

United States Senate

WASHINGTON, DC 20510

November 21, 2022

Abigail Johnson
CEO
Fidelity Investments
200 Seaport Blvd.
Boston, MA 02210

Dear Ms. Johnson:

In light of the recent stunning events in the digital asset market, we write today as a follow up to our previous letter sent on July 26, 2022. Once again, we strongly urge Fidelity Investments to reconsider its decision to allow 401(k) plan sponsors to expose plan participants to Bitcoin. Since our previous letter, the digital asset industry has only grown more volatile, tumultuous, and chaotic—all features of an asset class no plan sponsor or person saving for retirement should want to go anywhere near.

As one of the largest 401(k) providers in the world, Fidelity Investments is a global leader in traditional finance and retirement security. More than 32 million Americans and 22,000 employers trust Fidelity Investments with their workplace retirement accounts and employer-sponsored plans. Yet in recent years, Fidelity Investments has opted to expand beyond traditional finance and delve into the highly unstable and increasingly risky digital asset market.

The recent implosion of FTX, a cryptocurrency exchange, has made it abundantly clear the digital asset industry has serious problems. The industry is full of charismatic wunderkinds, opportunistic fraudsters, and self-proclaimed investment advisors promoting financial products with little to no transparency. As a result, the ill-advised, deceptive, and potentially illegal actions of a few have a direct impact on the valuation of Bitcoin and other digital assets.

FTX's collapse, which has wreaked havoc across the digital asset market, cannot be ignored. Since July, when we last raised concerns with you about the deeply concerning prospect of exposing workplace retirement plans to Bitcoin, its value has plummeted. On July 26, one Bitcoin was valued at \$21,239. Today, Bitcoin is valued at \$16,884—a two-year low. While the full extent of the damage caused by FTX continues to unfold, the contagion is being felt across the broader digital asset market. Bitcoin is no exception.

In light of these risks and continuous warning signs, we again strongly urge Fidelity Investments to do what is best for plan sponsors and plan participants—seriously reconsider its decision to allow plan sponsors to offer Bitcoin exposure to plan participants. By many measures, we are already in a retirement security crisis, and it should not be made worse by exposing retirement savings to unnecessary risk. Any investment strategy based on catching lightning in a bottle, or motivated by the fear of missing out, is doomed to fail.

Thank you again for your consideration of this timely and important issue. We look forward to your response.

Sincerely,



Richard J. Durbin
United States Senator



Elizabeth Warren
United States Senator



Tina Smith
United States Senator