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Submitted electronically through <http://www.regulations.gov>

Mr. Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: **Investment Company Reporting Modernization
File No. S7-08-15**

Dear Mr. Fields,

Fidelity Investments (“Fidelity”)¹ appreciates the opportunity to provide comments to the Securities and Exchange Commission (“SEC” or “Commission”) on its proposals to modernize investment company reporting and disclosure (the “Proposals”).²

We support the SEC’s initiative to reassess the data it gathers to monitor the asset management industry, as well as the data it requires mutual funds to disclose to enable investors to make informed investment decisions. We believe the Proposals are appropriate foundational elements of the Commission’s initiative to evaluate and refine its comprehensive regulatory regime.³ The SEC is well situated to monitor the asset management industry and to assess whether regulatory action is appropriate to address regulatory gaps. The best way for the SEC to play this important role is to analyze relevant, standardized data from industry participants. Such data would enable the SEC to aggregate and assess information, and then tailor its regulatory efforts to specific vulnerabilities. We are pleased that the SEC, as the asset management industry’s primary regulator, is taking these steps to ensure its regulatory framework reflects the evolution of both the industry and the capital markets.

We strongly support the SEC’s focus on modernizing (i) the means by which data is collected from funds, and (ii) the methods to transmit information to shareholders. Collecting data in a structured format should allow the Commission to use information from market participants in rigorous empirical examinations of the industry in furtherance of the SEC’s

¹ Fidelity and its affiliates are leading providers of mutual fund management and distribution, securities brokerage, and retirement recordkeeping services, among other businesses.

² Investment Company Reporting Modernization, Investment Company Act Release No. 31610 (May 20, 2015), 80 Fed. Reg. 33590 (June 12, 2015) (the “Release”).

³ Speech by Chair Mary Jo White, “Enhancing Risk Monitoring and Regulatory Safeguards for the Asset Management Industry,” available at <http://www.sec.gov/News/Speech/Detail/Speech/1370543677722>.



goals.⁴ Additionally, providing registered investment companies with the notice and access option for delivery of shareholder reports reflects shareholders' increasing use of technology to access information about their investments. This option makes access to such information more convenient while reducing overall fund and shareholder costs.

The changes that the SEC is proposing are substantial and will require funds to provide many new data points to the SEC. Due to the detailed nature of the data being requested and the potential for varying assumptions about certain data requests, we would welcome additional dialogue with the SEC based on the comments it receives. We believe additional discussion could be beneficial to the Commission and will improve the quality and consistency of the proposed new data requests and the information provided by registrants.

In this letter we suggest refinements to key elements of the Proposals to aid the SEC in its efforts to collect the most useful information to evaluate trends and risks in the industry. We also offer suggestions intended to ensure that shareholders are supplied with information that will be most helpful to them in making investment decisions. Our comments include the following points:

- I. We recommend that the SEC take a phased approach and not make Form N-PORT publicly available as proposed. Instead, the SEC should use Form N-PORT as a data collection tool and retain Form N-Q to serve the shareholder disclosure function sought by the Proposals. The SEC can then review the data reported by registrants and evaluate its relative usefulness for investors at a later time.
- II. We offer feedback on specific data elements and recommendations to address the need for additional clarity regarding certain terms and provisions. Where there is a lack of market standardization in certain categories, we recommend modifications, and request SEC guidance, to enhance the comparability of data reported across registrants.
- III. We support proposed Rule 30e-3, but suggest modifications to the proposed rule intended to enhance its usefulness, including with respect to funds that are distributed to shareholders through intermediaries.

I. Form N-PORT Should Not Be Made Available to the Public for a Period of Time

Proposed Form N-PORT would require most registered investment companies to file with the SEC enhanced portfolio holdings on a monthly basis. Form N-PORT would also include reporting of new monthly data on a variety of fund attributes including information relating to derivatives investments and risk metrics. Collecting key information on a consistent basis from registrants would help the SEC to identify vulnerabilities and act accordingly. We believe that Form N-PORT is best used as a regulatory data collection tool, rather than as an investor

⁴ Release at 33593.

disclosure tool. Therefore, we suggest that the SEC not make public, as proposed, periodic monthly data collected on Form N-PORT, and instead retain Form N-Q reporting as the mechanism to provide fund holdings disclosures. We suggest that the SEC adopt this approach for a period of time to allow the SEC to evaluate the data it receives. The SEC can then consider carefully whether that data would be useful to investors and shareholders and whether disclosure would serve investor interests.⁵ As a non-public filing, Form N-PORT would serve the SEC's investor protection objectives through its use by the SEC to monitor risk, assess industry trends and consider additional regulatory measures.

Fidelity believes that investor protection is not always served by disclosing *more* information, if that information would not be useful to investors or would be confusing. In other contexts, the SEC has acknowledged the importance of providing relevant information to shareholders, rather than simply more information.⁶ In contrast, providing investors with the detailed, complex information contained in Form N-PORT may not serve investors' interests. By retaining Form N-Q for the purpose of shareholder disclosure, the SEC already has an established channel through which funds provide pertinent information to shareholders.

If the SEC proceeds with the proposal to make Form N-PORT publicly available, we believe that the SEC should give additional consideration to whether the basis on which much of the information is prepared (i.e., GAAP vs. non-GAAP) is comparable to existing shareholder reporting and the reliability of the data for use in making investment decisions. For example, data as of the same type and reporting date disclosed on Form N-PORT and also disclosed in a fund's semi-annual report may differ. The inconsistencies in the data may cause confusion among shareholders. While it is important that the SEC move forward efficiently, we believe that it is equally important that the SEC refine the data requests in the Proposals to ensure that Form N-PORT provides data of sufficient quality to achieve its objectives.⁷

II. Feedback and Recommendations on Specific Data Requests

Certain elements of the Proposals include a degree of subjectivity that could detract from the policy objectives outlined by the SEC.⁸ The following recommendations are intended to

⁵ See Section 45(a) of the Investment Company Act of 1940.

⁶ See Enhanced Disclosure and New Prospectus Delivery Option for Registered Open-End Management Investment Companies, Investment Company Act Release No. 28584 (Jan. 13, 2009), 74 Fed. Reg. 4546 (Jan. 26, 2009) (the "Summary Prospectus Release") at 4547; *see also*, page 4549, acknowledging "investors' preferences for concise, user-friendly information."

⁷ If the SEC does not adopt our suggestion of using Form N-PORT as a non-public data collection tool, we recommend that, at a minimum, the SEC not make publicly available certain items which could have the greatest adverse impact on funds and investors if publicly disclosed. These items include: risk metrics information, country of investment or issuer, illiquid assets and certain proprietary derivatives and securities lending information. For derivatives information, the items we believe should not be made public include the following Form N-PORT items: B.5.c., C.11.c.iv. through viii., C.11.d.iii. through v., C.11.e.iii. and iv., and C.11.f.ii. through v.

⁸ Release at 33591.

ensure that N-PORT provides relevant, consistent, and comparable information,⁹ which can be aggregated and used by the SEC to assess and monitor the asset management industry.

Instructions to Form N-PORT

The instructions to proposed Form N-PORT require funds to report information as of the last business day of the month, but are silent as to the timing of reporting of portfolio transactions. In the absence of a uniform approach, funds will select a convention to use in reporting N-PORT information that may vary between fund companies. As a result, the SEC may not receive consistent information from registrants. To ensure data provided by registrants is reported uniformly, we recommend that the SEC require reporting of monthly information on Form N-PORT on a T+1 basis, consistent with the calculation of fund's current net asset value ("NAV") under Rule 2a-4 of the Investment Company Act. In calculating N-PORT data on a T+1 basis, funds would include changes in holdings that are reflected in the reporting period's ending NAV. We believe this approach simplifies the monthly N-PORT reporting process and minimizes costs that would be incurred to upgrade systems if data was requested on a different basis.

Securities Lending Information

Form N-PORT Item B.4

Proposed Form N-PORT would require funds to report, for each of their securities lending counterparties, the counterparty's full name and legal entity identifier as well as the aggregate value of securities on loan to the counterparty. We do not believe that reporting information on all counterparties is a meaningful indicator of risk in securities lending for the reasons acknowledged by the SEC in the Release: securities loans are fully collateralized (and most often at levels exceeding 100% of the value of loaned securities), and loaned securities are marked to market daily to ensure collateralization levels are properly maintained. Additionally, lending agents might offer indemnification to funds, which provides further protection against counterparty defaults. Nonetheless, should the SEC require counterparty disclosure, we believe reporting on the aggregate value of securities on loan for a fund's top five intermediaries would enable the SEC to effectively monitor counterparty exposure while limiting the associated administrative burden and cost of reporting *all* counterparties.

We believe a more meaningful indicator of the risk associated with securities lending activity is the soundness and safety of cash collateral re-investment vehicles. Funds typically re-invest cash collateral in order to earn incremental income. However, funds must return the full value of the collateral to borrowers when the loan is terminated. Funds assume all risks when re-investing cash collateral, including potential losses. We believe that in monitoring risks borne by funds when engaging in securities lending, the SEC would benefit from disclosure concerning the cash collateral re-investment vehicles used by funds. For example, such disclosure could

⁹ The SEC has highlighted the importance of cross-fund comparisons in other contexts. *See, e.g.* Summary Prospectus Release at 4549.

include whether the re-investment vehicle is registered with the SEC, whether a prospectus and other periodic reports are publicly available, whether the vehicle predominantly holds money market-eligible securities and, if not, the vehicle's percentage of holdings in liquid securities.

Regulation S-X

The SEC also proposes that a fund disclose, in its financial statements, items such as gross and net income from securities lending, including cash collateral reinvestment income, the dollar amount of compensation paid for securities lending activities and related services, and the percentage of gross securities lending income paid to a securities lending agent, often referred to as the fee split. We support the SEC's goal of enabling investors to better understand the income generated from securities lending activities as well as the associated expenses incurred by funds, and support all the SEC's proposed disclosures with the exception of the fee split with a third-party lending agent.

We do support disclosing the fee split to the SEC in Form N-PORT on a non-public basis and support including the amounts paid to lending agents in fund financial statements when aggregated with other securities lending-related expenses. To facilitate comparability in reported fees and expenses across the industry, we believe the SEC should request disclosure of the following securities lending-related fees and expenses on an aggregated basis: (i) borrower rebates, (ii) cash collateral management fees, (iii) custody fees related to securities lending, (iv) lending agent fees (including the portion of securities lending income paid to the lending agent) and (v) other administrative fees related to securities lending. We also believe that investors would benefit from disclosure concerning compensation paid to affiliates for securities lending activities and encourage disclosure of the dollar amounts of such payments.

Ultimately, we believe shareholders will evaluate the funds' results through the total incremental income and return from securities lending activities, not the terms of the fee split. We believe that focusing attention on the terms of the revenue split, which funds negotiate with third-party lending agents, could have the unintended consequence of negatively impacting funds' ability to negotiate competitive services and rates. We also note that too much emphasis on the fee split with lending agents, in the absence of other fees and expenses, might understate amounts paid to lending agents or affiliates and may mislead investors. For example, a fund may compensate a lending agent through a revenue-sharing arrangement but also separately compensate a lending agent or an affiliate for collateral management or other securities lending-related administrative services.

Form N-PORT Item C.12. would require investment-by-investment details, including whether (i) a portion of the investment was on loan and the value of such loan, and (ii) whether any amount of the investment represented re-investment of collateral and the dollar amount of such re-investment. It is common practice for funds to highlight securities on loan and collateral reinvestment vehicles in the schedule of investments within the funds' financial statements. We believe the practice of annotating those securities is sufficient. We do not see the benefit to the SEC or investors of the additional granularity the SEC proposes in Form N-PORT Item C.12.

Form N-CEN Item 30

In an effort to assess counterparty risk, the SEC proposes to require funds to report on an annual basis whether borrowers defaulted on their obligations during the period. We encourage the SEC to specify the types of borrower default events that would trigger an affirmative response. We believe the focus should be on defaults that result in losses to the fund, which could arise when the value of collateral for loaned securities and any reimbursement payments (e.g., indemnification protection) due to the fund are insufficient to eliminate losses associated with the default. Immaterial technical loan defaults are not uncommon and usually are resolved without loss to the fund. Requiring a fund to report any instance of default, regardless of its impact to the fund, would misrepresent counterparty risk.

The SEC also proposes that funds report basic identifying information about their lending agents and cash collateral managers, any affiliation with these entities, disclosures concerning the types of payments to these service providers, and whether the lending agents or others indemnify the funds against borrower default. As previously discussed, we believe that transparency into collateral re-investment is crucial to monitoring and understanding the risks borne by funds when engaging in securities lending. We support the SEC's proposed disclosure concerning cash collateral managers and their compensation. We also support the SEC's request for more disclosure concerning affiliated relationships in securities lending activities, including with respect to lending agents and collateral managers. For the reasons noted above, however, we believe details concerning third-party lending agent arrangements, including indemnification protection, should remain non-public as public disclosure may negatively impact the ability to negotiate for these services.

Risk Metrics Disclosure

We support the SEC's request for risk metrics information in proposed Form N-PORT. In some cases, however, the proposed metrics do not have a standard method of calculation. Without such standardization, the SEC would receive measurements that are not comparable across registrants. To the extent possible, we recommend that the SEC limit its request to existing industry standard risk analytics.

For investment grade instruments and the mutual funds that hold them, we recommend modest changes to the proposed analytics that will more closely conform to industry standards and will be more informative for the SEC's risk oversight function. For non-investment grade funds and instruments, risk metrics are less standardized and we request additional guidance on how they should be computed. In particular, non-investment grade funds often hold instruments such as equities and equity-like securities for which bond risk analytics are not standard and may not be appropriate. The risk analytics for such securities should be explicitly defined. If not, such analytics should not be included in Form N-PORT.¹⁰

Form N-PORT Item B.3.(a) – Interest Rate Risk

¹⁰ At the very least, we believe this information should not be made publicly available because it is complex and will lead to investor confusion.

For investment grade instruments and funds, we agree that the anticipated changes in market value caused by a basis point change in interest rates at specific points on the interest rate curve (DV01s) are appropriate and useful for understanding interest rate risk. Standard interest rate curves (e.g., the U.S. Treasury curve) are readily available, and measuring changes in portfolio value arising from interest rate curve reshaping is standard practice in investment grade fund management. To be more in-line with standard industry risk metrics, however, we suggest modifying the proposal to subsume the 1-, 3-, and 6-month exposures into the 1-year exposure. In our experience, the detailed breakout inside of 1 year is not informative for the vast majority of fixed income instruments and mutual funds.

Non-investment grade portfolios often hold equity-like securities, including preferred stocks, convertible bonds, and equities, for which DV01s are not appropriate or meaningful. We believe that Form N-PORT should clarify how funds should calculate interest rate risk for portfolios of this sort.

Form N-PORT Item B.3.(b) – Credit Spread Risk

For investment grade instruments and funds, we agree that the anticipated change in market value due to basis point change in credit spread (CR01) is appropriate and useful for understanding credit risk. We do not believe, however, that reporting the CR01s at different maturity exposures is warranted. Credit curves are difficult to observe directly, and the proposed detailed maturity breakout may be ambiguous and may not provide the SEC with useful information. A single CR01 without reference to maturity is a standard risk metric and should be familiar to market participants.

As a more informative alternative to CR01s decomposed by maturity, we recommend that the SEC modify the proposal to request a finer breakout of CR01 by security type. We suggest breaking out government-related CR01 from other investment-grade CR01. We believe this would be far more useful for monitoring fund credit risk than a maturity breakout.

Within non-investment grade portfolios, we believe that credit spread metrics should minimize any assumptions made by individual advisers that may make comparisons between figures less useful. Additional consideration should be given for non-investment grade portfolios that often contain securities with significant credit risk which may not necessarily be reflected in traditional credit spread measures such as pay-in-kind (“PIK”) bonds, including PIK toggle notes, bank loans, convertible securities, preferred securities, defaulted securities and equities. The SEC should provide guidance on the calculation of credit risk for such securities, or otherwise exclude these securities from the proposed requirements.

Country of Investment or Issuer – Form N-PORT Item C.5.

For each security, proposed Form N-PORT asks for the country of investment based on concentrations of risk and economic exposure. This determination is inherently subjective and likely will yield different results for the same investments across registrants. For example, in the case of a security issued by a multi-national corporation incorporated in one country and with ownership and significant subsidiaries in other countries, it is unclear which country should be

reported. Without further guidance from the SEC on how to determine the country to report, the SEC likely will receive information that will not provide meaningful comparisons across funds in different complexes. Unless and until this request is standardized, we do not think this information should be made publicly available to avoid investors seeing inconsistent reporting across registrants.

Illiquid Assets – Form N-PORT Item C.7.

Proposed Item C.7 of Form N-PORT would require a fund to report whether or not each investment held by the fund is illiquid. As noted in the Proposal,¹¹ the Commission is currently undertaking a separate project evaluating the need to update liquidity standards across open-end funds and ETFs. We believe the SEC should not impose the new reporting requirement in Item C.7 until it completes this separate project. If the SEC decides to require disclosure on Form N-PORT prior to completing this review, we encourage the SEC to eliminate the public disclosure requirement for liquidity determinations. The disclosures will be confusing and potentially misleading to shareholders if a fund's disclosures change at a later date as a result of any new liquidity standards the SEC elects to impose.

Pricing Vendors – Form N-CEN Items 35 and 36

In an effort to assess the role that pricing services play in valuing fund investments, new Form N-CEN would require disclosure concerning the identity of pricing services used during the reporting period, as well as information concerning terminated service providers. We do not believe that the SEC should require information on terminated pricing service providers in Item 36. Information concerning terminated pricing services would not provide investors with meaningful insights into the valuation process and could inappropriately imply the valuation of fund investments was incorrect or unreliable. At the direction of funds' boards of directors, funds constantly evaluate the quality and reliability of pricing services and from time to time may propose to replace a pricing service for one or more security types. These changes are made in the ordinary course of business and do not necessarily imply that valuation was deficient.

III. Website Transmission of Shareholder Reports

Fidelity strongly supports new Rule 30e-3, which provides for web delivery of shareholder reports. As described below, however, Fidelity suggests that the Commission consider minor modifications to the proposed Rule. The proposed modifications would extend the benefits of the proposal to broker dealers, align the Rule with existing notice and access rules, and encourage shareholder access to reports through the internet.

A large percentage of mutual fund shares are held through broker dealers. Fidelity believes the benefits of this proposal should be extended to broker dealers because they provide regulatory document transmission services on behalf of funds and their transfer agents. The proposed Rule does not clearly contemplate fund distribution through broker dealers or provide

¹¹ Release at 33605, note 100.

for practices that would allow broker dealers to take advantage of this Rule. For example, the proposed Rule is silent on how the notice requirements would apply to broker dealers. Modifying components of the Rule to enable broker dealers to use it would align the Rule with the Internet Availability of Proxy Materials¹² (“Proxy Rule”) model, and allow the industry to take advantage of existing infrastructure to deliver important shareholder communications.

The proposed Rule requires that an Initial Statement¹³ be provided to shareholders 60 days before the fund may use a Notice¹⁴ in lieu of mailing printed copies of reports to shareholders. Fidelity believes that the Initial Statement is unnecessary. Both the Initial Statement and the Notice serve to inform shareholders of the availability of the shareholder report via the internet and their right to receive a paper report, either for a specific report or for all reports in the future. The first Notice and all subsequent Notices would provide essentially the same information as the Initial Statement. The elimination of the Initial Statement would streamline the customer communications related to shareholder delivery preferences and eliminate unnecessary fund and shareholder expenses. The proposed modifications would also align the requirements of the Rule with the Proxy Rule, which does not require an Initial Statement but provides shareholders with the opportunity to request paper reports both on a one-time basis and for all future reports.

The proposed Rule requires that a pre-paid envelope be included with each Notice¹⁵ provided to shareholders. Fidelity does not support this requirement. Instead, Fidelity believes that including an email address along with a toll-free phone number and a public internet website, will provide shareholders sufficient options to request a full paper report. This change would save the unnecessary fund expense associated with providing a pre-paid envelope, and be consistent with the Proxy Rule.

Fidelity recommends that the Commission consider modifying the Notice requirements in the proposed Rule as follows:

- For funds with the same fiscal year-end, a single Notice should be permitted for funds whether or not they are in the same fund complex. This consolidated Notice would reduce mailings and streamline customer communications.
- With respect to direct fund relationships, the types of documents the Notice would be allowed to accompany should include account statements.¹⁶ Because fund direct shareholders receive reports and account statements directly from the fund, flexibility to consolidate the Notice with account statements would benefit funds and shareholders by eliminating unnecessary mailings.

¹² §240.14a-16

¹³ §270.30e-3(c)(1)

¹⁴ §270.30e-3(d)

¹⁵ §270.30e-3(d)(1)(vi)

¹⁶ Proposed Rule 30e-3(d)(4)

- The content of the Notice should be enhanced to require disclosure providing:
 - Direction to shareholders to important information such as Fund performance and portfolio manager insights, in addition to direction to fund holdings information. Enhanced disclosure in the Notice could encourage shareholder access of reports.
 - Information that explains the benefits of electronic delivery. Electronic delivery is fast becoming the delivery method of choice for many customers, and disclosure on the Notice could increase electronic delivery elections and help reduce shareholder expenses.
- Although the Notice must include a URL to a fund's report, in order to allow the Notice to be used by broker dealers, the Notice should be allowed to direct shareholders to the funds' website for complete portfolio holdings, without providing the actual URL. Although a technical change to the requirement, this will allow the industry more flexibility in implementing the rule.

Proposed Rule 30e-3 contemplates shareholder delivery preferences being managed at the fund level. Today, most funds and broker dealers maintain shareholder delivery preferences at the account level (account or multiple accounts under the same SSN or TIN) and not at the fund level. Delivery preference requirements at the fund level is inconsistent with existing account level preference management requirements under the Proxy Rule, electronic delivery and other account level preferences (e.g., letters and alerts). Fidelity feels strongly that account level preferences, and not fund level preferences, should be adopted in the final rule.

The Commission requested comment on funds' use of electronic delivery of disclosure documents. Fidelity strongly supports the continued use of electronic delivery as a delivery option for shareholders. Shareholders have become accustomed to receiving documents via the Commission's existing electronic delivery model.¹⁷

Lastly, it is a common industry practice to send prospectuses to existing shareholders on an annual basis to satisfy prospectus delivery requirements for future mutual fund purchases. Often, the annual prospectus is included with a shareholder report. Fidelity supports extending

¹⁷ Fidelity continues to believe that an appropriately structured implied consent model, rather than affirmative consent, can be an effective means of implementing electronic delivery. *See* Letter from Alexander C. Gavis, Asst. Gen. Couns., Fidelity Mgmt. & Res. Co. to the SEC (June 16, 2000), available at <https://www.sec.gov/rules/interp/s71100/gavis1.htm>.

the modified Notice requirements to allow annual prospectus delivery through the Notice. This approach would streamline shareholder communications and reduce fund expenses.¹⁸

IV. Other Considerations

Sarbanes-Oxley Certifications

The SEC asks whether the portfolio schedules attached to proposed Form N-PORT should be certified, as is currently required by Form N-Q.¹⁹ We support the proposed amendments to the certification requirements for semi-annual and annual reports on Form N-CSR. We do not believe that the SEC should require the portfolio schedules attached to Form N-PORT each month to be certified, even though their content is similar to funds' current reports on Form N-Q.²⁰

The Sarbanes-Oxley certification requires each fund's principal executive officer and principal financial officer to make findings both with respect to the accuracy of the information provided in the report, as well as the processes and controls in place to ensure the report is reliable.²¹ Since these certification requirements were adopted, mutual fund complexes have developed processes to assist certifying officers in making their certifications. These processes cover all aspects of the certification, including accuracy of the disclosure, the absence of significant deficiencies, material weaknesses or fraud, and the reliability of disclosure controls and procedures and internal control over financial reporting. The processes are designed to bring all information which could impact the accuracy of the certification to the attention of the certifying officers.

For the Sarbanes-Oxley certifications to be a valuable tool, certifying officers must be given sufficient time to assure themselves the certifications they make are accurate and reliable. We do not believe certifying officers would have sufficient time to make the findings discussed above if the SEC were to require that the portfolio schedules attached to Form N-PORT be certified each month and filed with the SEC within 30 days.

¹⁸ Our support is qualified, however, by the concern that adding the annual prospectus to this proposal could impede the rulemaking process. We would not support delaying the remainder of the Proposals in order to include the annual prospectus as part of this rulemaking but instead would advocate for a separate rulemaking to implement a similar model for the annual prospectus.

¹⁹ Release at 33611.

²⁰ As discussed above, we believe the SEC should retain the existing Form N-Q and not publicly disclose Form N-PORT. If the SEC does so, we believe it can retain the existing certification requirements (including the 60-day filing requirement) for Form N-Q and the SEC need not amend the certification requirements for reports submitted on Form N-CSR.

²¹ In the certification required by Section 302 of the Sarbanes-Oxley Act, the officers must certify, among other things, that the report does not contain any untrue statements or material omissions and that the financial statements fairly present the financial health of the fund. The officers must also certify (i) that disclosure controls and procedures have been designed such that material information about the fund has been disclosed and (ii) that internal controls over financial reporting provide assurances regarding the reliability of the financial statements.

Duplicative Reporting

Form N-PORT would require funds to report certain information about each investment held by the fund's subsidiaries. Some investment advisers treat certain wholly owned subsidiaries of registered investment companies as private funds for purposes of their reporting on the private funds they advise in Form ADV and Form PF. We recommend that the SEC confirm that investment advisers are not required to report such subsidiaries as private funds on Form ADV and Form PF if the investments held by such subsidiaries are reported on Form N-PORT. Providing separate information concerning the subsidiaries in Form ADV and Form PF is burdensome, and we do not believe it materially enhances transparency or the SEC's ability to monitor risk. Form N-PORT would provide the SEC with greater transparency into the holdings of such subsidiaries than either Form ADV or Form PF, because it requests position level data, rather than aggregated data. In addition, Form N-PORT reporting is more frequent than either Form ADV or Form PF.

Compliance Periods

We appreciate and support the Commission moving forward as efficiently as possible with the present rulemaking. However, we acknowledge the significant operational changes that will be necessary to implement the Proposals. Therefore, we recommend that the proposed compliance periods for implementation be extended to a 30-month compliance period for Forms N-PORT and N-CEN and an 18-month compliance period for the amendments to Regulation S-X. We believe these time periods strike a fair balance between accommodating the operational changes and upgrades necessary for implementation and moving forward with the SEC proposal to collect this data as efficiently as possible.

Costs

The Release states, "because we believe that the required information is generally maintained by funds pursuant to other regulatory requirements or in the ordinary course of business, for the purposes of our analysis, we have not ascribed any time to collecting the required information."²² Certain data elements requested by the Proposals are maintained on multiple systems, or at multiple vendors. The costs of consolidating this information and establishing the appropriate control environment should be considered. Additionally, certain data elements may not be maintained in a format that would easily be consolidated. Data enhancements would be required to comply with the new disclosure requirements, including the restructuring of certain data elements. Costs associated with these enhancements should be assessed when considering the Proposals.

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²² Release at 33674, 738.

Secretary, Securities and Exchange Commission

August 10, 2015

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Fidelity would be pleased to provide further information, participate in any direct outreach efforts the Commission undertakes, or respond to any questions the Commission may have.

Sincerely,

A handwritten signature in blue ink, appearing to read "Hans B. Bryant".

cc: The Honorable Mary Jo White, Chair
The Honorable Luis A. Aguilar, Commissioner
The Honorable Daniel M. Gallagher, Commissioner
The Honorable Michael S. Piwowar, Commissioner
The Honorable Kara M. Stein, Commissioner