

PIONEER MUNICIPAL HIGH INCOME ADVANTAGE TRUST
Form SC 13D
February 26, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D
Under the Securities Exchange Act of 1934

PIONEER MUNICIPAL HIGH INCOME ADVANTAGE TRUST

(Name of Issuer)

VARIABLE RATE MUNIFUND TERM PREFERRED SHARES

(Title of Class of Securities)

723762407

(CUSIP Number)

Willie J. White

Senior Counsel

Wells Fargo & Company

301 South College Street, 22nd Floor

Charlotte, NC 28202-6000

(704) 410-5082

With a copy to:

Patrick Quill

Chapman and Cutler LLP

1270 Avenue of the Americas 30th Floor

New York, NY 10020

(212) 655-2506

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

February 16, 2018

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box .

- * The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.
- The information required in the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

SCHEDULE 13D

CUSIP No. 723762407

1. Names of Reporting Persons

Wells Fargo & Company

41-0449260

2. Check the Appropriate Box if a member of a Group (see instructions)

a. b.

3. SEC Use Only

4. Source of Funds (See Instructions):

WC

5. Check Box if Disclosure of Legal Proceedings Is Required pursuant to Items 2(d) or 2(e).

6. Citizenship or Place of Organization

Delaware

Number of 7. Sole Voting Power:

Shares

Beneficially 0

8. Shared Voting Power:

Owned by

Each

1,600

Reporting 9. Sole Dispositive Power:

Person

With: 0

10. Shared Dispositive Power:

1,600

11. Aggregate Amount Beneficially Owned by Each Reporting Person:

1,600

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11):

100%

14. Type of Reporting Person (See Instructions)

HC

SCHEDULE 13D

CUSIP No. 723762407

1. Names of Reporting Persons

Wells Fargo Municipal Capital Strategies, LLC

45-2541449

2. Check the Appropriate Box if a member of a Group (see instructions)

a. b.

3. SEC Use Only

4. Source of Funds (See Instructions):

WC

5. Check Box if Disclosure of Legal Proceedings Is Required pursuant to Items 2(d) or 2(e).

6. Citizenship or Place of Organization

Delaware

Number of 7. Sole Voting Power:

Shares

Beneficially 0

8. Shared Voting Power:

Owned by

Each

1,348

Reporting 9. Sole Dispositive Power:

Person

With: 0

10. Shared Dispositive Power:

1,348

11. Aggregate Amount Beneficially Owned by Each Reporting Person:

1,348

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11):

84.25%

14. Type of Reporting Person (See Instructions)

OO

SCHEDULE 13D

CUSIP No. 723762407

1. Names of Reporting Persons

WFC Holdings, LLC

41-1921346

2. Check the Appropriate Box if a member of a Group (see instructions)

a. b.

3. SEC Use Only

4. Source of Funds (See Instructions):

WC

5. Check Box if Disclosure of Legal Proceedings Is Required pursuant to Items 2(d) or 2(e).

6. Citizenship or Place of Organization

Delaware

Number of 7. Sole Voting Power:

Shares

Beneficially 0

8. Shared Voting Power:

Owned by

Each

252

Reporting 9. Sole Dispositive Power:

Person

With: 0

10. Shared Dispositive Power:

252

11. Aggregate Amount Beneficially Owned by Each Reporting Person:

252

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11):

15.75%

14. Type of Reporting Person (See Instructions)

OO

Item 1 Security and Issuer

This Statement on Schedule 13D (the **Statement**) relates to (a) the purchase by Capital Strategies (as defined below) of 1,348 Variable Rate MuniFund Term Preferred Shares, Series 2021 (CUSIP No. 723762407) (the **VMTP Shares**) of Pioneer Municipal High Income Advantage Trust (the **Issuer** or the **Company**) and (b) the purchase by WFC Holdings (as defined below) of 252 VMTP Shares of the Issuer. This Statement is being filed by the Reporting Persons (as defined below) as a result of the purchase of the VMTP Shares by Capital Strategies (as defined below) and WFC Holdings (as defined below). The Issuer's principal executive offices are located at 60 State Street Boston, Massachusetts 02109.

Item 2 Identity and Background

This Statement is being filed on behalf of each of the following persons (collectively, the **Reporting Persons**):

- i. Wells Fargo & Company (**Wells Fargo**);
- ii. Wells Fargo Municipal Capital Strategies, LLC (**Capital Strategies**); and
- iii. WFC Holdings, LLC (**WFC Holdings**).

This Statement relates to the VMTP Shares that were purchased for the account of Capital Strategies and WFC Holdings.

The address of the principal business office of Wells Fargo is:

420 Montgomery Street
San Francisco, CA 94104

The address of the principal business office of Capital Strategies is:

375 Park Avenue
New York, NY 10152

The address of the principal business office of WFC Holdings is:

420 Montgomery Street
San Francisco, CA 94104

Wells Fargo and its subsidiaries provide banking, investments, mortgage, and consumer and commercial finance through more than 8,400 locations, 13,000 ATMs, digital (online, mobile and social), and contact centers (phone, email and correspondence), and we have offices in 42 countries and territories to support customers who conduct business in the global economy.

Information concerning each executive officer, director and controlling person (the **Listed Persons**) of the Reporting Persons is listed on Schedule I attached hereto, and is incorporated by reference herein. To the knowledge of the Reporting Persons, all of the Listed Persons are citizens of the United States, other than as otherwise specified on Schedule I hereto.

Other than as set forth on Schedule II, during the last five years, none of the Reporting Persons, and to the best knowledge of the Reporting Persons, none of the Listed Persons, have been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which such person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws, or finding any violation with respect to such laws.

Item 3 Source and Amount of Funds or Other Consideration

The aggregate amount of funds used by the Reporting Persons to purchase the securities reported herein was approximately \$160,000,000. The source of funds was the working capital of the Reporting Persons.

The Reporting Persons declare that neither the filing of this Statement nor anything herein shall be construed as an admission that such person is, for the purposes of Section 13(d) of the Exchange Act or any other purpose, (i) acting (or has agreed or is agreeing to act together with any other person) as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding or disposing of securities of the Company or otherwise with respect to the Company or any securities of the Company or (ii) a member of any group with respect to the Company or any securities of the Company.

Item 4 Purpose of the Transaction

Capital Strategies and WFC Holdings have purchased the VMTP Shares for investment purposes. Capital Strategies and WFC Holdings acquired the VMTP Shares directly from the Company pursuant to the VMTP Purchase Agreement, dated February 16, 2018 among the Company, Capital Strategies and WFC Holdings (the Purchase Agreement) on their initial issuance for an aggregate purchase price of \$160,000,000.

The Reporting Persons have not acquired the subject securities with any purpose, or with the effect of, changing or influencing control of the issuer, or in connection with or as a participant in any transaction having that purpose or effect.

Item 5 Interest in Securities of the Issuer

(a) - (b) The responses of the Reporting Persons to Rows (7) through (11) of the cover pages of this Statement are incorporated herein by reference.

(c) The responses of the Reporting Persons in Item 3 and Item 4 are incorporated herein by reference.

(d) No other person is known by the Reporting Persons to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, VMTP Shares that may be deemed to be beneficially owned by the Reporting Persons.

(e) Not applicable.

Item 6 Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

The responses of the Reporting Persons to Item 4 are incorporated herein by reference. With respect to the VMTP Shares owned by Capital Strategies and WFC Holdings, on February 16, 2018, Capital Strategies and WFC Holdings assigned certain preferred class voting rights on the VMTP Shares to a voting trust (the **Voting Trust**) created pursuant to the Voting Trust Agreement, dated February 16, 2018 among Capital Strategies, WFC Holdings, Lord Securities Corporation, as voting trustee (the **Voting Trustee**) and Institutional Shareholder Services Inc. (the **Voting Consultant**). Voting and consent rights on the VMTP Shares not assigned to the Voting Trust have been retained by Capital Strategies and WFC Holdings, respectively. The Voting Trust provides that with respect to voting or consent matters relating to the voting rights assigned to the Voting Trust, the Voting Consultant analyzes such voting or consent matters and makes a recommendation to the Voting Trustee on voting or consenting. The Voting Trustee is obligated to follow any such recommendations of the Voting Consultant when providing a vote or consent. Capital

Strategies and WFC Holdings have the right to cause the Company to register the VMTP Shares pursuant to a Registration Rights Agreement, dated February 16, 2018 among the Company, Capital Strategies and WFC Holdings.

Item 7 Material to be Filed as Exhibits

| Exhibit | Description of Exhibit |
|---------|--|
| 99.1 | Joint Filing Agreement |
| 99.2 | Power of Attorney |
| 99.3 | Voting Trust Agreement, dated February 16, 2018 |
| 99.4 | Registration Rights Agreement, dated February 16, 2018 |
| 99.5 | VMTP Purchase Agreement, dated February 16, 2018 |

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 26 , 2018

WELLS FARGO & COMPANY

By: /s/ Lori Ward
Name: Lori Ward
Title: Designated Signer

WELLS FARGO MUNICIPAL CAPITAL STRATEGIES, LLC

By: /s/ Adam Joseph
Name: Adam Joseph
Title: President

WFC HOLDINGS, LLC

By: /s/ Arthur C. Evans
Name: Arthur C. Evans
Title: Authorized Representative

LIST OF EXHIBITS

| Exhibit | Description of Exhibit |
|---------|--|
| 99.1 | Joint Filing Agreement |
| 99.2 | Power of Attorney |
| 99.3 | Voting Trust Agreement, dated February 16, 2018 |
| 99.4 | Registration Rights Agreement, dated February 16, 2018 |
| 99.5 | VMTP Purchase Agreement, dated February 16, 2018 |

SCHEDULE I

EXECUTIVE OFFICERS AND DIRECTORS OF REPORTING PERSONS

The following sets forth the name and present principal occupation of each executive officer and director of Wells Fargo & Company. The business address of each of the executive officers and directors of Wells Fargo & Company is 420 Montgomery Street, San Francisco, CA 94104.

| Name | Position with Wells Fargo & Company | Principal Occupation |
|-------------------------------|--|---|
| Timothy J. Sloan | Chief Executive Officer and President; Director | Chief Executive Officer of Wells Fargo & Company |
| Hope A. Hardison ¹ | Senior Executive Vice President and Chief Administrative Officer | Chief Administrative Officer of Wells Fargo & Company |
| Richard D. Levy | Executive Vice President and Controller | Controller of Wells Fargo & Company |
| Michael J. Loughlin | Senior Executive Vice President and Chief Risk Officer | Chief Risk Officer of Wells Fargo |
| Mary T. Mack | Senior Executive Vice President (Community Banking) and Senior Executive Vice President (Consumer Lending) | Head of Community Banking and Head of Consumer Lending |
| Avid Modjtabai | Senior Executive Vice President (Payments, Virtual Solutions and Innovation) | Head of Payments, Virtual Solutions and Innovation of Wells Fargo & Company |
| C. Allen Parker | Senior Executive Vice President and General Counsel | General Counsel of Wells Fargo & Company |
| Perry G. Pelos | Senior Executive Vice President (Wholesale Banking) | Head of Wholesale Banking |
| John R. Shrewsberry | Senior Executive Vice President and Chief Financial Officer | Chief Financial Officer of Wells Fargo & Company |
| Jonathan G. Weiss | Senior Executive Vice President (Wealth and Investment Management) | Head of Wealth and Investment Management of Wells Fargo |

¹ Hope A. Hardison is a dual citizen of the U.S. and Germany.

| | | |
|-------------------------|--------------------|--|
| John D. Baker II | Director | Executive Chairman and Director of FRP Holdings, Inc. |
| John S. Chen | Director | Executive Chairman and Chief Executive Officer of BlackBerry Limited |
| Celeste A. Clark | Director | Principal, Abraham Clark Consulting, LLC, and Retired Senior Vice President, Global Public Policy and External Relations and Chief Sustainability Officer, Kellogg Company |
| Theodore F. Craver, Jr. | Director | Retired Chairman, President and CEO, Edison International |
| Lloyd H. Dean | Director | President, CEO and Director of Dignity Health |
| Elizabeth A. Duke | Chairman, Director | Former member of the Federal Reserve Board of Governors |
| Enrique Hernandez, Jr. | Director | Chairman, President, CEO and Director of Inter-Con Security Systems, Inc. |
| Donald M. James | Director | Retired Chairman and CEO of Vulcan Materials Company |
| Maria R. Morris | Director | Retired Executive Vice President and Head of Global Employee Benefits, MetLife, Inc. |
| Karen B. Peetz | Director | Retired President, Bank of New York Mellon Corp. |
| Federico F. Peña | Director | Senior Advisor of Colorado Impact Fund |
| Juan A. Pujadas | Director | Retired Principal, PricewaterhouseCoopers, LLP, and former Vice Chairman, Global Advisory Services, PwC International |
| James H. Quigley | Director | CEO Emeritus and Retired Partner of Deloitte |
| Ronald L. Sargent | Director | Retired Chairman, CEO of Staples, Inc. |
| Suzanne M. Vautrinot | Director | President of Kilovolt Consulting Inc. |

The following sets forth the name and present principal occupation of each executive officer and director of Wells Fargo Municipal Capital Strategies, LLC. The business address of each of the executive officers and directors of Wells Fargo Municipal Capital Strategies, LLC is 375 Park Avenue, New York, New York 10152.

| Name | Position with Wells Fargo Municipal Capital Strategies, LLC | Business Address | Principal Occupation |
|-----------------|---|--|---|
| Matthew Antunes | Vice President | 375 Park Avenue New York, NY 10152 | Director at Wells Fargo Bank, NA |
| Kristina Eng | Vice President | 375 Park Avenue New York, NY 10152 | Managing Director at Wells Fargo Bank, NA |
| Daniel George | Senior Vice President | 375 Park Avenue New York, NY 10152 | Managing Director at Wells Fargo Bank, NA |
| Bernardo Ramos | Senior Vice President; Manager | 375 Park Avenue New York, NY 10152 | Regional Vice President of Government and Institutional Banking at Wells Fargo Bank, NA |
| Adam Joseph | President | 375 Park Avenue New York, NY 10152 | Managing Director at Wells Fargo Bank, NA (Head of Public Finance Capital Strategies) |
| Phillip Smith | Executive Vice President; Manager | 301 S College St, Charlotte, NC 28202 | Head of Municipal Products and Government and Institutional Banking |
| Jay Veenker | Treasurer | 600 S. 4 th Street, 11 th Floor, Minneapolis, MN 55415 | Finance Manager at Wells Fargo Bank, NA |
| Lauren Locke | Manager | 550 S Tryon St, Charlotte, NC 28202 | Chief Administrative Officer at Wells Fargo Bank, NA |
| Bruce Mattaway | Manager | 375 Park Avenue New York, NY 10152 | Senior Vice President and Government Loan Supervisor at Wells Fargo Bank, NA |
| Karl Pfeil | Manager | 375 Park Avenue | Senior Vice President at |

Edgar Filing: PIONEER MUNICIPAL HIGH INCOME ADVANTAGE TRUST - Form SC 13D

New York, NY 10152

Wells Fargo Bank, NA
(Government and
Institutional Banking)

Richard Reid

Manager

550 S Tryon St,

Director at Wells Fargo
Bank, NA

Charlotte, NC 28202

Patrice DeCorrevont

Manager

10 S Wacker Dr,

Managing Director at
Wells Fargo Bank, NA

Chicago, IL 60606

Deanna Ernst

Secretary

301 S College St,

Paralegal at Wells Fargo
Bank, NA

Charlotte, NC 28202

The following sets forth the name and present principal occupation of each executive officer and director of WFC Holdings, LLC. The business address of each of the executive officers and directors of WFC Holdings, LLC is 420 Montgomery Street, San Francisco, CA 94104.

| Name | Position with WFC Holdings, LLC | Principal Occupation |
|---------------------|--|---|
| Timothy J. Sloan | President; Director | Chief Executive Officer of Wells Fargo & Company |
| Richard D. Levy | Director | Controller of Wells Fargo & Company |
| John R. Shrewsberry | Senior Executive Vice President; Chief Financial Officer; and Director | Chief Financial Officer of Wells Fargo & Company |
| Jon R. Campbell | Director | Head of Corporate Responsibility and Community Relations of Wells Fargo & Company |

SCHEDULE II

LITIGATION SCHEDULE

FINRA SETTLEMENT On December 11, 2014, FINRA announced its settlement with ten firms, including Wells Fargo Securities, LLC, that had pitched for an investment banking role on a contemplated Toys R Us initial public offering in 2010. FINRA alleged that WFS violated NASD and FINRA rules by allowing its research analyst to participate in the solicitation of investment banking business and by offering favorable research coverage to induce investment banking business; and by failing to implement policies and procedures reasonably designed to prevent violations in connection with analyst public appearances. WFS neither admitted nor denied FINRA's findings but consented to a censure and payment of a \$4 million fine. The fine has been paid and the matter is fully resolved.

FINRA SETTLEMENT On November 18, 2015, FINRA announced a settlement with Wells Fargo Securities, LLC involving customer trade confirmations that inaccurately reflected the capacity in which the firm acted, e.g., principal, agent, or mixed capacity. The firm neither admitted nor denied the findings and consented to a censure and payment of a \$300,000 fine. The fine has been paid and the matter is fully resolved.

SEC MCDC SETTLEMENT On February 2, 2016, the SEC announced a settlement with Wells Fargo Bank, N.A. Municipal Products Group (MPG) as part of the SEC's Municipalities Continuing Disclosure Cooperation (MCDC) initiative. The MCDC offered defined settlement terms to underwriters and issuers of municipal securities that self-reported potential violations of Exchange Act Rule 15c2-12 regarding municipalities' continuing disclosure requirements. Seventy-two underwriters entered into settlements under the MCDC. The SEC proposed an offer of settlement regarding eight transactions MPG had self-reported, with a penalty of \$440,000, which MPG accepted.

SEC ORDER On September 22, 2014, the SEC entered an order against Wells Fargo Advisors, LLC related to the firm's policies and procedures to prevent the misuse of material nonpublic information. The firm admitted the SEC's findings of fact, acknowledged that its conduct violated the federal securities laws and agreed to retain an independent compliance consultant to review relevant policies and procedures, as well as the making, keeping and preserving of certain required books and records. The firm agreed to a censure, a cease and desist order and a civil penalty of \$5,000,000.

CLIENT IDENTIFICATION PROGRAM On December 18, 2014, FINRA announced a settlement with Wells Fargo Advisors, LLC and Wells Fargo Advisors Financial Network, LLC for an alleged violation of NASD and FINRA rules concerning the Client Identification Program and the effects of using recycled client account numbers. The use of recycled numbers was alleged to have resulted in certain accounts not having a complete review for Client Identification Purposes. WFA and WFA FiNet neither admitted nor denied FINRA's findings and consented to a censure and the payment of a \$1.5 million fine. The fine has been paid and the matter is fully resolved.

MUTUAL FUND SALES CHARGE WAIVERS On July 6, 2015, FINRA announced a settlement with Wells Fargo Advisors, LLC and Wells Fargo Advisors Financial Network, LLC for an alleged violation of NASD and FINRA rules concerning application of mutual fund sales charge waivers. FINRA alleged WFA and FiNet did not reasonably supervise the application of sales charge waivers for eligible mutual fund purchases in certain retirement and charitable organization accounts. WFA and FiNet neither admitted nor denied FINRA's findings and agreed to censure and to provide remediation to eligible clients. Due to WFA and FiNet's self-report of the issue and cooperation, FINRA assessed no fine. WFA and FiNet agreed to pay an estimated \$15 million in restitution, including interest, to affected customers.

FINRA/NASDAQ REPORTING SETTLEMENTS From time to time Wells Fargo broker-dealers resolve technical trade reporting issues relating to timing and other data elements with FINRA/NASDAQ involving small numbers of trades processed by the firms. Resolutions of this type during the relevant period included fines of less than \$100,000

each.

STATE OF NEW HAMPSHIRE SETTLEMENT Wells Fargo Advisors Financial Network (WFAFN) entered into a Consent Order with the State of New Hampshire on February 12, 2016 relative to due diligence concerning two customer accounts. WFAFN agreed to pay a total of \$32,000 to the clients and \$3,000 to the state.

LARGE OPTION POSITION REPORTING On October 13, 2016, First Clearing, LLC entered into settlement agreements with NYSE Arca, Inc. and the Chicago Board Options Exchange, Inc., without admitting or denying the allegations that it inaccurately reported position effective dates and customer name and address information for its introducing firms and failed to provide introducing firms with reasonable systems and processes for identifying accounts acting in concert. First Clearing agreed to pay a \$375,000 fine to each Exchange (\$750,000 total).

BOOKS & RECORDS RETENTION On December 21, 2016, FINRA announced a settlement with Wells Fargo Advisors, LLC, First Clearing, LLC, Wells Fargo Advisors Financial Network, LLC, Wells Fargo Securities LLC and Wells Fargo Prime Services LLC for alleged violations of certain record retention and supervisory provisions by failing to maintain electronically stored required records in a non-erasable and non-rewritable format. The firms neither admitted nor denied FINRA's findings and consented to a censure and the payment of a \$1.5 million fine by the first three firms above (jointly), and a \$4 million fine by the final two firms above (jointly). The fines have been paid. The firms also agreed to an undertaking to review, adopt and implement policies and procedures reasonably designed to comply with books and records rules.

STATE OF MISSOURI SETTLEMENT On February 16, 2017, A.G. Edwards (k/n/a Wells Fargo Clearing Services, LLC) entered into a Consent Order with the State of Missouri. The action involved a Missouri Resident's claim that his ex-wife misappropriated over \$300,000 out of his IRA account during the period between August 2001 and July 2007, and the State of Missouri alleged a failure by the firm to supervise the completeness and accuracy of the early IRA distribution forms associated with the withdrawals. Without admitting or denying liability, the firm consented to a censure and agreed to pay \$25,672.17 to the Missouri Secretary of State's Investor Education Fund to fully resolve the matter.

POSSESSION AND CONTROL OF ALTERNATIVE INVESTMENTS On November 22, 2016 First Clearing LLC entered into a settlement agreement with FINRA without admitting or denying the allegations that the firm failed to collect no-lien letters from investment sponsors, reconcile customer positions and afford the proper regulatory accounting treatment for positions held at the sponsor in First Clearing IRA accounts. First Clearing agreed to pay a fine of \$750,000.

CONSOLIDATED REPORTS On December 5, 2016 Wells Fargo Clearing Services, LLC (formerly Wells Fargo Advisors, LLC) entered into a settlement agreement with FINRA without admitting or denying the allegations that the Firm failed to establish maintain and enforce a reasonable supervisory system for the use of consolidated reports generated by financial advisors.. Wells Fargo Clearing Services, LLC agreed to pay a fine of \$1,000,000.

FINRA SETTLEMENT On May 16, 2017, FINRA announced a settlement with Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC concerning unsuitable recommendations and supervisory failures relative to sales of certain non-traditional exchange traded products (ETPs) in violation of FINRA and NASD rules for the period July 1, 2010 to May 1, 2012. Without admitting or denying the findings, the firms accepted a censure and agreed to restitution to certain clients totaling \$3,411,478.78.

FINRA SETTLEMENT On June 21, 2017, Wells Fargo Securities, LLC entered into a settlement agreement with FINRA without admitting or denying the allegations of improper reporting of conventional over-the-counter option positions under FINRA large option position reporting rules. The firm consented to a censure, payment of a \$3.25 million fine, and an undertaking to review its supervisory systems related to large options position reporting.

SEC ORDER On November 13, 2017, the SEC announced that Wells Fargo Advisors, LLC agreed to settle charges that it violated Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-8 by failing to file and timely file Suspicious Activity Reports between approximately March 2012 and June 2013. Without admitting or denying the allegations, the firm agreed to a cease and desist order, a censure, and a civil penalty of \$3,500,000. Wells Fargo Advisors also agreed to voluntarily undertake a review and update of its policies and procedures and develop and

conduct additional training.

STATE OF ILLINOIS SETTLEMENT On December 21, 2017, Wells Fargo Advisors, LLC (k/n/a Wells Fargo Clearing Services, LLC) entered into a Consent Order with the State of Illinois regarding allegations that it received, reviewed and/or analyzed documents and information provided by a financial advisory firm concerning certain money manager strategies that contained false and misleading information. The findings stated that the firm included the financial advisory firm's money manager strategies in certain of its separately managed account programs, but that the firm did not utilize inaccurate historical performance data in connection with its decision to onboard the money manager strategies and the firm did not incorporate inaccurate performance data in its advertisements or program marketing materials. Without admitting or denying the findings, the Firm agreed to a total monetary payment of \$270,000.

NOTE: In addition to the above matters, certain of Wells Fargo & Company's affiliates, including Wells Fargo Clearing Services, LLC (formerly Wells Fargo Advisors, LLC), Wells Fargo Securities, LLC, Wells Fargo Advisors Financial Network, LLC and First Clearing, LLC, have been involved in a number of civil proceedings and regulatory actions which concern matters arising in connection with the conduct of its business. Certain of such proceedings have resulted in findings of violations of federal or state securities laws. Such proceedings are reported and summarized in each entity's Form BD as filed with the Securities and Exchange Commission and in other regulatory reports, which descriptions are hereby incorporated by reference.