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REMARKS BY ROBERT POZEN, PRESIDENT, FIDELITY MANAGEMENT & RESEARCH COMPANY, ON MARKET STRUCTURE ISSUES

[11719] March 10, 2000 TO: EQUITY MARKETS ADVISORY COMMITTEE No. 16-00 RE: REMARKS BY ROBERT POZEN, PRESIDENT, FIDELITY MANAGEMENT & RESEARCH COMPANY, ON MARKET STRUCTURE ISSUES

____ Robert Pozen, President, Fidelity Management & Research Company, recently prepared remarks on market structure issues to be presented to the NYSE's independent directors. The remarks identify several principles that Fidelity believes should govern the future structure of the equity markets. In particular, Fidelity believes that competitive forces in the markets must be allowed to operate to the fullest extent possible. Market centers should be allowed to compete based on efficiency, reliability, cost, depth and liquidity, speed of execution, and innovation. Competition among markets also should afford both institutional and retail investors meaningful choices in the routing and execution of their orders. Pozen stated that market participants need to see increased depth of book, especially as we move towards the conversion to trading in decimals. Pozen also stated that Fidelity believes effective links must be put in place for all market centers and that Fidelity had reservations over both the ITS and SelectNet as the order routing systems of the future. Fidelity is open to an approach such as a consolidated limit order book or enhanced order routing systems that link all markets. In either case, however, Fidelity believes that imposing strict price/time priority on all orders under all circumstances is not necessary and would hurt liquidity in the markets. Pozen added that if both time and price priority are applied, they should be applied to limit orders only. The market structure for market orders should be based on the principle of price improvement. Regarding the self-regulatory structure of the future markets, Fidelity believes that it may not be necessary to create one single SRO that sets all the rules for all market centers. Pozen stated that market centers need to operate their own self-regulatory programs to carry out surveillance of their members and to bring disciplinary proceedings where necessary. However, Fidelity believes that for purposes of market data reporting, order routing, and trade execution, there is a need for a single coordinating self- regulatory body. Finally, Fidelity believes the demutualization plans of the NYSE and Nasdaq may raise conflicts of interest between the interests of the new owners of the markets and the 2interests of most investors trading in those markets. Fidelity therefore believes a compelling case has not yet been made to justify a broad based public offering by the NYSE or Nasdaq. Ari Burstein Assistant Counsel Attachment