



55 East 52nd Street
New York NY 10055
Tel 212-810-5300
www.blackrock.com

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BY E-MAIL: auditors@cc.gsi.gov.uk

Inquiry Manager
Audit Market Investigation
Competition Commission
Victoria House
Southampton Row
London
WC1B 4AD

Re: Statutory Audit Services for Large Companies - Market Inquiry

Dear Sir or Madam:

BlackRock, Inc. ("BlackRock") appreciates the opportunity to comment on the Competition Commission Notice of possible remedies under Rule 11 ("the Notice") regarding the provisional determination of an adverse effect on competition with respect to the supply of statutory audit services. BlackRock is a global investment manager, overseeing \$3.79 trillion of assets under management at December 31, 2012. 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, most of which are subject to annual audit requirements. Certain of BlackRock's wholly-owned subsidiaries operate as registered broker/dealers, U.K. registered life insurance companies, 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 Notice from the perspectives of a) a corporate preparer, b) an investment fund preparer and c) a user (i.e., BlackRock's internal investment research analysts) (although in the case of (a) and (b) the BlackRock entities concerned do not fall within the large companies included in the FTSE 100 and FTSE 250 indices. As such, our comments take into account all three of these distinct perspectives.

Summary Comments

We support the investigation being performed by the Competition Commission at the request of the Office of Fair Trading regarding the supply of statutory audit services to large companies in the United Kingdom. We also support the goal of expanding the number of accounting firms performing audits for large companies, enhancing the accountability of the auditor to the audit committee, and other steps, summarized below, that will help enhance the independence and objectivity of auditors.

We have read the draft letter to be submitted by the Investment Management Association to be dated March 25, 2013, and generally agree with the majority positions which we believe will be conveyed in the letter. In this letter, we highlight our principal observations with respect to the Notice.

Mandatory tendering and mandatory rotation

We support mandatory tendering, instead of mandatory rotation, which would provide the audit committee with the flexibility to select the most qualified auditor and would encourage a periodic review of a company's policies and practices. We believe there are risks associated with

mandatory rotation, such as loss of auditor institutional knowledge and a reduced incentive for audit firms to invest in the audit relationship by relocating the most qualified personnel or investing in travel and training. Audit risk may be highest during the first few years after an auditor transition given the lack of in-depth and historical knowledge. Accordingly, the audit committee is in the best position to dictate the timing of any change.

In our particular situation, we must comply with local country and U.S. Securities and Exchange Commission ("SEC") independence requirements, which would extend to all subsidiaries and all of our audited investment funds. The SEC requirements would necessitate that we coordinate a change in auditors with our audited investment funds, for which the auditor decision may be dictated by a separate independent board and audit committee. Accordingly, mandatory rotation at frequent intervals could be both difficult to implement and costly to our corporate and investment company shareholders, and could be required to occur at a point in time when audit risk is highest, such as immediately following an acquisition.

Prohibition of Big 4 only clauses in loan documentation

We support a prohibition on Big 4 only clauses that are intended to limit a borrower's use of audit firms to one of four firms (Deloitte LLP, Ernst & Young LLP, KPMG LLP and PricewaterhouseCoopers LLP). Such requirements may be anti-competitive, and limit the ability of an audit committee to select a non-Big 4 audit firm with particular industry, business or product expertise. However, we also recognize that some companies may be limited in their choice of audit service providers given the need for global or specialized industry expertise.

Strengthened accountability of the external auditor to the audit committee

We support further strengthening the accountability of auditors to the audit committee, including a requirement that the auditors report on the effectiveness of controls; the appropriateness of accounting policies; disagreements with management; any passed audit adjustments; and other matters pertinent to understanding the quality of the financial statements and significant risks identified in conducting the audit. We believe that the audit committee and the board of directors should be charged with the responsibility for oversight of the audit engagement, approval of fees, and the determination of whether to hire an incumbent or new audit firm.

Enhanced shareholder-auditor engagement

The audit committee should have the primary responsibility for hiring auditors and approving the scope of services and fees. We do not object to a requirement that the auditor appear at the annual meeting and be prepared to answer pertinent questions.

Remedies that are not being considered

While the Competition Commission has not proposed restrictions on-audit services, the oversight of the auditors and their independence would be enhanced by requiring that all non-audit services be approved by the audit committee prior to their commencement, and that the audit committee perform an annual review of their scope to ensure that in their entirety such non-audit services do not impair auditor independence. Furthermore, certain services for audit clients should be proscribed under all conditions, including those that could impair, or have the appearance of impairing, auditor independence. Those proscribed services would include bookkeeping related to an audit client's accounting records or financial statements; preparation of source information for financial statements; appraisal or valuation services; actuarial services; internal audit outsourcing services; management functions, including acting as an employee or performing any decision-making or supervisory role; human resources, including seeking prospective candidates for any open positions; and legal services. Additionally, any contingent fee arrangements for audit or non-audit services should not be permitted for an audit client.

Thank you for the opportunity to comment. Please direct any inquiries to Steven Buller, Managing Director, at (212) 810-3501.

A handwritten signature in cursive script that reads "Steven E. Buller". The signature is written in black ink and is positioned above the printed name and title.

Steven E. Buller
Managing Director