MEMORANDUM

To: File No. S7-41-11

From: Jennifer B. McHugh
Senior Advisor to the Chairman

Date: February 22, 2012

Re: Meeting with Representatives from BlackRock

On February 16, 2012, representatives from BlackRock met with the following SEC representatives: Mary L. Schapiro, Chairman; Didem A. Nisanci, Chief of Staff; Ricardo R. Delfin, Special Counsel to the Chairman; Eileen P. Rominger, Director, Division of Investment Management; and Jennifer B. McHugh, Senior Advisor to the Chairman.

Attending from BlackRock were Laurence D. Fink, Chairman and CEO; Barbara G. Novick, Vice Chairman; and Kathryn Fulton, Managing Director. Among other issues, the representatives from BlackRock discussed the rule proposal titled "Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships With, Hedge Funds and Private Equity Funds." The BlackRock representatives reiterated the points made in their February 13, 2012 comment letter, available at http://www.sec.gov/comments/s7-41-11/s74111-446.pdf. In addition, the BlackRock representatives provided the attached recommended definitions of "hedge fund" and "private equity fund" for the "covered fund" portion of the proposal.

Definition of "Covered Fund" for Purposes of the Volcker Rule

For purposes of the Volcker Rule, "covered fund" should be defined to be any hedge fund or private equity fund, as each term is defined below.

A "**hedge fund**" is a fund for external investors that:

(A) Either (i) if offered in the US would be an investment company under the Investment Company Act of 1940 (the "1940 Act" but for 3(c)1 or 3(c) 7 or (ii) is organized and offered exclusively outside the US solely under applicable private placement rules;

and

(B) has all of the following characteristics:

1. (x) sells securities or other assets short or enters into similar transactions (other than for the purpose of hedging currency exposure or managing duration) or (y) borrows an amount in excess of one-half of its net asset value (including any committed capital) or has gross notional exposure in excess of twice its net asset value (including any committed capital).
2. Compensates the manager through a performance fee or allocation calculated by taking into account unrealized gains.
3. Provides investors with restricted or limited redemption rights.

If a fund of funds, the fund meets the criteria set forth in (A) and substantially all of the underlying funds meets the criteria set forth in (A) and (B).

A "**private equity fund**" is a fund for external investors that:

(A) Either (i) if offered in the US would be an investment company under the Investment Company Act of 1940 (the "1940 Act") but for 3(c)1 or 3(c)7 or (ii) is organized and offered exclusively outside the US solely under applicable private placement rules;

and

(B) has all of the following characteristics:

1. Intends to generate its investment returns by acquiring equity or equity-like securities in companies for which there is no public market or no readily available valuation, and after holding these investments for a long-term period (e.g., expected holding period of greater than a year) realizes its returns through subsequent sale or public offering of these portfolio holdings.
2. Compensates the manager through a performance fee or allocation based on the performance of the fund's portfolio over a specified period of time and subject to adjustments (e.g., "hurdle rate").
3. Distributes the net proceeds of the sale of investments to investors over time.
4. Prohibits investors from withdrawing or redeeming their investments, with narrow exceptions for illegality or regulatory reasons.

If a fund of funds, the fund meets the criteria set forth in (A) and substantially all of the underlying funds meets the criteria set forth in (A) and (B).