

July 8, 2013

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, N. W.
Washington, D.C. 20006-2803

RE: PCAOB Rulemaking Docket Matter No. 038

Members of the Board,

BlackRock, Inc. ("BlackRock") appreciates the opportunity to comment on the following:

- Public Company Accounting Oversight Board ("Board" or "PCAOB") Proposed Auditing Standard – Related Parties ("the Proposed Standard");
- Proposed Amendments to Certain PCAOB Auditing Standards Regarding Significant Unusual Transactions (the "Proposed Amendments"); and
- Other Proposed Amendments to PCAOB Auditing Standards (the "Other Proposed Amendments" and, together with the Proposed Standard and the Proposed Amendments, the "Proposed Standard and Amendments").

BlackRock is a global investment manager, overseeing \$3.94 trillion of assets under management at March 31, 2013. BlackRock and its subsidiaries manage approximately 3,500 investment vehicles, including registered investment companies, hedge funds, private equity funds, exchange-traded funds and collective investment trusts, in addition to separate accounts. Certain of BlackRock's wholly-owned subsidiaries operate as registered broker/dealers, a U.K. registered life insurance company, a U.S. federally-chartered trust bank and numerous investment advisory companies registered in jurisdictions throughout the world.

As an investment manager, BlackRock is in the position to provide commentary on the Proposed Standard and Amendments from the perspectives of a) a corporate preparer, b) an investment fund preparer and c) a user (i.e., BlackRock's research analysts). As such, our comments take into account all three of these distinct perspectives.

Response

Proposed Standard

We support issuance of the Proposed Standard, which underscores management's responsibility for identifying related parties and transactions with related parties; management's process for authorizing and approving transactions with related parties; the controls in place to ensure proper accounting and disclosure in the financial statements; and the auditor's responsibility for obtaining an understanding of these procedures in conjunction with understanding internal control over

financial reporting. We agree that inquiries of management are important to identify related parties and to understand the nature of any relationships that related parties have with management, the business purpose of any transactions with related parties, and the process by which related party transactions are approved.

The procedures required by the auditors to identify and understand related party transactions that are required to be disclosed in the financial statements or that are determined to be a significant risk, already are substantially performed in existing audits. However, we encourage the Board to clarify that the focus should be on significant risks, and that the intent of the Proposed Standard is not to require additional audit effort over all risks, regardless of their significance. The sources of information listed in Appendix A of the Proposed Standard to identify related parties or relationships or transactions with related parties also normally are reviewed as part of existing audit procedures. For example, auditors read periodic financial reports and annual proxy reports (although proxy statements frequently are prepared after the auditor has released the audit opinion), tax filings and internal auditors' reports, as well as significant contracts and compensation arrangements. We encourage the Board to clarify that these sources are only examples, and documentation and evaluation should be based on their relevance and risk. We do not believe that the Proposed Standard would require significant incremental management or auditor resources for BlackRock or its sponsored investment companies, although the amount of resources required could be meaningfully greater for companies with a significant number of related parties and complex related party transactions.

Proposed Amendments

With respect to the Proposed Amendments regarding significant unusual transactions, we believe that it is important for the auditor to understand the business purpose of significant unusual transactions, some of which may have been entered into to engage in fraudulent financial reporting. The criteria identified in revised paragraph .67 are appropriate, and the requirement for the auditors to read the underlying documentation to determine consistency with other audit evidence about business purpose and to determine whether the transaction has been authorized in accordance with company policies and procedures, is appropriate. The criteria in paragraph .67 that should be used to evaluate the business purpose of significant unusual transactions are reasonable. The evaluation of the financial capability of other parties with respect to the financial terms of significant unusual transactions presumably already is performed by the auditor and, as a result, should not result in significant additional time by management or the auditor.

Other Proposed Amendments

With respect to the Other Proposed Amendments, we support the need for the auditor to obtain an understanding of compensation arrangements with the company's executive officers. With respect to the compensation arrangements with senior management other than executive officers mentioned in the preceding sentence, we are concerned that the requirement to obtain an understanding of their compensation arrangements could result in significant additional audit procedures although the risk of material fraud or material misstatement may be negligible. We encourage the Board to consider further clarification that it is important to understand the company's compensation arrangements, which may be achieved by assessing the company's internal control over such arrangements (including senior management compensation), as opposed to reading each compensation agreement. We question the need to inquire of the chair of the compensation committee and any compensation consultants engaged by the

compensation committee or the company regarding structuring of the company's compensation for executive officers, unless the structure and terms are unclear or raise questions about the company's documentation and internal controls over such compensation arrangements. Otherwise, we support the Other Proposed Amendments.

We appreciate the opportunity to share our viewpoints on the Proposed Standard and Amendments. As noted above, we applaud the Board's work in this important area and in its ongoing efforts to enhance auditor independence, objectivity and professional skepticism.

If the Board has any questions regarding our comments, please contact Steven Buller at (212) 810-3501.

Sincerely,

Steven E. Buller
Managing Director