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

RE: File Number S7-22-10, Release Nos. 33-9143; 34-62932
Short-Term Borrowing Disclosure

Dear Ms. Murphy:

Fidelity Investments[1] appreciates the opportunity to comment on the Securities and Exchange Commission's proposed amendments to enhance the disclosure that registrants provide regarding short-term borrowings, issued in Release Nos. 33-9143; 34-62932 (the "Release").[2]

Fidelity recognizes the thoughtful approach and significant work by the staff at the SEC in preparing the Release, and supports the Commission's goal of increasing transparency with respect to both financial and non-financial companies' short-term borrowings, including material variations in these borrowings during reporting periods compared to amounts reported at period-end. In responding to the Commission's proposals, Fidelity seeks to promote even greater availability of information on which we can base investment decisions. As a significant investor in public company debt on behalf of our bond and money market mutual fund shareholders and clients, Fidelity generally supports the Commission's proposals. In addition, Fidelity recommends additional disclosure enhancements to further promote transparency.

Overview

We agree with the Commission's observation that, "[a company's use of such [short-term financing] arrangements can fluctuate materially during a reporting period, which means that presentation of period-end amounts of short-term borrowings alone may not be indicative of that

[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] Unless otherwise specifically defined herein, all capitalized but undefined terms used herein shall have the meanings ascribed to such terms in the Release.

company's funding needs or activities during the period."[3] In fact, it is our understanding that intra-period reductions in repurchase agreement (repo) balances occurring in the last few days of each calendar quarter are typical for large, primarily wholesale-funded institutions. In some ways, this quarterly transparency instills discipline on the business units involved. However, from an investor standpoint, it would be very helpful to have access to the details of the various balance sheet line item reductions taking place at the end of the quarter. While reductions in matched book repo balances collateralized by highly liquid U.S. government securities are part of normal operations, reductions in firm inventory repo positions that fund less liquid securities necessitate closer scrutiny. Thus, more granular disclosure on repo portfolios is critical to understanding end-of-quarter repo balance reductions.

Set forth below are several key areas where Fidelity believes the Commission's proposed amendments should be enhanced, in particular with regard to repos, payables and short-term debt disclosures. In addition, more quantitative disclosure should be provided on the cash outflows that are contemplated within an issuer's liquidity reserve under a stress case scenario. A more robust disclosure scheme will help investors analyze the liquidity position of companies and, potentially, improve overall market discipline.

Repo Disclosure Needs Significantly Enhanced Transparency

The Commission's proposals are a significant improvement over the current disclosure regime. However, Fidelity believes that the proposal can be greatly improved by requiring enhanced disclosures regarding repo transactions, which investors can use to better gauge the strength and health of companies. Today, only a very limited amount of repo data is available. More robust disclosures will allow investors to assess more accurately the stability of an institution's repo book. For example, institutions generally are not required to disclose any information regarding the maturity profile of their repo book. In the rare instances when an institution chooses to disclose some information regarding the maturity profile, this information can be skewed. If the institution has a small amount of multi-year repo trades but the vast majority of its repo book is for a much shorter term (*e.g.*, overnight), the maturity of the entire repo book can appear longer and thus, a more stable source of financing.

Fidelity highly recommends that any company whose gross repo book exceeds 10% of the institution's total liabilities as of period end be required to provide a more granular breakdown of repo positions.[4] This breakdown of repo (and securities loaned) should be based on (i) the type of repo collateral (*i.e.*, "Traditional repo" being those repo positions collateralized by U.S. government securities, including agency debentures and agency mortgaged-backed securities, and "Non-Traditional repo" being those repo positions collateralized by securities other than U.S. government securities); and (ii) whether the repo position is completely match funded.

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[3] Release at page 8.
[4] We anticipate that these disclosures will typically be required only of the largest banks.

With regard to each of the four categories set forth above (Matched Book Traditional, Matched Book Non-Traditional, Firm Inventory Traditional Repo, and Firm Inventory Non-Traditional Repo), Fidelity recommends a requirement to disclose the following period-end data: (i) notional balance, (ii) weighted average maturity, (iii) weighted average interest rate, and (iv) dollar amount rolling overnight and in various maturity buckets out to and beyond one year. The term of repo trades should be calculated inclusive of any maturity shortening devices such as puts. The table below sets forth one approach to these disclosures:

For Quarter-ended	Matched Book Traditional		Matched Book Non-Traditional		Firm Inventory Traditional Repo	Firm Inventory Non-Traditional Repo
	Repo	Reverse repo	Repo	Reverse repo		
Maturity Buckets:						
Overnight						
2 to 7 Days						
8 to 30 Days						
31 to 90 Days						
91 to 365 Days						
More than 365 Days						
Total						
Weighted Average Maturity Days						
Notional Outstanding:						
Period-end						
Daily Average						
Daily Maximum						
Weighted Average Interest Rates:						
Period-end						
Daily Average						

Investors would benefit much more from specific disclosure within these distinct maturity buckets than a weighted average number. In addition, disclosure of interest rates paid is an important indicator of stress in maintaining repo capacity in the market. Along with period-end data, companies should also be required to disclose both average quarterly balances and the maximum daily balance in the quarter for each category to illustrate what type of repo balance reduction activity occurred in each category at quarter-end. Finally, for the matched book categories, it would be very helpful to see the corresponding reverse repo matched book laid out side-by-side so that investors could see what types of mismatches are present in the matched book. Qualitative commentary should be required regarding any mismatches in the matched book.

Another area where repo disclosure should be enhanced is with respect to diversification of the counter-parties in the repo book. More specifically, the repo book should be broken down into the percentage of the notional balance allocated to various investor types (*e.g.*, money market funds, securities lenders, other mutual funds, domestic banks, foreign banks, insurance companies, pension funds, etc.). Qualitative disclosures should indicate how individual lender concentration limits are established across various types and maturities of repo.

Payables Disclosure Should be Enhanced

Investors also would benefit from additional transparency of payables, especially in respect of prime brokerage-related client relationships. Payables typically represent a significant line item in a company's financials. However, little disclosure in respect of payables is currently required, other than the single line item on the summary balance sheet. Specifically with regard to prime brokerage-related payables, investors would benefit from knowing the average, maximum daily and period end balances. Similar to the repo book, a table that sets forth the period-end weighted average maturity profile (to the earliest possible payment demand date) and amounts due overnight and within various maturity buckets extending out longer than one year should be provided. If there are matching offsets to payables in the receivables account such as margin lending to prime brokerage clients, such activity should be disclosed, along with any timing mismatches in the conversion to cash of these receivables. In addition, free credit balances should be disclosed and qualitative disclosure should be provided on (i) how these free credit balances are invested, (ii) whether these amounts are limited, (iii) how depositor concentrations are managed, and (iv) how potential maturity mismatches are controlled. Ultimately, disclosure must be clear on how payables and receivables would unwind in a stress scenario and what the resulting call on corporate liquidity would likely be.

Other Short-term Debt Disclosures Should be Improved

Understanding the long-term and short-term debt profile of a company is central to a fixed-income investment decision. With respect to both financial and non-financial firms, current maturities of long-term debt should be disclosed on a quarterly basis, not just annually. Short-term borrowing data should also be disclosed on a quarterly basis and secured short-term borrowings should be distinguished from unsecured borrowings. Management should highlight in the "Management's Discussion and Analysis" section of its filings the entire portfolio of short-term funding, including the differences in sources of secured short-term borrowings. Period-end, daily average and maximum daily short-term borrowings should be disclosed for both secured and unsecured borrowings in tabular form. In addition, the weighted average maturity profile at period-end should be disclosed for both secured and unsecured short-term borrowings.

Liquidity Stress Testing Results Should Be Disclosed

Fidelity also believes companies should publicly disclose on a quarterly basis the most recent results of their 30-day liquidity stress test scenarios required by the Federal Reserve Board. This disclosure could eventually transition into quantitative disclosure of the details of the Liquidity Coverage Ratio (LCR) under Basel III, which will provide direct comparability across financial institutions globally. Disclosure of these results in a timely fashion will benefit investors, as the market would have access to quantitative data demonstrating how an institution's liquidity plan is working during a deteriorating situation.

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We would like to thank the Commission for considering our comments. Please contact me should you have any questions regarding this letter.

Sincerely yours,

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