

Terms of Assignment for BlackRock on Behalf of the Federal Reserve Bank of New York Regarding Secondary Market Corporate Credit Facility
March 27, 2020

The terms set forth below confirm the initial understanding of BlackRock Financial Markets Advisory unit ("BlackRock" or "BlackRock FMA") and the Federal Reserve Bank of New York ("New York Fed") regarding certain aspects of the mandates regarding the Secondary Market Corporate Credit Facility ("SMCCF") or ("Facility"), pending completion of Investment Management Agreement for the Facility. The terms set forth below are nonexclusive; additional terms and amendments applicable to the topics addressed below are expected to be included in the Investment Management Agreement. The Investment Management Agreement will replace and supersede this Agreement. No trades shall be executed by BlackRock until the Investment Management Agreement is completed and publicly disclosed.

Fiduciary and conflict policies

BlackRock will act as a fiduciary to the Facility. BlackRock will be governed by stringent information barriers and conflict of interest policies currently in place for the firm and for FMA, which have been previously reviewed and found to be satisfactory to the New York Fed. The New York Fed will review these policies in light of this new engagement, and BlackRock will adjust those policies as needed. Consistent with those policies, BlackRock staff assigned to this engagement will be segregated from other BlackRock engagements and activities.

Fee structures

The Fee Structure for the SMCCF is based on the value of corporate bonds and loans acquired by and held by the Facility. BlackRock will charge (1) an asset management fee and (2) program administration fee for set-up and operation of the Facility, including potential addition of other asset managers or replacement of BlackRock.

The asset management fee schedule will be tiered in breakpoints, and will have a total fee cap. The parties have agreed to establish and review the fee schedule and fee caps for appropriateness as the scope of BlackRock FMA's responsibilities is further developed and confirmed.

BlackRock has provided a "most-favored nation" commitment to the New York Fed. This means that BlackRock has committed to providing the Facility the most favorable terms that BlackRock has negotiated with other clients, including official institutions, central banks, leading pension plans, and global financial institutions.

No Fees on ETFs for BlackRock; BlackRock ETF fees credited back to New York Fed

BlackRock will charge no asset management fee on the value of any exchange traded funds ("ETFs") (from BlackRock or other sponsors) held within the SMCCF.

In addition to not charging any asset management fee on ETFs, BlackRock will credit back to the SMCCF the value of all underlying fees and income that BlackRock earns (including for securities lending) on its own iShares ETFs held within the SMCCF. The credit will be applied to the asset management fee on the assignment. Net fees for BlackRock, including the value of the credit, shall be made public on a regular basis.

BlackRock will not earn any other fees or income, including from securities lending, in connection with the Facility's purchase of ETFs.

BlackRock FMA will act as fiduciary at the sole direction of the New York Fed

BlackRock will act as the asset management advisor at the sole direction of the Federal Reserve Bank of New York on behalf of the Facility.

BlackRock FMA will buy and sell corporate bonds, corporate loans, and corporate bond ETFs as a fiduciary on a best execution basis, in order to best advance the Facility's objectives.

BlackRock FMA will work with the New York Fed to develop implementation guidelines on bond, loan, and ETF selection criteria and mechanics, portfolio construction and diversification rules, trading strategies, and execution protocols. BlackRock FMA and the New York Fed will develop clear, auditable implementation guidelines with respect to portfolio management, which will include the use and selection of ETFs, and the ratio of ETFs, corporate bonds, and loans in the SMCCF. All implementing guidelines will be subject to approval by the New York Fed.

The SMCCF may purchase a diversified set of U.S.-listed ETFs whose investment objective is to provide broad exposure to the market for U.S. investment grade bonds, when and where ETF execution offers efficiency, speed, and liquidity benefits to achieve the purposes of the Facility, including rapid transmission of Facility policy to the secondary market. Unless otherwise approved by New York Fed, ETFs shall be only used if their purchase is reasonably expected to achieve the purposes of the Facility more effectively than the purchase of underlying bonds. These holdings will be published in accordance with the Facility's general portfolio disclosures.

As part of BlackRock's overall fiduciary duty to the SMCCF and the New York Fed, BlackRock FMA will act as a fiduciary in the selection of ETFs on a best execution basis. As a fiduciary, subject to best execution obligations, and consistent with BlackRock practice in the many BlackRock-managed mandates that employ BlackRock-sponsored

and third-party ETFs, BlackRock will treat BlackRock-sponsored ETFs on the same neutral footing as third-party ETFs. All ETF transactions will be effected through intermediaries at market prices on a best execution basis, whether in the secondary market or via primary creations and redemptions. If the share of the SMCCF's holding of BlackRock-sponsored ETFs exceeds or is expected to exceed the then-current market share of BlackRock-sponsored ETFs in the corporate bond ETF market on average over a given calendar month, BlackRock will notify the New York Fed for review and consultation. The New York Fed may direct portfolio adjustments at any time.

Risk management and reporting

BlackRock FMA will provide the New York Fed with daily reports of inventory, trades and other portfolio actions, and risk assessments using BlackRock's Aladdin platform. It is the expectation of BlackRock FMA and the New York Fed that these reports will be publicly disclosed on a periodic basis, including details about transactions in the Facility.

Additional Managers and Replacement of BlackRock

The New York Fed reserves the right to replace BlackRock and to add additional managers at any point. BlackRock commits to assist the New York Fed with respect to such transition. BlackRock will execute its responsibilities in the assignment in a manner that will permit such replacement or addition, and will minimize to the extent practicable risk to the Facility and the New York Fed related to any such transition.

Note on the Primary Market Corporate Credit Facility

As the PMCCF is further designed, the parties expect to agree to terms and provisions substantially similar to those set forth above, to the extent such terms are applicable. Such terms and conditions shall be publicly disclosed prior to the initial operation of the Facility. It is also understood by both parties that all activity on behalf of the PMCCF will take place in the primary market and therefore, by definition, no corporate bond ETFs will be held within this Facility.