

Committee of European Securities
Regulators
11-13 avenue de Friedland
75008 Paris
France

10 September 2010

Dear Sirs

CESR Consultations dated 20 July 2010 relating to the Key Investor Information document

- 1. CESR's template for the Key Investor Information document**
- 2. A guide to clear Language and layout for the Key Investor Information document (KII)**
- 3. CESR's Guidelines for the transition from the Simplified Prospectus to the Key Investor Information document**
- 4. CESR's level 3 guidelines on the selection and presentation of performance scenarios in the Key Investor Information document (KII) for structured UCITS**

CESR published four consultations on KII on 20 July 2010. We are grateful for the opportunity to comment on the Consultation Papers and would support CESR efforts in ensuring that KII will become a valuable document for investors. Our joint response to all four consultations follows in the next section.

Who are BlackRock?

BlackRock is one of the world's preeminent asset management firms and a premier provider of global investment management, risk management and advisory services to institutional and retail clients around the world. As of 30 June 2010, BlackRock's assets under management total \$3.15 trillion across equity, fixed income, cash management, alternative investment and multi-asset and advisory strategies including the industry-leading iShares® ETFs. Through BlackRock Solutions®, the

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firm offers risk management, strategic advisory and enterprise investment system services to a broad base of clients with portfolios totalling approximately £9 trillion.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Martin Parkes', written in a cursive style.

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BlackRock response to Specific Questions

1. CESR's template for the Key Investor Information document

Q1. Do you find the attached template useful?

Yes, it is useful to have an outline of how a KII may look in practice both to help convey the requirements and promote harmonisation of implementation. It would, however, be more useful to have a sample KII worked for a practical example, to illustrate the concepts included in the Consultation Papers and provide more specific guidance or suggested language, particularly around narrative of investment objective and risk.

Q2. Do you have any other suggestions?

As described above we would recommend the preparation of a Sample KII.

In addition, the KII example presented focuses on a single sub-fund. The KII rules requires that the documents be produced at Share Class level, which is a key challenge in terms of logistics of implementing the KII. For each sub-fund, large cross-border fund ranges will generally offer share classes supporting different pricing options, dealing or hedged currencies, distribution or accumulating options which are then translated into various European languages for cross-border distribution. So, for example, the bullet point advising that there should be a statement of whether any income arising from the fund is distributed or reinvested will vary at share class level and does not reflect these options unless separate KIIs are prepared for each permutation. For simplification to reduce the potentially extensive volume of KIID required, asset management firms will explore the use 'representative classes', but the template provided does not consider the question of scale at a share class level, or offer any practical guidance on how to reduce the volume.

2. A guide to clear language and layout for the Key Investor Information document (KII)

Part 2: Using Plain Language

Q1. Do you agree with the concepts in Part 2 and that they should form the basis for writing a KII?

Yes, it is important for the success of the KII, and the effort required to produce it, that the end result is a workable document read by investors. Clarity of content is essential to the success of the document. Having said that, there is a very real challenge in condensing the narrative explanations of investment policy and objective and inherent risks, particularly for more complex products, into a 2 page format.

Q2. Do you have any alternative or additional suggestions?

No - the challenge has to be tackled. It is regrettable however, that the proposal to produce a unified glossary of terms has been abandoned as too difficult. This would be a very positive step in promoting harmonisation of investment language. Given the resources available within the EU for the translation of many technical legislation and regulation, reaching a harmonised definition of key investment terms should be achievable.

Part 3: Designing a KII

Q3. Do you agree with the concepts in Part 3 and that they should form the basis for designing a KII?

The concepts as set out are sensible and provide a basic framework for the design of the KII.

Q4. Do you have any alternative or additional suggestions?

Proof of success of the KII will be following implementation of KII from Q3 2011 and during 2012. A post-implementation review of sample KII pulling together best practice recommendations would be useful and could be used to address improvements or areas where harmonisation objectives have not been achieved (for example the flexibility to show performance data either including or excluding charges).

Part 4: Guidance for each section of the KII

Q5. Do you agree with the concepts in Part 4 and that they should form the basis for assessing the content of each section of a KII?

Yes, the concepts are sensible. The challenges of translating/condensing Prospectus text for the narrative explanations of investment policy/ objective, and investment risks are very real, and could lead to conflicts over what type of information is presented in both documents, particularly in respect of the liability statement within the KII.

Q6. Do you have any alternative or additional suggestions?

Again, a post-implementation review of successful samples would be helpful to ensure the continuing improvement of the KII implementation.

3. CESR's Guidelines for the transition from the Simplified Prospectus to the Key Investor Information document

General Approach

Q1. Do you agree with the proposed general approach in Box 2? Are there any other matters which the guidelines should address?

Yes, we agree with the approach which allows as much flexibility as possible in the transition from simplified prospectus to KII, to ensure a smooth implementation on the part of asset management firms and regulators alike. We welcome the flexibility to continue using simplified prospectuses for a new sub-fund or share class of an existing UCITS umbrella structure

Special Circumstances

Q2. Do you agree with the proposed treatment of cross-border notifications, fund mergers and master-feeder structures? Are there any other special circumstances which these guidelines should address?

Again we welcome the flexible approach recommended during the transition period in respect of fund mergers and master feeder structures, and agree that management companies should aim to provide the same type of disclosure for both master and feeder to avoid investor confusion.

Q3. Are there any circumstances in which these guidelines could be detrimental to consumers?

We do not have any additional examples.

4. CESR's level 3 guidelines on the selection and presentation of performance scenarios in the Key Investor Information document (KII) for structured UCITS

Definition

Q1. Do you agree with the proposals in Box 2?

We agree with these proposals. Any reference to an unfavourable market condition should be to a realistic market downturn so as not to overplay potential performance. Allowing extreme market conditions to be shown is helpful.

Q2. Are there any other scenarios which these guidelines should address?

No.

Presentation of the text

Q3. Do you agree with the proposals in Box 3?

We agree.

Q4. Is there any other guidance which should be given about the presentation of scenarios?

No.