

What's New: Additional insight on how much you pay for your bond trades



Beginning May 14, 2018, all broker-dealers are required to disclose mark-up/mark-down on trade confirmations¹ for qualifying² corporate, agency, and municipal bond transactions. With this new level of transparency, clients will have greater insight into how much their broker-dealers charge.

Sample Trade Confirmation Statement

| REFERENCE NO. | TYPE | REG. REP. W# | TRADE DATE | SETTLEMENT DATE | CUSIP NO. | ORDER NO. |
|---|----------|-------------------|------------|-----------------|-----------|-----------|
| You Bought at | 10.000 | 117.9000 | 03-26-18 | 03-29-18 | 00344NRCD | |
| DESCRIPTION AND DISCLOSURES WE HAVE ACTED AS PRINCIPAL. COUPON 5.00000%. MATURITY DATE 02/15/2034. CALLABLE NEXT CALL 02/15/26 @ 100.000. CURRENT YIELD 4.240. YIELD TO MATURITY 3.518%. YIELD TO CALL 2.484%. TO 02/15/26 @ 100.000 DOUBLE-BARRELED CONTINUOUSLY CALLABLE FROM 02/15/26 TO VIEW TRADE ACTIVITY AND SECURITY DETAILS, GO TO http://www.fidelity.com/go/bond . EXECUTION TIME 12:44 PM MARK-UP/DOWN IS THE DIFFERENCE (DOLLAR AND %) BETWEEN THE PREVAILING MARKET PRICE (PMP) AND TRADE PRICE. N/A REPRESENTS INSTANCES WHERE TRADE PRICE IS BETTER THAN PMP. MARK-UP \$10.00 / 0.0848% STANDARD & POOR AA+ . MOODY'S - NR INTEREST PAID SEMI-ANNUALLY PAR AMOUNT PER BOND \$5000.00 ADDITIONAL CALL FEATURES MAY EXIST THAT COULD AFFECT YIELD. COMPLETE INFORMATION WILL BE PROVIDED UPON REQUEST | | | | | | |
| Principal Amount | Interest | Settlement Amount | | | | |
| 11,790,000 | | 11,807,000 | | | | |

Mark-up (for buys) or mark-down (for sells) dollar and percentage information

EXECUTION TIME 12:44 PM
 MARK-UP/DOWN IS THE DIFFERENCE (DOLLAR AND %) BETWEEN THE PREVAILING MARKET PRICE (PMP) AND TRADE PRICE. N/A REPRESENTS INSTANCES WHERE TRADE PRICE IS BETTER THAN PMP.
 MARK-UP \$10.00 / 0.0848%

While not part of the new regulatory requirements, Fidelity is replacing the term "concession" with "mark-up" (for buys), and "mark-down" (for sells), to be consistent with industry terminology.

What can this mean for you?

Fidelity consistently strives to provide value and transparency to your bond and cd investing experience. That is why we have, for many years, shown how much we charge per bond online, separate from the price that is offered or bid in the marketplace. If you buy or sell bonds at other brokerage firms, take a closer look at your confirmation statement, to understand how much you are being charged. The facts may surprise you. To learn more, please visit www.fidelity.com/go/bond

Sample Trade Ticket Fidelity.com

| Trade Fixed Income Verification | |
|--|------------------------------------|
| Order Information | |
| Account | 1000000000 |
| Action | Buy |
| CUSIP | 06051GFN4 |
| Description | BANK AMER CORP 2.25000% 04/21/2020 |
| Quantity | 2 |
| Coupon | 2.250 |
| Maturity Date | 04/21/2020 |
| Trade Date | 03/27/2018 |
| Settlement Date | 03/29/2018 |
| Order Type | Price Limit at 98.538 |
| Time in Force | Fill or Kill |
| Trade Type | Margin |
| Limit Price | 98.538 |
| Mark-up | 0.10 |
| Price w/ Mark-up | 98.638 |
| Effective Yield | 2.783333 |
| Accrued Interest | 19.75 |
| The cost of this trade without mark-up | \$1,972.76 |
| Mark-up(%) | \$2.00 (0.101%) |
| Cost of this trade with mark-up | \$1,974.76 |
| <input style="border: none;" type="button" value=" < Edit Order "/> <input style="border: none;" type="button" value=" Place Order > "/> | |

Screenshots are for illustrative purposes only

¹ Amended rules are FINRA Rule 2232, "Customer Confirmations" and MSRB Rule G-15, "Confirmation, Clearance, Settlement and Other Uniform Practice Requirements with Respect to Transactions with Customers."
² Customer transactions in corporate, agency and municipal securities where the broker-dealer also executes one or more offsetting principal transaction(s) on the same trading day as the customer transaction in an aggregate trading size that meets or exceeds the size of the customer trade.

In general, the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities). Fixed income securities also carry inflation risk, liquidity risk, call risk and credit and default risks for both issuers and counterparties. Any fixed-income security sold or redeemed prior to maturity may be subject to loss.