

**Meeting between Federal Reserve Board staff and
Representatives from BlackRock
November 4, 2010**

Participants: Michael Gibson, Diana Hancock, Kieran Fallon, Patrick McCabe, Maria Perozek, Jose Berrospide, Sean Chu (Federal Reserve Board)

Robert Connolly, Barbara Novick (BlackRock)

Summary: Federal Reserve Board staff met with representatives from BlackRock to discuss the Financial Stability Oversight Council's authority to designate a nonbank financial firm as "systemically important" and thus subject the firm to supervision by the Federal Reserve Board. During the discussion, representatives from BlackRock presented their views on how asset management companies could or could not pose a systemic risk. They noted that, unlike a bank, an asset management company acts as an agent for its clients and does not hold investment assets on its own balance sheet. They also noted that clients can and do replace asset managers, with minimal switching costs, which could reduce the systemic risk consequences arising from an asset manager falling into financial distress. BlackRock's representatives also stated that, while asset management companies enter into securities and derivatives trades as part of the normal course of their business, it is typically the individual investment funds, acting on behalf of clients, which enter into trades, not the asset management company. This business practice can reduce the interconnectedness between an asset management company and other systemically important financial firms or financial market utilities.