### Major reform milestones

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sep ‘08</td>
<td>Reserve Fund “broke the buck”</td>
</tr>
<tr>
<td>Feb ’10</td>
<td>SEC adopted Rule 2a-7 amendments; effective May 2010</td>
</tr>
<tr>
<td>Mar ’11</td>
<td>SEC proposed rules to eliminate certain references to credit ratings in MMF forms</td>
</tr>
<tr>
<td>Aug ‘12</td>
<td>SEC unable to come to a consensus</td>
</tr>
<tr>
<td>Sep ’12</td>
<td>Treasury Secretary Geithner letter urging SEC and industry to re-take up issue</td>
</tr>
<tr>
<td>Nov ’12</td>
<td>FSOC releases proposal for comment</td>
</tr>
<tr>
<td>Jun ’13</td>
<td>SEC releases proposal including conversion to floating NAV for prime institutional MMFs</td>
</tr>
<tr>
<td>Sep ’13</td>
<td>SEC structural reform proposals comment period closed</td>
</tr>
<tr>
<td>Mar ‘14</td>
<td>SEC issues four economic studies regarding MMFs and solicits public comments</td>
</tr>
<tr>
<td>Apr ‘14</td>
<td>SEC MMF studies comment period closes</td>
</tr>
</tbody>
</table>

### Broad Spectrum of Solutions

<table>
<thead>
<tr>
<th>Approach</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Status Quo</strong></td>
<td>Rule 2a-7 enhancements are sufficient</td>
</tr>
<tr>
<td><strong>Floating NAV</strong></td>
<td>Eliminate stable NAV and find new market equilibrium</td>
</tr>
<tr>
<td><strong>Standby Liquidity Fees and Gates</strong></td>
<td>Establish mandatory triggers and enable Boards to impose a gate and redemption fee on funds</td>
</tr>
<tr>
<td><strong>Combination Approach</strong></td>
<td>Employ combination of gates/fees and floating NAV</td>
</tr>
</tbody>
</table>
Volcker Rule

Final Volcker Rule approved by CFTC, FDIC, Federal Reserve, Office of the Comptroller of the Currency (OCC), SEC, and Treasury on December 10, 2013

- Implementation required by July 2015

Volcker Rule designed to prohibit banks from proprietary trading

Changes from 2011 proposed rule

- Banks required to demonstrate on an ongoing basis that their trades hedge specific risks
- Market making exemption addresses liquidity concerns
- Transactions in Sovereign debt now treated same as US Treasuries
- CEOs must attest that organization has an appropriate compliance program
- Reduced metrics on reporting

Potential market implications

- May restrict liquidity in smaller issues and off the run bonds as it will be more difficult for an investment bank to show consistent customer flows
Important notes

1. If distributed in the US, issued by BlackRock Financial Management, Inc. If distributed in the UK, issued by BlackRock Investment Management (UK) Limited, authorised and regulated by the Financial Conduct Authority. Registered office: 12 Throgmorton Avenue, London, EC2N 2DL. Tel: 020 7743 3000. Registered in England No. 2020394. For your protection telephone calls are usually recorded. BlackRock is a trading name of BlackRock Investment Management (UK) Limited.

2. This document has been prepared by BlackRock to provide information only and is not intended to be relied upon as a forecast, research or investment advice and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy.

3. This document may contain ‘forward-looking’ information that is not purely historical in nature. Such information may include, among other things, projections and forecasts. There is no guarantee that any forecasts made will come to pass.

4. No part of this material may be reproduced, stored in any retrieval system or transmitted in any form or by any means, electronic, mechanical, recording or otherwise, without the prior written consent of BlackRock.

5. Any research in this document has been procured and may have been acted on by BlackRock for its own purpose. The results of such research are being made available only incidentally. The views expressed do not constitute investment or any other advice and are subject to change. They do not necessarily reflect the views of any affiliate or subsidiary of BlackRock and no assurances are made as to their accuracy.

6. Past performance is not a guide to future performance and should not be the sole factor of consideration when selecting a product. All financial investments involve an element of risk. Therefore, the value of an investment and the income from it will vary and an initial investment amount cannot be guaranteed. Changes in the rates of exchange between currencies may cause the value of investments to go up and down. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. This data is not intended to provide, and should not be relied upon for investment, accounting, legal or tax advice, nor used with any third-parties.

7. BlackRock is not responsible for any information posted on any third party websites.

UNLESS OTHERWISE SPECIFIED, ALL INFORMATION CONTAINED IN THIS DOCUMENT IS CURRENT AS OF APRIL 2014.

BlackRock® is a registered trademark of BlackRock, Inc. All other trademarks are the property of their respective owners. © 2014 BlackRock, Inc.

All rights reserved.

BLK-1543
Fixed Price Offerings

SEC Approves Consolidated FINRA Rule on the Sale of Securities in a Fixed Price Offering

Effective Date: February 8, 2011

Executive Summary

The SEC approved FINRA’s proposed rule change to adopt a new rule governing fixed price offerings for the consolidated FINRA rulebook (the Consolidated FINRA Rulebook). The new rule—FINRA Rule 5141—protects the integrity of fixed price offerings by ensuring that securities in such offerings are sold to the public at the stated public offering price or prices. The new rule is based in part on, and replaces, provisions in the NASD Rules.

The text of the new rule is set forth in Attachment A.

The rule change takes effect on February 8, 2011.

Questions concerning this Notice should be directed to:

- Adam H. Arkel, Assistant General Counsel, Office of General Counsel (OGC), at (202) 728-6961; or
- Gary L. Goldsholle, Vice President and Associate General Counsel, OGC, at (202) 728-8104.

Background & Discussion

FINRA Rule 5141 is a new, consolidated rule that protects the integrity of fixed price offerings by ensuring that securities in such offerings are sold to the public at the stated public offering price or prices. The rule prohibits the grant of certain preferences (e.g., selling concessions, discounts, other allowances or various economic equivalents) in connection with fixed price offerings of securities.
General Requirements; Definition of “Reduced Price”

FINRA Rule 5141(a) provides that no member or person associated with a member that participates in a selling syndicate or selling group in connection with a fixed price offering may offer or grant, directly or indirectly, to any person or account that is not a member of the selling syndicate or selling group any securities in the offering at a price below the stated public offering price (i.e., a “reduced price”). The term “reduced price” is defined under FINRA Rule 5141.01 to include, without limitation, any offer or grant of any selling concession, discount or other allowance, credit, rebate, reduction of any fee (including any advisory or service fee), any sale of products or services at prices below reasonable commercially available rates for similar products and services (except for research, which, as discussed below, is subject to FINRA Rule 5141.02), or any purchase of or arrangement to purchase securities from the person or account at more than their fair market price in exchange for securities in the offering.

The requirements of the new rule apply until the termination of the offering or until a member, having made a bona fide public offering of the securities, is unable to continue selling such securities at the stated public offering price. For purposes of the rule, securities in a fixed price offering are presumed salable if the securities immediately trade in the secondary market at a price or prices which are above the stated public offering price.

Sales to Affiliated Persons

FINRA Rule 5141(a) provides that, subject to the requirements of FINRA Rule 5130, a member of a selling syndicate or selling group is permitted to sell securities in the offering to an affiliated person, provided the member does not sell the securities to the affiliated person at a reduced price as set forth under the rule. FINRA Rule 5141.03 provides that transactions between a member of a selling syndicate or selling group and an affiliated person that are part of the normal and ordinary course of business and are unrelated to the sale or purchase of securities in a fixed price offering shall not be deemed to confer a reduced price under the new rule.

Research

FINRA Rule 5141.02 states that nothing in the new rule prohibits a member or person associated with a member that participates in a selling syndicate or selling group from selling securities in the offering to a person or account to which it has provided or will provide research, as long as the person or account pays the stated public offering price for the securities and the research is provided pursuant to the requirements of Section 28(e) of the Exchange Act. The rule provides that investment management or investment discretionary services are not research for purposes of the provision. The rule further requires that any product or service provided by a member or person associated with a member that does not qualify as research must not confer a reduced price as set forth under FINRA Rule 5141.01 (see above).