

Fully Paid Lending Program

Through Fidelity's Fully Paid Lending Program, you can loan to Fidelity certain fully paid or excess-margin securities that Fidelity desires to borrow. In return, you gain the opportunity to earn incremental income on your portfolio through the securities lending market.

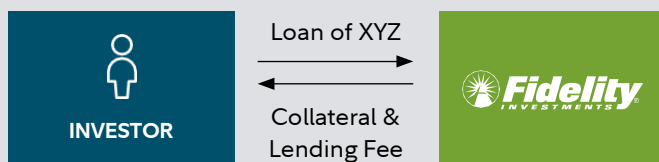
Program Overview

In the Fully Paid Lending Program, Fidelity can borrow fully paid and excess-margin securities¹ from your account. In return, you receive collateral held at a custodial bank independent of Fidelity. In addition, you receive an interest rate-based lending fee that is calculated by multiplying the loan rate by the market value of the securities on loan. The lending fee accrues daily and is automatically credited monthly to your Fidelity Account[®]. The interest rates paid are based on the relative value of the individual securities in the securities-lending market and are subject to change based upon market conditions and borrowing demand. The duration of the loan is typically indefinite and the loan may remain open until either you or Fidelity elects to close it. The existence of the loan does not restrict you from selling the securities at any time. However, sale of the securities on loan will be treated as a notification of termination for that particular loan. Loaned securities may be, or may become, "hard to borrow" because of shortselling, scarcity of available lending supply, or corporate events that may affect liquidity in a security.

Program Guidelines

- You must execute a Master Securities Lending Agreement (MSLA) with Fidelity. The MSLA governs all loan transactions and gives Fidelity the right to borrow fully paid and excess-margin securities from your account. It is a separate agreement from any previously executed margin agreement, and the borrowing of securities under the MSLA is a separate process from rehypothecation within a margin account.
- Only securities that have been fully paid for or that are in excess of any margin debit are eligible.
- Certain eligibility requirements may apply. Please contact an investment representative for more information.
- You maintain full economic ownership of the securities on loan and may sell the securities² or recall the loan at any time.
- In the event of a default by Fidelity, you will have the right to withdraw the collateral from the custodial bank in the manner described in the agreements.
- Fidelity is not obligated to borrow securities at any time and enrollment in the program does not guarantee that your securities will be borrowed.

FULLY PAID LENDING TRANSACTION FLOW



Please note that the fully paid securities on loan are not covered under the provisions of the Securities Investor Protection Act of 1970.



Frequently Asked Questions

1. How does the securities lending agreement affect my ownership of the securities while out on loan?

- Under the terms of the MSLA, you maintain full economic ownership of the securities on loan and may recall the loan at any time. You may also sell the securities on loan at any time, including online.²
- Under the securities lending agreement, you relinquish your ability to exercise voting rights. If you wish to act on an upcoming proxy vote, you must contact your financial representative and recall the securities on loan as described in the MSLA. Fidelity will attempt to return the securities prior to the record date of the proxy.
- Fully paid securities on loan to Fidelity are treated like “cash” positions for the purposes of regulatory margin calculations (Fed and Exchange requirements). Options positions written against a position on loan will be considered uncovered from a margin standpoint. However, the value of the positions on loan may still be used toward house margin requirements.

2. How can I monitor my securities on loan?

- You can monitor your securities on loan in the same manner as the rest of the securities in your portfolio. All securities on loan will be reflected on the “Positions” page or portfolio view and will continue to contribute to your total account value.
- The details of your securities on loan will be reflected on a separate “Loaned Securities” page. This page details the current quantity, market value, and interest rate for each loaned position, as well as the collateral provided to you.
- All securities on loan and loan activity will be reflected on your monthly brokerage statement. Additionally, you will receive a separate monthly fully paid lending statement detailing the daily share quantity, contract value, interest rate, and accrual for each position on loan as well as the total amount credited to your brokerage account for that month.
- Additionally, you will be sent trade confirmations on lending activity conducted in your account (e.g., new loans, returns, rate changes, and collateral adjustments).

EXAMPLE OF A LOANED SECURITIES PAGE

Loaned Securities

XYZ123456 (SAMPLE ACCOUNT) As of 10/19/18 12:08 PM ET

Description	Recent Quantity	Recent Market Value	Closing Market Value	Interest Rate
ABC - ABC INC	193097.000	\$4,344,682.50	\$4,344,682.50	2.000%
CDE - CDE CORP	1235.000	\$29,565.90	\$29,565.90	6.500%
IJK - IJK CORP MASS	7877.000	\$130,600.66	\$130,600.66	25.000%
LMP - LMP BUSINESS	10000.000	\$146,200.00	\$146,200.00	3.500%
Total on Loan:		\$4,651,049.06	\$4,651,049.06	

Total Collateral for Loaned Positions

	CUSIP	*Amount
COLLATERAL DELIVERED TO XYZ BANK	LOC123456	\$4,697,559.55

*The Collateral Amount reflects a position relative to securities on loan which is held outside of this Brokerage Account and which is not covered by the Securities Investor Protection Corporation (SIPC) or included in the Account Net Worth. See the Loaned Securities Help page for more details.

The Rate displayed is the current average rate of all shares of a security on loan. The Rate is subject to change over the duration of the loan.

The market value of loaned securities is included in Account Net Worth. All loaned securities are secured by collateral provided to the lender pursuant to a lending agreement executed by the lender. Loaned securities are not covered under the Securities Investor Protection Corporation.

Screenshot is for illustrative purposes only.

3. What impact does the collateral have on my account?

- On the settlement date of a fully paid loan, the collateral will be booked to your brokerage account and can be viewed on the “Loaned Securities” page. The collateral value does not contribute to the market value of your account and is not a marginable security. You will be sent a confirmation for the original amount of the collateral against the position(s) on loan.
- On a daily basis, Fidelity will adjust the collateral position in order to maintain adequate collateral in your account (e.g., marks to market on the loan position[s] and changes to the quantity of the loan position[s]). Each time the collateral is adjusted, Fidelity will send you a confirmation detailing the incremental change to the collateral value.

4. Which assets may be provided as collateral?

- Fidelity will provide you with collateral held at a third party custodial bank. The bank will serve as your collateral agent and hold your collateral in cash or cash-equivalent form. Under the terms of the MSLA and applicable law, other securities that qualify under Rule 15c3-3 of the Securities Exchange Act of 1934 are also permissible forms of collateral. These include U.S. Treasury bills and notes, negotiable bank certificates of deposit, and other securities approved by the U.S. Securities and Exchange Commission that have similar characteristics in terms of liquidity, volatility, market depth and location, and the issuer's creditworthiness.
- With respect to FDIC insurance coverage for cash collateral deposits held at the custodial banks, please refer to the Exhibits in the Collateral Administration Agreements entered into by Fidelity and the banks. If you do not want to have your collateral held at a particular bank, you may refrain from signing the collateral agreement for that particular bank.

5. What are the risks associated with fully paid lending?

- The principal risk in any securities-lending transaction is counterparty default. Fidelity is your counterparty on all fully paid lending transactions. If Fidelity were to default on its obligations as defined in the MSLA, you would have the right to withdraw the collateral from the custodian bank in the manner described in the Collateral Administration Agreements.
- Please note that the collateral delivered to you may be your only source of satisfaction in the event that Fidelity fails to return the securities to you.
- In the event that you make a withdrawal request, the bank will transfer an amount equal to your current collateral amount (or such lesser amount as you may have requested) to your specified delivery instructions. If you were to choose to use the collateral proceeds to repurchase securities, this would be considered a new purchase and, potentially, a taxable event.

- Additionally, fully paid securities on loan are **not** covered under the provisions of the Securities Investor Protection Act of 1970.
- Similar to your remedies against Fidelity in the event of default, Fidelity maintains the right to liquidate a securities lending transaction as a result of certain credit and or default scenarios specified under FINRA Regulation.³

6. What determines the lending rate? Will this change over the life of the loan?

- The lending interest rates paid to you by Fidelity are based on the relative value of each security in the lending market. Several factors, including borrowing demand, the overall lendable supply of the security, short-selling and hedging interest, and general market conditions can impact the lending rate. Fidelity may receive compensation in connection with the use of your loaned securities, including in association with lending your securities to other parties or facilitating the settlement of short sales.
- Changing market conditions may necessitate a change in the lending rate. When this situation arises, you will receive a trade confirmation detailing the rate change. You can also see the updated rate reflected in real time on the "Loaned Securities" page. As always, you maintain the right to "recall" or request to have shares returned at any time.

7. Will I still receive cash dividends while securities are on loan?

- Cash distributions paid on securities borrowed by Fidelity pursuant to the Fully Paid Lending Program will be credited to your Fidelity Account in the form of a “cash-in-lieu” payment if shares are borrowed over a dividend record date. Receipt of cash-in-lieu payments may have different taxable consequences than receipt of the actual dividends from the issuer.
- In order to mitigate the impact of cash-in-lieu payments to taxable accounts, Fidelity may return shares prior to a dividend record date.
- To help offset the potential tax burden associated with the receipt of cash-in-lieu payments in place of qualified dividends (as defined in the Jobs and Growth Tax Relief Reconciliation Act of 2003), Fidelity will credit participating taxable accounts with an additional credit adjustment equal to 26.98% of the qualified portion of the distribution.⁴ This adjustment will occur annually after all reclassification information is made available. When factoring in credit adjustments, Fidelity’s total cost for borrowing from taxable accounts over a record date will be greater than the cost of borrowing from tax indifferent lenders.

For more information, please contact your investment representative.



Information provided in, and presentation of, this document are for informational and educational purposes only and are not a recommendation to take any particular action, or any action at all, nor an offer or solicitation to buy or sell any securities or services presented. It is not investment advice. Fidelity does not provide legal or tax advice.

Before making any investment decisions, you should consult with your own professional advisers and take into account all of the particular facts and circumstances of your individual situation. Fidelity and its representatives may have a conflict of interest in the products or services mentioned in these materials because they have a financial interest in them, and receive compensation, directly or indirectly, in connection with the management, distribution, and/or servicing of these products or services, including Fidelity funds, certain third-party funds and products, and certain investment services.

¹ Fully paid securities are securities in a customer’s account that have been completely paid for. Excess-margin securities are securities that have not been completely paid for, but whose market value exceeds 140% of the customer’s margin debit balance to National Financial Services LLC.

² Securities on loan are available to sell online from the “cash” account type. Positions held in cash must be sold separately from positions held in margin. Proceeds from sales of securities on loan may not be immediately available for new purchases.

³ Pursuant to FINRA Rule 4330 and 4314(b) Fidelity maintains the right to liquidate a securities lending transaction as a result of you (the lender): (a) applying for or consenting to, or being the subject of an application for, the appointment of or the taking of possession by a receiver, custodian, trustee, or liquidator of you or of all or a substantial part of your property; (b) admitting in writing your inability, or your becoming generally unable, to pay your debts as such debts become due; (c) making a general assignment for the benefit of your creditors; or (d) filing, or having filed against you, a petition under Title 11 of the United States Code.

⁴ The credit adjustment percentage may be increased or decreased from time to time by Fidelity due to changes in federal and/or state tax law and the classification of the dividend distribution. Fidelity does not guarantee that this adjustment will be sufficient to eliminate the full additional tax burden associated with all dividend distributions. Fidelity reserves the right to deny credit adjustments to any customer whom Fidelity determines would have been otherwise ineligible to receive the tax benefit of a reduced dividend tax rate.

All references to Fidelity include National Financial Services LLC (“NFS”), Member NYSE, SIPC. All references to accounts refer to accounts carried by NFS on behalf of introducing brokers.

This information is intended to be educational and is not tailored to the investment needs of any specific investor.

The Fully Paid Lending Program is only a means to realize increased income on certain securities and does not provide any downside protection or “hedge” against the customer’s lending position(s) or portfolio.

Fidelity Investments® does not provide legal or tax advice. Consult an attorney or tax professional regarding any specific legal or tax situation.

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