

INVESTMENT MANAGEMENT AGREEMENT

This Investment Management Agreement (“Agreement”) is entered into this 30th day of December, 2008, between the Federal Reserve Bank of New York (“FRB-NY”) and BlackRock Financial Management, Inc. (“Manager”), with reference to the following facts:

WHEREAS, the Federal Open Market Committee (“FOMC”) has approved the purchase by the System Open Market Account (“SOMA”) of Federal National Mortgage Association (“Fannie Mae”), Federal Home Loan Mortgage Corporation (“Freddie Mac”), and Government National Mortgage Association (“Ginnie Mae”) agency fixed rate pass-through mortgage backed securities (“Agency MBS”) as part of its domestic policy directive provided for the avoidance of doubt, that Agency MBS shall not include any CMOs, Interest Only or Principal Only Strips Trusts or REMICS that are backed by Agency MBS, or MBS derivatives;

WHEREAS, the FRB-NY is the Reserve Bank authorized by the FOMC to carry out the domestic policy objective through its management of SOMA;

WHEREAS, the FRB-NY, after consultation and approval by the FOMC, determined that the purchase and management of the SOMA Agency MBS would be done through the use of one or more investment managers;

WHEREAS, as a result of a competitive bidding process Manager has been selected as one of several investment managers to support the FRB-NY in its implementation of the FOMC’s directive;

NOW, THEREFORE, it is agreed as follows:

1. Appointment as Manager

The FRB-NY hereby appoints the Manager to manage, supervise and direct the investment of a portion of the SOMA account as specified by the FRB-NY (“Account”) under the terms and conditions set forth herein. By execution of this Agreement, the Manager hereby accepts said appointment, agrees to manage, supervise and direct the investment of the Account pursuant to the provisions of this Agreement.

2. Management of Assets

Commencing on the date hereof and continuing until the date upon which this Agreement is terminated as provided in Section 14, the Manager shall have delegated authority to manage, supervise and direct the investment and reinvestment of assets in the Account and any additions thereto, subject to the specific limitations made part of this Agreement including the investment objectives and guidelines attached to the Agreement as Exhibit A. Subject to this Agreement, including its Exhibit A, the Manager is hereby appointed as the FRB-NY’s agent in fact and shall have full power and authority to act on behalf of the Account with respect to the purchase, sale, exchange, conversion or other transactions in any and all stocks, bonds, other securities, or cash held for investment subject to the Agreement.

The Manager further shall have authority to instruct the custodian bank duly appointed by the FRB-NY (“Custodian”) to: (i) pay cash for securities and other property delivered to the Custodian for the Account, (ii) deliver or accept delivery of, upon receipt of payment or payment upon receipt of, securities and other property purchased or sold in the Account, and (iii) deposit margin or collateral which shall include the transfer of money, securities or other property to the extent necessary to meet the obligations of the Account with respect to any investments made pursuant to the investment policies and guidelines attached hereto as Exhibit A. The Manager shall not act as custodian of the assets held in the Account. No cash or securities due to or held for the Account shall be paid or delivered to the Manager.

Except as expressly provided in this Agreement, the investment authority granted to the Manager shall include the sole authority to exercise whatever powers the FRB-NY may possess with respect to any of the assets held in the Account, including, but not limited to, the right to vote proxies, the power to exercise rights, options, warrants, conversion privileges, and redemption privileges, and to tender securities pursuant to a tender offer. The Manager shall not incur any liability to FRB-NY by reason of exercising or failing to exercise the powers set out in this paragraph in the absence of its gross negligence, willful misconduct or bad faith. The Manager shall review, evaluate and make a determination with respect to such actions, in good faith, as they arise. When exercising this authority, the Manager will be guided by this Agreement.

FRB-NY shall execute such documents, including without limitation the powers of attorney attached hereto as Exhibit B confirming the appointment of Manager as investment manager, as may be required to evidence the powers, duties and responsibilities delegated hereby. In no event shall Exhibit B be read to confer any greater authority on Manager than is set forth in the Agreement and any amendments hereto. For the avoidance of doubt, unless otherwise agreed, the Manager shall not execute officer certificates on behalf of the FRB-NY.

3. Servicing and Administration of Assets Under Management.

The Manager and its affiliates, meaning other entities under the control of BlackRock, Inc. within the meaning of either Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (“Affiliates”) shall in no event be responsible in any way for the mechanics of payment or collection of principal, interest, dividends or other amounts due on any assets included in the Account. The Manager is not responsible for the servicing or administration of any assets included in the Account.

Upon request, the Manager shall provide advice to the FRB-NY with respect to residential loan modification and servicing policies and, if requested, will assist the FRB-NY in its efforts to influence the residential loan modification and servicing policies of the servicers of the residential mortgage loans backing the Agency MBS in connection with managing the Account. FRB-NY acknowledges the foregoing provision shall not require Manager to allocate personnel beyond those identified on Exhibit F.

4. Use of Affiliates and Third Parties

Except as provided in the Manager’s policy with respect to management of the Account, which policy is attached hereto as Exhibit G (the “FRB-NY Policy”), the Manager may not delegate

portfolio management or administrative duties, including back office operations or proxy voting services, to its Affiliates or any third party agent without the express written consent of the FRB-NY which consent may be withheld for any reason. In addition to the requirements in Section 16, if the FRB-NY consents to the use of an Affiliate or third party agent, the Manager shall remain liable as if such services were provided directly. Moreover, no additional fees shall be imposed for such services.

5. Investment Guidelines

The investment guidelines established by FRB-NY as of the date of this Agreement are set forth on Exhibit A, as such exhibit may be amended from time to time in accordance with Section 28 (the "Investment Guidelines"). The Manager is authorized on behalf of the Account to (i) enter into agreements and execute any documents required or deemed advisable to make investments or dispositions pursuant to the Investment Guidelines, which shall include any market and/or industry standard documentation and the standard representations contained therein; and (ii) acknowledge the receipt of brokers' risk disclosure statements, electronic trading disclosure statements and similar disclosures.

The Manager shall be entitled to rely upon oral and written clarifications, supplements guidance and modifications to the Investment Guidelines from persons designated as representatives of the FRB-NY in Exhibit E attached hereto and make reasonable interpretations thereof. The FRB-NY understands and agrees that the Manager does not guarantee or represent that any investment objectives will be achieved.

The Manager shall not engage in securities lending transactions on behalf of the Account. If the Custodian enters into securities lending transactions on behalf of the FRB-NY, the FRB-NY or the Custodian shall be responsible for ensuring that the securities or other assets in the Account are available for sale at all times. The Manager shall not be liable for any loss resulting from the sale by the Manager of a security that is not available in the Account for settlement as a result of such securities lending transactions.

The FRB-NY will establish a policy for managing counterparty credit exposure arising from the forward settlement of Agency MBS trades undertaken for the Account, and will communicate such policy to the Manager and the other managers providing investment management services to the FRB-NY in respect of Agency MBS. The Manager will be responsible for adhering to the policy, as amended from time to time by the FRB-NY, in respect of the forward settlements that it undertakes on behalf of the Account. The FRB-NY shall direct the Manager as to actions to undertake in the event of a counterparty failure. The FRB-NY may direct the Manager to obtain collateral on behalf of the Account as margin for forward exposure from time to time, and, if the FRB-NY so directs the Manager, the FRB-NY shall specify the form of documentation and procedures for such exercise.

6. Title and use of Custodian Bank

Title to all investments shall be held in the name of SOMA, provided that for convenience in buying, selling and exchanging securities (stocks, bonds, commercial paper, etc.), title to such securities may be held in the name of the Custodian, or its nominee. All cash and the indicia of ownership of all other investments shall be held by the Custodian. Sole responsibility for physical

possession and safekeeping of the assets in the Account shall rest with the Custodian. The Manager shall not be liable for any act or omission of the Custodian.

The Manager shall deliver to the Custodian such information, authorizations and documentation as the Custodian shall reasonably request in order to discharge the Custodian's duties with respect to the Account. The FRB-NY shall instruct the Custodian to (a) provide the Manager with periodic information concerning the status of the Account as reasonably requested by the Manager; (b) carry out all investment transactions as may be directed, by the Manager; and (c) confirm all completed transactions, in writing, to the Manager. Absent the consent of the FRB-NY, to the extent that it is within the control of the Manager, the Manager shall communicate trade instructions to the Custodian in a commercially reasonable and secure manner to the extent otherwise used by the Manager in its business. Use of Tradeweb, SWIFT, or Bloomberg are acceptable means of communicating trade instructions.

7. Use of Broker

The Manager shall only trade with brokers or dealers who are listed on Exhibit C, which may be amended from time to time by the FRB-NY. The Manager shall not be liable for any act or omission of any brokerage firm or firms listed on Exhibit C (in effect at the time the Manager initiates a trade or other transaction with such brokerage firm or firms).

FRB-NY hereby delegates to the Manager sole and exclusive authority to determine through which broker dealers on Exhibit C transactions for the Account will be made. The Manager will determine the rate or rates, if any, to be paid for execution services. The Manager agrees that it will seek to buy and sell assets through such intermediaries as, in the Manager's judgment, shall offer the best execution of the brokers or dealers on Exhibit C. The Manager, in seeking to obtain best execution of Account transactions, may consider the quality and reliability of execution services, as well as research and investment information provided by brokers or dealers. Accordingly, the Manager's selection of a broker or dealer for transactions may take into account all relevant factors, including (i) price, (ii) the broker's or dealer's facilities, reliability and financial responsibility, (iii) the broker's or dealer's ability to maintain confidentiality and avoid disruption of the marketplace, (iv) the broker's or dealer's ability and willingness to commit capital and handle large transactions, (v) the level of compensation charged by the broker or dealer, (vi) the broker's or dealer's recordkeeping capabilities and (vii) the research related to the Account provided by such broker or dealer to the Manager (collectively, "Research"), notwithstanding that the Account may not be the exclusive beneficiary of such Research.

8. Access to Records and Documents

Books and Records The Manager shall maintain appropriate books of account and records relating to services performed hereunder including appropriate documentation of issues arising under the Manager's conflict of interest policies. The Manager shall either retain such records for as long as it is performing services under this Agreement or provide the records (or copies of such records) to the FRB-NY prior to destruction of the records under the Manager's normal record retention policy.

Audit Rights The FRB-NY shall have the right, at any time during the term of this Agreement, to audit the Manager's performance to determine whether the Manager is acting in compliance with all of the requirements of this Agreement as well as its valuation methodology (as set forth in the Manager's valuation policies). Upon five business days' prior written notice to the Manager, the Manager shall grant access to its premises to FRB-NY's internal auditors or the auditors selected by the FRB-NY to conduct such audit. Audits will be conducted during the Manager's normal business hours at the FRB-NY's sole expense. The Manager will cooperate fully in making its premises and all relevant information related to its performance pursuant to this Agreement and personnel available to such auditors as is reasonably requested and does not interfere with the Manager's performance of its obligations under this Agreement and the conduct of its other business in the ordinary course. FRB-NY's board of directors or its audit committee may share audit reports with whomever it deems appropriate.

Audit and Review Rights of Others In addition to the FRB-NY's right to audit the Manager, the Manager agrees that, with prior notice from the FRB-NY, the FOMC, or the Board of Governors of the Federal Reserve System, may conduct audits and ad-hoc reviews of the services provided by the Manager under this Agreement, provided that the FRB-NY will use its best efforts to ensure that such audits and ad-hoc reviews are made on a similar basis to the audits described in the preceding paragraph.

Effective Internal Controls The Manager shall provide its relevant SAS-70 reports to the Investment Committee no less than annually. In addition, if requested by the FRB-NY, the Manager will provide additional documentary evidence to the FRB-NY to support the assertion that the Manager maintains effective internal controls over financial reporting; the nature of such documentation to be agreed to by the parties at the time of the request.

9. Reports

At such intervals as shall be mutually agreed upon between the Manager and FRB-NY, but not less than monthly, the Manager shall furnish the FRB-NY with a written report with respect to the Account. The first determination date for any such report shall be January 31, 2009. Each report shall be sent not later than 15 business days following the relevant determination date, and shall set forth (so long as the Manager has received or been given access in a timely manner to any required information from the Custodian): (i) all Agency MBS purchased or sold since the date of the previous report with the cost or net proceeds of such purchases and sales; (ii) a maturity distribution by product and total holdings as of the determination date; (iii) (a) a per CUSIP estimated market value for each Agency MBS as of the determination date, and (b) aggregated cash flows for the Agency MBS as of the determination date. The Manager shall inform the FRB-NY as soon as practicable if the Manager is not able to obtain the timely information from the Custodian.

The Manager shall also provide weekly market updates and trade overviews in a form agreed to by the Manager and FRB-NY.

The Manager will provide additional reports as reasonably requested by the FRB-NY. The Manager shall also provide additional reporting as reasonably requested to satisfy FRB-NY's internal and external auditors. Notwithstanding the foregoing, the FRB-NY acknowledges and agrees that (i) the Manager shall not be deemed to be the pricing or valuation agent for the Account, (ii) none of

the information which the Manager provides the FRB-NY hereunder shall be deemed to be the official books and records of the Account for tax, accounting or any other purpose; and (iii) the FRB-NY will not publish, reproduce (except for internal or archival purposes) or disseminate any pricing information provided by the Manager without the Manager's consent. The FRB-NY or the FRB-NY's pricing or valuation agent, not the Manager, shall be responsible for ultimately determining the value of specific securities in the Account.

For the purposes of all reports made by the Manager to the FRB-NY, assets will be valued at fair value as determined in good faith by the Manager; provided that the valuation methods used by the Manager shall be described in writing to the FRB-NY. The Manager and FRB-NY agree to cooperate, in good faith, to reach resolution to the extent that the FRB-NY has concerns about the Manager's pricing methodology.

Each of the above referenced reports will be delivered to the FRB-NY via messenger, registered mail or FedEx or other overnight delivery service until such time as FRB-NY and the Manager agree on an electronic means of delivery that satisfies the information security policies of FRB-NY.

Reconciliation The Manager shall reconcile transactions and cash flows daily and calculation of net asset value monthly (so long as, in each case, the Manager has received or been given access in a timely manner to any required information from the Custodian) with the Custodian and shall communicate with and seek to resolve any significant discrepancies with the Custodian.

10. Attendance at Meetings

The Manager shall initially meet at least weekly with the FRB-NY and the other investment managers participating in this FOMC initiative to discuss strategy. Absent agreement from the FRB-NY, these meetings should be attended only by individuals at the Manager who are behind the ethical wall.

The Manager will meet at least monthly with the FRB-NY to review the Account, current market conditions and investment strategy. Upon reasonable notice, at the request of the FRB-NY, the Manager shall also meet with one or more members of FRB-NY's board of directors or the SOMA manager at a time mutually agreeable.

The FRB-NY may also request a meeting with the Manager to discuss matters relating to possible modifications to the guidelines set forth in Exhibit A or to request an ad-hoc update on the portfolio strategy review.

The Manager may attend any of the foregoing meetings telephonically. Meetings to discuss strategy or execution issues conducted by telephone shall be conducted on recorded lines. The FRB-NY shall disclose the fact that the meeting is being recorded to the Managers. The use of periodic beeps on the recorded line shall satisfy this disclosure obligation of the FRB-NY.

11. Fees

For the services specified in this Agreement, the FRB-NY agrees to pay fees as set forth in Exhibit D for each calendar quarter during the term hereof commencing on the date of execution of this Agreement, and continuing thereafter for each such calendar quarter. The FRB-NY agrees to remit payment promptly following the end of each calendar quarter. If Manager shall serve for less than the whole of any quarterly period, its compensation determined as provided in Exhibit D shall be calculated and shall be payable on a pro rata basis for the period of the calendar quarter for which it has served as Manager under the Agreement. The FRB-NY shall not pay any penalty or unaccrued fees in the event this Agreement is terminated by FRB-NY or the Manager.

For the avoidance of doubt, the FRB-NY shall not pay any unapproved out of pocket or other expenses incurred by the Manager in connection with its provision of services under this Agreement except that the FRB-NY shall pay investment execution expenses in connection with investments made on behalf of the Account, including third party commissions and other expenses incurred by, or in the name of, the FRB-NY. The Manager is not authorized to obligate the FRB-NY to pay for or incur any other expenses, including but not limited to hiring lawyers, accountants or other experts, or the use of third party pricing and valuation services without the express written consent of the FRB-NY.

Disputes If FRB-NY disputes all or a portion of any invoice, FRB-NY will pay the undisputed amount. The FRB-NY will notify the Manager in writing of the specific reason and amount of any dispute. The Manager and the FRB-NY will work together, in good faith, to resolve any disputes as soon as reasonably practicable, and FRB-NY will pay the amount, if any, agreed to by the parties based on the resolution.

Additional Compensation The Manager shall not agree to accept compensation from any entity other than the FRB-NY in connection with the services provided by the Manager to the Account under this Agreement.

12. Assignment

In accordance with Sections 205(a)(2) and 205(a)(3) of the Investment Advisers Act of 1940, no assignment (as defined under such Act) of this Agreement shall be made by the Manager without the consent of the FRB-NY.

13. Notices

Any written notice required by or pertaining to this Agreement shall be personally delivered to the party for whom it is intended, at the address stated below, or shall be sent to such party by messenger, overnight mail, or e-mail (and more specifically secure e-mail if the notice pertains to the assets in the Account, or the Portfolio or trading strategy). Any notices shall be deemed given only upon actual receipt.

If to the FRB-NY:

33 Liberty Street
New York, NY 10045-0001
[REDACTED]

[REDACTED]
or if to FRB-NY's Chief Compliance Officer:

Federal Reserve Bank of New York
33 Liberty Street
New York, NY 10045-0001

[REDACTED]
with copy to:

Federal Reserve Bank of New York
33 Liberty Street
New York, NY 10045-0001

If to the Manager:

BlackRock Financial Management, Inc.
55 East 52nd Street
New York, NY 10055

[REDACTED]
and

BlackRock Financial Management, Inc.
40 East 52nd Street
New York, NY 10022

[REDACTED]
with copy to:

BlackRock Financial Management, Inc.
40 East 52nd Street
New York, NY 10022

14. Term

This Agreement shall be effective as of the date hereof, and shall continue until terminated. Either party may terminate this Agreement at the end of a particular month by giving thirty (30) days' advance notice, in writing, to the other party. Notwithstanding the foregoing, the FRB-NY may terminate the authority of the Manager at any time, for any reason.

On the termination date of the Agreement or as close to such date as is reasonably practicable, the Manager shall provide the FRB-NY with a final report containing the same information determined as of the determination date as in the reports contemplated by Section 9. Upon termination of the Agreement, the Manager and FRB-NY agree to cooperate to identify any ongoing record retention requirements.

15. Liability

Standard of Care The Manager shall not be liable to the FRB-NY for:

- (a) the acts or omissions of any other fiduciary or other person respecting the Account; or
- (b) for anything done or omitted by the Manager under the terms of this Agreement;

provided that the Manager shall have acted in good faith and shall have exercised the degree of prudence, competence and expertise customarily exhibited by managers of national standing of institutional portfolios, and in any case, a degree of skill and attention no less than that which the Manager exercises with respect to comparable assets that it manages for itself and others having similar investment objectives and restrictions. Nothing in this Agreement shall in any way constitute a waiver or limitation of any rights which may not be so limited or waived in accordance with applicable law. Without limiting the generality of the foregoing, the Manager will not be liable for any indirect, special, incidental or consequential damages.

The Manager is expressly authorized to rely upon any and all instructions, approvals interpretations and notices given on behalf of the FRB-NY by any one or more of those persons designated as representatives of the FRB-NY whose names, titles and specimen signatures appear in Exhibit E attached hereto. All such instructions, guidance, approvals and notices shall be communicated by e-mail (and more specifically secure e-mail if the instruction, guidance, approval, or notice pertains to the assets in the Account, or the Portfolio or trading strategy), telephone (on a recorded line) or in writing. The FRB-NY shall provide a Secretary Certificate, Incumbency Certificate, or similar document indicating that the persons designated as representatives have the authority to bind the FRB-NY. The FRB-NY may amend such Exhibit E from time to time by written notice to the Manager. The Manager shall continue to rely upon these instructions until notified by the FRB-NY to the contrary

Except for those individuals identified on Exhibit E, or unless specifically instructed by an individual listed on Exhibit E, the Manager shall not knowingly communicate with any officers or employees of the FRB-NY regarding this Agreement or the services rendered hereunder. Such communications may be a breach of the Manager's confidentiality obligations under Section 16.

The Manager shall not be deemed to have breached this Agreement or the Investment Guidelines in connection with fluctuations arising from market movements and other events outside the control of the Manager.

Force Majeure The Manager shall be responsible for maintaining and preserving its operations, facilities and systems (including its computer and communication systems) in a manner consistent with commercial and supervisory standards prevalent in its industry. So long as the Manager shall have complied with the foregoing maintenance or preservation requirements and provided that any delay or failure to take such action as may be required under this Agreement could not be prevented by the exercise of reasonable diligence by the Manager, the Manager shall not be liable for any delay or failure to take any action as may be required under this Agreement, to the extent that any such delay or failure is caused by an act of God or acts of declared or undeclared war, acts of terrorism, public disorder, rebellion or sabotage, epidemics, landslides, lightning, fire, hurricanes, earthquakes, floods or similar events or the interruption or suspension of any external communication or power systems. The preceding sentence shall not relieve the Manager from performing its obligations in a timely manner in accordance with the terms of this Agreement, and the Manager shall provide the FRB-NY with written notice of any material failure or delay resulting from force majeure, to the extent known to Manager.

Indemnity The FRB-NY shall indemnify and hold harmless the Manager, its Affiliates and its and their respective officers, directors, employees, partners, attorneys and agents from and against any losses, claims, damages or liabilities (including, but not limited to, reasonable attorneys' fees and litigation-related expenses) ("Losses") incurred in connection with any threatened or pending third party action, suit, proceeding or claim relating to, arising out of or in connection with this Agreement, except for any Losses arising out of the Manager's breach of its standard of care as set forth in this Section 15.

Requirements for Claiming Under the Indemnity In order to recover under this indemnity, the Manager: (a) must provide reasonably prompt notice to the FRB-NY of any claim for which indemnification is sought, provided that the failure to provide notice shall only limit the indemnification provided hereby to the extent of any incremental expense or actual prejudice as a result of such failure; and (b) must not make any admissions of liability after receiving actual notice of the claim or agree to any settlement without the written consent of the FRB-NY, which consent shall not be unreasonably withheld.

Rights of the FRB-NY The FRB-NY may, in its sole discretion, and at its sole expense, control the defense of the claim including, without limitation, designating counsel for the Manager and controlling all negotiations, litigation, arbitration, settlements, compromises and appeals of any claim; provided that (i) the FRB-NY will inform the Manager of any settlement offers which are made and the FRB-NY may not agree to any settlement involving any indemnified person that contains any element other than the payment of money and complete indemnification of the indemnified person without the prior written consent of the affected indemnified person, (ii) the FRB-NY shall engage and pay the expenses of separate counsel for the indemnified person to the extent that the interests of the Manager are in conflict with those of the FRB-NY, and (iii) the indemnified person shall have the right to approve the counsel designated by the FRB-NY, which consent shall not be unreasonably withheld.

16. Confidential Information

FOMC Information The Manager will not ask for, and except for information provided by an individual listed on Exhibit E, is not to be provided with confidential information regarding monetary policy, open market operations or the Federal Open Market Committee. In the event that the Manager believes that an individual not listed on Exhibit E, has inadvertently disclosed such information to the Manager, the Manager will immediately report such disclosure by telephone to the Chief Compliance Officer of FRB-NY and will ensure that the Manager does not rely or act on such information.

Confidential Information Defined The Manager acknowledges that all information and material that comes into the possession or knowledge of the Manager on or after the date hereof, whether provided directly by the FRB-NY or by another investment manager or agent of the FRB-NY, in connection with the services provided under this Agreement, including but not limited to:

- the terms and conditions of this Agreement;
- information regarding the Account (or other accounts operated by another investment manager of the FRB-NY) including the identity and amount of the assets held in the Account (or other accounts operated by another investment manager of the FRB-NY) and the operations and investments of SOMA;
- information regarding the practices, policies, business affairs or other proprietary or commercial information of one of the FRB-NY's other investment managers. Each other investment manager shall be a third party beneficiary for purposes of enforcing this confidentiality requirement with respect to the proprietary or commercial information it provides in connection with the services provided under this Agreement;
- reports, briefing material, information and data, both written and oral, related to this Agreement;
- financial information, condition, processes and procedures of the FRB-NY or SOMA;
- material related to FRB-NY's data processing systems, applications, procedures, policies and standards;
- the physical security of FRB-NY; and
- financial, statistical, strategic planning and other similar information relating to the past, present or future activities of FRB-NY or the FOMC, which has or may come into the possession or knowledge of the Manager in connection with this engagement or its performance hereunder

(any and all of the above, "Confidential Information") shall be considered to be confidential and proprietary, the disclosure of which to, or use by, third parties will be damaging to the FRB-NY, to

another of the FRB-NY's investment managers and/or the FOMC. Subject to the Exception paragraphs below, no such Confidential Information shall be duplicated for, used by or disclosed to third parties without the written consent of the FRB-NY or, with respect to Confidential Information provided by another investment manager, used to compete with any business to which the Confidential Information relates. The Manager shall use the same or greater effort to avoid publication or dissemination of such Confidential Information as it employs with respect to its own confidential information.

Exceptions The Manager shall have no obligation under this Agreement with respect to any information that: (1) is, at the time of disclosure, or thereafter becomes, part of the public domain through a source other than the Manager in violation of this Agreement; (2) is subsequently learned from a third party that, to the knowledge of the Manager, is not under an obligation of confidentiality to the FRB-NY; (3) was known to the Manager at the time of disclosure other than from the FRB-NY or its provision of services under this Agreement; (4) is generated independently by the Manager without reference to the Confidential Information; or (5) is disclosed pursuant to applicable law, regulation, subpoena or other legal process, or in connection with the enforcement of the Manager's rights against the FRB-NY under this Agreement.

The Manager shall notify the General Counsel of FRB-NY, or his designee, promptly if disclosure is requested pursuant to any law, regulation, subpoena or other legal process other than routine regulatory examinations (e.g., by the Securities and Exchange Commission or the United Kingdom Financial Services Authority). The Manager further agrees that in the event that disclosure is requested under any such law, governmental or administrative rule, or regulation, it will take all steps reasonably required to protect the confidentiality of the Confidential Information being disclosed, including but not limited to: (i) entertaining and considering any argument that the FRB-NY wishes to make that disclosure is not required and/or that such disclosure is in violation of the terms and conditions of this Agreement; (ii) providing the FRB-NY, at the expense of the FRB-NY, with all reasonable assistance in resisting or limiting disclosure; (iii) advising the recipient that the Confidential Information is subject to the confidentiality provisions of this Agreement; and (iv) using reasonable efforts to obtain an appropriate stipulation or order of confidentiality.

For the avoidance of doubt, the Manager shall be authorized to disclose Confidential Information to third parties, including (subject to the limited access provision below) its Affiliates and to the officers, directors, employees, attorneys, accountants, financial advisors and other agents of Manager and its Affiliates, to the limited extent required for it to fulfill its obligations under this Agreement, including in connection with: (i) effecting investment transactions or disposition and (ii) routine regulatory examinations. Furthermore, unless prohibited under another provision of this agreement, the Manager shall be authorized to communicate with brokers and dealers, the Custodian, and any other third party to the extent required for it to perform its obligations under this Agreement including, to the extent approved by the FRB-NY, for the purpose of obtaining advice or services from third party advisors or vendors.

Limited Access The Manager agrees to maintain Confidential Information in strictest confidence and to limit the access to information that is the subject of this Agreement to only those of its officers, directors, partners, and employees that are necessary to its performance under this Agreement and shall require all such employees, by means of a written acknowledgement (which may

be in the form of an annual certification), to keep all such information obtained by them as strictly confidential.

Confidential Information may also be provided to the Affiliates and/or third party agents identified in Exhibit G but only in accordance with the restrictions and limitations set forth in the Exhibit G and Section 4. In addition, any such Affiliate or third party agent (other than outside counsel) must be bound by a written confidentiality obligation substantially similar to the Manager's confidentiality obligation under this Agreement. Manager assumes responsibility for maintaining the confidentiality of all Confidential Information disclosed to its Affiliates and third party agents under this Agreement. For the avoidance of doubt, this paragraph does not apply to, and does not limit, Manager's ability to transact with the brokers and dealers listed on Exhibit C in a manner consistent with Manager's customary practices and such brokers and dealers shall not be deemed "third party agents" of the Manager for purposes of this paragraph.

Public Statements The Manager agrees, until the termination of this Agreement, not to originate or encourage any public written or oral statement, news release, or other public announcement or publication relating to this Agreement or to any Confidential Information, beyond a statement no more detailed than any public statement by the FRB-NY, without the express prior consent of the President, First Vice President or an Executive Vice President of the Markets Group of FRB-NY listed as such on Exhibit E.

Unless prohibited by law or regulation, the Client shall provide reasonable advance notice to the Manager before the Client, its agents or its employees publicly disclose, or cause to be publicly disclosed, information regarding the Manager's role in providing services under this Agreement.

Confidential Information of the Manager The FRB-NY agrees that confidential information and advice furnished by the Manager to the FRB-NY (including without limitation information evidencing the Manager's expertise, investment strategies or trading activities) has been developed by the Manager through the application of methods and standards of judgment and through the expenditure of considerable work, time and money and is the exclusive and proprietary intellectual property of the Manager which (i) shall be treated as confidential by the FRB-NY, (ii) shall not be used for any purpose other than FRB-NY's or the FOMC's analysis of the performance of the Manager, and (iii) shall not be disclosed, directly or indirectly, to third parties by the FRB-NY except that the FRB-NY shall be permitted to share confidential information provided by the Manager on a need to know basis with: (i) its officers, employees, Board of Directors and auditors; (ii) the Board of Governors of the Federal Reserve System; (iii) the FOMC, (iv) the other investment managers hired by the FRB-NY for purposes of this initiative, to the extent such managers are required to keep such Confidential Information confidential and (iv) any other party with the prior written consent of the Manager or as required by law.

17. Non-Exclusive Management

FRB-NY understands that the Manager will continue to furnish investment management and advisory services to others and that the Manager shall at all times be free, in its discretion, to make recommendations to others which may be the same as, or may be different from, those concerning the Account or act with discretion for others. Subject to Section 18, FRB-NY further understands that the Manager, its Affiliates, and any officer, director, partners, stockholder, employee or any member of

their families may or may not have a conflict of interest with the Account. In this regard, the Manager has disclosed to FRB-NY potential conflicts, which it has identified in good faith, as well as its plan to mitigate any such conflicts. Subject to Section 18, actions with respect to assets of the same kind or class may be the same as or different from the action which the Manager, or any of its Affiliates, or any officer, director, stockholder, employee or any member of their families, or other investors may take with respect to the Account.

18. Conflicts of Interest

General Policies The Manager agrees to abide by and has provided the FRB-NY with its internal conflict of interest policies and procedures. Such policies and procedures are designed to, among other things:

- (i) identify any material financial conflicts of interest between the Manager and the FRB-NY;
- (ii) require reporting of any conflicts of interest between the Manager and the FRB-NY that develop during the course of this Agreement; and
- (iii) prevent the use of Confidential Information to enter into a trade or transaction unrelated to this Agreement.

The Manager shall disclose potential conflicts of interest to the FRB-NY as they arise and, at the request of the FRB-NY the Manager will recuse itself from decisions relating to the management of any portion of the Account if the FRB-NY determines that a conflict of interest exists that cannot be adequately addressed.

Specific Prohibitions

The Manager acknowledges that it would breach its duties to FRB-NY hereunder for the Manager or an Affiliate of the Manager to use Confidential Information obtained in the course of this engagement to enter into a trade or other transaction unrelated to the Account except as authorized below as part of an aggregate sale or purchase.

The Manager shall not knowingly engage in any transaction that would require the FRB-NY's consent pursuant to Section 206(3) of the Advisers Act, as amended, and the rules and regulations promulgated thereunder unless such transaction is approved by FRB-NY.

The Manager shall not knowingly purchase any asset for inclusion in the Account from any account or portfolio for which the Manager or any of its Affiliates serves as investment adviser or knowingly sell any asset in the Account to any account portfolio for which the Manager or any such Affiliate serves as investment adviser unless such transaction is approved by the FRB-NY.

Trade Allocation Policy Absent consent of the FRB-NY, the Manager may not aggregate sales and purchase orders of securities placed with respect to the Account with similar orders being made simultaneously for other accounts managed by the Manager.

If the FRB-NY provides consent, the Manager may aggregate sales and purchase orders of securities placed with respect to the Account with similar orders being made simultaneously for other accounts managed by the Manager only if in the Manager's reasonable judgment such aggregation would result in an overall benefit to FRB-NY, taking into consideration the availability of purchasers or sellers, the selling or purchase price, brokerage commissions and other expenses. It is the policy of the Manager that investments may not be allocated to one client account over another based on any of the following considerations:

- (a) to favor one client account at the expense of another,
- (b) to generate higher fees paid by one client account over another or to produce greater performance compensation to the Manager,
- (c) to develop or enhance a relationship with a client or prospective client,
- (d) to compensate a client for past services or benefits rendered to the Manager or to induce future services or benefits to be rendered to the Manager, or
- (e) to manage or equalize investment performance among different client accounts.

In the event that a sale or purchase of any part of the Account occurs as part of any aggregate sales or purchase orders, (a) the objective of the Manager shall be to allocate the executions among the accounts in a manner reasonably believed by the Manager to be fair and equitable for all accounts involved; and (b) the Manager shall have delivered to FRB-NY its allocation policy, which further details the Manager's policies and procedures with respect to the aggregation of sale and purchase orders, and shall have in place oversight and review policies designed to ensure compliance with its allocation policy.

Ethical Wall Consistent with Section Section 16, the Manager's information barrier policies must be designed at a minimum to ensure that (a) personnel assigned to the management of the Account are adequately segregated from personnel involved with the Manager's general trading, brokerage, sales, or other activities that might be in conflict with the duty the Manager owes to FRB-NY under this Agreement, and (b) any information related to the management of the Account is not shared with personnel involved in activities that might be in conflict with the Manager's duty to FRB-NY under this Agreement without appropriate vetting and controls being put in place by the Manager's Legal and Compliance Department. For the avoidance of doubt, individuals who sit atop of the ethical wall or straddle the wall must be especially vigilant to ensure that discussions with or advice, guidance or direction give to, individuals on the other side of the wall is not based on or influenced by Confidential Information concerning the Portfolio or trading strategy. The implementation of the ethical wall policy of the Manager shall be reviewed by internal audit or compliance at least once within the first six months of the engagement and thereafter in accordance with the Manager's own review policies.

In addition to following the Manager's information barrier policies, the Manager agrees that:

(a)) to the extent not inconsistent with this Agreement, it will comply with its FRB-NY Policy as outlined in Exhibit G in respect of the activities of personnel assigned to this engagement

(b) a list of each of the individuals who has been assigned to this engagement and the dates of such assignment are maintained and can be reviewed by the FRB-NY; and

(c) any individual identified on Exhibit F or who is otherwise involved in providing investment or strategy advice to the FRB-NY or managing the Account while such individual has access to Confidential Information concerning the Portfolio or trading strategy and, (x) if the Agreement has not been terminated, for a period of at least one full FOMC meeting cycle thereafter, (y) if the SOMA Agency MBS program has been terminated, for a period of two weeks thereafter, or (z) a shorter period identified in writing to the Manager by the FRB-NY; shall:

- be prohibited from providing (i) investment management or (ii) advisory services (in the case of (ii), meaning providing advice that could be viewed as informed by the Confidential Information) to anyone other than the FRB-NY in Treasury (including Treasury futures) or agency securities or any Agency MBS; and
- refrain from purchasing for him or herself Treasury or agency securities, including Agency MBS, without prior consultation with the Chief Compliance Officer of FRB-NY.

FRB-NY acknowledges that the persons subject to the restrictions in (c) above shall be permitted to provide investment management or advisory services to other clients with respect to securities other than Treasury or agency securities or any Agency MBS, including providing general market views and market views related to securities other than Treasury or agency securities or any Agency MBS. The period set forth in (c) above shall commence at such time as an individual no longer has access to Confidential Information concerning the Portfolio or trading strategy.

19. Representations and Warranties

The parties agree that they shall provide prompt notice (i) of any material changes regarding the information about itself in this Agreement, or (ii) if any of the representations or warranties in this Section are no longer true or completely accurate in any material respects.

- (a) The FRB-NY represents, warrants and covenants, as of the date hereof, that:
- (i) the FRB-NY has the power and authority, and the legal right, to execute, deliver and perform this Agreement and all obligations required hereunder;
 - (ii) the FRB-NY has taken all necessary organizational action to authorize this Agreement on the terms and conditions hereof, the execution, delivery and performance of this Agreement and the performance of all obligations imposed upon it hereunder;
 - (iii) all transactions in Agency MBS authorized by the FRB-NY in the Investment Guidelines (collectively, "Obligations") are within the FRB-NY's power, are duly authorized by the FOMC and, when duly entered into with a counterparty, will be the legal, valid and binding Obligations of the FRB-NY;

- (iv) the FRB-NY's execution, delivery and performance of this Agreement and all obligations required hereunder and the transactions and agreements which the Manager enters on behalf of the FRB-NY with a counterparty pursuant to this Agreement will not violate any applicable law, rule, regulation, governing document, contract or other material agreement binding upon the FRB-NY and no governmental or other notice or consent is required in connection with the execution, delivery or performance of this Agreement by the FRB-NY or of any agreements governing or relating to Obligations;
 - (v) represents, in connection with purchasing or selling Agency MBS for the Account, that the FRB-NY is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.;
 - (vi) the FRB-NY represents that the assets of the Account do not constitute assets of (a) an employee benefit plan (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA")), whether or not subject to Title I of ERISA; (b) a plan described in Section 4975(e)(1) of the Internal Revenue Code; or, (c) an entity whose underlying assets are assets of a plan described in (a) or (b) by reason of such plan's investment in the entity; and
 - (vii) the assets in the Account are free from all liens and charges, and undertakes that no liens or charges will arise from the act or omissions of the FRB-NY which may prevent the Manager from giving a first priority lien or charge on the assets solely in connection with the Manager's authority to direct the deposit of margin or collateral to the extent necessary to meet the obligations of the Account with respect to any investments made pursuant to the Investment Guidelines.
- (b) The Manager represents, warrants and covenants, as of the date hereof, that:
- (i) the Manager is a Delaware corporation and has the power and authority, and the legal right, to execute, deliver and perform this Agreement and all obligations required hereunder and the Agreement constitutes a legal, valid and binding obligation of the Manager;
 - (ii) the Manager has taken all necessary organizational action to authorize this Agreement on the terms and conditions hereof, the execution, delivery and performance of this Agreement and the performance of all obligations imposed upon it hereunder;
 - (iii) the Manager's execution, delivery and performance of this Agreement and all obligations required hereunder will not violate any applicable law, rule, regulation, governing document (*e.g.*, limited liability company agreement), contract or other material agreement binding upon the Manager;
 - (iv) the Manager is not currently subject to any public or, to its knowledge, any non-public investigations, existing enforcement actions, or insolvency proceedings, or any pending enforcements actions that are material to its management of the Account. For the avoidance of doubt, routine or sweep regulatory examinations do

not constitute investigations. Unless prohibited by law or negotiation, the Manager shall immediately notify the FRB-NY if it becomes aware of any such investigations, actions or proceedings; and

- (v) the Manager is duly registered as an investment adviser with the Securities and Exchange Commission pursuant to the Investment Advisers Act of 1940, as amended, and that such registration is in full force and effect.

20. Delivery of Part II of Form ADV

The FRB-NY acknowledges it has received, at least 48 hours prior to the execution of this Agreement, a copy of Part II of the Manager's Form ADV, as amended.

21. Severable

Any term or provision of this Agreement that is invalid or unenforceable in any applicable jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms or provisions of this Agreement in any jurisdiction.

22. Applicable Law and Submission to Jurisdiction

This Agreement and the rights and obligations herein shall be governed by Federal law, and in the absence of controlling Federal law, in accordance with the laws of the State of New York, notwithstanding New York's conflict of law rules. Any legal action, suit or proceeding arising out of or in connection with this Agreement shall only be brought in the United States District Court for the Southern District of New York. For these purposes, the FRB-NY and the Manager submit to the jurisdiction of such court.

23. Notices and Assertions

The Manager shall inform the FRB-NY concerning any possible change in control of the Manager as soon as such information is made available to the public.

The Manager shall certify to the FRB-NY on a quarterly basis in writing that the Manager complies in all material respects with this Agreement, including its Investment Guidelines, or identifies and provides a rationale for any exceptions.

24. Staffing and Key Personnel

Exhibit F hereto sets forth the Manager's key personnel assigned to this engagement. The Manager agrees to consult with FRB-NY before removing any key personnel from this engagement. In addition, the Manager shall provide to FRB-NY, and update on a regular basis, a staffing plan for the services contemplated hereby, including detail of the employees involved and their responsibilities.

25. Survival

The following Sections shall survive any termination of this Agreement: 12, 13,15,16, 19, 21, 22, 25, 27 - 30

26. Compliance with Laws and Regulations

The Manager shall conduct the appointment at all times in accordance with all laws and regulations applicable to it, including anti-money laundering (“AML”), counter-terrorist financing (“CTF”), and U.S. Office of Foreign Assets Control (“OFAC”) laws and regulations. The Manager shall provide the FRB-NY on request with summaries or copies of its policies and procedures to ensure compliance with laws, including applicable AML, CTF, and OFAC laws and regulations. Manager shall respond to reasonable inquiries from the FRB-NY’s Chief Compliance Officer with respect to compliance with laws and regulations.

27. No Waiver

No failure on the part of the Manager or FRB-NY to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power, privilege or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by the Manager or FRB-NY of any right, power, privilege or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power, privilege or remedy. The rights, powers, privileges and remedies herein provided are cumulative and are not exclusive of any rights, powers, privileges and remedies provided by law.

28. Amendments

This Agreement may only be amended by a written instrument executed by the Manager and FRB-NY, except that the FRB-NY may, (a) in its sole discretion upon written notice to the Manager, amend Exhibit C or E from time to time as it sees fit and (b) amend Exhibit A following reasonable notice to, and consultation with, the Manager. For the avoidance of doubt, provided that the FRB-NY satisfies the notice and consultation requirement, the FRB-NY may amend Exhibit A as it sees fit.

29. Integration

The following exhibits, each as amended from time to time, form an integral part of this Agreement as if set forth fully herein: Exhibit A, Investment Guidelines; Exhibit B, Power of Attorney; Exhibit C, Authorized Counterparties; Exhibit D, Fee Schedule and Payment Procedures; Exhibit E, Designated Representatives of the FRB-NY; Exhibit F, Key Personnel and Exhibit G, FRBNY Policy. The following shall be the order of primacy in the event of any inconsistencies: Exhibit A, Exhibit D, Exhibit C, the body of this Agreement, Exhibit G, Exhibit B, Exhibit E, and Exhibit F. This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof and supersedes in its entirety all prior agreements between the parties relating to the subject matter hereof except for the Confidentiality Agreement Between BlackRock Financial Management, Inc. and the Federal Reserve Bank of New York Regarding Contract Negotiations for the Agency MBS Purchase Program dated December 19, 2008.

30. Counterparts

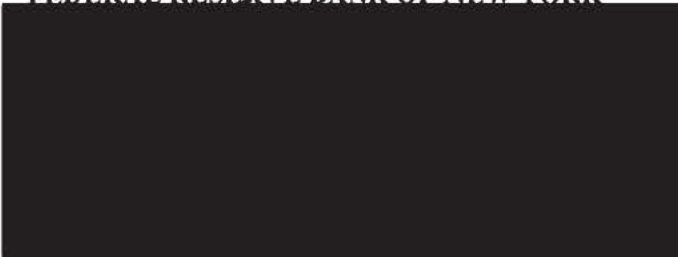
This Agreement may be executed in counterparts, each of which shall be an original but all of which together shall constitute one agreement

EXECUTED on the date first above written.

BLACKROCK FINANCIAL MANAGEMENT, INC.



FEDERAL RESERVE BANK OF NEW YORK



EXECUTED on the date first above written.

BLACKROCK FINANCIAL MANAGEMENT, INC.



FEDERAL RESERVE BANK OF NEW YORK



Schedule of Exhibits:

Exhibit A	Investment Guidelines
Exhibit B	Power of Attorney
Exhibit C	Authorized Counterparties
Exhibit D	Fee Schedule and Payment Procedures
Exhibit E	Designated Representatives of the FRB-NY
Exhibit F	Key Personnel
Exhibit G	FRBNY Policy

EXHIBIT A
INVESTMENT GUIDELINES



I. Policy Objective

The policy objective is to reduce the cost and increase the availability of credit for the purchase of houses, which in turn should support housing markets and foster improved conditions in financial markets more generally.





EXHIBIT B
POWERS OF ATTORNEY

DATE: DECEMBER 30, 2008

RE: FEDERAL RESERVE BANK OF NEW YORK (THE "CLIENT")

ACCOUNT NUMBER:

ATTENTION: THIS IS TO CONFIRM THE APPOINTMENT OF, AND ACCEPTANCE BY, BLACKROCK FINANCIAL MANAGEMENT, INC. AS INVESTMENT MANAGER TO MANAGE, SUPERVISE AND DIRECT THE INVESTMENTS OF AND FOR THE ABOVE CAPTIONED ACCOUNT (THE "ACCOUNT"), WHICH APPOINTMENT INCLUDES THE AUTHORITY TO ACT AS AGENT AND ATTORNEY-IN-FACT FOR AND ON BEHALF OF THE ACCOUNT WITH FULL AND COMPLETE AUTHORITY (I) TO PURCHASE, SELL, EXCHANGE, CONVERT AND OTHERWISE TRANACT IN ANY AND ALL STOCKS, BONDS, CASH HELD FOR INVESTMENT AND OTHER ASSETS AS BLACKROCK FINANCIAL MANAGEMENT, INC. MAY SELECT; AND (II) TO ESTABLISH ACCOUNTS AND EXECUTE SECURITIES TRANSACTIONS WITH ONE OR MORE SECURITIES BROKER/DEALER FIRMS AND OTHER FINANCIAL INTERMEDIARIES AS BLACKROCK FINANCIAL MANAGEMENT, INC. MAY SELECT. NO CASH OR SECURITIES DUE TO OR HELD FOR THE ACCOUNT SHALL BE PAID OR DELIVERED TO BLACKROCK FINANCIAL MANAGEMENT, INC., EXCEPT IF EXPRESSLY DIRECTED AND APPROVED BY THE CLIENT.

IT IS FURTHER UNDERSTOOD THAT BLACKROCK FINANCIAL MANAGEMENT, INC. MAY DELIVER TO ANY SECURITIES BROKER/DEALER FIRM EXECUTING TRANSACTIONS ON BEHALF OF THE ACCOUNT A COPY OF THIS DOCUMENT AS EVIDENCE OF THE AUTHORITY OF BLACKROCK FINANCIAL MANAGEMENT, INC. TO ACT AS AGENT AND ATTORNEY-IN-FACT FOR AND ON BEHALF OF THE ACCOUNT.

VERY TRULY YOURS,

FEDERAL RESERVE BANK OF NEW YORK

BY:

NAME:

TITLE:

EXHIBIT C
AUTHORIZED COUNTERPARTIES
PRIMARY DEALERS

BNP Paribas Securities Corp.
Banc of America Securities LLC
Barclays Capital Inc.
Cantor Fitzgerald & Co.
Citigroup Global Markets Inc.
Credit Suisse Securities (USA) LLC
Daiwa Securities America Inc.
Deutsche Bank Securities Inc.
Dresdner Kleinwort Securities LLC
Goldman, Sachs & Co.
Greenwich Capital Markets, Inc.
HSBC Securities (USA) Inc.
J. P. Morgan Securities Inc.
Merrill Lynch Government Securities Inc.
Mizuho Securities USA Inc.
Morgan Stanley & Co. Incorporated
UBS Securities LLC.

EXHIBIT D
FEE SCHEDULE AND PAYMENT PROCEDURES

December 30, 2008

The FRB-NY will pay to Manager each calendar quarter, as full compensation for services rendered, a management fee based on the average quarterly notional value of the Agency MBS in the Portfolio (based on the records of the Custodian) calculated monthly as of the last day of each month and payable quarterly at the end of each such calendar quarter. The quarterly fee rate will be equal to 1/16th of the annual rate of 1.25 basis points. For purposes of this Exhibit D, notional amount shall mean the Current Face amount of the Agency MBS, including unsettled Trades and TBA's and not to be reduced by the unsettled Current Face sold as part of dollar roll transactions. For the avoidance of doubt, the notional amount will be based upon the average notional amount of the entire program, inclusive of assets from all investment managers

EXHIBIT E
DESIGNATED REPRESENTATIVES OF THE FRB-NY

December 30, 2008

For inquiries regarding asset management and Portfolio strategy:

Name/Title

Signature



For inquiries concerning financial reporting issues and Account reconciliation:





Other Contacts:

Any FRB-NY in-house

For a period of six months after execution of the Agreement, the following additional individuals may have on-going contact with the Manager concerning any aspect of this Agreement:

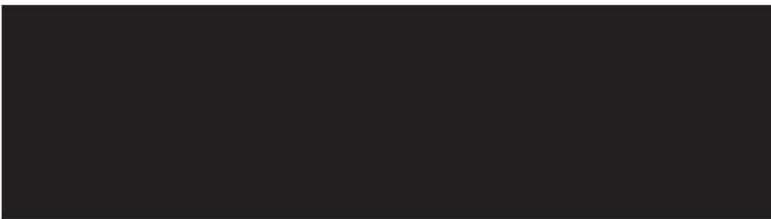


EXHIBIT F
KEY PERSONNEL

Financial Markets Advisory Group Leadership



Financial Markets Advisory Group Portfolio Management



Account Management



Legal





EXHIBIT G
INFORMATION BARRIER
AND CONFLICTS OF INTEREST MITIGATION PROCEDURES

BlackRock Financial Management, Inc. (“BlackRock”), an investment adviser registered with the Securities and Exchange Commission and a wholly-owned subsidiary of BlackRock, Inc., has been selected by the Federal Reserve Bank of New York (“FRB-NY”) to support the FRB-NY in the purchase of Fannie Mae, Freddie Mac and Ginnie Mae issued agency single-family fixed-rate pass-through mortgage-backed securities (“AMBS”) by the System Open Market Account (“SOMA”), as part of a domestic policy directive of the Federal Open Market Committee; provided, for the avoidance of doubt, that AMBS shall not include any CMOs, Interest Only or Principal Only Strips Trusts, REMICs that are backed by AMBS, or derivative mortgage backed securities.

While not exhaustive of the steps BlackRock shall take in order to comply with the information barrier and conflicts of interest mitigation obligations and restrictions set forth in the body of this Investment Management Agreement (“IMA”) between the FRB-NY and BlackRock for asset management services in respect of AMBS for the SOMA, the following explains and memorializes certain of the information barrier and conflict of interest mitigation procedures BlackRock shall implement throughout the term of the IMA unless otherwise agreed by the FRB-NY.

The following information barrier and conflict of interest mitigation procedures are based on BlackRock’s role under the IMA. As more fully described in the IMA, BlackRock shall act as a securities asset manager for a portfolio of AMBS purchased by the SOMA (the “SOMA AMBS Portfolio”). In that role, BlackRock will be responsible for portfolio management, trade execution, operations, analytics and reporting in respect of the SOMA AMBS Portfolio subject to the terms of the IMA.

Capitalized terms not otherwise defined herein shall have the meaning given to them in the body of the IMA.

Portfolio Management in Segregated Group

BlackRock will provide services to the FRB-NY under the IMA principally through its Financial Markets Advisory Group (the “FMA Group”). The FMA Group provides capital markets advisory services and specialty management of special-situation portfolios and is part of BlackRock Solutions, a separate and distinct business unit within BlackRock that provides advisory and risk management services.

The FMA Group operates under information barrier procedures that restrict the flow of information to BlackRock investment professionals outside the FMA Group. The FMA Group includes a team of portfolio managers that are responsible for investment decisions and trade execution. This team of investment professionals in the FMA Group is

segregated from BlackRock's other investment management professionals. Any FMA Group portfolio manager providing services under the IMA will report to the [REDACTED] or will report to a senior portfolio manager who [REDACTED].

BlackRock will apply the ethical walls and conflicts mitigation procedures described in detail below to maintain separation between BlackRock's service of the SOMA AMBS Portfolio through the FMA Group, on the one hand, and non-FMA Group client accounts managed by BlackRock's other investment professionals, on the other hand. These practices shall not be modified in any material respect without prior consultation with the FRB-NY.

Information Barrier Procedures and Conflicts of Interest Mitigation Controls: Ethical Walls, Management Controls, Reporting and Oversight

As a requirement of this IMA, BlackRock shall maintain and enforce corporate-wide policies and procedures providing for information barriers and addressing potential conflicts of interest in the following areas and develop and implement any additional specific policies and procedures necessary to enforce information barriers and address potential conflicts of interest regarding its work under this IMA (collectively referred to as the Information Barrier and Conflicts of Interest Mitigation Controls). The Information Barrier and Conflicts of Interest Mitigation Controls shall apply to BlackRock employees.

- **Identification of Restricted Persons and the Ethical Wall** – In connection with BlackRock's provision of services to the FRB-NY pursuant to the IMA, certain individuals at BlackRock will obtain access to material information relating to the SOMA AMBS Portfolio, and, if other investment management firms are managing separate portfolios of SOMA AMBS, material information relating to those portfolios (such information, "SOMA AMBS Information"). Information is "material" if a reasonable person would consider the information important in making an investment or valuation decision. For example, if disclosure of the information would positively or negatively affect the market price of a security, the information should be considered material.

Individuals in possession of SOMA AMBS Information, other than Permitted Shared Resources (as defined below), shall be designated as "Restricted Persons" with respect to the AMBS FOMC initiative. The BlackRock Legal and Compliance Department shall maintain a list of all Restricted Persons, including each Restricted Person's name, title and the date he or she became a Restricted Person, as well as the date of removal from the list. While in possession of SOMA AMBS Information, Restricted Persons shall be considered behind an "ethical wall," and shall be prohibited from providing investment management or advisory services to anyone other than the FRB-NY with respect to any AMBS, unless BlackRock receives the prior written consent of the FRB-NY.

SOMA AMBS Information may be shared, subject to the Information Barrier Policies and Procedures described below, with certain Permitted Shared Resources. "Permitted Shared Resources" are those non-Restricted Persons necessary and appropriate to provide support services to Restricted Persons, including but not limited to client relationship management, account management, information technology, operations, administration, financial modeling and risk analytics, finance, portfolio compliance and legal and compliance. [REDACTED] in BlackRock's Account Management Group, is leading the client relationship management/account management function in connection with this IMA. Certain personnel in the Financial Institutions Group will [REDACTED] in connection with BlackRock's provision of services to the FRB-NY pursuant to the IMA.

Under BlackRock's Information Barrier Policies and Procedures, certain BlackRock senior executives may "straddle" the information barrier between the FMA Group and the rest of BlackRock. Because of the scope of their job responsibilities, these persons may have access to confidential information on one side of a wall while carrying out duties on the other side of the wall. BlackRock's Information Barrier Policies and Procedures require persons straddling the wall to exercise particular caution to avoid the improper dissemination or misuse of confidential information in accordance with BlackRock's Information Barrier Policies and Procedures.

- Information Barrier Policies and Procedures – Confidential Information regarding the SOMA AMBS Portfolio shall be shared within BlackRock only on a "need to know" basis. BlackRock shall maintain information barrier policies and procedures ("Information Barrier Policies and Procedures") that are designed to restrict the dissemination, availability and sharing of confidential information, including but not limited to SOMA AMBS Information.
 - The Information Barrier Policies and Procedures shall specifically prohibit the flow of client information from the FMA Group to BlackRock's other investment management professionals, except to the extent permitted in the "Controlled Wall-Crossing Procedures" section below.
- Controls over IT and Paper Files Related to Confidential Information – BlackRock management, performance, and accounting systems will restrict access to SOMA AMBS Information to Restricted Persons and Permitted Shared Resources. Paper files that include SOMA AMBS Information will also be appropriately segregated so as to avoid inappropriate access by unauthorized individuals. Any information technology systems utilized by BlackRock in the performance of services under this IMA that may contain SOMA AMBS Information shall have appropriate administrative, technical and physical security controls to help ensure that access to such information is limited to Restricted Persons and Permitted Shared Resources. Whenever a person other than a Restricted Person or Permitted Shared Resource has reason to have access to SOMA AMBS Information, the "Controlled Wall-Crossing Procedures" shall apply. BlackRock's Legal and Compliance Department shall also periodically review compliance with these policies.

- o BlackRock shall maintain system access controls and permissions for management, performance and accounting systems that restrict access at a portfolio/assignment level to the FMA Group and Permitted Shared Resources. BlackRock's other investment management professionals shall not have access to the SOMA AMBS portfolio. FMA Group documents shall be stored in a distinct document directory folder that is accessible only by members of the FMA Group and Permitted Shared Resources.
- Controlled Wall-Crossing Procedures – To the extent that the FMA Group concludes that it is advisable to share SOMA AMBS Information with an individual other than a Restricted Person or Permitted Shared Resource, such as a BlackRock investment management professional outside of the FMA Group, and BlackRock's Legal and Compliance Department finds that such a request is justified, BlackRock shall inform the FRB-NY of the circumstances and the basis for its conclusion. The individual brought "over the wall" will become a "Restricted Person," as defined above, until the employee is no longer in possession of SOMA AMBS Information. Any wall-crossing shall occur pursuant to the information barrier policies and Procedures described above.
- General Discussions – Consistent with BlackRock policies, the foregoing will not restrict BlackRock employees that are providing services to the FRB-NY under the IMA ("SOMA AMBS Professionals") from discussing general credit/issuer data, economic/market data and information on general investment strategies, macro investment themes and modeling or analytic techniques with investment management professionals outside the FMA Group that have not been brought "over the wall" and that are not Permitted Shared Resources, to the extent such SOMA AMBS Professionals deem advisable to maximize the value of the services to the FRB-NY, so long as in each case BlackRock's Information Barrier Policies and Procedures are complied with in all respects (e.g., SOMA AMBS Information is not shared with such investment management professionals outside the FMA Group).
- Use of Affiliates and Third-Party Service Providers – It is understood and agreed that BlackRock may retain [REDACTED] to assist BlackRock Operations, Administration and Portfolio Analytics Group personnel in performing certain administrative duties and back-office operations. As provided in Section 4 of the IMA, BlackRock will not delegate portfolio management or administrative duties to any Affiliate or other third-party agent without the express written consent of the FRB-NY. With respect to any [REDACTED] and any other third-party service provider retained by BlackRock that is expect to have access to Confidential Information, BlackRock shall maintain contractual arrangements that include information security, confidentiality and non-disclosure obligations that are consistent with this Exhibit and are intended to protect Confidential Information.
- Prohibition on Certain Interactions with Affiliates – In managing assets for the FRB-NY pursuant to this IMA, BlackRock shall not trade with entities acting in a principal capacity that may be considered affiliates of BlackRock for purposes of the Investment

Advisers Act of 1940, as amended, such as brokers or dealers, without the prior consent of the FRB-NY.

- Fair Allocation Policy – In the event that a sale or purchase in connection with the SOMA AMBS occurs as part of any aggregate sales or purchase orders, for example in connection with Maiden Lane LLC, BlackRock shall allocate the executions among the accounts in a manner reasonably believed by BlackRock to be fair and equitable for all accounts involved.
- Certain Trading Restrictions – In order to minimize potential conflicts that may arise if the SOMA AMBS Portfolio were to transact directly with other BlackRock client accounts, transactions executed by Restricted Persons shall be executed with or through third-party broker-dealers or other intermediaries on a “blind” basis, unless otherwise agreed between the FRB-NY and BlackRock. In executing these “blind” trades, SOMA AMBS Portfolio portfolio managers shall advise broker-dealers or other intermediaries not to disclose any counterparties to transactions so as to minimize conflicts.
 - No trades between the SOMA AMBS portfolio and BlackRock or an affiliate of BlackRock for purposes of the Investment Advisers Act of 1940, as amended (principal trades) shall be made without the prior consent of the FRB-NY.
 - Trades shall only be executed directly between the SOMA AMBS Portfolio and another BlackRock client account (cross trades) with the prior consent of the FRB-NY or in accordance with cross trading practices and procedures that have been previously approved by the FRB-NY.
- Code of Conduct – BlackRock shall maintain a Code of Conduct that sets out basic principles designed to guide employees in the course of their business activities. The code should require all employees to hold as strictly confidential client information, and to know and comply with all company policies, procedures, laws and regulations that are applicable to their job duties. The code should also place restrictions on employee personal trading where conflicts may arise. In particular, unless an investment is exempt from prior notification, investments by employees must be pre-cleared and be subject to certain blackout and short-term trading restrictions.
- Monitoring / Compliance – BlackRock shall maintain a staff of compliance professionals to test and monitor the firm’s compliance policies and procedures and their effectiveness. BlackRock shall periodically monitor for, identify, and mitigate any potential conflicts of interest that may arise during the term of the IMA.
- Incident Reporting – BlackRock employees and employees of any third party provider performing services under the IMA shall be required to promptly report any breaches or violations of the Information Barrier and Conflicts of Interest Mitigation Controls or other requirements of the IMA to BlackRock’s Legal and Compliance Department.

- Changes to Information Barrier and Conflicts of Interest Mitigation Controls – BlackRock and the FRB-NY agree that the FRB-NY's investment objectives, trade operations and policies, as well as BlackRock's business, are likely to evolve over the term of the AMBS FOMC initiative. BlackRock shall inform the Chief Compliance Officer of the FRB-NY of all proposed material changes to the Information Barrier and Conflicts of Interest Mitigation Controls prior to their adoption. BlackRock and the FRB-NY agree to negotiate and resolve any such proposed changes in good faith and as quickly as reasonably possible.