

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.

BlackRock is one of the world's largest asset management firms. We manage \$3.15 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 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).

cc: The Honorable Mary L. Schapiro
The Honorable Kathleen L. Casey
The Honorable Elisse B. Walter
The Honorable Luis A. Aguilar
The Honorable Troy A. Paredes

Andrew J. Donohue, Director
Division of Investment Management

Robert W. Cook, Director
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