



DIVISION OF  
CORPORATION FINANCE

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

August 15, 2018

Christopher R. Long  
Vice President and Chief Counsel  
Ameriprise Financial  
5221 Ameriprise Financial Center  
Minneapolis, MN 55474

Re: In the Matter of Ameriprise Financial Services, Inc.  
**Ameriprise Financial, Inc. – Waiver Request of Ineligible Issuer Status under Rule 405  
of the Securities Act of 1933**

Dear Mr. Long:

This is in response to your letter dated August 14, 2018, written on behalf of Ameriprise Financial, Inc. (“Ameriprise”) and constituting an application for relief from Ameriprise being considered an “ineligible issuer” under clause (1)(vi) of the definition of ineligible issuer in Rule 405 of the Securities Act of 1933 (“Securities Act”). Ameriprise requests relief from being considered an ineligible issuer under Rule 405, due to the entry on August 15, 2018 of a Commission Order (“Order”) pursuant to Section 15(b) of the Securities Exchange Act of 1934, and Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”) against Ameriprise Financial Services, Inc. (“AFS”). The Order requires that, among other things, AFS cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder.

Based on the facts and representations in your letter, and assuming AFS complies with the Order, we have determined that Ameriprise has made a showing of good cause under clause (2) of the definition of ineligible issuer in Rule 405 and that Ameriprise will not be considered an ineligible issuer by reason of the entry of the Order. Accordingly, the relief described above from Ameriprise being an ineligible issuer under Rule 405 of the Securities Act is hereby granted. Any different facts from those represented or failure to comply with the terms of the Order would require us to revisit our determination that good cause has been shown and could constitute grounds to revoke or further condition the waiver. The Commission reserves the right, in its sole discretion, to revoke or further condition the waiver under those circumstances.

For the Commission, by the Division of Corporation Finance, pursuant to delegated authority.

Sincerely,

/s/

Tim Henseler  
Chief, Office of Enforcement Liaison  
Division of Corporation Finance

August 14, 2018

Christopher R. Long  
Vice President and Chief Counsel  
Phone: (612) 671-6362  
Fax: (612) 678-1168  
chris.r.long@ampf.com

**VIA FIRST CLASS MAIL AND E-MAIL**

Tim Henseler, Esq.  
Chief, Office of Enforcement Liaison  
Division of Corporation Finance  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-7553

**In the Matter of Ameriprise Financial Services, Inc.**

Dear Mr. Henseler:

Ameriprise Financial, Inc. (the “Parent Company”), a reporting company with a class of securities registered under Section 12 of the Securities Exchange Act of 1934 (the “Exchange Act”), submits this letter in connection with the anticipated settlement of an administrative proceeding (the “Proceeding”) brought against the Parent Company’s subsidiary Ameriprise Financial Services, Inc. (the “Settling Firm”), a broker-dealer registered under the Exchange Act and an investment adviser registered under the Investment Advisers Act of 1940 (the “Advisers Act”), by the United States Securities and Exchange Commission (the “Commission”). Based on an agreement with the Staff of the Enforcement Division, the Settling Firm is a respondent in a settled civil administrative proceeding with the caption noted above concerning certain eligibility and disclosure issues arising from the Settling Firm’s sale of certain mutual fund share classes to certain retirement plan customers.

The Parent Company seeks to maintain its ability to qualify as a “well-known seasoned issuer” pursuant to Rule 405 adopted by the Commission under the Securities Act of 1933 (the “Securities Act”) with respect to offerings that it would seek to undertake from time to time. We hereby respectfully request a determination by the Commission or the Division of Corporation Finance (the “Division”), acting pursuant to authority duly delegated by the Commission, that the Parent Company should not be considered an “ineligible issuer” as a result of the Order, which is described below. Consistent with the framework outlined in the Division’s Revised Statement on Well-Known Seasoned Issuer Waivers (“Revised Statement”),<sup>1</sup> the Parent Company

---

<sup>1</sup> Division of Corporation Finance, Revised Statement on Well-Known Seasoned Issuer Waivers (April 24, 2014), available at <http://www.sec.gov/divisions/corpfin/guidance/wksi-waivers-interp-031214.htm> (the “Division’s Statement”).



respectfully submits that relief from the ineligible issuer provisions is appropriate in the circumstances of this case for the reasons set forth below. The Parent Company requests that this determination be made effective upon the entry of the Order.

### **BACKGROUND**

The Settling Firm and the Staff of the Enforcement Division have reached an agreement to resolve the above-captioned matter. Under the terms of the resolution, the Commission is initiating a settled administrative proceeding under Section 15(b) of the Exchange Act and Sections 203(e) and 203(k) of the Advisers Act by filing an order instituting a cease-and-desist proceeding (the "Order") finding that the Settling Firm failed to adopt and implement policies and procedures reasonably designed to detect and prevent misappropriation by five of the firm's representatives. As described in the Order, the Settling Firm, as part of its compliance and supervisory systems, employed certain automated surveillance tools to prevent and detect whether a representative may have engaged in fraud by misappropriating funds from a client account. The Order finds that one system did not function properly and a second faced limitations, thereby preventing Ameriprise from detecting the misappropriation of over \$1 million in client funds by five representatives. Without admitting or denying the matters set forth in the Order, except as to the jurisdiction of the Commission, the Settling Firm will consent to entry of the Order finding that it violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder; and failed to reasonably supervise the Terminated Representatives in violation of Section 203(e)(6) of the Advisers Act and Section 15(b)(4) of the Exchange Act. Pursuant to the Order the Settling Firm agrees to cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act and Rule 206 (4)-7 thereunder, a censure, and payment of a civil monetary penalty of \$4,500,000.

The Order will fully address the conduct described in the Order through, among other things, noting that the conduct occurred from 2011 - 2014. In addition, the Order notes that the Settling Firm voluntarily identified the customers affected by the conduct described in the Order and completed full remediation for those customers. The Order also notes that the Settling Firm voluntarily retained a compliance consultant to review and recommend enhancements to the Firm's relevant compliance policies and procedures, and that the Firm also took steps to enhance its policies and procedures designed to safeguard client assets against misappropriation by the Firm's representatives, including by implementing a new automated money movement control system.

## DISCUSSION

Effective on December 1, 2005, the Commission reformed and revised the registration, communications, and offering procedures under the Securities Act.<sup>2</sup> As part of these reforms, the Commission created a category of issuer defined under Rule 405 as a well-known seasoned issuer (“WKSI”). A WKSI is eligible under the rules, among other things, to register securities for offer and sale under an “automatic shelf registration statement,” as so defined. A WKSI is also eligible for the benefits of a streamlined registration process including the use of free-writing prospectuses in registered offerings pursuant to Rules 164 and 433 under the Securities Act. These benefits, however, are unavailable to issuers defined as “ineligible issuers”<sup>3</sup> under Rule 405.

An issuer is an “ineligible issuer,” as defined under Rule 405, if, among other things, “[w]ithin the past three years, ... the issuer or any entity that at the time was a subsidiary of the issuer was made the subject of any judicial or administrative decree or order arising out of a governmental action that: (A) Prohibits certain conduct or activities regarding, including future violations of, the anti-fraud provisions of the federal securities laws; (B) Requires that the person cease and desist from violating the anti-fraud provisions of the federal securities laws; or (C) Determines that the person violated the anti-fraud provisions of the federal securities laws,” Rule 405(1)(vi). Notwithstanding the foregoing, paragraph (2) of the definition provides that an issuer “shall not be an ineligible issuer if the Commission determines, upon a showing of good cause, that it is not necessary under the circumstances that the issuer be considered an ineligible issuer.” The Commission has delegated authority to the Division of Corporation Finance to make such a determination pursuant to 17 CFR § 200.30-1(a)(10). The Order would render the Parent Company an ineligible issuer for a period of three years after the Order is entered, precluding the Parent Company from qualifying as a WKSI and having the benefits of automatic shelf registration and other provisions of the Securities Offering Reform for three years.

As set forth above, Rule 405 authorizes the Commission to determine for good cause that an issuer shall not be an ineligible issuer, notwithstanding that the issuer or a subsidiary of the issuer becomes subject to an otherwise disqualifying order. The Parent Company believes that there is good cause for the Commission to make such a determination based on the Division’s Statement on granting such waivers, on the following grounds:

---

<sup>2</sup> Securities Offering Reform, Securities Act Release No. 8591, Exchange Act Release No. 52,056, Investment Company Act Release No. 26,993, 70 Fed. Reg. 44,722, 44,790 (Aug. 3, 2005).

<sup>3</sup> This request for relief is not intended to be limited solely for the purpose of continuing to qualify as a WKSI, but for all purposes of the definition of “ineligible issuer” under Rule 405.

1. The Nature of, Persons Responsible for, and the Duration of, the Conduct Described in the Order.

None of the conduct that will underlie the Order pertains to activities undertaken by the Parent Company, the Settling Firm, their affiliates, or their subsidiaries in connection with the Parent Company's role as an issuer of securities (or any disclosure related thereto) or any of its filings with the Commission. Most importantly, the conduct that will be described in the Order neither involved material misstatements or omissions in the Parent Company's public disclosures nor materially impacted the Parent Company's financial statements. Likewise, the Order does not find any weaknesses or violations associated with the robust disclosure and other internal controls maintained by the Parent Company in connection with its preparation and review of its financial statements and Commission filings. Finally, the Order will not include any findings that employees of the Parent Company responsible for preparation of the Parent Company's financial statements and filings with the Commission knew of or were involved in the conduct or ignored any red flags with respect to the conduct.

The violations reflected in the Order are non-scienter based violations of the Securities Act and Advisers Act that took place prior to 2015. The Commission Order does not include any findings that there were intentional or reckless violations of the Securities Act, the Exchange Act (which governs the Parent Company issuer), or the Advisers Act involving disclosure for which the Parent Company or any subsidiary was responsible. Similarly, the Order will not involve a criminal conviction and neither the Parent Company nor the Settling Firm has ever been the named party in a criminal matter involving disclosure for which the Parent Company or any subsidiary was responsible.<sup>4</sup>

Instead, the conduct in the Order related to the Settling Firm's failure to adopt and implement policies and procedures reasonably designed to prevent and detect the misappropriation of client assets by persons associated with the Firm and to effectively supervise certain terminated representatives who misappropriated client assets. The individuals at the Settling Firm who were involved in the conduct at issue were not and are not involved in preparation of the Parent Company's financial statements or Commission filings. Moreover, no employees of the Parent Company or the Settling Firm were named as respondents or charged with any violations of the securities laws in connection with the conduct described in the Order.

2. Remedial Steps Taken.

As the Order will disclose, the Settling Firm has been proactive in voluntarily retaining an outside consultant to review, and recommend any enhancements to, the

---

<sup>4</sup> The Division Statement, *supra* note 1, notes that an issuer's burden to show good cause that a waiver is justified would be significantly greater in cases where there is a criminal conviction or scienter based violation involving disclosure for which the issuer or any of its subsidiaries was responsible.

Firm's related compliance policies and procedures. The Firm has also been proactive in voluntarily identifying and providing full remediation to all customers affected by the conduct described in the Order. Finally, the Settling Firm enhanced its policies and procedures designed to safeguard client assets against misappropriation by the Firm's representatives, including by implementing a new automated money movement control system with the capability to review outgoing wire transfers.

3. Previous Actions.

The Parent Company has previously been granted a waiver regarding its WKSI status in the following instances:

*In the Matter of Ameriprise Financial Services, Inc.* (December 8, 2017) related to certain disclosure, compliance policy, and recordkeeping issues arising from the Settling Firm's marketing materials and related communications regarding investments in a third-party investment adviser's trading strategy.

*In the Matter of Ameriprise Financial Services, Inc.* (February 28, 2017) related to certain eligibility and disclosure issues associated with the Settling Firm's recommendations and sales of certain open-end registered investment companies.

The facts and remedial steps underlying these previous matters are in no way related to the facts and remedial steps described under the present Order.

4. Impact on the Parent Company if the Waiver Request is Denied.

As an ineligible issuer, the Parent Company would, among other things, lose the ability to:

- file automatic shelf registration statements to register an indeterminate amount of securities;
  - offer additional securities of the classes covered by a registration statement without filing a new registration statement;
  - allow the Parent Company to include certain information omitted from the registration statement at the time of effectiveness through the filing of prospectus supplements or incorporated Exchange Act reports;
  - take advantage of the "pay as you go" filing fee payment process;
  - qualify a new indenture under the Trust Indenture Act of 1939, if needed, without filing or having the Commission declare effective a new registration statement;
- and

- use free writing prospectuses other than one that contains only a description of the terms of the offered securities or the offering itself.

The Parent Company maintains an automatic shelf registration statement in order to facilitate timely issuance of securities responsive to market conditions and just recently the Parent Company renewed its shelf registration statement to ensure it continues to have an effective shelf registration statement in place given its importance to the Parent Company. The Parent Company has consistently maintained an effective automatic shelf registration statement since becoming a public company through its spin-off from American Express Company in 2005. Since then, the Parent Company has issued more than \$4.5 billion of securities in nine different offerings of various senior notes, junior subordinated notes and common stock. Since the Parent Company established its first automatic shelf registration statement in May 2006, every issuance of securities has been under an automatic shelf registration statement. The Parent Company's most recent issuance was a \$500 million offering of senior debt securities in August 2016 and it has established a track record of quickly accessing the public markets at opportune times to help create value for its investors.

In addition, the Parent Company serves as a source of strength to its many subsidiaries that have substantial regulatory capital requirements. That source of strength is highly regarded not only by functional regulators, but also rating agencies, customers, and operational counterparties of these businesses. As a source of strength, the Parent Company may respond to a subsidiary's transitory capital or liquidity needs with funds accessed by it from the capital markets. The ability to do so quickly and efficiently is essential for the Parent Company to serve as source of strength without compromising its duties to its investors or to the customers and other stakeholders in these subsidiaries. To impose a level of inefficient capital pricing, delayed process and associated reputational taint in the capital markets unnecessarily and imprudently impacts a global enterprise.

The automatic shelf registration process provides the Parent Company with a critical means of access to the capital markets in a timely and efficient manner. The Parent Company, like other institutions, faces changing regulatory and market conditions and uncertainties. Without the ability to utilize an automatic shelf registration statement, the Parent Company may be unable to react quickly to such changing requirements and conditions, which could lead to investor harm. Furthermore, if the Parent Company was unable to avail itself of the automatic shelf registration and the other benefits available to a WKSI, it would put the Parent Company at a disadvantage compared to other issuers.

The Parent Company respectfully submits that disqualification from being eligible for WKSI status would be an unduly severe consequence in light of the conduct described in the Order. Denial of this request would hinder necessary access to the capital markets by significantly increasing the time, labor, and cost of such access, a result that the Parent Company believes would be inequitable to its shareholders and its clients. Inasmuch as

the conduct described in the Order does not relate in any manner to capital raising by the Parent Company, the revocation of WKSI status is a penalty without causal nexus to the instances at issue.

### CONCLUSION

In light of the foregoing, subjecting the Parent Company to ineligible issuer status is not necessary under the circumstances, either in the public interest or for the protection of investors, and good cause exists for the grant of the requested relief. Accordingly, we respectfully request that the Commission, or the Division of Corporation Finance, acting pursuant to authority duly delegated by the Commission and pursuant to paragraph (2) of the definition of "ineligible issuer" in Rule 405, determine that under the circumstances the Parent Company will not be considered an "ineligible issuer" within the meaning of Rule 405 as a result of the Order. We further request that this determination be made effective upon entry of the Order and, with respect to the potential effect of the Order, be applicable for all purposes of the definition of "ineligible issuer." If you have any questions regarding this request, please contact me at 612-671-6362.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'C. Long', written over a horizontal line.

Christopher R. Long  
Vice President & Chief Counsel  
Regulatory Affairs