September 7, 2010

VIA ELECTRONIC MAIL

Mr. Russell G. Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

RE: File Reference No. 1830-100: Amendments for Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs

Dear Mr. Golden:

Fidelity Management & Research Company ("FMR")\(^1\), the investment adviser to the Fidelity Group of Funds, appreciates the opportunity to provide comments on the Proposed Accounting Standards Update on Amendments for Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs ("Proposed Update"). Our comments are applicable to open-end investment companies (or "mutual funds") registered under the Investment Company Act of 1940 ("1940 Act"). FMR supports FASB’s efforts to provide greater transparency around unobservable inputs related to fair value determinations. We believe, however, that the Proposed Update will result in disclosures that will not be meaningful to mutual fund investors.

Measurement Uncertainty Analysis

In the Proposed Update, reporting entities would be required to disclose a measurement uncertainty analysis that is similar to the Level 3 Sensitivity Analysis proposed by FASB in August 2009.\(^2\) While the proposed measurement uncertainty analysis focuses more appropriately on unobservable inputs, we continue to be concerned that disclosing ranges of possible values based on inputs that were not considered in a fair value determination will confuse mutual fund investors — a point we addressed in our original comment letter dated October 12, 2009, a copy of which is attached to this letter. In the Proposed Update, the Board notes that "the disclosure is not meant to provide users of financial statements with information for second guessing a reporting entity’s fair value measurements."\(^3\) We believe, however, that a measurement uncertainty analysis may lead to second guessing by

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\(^1\) FMR serves as the investment advisor for the 411 registered investment companies in the Fidelity Group of Funds with aggregate net assets of over $1 trillion.

\(^2\) Proposed Accounting Standards Update Fair Value Measurements and Disclosures — Topic 820 Improving Disclosures about Fair Value Measurements issued on August 28, 2009.

\(^3\) See paragraph BC 63 of the Proposed Update.
investors of mutual funds’ net asset value determinations. Such disclosure will not help shareholders better understand the methods or assumptions used in the valuation process, but rather will confuse them regarding the price to which they are entitled and lessen confidence in the regulatory framework for mutual funds.

If the Board adopts the proposed measurement uncertainty analysis, we believe there should be additional guidance on how to perform this analysis. Paragraph 820-10-55-80 (Example 10) presents the results of an uncertainty analysis but presents no guidance on how the analysis was performed for the inputs selected. We ask that the Board clarify how to perform the analysis and provide an example using unobservable inputs. In addition, if the Board intends to exclude unquoted equities from the proposed measurement uncertainty analysis, we believe that this scope exception should be codified as part of the Proposed Update and not be contingent upon the codification of the proposed changes to Topic 825 Financial Instruments.

Transfers between Levels

Under current guidance, companies are required to disclose the amount of significant transfers between all levels of the fair value hierarchy and the reasons for those transfers. In Paragraph 820-10-50-2bb of the Proposed Update, we noted the removal of the term “significant” as well as the guidance that referenced how to apply the significance test with respect to the disclosure of transfers. We would appreciate guidance from the FASB on its intentions with respect to these proposed changes. For example, it is unclear if the Board intends companies to disclose all transfers into and out of Levels 1, 2 and 3 of the fair value hierarchy.

We believe the Board should reconsider its proposed guidance on the disclosure of transfers between levels. Preparers and users of financial statements focus on whether fair value measurements are based on observable or unobservable inputs and the changes between these two broad categories. Therefore, while the amount of transfers in and out of Level 3 and the reasons for those transfers are useful information, we believe that disclosure of other transfers between levels does not provide decision useful information to investors of mutual funds.

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4 The current example uses inputs that are defined as Level 2 inputs in paragraph 820-10-35-48 of the Proposed Update.
FMR appreciates the opportunity to respond to this Proposed Update and welcomes the opportunity to meet with you to discuss any of the issues addressed in this letter.

Very truly yours,

Kenneth B. Robins
Treasurer
Fidelity Equity and High Income Funds

John R. Hebble
Treasurer
Fidelity Fixed Income and Asset Allocation Funds
October 12, 2009

VIA ELECTRONIC MAIL - CONFIDENTIAL

Russell G. Golden, Technical Director
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

File Reference No. 1710-100: Proposed Accounting Standards Update

Dear Mr. Golden:

Fidelity Management & Research Company ("FMR")\(^1\), the investment adviser to the Fidelity Group of Funds, appreciates the opportunity to provide comments on the Proposed Accounting Standards Update on Fair Value Measurements and Disclosures - Topic 820 ("Proposed Update"). Fidelity fully supports the Financial Accounting Standards Board’s efforts to provide further transparency in the financial statements regarding the valuation process, including the assumptions and inputs used to estimate the fair value of assets and liabilities. Our comments are applicable to open-end investment companies (or “mutual funds”) registered under the Investment Company Act of 1940, as amended.

We understand that many financial statement users have indicated to the Board that they have concerns about the reliability of fair value measurements that are based on significant unobservable inputs (Level 3) and, therefore, would benefit from information about the potential range in fair value measurements if the reporting entity were to use reasonably possible alternative inputs (also referred to as sensitivity analysis).\(^2\) We believe, however, that mutual fund shareholders would not benefit from, and most likely will be confused by this additional disclosure. While sensitivity analysis may enable analysts and investors of operating companies to evaluate the appropriate price level to buy or sell their investment, a similar benefit would not exist for a mutual fund shareholder because the sensitivity analysis bears no relationship to the economic outcome of an actual fund share purchase or redemption.

One of the principal benefits of mutual funds is the ease with which they can be bought and sold by investors. In order that purchase and redemption transactions may be effected at appropriate prices on an

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\(^1\)FMR serves as the investment adviser for the 381 registered investment companies in the Fidelity Group of Funds with aggregate net assets of over $1 trillion.

\(^2\)We also understand the amendments in the Proposed Update are intended to improve the comparability of financial reporting internationally because the proposed new disclosures are also required by IFRS. At this time, the Securities and Exchange Commission’s proposed roadmap for the use of IFRS does not include mutual funds. As such, we believe FASB and the SEC should carefully consider differences between mutual funds and operating companies when contemplating changes to accounting standards.
ongoing basis, funds are required to value their portfolios and price their shares daily. Mutual fund regulations specify that mutual fund portfolio securities should be valued based on market value if market quotations are readily available and, in cases where market quotations are not readily available, based on the security’s fair value, as determined in good faith by the mutual fund’s board of trustees. SEC regulatory guidance identifies factors that should be considered in the fair value process, which may vary based on facts and circumstances, and emphasizes that pricing policies be consistently followed with any deviations disclosed in the financial statements. Thus, although in pricing a mutual fund’s portfolio securities, there is no single standard for determining the fair value of such securities, the result of the valuation process is indeed a single fund share price each day.

The Board’s proposal to disclose ranges of possible values based on inputs or methods that were not selected as part of the fair value process will not help shareholders better understand the methods or assumptions used in the valuation process but rather will confuse shareholders regarding the price to which they are entitled and lessen confidence in the regulatory framework. We believe the proposal to disclose the valuation techniques and significant inputs used for each class of Level 3 assets would be better suited to help investors understand the risks and uncertainties associated with the assets and liabilities subject to fair value.

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FMR appreciates the opportunity to respond to this Proposed Update and we would welcome the opportunity to meet with you to discuss any of the issues addressed in this letter.

Very truly yours,

Kenneth B. Robins
Treasurer
Fidelity Equity and High Income Funds

John R. Hebble
Treasurer
Fidelity Fixed Income and Asset Allocation Funds

cc: Richard F. Sennett, Chief Accountant
Division of Investment Management
U.S. Securities and Exchange Commission

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1 See Investment Company Institute “Valuation and Liquidity Issues for Mutual Funds” (Feb 1997).

2 Rule 2a-4 under the Investment Company Act of 1940.

3 Accounting Series Release No. 118.