MEMORANDUM

To: File No. 4-619

Date: May 11, 2011

Re: Meeting with Representatives from Fidelity

On May 4, 2011 Chairman Mary L. Schapiro, Chief of Staff Didem A. Nisanci, and Director of the Division of Investment Management Eileen P. Rominger of the SEC met with the following representatives of Fidelity: Robert Brown, Scott Goebel, Nancy Prior, Kevin Meagher, and James Febeo. Among other issues, the Fidelity representatives discussed the views expressed in Fidelity's January 10, 2011 and May 3, 2011 comment letters on the President's Working Group Report on Money Market Fund Reform, including the letters' recommendation of the creation of a mandatory reserve or NAV buffer within money market funds.

The Fidelity representatives also provided the attached materials.

Money Market Mutual Fund NAV Buffer Overview

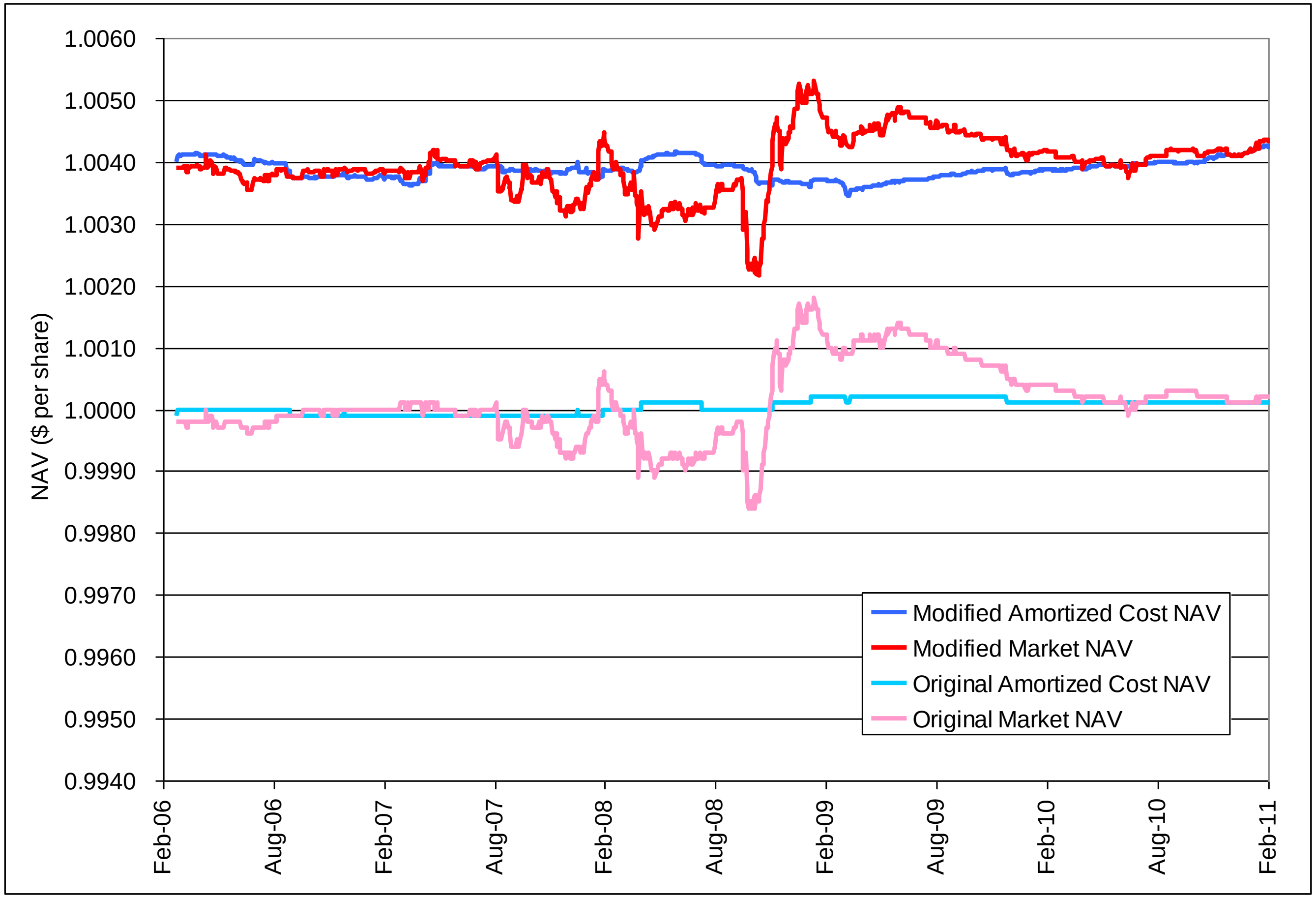
May 2011

Reserve/Buffer for Money Market Mutual Funds

- Retain income in each fund by slightly reducing net yield for shareholders
  - Buffer used to off-set realized and unrealized market value losses
  - Transparent to shareholders
- Provides confidence to and protection for shareholders
  - Buffer is fully funded and is an asset of the fund subject to Board oversight
  - When market value NAV is above $1.00, shareholder incentive to redeem is mitigated
    - As shareholders redeem, reserve/buffer typically increases
- Addresses potential liquidity and credit concerns
  - Funds could sell positions at slight loss during market stress to remove an impaired security or to raise additional liquidity
- Would phase in over time so as not to disrupt capital markets
- Simple to implement within existing regulatory structure
  - No new government program or regulatory forbearance needed
  - May need legislative changes for tax issues over time

Fidelity INVESTMENTS

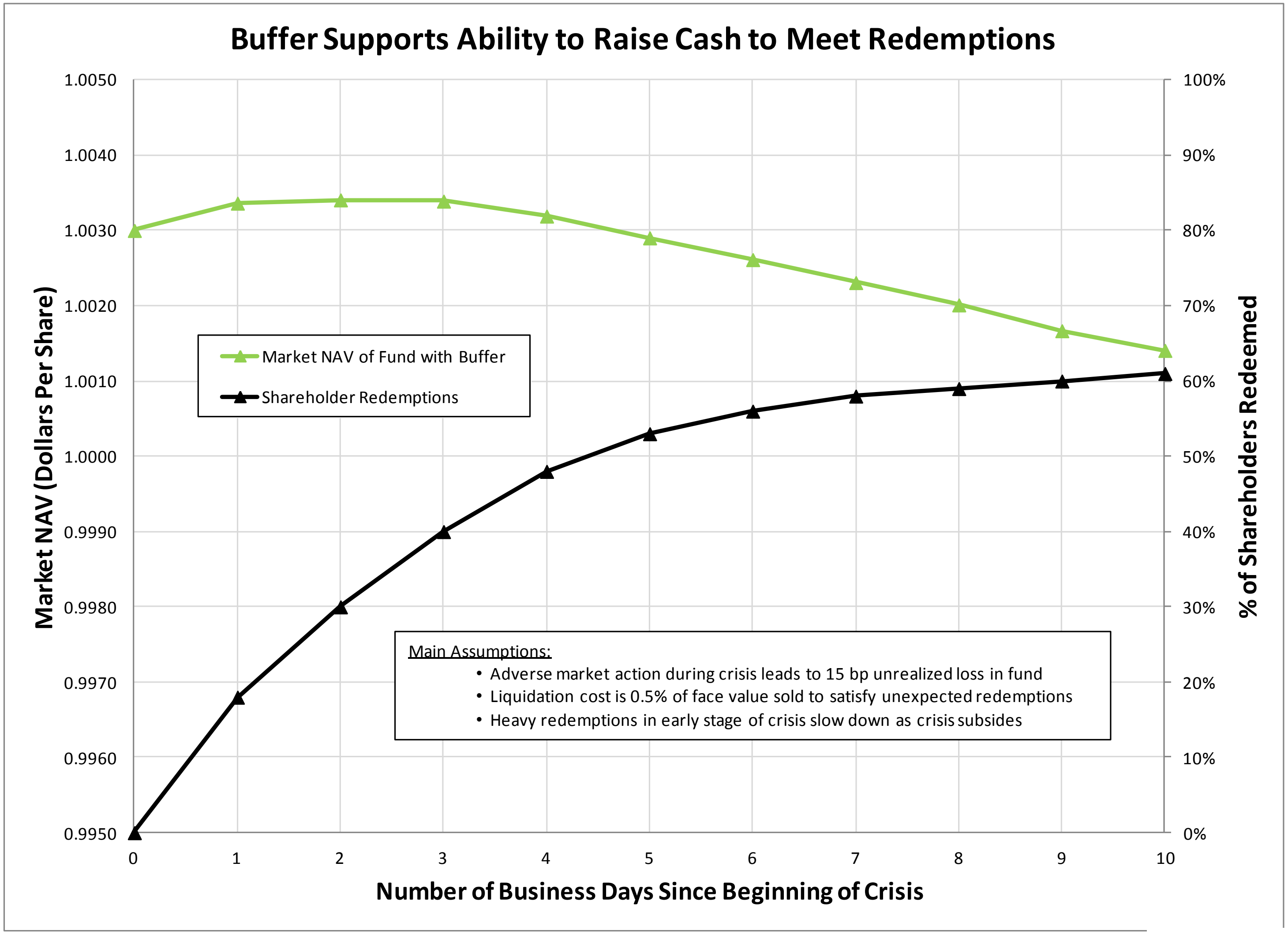
Historic Example of Representative Prime Fund Modified to Show Impact of NAV Reserve/Buffer



Notes: Time series starts on February 22, 2006 with NAV reserve/buffer = $1.0040

Example assumes holdback of income at 5 bps per year with threshold for resumption of holdback at $1.0030

Buffer Supports Ability to Raise Cash to Meet Redemptions



Tax Considerations

- No tax law change is needed before implementing this idea
  - Funds would have to continue to meet 90% Sub-chapter M distribution requirement
  - Funds would pay tax only on the amount retained, which is characterized as self-insurance and not deductible
    - At fully funded level, no additional tax is due since all income is being distributed
    - Consequence is potentially slower build up of reserve
- No tax on municipal money market mutual funds
- Taxes on amounts retained by taxable money market mutual funds
  - 35% income tax
  - 4% excise tax
- Over time, could seek to modify tax law to reduce or eliminate taxes on amounts retained
  - Potential revenue loss to U.S. Treasury would be a concern