

## RISK REPORTING AND ANALYTICAL SERVICES AGREEMENT

This RISK REPORTING AND ANALYTICAL SERVICES AGREEMENT (the "Agreement") is made as of the 14th day of August, 2009 ("Effective Date") between BlackRock Financial Management, Inc. ("BlackRock") and the Federal Reserve Bank of New York ("Client"). 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 Client is the Reserve Bank authorized by the FOMC to carry out the domestic policy objective through its management of the SOMA; WHEREAS, the Client, 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 BlackRock was selected as one of several investment managers to support the Client in its implementation of the FOMC's directive; WHEREAS, the purchasing phase of the FOMC Agency MBS program is nearing completion and the Client has determined that it is no longer necessary to retain multiple managers for the program but there is a need to enhance the analytics being provided to the Client under the program; WHEREAS, BlackRock has been asked by the Client to continue as the sole portfolio analytics provider for the portfolio of Agency MBS (the "Assets") based on, among other things, BlackRock's performance to date, its analytics platform and its all in costs (and in a contingency situation may serve as a purchasing and settlement agent for the Agency MBS program pursuant to mutually agreed terms); WHEREAS, BlackRock has expressed its interest in serving as the sole analytics providers under the Agency MBS program; NOW, THEREFORE, the parties hereby agree as follows:

1. Scope and Delivery of Services. (a) BlackRock, led by its BlackRock Solutions group in accordance with this Agreement, will perform the services described in Schedule A hereto ("Services"), which include the risk measurement reports to be provided by BlackRock as part of the Services as set forth on Schedule A (the "Reports"). BlackRock will provide the Reports to Client on the frequency and timing set forth in Schedule A. The timely production of each Report will depend on the timely receipt of complete Client Data. The Services will be rendered in a professional and workmanlike manner and with reasonable care using a degree of skill and attention no less than that which BlackRock exercises with respect to comparable risk reporting assignments for its other clients.

(b) The Reports will be made available to Client on a website ("Client Site") that will be created and maintained by BlackRock for password-protected access by certain Client personnel ("Client Users"). The information will be transmitted through a private network established between BlackRock and Client data centers via a dedicated leased-line. The parties expect that it will take approximately 6 to 8 weeks for the dedicated leased lines to be established and, in the interim, the parties will agree on a mechanism to deliver the Reports in a manner that meets Client's information security standards. Notwithstanding anything to the contrary in this Agreement, prior to the posting or transmission of any Client Data, BlackRock and the Client will cooperate to ensure that mutually agreeable information security standards are met.

(c) Client acknowledges that the Services are dependent on information and data provided by or on behalf of Client and/or its agents to BlackRock (the "Client Data"), including, without limitation, any required Client Data set forth in Schedule A. In addition, certain third party data not proprietary to BlackRock are required to use the Services ("Third Party Data"). Use of Third Party Data is subject to certain additional conditions required by the provider of such data, as outlined in Schedule B.

(d) Except as permitted below in this Section 1(d), the Services shall be provided by BlackRock solely

for Client's internal use. Except as expressly permitted by this Agreement, Client shall not (i) sell, lease, sublicense or provide any of the Services or information produced by BlackRock in connection with the Services to any third party, or (ii) reverse engineer or otherwise use the Services in any way to develop, test, enhance or otherwise calibrate, on behalf of itself or any third party, any systems or services that are similar to any of the components of the Services. Notwithstanding the foregoing, Client shall be permitted to share information, including but not limited to the reports, provided by BlackRock on a need to know basis with: (i) its officers, employees, Board of Directors and auditors; (ii) with the Board of Governors of the Federal Reserve System, other Reserve Banks and the Federal Open Market Committee, (iii) with Wellington Management Company LLP (or a successor investment manager, each the "Manager") for so long as it is bound by a confidentiality provision which identifies BlackRock's information as proprietary and commercial confidential information and is substantially in the form of the Amended and Restated Investment Management Agreement (which shall be consistent with the obligations in Section 6 of this Agreement), provided, that BlackRock shall be a third party beneficiary thereto for purposes of enforcing this confidentiality requirement with respect to the proprietary or commercial information it provides in connection with this Agreement); and (iv) any other party with the prior written consent of BlackRock. BlackRock will not be responsible or liable for any such third party's use or reliance on the information or Reports.

2. Representations by Client. Client represents and warrants that (a) the execution, delivery, and performance of this Agreement have been duly authorized and shall not conflict with any obligation of Client, (b) this Agreement constitutes a valid and binding obligation of Client, (c) Client has all rights necessary to provide the Client Data to BlackRock for the uses set forth herein, and (d) Client shall comply with all applicable laws, rules, and regulations in its receipt and use of the Services.

3. Representations by BlackRock. BlackRock represents and warrants that (a) the execution, delivery, and performance of this Agreement have been duly authorized and shall not conflict with any obligation of BlackRock, (b) this Agreement constitutes a valid and binding obligation of BlackRock, (c) BlackRock has all rights necessary to provide the Services contemplated herein, and the provision of the Services contemplated herein and the Client's use of such Services will not violate any third parties intellectual property rights, (c) to the best of BlackRock's knowledge, any computer program, software, or other material, including corrections, updates or improvements, supplied by BlackRock pursuant to this Agreement does not contain a virus, or defect that might disrupt the normal operation of the Client's computer systems. For the purposes of this Agreement, "computer virus" means a computer program, code, or set of instructions that, when inserted into a computer's memory, operating system, files, or application program: (i) duplicates or has the ability to duplicate all or part of itself without specific user instructions; or (ii) erases, alters, or renders unusable any computer data, memory, software, or related hardware in non-conformance with the specifications of the data, memory, software, or hardware. The term includes, but is not limited to trojan horses, bombs, and worms); and (d) BlackRock shall comply with all applicable laws, rules, regulations in its provision of the Services. In addition, BlackRock represents that it is not currently subject to any public or, to its knowledge, any non-public investigations, pending or existing enforcement actions, or insolvency proceedings. For the avoidance of doubt, routine or sweep regulatory examinations do not constitute investigations. Unless prohibited by law or negotiation, BlackRock shall immediately notify Client if it becomes aware of any such investigations, actions or proceedings during the term of this Agreement. BLACKROCK HEREBY DISCLAIMS ANY OTHER WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

4. Risk Considerations and Acknowledgments. Client understands that risk measurement analyses rely on certain assumptions and judgments, such as with respect to movement in and volatility of interest rates and spreads, and relative risks and the relationship between risk factors (such as the relationship of mortgage prepayments to interest rates). These analyses, models, and methodologies are generally based on observations of past market behavior that may not hold true in the future. Such assumptions may not cover all aspects of, or risks inherent in, the portfolios at issue. Client understands that the risk

analyses are also dependent on the integrity of the security data to which access is provided by Client (as part of the Client Data), as well as economic data used in the analyses. BlackRock will use its best judgment and practices to model the portfolios using the Client Data, third party data, and other available sources. BlackRock will depend solely on Client Data with respect to the Assets for its analyses. While BlackRock's analyses performed to create the reports are based on information BlackRock in good faith deems to be reliable, BlackRock in no case guarantees their accuracy or completeness. Client acknowledges that significant professional disagreement exists regarding the accuracy and validity of these types of analyses and methodologies, and that there is no assurance that the analyses and methodologies used by BlackRock or provided by BlackRock are or will be appropriate for Client or the Assets. Client further acknowledges that not all Assets covered by the Services may lend themselves to explicit analytically derived risk measures and that BlackRock may not have procedures, methods, or models appropriate for valuation or risk analyses of certain types of Assets. BlackRock will consult with Client's designated representative in such cases to determine the appropriate methodology for analysis of these Assets for the Services. In the absence of input from Client in such instances, BlackRock will use its judgment to analyze the Assets.

Client acknowledges and agrees, subject to BlackRock's obligations in Section 6 below that (a) BlackRock's sole responsibility in connection with this Agreement is to provide the Services set forth herein to aid Client in the analysis of certain of the Assets; (b) the Services to be provided by BlackRock, including its analyses, are solely estimates in nature and should only be relied upon by Client as such; (c) while BlackRock does not make a market in the Assets covered by this Agreement, BlackRock or its affiliates (for itself or on behalf of its clients) may own positions in such Assets or the individual assets underlying them (whether long or short) and BlackRock and its affiliates (for itself or on behalf of its clients) shall not be restricted from transacting in them; (d) BlackRock is not serving as an investment advisor or fiduciary, or making any investment recommendations or soliciting any action based on its Services; and (e) Client will be solely responsible for forming its own judgments as to accounting treatment or the valuation, or purchase or sale, of any of the Assets Accordingly, BlackRock will not be responsible or have any liability for any actions of or conclusions drawn by Client with respect to any matter, whether or not such conclusions are based to any extent on the Services provided by BlackRock except where such actions or conclusions of the Client were taken based on a breach of BlackRock's duties under this Agreement.

5. Fees. Client shall pay BlackRock the fees set forth in Schedule A to this Agreement, which shall be inclusive of expenses except as otherwise agreed by the parties.

6. Confidential Information and Limited Access.

(a) BlackRock Confidentiality Obligation.

(i) Confidential Information Defined. BlackRock acknowledges that all information and material that comes into the possession or knowledge of BlackRock on or after the date hereof, whether provided directly by the Client or by another agent of the Client, in connection with the Services provided under this Agreement, including but not limited to:

- the terms and conditions of this Agreement;
- information regarding the Assets and the operations and investments of SOMA;
- information regarding the practices, policies, business affairs or other proprietary or commercial information of one of the Client's agents. (Each of the Client's agents 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 this Agreement);

- reports, briefing material, information and data, both written and oral, related to this Agreement;
- financial information, condition, processes and procedures of the Client or SOMA;
- material related to the Client's data processing systems, applications, procedures, policies and standards;
- the physical security of the Client; and
- financial, statistical, strategic planning and other similar information relating to the past, present or future activities of the Client or the FOMC, which has or may come into the possession or knowledge of BlackRock 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 Client, to a Client's agent 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 Client or, with respect to Confidential Information provided by a Client agent, used to compete with any business to which the Confidential Information relates. BlackRock 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.

(ii) Exceptions. BlackRock 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 BlackRock in violation of this Agreement; (2) is subsequently learned from a third party that, to the knowledge of BlackRock, is not under an obligation of confidentiality to the Client; (3) was known to BlackRock at the time of disclosure other than from Client or its provision of services under this Agreement; (4) is generated independently by BlackRock 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 BlackRock's rights against Client under this Agreement.

BlackRock shall notify the General Counsel of the Client, 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). BlackRock 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 Client 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 Client, at the expense of the Client, 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.

(b) Limited Access. BlackRock agrees to limit the access to information that is the subject of this Agreement to BlackRock and its Affiliates and their officers, directors, employees, attorneys, accountants, financial advisors and other agents, to the limited extent necessary to its performance of the Services or the enforcement of its rights hereunder, and shall require all such employees to keep all such information obtained by them as strictly confidential 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. In addition, any such affiliate or third party agent (other than outside counsel) must be bound by a written confidentiality obligation substantially similar to BlackRock's confidentiality obligation under this Agreement. BlackRock assumes responsibility for maintaining the confidentiality of all Confidential Information disclosed to its affiliates and third party agents under this Agreement. In addition, neither BlackRock nor any of its employees or other representatives will use or allow the use of any Confidential Information for any purpose except as

necessary in connection with BlackRock's engagement hereunder. Nothing herein shall be interpreted to supersede the consent requirement in Section 22 below. For the avoidance of doubt, BlackRock shall be authorized to communicate with Client's custodian or investment manager to the extent required for it to perform its obligations under this Agreement.

(c) Information Barrier and Conflicts Policies. Without limiting the foregoing, BlackRock shall adhere to the following additional information barrier and conflicts procedures:

(i) BlackRock shall provide Client with the internal ethics policies and procedures put in place to govern the conduct of its employees. Consistent with Section 6(b) above, these policies and procedures must be designed at a minimum to ensure that (x) personnel assigned to provide the Services hereunder are segregated from BlackRock's traditional portfolio management group personnel (the "Restricted Persons"), (y) any Confidential Information related to the provision of the Services is not shared with such Restricted Persons or any other person except on a need to know basis, and (z) personnel assigned to provide Services hereunder are prohibited from using Confidential Information for their own benefit or that of a third party.

(ii) With the advance written approval of Client and subject to BlackRock's information barrier policies and procedures, specific Restricted Persons may be brought "over the wall" and provided Confidential Information in order to provide additional support for BlackRock's provision of the Services. Any such authorization will be vetted and documented by BlackRock's Legal and Compliance Group in accordance with BlackRock's information barrier policies and procedures.

(iii) BlackRock has disclosed to Client that it is not aware of any potential conflicts of interest resulting from this Agreement. BlackRock shall disclose any potential conflicts of interest to Client as they arise and shall follow BlackRock's conflict mitigation plan as set forth in its information barrier and other conflict policies and will cooperate with the Client to determine whether any additional steps are necessary.

(d) FOMC Information. BlackRock will not ask for, and except for information provided by an individual listed on Schedule D, is not to be provided with confidential information regarding monetary policy, open market operations or the Federal Open Market Committee. In the event that BlackRock believes that an individual not listed on Schedule D has inadvertently disclosed such information to BlackRock, BlackRock will immediately report such disclosure by telephone to the Chief Compliance Officer of the Client and will ensure that BlackRock does not rely or act on such information.

(e) Client Confidentiality Obligation. Except as otherwise permitted in Section 1(d) above, all information provided by BlackRock in connection with the Services, as well as all BlackRock technology, know-how, financial models, model documentation, processes, trade secrets, contracts (other than agreements with the Client), proprietary information, historical or projected financial information, organizational or operating data, strategic or management plans, and customer information or lists, whether received before or after the date hereof ("BlackRock Confidential Information") shall be considered to be confidential and proprietary, the disclosure of which to third parties, or use by third parties will be damaging to BlackRock. Accordingly, Client agrees to maintain the strict confidentiality of the BlackRock Confidential Information and, except as otherwise permitted in Section 1(c) above, agrees not to disclose any such information other than to its own employees, agents or attorneys who have a need to know such information without the prior written consent of BlackRock, unless such disclosure is required by law or required under the Client's FOIA policies in which case 6(f) shall apply.

(f) In the event that Client determines that disclosure is required by law or under its FOIA policies, it will, to the extent permissible, promptly notify BlackRock and will take all steps reasonably required to protect the confidentiality of the BlackRock Confidential Information being disclosed including, but not limited to: (i) considering any argument that BlackRock wishes to make that disclosure is not required and/or that such disclosure is in violation of the terms and conditions of this confidentiality agreement; (ii) providing

BlackRock, at the expense of BlackRock, with all reasonable assistance in resisting or limiting disclosure; (iii) advising the recipient that the BlackRock Confidential Information is subject these confidentiality obligations; and (iv) using reasonable efforts to obtain an appropriate stipulation or order of confidentiality, if applicable.

(g) Notwithstanding the foregoing, Client 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 Client in violation of this Agreement; (2) is subsequently learned from a third party that, to the knowledge of Client, is not under an obligation of confidentiality to BlackRock; (3) was known to Client at the time of disclosure other than from BlackRock or its receipt of services under this Agreement; (4) is generated independently by Client without reference to the BlackRock Confidential Information; or (5) is disclosed pursuant to applicable law, regulation, subpoena, other legal process, or in connection with the enforcement of Client's rights against BlackRock under this Agreement.

7. Limitations on Liability; Indemnity. (a) Except with respect to a breach of BlackRock's confidentiality obligations under Section 6 above or with respect to BlackRock's indemnity obligations under Section 7(b)(i) below, in no event will BlackRock's liability, in the aggregate, exceed the fees paid by Client to BlackRock exceed the fees payable by Client to BlackRock during the 12 month period immediately preceding the event giving rise to the liability; provided that in the event of a claim during the initial 12 months after the Effective Date, the liability will be capped at 12 months fees payable hereunder. In no event shall BlackRock be liable for any incidental, consequential, indirect damages or lost profits.

(b) (i) BlackRock shall defend and indemnify Client against all losses, damages, expenses (including reasonable attorney's fees), and claims ("Losses") arising out of BlackRock's breach of its obligations under Sections 3(c) and 6; and (ii) Client shall defend and indemnify BlackRock against all other Losses arising out of this Agreement, including, without limitation, for Client's breach of its obligations under Sections 1(c), 2(c) and 6, except to the extent such Losses were caused by BlackRock's willful misconduct, fraud or reckless disregard of its duties hereunder or BlackRock's breach of its confidentiality and non-disclosure obligations under Section 6. Subject to (c) below, the indemnifying party agrees to reimburse the indemnified party for its time and all out-of-pocket expenses (including reasonable attorney's fees) incurred by the indemnified party in connection with investigating, preparing for or defending any action or claim or responding to any regulatory inquiry, whether in connection with pending or threatened litigation or regulatory inquiry in each case, as such expenses are incurred or paid.

(c) Requirements for Claiming Under the Indemnity. In order to recover amounts under section 7(b), the indemnified party: (i) must provide reasonably prompt notice to the indemnifying party 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 (ii) must not make any admissions of liability or incur any significant expenses after receiving actual notice of the claim or agree to any settlement without the written consent of the indemnifying party, which consent shall not be unreasonably withheld.

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

8. Term. The initial term of this Agreement will begin on the Effective Date and will continue on a month-to-month basis unless terminated by either party upon 10 days' prior written notice.

Notwithstanding the forgoing, if either party breaches its confidentiality obligations under the Agreement, the non-breaching party may immediately terminate this Agreement by providing immediate notice.

9. Applicable Law and Submission to Jurisdiction. (a) 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, BlackRock and Client submit to the jurisdiction of such court.

(b) Each party acknowledges that certain breaches by it of its obligations hereunder (such as under Sections 1(c) and 6) may cause irreparable harm to the other party, and that the aggrieved party shall be entitled in any such case to seek injunctive or similar relief without the posting of any bond or security.

10. Assignment. Neither party may assign this Agreement or delegate its duties under this Agreement without the other party's written consent, which consent may be withheld for any reason. Subject to the foregoing, this Agreement shall be for the benefit of and binding upon the parties and their successors.

11. Notices. Any notice given hereunder shall be in writing and delivered by hand, facsimile, or by over night delivery services, addressed as follows:

**If to Client:**

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

or by facsimile to:

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

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

or by facsimile to:

**With a copy to:**

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

or by facsimile to

**If to BlackRock:**

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

or by facsimile to:

**With a copy to:**

BlackRock Financial Management, Inc.  
40 East 52nd Street  
New York, New York 10022  
or by facsimile to:

Notices will be deemed given only upon actual receipt.

12. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. No understanding or modification relating hereto shall be valid unless in writing and signed by both parties.

13. No Waiver. No failure on the part of BlackRock or Client 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 BlackRock or Client 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.

14. Non-Exclusive Arrangement. BlackRock agrees that Client shall not be restricted from receiving services, whether or not similar to the Services, from any other entity. Subject to the obligations of BlackRock under Section 6 above, Client agrees that BlackRock shall not be restricted from furnishing services similar to the Services, or any other investment management, risk management, or advisory services, to others, and, in its discretion, may make recommendations to others which may be the same as, or may be different from those made under this Agreement. Subject to the obligations of BlackRock under Section 6 above, Client acknowledges that BlackRock, its affiliates, and any officer, director, stockholder, employee, or any member of their families, may have an interest in Assets with respect to which Services are performed under this Agreement. Subject to the obligations of BlackRock under Section 6 above, actions taken or recommendations made with respect to assets of the same kind covered by the Services may be the same as or different from the action that BlackRock or any of its affiliates, or any officer, director, stockholder, employee or any member of their families, or other investors may take with respect thereto. As described in Section 6 above, BlackRock shall disclose potential conflicts of interest to the Client as they arise and will cooperate with the Client to determine appropriate steps to address any such potential conflict.

15. 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.

16. Schedules. References to this Agreement shall be deemed to include any schedules, addenda, and exhibits hereto, taken as a whole with the Agreement.

17. Taxes. Charges under this Agreement shall be exclusive of Federal, State, county or local sales, use, excise or other taxes, however designated, from which the FRBNY, as a Federal Reserve Bank, is exempt pursuant to the third paragraph of Section 7 of the Federal Reserve Act (12 U.S.C. § 531).

18. Construction. Any conflict between the body of this Agreement and the schedules or attachments hereto that are expressly referenced herein shall be resolved in favor of such schedules or attachments.

19. Survival. Sections 1(c), 4, 6, 7, 9, and any other provision that by its terms survives termination, shall survive the expiration or earlier termination of this Agreement.



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

21. Cooperation. The parties recognize that successful delivery of the Services will require mutual cooperation, communication, feedback, and interaction, including action required hereunder or reasonably requested by the other party to enable it to accomplish its obligations and responsibilities hereunder. Both parties agree to perform the foregoing responsibilities in good faith and in a professional manner that reflects the sophisticated nature of the Services to be provided.

22. Independent Contractor. BlackRock is an independent contractor and is not an agent or employee of Client. BlackRock has no authority to bind Client by contract or otherwise without Client's prior written authorization. The manner of BlackRock's performance of the Services shall be in its sole discretion, subject to the requirement that BlackRock shall at all times comply with applicable law and its obligations hereunder. Client has no right or authority to control the manner or means by which the Services are rendered. BlackRock will not delegate its duties to any affiliate or other third party agent without the express written consent of Client. For the avoidance of doubt, Client hereby consents to the use of BlackRock Capital Management, Inc. (Wilmington, Delaware) for data integrity and analytic production work and the use of BlackRock Investment Management, LLC (Plainsboro, NJ) for data integrity and analytic production provided that BlackRock remains liable under this Agreement as if such services were provided directly and the other requirements of section 6 are satisfied.

23. Public Statements. BlackRock agrees not to originate or encourage any written or oral statement, news release, or other public announcement or publication, relating to any matter arising in connection with this Agreement, and/or any related matter concerning Client, beyond a statement no more detailed than any public statement by Client, without the express prior consent of the President, First Vice President or an Executive Vice President of Client.

24. No Third-Party Rights. Nothing in this Agreement shall be construed to confer upon any third party a right of action under this Agreement or any other right whatsoever and no person or entity shall be deemed a third party beneficiary under or by reason of this Agreement.

25. Maintenance and Access to Records. (a) BlackRock shall maintain appropriate books of account and records relating to Services performed hereunder including appropriate documentation of issues arising under BlackRock's conflict of interest policies. BlackRock shall either retain such records for as long as requested by the Client (but not more than 5 years unless otherwise mutually agreed by the parties) or provide the records (or copies of such records) to Client prior to destruction of the records under Client's normal record retention policy. Client shall have the right to access the records upon reasonable notice to BlackRock and audit BlackRock's operations and controls to determine whether BlackRock is acting in compliance with all of the requirements of this Agreement. Upon five business days' prior written notice to BlackRock, BlackRock shall grant access to its premises to the Client's internal or external auditors or other employees or agents selected by the Client to conduct such audits, in each case, any such third party auditor or agent shall be subject to appropriate confidentiality obligations. Audits will be conducted during BlackRock's normal business hours at the Client's sole expense. BlackRock shall cooperate fully in making its premises and all relevant information related to its performance pursuant to this Agreement and personnel available to the Client as is reasonably requested and does not interfere with BlackRock's performance of its obligations under this Agreement and the conduct of its other business in the ordinary course. The Client's board of directors or its audit committee may share audit reports with the Board of Governors of the Federal Reserve System, other Reserve Banks and the Federal Open Market Committee as it deems appropriate.

(b) Effective Internal Controls. BlackRock shall provide its relevant SAS-70 (Type II) reports to the Client no less than annually. In addition, if requested by the Client, BlackRock will provide additional documentary evidence to the Client to support the assertion that BlackRock 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.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the Effective Date.

**FEDERAL RESERVE BANK OF NEW YORK**

**BLACKROCK FINANCIAL MANAGEMENT, INC.**

By  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

## SCHEDULE A

### DESCRIPTION OF SERVICES, IMPLEMENTATION, CLIENT DATA, FEES

#### 1. Reports Package:

- a. BlackRock will provide Client with a daily Reports Package for Client portfolios. The Reports will be based on information provided to BlackRock by Client (or its agents) on a daily basis. This daily Reports Package will consist of:
  - i. **Portfolio Detail Reports:** Identify portfolio sensitivities at a security level to different risk factors including: effective duration, effective convexity, option adjusted spread, key rate durations, key treasury rate durations, weighted average life, spread duration, volatility duration, prepayment duration, mortgage/LIBOR duration, and weighted average life equivalent prepayment speed. Portfolio Detail Reports will also provide risk parameters at a sector and sub-sector level calculated based on security level risk parameters. Additional customized daily reporting specific to the Client's needs may need to be incorporated into these Reports. The Client acknowledges that any request it makes for customized reporting may require additional implementation time, must be reasonable in nature and consistent with BlackRock's data and reporting framework.
  - ii. **Portfolio Summary Reports:** Examine portfolio level risk parameters and sector/sub-sector allocations, including versus specified market benchmarks (for the universe of market benchmarks that BlackRock has modeled). These reports can be grouped at various portfolio levels. Appropriate portfolio group levels will be determined during the Implementation phase of the project. These reports also contain value-at-risk measures using the parametric (variance/covariance) value-at-risk methodology at a portfolio level. The Reports Package will contain an analysis of the marginal contribution to risk based on the parametric (variance/covariance) value at risk as well as stress testing reports based upon mutually agreed scenarios.
  - iii. **Compliance Reports:** Identify portfolio level compliance exceptions as of the report date based on the post-trade compliance guidelines provided by Client. BlackRock will map Client's investment guidelines to BlackRock's library of compliance rules to provide automated compliance exception reporting on its portfolios. BlackRock will notify Client of guidelines that do not map to BlackRock's compliance library and will not be contained within the Compliance Reports.
- b. The Reports Package will contain the most recent risk parameters available for each security with respect to which Client (or its agent) has provided the Client Data to BlackRock. Client, either directly or through its agent, will be responsible for providing the underlying prices used for all calculations, as well as, for all securities for which standard third-party identifiers are not available, all other required security modeling information.
- c. BlackRock will make commercially reasonable efforts to provide the daily Reports on the Client Site by 12:00 pm (New York local time) each business day that is not a Securities Industry and Financial Markets Association (SIFMA) holiday ("Business Day"), provided that the underlying Client Data have been timely received on the preceding Business Day. If scheduled delivery of a Reports Package falls on a SIFMA holiday, that Reports Package shall be available the following Business Day. If Client Data are not timely received, the availability of Reports will be delayed.
- d. In addition to the Reports described above, BlackRock will also provide Client with the following Reports:

- i. **Horizon and Spot Interest Rate Scenario Analyses:** These computationally intensive analyses will be provided to Client on a monthly or bi-weekly basis as requested by Client. BlackRock will work with Client to define the appropriate set of reports and timing of the analyses to address Client's needs.
- ii. **Mortgage Relative Value Reports:** This suite of reports includes relative value on a universe of US mortgages as well as historical and projected prepayments. These reports will be provided on a daily and monthly basis, respectively.

## 2. Client Data:

- a. Client agrees to provide the data required to produce, implement, and prepare the Reports Package ("Client Data"). BlackRock will provide commercially reasonable assistance to Client in Client's implementation of BlackRock procedures for the transmission of Client Data to BlackRock. The Client Data will be provided in a format specified by BlackRock, and shall include the following:
  - i. Portfolio structure – inventory and description of all portfolios, with Client's direction on grouping and applicable benchmarks.
  - ii. Unique asset ID for each security, which for public securities shall be the CUSIP (or other industry standard identifier, such as ISIN or SEDOL).
  - iii. Positions, price and original and current face amounts for each security.
  - iv. The portfolio to which each position will be assigned.
- b. Client (or its agent) agrees to provide the Client Data on the following schedule, as such schedule may be updated from time to time by the parties:
  - i. New securities in the portfolio, together with security indicative data where required (as set forth above), daily by 5:00 pm (New York local time) each Business Day.
  - ii. Complete list of positions(s), holding amounts, and prices for each line item (based on closing price, if applicable), daily by 6:00 pm (New York local time) each Business Day.
  - iii. Client or its agent will make appropriate personnel available each Business Day to assist BlackRock in the resolution of issues identified with respect to Client Data.

## 3. Interactive Tools:

- a. As part of the Services, BlackRock will provide Client with access to its AnSer analytical calculator and PortfolioRiskTools. These tools will be available from 8:00 am to 6:00 pm (New York local time) each Business Day and are generally available outside these time frames, subject to system maintenance from time to time that will cause them to be unavailable during non-business hours.
- b. AnSer analytic calculator will allow Client Users to can run option-adjusted risk analyses in real-time on individual securities or groups of securities.
- c. PortfolioRiskTools will allow Client Users to perform a variety of parametric portfolio risk analyses on-the-fly, including Historical VaR and Analytical VaR. Using PortfolioRiskTools, Client Users will be able to evaluate the specific factors driving BlackRock's risk model and modify assumptions such as observation period and confidence level.
- d. BlackRock will provide Client with training and support to ensure that Client Users can best leverage these tools.

## 4. Implementation:

- a. BlackRock and Client will jointly determine an appropriate portfolio and reporting structure that meets Client's needs. BlackRock and Client will work together to finalize the structure and content of the Reports Package within a reasonable time
- b. BlackRock will work with Client to ensure that the Client's dataset is "production quality." BlackRock shall provide the first complete Reports Package within 2-4 weeks after receiving the first complete set of Client Data.

**5. Client Users and Limitations on Use of the Services:**

- a. Only "Client Users" shall be permitted to access the Reports on the Client Site.
- b. All Client Users shall have a unique ID and password. User ID's and passwords shall be assigned on an individual user basis and shall not be shared.

**6. Solutions Center Support:**

- a. BlackRock will provide Client with access to its Solution Center (support service center) during the hours of 8:00 am to 6:30 pm (New York local time) each Business Day. The Solutions Center will be available to address technical and administrative requests. Any issues that cannot be resolved through the Solutions Center will be forwarded to the appropriate BlackRock managers or staff. The Solutions Center will also provide training to Client Users upon its request.

**7. Fees**

- a. Client will pay a Risk Reporting Fee of \$330,000 per month. Fees are computed on a calendar month-end basis and aggregated and payable quarterly in arrears. If this Agreement is terminated in the middle of a month, BlackRock will only be entitled to a pro rata portion of the monthly fee.
- b. It is the expectation of the parties that no Third Party Data fees are applicable as of the Effective Date. If, however, the scope of the portfolio or Client's needs change, the parties will discuss in good faith any Third Party Data fees that might be applicable.

**8. Key Assumptions**

- a. The Assets to be composed exclusively of Agency MBS
- b. Assets expected to be contained in a limited number of portfolios not to exceed 15 portfolios
- c. On an on-going basis, the number of distinct positions to be provided to BlackRock by Client's custodian each day is expected to be fewer than 125,000 positions in the aggregate.
- d. Securities to be cohorted for processing purposes based on standard methodology (e.g., by agency, term, coupon and vintage) which are expected to be fewer than 1,000 line items
- e. The number of Client Users with access to the AnSer analytical tool will be between 10 and 15

To the extent that there is any significant or recurring deviation from these assumptions, or if the size or scope of the portfolio materially changes, the parties will have a good faith discussion about the scope of services and applicable fees.

## SCHEDULE B

### THIRD PARTY DATA TERMS AND CONDITIONS

Depending on the precise scope of the Services to be provided, Third Party Data sources currently used in the delivery of the Services may include, without limitation:

#### Security Indicative and Time Series Data

- Reuters
- S&P CUSIP
- Interactive Data
- eMBS

#### Ratings and Credit Data

- S&P
- Moody's
- Fitch

#### Security Prices

- Reuters
- Interactive Data
- S&P JJ Kenny

#### Real Time Economy

- Reuters

#### Index Providers

- Barclays (Lehman Brothers)
- Citigroup
- JPMorgan
- Merrill Lynch
- MSCI
- S&P

Client shall be responsible for entering into any separate agreements with Third Party Data providers as they may require for use of such Third Party Data as part of the Services. BlackRock shall make reasonable efforts to facilitate Client's arrangements with any such Third Party Data providers.

#### **A. Third-Party Data Provisions for all data other than CUSIPs**

The following provisions apply to all data made available via the Services by BlackRock from its Third Party Data providers, exclusive of CUSIP data, to which the provisions of part B shall apply.

1. Proprietary Nature of Data; Remedies. All Third-Party Data is proprietary to the Third Party Provider that supplies it, and/or its licensors. Third Party Data may not be redistributed in any manner, and are provided only for use in

conjunction with the Service (including, if applicable, use of such data in conjunction with trade execution/confirmation and compliance and limited dissemination of excerpts to its customers in the ordinary course of Client's business), and only as provided for in the Agreement. Client agrees that certain types of misuse or misappropriation of Third Party Data may cause a Third Party Data provider irreparable harm, with respect to which such Third Party Data provider may be entitled to injunctive or other equitable relief. In any such circumstances, the relevant Third Party Data provider shall not be required to post any bond or security.

2. Limited Warranties; Disclaimer. Although BlackRock and its Third Party Data providers obtain data from sources they believe to be reliable, receipt and use of the Third Party Data by Client is "As Is". Without limiting the foregoing, no Third Party Data provider makes any representation or warranty, express or implied, to Client or any other person or entity as to the accuracy, timeliness, completeness, merchantability, or fitness for any particular purpose of any Third Party Data. BlackRock, on behalf of its Third Party Data providers, hereby disclaims any and all liability, however arising, with regard to Client's use of or reliance on any Third Party Data, which liability may run only to BlackRock, and which shall exclude indirect, incidental, consequential, special, exemplary, and other damages of like kind. Absolute limitations on liability with respect to use of Third Party Data may apply and may differ from one Third Party Data provider to another. The current amounts of these limitations are available to Client upon request.

3. No Advice or Reliance. No Third Party Data provider shall be deemed to be a fiduciary of Client or any of its Affiliates or a provider of tax, legal, or investment advice to Client or its Affiliates by virtue of this Agreement, nor shall the provision of any Third Party Data constitute an offer to buy or sell securities. Client understands that certain Third Party Data providers may have an interest in, or receive fees or other forms of remuneration from, entities whose data are included in the Third Party Data. Client agrees that it shall not rely solely on Third Party Data in making any investment,

purchase, or sale decisions, whether for itself or others.

4. Third-Party Beneficiary. For the limited purpose of availing itself of the provisions of these Third Party Data Terms and Conditions, each Third Party Data provider shall be a third-party beneficiary of the Agreement.

#### **B. Third Party Data Provisions for CUSIPs**

Client agrees and acknowledges that the CUSIP Database (to which Client has access through the Agreement), and the information contained therein is and shall remain valuable intellectual property owned by, or licensed to, Standard & Poor's CUSIP Service Bureau ("CSB") and the American Bankers Association ("ABA"), and that no proprietary rights are being transferred to Client in such materials or in any of the information contained therein. Any use by Client outside of the clearing and settlement of transactions requires a license from the CSB, along with an associated fee based on usage. Client agrees that misappropriation or misuse of such materials will cause serious damage to CSB and ABA and that in such event money damages may not constitute sufficient compensation to CSB and ABA; consequently, Client agrees that in the event of any misappropriation or misuse, CSB and ABA shall have the right to obtain injunctive relief in addition to any other legal or financial remedies to which CSB and ABA may be entitled.

Except as may be provided in any existing agreement between Client and a permitted licensor of the CUSIP Database, Client agrees that it shall not as a consequence of receiving the Services publish or distribute in any medium the CUSIP Database or any information contained therein or summaries or subsets thereof to any person or entity except in connection with the normal clearing and settlement of security transactions. Client further agrees that the use of CUSIP numbers and descriptions is not intended to create or maintain, and does not serve the purpose of the creation or maintenance of, a master file or database of CUSIP descriptions or numbers for itself or any third party recipient of such service and is not intended to create and does not serve in any way as a substitute for the CUSIP MASTER TAPE, PRINT, DB, INTERNET, ELECTRONIC, CD-ROM Services and/or any other future services developed by the CSB.

CLIENT ACKNOWLEDGES THAT NEITHER CSB, ABA NOR ANY OF THEIR AFFILIATES MAKE ANY WARRANTIES, EXPRESS OR IMPLIED, AS TO THE ACCURACY, ADEQUACY OR COMPLETENESS OF ANY OF THE INFORMATION CONTAINED IN THE CUSIP DATABASE. ALL SUCH MATERIALS ARE PROVIDED TO CLIENT ON AN "AS IS" BASIS, WITHOUT ANY WARRANTIES AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE NOR WITH RESPECT TO THE RESULTS WHICH MAY BE OBTAINED FROM THE USE OF SUCH MATERIALS. NEITHER CSB, ABA NOR THEIR AFFILIATES SHALL HAVE ANY RESPONSIBILITY OR LIABILITY FOR ANY ERRORS OR OMISSIONS NOR SHALL THEY BE LIABLE FOR ANY DAMAGES, WHETHER DIRECT OR INDIRECT, SPECIAL OR CONSEQUENTIAL EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL THE LIABILITY OF CSB, ABA OR ANY OF THEIR AFFILIATES PURSUANT TO ANY CAUSE OF ACTION, WHETHER IN CONTRACT, TORT, OR OTHERWISE EXCEED THE FEE PAID BY CLIENT FOR ACCESS TO SUCH MATERIALS IN THE MONTH IN WHICH SUCH CAUSE OF ACTION IS ALLEGED TO HAVE ARISEN. FURTHERMORE, CSB AND ABA SHALL HAVE NO RESPONSIBILITY OR LIABILITY FOR DELAYS OR FAILURES DUE TO CIRCUMSTANCES BEYOND THEIR CONTROL.

Client agrees that the foregoing terms and conditions relating to CUSIP shall survive any termination of its right of access to the CUSIP materials.

#### **C. Agreements between Third Party Data Providers and Client**

Notwithstanding the foregoing, to the extent that Client has an existing agreement with CSB or ABA or any other Third Party Data provider governing the subject matters set forth in these Third Party Data Terms and Conditions, the terms of such existing agreements may prevail regardless of any terms set forth herein. Client will inform BlackRock of such existing agreement. Client agrees to make itself reasonably available for discussions with CSB or the ABA or other relevant Third Party Data providers and BlackRock with respect to such agreements.

## **SCHEDULE C**

### **CURRENT CLIENT DESKTOP CONFIGURATION REQUIREMENTS**



## **SCHEDULE D**

### **DESIGNATED REPRESENTATIVES OF THE FRB-NY**

Inquiries regarding asset management and Portfolio strategy

Representatives authorized to provide instructions, guidance, approvals and notice on behalf of the Client:

Other FRB-NY contacts with whom the Manager may communicate but who are not authorized to provide instructions, guidance, approvals and notice on behalf of the Client:

Inquiries regarding information security

1

Inquiries regarding the Agreement

Any other in-house attorney



## AMENDMENT NO. 1

TO

### RISK REPORTING AND ANALYTICAL SERVICES AGREEMENT

This Amendment No. 1 (this "Amendment") is made effective as of September 1, 2013 (the "Amendment Effective Date") to the Risk Reporting and Analytical Services Agreement (the "Agreement") dated August 14, 2009 (the "Agreement") between BlackRock Financial Management, Inc. ("BlackRock") and the Federal Reserve Bank of New York ("Client").

WHEREAS, BlackRock and Client are parties to the Agreement pursuant to which BlackRock provides Client with certain risk reporting and analytical services; and

WHEREAS, BlackRock and Client wish to (i) make certain adjustments to the scope and delivery of Services provided under the Agreement, (ii) revise the fees payable by Client under the Agreement, and (iii) amend the term of the Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereby agree as follows:

1. Changes to Services. Effective as of the Amendment Effective Date, the parties agree to the following adjustments to the scope and delivery of Services:
  - a. BlackRock will provide Client with a Reports Package as described in Schedule A to the Agreement for Client portfolios on a weekly basis instead of daily basis. BlackRock will make commercially reasonable efforts to provide such weekly Reports on the Client Site no later than 12:00 pm (New York local time) each Monday that is a Business Day. If the scheduled delivery of the Reports Package does not fall on a Business Day then the Reports Package shall be provided the following Business Day.
    - i. The weekly Reports Package will be based on Client Data provided by (or on behalf of) Client, and required Third Party Data, with respect to the market close for the preceding Wednesday (or the prior market close in the event that the preceding Wednesday is not a Business Day).
  - b. In the event that a given calendar quarter-end does not fall on a Wednesday, BlackRock will provide an additional Reports Package as of the actual calendar quarter-end. BlackRock will make commercially reasonable efforts to provide such quarterly Reports on the Client Site by the fifth (5th) Business Day following BlackRock's receipt of the underlying Client Data and required Third Party Data for the prior quarter-end.
  - c. BlackRock will provide a security master file (in the form such file is currently provided to Client) as of each calendar quarter-end. BlackRock will make commercially reasonable efforts to provide such quarterly file on the Client Site by the fifth (5th) Business Day following BlackRock's receipt of the underlying Client Data and required Third Party Data for the prior quarter-end.
  - d. BlackRock will continue to provide Spot Interest Rate Scenario Analyses as referenced in Section 1(d) of Schedule A to the Agreement using eight scenarios (with specific scenarios to be mutually agreed upon by the parties), but will no longer provide Horizon Interest Rate Scenario Analyses as referenced in such section.
  - e. For any additional analytic reports or data files that BlackRock may provide as agreed by the parties, BlackRock will deliver such reports and files on a weekly basis (or as may otherwise be agreed to by the parties), provided, however, that BlackRock will no longer deliver pricing files or cash flow files to Client.
  - f. The number of Client Users with access to the AnSer analytical tool will be limited to 10 users.
2. Fees. Beginning on Amendment Effective Date, Client will pay a Risk Reporting Fee of \$210,000 per month.
3. Term. The Agreement shall continue for an initial six month period beginning from the Amendment Effective Date. Thereafter, the Agreement will renew for 6-month terms unless either party provides written notice to the other party of its desire to avoid automatic renewal at least 45 days in advance of the end of the then-current term.

4. General. Capitalized terms not defined in this Amendment shall have the meanings ascribed to them in the Agreement. Except as expressly modified by this Amendment, all provisions of the Agreement shall continue in full force and effect as set forth in the Agreement and shall apply to this Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the Amendment Effective Date set forth above.

FEDERAL RESERVE BANK OF NEW YORK

By: 

Title: *EVY*

BLACKROCK FINANCIAL MANAGEMENT, INC.

By:   
Name: 

Title: **Managing Director**

Approved as to Form  
FRBNY Legal Function  
*1/1* Date: *8/16/2013*