

MEMORANDUM

August 29, 2013

To: File S7-03-13

From: Anil K. Abraham
Office of Commissioner Daniel M. Gallagher

Re: Proposed Rules on Money Market Fund Reform and Amendments to Form PF

On August 29, 2013, Commissioner Daniel M. Gallagher and Anil K. Abraham (Counsel to the Commissioner) met with the following representatives of Fidelity Investments: Nancy D. Prior (President, Money Market Group, FMR Co.), Kevin M. Meagher (Senior Vice President and Deputy General Counsel, Fixed Income, FMR Co.), and James F. Febeo, Jr. (Senior Vice President, Government Relations and Public Policy, FMR LLC).

The participants discussed the Commission's June 5, 2013 proposed rules regarding money market fund reform and amendments to Form PF. The attached slides were also discussed during the meeting.

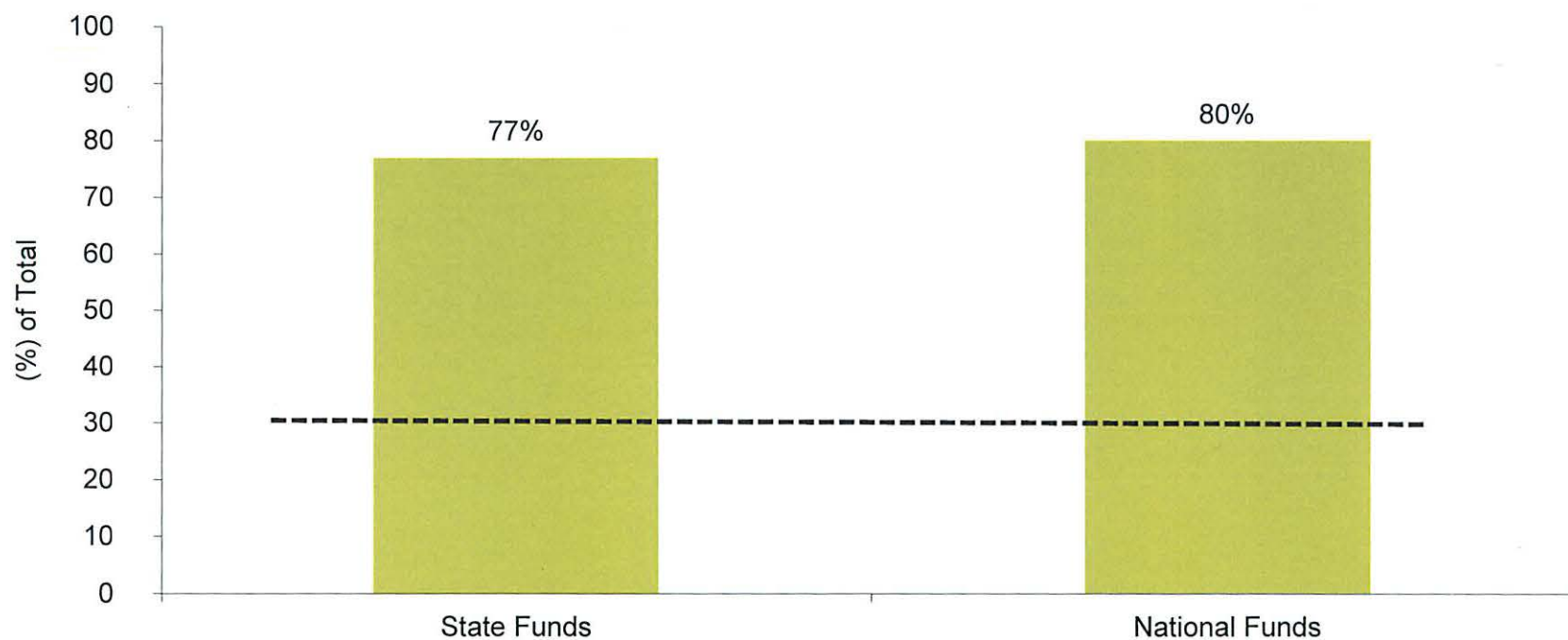


▶ Money Market Mutual Fund Reform

August 29, 2013

▶ 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



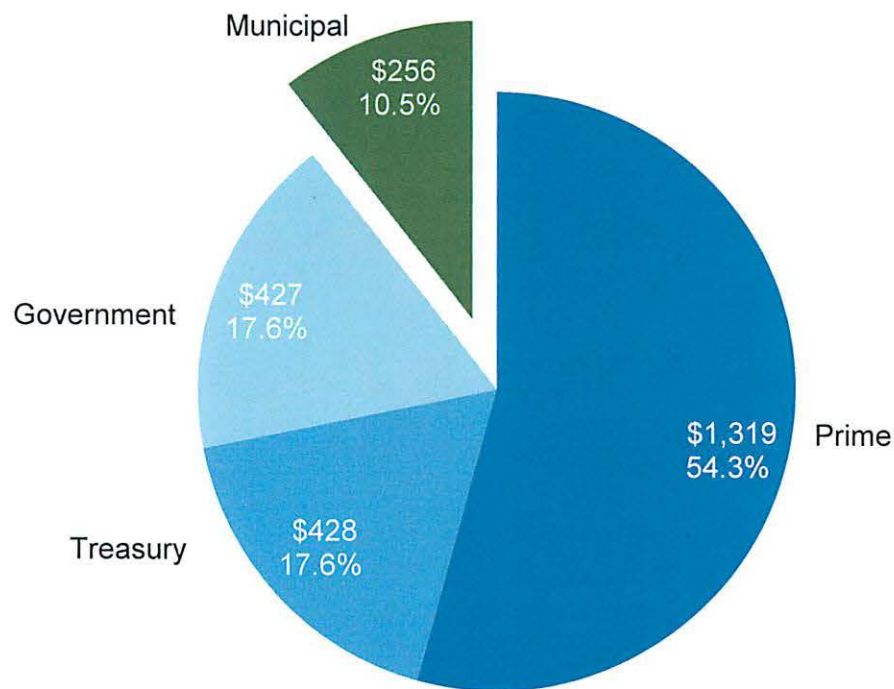
Note: Represents the nominal average of all Tax-Free MMFs as of the first business day of the month.

Source: iMoneyNet as of 07/01/13

▶ Size of Municipal MMFs is Not Systemic

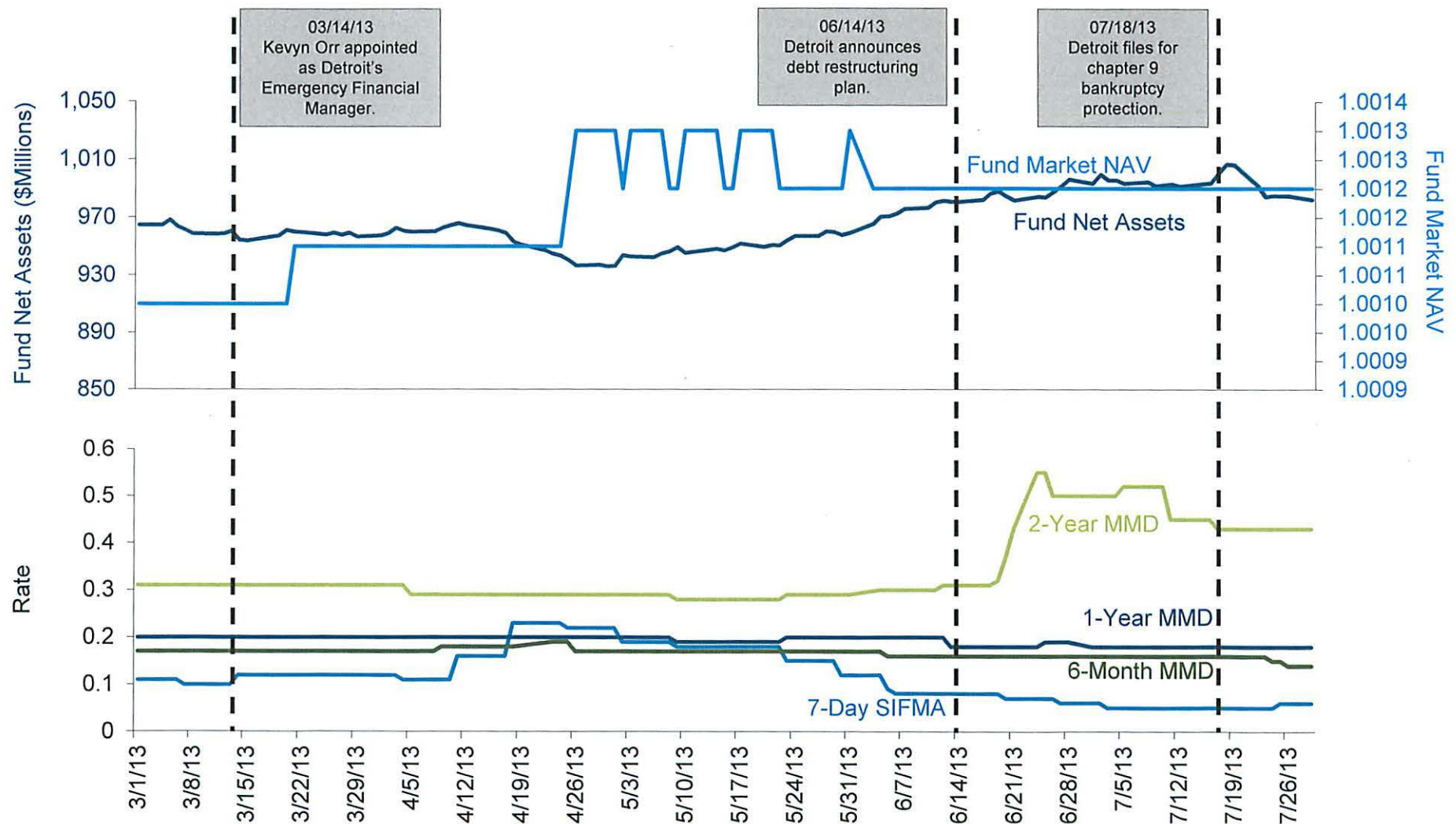
MUNICIPAL MMF AS A PERCENT OF TOTAL MMF INDUSTRY

Total Assets \$2,430 Billion



Source: Crane Data as of 06/30/13

▶ Detroit Events Did Not Destabilize Municipal MMFs

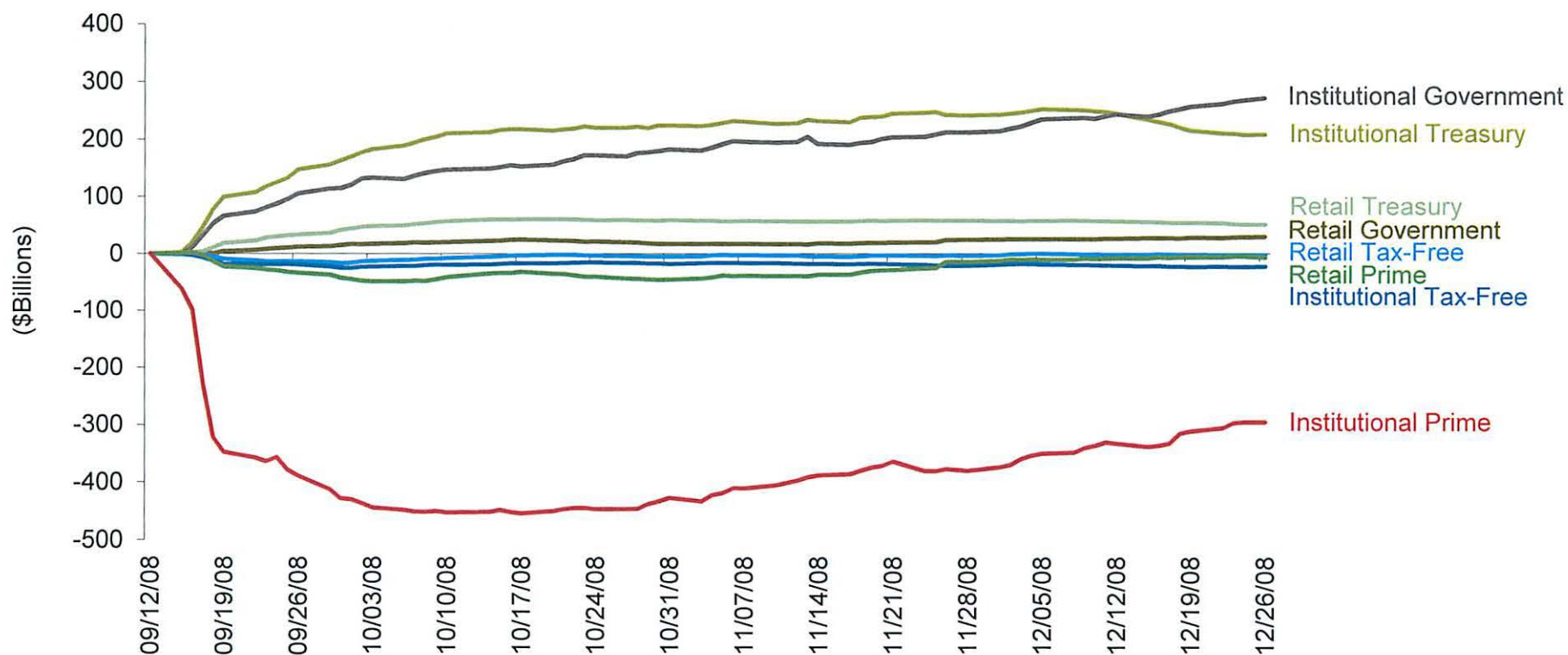


Sources: Top chart, FMR as of 07/26/13; Bottom chart, Thompson Municipal Market Data as of 07/26/13; Fund data shows Fidelity Michigan Municipal Money Market Fund



Municipal MMFs Did Not See Significant Redemptions During 2008 Financial Crisis

MONEY MARKET MUTUAL FUNDS ASSET FLOWS

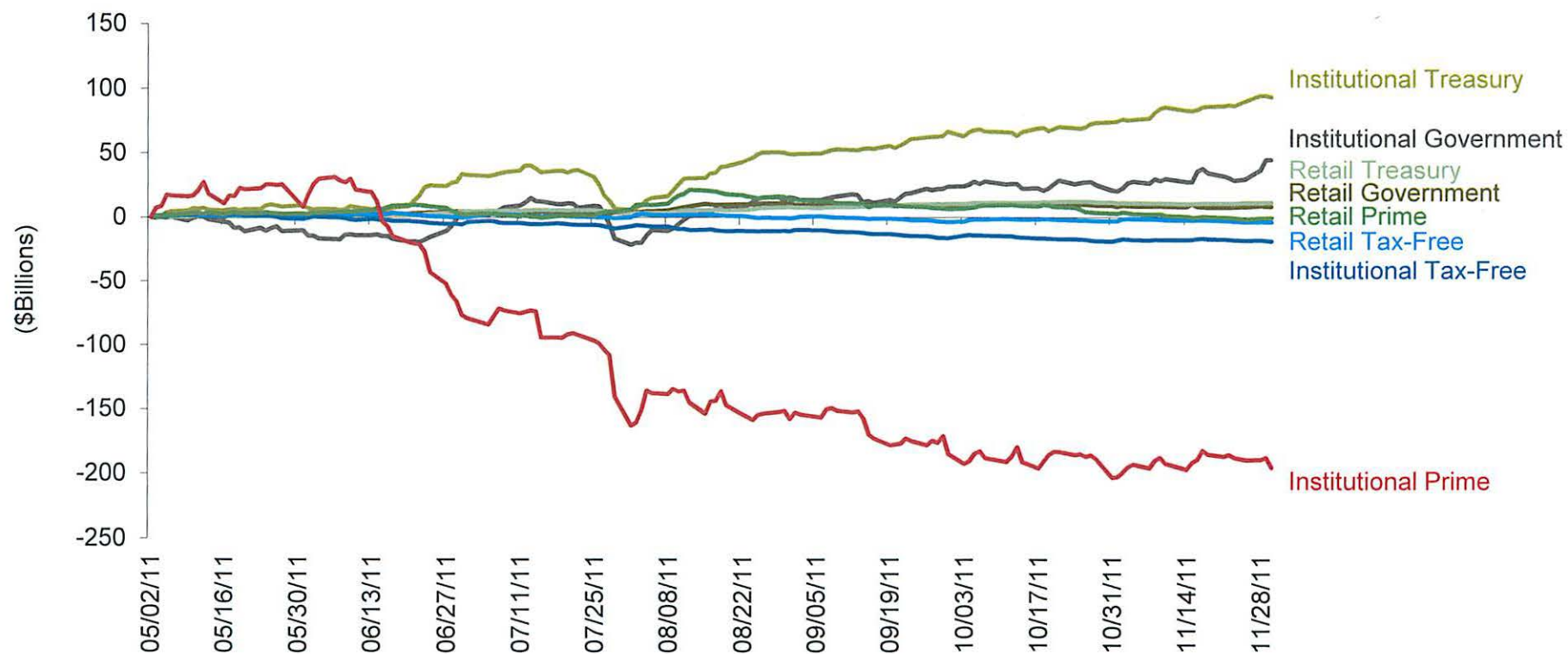


Source: iMoneyNet as of 07/29/13



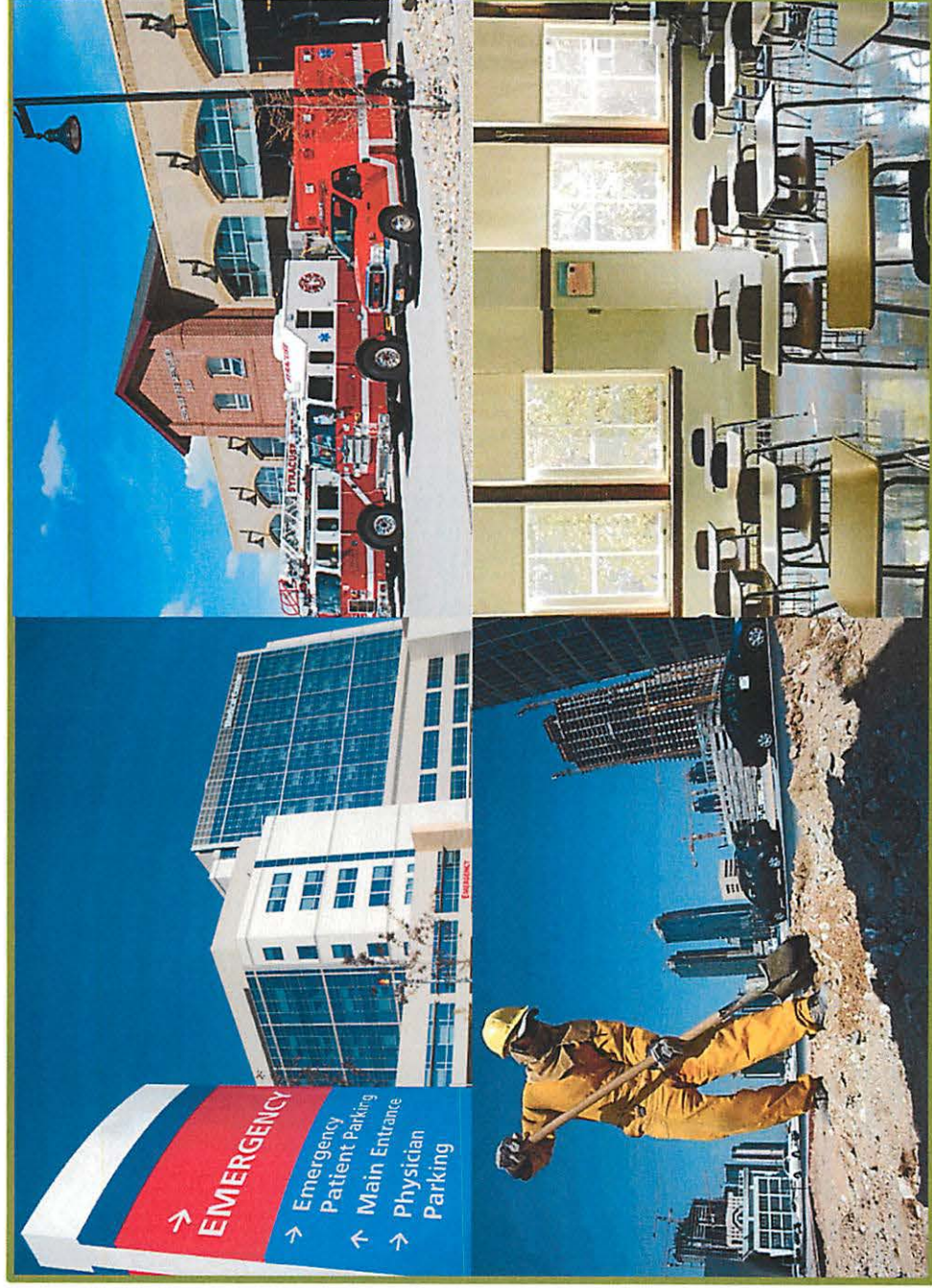
Municipal MMFs Did Not See Significant Redemptions During 2011 Market Uncertainty

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

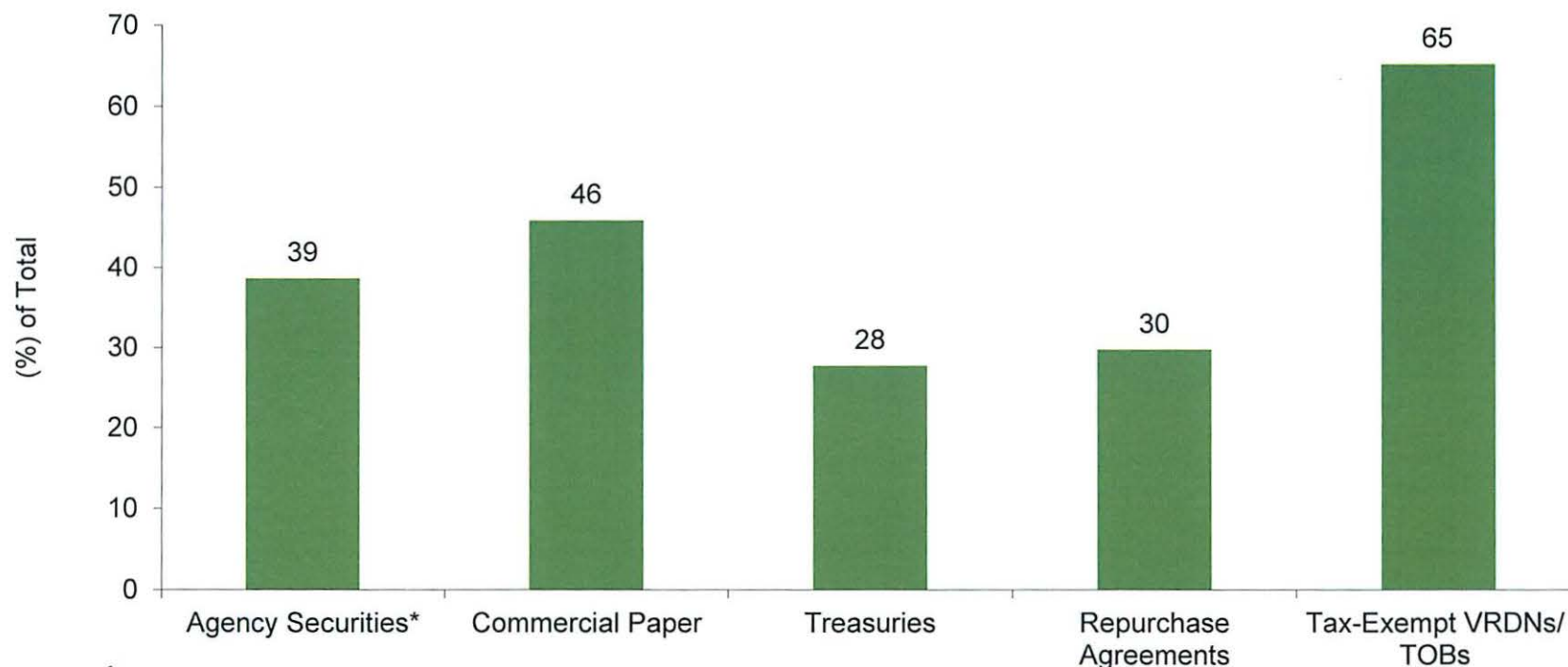


Sources: Suspension Orthopaedic, Healthcare Facilities Today, Chicago Tribune, Construction Week Online



Money Market Mutual Funds Are Significant Buyers of Short-Term Securities

MONEY MARKET MUTUAL FUNDS' SHARE OF SHORT-TERM SECURITIES¹



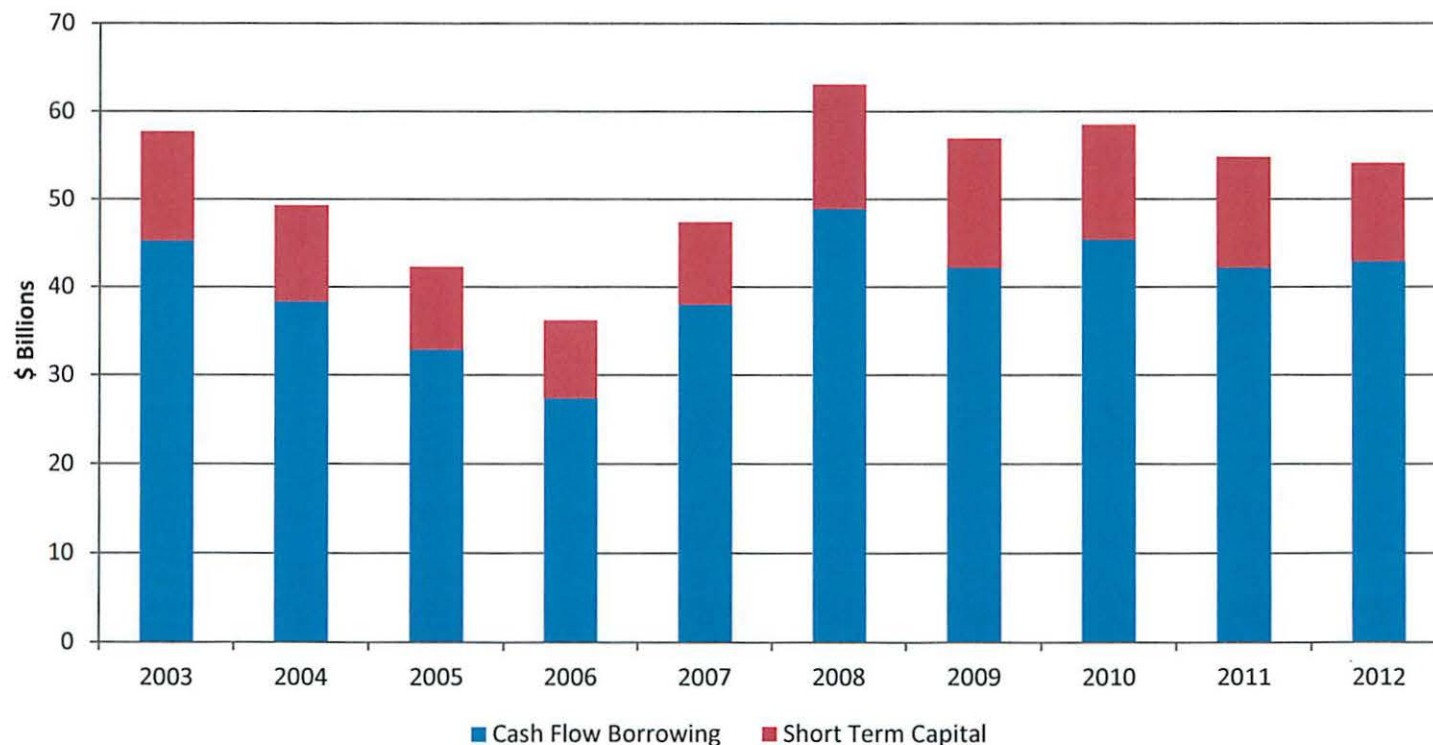
Notes: ¹ Short-term securities include money market instruments as well as longer-term securities with a remaining maturity of 1-year or less. *Agency securities include debt issued by Fannie Mae, Freddie Mac and the Federal Home Loan Banks.

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 Issue Significant Notes: Ten Year Total = \$520 Billion

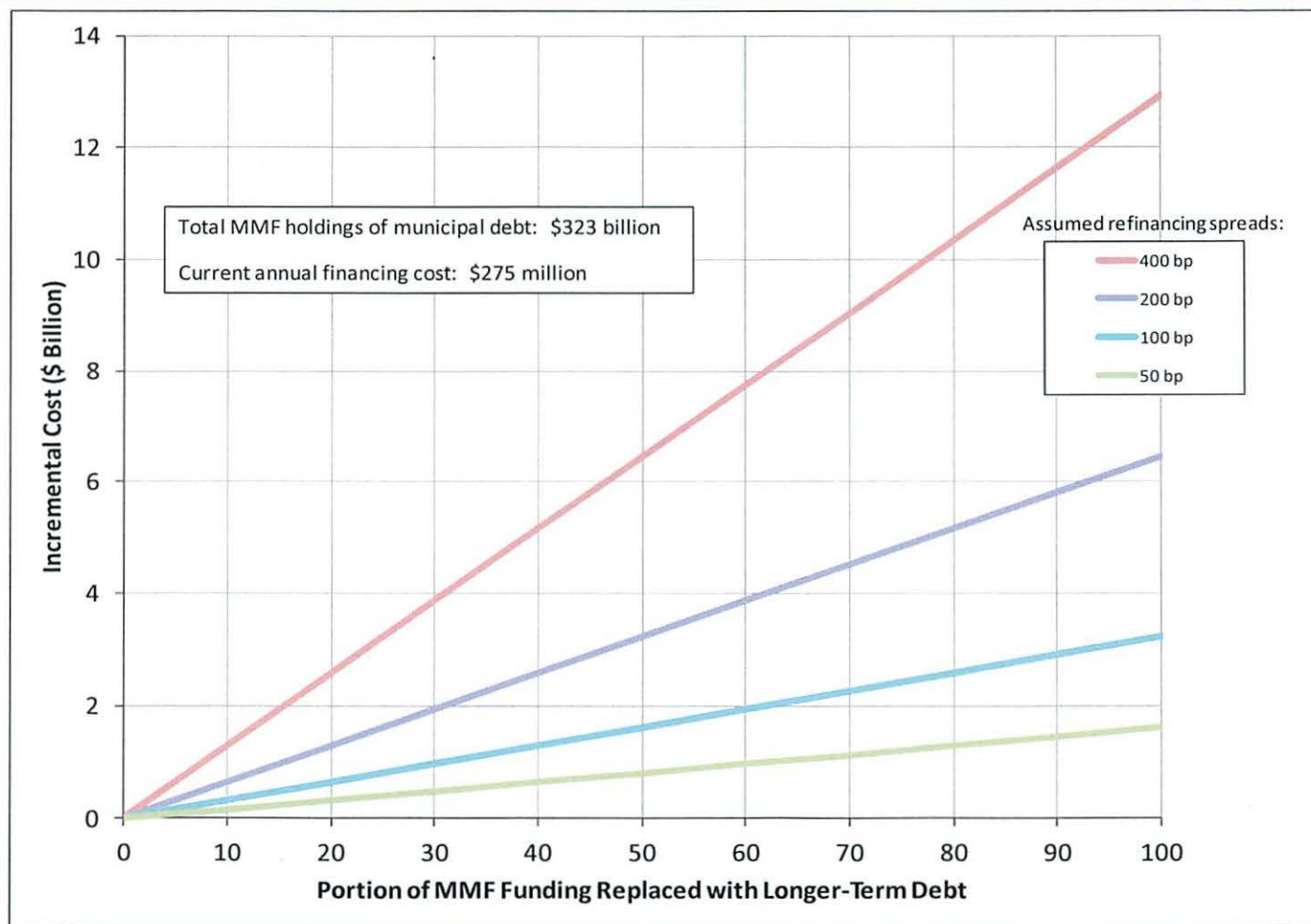
- ▶ State and local governments rely on short term money market borrowing to pay government employees and fund other operating expenses for cash flow management, and to finance capital projects during construction periods prior to issuing long term bonds.



Source: FMRCo 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