

July 19, 2010

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

VIA ELECTRONIC FILING

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

Re: SRO Single Stock Circuit Breaker Proposals (File Nos. SR-BATS-2010-018, SR-BX-2010-044, SR-NASDAQ-2010-079, SR-NSX-2010-08, SR-NYSE-2010-49, SR-NYSEArca-2010-61, SR-NYSEAmex-2010-63, SR-ISE-2010-66, SR-EDGA-2010-05, SR-EDGX-2010-05, SR-CBOE-2010-065, SR-FINRA-2010-033)

Dear Ms. Murphy:

This letter responds to the request of the Securities and Exchange Commission (the “Commission”) for comments on the proposal to expand the pilot program for single stock circuit breakers filed by the national securities exchanges and the Financial Industry Regulatory Authority (the “Exchanges”). BlackRock¹ has previously submitted comments² in support of the pilot program, and continues to believe that implementing trading pauses for individual securities in times of market stress may reduce market volatility resulting from temporary supply-demand imbalances without unduly interrupting market price discovery.

The Exchanges propose to amend their rules to add securities included in the Russell 1000 Index (the “Russell 1000”) and certain exchange-traded funds (“ETFs”) to the single stock circuit breaker pilot program. Under the proposals, trading in securities included in the pilot program would pause across U.S. equity markets for a five-minute period in the event that a stock experiences a ten percent change in price over the preceding five minutes.

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. A BlackRock subsidiary is the investment adviser to the iShares family of exchange-traded funds (“ETFs”), which, as of June 30, 2010, was the largest family of ETFs in the U.S., with over 200 ETFs and over \$370 billion in aggregate assets invested in U.S. equity, international equity, and a variety of fixed-income asset classes.

² Letter from Ira P. Shapiro dated June 2, 2010 Re: SRO Single Stock Circuit Breaker Proposals (File Nos. SR-BATS-2010-014, SR-BX-2010-037, SR-NASDAQ-2010-061, SR-NSX-2010-05, SR-NYSE-2010-39, SR-NYSEArca-2010-41, SR-NYSEAmex-2010-46, SR-ISE-2010-48, SR-EDGA-2010-01, SR-EDGX-2010-01, SR-CBOE-2010-047, SR-FINRA-2010-025).

BlackRock believes it would be beneficial for ETFs to be included in the circuit breaker pilot program as soon as possible. We are encouraged by the proposed inclusion of a substantial number of ETFs across a variety of asset classes. The methodology used by the Exchanges to select ETFs for inclusion in the pilot program, however, appears arbitrary and results in the exclusion of a large number of ETFs that invest principally in U.S. stocks that are components of the Russell 1000,³ apparently because these ETFs had lower trading volumes than the criteria set by the Exchanges. Given that a large percentage of the ETFs that experienced cancelled trades on May 6 had lower-than-average trading volumes, BlackRock questions whether excluding ETFs from the pilot program based on having low trading volumes furthers the purpose of the pilot program. BlackRock believes that these ETFs should be included in the pilot program at the earliest opportunity.

The proposing release notes that “concerns have been raised about whether halting an index-based [ETF] may impact an index-based option or future”. In regard to such concerns, BlackRock notes that:

- There are only a small number of indices on which there are both index-based options or futures and ETFs.⁴ The vast majority of ETFs seek to track indices on which there are no futures or options.⁵
- ETFs differ from index-based options or futures in that they are funds that hold the underlying components of the index. Importantly, ETFs issue and redeem shares generally against in-kind transfers of underlying securities with institutional market participants.
- The ability of ETFs to track the performance of their underlying basket or benchmark index is – unlike futures or options – based on the ability of market participants to trade the underlying basket of securities. The so-called “arbitrage mechanism” of ETFs⁶ generally requires liquidity providers to sell a basket of stocks equivalent to an ETF’s underlying portfolio (or a correlated derivative) as a hedge when purchasing ETF shares. In the event that an ETF continues to trade while trading in the majority of its underlying securities is halted, the arbitrage mechanism would likely not operate and BlackRock anticipates there would be relatively few bids for the ETF’s shares and a collapse in its share price, similar to the experience on May 6.

³ Among the ETFs that are not included are the iShares Morningstar Large Core Index Fund, the iShares NYSE 100 Index Fund, the iShares NYSE Composite Index Fund, the iShares MSCI USA Index Fund and the iShares S&P 1500 Index Fund, each of which predominantly holds stocks included in the Russell 1000.

⁴ According to the website of the CME Group, there are currently 12 indices on which index futures or options contracts traded on the Chicago Mercantile Exchange or Chicago Board of Trade are based. See <http://www.cmegroup.com/trading/equity-index/index.html>. In contrast, according to the Investment Company Institute as of May 2010 there were 860 U.S. ETFs which seek to track the performance of several hundred different indices. See http://www.ici.org/research/stats/etf/etfs_05_10.

⁵ While there are few exchange-traded options directly on indices, there are many more options based on ETFs that seek to track an underlying index.

⁶ See Exchange-Traded Funds, Release No. IC-28193, File No. S7-07-08 (March 11, 2008) (the “ETF Rule Proposal”) and Letter from Ira P. Shapiro, Associate General Counsel of Barclays Global Fund Advisors (since renamed BlackRock Fund Advisors, a BlackRock affiliate) to Nancy M. Morris dated May 16, 2008 commenting on the ETF Rule Proposal.

Ms. Elizabeth M. Murphy

July 19, 2010

Page 3 of 3

- BlackRock does not believe it is practicable to make distinctions among ETFs based on whether or not they seek to track an index on which there are other types of exchange-traded instruments, because the indices tracked by ETFs are frequently related to or highly correlated with indices tracked by other ETFs. For example, if all trading in futures, exchange-traded options and ETFs based on the Standard & Poor's 500 Composite Stock Price Index were simultaneously halted but ETFs based on the Russell 1000, a highly correlated index, continued to trade, BlackRock expects that market participants seeking to hedge large capitalization U.S. stock exposure would trade ETFs based on the Russell 1000. If those were in turn halted, market participants would likely choose other highly correlated ETFs, such as ETFs based on the Russell 1000's Growth and Value sub-indices. Predicting the correlations that may prevail in the future among futures, options and ETFs based on different indices seems problematic. Rather than attempt to base ETF circuit breakers based on predicted correlations with other exchange-traded instruments, BlackRock believes it would be preferable to halt trading in ETFs based on the same rules that apply to their underlying stocks.

* * * * *

BlackRock thanks the Commission for providing it with the opportunity to comment on the circuit breaker proposals. We are eager to assist the Commission in any way we can to ensure that the rule proposals will benefit investors generally and ETF investors particularly. In the event you have any questions about any of BlackRock's views, please feel free to contact the undersigned at (415) 670-2860, Noel Archard at (415) 670-4815, or Joanne Medero at (415) 670-2620.

Sincerely,

/s/ Ira P. Shapiro

Ira P. Shapiro
Managing Director

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

Robert W. Cook, Director
James Brigagliano, Deputy Director
Division of Trading and Markets

Andrew J. Donohue, Director
Elizabeth Osterman, Associate Director
Division of Investment Management
U.S. Securities and Exchange Commission