

MEMORANDUM

October 20, 2011

To: File No. S7-05-11

From: David P. Bartels
Office of Investment Adviser Regulation
Division of Investment Management

Re: Submission from BlackRock received through OMB

On October 20, 2011, staff at the Office of Management and Budget (“OMB”) sent to staff of the Securities and Exchange Commission the attached document, which BlackRock had submitted to OMB, for posting to the public comment file.

Side-By-Side Comparison of Form PF and Form PQR/PR

Level (Agg/Fund)	SEC Form PF Section/Question #	CFTC Form PQR Schedule/Question #	CFTC Form PR Schedule/Question #	Topic	Description of Inconsistency	Comment/Suggestion
Agg	N/A	N/A	N/A	Definition of Adviser/CPO Size	SEC utilizes one \$500m threshold to differentiate between large and small private fund advisers; CFTC uses three thresholds: < \$150m (Small CPO) > \$150m (Mid-Sized CPO) >\$500m (Large CPO); significance drives the level of required reporting in each; this is inconsistently applied in PF and PQR	Harmonize asset thresholds to create consistent view of significance for adviser reporting and require same data elements to be reported in each form based on those asset levels
Agg/Fund	N/A	N/A	N/A	Registered Funds	CFTC rules would currently scope in certain registered funds simply because they are advised by a registered CPO; SEC rules focus solely on non-registered private funds	Recommend excluding from scope any registered funds from CFTC reporting simply due to the fact that their CPO is registered due to the fact that public reporting is already available for such funds on a quarterly and annual basis as filed with the SEC (e.g. Form N-1A and N-2, N-Q, annual and semi-annual reports, etc.) that already provide information similar to what is requested by PQR/PR. Assumed the goal of this joint reporting was largely to monitor systemic risk and protect investor interests in non-public entities.
Fund/Agg	1a - #2 (page 2)	Page 122	Page 141	Oath	SEC requires that the Form be certified, under penalty of perjury, that all information and statements in the Form are true and correct. CFTC requires that the answers and information provided are complete and accurate, and not misleading in any material respect, to the best of the signatory's knowledge and belief.	Given the volume of information in the Forms, the CFTC's "knowledge" standard without a certification under penalty of perjury is more appropriate.
Agg/Fund	1b and 1c and 2a, 2b and 2c	Schedule B and Schedule C	N/A	Fund of Funds	SEC provides a potential limitation of reporting for Fund of Funds (complete schedule 1a and 1b only); CFTC does not offer a Fund of Funds reporting exemption but only states that funds that report on 1b and 1c in PF will be exempt from reporting in PQR Schedule B and funds that report in sections 2a-c on PF will be exempt from reporting on PQR Schedule C	Require CFTC to include a similar reporting limitation for Fund of Funds that qualify as Pools
Agg	1a - #3 and #4 (page 3)	Schedule A - #2 (page 74)	Schedule A - #2 (page 127)	Assets Under Management	CFTC defines total AUM as all assets under control of CPO and net AUM as GAAP net assets; SEC defines regulatory AUM as gross value of securities portfolio as reported on Form ADV and net AUM as regulatory AUM less liabilities; it is not clear whether these values are synonymous	Adopt consistent definitions for both sets of forms so managers do not interpret and report dissimilar numbers
Fund	1b - #14 (page 7)	Schedule A - #11 (page 80)	Schedule B - #5 (page 131)	Performance	<p>1. SEC requires reporting of gross and net performance as well as percentage change in NAV; CFTC requires only net performance</p> <p>2. SEC requires 12 months of performance data; CFTC requires 7 years of 12 months performance</p> <p>3. SEC requires performance on fiscal year basis; CFTC on a calendar year basis</p> <p>4. SEC requires quarterly returns; CFTC does not</p> <p>5. SEC mandates use of an inception date class/series performance; CFTC is silent on whether calculation is done at pool or class/series level</p> <p>6. CFTC includes "NT" value to be populated for months where pool/program does not trade</p>	<p>1. Report one set of performance numbers; net performance is more widely reported within the industry</p> <p>2. Call into question whether more than one year of performance information is necessary</p> <p>3. Report on a calendar year basis</p> <p>4. Suggest reporting current quarter performance only as agencies should have previous performance information from prior filings</p> <p>5. Calculation methodology for performance should be aligned</p> <p>6. Report performance for every period regardless of whether trading occurred; there should be mark-to-market and other performance</p>
Fund	1c - #17 (page 9)	Schedule B - #1 (page 92)	N/A	Investment Strategies	It is not clear whether or not the list of strategies in the CFTC form will match those in the SEC form. PQR does not define the specific strategies to be used.	Ensure consistency of strategy breakdown

Level (Agg/Fund)	SEC Form PF Section/Question #	CFTC Form PQR Schedule/Question #	CFTC Form PR Schedule/Question #	Topic	Description of Inconsistency	Comment/Suggestion
Fund	1c - #19 (page 10)	Schedule B - #3 (page 94)	N/A	Trading Counterparty Credit Exposure	1. CFTC requests total credit exposure for pool; SEC does not 2. CFTC lists out counterparties; SEC has a drop down list of counterparties 3. CFTC asks for information on credit exposure to other unregulated entities; SEC does not 4. CFTC requests info about affiliated counterparties; SEC does not	1. Ensure consistency of items to be reported 2. Drop down list of counterparties may be easier to amend on a forward-looking basis 3. Ensure consistency of items to be reported 4. Ensure consistency of items to be reported
Fund	1c - #21 (page 11)	Schedule B - #4 (page 96)	N/A	Trading and Clearing of Derivatives	1. CFTC requires disclosure of ABS derivatives; SEC does not 2. SEC requires disclosure of ABS securities; CFTC does not	1. Adopt consistent sub-categories for reporting 2. Adopt consistent sub-categories for reporting
Agg/Fund	2a - #23 and 2b - #27 (pages 14 and 19)	Schedule A - #12 and Schedule C - #3 and #9 (pages 81, 101 and 118)	Schedule B - #6 (page 132)	Portfolio Exposure	1. SEC requires portfolio exposures by value at aggregate level and large fund level; CFTC requires portfolio exposures by value for all individual pools and only aggregated at CPO level for Large CPOs in Part 2 of Schedule C; however, such exposures are required to be reported in aggregate at the CTA level 2. SEC requires 3 months of information; CFTC requires end of period 3. Sub-categorization and ordering requested by SEC and CFTC are vastly different (e.g. equities, alternative investments, ABS, derivatives, funds) (see separate "Portfolio Comparison" worksheet) 4. Duration and value of portfolio are included in same section for PF and in separate sections in PQR (Schedules B and C) 5. SEC requires value of derivatives based on gross notional value and value of options based on delta adjusted notional value; CFTC requires open trade equity and option value	1. Harmonize the requirements for what levels portfolio reporting is required for 2. Suggest showing portfolio disaggregation as of period end only 3. Need to standardize sub-category classifications across PF/PQR/PR. 4. Report portfolio duration and value in same table/section in PQR/PR 5. Value of derivatives to be reported in portfolio sections of forms should be defined consistently
Fund	2b - #31 (page 23)	Schedule A - #12 (page 89)	Schedule B - #6 (page 140)	Concentrated Investments	1. SEC requires a percentage and sub-asset class to be reported only; CFTC also requires the cost, fair value, YTD gain/loss and description or each investment 2. SEC requires 3 months of reporting; CFTC requires end-of period 3. CFTC requires separate reporting by category of investment 4. SEC requires aggregation of like issuers for calculation of 5%; CFTC is silent	1. Suggest not requiring all of individual security data that CFTC requires; how is this additional data useful for monitoring? 2. Suggest reporting only as of end of reporting period 3. Formats and definitions in these sections should be conformed 4. Formats and definitions in these sections should be conformed
Fund	2b - #34 (page 25)	Schedule C - #3 (page 108)	N/A	Clearing Counterparty Credit Exposure	CFTC lists out counterparties; SEC has a drop down list of counterparties	Drop down list of counterparties may be easier to amend on a forward-looking basis
Fund	2b - #40 (page 32)	Schedule A - #13 and Schedule C - #8 (pages 90 and 117)	N/A	Investor Liquidity Restrictions	1. SEC requests information about gates and suspensions only for qualifying/large hedge funds; CFTC requires similar information for all pools 2. CFTC also requests specific dates of gates/suspensions, disclosures provided to clients and reasons for such restrictions; SEC does not 3. SEC requires information about % of net assets currently subject to gates/suspensions; CFTC requires information about % net assets currently subject to daily margin requirement 4. CFTC requires information about the percentage and weighted average of participants below the pool's high watermark; SEC does not.	1. Harmonize the requirements for what levels liquidity reporting is required for 2. Suggest removal of disclosure requirements for dates, disclosures to clients and reasons from CFTC form 3. Harmonize the tables related to investor liquidity and restrictions to ensure similar information is required 4. Suggest removal of this requirement as it does not distinguish between pools slightly below the HWM and pools far below the HWM

Level (Agg/Fund)	SEC Form PF Section/Question #	CFTC Form PQR Schedule/Question #	CFTC Form PR Schedule/Question #	Topic	Description of Inconsistency	Comment/Suggestion
Fund	N/A	Schedule A - #10 (page 79)	Schedule A - #4 (page 130)	Statement of Changes in AUM	CFTC requires a statement of changes in capital for each pool; SEC does not	Is a statement of changes required for assessing systemic risk to the financial system related to pools? Consider whether presentation of Gross and Net AUM along with performance information provides enough transparency.
Fund	N/A	Schedule A - #13 (pages 89 and 90)	N/A	Subscriptions and Redemptions	CFTC requires subscriptions and redemptions to be reported for each pool; SEC does not	Are individual pool subscription and redemption numbers necessary? These items are already disclosed in the Statement of Changes in Q10.

Portfolio Exposure Comparison

SEC FORM PF	CFTC Form PQR/PR
Section 2a - Q23 and 2b - Q27 (pages 14 and 19)	Schedule A - Q12 and Schedule C - Q3 and Q9 (pages 81, 101 and 118)
<i>Listed Equity</i>	<i>Listed Equity</i>
Financial institutions	Energy/Util
Other	Technology
	Media
	Telecom
	Healthcare
	Consumer services
	Busienss services
	Financial institutions
	Consumer goods
	Industrial materials
	ETFs
	ADRs
	Other
<i>Unlisted Equity</i>	<i>Unlisted Equity</i>
Financial institutions	Financial institutions
Other	
	<i>Alternatives</i>
	Real Estate
	Commercial
	Residential
	PE
	Venture capital
	Forex
	Spot
	Total Metals
	Gold
	Total Energy
	Crude oil
	Natural gas
	Power
	Other
	Loans to affiliates
	Promissory notes
<i>Corporate Bonds - Financial Inst</i>	<i>Corporate Bonds</i>
Investment Grade	Investment Grade
Non Investment grade	Non Investment grade

Corporate Bonds - Non-Financial Inst

Investment Grade
Non Investment grade

Convertible Bonds - Financial Inst

Investment Grade
Non Investment grade

Convertible Bonds - Non-Financial Inst

Investment Grade
Non Investment grade

Sovereign Bonds and Muni Bonds

US Treasury
Agency
GSE
Sov by G-10
Other Sovereign
US State & Local

Loans

Leveraged loans
CDs
Other loans

Repos

ABS/Structured Products

RMBS
CMBS
Agency MBS
Auto ABS
Consumer ABS
ABCP
CDO
CLO
WBS
Other ABS
Other structured products

Listed equity derivatives

Financial institutions
Other

Unlisted equity derivatives

Convertible Bonds

Investment Grade
Non Investment grade

Sovereign Bonds and Muni Bonds

US Treasury
Agency
GSE
Sov by G-10
Other Sovereign
Municipal

Loans

Leveraged loans
CDs - US
CDs - Foreign
Other loans

Repos

Reverse repos

ABS/Structured Products

MBS	1. Commercial
Auto	Securitization -
Credit card	Senior, Mezz,
	Junior; 2.
CDO	Commercial
CLO	Resecuritization -

Financial institutions

Other

Credit derivatives

Single name CDS

Index CDS

Exotic CDS

Foreign Exch Derivatives

Non US Currency holdings

Int Rate Derivatives

Commodities Derivatives

Crude oil

Natural gas

Gold

Power

Other commodities

Other derivatives

Futures

Index

Equity

Commodity

Metals

Gold

Agriculture

Energy

Crude oil

Natural gas

Power

Interest Rate

Currency

Related to Financial Institutions

Other

Forwards

Swaps

Interest Rate Swap

Equity/Index Swap

Dividend Swap

Currency Swap

Variance Swap

Credit Default Swap

Single name CDS

Related to Financial Institutions

Index CDS

Exotic CDS

OTC Swap

Related to Financial Institutions

Total Return Swap

Other

Options

Futures

Index

Equity

Commodity

Metals

Agriculture

Energy

Interest Rate

	Currency	
	Related to Financial Institutions	
	Other	
	Stocks	
	Related to Financial Institutions	
	Customized/OTC	
	Physicals	
	Metals	Gold
	Agriculture	
	Currency	
	Energy	Crude Oil
		Natural Gas
		Power
	Other	
<i>Commodities Physical</i>	<i>Physicals</i>	
Crude oil	Total Metals	
Natural gas	Gold	
Gold	Agriculture	
Power	Total Energy	
Other commodities	Crude Oil	
	Natural Gas	
	Power	
	Other	
<i>Internal private funds</i>	<i>Private Funds</i>	
	Hedge Fund	
<i>External private funds</i>	Equity Fund	
	Money Market Fund	
	Private Equity Fund	
	REIT	
	Other	
<i>RICS</i>	<i>Mutual Funds</i>	
	U.S.	
	Foreign	
<i>Cash and cash equiv</i>	<i>Cash</i>	
	At Carrying Broker	
	At Bank	