BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

MARK E. VAN DER WEIDE
GENERAL COUNSEL

December 3, 2020

William J. Sweet, Jr.
Skadden, Arps, Slate, Meagher, and Flom LLP
1440 New York Ave., N.W.
Washington, D.C. 20005

Dear Mr. Sweet:

This is in response to your request for a determination that your client, BlackRock, Inc., New York, New York,[1] and its subsidiaries and affiliates (collectively, "BlackRock"), may acquire up to 25 percent of any class of voting securities of a bank holding company, bank, savings and loan holding company, or savings association[2] (each a "Regulated Company") without being deemed to have acquired control of the Regulated Company under the Bank Holding Company Act ("BHC Act") or Home Owners' Loan Act ("HOLA"). This letter also responds to your request for a determination that BlackRock may acquire up to 15 percent of any class of voting securities of a bank holding company, savings and loan holding company, or state member bank without having to file a notice under the Change in Bank Control Act ("CIBC Act").

BlackRock currently holds Regulated Company shares through a variety of investment companies registered under the Investment Company Act of 1940, other pooled investment vehicles, and institutional accounts that are

[1] BlackRock is not, and is not affiliated with, a bank holding company or a savings and loan holding company.

[2] The terms bank holding company and bank have the same meanings as set forth in the BHC Act and the Board's Regulation Y. The terms savings and loan holding company and savings association have the same meanings as set forth in the HOLA and the Board's Regulation LL.

sponsored, managed, or advised by BlackRock (collectively, the "BlackRock-Advised Entities" and together with BlackRock, the "BlackRock Parties"). In connection with the requested determinations, BlackRock has proposed to agree to conditions and commitments based upon those that other investment managers have agreed to in connection with similar determinations made by Federal Reserve staff.

For purposes of the BHC Act, a company controls another company if the first company (i) directly or indirectly or acting in concert through one or more other persons owns, controls, or has power to vote 25 percent or more of any class of voting securities of the second company; (ii) controls in any manner the election of a majority of the directors of the second company; or (iii) directly or indirectly exercises a controlling influence over the management or policies of the second company.[3] HOLA includes a substantially similar definition of control.[4] The Board's Regulation Y and Regulation LL also set forth several rebuttable presumptions of control.[5] Based on the limits on ownership and director representatives under the proposal, BlackRock would only be deemed to control a Regulated Company under the BHC Act or HOLA, as applicable, if the Board were to find that BlackRock exercises a controlling influence over the management or policies of a Regulated Company.[6]

For purposes of the CIBC Act, the BlackRock Parties are presumed by Regulation Y or Regulation LL to control a bank holding company, savings and loan holding company, or state member bank if, individually or collectively, "immediately after the transaction ... [they] will own, control, or hold with power to vote 10 percent or more of any class of voting securities of the institution" and either the institution has registered securities or no other person owns or controls a greater percentage of the same class of voting securities of the institution.[7] Under the proposal, the BlackRock Parties would, from time to time, acquire in excess of

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[3] 12 U.S.C. §1841(a)(2); 12 CFR 225.2(e), 238.2(e).

[4] 12 U.S.C. § 1467a(a)(2); 12 CFR 238.2(e). Additionally, BlackRock will be deemed to control a company under HOLA if BlackRock has contributed more than 25 percent of the capital of the company. 12 U.S.C. § 1467a(a)(2)(B); 12 CFR 238.2(e)(2).

[5] 12 CFR 225.32, 238.22, as amended by 85 FR 12398.

[6] See 12 CFR 225.31 et seq. and 12 CFR 238.21 et seq.

[7] 12 CFR 225.41(c).

10 percent of a class of voting securities of a bank holding company, savings and loan holding company, or state member bank, and therefore in some circumstances would be presumed to have acquired control for purposes of the CIBC Act, absent relief.

BlackRock proposes several conditions and commitments to ensure that the BlackRock Parties would not exercise a controlling influence over a Regulated Company for purposes of the BHC Act and HOLA, and to rebut the presumption of control for purposes of the CIBC Act. In particular, the BlackRock Parties collectively would not own or control 25 percent or more of any class of voting securities, or control the election of a majority of the directors of, any Regulated Company. In addition, the BlackRock Parties would not acquire 15 percent or more of any class of voting securities of a Regulated Company without receiving the Board's prior non-objection under the CIBC Act. Moreover, neither BlackRock nor any BlackRock-Advised Entity would individually own or control more than 10 percent of any class of voting securities of a Regulated Company.

Furthermore, BlackRock has made a number of commitments designed to mitigate the ability of the BlackRock Parties to control a Regulated Company. Among these commitments, BlackRock has committed that, whenever the BlackRock Parties own or control, in the aggregate, 10 percent or more of any class of voting securities of a Regulated Company, the BlackRock Parties will not, individually or collectively:

> 1) take any action to control the Regulated Company within the meaning of the BHC Act or HOLA, as applicable;
>
> 2) have more than one director interlock with the Regulated Company;
>
> 3) have any officer or employee interlocks with the Regulated Company;
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> 4) except in the context of a tender offer or in certain other specified transactions, dispose of voting shares of the Regulated Company (i) to any person seeking control over the institution or (ii) in block transactions exceeding 5 percent of any class of voting shares of the institution; or

5) threaten to dispose of voting shares in any manner as a condition of specific action or non-action by the Regulated Company.[8]

In addition to considering the commitments made by BlackRock, Board staff has considered the nature of BlackRock and its proposed investments. BlackRock operates and provides investment advice to the BlackRock-Advised Entities. The proposed acquisitions in Regulated Companies would not be proprietary investments by BlackRock. Rather, they would be investments made by BlackRock-Advised Entities and on behalf of the beneficial owners of the BlackRock-Advised Entities. The BlackRock-Advised Entities are not operating companies, and BlackRock does not lend to the BlackRock-Advised Entities or to their portfolio companies. Moreover, BlackRock is not in the business of operating or controlling Regulated Companies, or other companies. The proposed acquisitions will be made for investment purposes with the expectation of resale and not for the purpose of exercising a controlling influence over the management or policies of any Regulated Company.

In light of the nature of BlackRock's business and proposed investments, staff believes that the commitments that BlackRock has executed in connection with this letter are appropriate to mitigate concerns about whether BlackRock will exercise a controlling influence over Regulated Companies.

In view of the commitments made by BlackRock and the facts described in this letter, Board staff would not recommend that the Board find that acquisitions made within the parameters, and subject to the conditions, set forth in this letter would cause BlackRock or any of the BlackRock-Advised Entities: (i) to control a bank holding company or bank for purposes of the BHC Act; (ii) to control a savings and loan holding company or savings association for purposes of the HOLA; or (iii) to control a bank holding company, savings and loan holding company, or state member bank for purposes of the CIBC Act.[9]

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[8] For a complete list of the commitments that BlackRock has made to the Board, see the Appendix.

[9] To the extent BlackRock were to make acquisitions outside the parameters of this letter, or contrary to the conditions and commitments described herein, BlackRock would be required to comply with all other applicable filing requirements, including the filing of applications or notices, respectively, under the BHC Act, HOLA, and the CIBC Act.

The preceding opinions are based expressly on the facts and circumstances of this case as they have been described to Board staff, and any change in these facts or circumstances may result in a different opinion. In addition, this letter expresses no opinion as to whether a CIBC Act notice would be required for transactions involving direct investments in national banks, state non-member banks, or savings associations, nor as to any requirement under state or federal law not explicitly discussed herein. If you have any questions about this matter, please contact Patricia Yeh (202) 452-3089 or Nathaniel Balk (202) 872-7517 of the Board's Legal Division.

Sincerely,

Mark E. Van Der Weide

cc: Federal Reserve Bank of New York

APPENDIX

Commitments of BlackRock to the Board

Aggregate investments by BlackRock and the BlackRock-Advised Entities in 10 percent or more of any class of voting securities of a bank holding company, bank, savings and loan holding company, and savings association (each, a "Bank") will be conducted in accordance with the commitments and restrictions listed below.

1. BlackRock and the BlackRock-Advised Entities in the aggregate:

    a. will not acquire 25 percent or more of any class of voting securities of any Bank without receiving the Board's prior approval under the Bank Holding Company Act, or the Home Owners' Loan Act, as applicable; and

    b. will not acquire more than 15 percent of any class of voting securities of any bank holding company, savings and loan holding company, or state member bank, without receiving the Board's prior nonobjection under the Change in Bank Control Act.

2. Neither BlackRock nor any BlackRock-Advised Entities will, directly or indirectly, individually or in the aggregate:

    a. take any action to cause a Bank or any of its subsidiaries to become a subsidiary of BlackRock or any BlackRock-Advised Entity for purposes of the BHC Act;

    b. unless agreed to by the Federal Reserve Board or its staff, and permitted by applicable law, seek or accept representation of more than one director on the board of directors of any Bank or its subsidiaries;

    c. have or seek to have any representative of BlackRock or any BlackRock-Advised Entity serve as an officer, agent or employee of any Bank or its subsidiaries;

d. propose a director or slate of directors in opposition to any nominee or slate of nominees proposed by the management or board of directors of any Bank;

e. exercise or attempt to exercise a controlling influence over the management or policies of any Bank or any of its subsidiaries;

f. attempt to influence the dividend policies; loan, credit, or investment decisions or policies; pricing of services; personnel decisions; operations activities (including the location of any offices or branches or their hours of operation, etc.); or any similar activities or decisions of any Bank or any of its subsidiaries;

g. enter into any agreement with a Bank or any of its subsidiaries that substantially limits the discretion of the Bank's management over major policies and decisions, including, but not limited to, policies or decisions about employing and compensating executive officers; engaging in new business lines; raising additional debt or equity capital; merging or consolidating with another firm; or acquiring, selling, leasing, transferring, or disposing of material assets, subsidiaries, or other entities;

h. solicit or participate in soliciting proxies with respect to any matter presented to the shareholders of a Bank or any of its subsidiaries; or

i. dispose or threaten to dispose (explicitly or implicitly) of equity interests of a Bank or any of its subsidiaries in any manner as a condition or inducement of specific action or non-action by Bank or any of its subsidiaries.

3. Neither BlackRock nor any BlackRock-Advised Entity will dispose of voting securities of a Bank:

a. to any person if BlackRock or the BlackRock-Advised Entity knows that such person seeks to change the control of the Bank in any manner; or

b. to any person whom BlackRock or the BlackRock-Advised Entity knows (i) has made a filing with the U.S. Securities and Exchange

Commission or other federal agency with respect to the ownership of more than 5 percent of the Bank's voting securities, or (ii) would be required to do so as a result of the purchase from BlackRock or a BlackRock-Advised Entity; or

c. in an amount of more than 5 percent of the Bank's voting securities in any single transaction;[10]

provided that notwithstanding paragraphs (a) through (c) above, BlackRock and the BlackRock-Advised Entities may dispose of their stock in a Bank in the following circumstances:

(i) in a cross trade between two BlackRock-Advised Entities in compliance with the rules governing such cross trades under the Investment Company Act of 1940, as amended (the "1940 Act");

(ii) in a sale by BlackRock or a BlackRock-Advised Entity to the Bank or one of its subsidiaries;

(iii) in a tender or exchange offer for voting stock of the Bank; or

(iv) in a widespread public distribution effected on a stock exchange or otherwise (which may include a sale to one or more broker-dealers acting as market makers or otherwise intending to resell the shares sold to it or them in accordance with its or their normal business practices).

4. Neither BlackRock nor any BlackRock-Advised Entity will individually own, control, or hold with power to vote more than 10 percent of any class of voting securities of a Bank.

BlackRock and the BlackRock-Advised Entities understand that these commitments constitute conditions imposed in writing in connection with the Board's findings and decisions related to acquisitions of voting securities of Banks, and, as such, may be enforced in proceedings under applicable law.

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[10] A single transaction includes a bunched trade effected by two or more BlackRock-Advised Entities in compliance with the rules governing bunched trades under the 1940 Act.