

FIDELITY INSTITUTIONAL CUSTOMER ASSET PROTECTION OVERVIEW

Protecting Client Assets is our Priority

At Fidelity, protecting client assets is a top priority of our business. This document provides you with an understanding of some of the brokerage industry rules and regulations to which we are subject and the additional Fidelity processes, procedures and other safeguards we employ to maximize client asset protection.

The Strength and Stability of Fidelity

Fidelity Investments is one of the world's largest providers of financial services, with assets under administration of nearly \$3.6 trillion, including managed assets of more than \$1.6 trillion, as of July 31, 2011. Founded in 1946, 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. For more information about Fidelity Investments, visit www.fidelity.com.

Clearing, custody, or other brokerage services are provided by National Financial Services LLC (NFS) or Fidelity Brokerage Services LLC (FBS). NFS and FBS are registered broker/dealers and are wholly-owned by Fidelity Global Brokerage Group, Inc., a wholly-owned subsidiary of FMR, LLC ("FMR"). As custodian of your brokerage accounts, NFS, is responsible for:

- The execution, clearance and settlement of securities transactions.
- Preparing and sending periodic statements of your account and transaction confirmations.
- The custody (or safekeeping), receipt, and delivery of funds and securities.

Our Trading Activity is Limited to Trading On Behalf of Clients And We Do Not Offer Investment Banking Services.

The decline of the mortgage market and other credit markets in 2008 led to losses in certain types of fixed income securities and contributed to the difficulties faced by some financial firms at the time. In contrast to these firms, NFS, the custodian of your assets, does not pursue its own trading strategies, such as taking a large position or maintaining large inventories of particular fixed income securities; rather, it executes trades at the direction of retail and institutional brokerage clients. Similarly, Fidelity does not provide certain investment banking services such as using firm capital for investment opportunities, raising capital, nor do we advise and manage on mergers and acquisitions.

Strong Net Capital Position

Like other registered broker/dealers, NFS is required to regularly file reports with the SEC about its net capital position. SEC rules require NFS and other broker/dealers to maintain minimum net capital equal to 2% of aggregate debit items associated with customer transactions.¹ As part of its commitment to protecting customers, NFS maintains a significantly higher net capital level than is required. For more information, please see the NFS Consolidated Statement of Financial Condition available at www.fidelity.com.

Our System of Internal Controls

We have several internal organizations, led by experienced industry professionals, whose primary mission is protecting Fidelity's businesses and client assets. These include:

- Risk Oversight – Reviews, develops and implements processes and procedures to help protect Fidelity and its clients.
- Fidelity Corporate Audit – Reviews and helps ensure the effectiveness and efficiency of our internal controls.
- Corporate Security – Provides site security, pre-employment screening and due diligence research for prospective business alliances.
- Corporate Compliance – Helps ensure that Fidelity's businesses are in compliance with industry regulatory requirements.

SIPC Insurance Protection

NFS is a member of the Securities Investor Protection Corporation ("SIPC"), which was created in 1970 by Congress to help protect customers⁵ of member broker/dealer firms. SIPC is a non-profit membership corporation funded by broker/dealers, which are required by law to be members. SIPC is not an agency or establishment of the United States Government. Under the Securities Protection Act of 1970 ("SIPA") customers of a member of SIPC are afforded special protections. For details, please see www.sipc.org. SIPC coverage does not apply to certain investments and does not protect against a decline in the market value of securities².

Additional Asset Protection

As a supplement to SIPC, NFS has arranged for additional protection for cash and covered securities from Lloyd's of London and other insurers. This additional protection covers up to an aggregate loss limit of \$1 billion for all customer claims, of which \$1.9 million may cover cash awaiting reinvestment at the individual account level. This is the highest level of excess SIPC coverage currently available, and becomes available in the event that SIPC levels are exhausted. For more information on Lloyd's of London, please go to www.lloyds.com. Neither coverage protects against a decline in the market value of securities.

We do not anticipate needing any of these protections. With our strong brokerage businesses that are well positioned for the future, we believe that by providing excess of SIPC insurance protection, we can offer assurances to clients that the assets they hold in their Fidelity brokerage accounts benefit from the highest level on excess of SIPC protection currently available.

Broker/Dealer Industry Rules and Regulations That Help Protect Our Customers

As a registered broker/dealer, NFS is subject to the rules and regulations of the U.S. Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA). Among the rules that help protect our customers are:

- SEC Rule 15c3-1 (net capital for broker/dealers) — In accordance with this rule, NFS' excess net capital must meet a mandated minimum to protect client assets; currently NFS' net capital exceeds this minimum requirement.
- SEC Rule 15c3-3 (customer protection, segregation of fully-paid-for and excess margin securities and cash) — In accordance with this rule, NFS protects client securities that are fully paid for¹ by segregating them and ensuring that they are not used for any other purpose, such as for loans to investors or institutions. This practice helps ensure that customers have access to these securities at all times. This rule also protects customers by requiring that a broker/dealer maintain a special reserve bank account, separate from all bank accounts of the broker/dealer, for the exclusive benefit of customers. Should a broker/dealer determine that deposits in the special reserve bank account are insufficient per the SEC rules the broker/dealer is required to increase deposits to the necessary level or immediately notify the SEC of the deficiency.³
- SEC Rule 17a-11 (requires the broker/dealer to make certain notices when its financial condition or other specific circumstances raise concern) — In accordance with this rule, NFS would be required to promptly notify the SEC (within 24 hours) should net capital fall below 120% of its required level.
- SEC Rule 17a-5 (periodic reports on financial / operational condition and auditors reports on financial condition and internal control) — In accordance with this rule, NFS files reports with the SEC on a monthly basis, detailing its current financial condition.
- SEC Rules 17a-3 and 4 (books and records creation and maintenance) — In accordance with this rule, NFS' broad set of policies help ensure that its books and records are properly created, maintained and audited.

Compliance with these and other rules by all securities firms is regularly reviewed and strictly enforced by the regulatory agencies. At Fidelity, compliance with these rules is also audited by internal and independent auditors.

Additional Information Regarding Broker Dealer Rules and Regulations

As stated in a FINRA Investor Alert issued on January 15, 2009⁴: “Multiple layers of protection safeguard investor assets. For example, registered brokerage firms must keep their customers’ securities and cash segregated from their own so that, even if a firm fails, its customers’ assets will be safe.” Secondly, as a general matter, customers are not considered general creditors of a failed broker-dealer; customers receive distributions ahead of general creditors. General creditors of a failed broker-dealer do not receive any distribution unless all customers have been satisfied in full.

¹ A full description of the Uniform Net Capital Rule 15c3-1 may be found at www.sec.gov. Customer and Customers refers to the defined term under SIPA.

² Among the assets typically not eligible for SIPC protection are commodity futures contracts, currency, and precious metals, as well as investment contracts (such as limited partnerships) and fixed annuity contracts that are not registered with the U.S. Securities and Exchange Commission under the Securities Act of 1933.

3 SEC rules for margin accounts limit securities loans by broker-dealers to a maximum of 140% of a customer's outstanding margin loans.

4 If a Brokerage Firm Closes Its Doors www.finra.org/Investors/ProtectYourself/InvestorAlerts/TradingSecurities/P116996

Brokerage accounts maintained by Fidelity Brokerage Services LLC and carried by National Financial Services LLC (NFS), both Fidelity Investments companies (FBS and NFS together, "Fidelity"), are protected in accordance with the Securities Investor Protection Corporation ("SIPC") up to \$500,000. The \$500,000 total amount of SIPC protection is inclusive of up to \$250,000 protection for claims for cash, subject to periodic adjustments for inflation in accordance with terms of the SIPC statute and approval by SIPC's Board of Directors. Fidelity also has arranged for coverage above these limits. Neither coverage protects against a decline in the market value of securities, nor does either coverage extend to certain securities that are considered ineligible for coverage. For more details on SIPC, or to request an SIPC brochure, visit www.sipc.org or call 202.371.8300.

"Excess of SIPC" Coverage

In addition to SIPC protection, Fidelity provides for brokerage accounts additional "excess of SIPC" coverage from Lloyd's of London together with other insurers.⁵

The "excess of SIPC" coverage would only be used when SIPC coverage is exhausted. Like SIPC protection, "excess of SIPC" protection does not cover investment losses in customer accounts due to market fluctuation. It also does not cover other claims for losses incurred while broker-dealers remain in business. Total aggregate "excess of SIPC" coverage available through NFS's "excess of SIPC" policy is \$1 billion. Within NFS's "excess of SIPC" coverage, there is no per account dollar limit on coverage of securities, but there is a per account limit of \$1.9 million on coverage of cash. This is the maximum "excess of SIPC" protection currently available in the brokerage industry.

Lloyd's of London currently has an A (Excellent) rating with "Stable Outlook" from ratings firm A.M. Best and an A+ (Strong) with "Stable Outlook" from Fitch Ratings and Standard & Poor's.⁶

⁵ Fidelity's "excess of SIPC" insurance is provided by Lloyd's of London together with Axis Specialty Europe Ltd. and Munich Reinsurance Co.

⁶ Subject to change. For ratings explanations, please go to http://www.lloyds.com/Lloyds_Market/Ratings/.

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