MEMORANDUM

To: File No. S7-03-13

From: Michael S. Didiuk, Counsel to Commissioner Piwowar

Date: September 4, 2013

Re: Meeting with Representatives of Fidelity

On September 4, 2013, Michael Piwowar, Commissioner, and Michael S. Didiuk, Counsel to the Commissioner, met with following representatives of Fidelity: Nancy D. Prior (President, Money Markets), James F. Febeo Jr. (Senior Vice President, Government Relations and Public Policy), Kevin M. Meagher (Senior Vice President and Deputy General Counsel) and Justin Daly of the Daly Consulting Group. The parties discussed the Commission’s proposal on money market fund reform.
Money Market Mutual Fund Reform

September 4, 2013
Total Assets Under Management
$1,686 Billion

Money Market Assets Under Management
$505 Billion

- Equity: $804 Billion
- Bond: $266 Billion
- High Yield: $111 Billion
- Money Market: $505 Billion
- Treasury and Government: $78 Billion
- Municipal: $70 Billion
- Prime: $356 Billion

Source: FMR as of 7/31/13
Municipal MMFs Have Significant Liquidity

INDUSTRY MUNICIPAL MMF PERCENT OF HOLDINGS IN 7-DAYS OR LESS

Source: Crane Data as of 06/30/13
Municipal MMFs Have Low Interest Rate Risk

INDUSTRY MUNICIPAL MMF PORTFOLIO DOLLAR WEIGHTED AVERAGE MATURITIES

Note: Represents the nominal average of all Tax-Free MMFs as of the first business day of the month.
Source: iMoneyNet as of 07/01/13
Size of Municipal MMFs is Not Systemic

MUNICIPAL MMF AS A PERCENT OF TOTAL MMF INDUSTRY
Total Assets $2,430 Billion

Source: Crane Data as of 06/30/13
Detroit Events Did Not Destabilize Municipal MMFs

Sources: Top chart, FMR as of 07/26/13; Bottom chart, Thompson Municipal Market Data as of 07/26/13; Fund data shows Fidelity Michigan Municipal Money Market Fund
Municipal MMFs Did Not See Significant Redemptions During 2008 Financial Crisis

MONEY MARKET MUTUAL FUNDS ASSET FLOWS

Source: iMoneyNet as of 07/29/13
Municipal MMFs Did Not See Significant Redemptions During 2011 Market Uncertainty

MONEY MARKET MUTUAL FUNDS ASSET FLOWS

Source: iMoneyNet as of 07/29/13
Municipal MMFs Provide Low-Cost Financing for States, Cities and Non-Profits

Sources: Suspension Orthopaedic, Healthcare Facilities Today, Chicago Tribune, Construction Week Online
Money Market Mutual Funds Are Significant Buyers of Short-Term Securities

MONEY MARKET MUTUAL FUNDS’ SHARE OF SHORT-TERM SECURITIES

<table>
<thead>
<tr>
<th>Securities</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agency Securities*</td>
<td>39</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>46</td>
</tr>
<tr>
<td>Treasuries</td>
<td>28</td>
</tr>
<tr>
<td>Repurchase Agreements</td>
<td>30</td>
</tr>
<tr>
<td>Tax-Exempt VRDNs/TOBs</td>
<td>65</td>
</tr>
</tbody>
</table>

Notes: 1 Short-term securities include money market instruments as well as longer-term securities with a remaining maturity of 1-year or less. *Agency securities include debt issued by Fannie Mae, Freddie Mac and the Federal Home Loan Banks.
Sources: Bloomberg, New York Federal Reserve, U. S. Treasury Department, SIFMA, iMoneyNet, Crane Data as of 06/30/13 except VRDNs/TOBs as of 12/31/12
State and local governments rely on short term money market borrowing to pay government employees and fund other operating expenses for cash flow management, and to finance capital projects during construction periods prior to issuing long term bonds.

Source: FMR as of 7/30/13
Note: Data represents state and local governmental note issuance that was offered to FMRCo for purchase.
Potential Impact of MMF Reform on Municipal Issuers

Notes: Annual financing cost assumes average interest rates of 0.18% on notes and commercial paper and 0.06% on floating-rate securities. Sources: FMR as of 06/24/13; Crane Data, iMoneyNet and SIFMA as of 12/31/12.