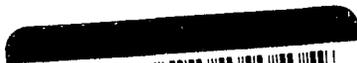


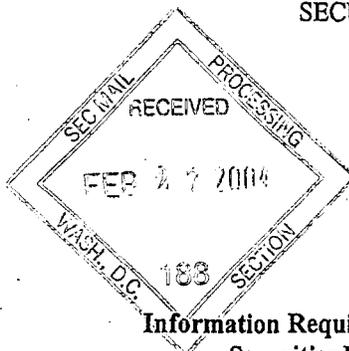
AA# 3/16/2004

SECURITIES



04003026

ON



ANNUAL AUDITED REPORT FORM X-17A-5 PART III

FACING PAGE

cm

SEC FILE NUMBER

8-8775

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/03 AND ENDING 12/31/03 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER: Fidelity Distributors Corporation

OFFICIAL USE ONLY FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

82 Devonshire Street (No. and Street) Boston MA 02109 (City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Jane C. Greene 617-563-2036 (Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PricewaterhouseCoopers LLP (Name - if individual, state last, first, middle name) 125 High Street Boston MA 02110 (Address) (City) (State) (Zip Code)

CHECK ONE:

- [X] Certified Public Accountant [] Public Accountant [] Accountant not resident in United States or any of its possessions.

PROCESSED MAR 22 2004 THOMSON FINANCIAL

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

Handwritten signature

Report of Independent Accountants

To the Board of Directors and Stockholder of
Fidelity Investments Institutional Services Company, Inc.
(A Wholly-Owned Subsidiary of FMR Corp.):

In our opinion, the accompanying consolidated statement of financial condition presents fairly, in all material respects, the financial position of Fidelity Investments Institutional Services Company, Inc. and its subsidiary at December 31, 2003, in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Company's management; our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

January 20, 2004

FIDELITY INVESTMENTS INSTITUTIONAL SERVICES COMPANY, INC.
(A Wholly-Owned Subsidiary of FMR Corp.)
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION
December 31, 2003
(Dollars in thousands, except share amounts)

ASSETS

Investments, at market value (cost \$51,487)	\$ 51,487
Receivables	2,226
Property and equipment, net	115,352
Deferred dealers concessions, net	9,500
Prepaid expenses	17,964
Other assets	<u>4,353</u>
Total Assets	<u>\$ 200,882</u>

LIABILITIES

Accrued liabilities	\$ <u>8,247</u>
Total Liabilities	<u>8,247</u>

Commitments and contingencies

STOCKHOLDER'S EQUITY

Common stock, \$1 par value; 250,000 shares authorized; 1,000 shares issued and outstanding	1
Additional paid-in capital	163,620
Retained earnings	<u>620,871</u>
	784,492
Less: Net receivable from FMR Corp.	<u>(591,857)</u>
Total Stockholder's Equity	<u>192,635</u>
Total Liabilities and Stockholder's Equity	<u>\$ 200,882</u>

The accompanying notes are an integral part of the
consolidated statement of financial condition.

FIDELITY INVESTMENTS INSTITUTIONAL SERVICES COMPANY, INC.
(A Wholly-Owned Subsidiary of FMR Corp.)
NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION
(Dollars in thousands)

A. Business:

Fidelity Investments Institutional Services Company, Inc. (the "Company") is a registered broker/dealer under the Securities Exchange Act of 1934. The Company's parent is FMR Corp. The Company earns commissions associated with selling mutual funds and contractual plans for which Fidelity Distributors Corporation, an affiliate, is the principal underwriter and distributor or sponsor. The Company receives marketing and distribution services fees, and administrative service fees from an affiliate. In addition, the Company provides computer processing services, computer support and systems development services to affiliated companies. In conducting its business, the Company engages affiliated companies to provide certain services (see Note C).

B. Summary of Significant Accounting Policies:

Principles of Consolidation

The consolidated statement of financial condition includes the accounts of Fidelity Investments Institutional Services Company, Inc. and its majority-owned subsidiary, Advisor Technology Services, LLC. All material intercompany accounts and transactions are eliminated in consolidation.

Use of Estimates

The preparation of the consolidated statement of financial condition in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of December 31, 2003. Actual results could differ from the estimates included in the consolidated statement of financial condition.

Invested Assets

Investments consist of shares held in a Fidelity money market mutual fund and are stated at market value.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method based on estimated useful lives as follows: computer equipment and software, three years; furniture and equipment, three to five years; and leasehold improvements, the shorter of their useful lives or ten years. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized.

Impairment of Assets

The Company reviews its invested and long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. When the estimated future cash flows are less than the carrying amount of the asset, the asset is reduced to its net realizable value.

FIDELITY INVESTMENTS INSTITUTIONAL SERVICES COMPANY, INC.
(A Wholly-Owned Subsidiary of FMR Corp.)
NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION, continued
(Dollars in thousands)

B. Summary of Significant Accounting Policies (cont.):

Deferred Dealers Concessions

Deferred dealers concessions of \$9,500 are net of accumulated amortization of \$40,530 as of December 31, 2003. These deferred charges represent sales commissions paid to financial intermediaries in connection with the sale of certain Fidelity mutual funds' shares. The charges are amortized using the straight-line basis method over one to five years.

Income Taxes

The Company is included in the consolidated federal and certain state income tax returns of FMR Corp. The Company is allocated by FMR Corp., a direct intercompany charge equivalent to the sum of applicable federal and state taxes on income due as if it were filing tax returns on an individual company basis.

The provision for deferred income taxes results from differences in the recognition of revenue and expense for tax and financial reporting purposes. At December 31, 2003, the Company's net deferred tax assets approximated \$68,310 and are included in the net receivable from FMR Corp. The primary sources of temporary differences relate to depreciation, amortization of deferred dealers concessions, deferred compensation and pension expense.

C. Transactions with FMR Corp. and Affiliated Companies:

The Company receives its marketing and distribution services revenue, commissions, service fees and computer support services revenue principally from affiliated companies. In addition, the Company is charged for services provided by FMR Corp. and affiliated companies.

The Company participates in FMR Corp.'s noncontributory trustee defined benefit pension plan covering all of its eligible employees.

The Company also participates in FMR Corp.'s defined contribution profit sharing plans covering substantially all employees. Annual contributions to the profit sharing plans are based on either stated percentages of eligible employee compensation or employee contributions.

The Company participates in various FMR Corp. stock-based compensatory plans. FMR Corp. and the Company have adopted the expense recognition provisions of Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation" effective January 1, 2002. In accordance with SFAS 123, compensation expense is measured based on the fair value of stock issued or modified on a prospective basis. The Company is allocated a compensation charge that is amortized over the period in which it is earned.

All intercompany transactions with FMR Corp. and affiliated companies are charged or credited through an intercompany account with FMR Corp. and may not be the same as those which would otherwise exist or result from agreements and transactions among unaffiliated third parties. The Company generally receives credit for the collection of its receivables and is charged for the settlement of its liabilities through its intercompany account with FMR Corp. Under an agreement with FMR Corp., the Company may offset liabilities which will ultimately be settled by FMR Corp. on behalf of the Company against its receivable from FMR Corp. In accordance with the agreement, liabilities of approximately \$45,486 have been offset against the receivable from FMR Corp.

FIDELITY INVESTMENTS INSTITUTIONAL SERVICES COMPANY, INC.
(A Wholly-Owned Subsidiary of FMR Corp.)
NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION, continued
(Dollars in thousands)

D. Property and Equipment:

Property and equipment, at cost, consist of the following at December 31, 2003:

Computer equipment	\$ 467,861
Software	142,589
Leasehold improvements	2,483
Furniture and equipment	<u>5,980</u>
	618,913
 Less: Accumulated depreciation and amortization	 <u>(503,561)</u>
	 <u>\$ 115,352</u>

During the year, the Company retired fully depreciated assets with an original cost of approximately \$217,611.

E. Commitments:

Aggregate future minimum rentals of office space and equipment under operating leases with noncancelable terms in excess of one year at December 31, 2003 are as follows:

<u>Year</u>	
2004	\$ 4,174
2005	2,580
2006	1,683
2007	831
2008	668
Thereafter	2,639

F. Net Capital Requirement:

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1). The Company has elected to utilize the alternate method permitted by the rule which requires that minimum net capital, as defined, be the greater of \$250 or 2% of aggregate debit items arising from customer transactions. At December 31, 2003, the Company had net capital of \$38,106 of which \$37,856 was in excess of its required net capital of \$250.