BLACKROCK

August 23, 2010

VIA ELECTRONIC FILING

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Investment Company Advertising: Target Date Retirement Fund Names and Marketing; File Number S7-12-10

Dear Ms. Murphy:

This letter responds to the request of the Securities and Exchange Commission (the "Commission") for comments on its proposed rule amendments under the Securities Act of 1933 and the Investment Company Act of 1940 that are intended to provide enhanced disclosure concerning investments in target date funds ("TDFs"). BlackRock[1] supports the Commission's goal of providing investors with information that will enhance the understanding of TDFs and provide meaningful information to guide the investment decision.

As the Commission notes in the preamble of the Proposing Release, the amount of assets invested in TDFs has grown substantially since their inception in the early 1990s. Also as noted, since the adoption by the Department of Labor of the "QDIA regulations"[2], the use of TDFs in defined contribution ("DC") plans has become more prevalent. In fact, according to recent surveys the bulk of TDF assets are held in 401(k) and similar participant directed DC plans.[3] TDFs are an important tool for those saving for retirement because these funds transfer the burden of adjusting the risk level from the individual to experienced investment managers. The popularity of TDFs reflects the fact these funds provide a simple solution for individuals that lack the knowledge, interest and time to select and monitor a mix of funds.

DC plan participant investment selections involve two different levels of investment decision - first, the decision by the plan sponsor regarding the limited investment choices to make available to plan participants from among a wide array of potential investments, and second, the decision by plan participants regarding how to direct their funds among the limited investment options made available by the plan sponsor. Accordingly, detailed disclosures regarding investment options in general are made directly to the plan sponsor and/or other plan fiduciaries that undertake the important fiduciary obligation of making the initial pre-selection of investment options to be made available to plan participants. Such fiduciaries are themselves subject to extensive regulation.[4] DC plan fiduciaries are required to provide plan participants with communications relating to all the investment options,

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[1] BlackRock is the world's largest investment manager, with over $3 trillion in assets under management for thousands of clients around the world. BlackRock is solely in the business of providing investment advice to clients, including institutions, individuals and regulated investment funds. Among the financial innovations it has pioneered is the lifecycle/target date investment strategy, first launched in 1993.

[2] 29 CFR Part 2550 (Sec. 2550.404c-5 Fiduciary relief for investments in qualified default investment alternatives), October 24, 2007 (72 FR 60452) amended, April 30, 2008 (73 FR 84).

[3] Retirement Snapshot, 1Q 2010, Investment Company Institute

[4] Among other things, this means the plan fiduciary has reviewed the fund's glidepath and whether the landing point is based on "to retirement' or 'through retirement' and will base its decision on fund selection on a combination of factors, including the availability of other employer-provided retirement programs. Also see, ERISA Sections 404 and 406 and generally Title I.

including TDFs. However, it is important to note that a TDF may be on the investment menu with other investment options across the investment spectrum, it is rare for a DC plan to offer TDF options from multiple providers (other than the series of funds along the time dimension).

The Commission will have received extensive comments from asset management industry associations on the proposed rule changes. As our views are largely in line with these commentators, we have limited our comments to those that we believe would benefit from additional emphasis. In summary, we believe:

- A TDF's glidepath in a chart or graph best illustrates the asset allocation;

- TDF disclosure materials should take into account the role of TDFs as an investment option in DC plans, and in particular their roles as "qualified default investment alternatives' under Department of Labor regulations; and

- No significant change to the naming convention for TDFs is needed.

Disclosure of Asset Allocation

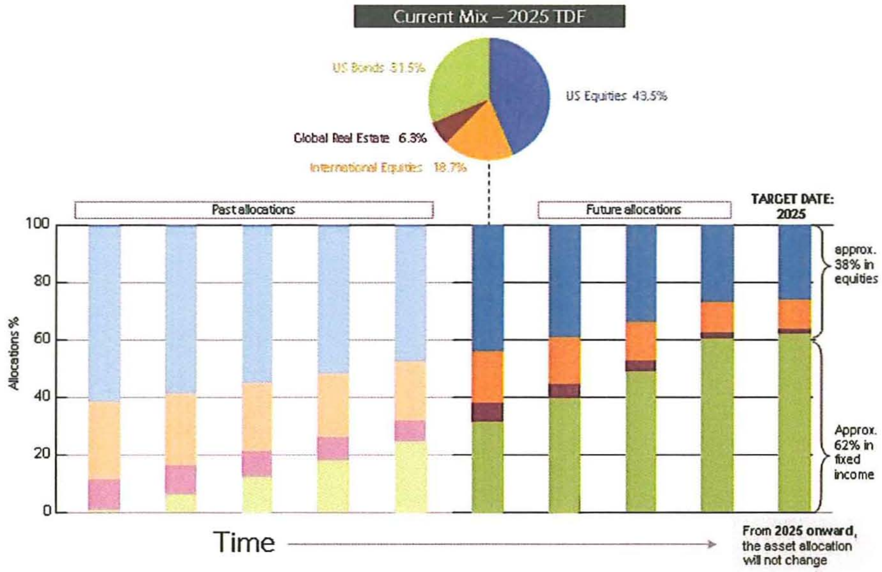
BlackRock supports improved disclosures to better educate investors on how TDFs are designed to provide a diversified portfolio whose composition changes over time. While we believe allocation information should be available to all TDF investors, it is doubtful that the average retail investor and DC plan participant have the requisite financial sophistication to judge the technical merits of various allocations and/or fund components. Our research and that of academics[5], suggests that most individuals investing for retirement lack either the knowledge, interest and/or time need to formulate a customized portfolio. We doubt individual investors select a TDF because they have rigorously analyzed the TDF holdings, glidepath and equity landing point.[6]

We recommend the Commission provide general guidelines for the TDF disclosure without being overly prescriptive of the format or contents. This approach would provide more flexibility to allow for future modifications given TDFs are a relatively new investment solution for DC investors and will continue to evolve to meet investment needs. Importantly, the Department of Labor is also looking at plan participant disclosure for target date products used as default investment options across registered investment companies, bank collective trust funds and separately managed accounts. Consistent guidelines from the Commission and the Department would be welcomed by industry participants.

What is most important for retirement investors to understand is how asset allocation changes over time. We believe that disclosure of the TDF asset allocation, presented in a graph or chart, would permit investors to visualize the glide path in relation to their own time horizon. This disclosure emphasizes the function of a TDF and would also help investors understand how asset allocation changes over time (See illustration below).

[5]. James J. Choi, David Laibson, and Brigitte C. Madrian, 2009, "Mental Accounting in Portfolio Choice: Evidence from a Flypaper Effect."; NBER Working Paper No. 13656; November 2007, Revised September 2009

[6] In our experience plan fiduciaries do undertake this type of analysis analysis as part of their fiduciary obligations under ERISA. Individual investors may also use investment advisers to provide analysis and assistance in their selection of a TDF among their DC plan offerings or in investing their retirement savings outside of a tax-qualified plan.



Text accompanying the chart would state explicitly that the asset allocation could change from what the chart illustrates based on changes in the managers' assumptions as to retirement readiness, longevity and market risk. Further, the disclosure would also state what types of investments are included in each asset class (e.g., the manager might include REITs as either equity or fixed income). Investors would be specifically informed that investment in TDFs, like all investments in securities, are not guaranteed, and that they should review their investment decision periodically to make sure the time horizon of the fund in which they are invested reflects their expected retirement timing assumptions.

In its efforts to protect investors who may be making investment decisions outside of a typical, fiduciary protected DC plan, the Commission needs to be cautious not to require so much information that these investors, as well as DC plan participants, are overwhelmed and thereby distracted from making sound decisions about their retirement assets. The effects of information overload and its influence on hampering investment choices is well documented.[7]

Naming Convention

Target date funds are currently named to reflect the estimated retirement year of investors, therefore, these funds are offered with a series of years in their name. This is a simple approach that is designed to assist investors in selecting the fund most appropriate for them. We are concerned that the Commission's proposal to add asset allocation information to the name of the fund will confuse rather than assist investors. As currently proposed, the funds would be required to indicate a short-hand asset allocation as of the target year. Unfortunately, we believe many investors will mistake this for current allocations or will simply not understand the short-hand. In addition, this short-hand is not sufficient to describe the risks of various asset classes or sub-asset classes. For example, an actively managed international small cap fund would be considered an "equity" fund as would a US large cap index fund, yet these two funds would have very different risk profiles. Finally, highlighting the allocation as of the target date may be misleading as various target date funds employ different strategies following the target date. For example, some funds may hold a constant equity/bond allocation whereas others may change the equity/bond mix, resulting in very different risk profiles.

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[7] James J. Choi & David Laibson & Brigitte C. Madrian & Andrew Metrick, 2001. "Defined Contribution Pensions: Plan Rules, Participant Decisions, and the Path of Least Resistance," NBER Working Papers 8655, National Bureau of Economic Research, Inc.

Instead of focusing on the name of the fund, we cannot help but return to the importance of disclosure regarding various risks associated with TDFs. As noted in the prior section to this letter, the glidepath or asset allocation change over time is a key aspect that should be graphically illustrated. A discussion of a fund's investment philosophy, including passive/active glidepath, passive/active underlying funds, asset allocation beyond the target date, single versus multi-manager and diversification among asset classes (e.g., exposure to TIPS, real estate, commodities) would be helpful to investors who want to develop an understanding of the risks associated with TDFs.

Summary

As fiduciaries for our clients, we share the Commission's resolve to assure a secure retirement for all Americans. TDFs provide fundamental advantages in helping DC plan participants and others investing for retirement to maintain a diversified asset allocation strategy that changes over time. The current focus on TDFs is primarily due to their performance during the market downturn in 2008. As TDFs are designed as long-term investments, their risk adjusted performance and suitability should be considered in this larger context. We strongly recommend retaining the current naming convention without change and adding enhanced disclosure as an adequate measure to improve investment decisions.

We appreciate the opportunity to share our views on this rule proposal, and would welcome further discussion on this important topic.

Sincerely,

Chip Castille /lp

Chip Castille
Managing Director
Head, US Defined Contribution