

BLACKROCK

September 20, 2010

Mr. Russell Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Re: Proposed Accounting Standards Update "Contingencies"

Dear Mr. Golden:

BlackRock, Inc. ("BlackRock") appreciates the opportunity to comment on the Proposed Accounting Standards Update on Contingencies (Topic 450), *Disclosure of Certain Loss Contingencies* (the "Proposed ASU"). BlackRock is a global investment manager, overseeing \$3.15 trillion of assets under management at June 30, 2010. BlackRock and its advisory subsidiaries manage over 2,700 investment companies, including registered investment companies, hedge funds, private equity funds, exchange traded funds and common and collective trusts.

BlackRock commends the Financial Accounting Standards Board ("FASB" or the "Board") in its efforts to revise the 2008 Exposure Draft (the "2008 ED") and address many concerns expressed by preparers of financial statements and legal practitioners. In particular, the changes to the 2008 ED that BlackRock agrees with include:

- Eliminating the requirement to disclose, for remote contingencies, management's best estimate of the maximum exposure to loss when no claim or assessment amount exists, and
- Eliminating the requirement for a qualitative assessment of the most likely outcome of a contingency.

While BlackRock generally supports the changes made to the 2008 ED and the Board's efforts to provide investors and users of financial information with more transparent and timely disclosures about loss contingencies, we have certain concerns with the Proposed ASU as described below. As an investment manager, BlackRock is in the position to provide commentary on the Proposed ASU from the perspectives of both the preparer and the user (i.e., BlackRock research analysts) and, as such, our comments are formulated to take into account both perspectives.

PREJUDICIAL INFORMATION

We recognize and commend the Board's efforts to modify the contingency disclosure requirements contained within the 2008 ED from an approach based largely on management's expectations and assumptions to an approach based primarily on factual disclosures. We also agree conceptually, from both a preparer and a user perspective, with the current guidance in Accounting Standards Codification ("ASC") 450-20-50-1 that requires disclosure of quantitative information regarding contingencies, including the amount accrued, in circumstances where it is necessary for financial statements not to be misleading. However, we disagree with the Board's presumption that the disclosures required by the Proposed ASU have largely eliminated the disclosure of information that may be prejudicial to a reporting entity's legal defense. In general, BlackRock, its registered mutual funds and certain of its regulated subsidiaries historically have not been required to accrue material contingent liabilities related to litigation as the contingencies generally have not met the "probable" threshold. Should a material claim be asserted against any of these entities in the future for which a loss is considered probable, providing the tabular disclosures required by the Proposed ASU could materially prejudice our legal strategy as it provides the plaintiff with information about management's assessment of the case (i.e., the amount management deems probable upon settlement) and litigation strategy. While BlackRock's own analysts generally prefer to have more quantitative disclosures regarding litigation contingencies, they too recognize the potential negative impact to a defendant-company's shareholders that could result from the indirect disclosure of litigation strategy currently envisioned by the Proposed ASU.

In addition, we do not support the mandatory disclosure of insurance coverage that is known to the plaintiff or discoverable by the plaintiff or regulatory agencies. A defendant's liability coverage is generally subject to discovery and would, therefore, almost always have to be disclosed under the Proposed ASU. Such information is highly confidential. In recognition of the sensitive and confidential nature of the information, in litigation, disclosure of a defendant's liability coverage is typically made only pursuant to a confidentiality stipulation prohibiting any further dissemination of the information. The required public disclosure of this information to, among others, potential litigation adversaries, which could allow them to target companies with substantial insurance coverage would not benefit the company or its shareholders.

We strongly urge the Board to consider the inclusion of a prejudicial exemption similar to the one included in the 2008 ED. While we recognize and agree with existing guidance in ASC 450-20-50-1, requiring disclosure of amounts accrued if the absence of such information would result in misleading financial statements, we do not believe that a prejudicial exemption is mutually exclusive with ASC 450-20-50-1. We expect that there would be many instances where omitting prejudicial tabular quantitative disclosures would not make the financial statements misleading if sufficient qualitative disclosures were included, as required by the Proposed ASU, which enable users to understand the nature, magnitude and timing of a potential loss. Therefore, we urge the Board to consider a prejudicial exemption for more than the "rare" instances suggested in the 2008 ED, without altering the existing requirements of paragraph 450-20-50-1.

DISCLOSURE OF CERTAIN REMOTE CONTINGENCIES

We do not support disclosing remote contingencies, regardless of magnitude. We do not see how the disclosure of matters that are remote, both qualitatively and temporally, provides investors with any meaningful information. We believe that recurring disclosures of remote contingencies could provide users of financial statements with a distorted view of the financial condition of a company and therefore may be misleading. BlackRock analysts have indicated that they are primarily concerned with information likely to impact companies and, therefore, agree that disclosures of remote contingencies are not particularly useful. We encourage the Board to exclude this proposed disclosure from a final standard.

INTERIM DISCLOSURES

We note that many respondents to the 2008 ED objected to the requirement for interim quantitative disclosures regarding contingencies, citing compressed filing deadlines in interim periods and inconsistencies between the timing of tabular quantitative disclosure requirements for contingencies within the scope of the 2008 ED and similar tabular disclosure requirements for uncertain tax positions. As a preparer of financial information, BlackRock believes these issues continue to be valid concerns. Although certain BlackRock analysts commented that interim disclosures would be useful in understanding the status and potential impact of contingencies on a timely basis, they stated they would be most interested in material changes in accruals and *significant* developments regarding the status of the contingencies. As a result, BlackRock is supportive of interim disclosures, including non-prejudicial tabular information (as noted above), to the extent that either of those criteria had been met.

IMPLEMENTATION

While the requirements of the Proposed ASU may not require substantial new information for contingencies which are at least reasonably possible, we feel that the inclusion of required disclosures for certain remote contingencies adds an additional level of complexity that will require extensive efforts and additional resources to implement, including global coordination with local overseas counsel to communicate new requirements, formulation of a coherent position on the meaning of "severe impact" to BlackRock, its registered funds and other regulated entities, understanding of new audit requirements and development and testing of new disclosure controls. We anticipate that many multinational companies with December 31st year-ends may find it difficult to meet the proposed implementation date of December 31, 2010. Financial statement users within BlackRock acknowledge that while they generally support the Board's goal of amending current guidance to provide additional relevant disclosures, companies should be given the necessary time to provide thoughtful, complete and informative additional disclosures under the Proposed ASU to the extent necessary. Therefore, we would encourage the Board to consider delaying the implementation date of the Proposed ASU at least to fiscal years beginning after December 31, 2010, and interim periods contained within those years.

* * * * *

We appreciate the opportunity to express our views on the Proposed ASU and hope that the Board will consider our comments in their deliberations. Please do not hesitate to contact me at (212) 810-3501 with any questions you may have regarding our comments.

Sincerely,

Steven E. Buller
Managing Director