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November 18, 2010

Ms. Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File No. S7-30-10; Release Nos. 34-63123; IC-29463
Reporting of Proxy Votes on Executive Compensation and Other Matters

Dear Ms. Murphy:

Fidelity Investments[1] appreciates the opportunity to comment on the Securities and Exchange Commission's proposed rule on reporting proxy votes on executive compensation and other matters (the "Proposed Rule").[2]

Section 951 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") added new Section 14A(d) to the Securities Exchange Act of 1934 (the "Exchange Act"), which requires institutional investment managers subject to Section 13(f) of the Exchange Act to disclose publicly how they voted on three executive compensation-related advisory votes ("Section 14A Votes")[3] except for votes that are otherwise required to be reported publicly by rule or regulation of the Commission. The Proposed Rule would require managers to report their Section 14A Votes on Form N-PX, the form used by registered investment companies to report proxy votes.

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[1] Fidelity Investments is one of the world's largest providers of financial services, with assets under administration of more than $3.3 trillion, including managed assets of $1.5 trillion. The firm 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 financial intermediary firms.

[2] Reporting of Proxy Votes on Executive Compensation and Other Matters, Release Nos. 34-63123; IC-29463; File No. S7-30-10 (Oct. 18, 2010).

[3] "Section 14A Votes" are votes required by (1) new Section 14A(a) on (A) the approval (no less frequently than once every three years) of executive compensation and (B) not less frequently than once every six years, the frequency of executive compensation approval votes (whether they are to occur every one, two or three years); and (2) new Section 14A(b) on the approval of executive compensation arrangements in connection with an acquisition, merger, consolidation, or proposed sale or other disposition of all or substantially all the assets of an issuer.

Fidelity recognizes the significant work undertaken by the SEC staff in preparing the Proposed Rule and appreciates the Commission's need to act quickly to meet its extensive rulemaking responsibilities under Dodd-Frank. We believe it is unfortunate, however, that the Commission chose to propose a rule significantly broader in scope than that necessary to comply with the Section 14A Vote disclosures required by Dodd-Frank, particularly given the timing of the Commission's request for comments on its Concept Release on the U.S. Proxy System ("Concept Release").[4] Like many other proxy voting system participants, Fidelity took great care in responding to the Concept Release,[5] which sought comment on a wide variety of fundamental issues concerning the U.S. proxy system's infrastructure, including several that are germane to the Proposed Rule. Regrettably, the Proposed Rule was issued before the Concept Release comment period ended, so the Commission did not have the benefit of the thinking of most commenters when developing its proposal. We therefore urge the Commission to consider the extensive comments received on the Concept Release as part of the current rulemaking.

Over the next several years, the Commission has the important task of implementing many of the hundreds of new rules required by Dodd-Frank. During the same period, market participants will face the significant responsibility of complying with these new requirements. Given the vast number of rules yet to come, Fidelity believes it would be prudent for the Commission to hew to Dodd-Frank's legislative mandate as closely as possible in this area by adopting a narrowly tailored rule. This approach would give the SEC an opportunity to engage in more thoughtful deliberation of potential changes to how mutual funds and others report voting results, particularly in light of the recent Concept Release that asked for comment on a wide range of proxy voting system issues. Rushing to adopt broad reporting requirements at this time is not warranted. A more restrained, incremental approach will avoid piecemeal rulemaking that unnecessarily affects large parts of the proxy system without considering the overall structural and operational issues.

I. Summary

Fundamentally, Fidelity believes that final rules should simply retain the existing Form N-PX with no change other than extending its application to managers. Mutual funds have been filing Form N-PX since 2004 and would have had to include Section 14A Votes in their Form N-PX regardless of new Section 14A(d). As a result, funds fall squarely within the exception provided by Section 14A(d) for filers that already have a duplicative filing requirement.[6] If the Commission merely required managers to file pursuant to the existing Form N-PX, the SEC would obviate or alleviate these and the other specific concerns we summarize below, and discuss in greater detail in this letter.

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[4] Concept Release on the U.S. Proxy System, Release Nos. 34-62495; IA-3052; IC-29340; File No. S7-14-10 (July 14, 2010) [75 FR 42982].

[5] See Letter from Scott C. Goebel, Senior Vice President and General Counsel, Fidelity Management & Research Company, to Elizabeth Murphy, Secretary, U.S. Securities and Exchange Commission, dated October 20, 2010.

[6] See Rule 30b1-4 under the Investment Company Act (requiring funds to file annually their proxy voting record).

- Fidelity does not believe that requiring funds and managers to disclose vote information in a standardized order or format is necessary. As currently reported, voting records are clearly labeled and we are not aware of shareholders having any difficulty deciphering or locating the data.

- Fidelity believes that the Proposed Rule would not provide adequate lead time for managers to file initial Forms N-PX. In addition, mutual funds will not have adequate time to comply with the Commission's extensive proposed amendments to Form N-PX, particularly the requirements concerning quantitative vote disclosure. We suggest that the Commission delay compliance until 2012, and extend the current 60 day lag between period-end and filing date.

- Fidelity believes that the Commission should provide managers flexibility in how they report Section 14A Votes. In the spirit of preventing duplicative reporting and enhancing operational efficiencies, SEC rules should permit affiliated managers to file jointly even where they do not share power to vote.

II. Expanded Form N-PX Reporting Requirements

A. Mutual Funds Already Satisfy Dodd-Frank's Section 14A Vote Disclosure Requirements

Fidelity supports certain of the Proposed Rule's necessary modifications to Form N-PX to accommodate managers' new reporting obligations. We do not, however, believe that any new requirements should be imposed on mutual funds beyond the voluminous, detailed disclosures they are already required to provide to the Commission and the public, particularly in light of the express exception included in new Section 14A(d).

Currently Form N-PX already calls for precisely the kind of reporting mandated by Dodd-Frank: disclosure of whether and how votes are cast.[7] Nevertheless, the SEC has proposed extensive changes to the form that would impose significant, and in Fidelity's view unnecessary, reporting obligations on mutual funds and managers that go beyond Dodd-Frank's statutory requirements. We do not believe that the SEC should use this narrow statutory provision, which is crafted to address a small subset of proxy votes, as a pretext to alter fundamentally mutual fund proxy vote disclosure requirements.

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[7] See Items 1(g) and 1(h) of current Form N-PX.

B. Disclosure of Number of Shares

Among the additional Form N-PX requirements that the Proposed Rule would impose is disclosure of (i) the number of shares the reporting person was entitled to vote or had voting power over, (ii) the number of shares voted, and (iii) the number of shares voted in each manner if votes are cast in multiple ways. For managers, this requirement would apply to Section 14A Votes only, but for mutual funds it would apply to *all* votes they cast.[8] As noted in our comment letter on the Concept Release, we do not believe that quantitative vote disclosure would prove helpful to shareholders[9] nor do we believe that this quantitative information is necessary to make managers' reports more meaningful.[10]

Moreover, Fidelity believes that mandating quantitative disclosure is premature. In the Concept Release, the Commission solicited comment on the accuracy, transparency and efficiency of the U.S. proxy voting process, including the merits and costs of quantitative vote disclosure.[11] We believe that it would be very difficult for the Commission to conduct a meaningful cost-benefit analysis of the Proposed Rule's quantitative vote disclosure requirements without first reviewing market participants' responses to the Commission's requests for information. As a result, we urge the Commission to evaluate all comments and empirical evidence received on the Concept Release and Proposed Rule before moving forward with any proposed changes.

In the event that the Commission ultimately determines that some quantitative disclosure is nevertheless required, we urge the Commission to limit such disclosure to the number of shares that funds and managers have *instructed to be cast,* which would relieve Form N-PX filers from the expense of tracking, aggregating and reporting all shares they are eligible (or have the power) to vote.

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8 The Commission cites the need for quantitative disclosure of Section 14A Votes to "achieve consistent reporting with respect to institutional investment manager votes because a portion of the votes of those managers may be reported on Form N-PX reports filed by funds under the provisions to prevent duplicative reporting. Therefore, unless . . . funds [are required] to report this information, the record of institutional investment managers will be incomplete." See Proposed Rule at 33. With respect to the new expanded funds' quantitative disclosure, the Commission notes that "information about the magnitude of a fund's voting power and the number of votes cast contribute to the transparency of proxy voting . . . and enable fund shareholders to better monitor their funds' involvement in the governance activities of portfolio companies." See Proposed Rule at 33. We disagree with each of these rationales. Although we concede that a mere notation of "split" may not be rich disclosure, we do not believe that the proposed approach will provide any meaningful information to shareholders, and could actually cause more confusion. We also believe that any "incomplete" report caused by split votes should be cured by the affected manager, not by placing additional burdens on all funds.

9 To test that claim, Fidelity recently reviewed a sample of approximately 150,000 comments and other messages received from customers over a nearly two year period. In that time, fewer than ten investors inquired about how the shares of the Fidelity Funds were voted, and none specifically asked for the actual number of shares voted.

10 See supra note 5 at 7-8.

11 See Concept Release at 49.

As the Commission noted in the Concept Release, the U.S. proxy system relies on a complex chain of participants who perform specific roles in ensuring proxies are delivered to investors, voted and accurately tabulated. Fidelity believes that the burdens created by an "entitled/power to vote" disclosure requirement far outweigh the benefits that such disclosure would provide to the public. In fact, it is our view that there may be no overall benefit for shareholders from the SEC's approach, as we anticipate a great deal of potential confusion among those few shareholders who try to decipher these details. Furthermore, Fidelity believes that the Commission underestimates the cost and effort that would be required for filers to aggregate and report all shares they were entitled to vote.[12]

C. Standardized Order and Data-Tagging

The Commission seeks comment on whether the information in Form N-PX should be disclosed in a standardized order, or with a standard description. Fidelity does not support either requirement. The mutual fund industry's voting records set forth in Form N-PX are clearly labeled and we are unaware that shareholders have expressed concern or difficulty with locating Form N-PX information or interpreting Form N-PX filings, so we question what problem the SEC seeks to address. Since the first filings in 2004, Form N-PX filers have successfully complied with Commission rules, while developing reporting formats that fit their compliance practices and systems. We should be permitted to continue to operate in this fashion. Similarly, Fidelity does not believe there is any need to require standardized vote descriptions,[13] which could be quite difficult given the wide variety of votes placed before shareholders.[14]

The Commission also seeks comment on whether it would be feasible for reporting persons to adopt standard data tags for Form N-PX voting matters if issuers themselves do not tag their proxy statements. As we stated in our comments to the Concept Release, we believe that, as a general matter, the variable nature of proxy-related disclosures do not lend themselves to uniform standardization or data-tagging regimes.[15]

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[12] Fidelity also believes that the Commission underestimates the difficulties that can arise in determining what shares a filer is entitled to vote. To provide just one example, it would be particularly difficult in "non-record date" jurisdictions to obtain information on number of shares an investor is entitled to vote. In such jurisdictions, intermediaries (i.e., proxy vendors and/or custodian banks) set operational cutoff dates, which are usually days or weeks before the meeting date, and serve as *de facto* record dates. Intermediaries generally do not consistently update share positions between the operational cutoff date and the meeting date, thus making it difficult for investors to cast votes representing their precise voting power.

[13] Fidelity does not object to standardized vote descriptions of Section 14A Votes.

[14] We note that particular variation exists with regard to proxy agendas for non-U.S. issuers.

[15] See supra note 5 at 6 (expressing skepticism that shareholders would care to compare proxy-related information, and encouraging the Commission to refrain from expanded data-tagging activities until it has the opportunity to review data from the registration statements' data-tagging initiative).

III. Timing of Reporting and Compliance Date

In its current form, the Proposed Rule presents significant operational challenges both for institutional managers, which will need to adjust to a new regulatory responsibility, and for funds, which will face significant new data collection and reporting obligations. In each case managers and funds will have to implement substantial system changes. As a result, we urge the SEC to permit managers and funds to make their first revised Form N-PX filing in 2012,[16] which would provide all filers the same longer transition period the Commission is proposing to offer managers filing their first Form 13F.[17] Given the substantial additional disclosure contained in the Proposed Rule, most managers and funds will need a similar amount of time to prepare to meet these requirements.[18]

We also believe that the current 60 day lag between period-end and filing date is insufficient given the potential substantial expansion of information required to be disclosed. We urge the Commission to consider extending the lag-time to four months by moving the required filing date from August 31 of each year to October 31 of each year.

IV. Joint Reporting

We strongly support the Commission's proposal to permit managers who share voting authority to make joint Form N-PX filings. To further promote operational efficiencies and ease potential administrative burdens, we believe that the Commission should broaden this flexibility by permitting affiliated managers to file jointly even where they do not share voting power, and allowing managers to report at the holding company level if they so choose. This framework would give affiliated managers the flexibility to choose how best to file jointly based on their corporate and compliance structure while potentially reducing compliance costs and complexity.

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[16] We recognize that Dodd-Frank requires managers to report their Section 14A Votes annually. We do not believe that a 2012 compliance date violates this requirement; rather it simply gives managers and funds more time to file their first Form N-PX under the new requirements. The initial filing, of course, would need to cover shareholder meetings occurring between January 21, 2011 and June 30, 2011. Fidelity believes that the Commission should give filers the option of covering the initial filing period with either one Form N-PX filing (covering the entire period) or two Form N-PX filings (one Form N-PX filing covering January 21, 2011 through June 30, 2011 and a second filing covering July 1, 2011 through June 30, 2012).

[17] Under the Proposed Rule, the Commission has appropriately not required a Form N-PX filing for the twelve-month period ending June 30 of the calendar year in which a manager's initial Form 13F filing is due, in order to give managers "sufficient time to implement the systems needed to record and report proxy votes." See Proposed Rule at 16.

[18] Of course, timing becomes a much less acute issue if managers and funds were able to use existing Form N-PX to disclose required votes.

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We appreciate the opportunity to comment on the Proposed Rule. Fidelity would be pleased to provide any further information or respond to any questions that the Commission or the staff may have.

Sincerely,

Scott C. Goebel

cc: The Honorable Mary L. Schapiro, Chairman
The Honorable Kathleen L. Casey, Commissioner
The Honorable Elisse B. Walter, Commissioner
The Honorable Luis A. Aguilar, Commissioner
The Honorable Troy A. Paredes, Commissioner

Andrew J. Donohue, Director, Division of Investment Management