the Applicants sought to engage in a principal transaction in accordance with section 206(3). The Applicants submit that their nondiscretionary clients, through the Applicants' current reliance on the Rule, have had access to the Applicants' inventory through principal transactions for a number of years, and expect to continue to have such access in the future. The Applicants believe that engaging in principal transactions with their clients provides certain benefits to their clients, including access to securities of limited availability, such as municipal bonds, and that the written disclosure and client consent requirements of section 206(3) act as an operational barrier to their ability to engage in principal trades with their clients, especially when the transaction involves securities of limited availability.

5. Unless the Applicants are provided an exemption from the written disclosure and client consent requirements of section 206(3), Applicants believe that they will be unable to provide the same range of services and access to the same types of securities to their nondiscretionary advisory clients as they currently is able to provide to clients under the Rule.

6. The Applicants note that, if the requested relief is granted, they will remain subject to the fiduciary duties that are generally enforceable under sections 206(1) and 206(2) of the Advisers Act, which, in general terms, require the Applicants to: (i) Disclose material facts about the advisory relationship to their clients; (ii) treat each client fairly; and (iii) act only in the best interests of their client, disclosing conflicts of interest when present and obtaining client consent to arrangements that present such conflicts.

7. The Applicants further note that, in their capacity as broker-dealers with respect to these accounts, they will remain subject to a comprehensive set of Commission and FINRA regulations that apply to the relationship between a broker-dealer and its customer in addition to the fiduciary duties an adviser owes a client. These rules require, among other things, that the Applicants deal fairly with their customers, seek to obtain best execution of customer orders, and make only suitable recommendations. These obligations are designed to promote business conduct that protects customers from abusive practices that may not necessarily be fraudulent, and to protect against unfair prices and excessive commissions. Specifically, these provisions, among other things, require that the prices charged by the Applicants be reasonably related to the prevailing market, and limit the commissions and mark-ups the Applicants can charge. Additionally, these obligations require that the Applicants have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer, based on information obtained through reasonable diligence.

8. The Applicants request that the Commission issue an Order pursuant to section 206A exempting them from the written disclosure and consent requirements of section 206(3) only with respect to client accounts in the Program and any similar nondiscretionary program to be created in the future. The Applicants also request that the Commission's Order apply to future investment advisers controlling, controlled by, or under common control with the Applicants (''Future Advisers''). Any Future Adviser relying on any Order granted pursuant to the application will comply with the terms and conditions stated in the application.[1]

Applicants' Conditions

The Applicants agree that any Order granting the requested relief will be subject to the following conditions:

1. The Applicants will exercise no ''investment discretion'' (as such term is defined in section 3(a)(35) of the Exchange Act), except investment discretion granted by the advisory client on a temporary or limited basis[2], with respect to the client's account.

2. The Applicants will not trade in reliance on this Order any security for which either Applicant or any person controlling, controlled by, or under common control with the Applicants is the issuer, or, at the time of the sale, an underwriter (as defined in section 202(a)(20) of the Advisers Act).

3. The Applicants will not directly or indirectly require the client to consent to principal trading as a condition to opening or maintaining an account with an Applicant.

4. The advisory client has executed a written revocable consent prospectively authorizing the Applicants directly or indirectly to act as principal for their own account in selling any security to or purchasing any security from the advisory client. The advisory client's written consent must be obtained through a signature or other positive manifestation of consent that is separate from or in addition to the signature indicating the client's consent to the advisory agreement. The separate or additional signature line or alternative means of expressing consent must be

[1] All entities that currently intend to rely on any order granted pursuant to the application are named as Applicants.

[2] Discretion is considered to be temporary or limited for purposes of this condition when the investment adviser is given discretion: (i) As to the price at which or the time to execute an order given by a client for the purchase or sale of a definite amount or quantity of a specified security; (ii) on an isolated or infrequent basis, to purchase or sell a security or type of security when a client is unavailable for a limited period of time not to exceed a few months; (iii) as to cash management, such as to exchange a position in a money market fund for another money market fund or cash equivalent; (iv) to purchase or sell securities to satisfy margin requirements; (v) to sell specific bonds and purchase similar bonds in order to permit a client to take a tax loss on the original position; (vi) to purchase a bond with a specified credit rating and maturity; and (vii) to purchase or sell a security or type of security limited by specific parameters established by the client. *See, e.g., Temporary Rule Regarding Principal Trades with Certain Advisory Clients,* Investment Advisers Act Release No. 2653 (Sept. 24, 2007) at n. 31.

preceded immediately by prominent, plain English disclosure containing either: (a) An explanation of: (i) The circumstances under which an Applicant directly or indirectly may engage in principal transactions; (ii) the nature and significance of conflicts with its client's interests as a result of the transactions; and (iii) how an Applicant addresses those conflicts; or (b) a statement explaining that the client is consenting to principal transactions, followed by a cross-reference to a specific document provided to the client containing the disclosure in (a)(i)–(iii) above and to the specific page or pages on which such disclosure is located; provided, however, that if an Applicant requires time to modify its electronic systems to provide the specific page cross-reference required by clause (b), the Applicant may, while updating such electronic systems, and for no more than 90 days from the date of the Order, instead provide a cross-reference to a specific document provided to the client containing the disclosure in (a)(i)–(iii) above and to the specific section in such document in which such disclosure is located. *Transition provision:* To the extent that the Applicants obtained fully informed written revocable consent from an advisory client for purposes of rule 206(3)–3T(a)(3) prior to December 31, 2016, the Applicants may rely on this Order with respect to such client without obtaining additional prospective consent from such client.

5. The Applicants, prior to the execution of each transaction in reliance on this Order, will: (a) Inform the advisory client, orally or in writing, of the capacity in which they may act with respect to such transaction; and (b) obtain consent from the advisory client, orally or in writing, to act as principal for their own account with respect to such transaction.

6. The Applicants will send a written confirmation at or before completion of each such transaction that includes, in addition to the information required by rule 10b–10 under the Exchange Act, a conspicuous, plain English statement informing the advisory client that the Applicants: (a) Disclosed to the client prior to the execution of the transaction that the Applicants may be acting in a principal capacity in connection with the transaction and the client authorized the transaction; and (b) sold the security to, or bought the security from, the client for its own account.

7. The Applicants will send to the client, no less frequently than annually, written disclosure containing a list of all transactions that were executed in the client's account in reliance upon this Order, and the date and price of each such transaction.

8. Each Applicant is a broker-dealer registered under section 15 of the Exchange Act and each account for which the Applicants rely on this Order is a brokerage account subject to the Exchange Act, and the rules thereunder, and the rules of the self-regulatory organization(s) of which it is a member.

9. Each written disclosure required as a condition to this Order will include a conspicuous, plain English statement that the client may revoke the written consent referred to in Condition 4 above without penalty at any time by written notice to the Applicants in accordance with reasonable procedures established by the Applicants, but in all cases such revocation must be given effect within 5 business days of the Applicants' receipt thereof.

10. The Applicants will maintain records sufficient to enable verification of compliance with the conditions of this Order. Such records will include, *without limitation:* (a) Documentation sufficient to demonstrate compliance with each disclosure and consent requirement under this Order; (b) in particular, documentation sufficient to demonstrate that, prior to the execution of each transaction in reliance on this Order, each Applicant informed the relevant advisory client of the capacity in which the Applicant may act with respect to the transaction and that it received the advisory client's consent (if the Applicant informs the client orally of the capacity in which it may act with respect to such transaction or obtains oral consent, such records may, for example, include recordings of telephone conversations or contemporaneous written notations); and (c) documentation sufficient to enable assessment of compliance by the Applicants with sections 206(1) and (2) of the Advisers Act in connection with its reliance on this Order.[3] In each case, such records will be maintained and preserved in an easily accessible place for a period of not less than five years, the first two years in an appropriate office of the Applicants, and be available for inspection by the staff of the Commission.

11. The Applicants will adopt written compliance policies and procedures reasonably designed to ensure, and each Applicant's chief compliance officer will monitor, the Applicant's compliance with the conditions of this Order. Each Applicant's chief compliance officer will, on at least a quarterly basis, conduct testing reasonably sufficient to verify such compliance. Such written policies and procedures, monitoring and testing will address, *without limitation:* (a) Compliance by the Applicant with its disclosure and consent requirements under this Order; (b) the integrity and operation of electronic systems employed by the Applicant in connection with its reliance on this Order; (c) compliance by the Applicant with its recordkeeping obligations under this Order; and (d) whether there is any evidence of the Applicant engaging in ''dumping'' in connection with its reliance on this Order.[4] Each Applicant's chief compliance officer will document the frequency and results of such monitoring and testing, and each Applicant will maintain and preserve such documentation in an easily accessible place for a period of not less than five years, the first two years in an appropriate office of the Applicant, and be available for inspection by the staff of the Commission.

By the Commission.

Brent J. Fields,

Secretary.

[FR Doc. 2016–29300 Filed 12–6–16; 8:45 am]

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[3] For example, under sections 206(1) and (2), an adviser may not engage in any transaction on a principal basis with a client that is not consistent with the best interests of the client or that subrogates the client's interests to the adviser's own. *Cf.* Investment Advisers Act Release No. 2106 (Jan. 31, 2003) (adopting Rule 206(4)–6).

[4] *See* Report of the Securities and Exchange Commission, Investment Trusts and Investment Companies, H.R. Doc. No. 279, 76th Cong., 2d Sess., pt. 3, at 2581, 2589 (1939); Hearings on S. 3580 Before a Subcommittee of the Commission on Banking and Currency, 76th Cong., 3d Sess. 209, 212–23 (1940); Hearings on S. 3580 Before the Subcomm. of the Comm. on Banking and Currency, 76th Cong., 3d Sess. 322 (1940).

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 32375; 812–14685]

CWM Advisors, LLC, et al.; Notice of Application

December 1, 2016.

AGENCY: Securities and Exchange Commission (''Commission'').

ACTION: Notice of an application for an order under section 6(c) of the Investment Company Act of 1940 (the ''Act'') for an exemption from sections 2(a)(32), 5(a)(1), 22(d), and 22(e) of the Act and rule 22c–1 under the Act, under sections 6(c) and 17(b) of the Act for an exemption from sections 17(a)(1) and 17(a)(2) of the Act, and under section 12(d)(1)(J) for an exemption from sections 12(d)(1)(A) and 12(d)(1)(B) of