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April 26, 2012

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: File No. 4-619; Release No. IC-29497 President's Working Group Report on Money Market Fund Reform

Dear Ms. Murphy:

Fidelity Investments ("Fidelity") [1] would like to take the opportunity to provide the Commission with the results of our recent research, which demonstrates that money market mutual fund investors are well aware of the risks associated with these funds.

Currently, money market mutual funds are subject to a comprehensive regulatory framework and to oversight by the Commission. This existing structure includes a requirement for a money market mutual fund to disclose in its prospectus that investments in the fund are not insured or guaranteed by the Federal Deposit Insurance Corporation.

Recently, a number of regulators and commentators have suggested that investors do not understand the risks associated with money market mutual funds. We do not share this view, and research conducted with our customers yields little evidence to suggest that a significant number of investors are misinformed about the risks associated with money market mutual funds.[2] To the contrary, in our experience, investors today are generally quite aware of the investment risks of mutual funds, and there is ample, robust disclosure of money market mutual fund risks available upon the most cursory review of fund materials. In fact, we credit the Commission and its salutary focus on investor education and disclosure for contributing substantially to the well informed state of the typical mutual fund investor.

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[1] Fidelity is one of the world's largest providers of financial services, with assets under administration of $3.7 trillion, including managed assets of $1.6 trillion. Fidelity is a leading provider of investment management, retirement planning, portfolio guidance, brokerage, benefits outsourcing and many other financial products and services to more than 20 million individuals and institutions, as well as through 5,000 intermediary firms.

[2] Fidelity's reported results represent responses from Fidelity retail customers on three separate surveys conducted online between March 2011 and April 2012.

Various regulators and commentators have also suggested that investors expect the federal government will provide a bailout of money market mutual funds in the future. Our research indicates that the vast majority of our customers understand that these funds are not guaranteed by the government and that the securities held by these funds have some small day-to-day price fluctuations. Moreover, Fidelity believes that the Commission's 2010 amendments to Rule 2a-7 have been quite helpful in clarifying the process by which money market mutual funds can suspend redemptions if needed. This process provides money market mutual funds with a pre-ordained orderly liquidation plan.

We urge the Commission to give full consideration to these materials as it evaluates whether any additional regulation for money market mutual funds is appropriate.

We appreciate the opportunity to provide further information on the President's Working Group Report on Money Market Fund Reform. Fidelity would be pleased to provide any further information or respond to any questions that the staff may have.

Sincerely,

cc: The Honorable Mary L. Schapiro, Chairman
The Honorable Elisse B. Walter, Commissioner
The Honorable Luis A. Aguilar, Commissioner
The Honorable Troy A. Paredes, Commissioner
The Honorable Daniel M. Gallagher, Commissioner

Eileen Rominger, Director, Division of Investment Management
Robert E. Plaze, Deputy Director, Division of Investment Management

The Investor's Perspective:

What individual investors know about the risks of money market mutual funds

April 2012

Despite the significant reforms adopted by the Securities and Exchange Commission (SEC) in 2010, which improved the overall soundness of money market mutual funds (MMMFs) and made them more resilient to market stress, there are some policymakers who insist more should be done to regulate these funds. A key argument underlying the push for more change is that a significant number of individual investors do not understand the risks associated with MMMFs.

However, research that Fidelity Investments conducted with our customers finds little evidence to suggest that a significant number of investors are misinformed about the risks associated with MMMFs. To the contrary, the research indicates that the vast majority of our customers understand that MMMFs are not guaranteed by the government, and the securities held by these funds have some small day-to-day price fluctuations. In fact, we found that only a small percentage of these investors (approximately 1 out of 10) thinks otherwise.

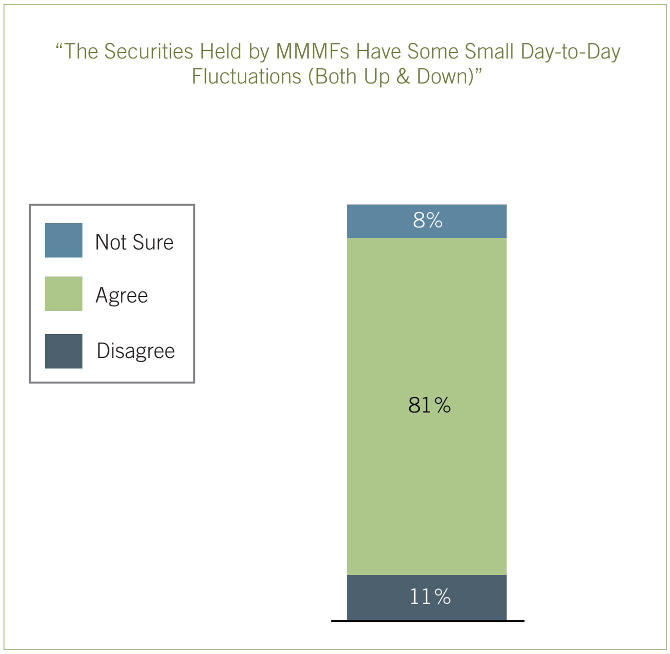
Fidelity believes that policymakers should be careful not to over-regulate these funds and undermine the fundamental benefits tens of millions of investors have come to rely upon, because a small minority of investors are not as knowledgeable as they could be. We are providing the following research with Fidelity customers to give policymakers a better understanding about what investors truly think and know about the risks involved with MMMFs.

KEY TAKEAWAYS FROM RESEARCH WITH FIDELITY RETAIL CUSTOMERS

- 81% of Fidelity retail customers with MMMFs indicate they understand that the securities held by these funds fluctuate up and down daily in value.
- 75% of Fidelity customers know that the MMMFs they invest in are not guaranteed by the government.
- Only 10% believe the government would step in to prevent MMMFs from breaking a stable $1 share price.
- The majority of customers do not favor further regulation of MMMFs, but would support additional investor education.

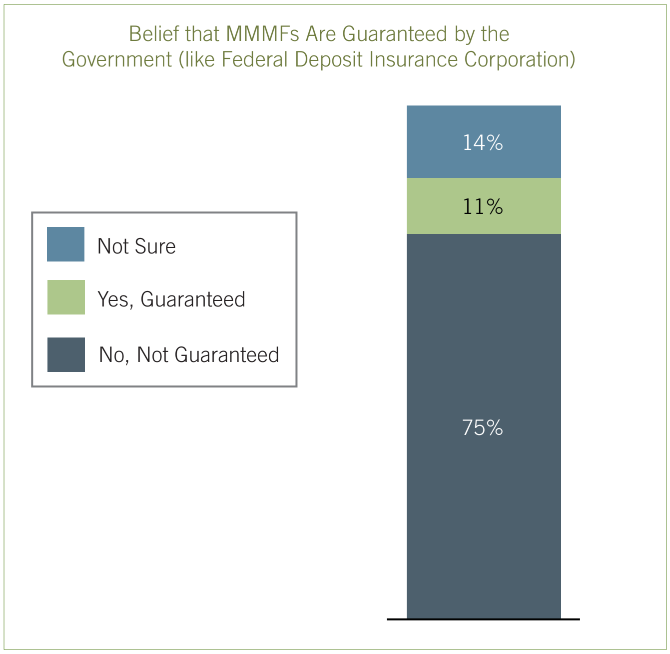
Fidelity INVESTMENTS

EXHIBIT 1: MAJORITY OF FIDELITY CUSTOMERS WITH MMMFs UNDERSTAND THAT THE UNDERLYING SECURITIES FLUCTUATE IN VALUE



Source: Fidelity Retail Customer Survey fielded by TNS Custom Research – July 2011

EXHIBIT 2: MOST FIDELITY INVESTORS UNDERSTAND THAT MMMFs ARE NOT GUARANTEED BY THE GOVERNMENT



Source: Fidelity Retail Customer Survey fielded by TNS Custom Research – July 2011

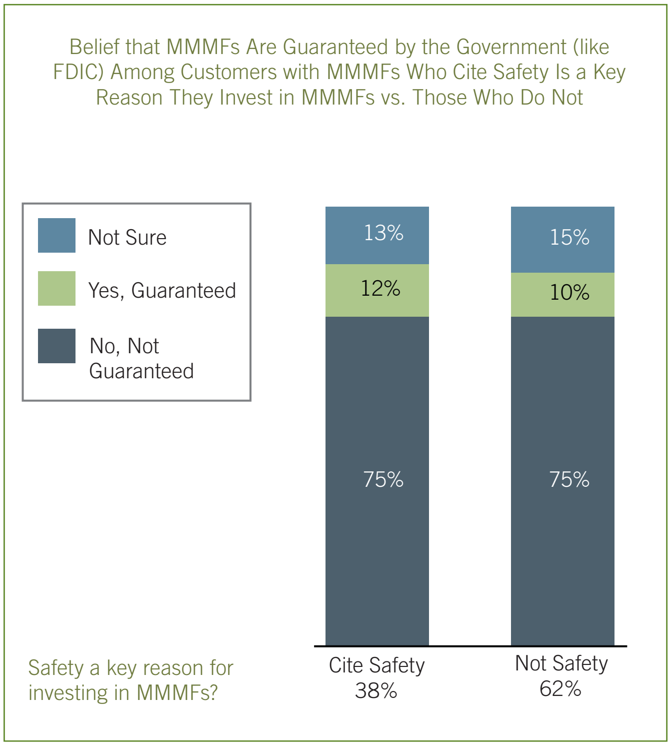
Investors Understand the Value of Money Market Securities Fluctuates Up and Down.

- Fidelity's research indicates that a majority of investors understand the risks of investing in MMMFs.
- 81% of Fidelity investors know that the securities held by MMMFs have some small fluctuations up and down in value.
- Correspondingly, only 11% think the prices of money market securities do not fluctuate.

Most Investors Know MMMFs Are Not Government Guaranteed.

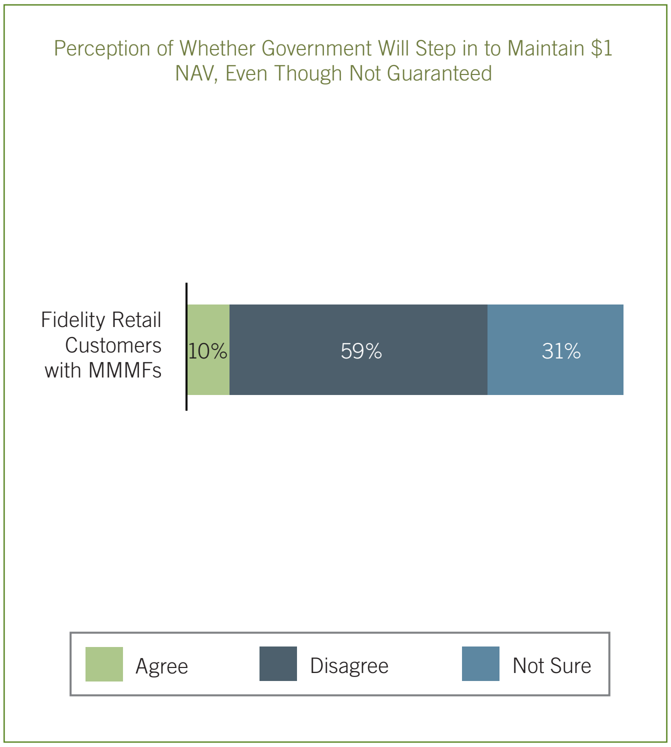
- There is little evidence to suggest many Fidelity retail investors mistakenly believe that MMMFs offer a government guarantee protecting the stable $1 share price. This should not come as a surprise given the amount of disclosure that is provided to shareholders on the topic.
- Our research indicates that 75% of Fidelity customers know that there is no government guarantee associated with MMMFs.
- Only 11% believe MMMFs are government guaranteed, while 14% are unsure.

EXHIBIT 3: EVEN THOSE WHO CITE SAFETY AS A KEY REASON FOR INVESTING UNDERSTAND MMMFs ARE NOT GUARANTEED



Source: Fidelity Retail Customer Survey fielded by TNS Custom Research—July 2011

EXHIBIT 4: FEW EXPECT THE GOVERNMENT TO STEP IN TO SUPPORT MMMFs



Source: Fidelity Retail Customer Survey fielded by TNS Custom Research—July 2011

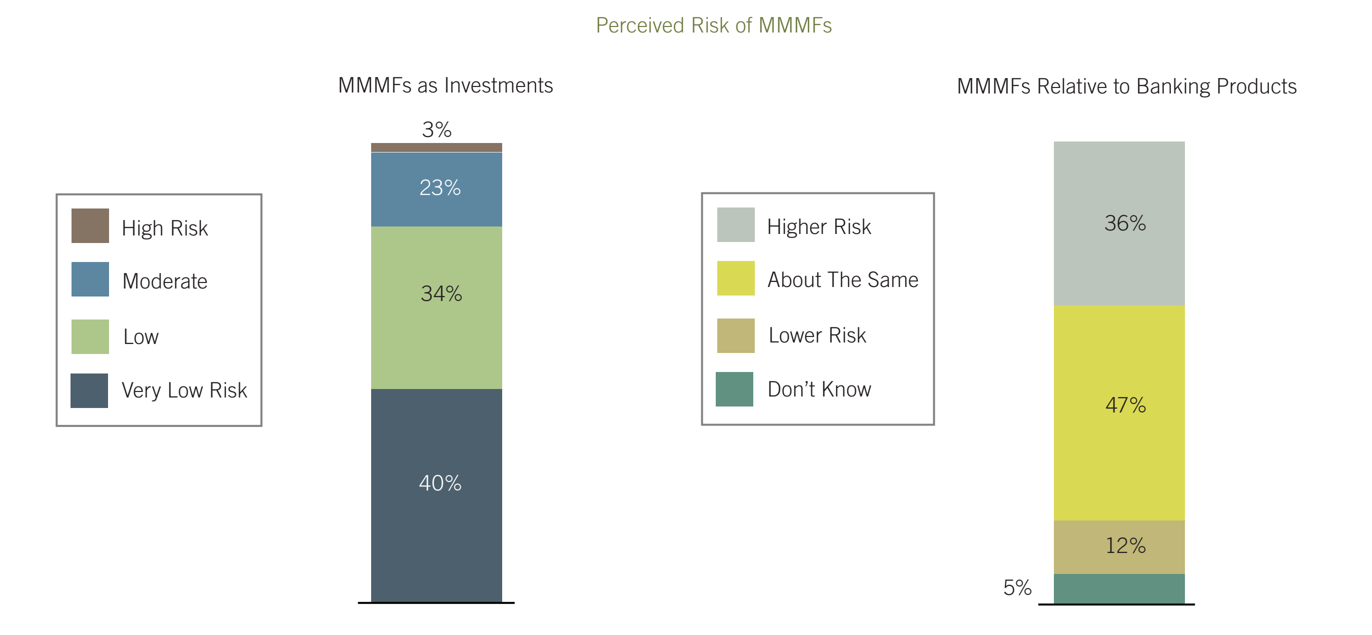
Those Investing in MMMFs for Safety Are Not Confused about Government Guarantees.

- Fidelity also tested to see if those survey participants who cite safety as a key reason for choosing to invest in MMMFs might be more inclined than other investors to believe their principal is Federal Deposit Insurance Corporation (FDIC)-insured.
- We found that they do not. Fully 75% of the respondents who say that they are drawn to MMMFs for safety reasons also tell us that they understand that these funds are not government guaranteed.

Only a Small Percentage of Investors Would Expect the Government to Step in and Support MMMFs.

- One issue that has been raised by regulators is that investors now expect the government would support MMMFs that run into trouble, because the U.S. Treasury Department temporarily provided a principal guarantee on these funds in September of 2008. However, our research indicates that only a small percentage of investors believe the government would intervene in the future to support MMMFs.
- Specifically, only 10% of Fidelity MMMF investors say they would expect the government to step in to help MMMFs maintain a stable share price if they were in danger of breaking the $1 net asset value (NAV).
- A majority (59%) say they do not anticipate the government would support MMMFs, while 31% say they are not sure.

EXHIBIT 5: MMMFs VIEWED AS A CONSERVATIVE INVESTMENT WITH RISKS GREATER THAN OR COMPARABLE TO BANK PRODUCTS

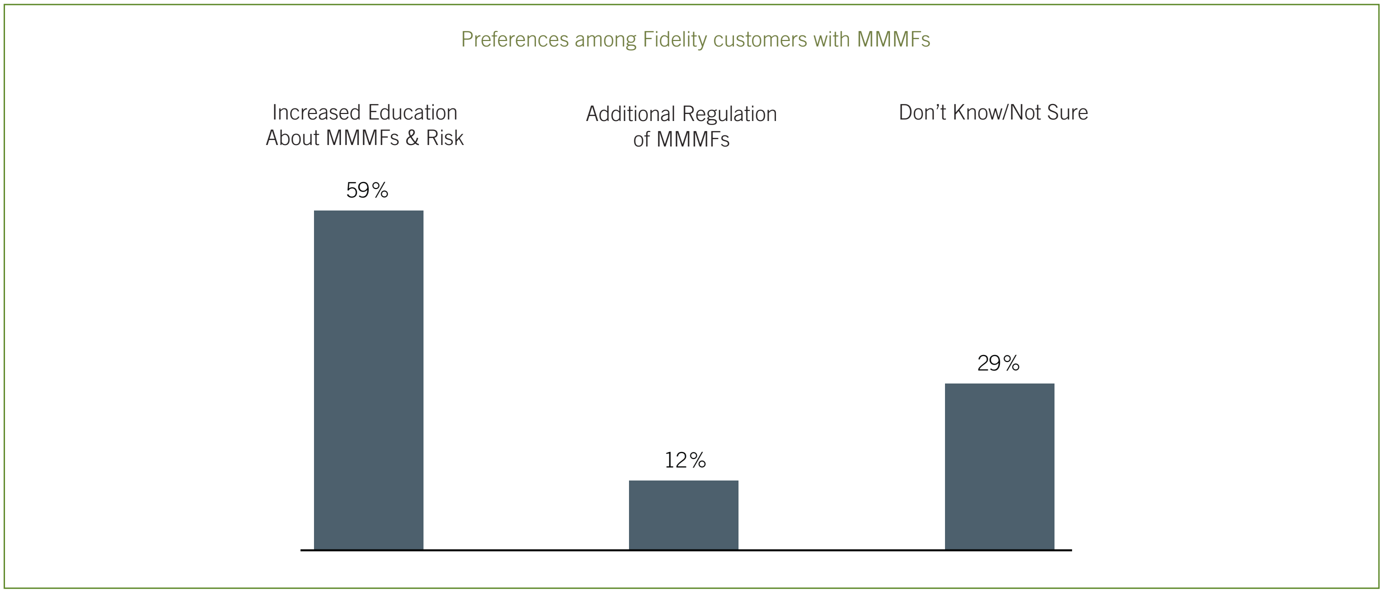


Source: Fidelity Retail Customer Survey fielded by TNS Custom Research - March/April 2012

Investors Have a Good Understanding of the Relative Risks of MMMFs and Bank Products.

- Another issue that has arisen is whether investors put MMMFs in the proper risk context, especially when making comparisons against bank products.
- Customers generally identify MMMFs as a conservative investment product, but also recognize that MMMFs have risks that are comparable or higher than those of banking products.
- For instance, as Exhibit 5 demonstrates, 74% view MMMFs as either having low, or very low, risk when viewed relative to other investments. On the other hand, only 12% of those we surveyed describe MMMFs as having lower risks when compared to bank products. (36% describe MMMFs as having higher risk while 47% say they have comparable risks.)
- One other noteworthy item from Fidelity's research is the fact that many investors don't believe the FDIC would always be there to bail out depositors in cases where a bank fails. Specifically, only 35% believe the FDIC would always be there to protect depositors, while 46% feel the FDIC would not.
- Our research also indicates that MMMFs play an important role in helping investors diversify away the risk of having too much of their cash sitting in banks. This may be why 47% of investors say they view MMMFs as having a similar risk profile to bank products that rely on FDIC insurance. And, it may explain why 56% of survey participants tell us it is important to have an investment alternative, like MMMFs, as an option to bank products for their cash balances. (11% say it isn't important to them and 33% are neutral on the topic.)

EXHIBIT 6: IF REGULATORS FEEL MORE NEEDS TO BE DONE, INVESTORS FAVOR EDUCATION OVER REGULATION



Source: Fidelity Retail Customer Survey fielded by TNS Custom Research—July 2011

Very Few MMMF Customers See a Need for More Regulation.

- Fidelity customers do not believe additional regulation of MMMFs is needed to make MMMFs safer and more transparent to investors.
- Exhibit 6 demonstrates this fact, with 59% of MMMF investors telling us that they prefer policymakers focus on requiring more disclosure on the risks and safety of MMMFs in lieu of creating new regulations that affect how these funds operate. Only 12% of investors prefer additional regulation.
- We believe the following comments from research participants[1] reflect the feelings of many MMMF investors about the need for additional regulation:

> *"It is important to regulate financial markets but I don't think that MMMFs are a big part of the problem."*
>
> *"Leave them alone—quit trying to change them into bank accounts."*

Research Details

The results included in this survey report represent responses gathered from Fidelity customers only.

March 2011

Survey of Fidelity Retail Customers fielded by TNS Custom Research

- Online survey fielded March 9 - 22, 2011
- Total participants: 613 "random" and 1,116 affluent* Fidelity customers

July 2011

Survey of Fidelity Retail Customers fielded by TNS Custom Research

- Online survey fielded June 23 - July 6, 2011
- Total participants: 466 "random" and 967 affluent* Fidelity customers

March/April 2012

Survey of Fidelity Retail Customers fielded by TNS Custom Research

- Online survey fielded March 27 - April 10, 2012
- Total participants: 824 "random" and 1,737 affluent* Fidelity customers

*Affluent customers are investors with Fidelity Retail assets of $100,000 or more.

[1] *Source: Fidelity Retail Customer Survey – March 2011.*