



December 21, 2010

VIA ELECTRONIC MAIL

Ms. Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

Re: FINRA Regulatory Notice 10-54 (October 2010)
Disclosure Statement for Retail Investors at or Before Commencing a
Business Relationship

Dear Ms. Asquith:

BlackRock appreciates the opportunity to comment on the concept proposal to require a broker-dealer to deliver a disclosure statement to retail customers (as defined in FINRA Regulatory Notice 10-54) at or before commencing a business relationship. The proposed disclosure statement would detail the types of brokerage accounts and services the broker-dealer provides and any related conflicts, as well as any limitations on the duty owed to retail customers. As a general matter, BlackRock supports FINRA's efforts to ensure that disclosures to retail investors lead to better decision-making by these investors and adequately informs them of potential conflicts of interest. We also believe it is important that FINRA coordinate its efforts with other regulatory agencies to assure that the industry is able to provide information to retail investors that is both comprehensive and useful.

BlackRock is one of the world's leading asset management firms. We manage over \$3.25 trillion on behalf of institutional and individual clients worldwide through a variety of equity, fixed income, cash management, alternative investment, real estate and advisory products. Our client base includes corporate, public, multi-employer pension plans, insurance companies, third-party mutual funds, endowments, foundations, charities, corporations, official institutions, banks, and individuals around the world. The foundation of BlackRock's business is our belief that our clients' needs are of paramount importance.

The proposal coincides with the enactment of The Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), and arises from FINRA's consideration that a heightened standard of care with respect to broker-dealers may need to be implemented. The Dodd-Frank Act requires the Securities and Exchange Commission (the "Commission") to study the obligations of investment advisers and broker-

dealers, and authorizes Commission rulemaking to subject broker-dealers to a fiduciary standard. This study is due to be issued in January 2011.¹

The Dodd-Frank Act authorizes the Commission, should it decide to adopt rules providing for a uniform standard of care for investment advisers and broker-dealers, to also include in those rules that potential conflicts of interest of broker-dealers (acting as principal in filling orders from inventory and selling only proprietary or other limited range of products) may be handled through increased notice and disclosure and consent by a retail customer. The Commission solicited comment on this issue during the summer of 2010, and we attach a copy of the BlackRock comment letter filed in response.

In addition to the Dodd-Frank mandates to examine the standard of care that should be applicable to broker-dealers, the Department of Labor has proposed to revise the criteria that defines a fiduciary under the Employee Retirement Income Security Act ("ERISA"). As proposed, this revised definition will impact broker-dealers in providing services to retail customers in relation to their retirement assets held in qualified plans and in Individual Retirement Accounts. The comment period on this proposal closes on January 20, 2011.

In order to avoid imposing potentially conflicting and inconsistent disclosure requirements, BlackRock recommends that FINRA delay proposing a rule in this area in order to assure coordination with both the rulemaking likely to come from the Commission as well as the pending Department of Labor proposal. In our view, waiting until both rulemaking efforts have reached their final stages is important to achieve the important goals of enhancing retail investors' understanding of the business, relationships and potential conflicts of their broker-dealers.

While BlackRock supports clear disclosure to retail investors, we are concerned about some of the details of the final proposal. BlackRock believes retail investors would benefit from "plain English" disclosures regarding a broker-dealer's accounts and services, any associated potential conflicts of interest and any limitations on the duties owed to the customer. We recommend that this disclosure include fees and/or sources of compensation as well as a straightforward description of any potential conflicts so that clients can make informed decisions. We also recommend that broker-dealers be allowed to deliver this disclosure electronically. Finally, we believe that retail investors should be allowed to decide what products and services they want, how they should pay for those products and services, and any new rules should not limit consumer choice.

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We thank you for providing BlackRock the opportunity to express its view on the concept proposal

¹ The Dodd-Frank Act also requires the General Accountability Office to conduct a similar study with a due date of December 2011.

Please contact the undersigned if you have any questions or comments regarding BlackRock's views.

Sincerely,

A handwritten signature in black ink, appearing to read "J Medero". The signature is fluid and cursive, with the first letter "J" being large and stylized.

Joanne T. Medero

Managing Director

cc: Richard G. Ketchum, Chairman & Chief Executive Officer, FINRA
T. Grant Callery, Executive Vice President and General Counsel, FINRA
Marc Menchel, Executive Vice President and General Counsel for Regulation, FINRA
Susan F. Axelrod, Executive Vice President, Member Regulation, Sales Practice, FINRA

BlackRock, Inc.
55 East 52nd Street
New York, NY 10055

August 30, 2010

VIA ELECTRONIC MAIL

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Study Regarding Obligations of Brokers, Dealers, and Investment
Advisers (File No. 4-606)

Dear Ms. Murphy:

BlackRock is pleased to express its views to the Securities and Exchange Commission (Commission) in connection with its study on: (i) the effectiveness of existing legal or regulatory standards of care for brokers, dealers, investment advisers, and persons associated with them, and (ii) whether there are gaps, shortcomings, or overlaps in the current legal or regulatory standards relating to the standards of care for these intermediaries. At the conclusion of this review, the Commission is authorized to issue rules regarding the standard of care applicable to broker-dealers and investment advisers when they provide personalized investment advice and recommendations about securities to retail investors. BlackRock supports adopting a uniform standard for broker-dealers and investment advisers who provide such advice to their retail clients.

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The Commission's review is called for under The Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), and arises from concerns that retail investors are confused about the potential variation in standards of care between broker-dealers (who operate under a 'suitability' standard) and investment advisers (who have a duty established by case law to act in the best interest of their clients).

BlackRock agrees that these inconsistent standards may be confusing to some retail investors. However, a recent RAND study¹ concluded that clients do not differentiate between the two models and that most clients are satisfied with their provider.

Wisely, the Dodd-Frank Act authorizes the Commission, should it decide to adopt rules providing for a uniform standard of care, to also include in those rules that potential conflicts of interest of broker-dealers (acting as principal in filling orders from inventory and selling only proprietary or other limited range of products) may be handled through notice to and consent by the retail customer. In addition, we support the requirement that the rules should be designed to facilitate the provision of simple and clear disclosure to investors regarding their relationships with broker-dealers and investment advisers, including disclosures of compensation methods and material conflicts of interest.

In BlackRock's view, this balanced approach recognizes the important goals of increasing investor confidence and strengthening investor protection, while preserving consumer choice both in the selection of an investment professional and in the means for compensating this professional. We believe it is important to recognize the validity of different business models, from "execution- or distribution-only" services to full-scope investment advice. When providing advice, both broker-dealers and investment advisers should be required to disclose their fees and/or sources of compensation. At the same time, the retail investor also should be able to decide how he or she wishes to pay for advice (via a one-time fee, wrap or ongoing advisory fees or commissions on trade activity), provided that clear and relevant disclosure is made available by the investment professional so the choice is an informed one.

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We thank the Commission for providing BlackRock the opportunity to express its view on the fiduciary standards study, and we are willing to assist the Commission in any way we can. Please contact the undersigned if you have any questions or comments regarding BlackRock's views.

Sincerely,

/s/ Barbara Novick

Barbara Novick
Vice Chairman
BlackRock, Inc.

¹ Investor and Industry Perspectives on Investment Advisers and Broker-Dealers, 2008 (http://www.sec.gov/news/press/2008/2008-1_randiabdreport.pdf).