



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

October 24, 2023

George S. Canellos, Esq.
Milbank LLP
55 Hudson Yards
New York, NY 10001-2163

Re: **BlackRock, Inc. - Waiver Request of Ineligible Issuer Status under Rule 405 of the Securities Act of 1933**

Dear Mr. Canellos:

This is in response to your letter dated October 22, 2023, written on behalf of BlackRock, Inc. (“BlackRock”), requesting that BlackRock not be considered an “ineligible issuer” under clause (1)(vi) of the ineligible issuer definition in Rule 405 of the Securities Act of 1933 as a result of an October 24, 2023 Commission Order (“Order”), issued pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”) and Sections 9(e) and 9(f) of the Investment Company Act of 1940 (“Investment Company Act”), against BlackRock subsidiary BlackRock Advisors, LLC (“BlackRock Advisors”). The Order requires that, among other things, BlackRock Advisors cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act and Rule 206(4)-8 thereunder and Section 34(b) of the Investment Company Act.

BlackRock has made a showing of good cause and, assuming BlackRock Advisors complies with the Order, we have determined pursuant to clause (2) of the ineligible issuer definition in Rule 405 that it is not necessary under the circumstances that BlackRock be considered an ineligible issuer by reason of the entry of the Order. Any different facts or circumstances from those represented in the letter or failure to comply with the terms of the Order would require us to revisit our determination and could constitute grounds to revoke or further condition this waiver of ineligible issuer status. The Commission reserves the right, in its sole discretion, to revoke or further condition this waiver under those circumstances.

For the Commission, by the Division of Corporation Finance, pursuant to delegated authority.

Sincerely,

/s/ Michael P. Seaman

Michael P. Seaman
Chief Counsel
Division of Corporation Finance

Milbank

GEORGE S. CANELLOS

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October 22, 2023

BY EMAIL

Office of Enforcement Liaison
Division of Corporate Finance
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

RE: BlackRock Advisors, LLC – Waiver Request of Ineligible Issuer Status under Rule 405 of the Securities Act of 1933

Dear Office of Enforcement Liaison:

On behalf of BlackRock, Inc. (“BlackRock” or the “Firm”), we write in connection with the Firm’s settlement with the United States Securities and Exchange Commission (“SEC” or “Commission”) relating to *In the Matter of BlackRock Multi-Sector Income Trust*. The settlement will result in an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”), and Sections 9(b) and 9(f) of the Investment Company Act of 1940 (“Investment Company Act”), Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the “Order”) against the Firm.

BlackRock is an American multi-national investment company based in New York, New York, and its subsidiary BlackRock Advisors, LLC (“BlackRock LLC”) is a Delaware limited liability company based in New York, New York, affiliates of which are dually registered with the Commission as a broker-dealer and investment adviser. Among other things, BlackRock LLC advises numerous mutual funds, including the BlackRock Multi-Sector Income Trust (“BIT”), a Delaware statutory trust traded on the New York Stock Exchange (NYSE: BIT) that operates as a registered closed-end management investment company. BlackRock qualifies as a “well-known seasoned issuer” (“WKSI”) as defined in Rule 405 under the Securities Act of 1933 (“Securities Act”). BlackRock hereby respectfully requests a waiver from the Division of Corporation Finance (the “Division”), acting pursuant to its delegated authority, or the Commission itself, determining

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that it is not necessary under the circumstances that BlackRock be considered an “ineligible issuer,” as defined in Rule 405 under the Securities Act, as a result of the Commission entering the Order, described below. Consistent with the framework outlined in the Division’s *Revised Statement on Well-Known Seasoned Issuer Waivers* (April 24, 2014) (“Revised Statement”), we believe there is good cause for the Division, acting pursuant to its delegated authority, or the Commission itself to grant the requested waiver, as discussed below.

A. Background

BlackRock LLC submitted an Offer of Settlement that agreed to the entry of the Order (without admitting or denying the findings), and which was presented by the staff to the Commission.

The Order finds that BlackRock LLC violated (i) Section 206(4) of the Advisers Act and Rule 206(4)-8 thereunder, which make it unlawful for any investment adviser to a pooled investment vehicle to “make any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading to any investor or prospective investor in the pooled investment vehicle” or “engage in any act, practice, or course of business that is fraudulent, deceptive, or manipulative with respect to any investor or prospective investor in the pooled investment vehicle,” and (ii) Section 34(b) of the Investment Company Act, which makes it unlawful for any person to make any untrue or misleading statement of material fact in any registration statement, application, report, account, record, or other document filed with the Commission under the Investment Company Act, or to omit from any such document any fact necessary in order to prevent the statements made therein from being materially misleading.

Specifically, the Order finds violations related to misstatements in certain Schedules of Investments that were part of BIT’s publicly available annual and semi-annual reports filed with the Commission (“Reports”). The Order states that from October 2015 until October 2019 (the “Relevant Period”) eight Reports inaccurately described a BIT investment involving a lending facility with Aviron Group LLC (“Aviron,” and BIT’s investment, the “Aviron Investment”), as being engaged in “Diversified Financial Services.” The Order states that Aviron was neither diversified nor a financial services firm; instead, it was in the business of developing print and advertising plans for one or two films a year and funding these distribution expenses in exchange for an agreed-upon rate of return from the proceeds of the films. The Order further states that six Reports inaccurately reflected the coupon rate to be paid by Aviron to BIT, making it appear that the nominal yield derived from the Aviron Investment would be larger than it in fact was in four Reports, smaller in one Report, and provided conflicting information in one Report. In 2019, in

connection with a larger review of the Aviron Investment, BlackRock identified its reporting errors regarding Aviron and accurately reported the Aviron Investment going forward.

B. Discussion

A WKSI, as defined in Rule 405 of the Securities Act, is eligible to utilize significant reforms in the securities offering and communication processes that the Commission adopted in 2005. A company that is an “ineligible issuer” loses the benefits bestowed on a WKSI. An issuer is an ineligible issuer if, in relevant part, “[w]ithin the past three years . . . the issuer or any entity that at the time was a subsidiary of the issuer was made the subject of any judicial or administrative decree or order arising out of a governmental action that: . . . (B) requires that the person cease and desist from violating the anti-fraud provisions of the federal securities laws” Absent a waiver from the Commission, the entry of the Order will render BlackRock an ineligible issuer under Rule 405.

The Commission retains the authority under Rule 405 to determine “upon a showing of good cause, that it is not necessary under the circumstances that the issuer be considered an ineligible issuer.” The Commission has delegated the authority to the Division to make such a determination.

For the reasons set forth below, we respectfully submit that there is good cause for the Division, acting pursuant to its delegated authority, or the Commission to determine that granting the waiver would be consistent with the public interest and the protection of investors.

i. Nature of the Violation and Whether the Violation Casts Doubt on the Ability of the Issuer to Produce Reliable Disclosures

The Reports at issue did not relate to BlackRock’s financial condition or its public disclosures as an issuer, such as the preparation of registration statements, annual reports on Form 10-K, or quarterly reports on Form 10-Q, and had no connection to the personnel who participate in the preparation of such public disclosures or play a role in administering BlackRock’s controls over financial reporting. The Reports concern BIT, a separate comingled fund owned by independent unit holders, which therefore is not included in BlackRock’s consolidated financial statements.

Accordingly, the violations described in the Order do not call into question BlackRock’s ability to provide reliable disclosures currently and in the future. BlackRock maintains a robust set of internal controls over financial reporting and disclosure controls and procedures, none of which are implicated by the conduct reflected in the Commission’s Order, as described more fully below. Neither BlackRock nor its independent public accountants, Deloitte, has identified any

material weaknesses in internal controls over financial reporting and disclosure controls and procedures in any of the years relevant to the Aviron investment.

ii. The Order Is Not Criminal in Nature and Does Not Involve Scier-Based Fraud

The Order does not involve a criminal conviction or scier-based antifraud violations, and, as a result, BlackRock is not subject to the higher standard in showing good cause per the Revised Statement.

iii. The Persons Responsible for the Misconduct

The business functions and personnel responsible for completing the Reports in question were separate and apart from both the business function and personnel responsible for the preparation and filing of BlackRock's public company disclosures with the Commission and the business function and personnel responsible for BlackRock's securities offerings.

The BIT Reports were prepared by BlackRock LLC's Global Financial Reporting ("GFR") group, working in conjunction with a third-party fund administrator. The GFR group is a unit within Global Accounting and Product Services responsible for review and distribution of financial statements to investors in BlackRock LLC's U.S. registered funds and regulators.

The source of the Global Industry Classification ("GIC") for Aviron – which classified Aviron as a "Diversified Financial Services" company rather than an entertainment company – was a third-party data provider used by the fund administrator. The fund administrator then assigned the "Diversified Financial Services" classification to Aviron in the Schedule of Investments it prepared for BIT, and the GFR group failed to correct the description on each occasion it was reported.

The erroneous inclusion of a floating rate component to the coupon rate (rather than a fixed interest rate) was initially made by BlackRock LLC's Data Integrity Group, which misinterpreted the credit agreement that was the basis for Aviron's initial investment as including a floating rate structure. While that error was corrected internally at BlackRock LLC by 2016, the error was not corrected in the fund administrator's back-office functions for the reporting of information reflected in the Schedule of Investments in 2017 and forward, and the GFR group failed to correct

the errors in the coupon rate on each of the six occasions that an erroneous coupon rate was reported. The fund administrator corrected the error for purposes of the official books and records, which is why the Reports accurately reflected income and NAV for BIT.

iv. Duration of the Misconduct

The violations reflected in the Order occurred from October 2015 until October 2019.

v. Remedial Steps

BlackRock has taken remedial steps to address the conduct outlined in the Order. The violations reflected in the Order concern the function within BlackRock LLC responsible for its funds' disclosures. The remedial steps taken to address the conduct outlined in the Order are as follows:

- BlackRock LLC remediated by changing the classification from a “Diversified Financial Services” company to an Entertainment company, reporting an accurate coupon rate, and clarifying that interest was fixed rather than floating in October 2019.
- In January 2022, BlackRock LLC instituted a requirement that investment teams themselves must provide the terms of each private credit arrangement for input to BlackRock LLC’s internal recording system, called Aladdin, by the Data Integrity Team. BlackRock LLC also enhanced its pre-existing sub-certification process for reviewing and signing off on the accuracy of certain information in the fund reports related to investments for which investment teams are responsible, including any Schedule of Investments. For example, BlackRock LLC now requires an attestation from the reviewing investment professionals that they have reviewed the attributes for each private investment in the SOI and escalated any inaccuracies or inconsistencies with Aladdin to GFR.
- In July 2022, BlackRock LLC instituted a new manual reconciliations process whereby BlackRock personnel reconcile private credit arrangement details between the Schedule of Investments and Aladdin where any discrepancies will be reviewed by GFR, which will provide further vetting of the detailed descriptions that the investment teams provide to the Data Integrity Team to be recorded.
- BlackRock LLC also is developing a plan to introduce automated reconciliations of private credit arrangement details between the fund administrator’s subledger system and Aladdin. These reconciliations will be designed to ensure that the fund administrator’s subledger system that is used to source the information reported in the Reports’ Schedules of Investments will be consistent with the information in

BlackRock LLC's internal system, Aladdin. Such reconciliations of private credit arrangements would decrease the likelihood that inaccuracies similar to those in the Reports would occur going forward because the information in the fund administrator's subledger system is used to create the Reports' Schedules of Investments.

BlackRock thus has taken and is in the process of taking concrete and substantial steps to remediate the conduct at issue in the Order.

vi. Impact on Issuer if Request is Denied

BlackRock relies on its WKSJ status. Recently, BlackRock filed Form S-3ASR automatic shelf registration statements on April 27, 2018 and April 9, 2021, each for registering indeterminate amounts of multiple classes of BlackRock securities. BlackRock has also filed a non-term sheet free writing prospectus pursuant to Rule 433 on May 11, 2020.

C. Conclusion

BlackRock respectfully submits that the Division, acting pursuant to its delegated authority, or the Commission itself should grant the request for this waiver because the Order does not find violations of scienter-based fraud or involve criminal conduct, because BlackRock LLC discovered and corrected the inaccurate disclosures in relation to BIT's Aviron investment, and because the business functions and personnel responsible for the conduct described in the Order did not and do not play any role in administering BlackRock's internal controls over financial reporting, including the preparation of BlackRock's financial statements, annual and quarterly reports, and other disclosures concerning BlackRock's financial condition or operations. For these reasons, BlackRock respectfully submits that it has shown good cause that it is not necessary under the circumstances that BlackRock be considered an ineligible issuer. Accordingly, BlackRock requests that the Division, acting pursuant to its delegated authority, or the Commission itself make the determination that there is good cause for BlackRock not to be considered an ineligible issuer as a result of the Order.

* * *

October 22, 2023

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If you have any questions, please call me at 212-530-5792.

Very truly yours,

A handwritten signature in blue ink that reads "George S. Canellos". The signature is written in a cursive style with a large initial "G" and a distinct "S" before the last name.

George S. Canellos