

What is a core position?

What is a core position and how does it work?

Opening a Fidelity account automatically establishes a core position which is needed for processing cash transactions and for holding uninvested cash.

It's a position in your account that acts like a wallet.

When you want to make a purchase, you take money from your wallet to cover the cost and conversely, after you sell something – you put the proceeds in your wallet.

So just like a wallet...

When you buy a security, cash from your core position is used to pay for the trade and,

When you sell a security, the proceeds are deposited into your core position.

The core position is also used for processing checks, electronic funds transfers, wire transfers, direct deposits, authorized credit cards, and other payments if available on the account.

Once the account is established, there are no minimum balance requirements for a core position.

Let's look at a few examples of online account history to show what you can expect to see.

Here you see a direct deposit - notice there is a corresponding line item that shows a purchase for the same dollar amount into the core account.

The next transaction is a cashed check – since money is being withdrawn from the core position to cover this transaction, you also see a redemption from the core account for the same dollar amount.

You can choose not to show these core transactions by leaving the *View settlements in core* unchecked.

To learn more about how your account works – visit our FAQ section on Fidelity.com.

Keep in mind, investing involves risk. The value of your investment will fluctuate over time and you may gain or lose money.

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