



INVESTMENT SERVICES

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BlackRock to manage fund of AIG mortgage assets

By Reuters Staff



BOSTON, Dec 16 (Reuters) - The Federal Reserve Bank of New York chose U.S. money manager BlackRock Inc [BLK.N](#) to manage a fund holding insurer American International Group's [AIG.N](#) mortgage assets, the New York Fed said on its website Tuesday.

BlackRock, the largest publicly traded U.S. asset manager, “has been retained by the New York Fed to manage and eventually liquidate the assets” held in the fund, according to the website.

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Insurance subsidiaries of AIG, which was bailed out by the U.S. government in September after suffering losses related to mortgage bets, sold residential mortgage-backed securities with a face value of \$39.3 billion to the Maiden Lane II fund, as part of the plan to rescue AIG.

The market value of the securities were \$20.8 billion as of Oct. 31, the New York Fed said. The fund borrowed about \$19.8 billion from the New York Fed and AIG contributed \$1 billion to facilitate the purchase, it said.

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BlackRock already manages a \$46.1 billion fund for the New York Fed that buys assets underlying credit-default swaps written by AIG. The New York Fed also picked BlackRock to manage the \$30 billion portfolio of mortgage assets owned by Bear Stearns in March.

BlackRock shares jumped 11.6 percent on Tuesday to close at \$129.2 as the broad market and its peers rallied due to a big cut in U.S. interest rates. The Standard & Poor's asset management and custody banks index [.15GSPAMCB](#) closed 10.6 percent higher.

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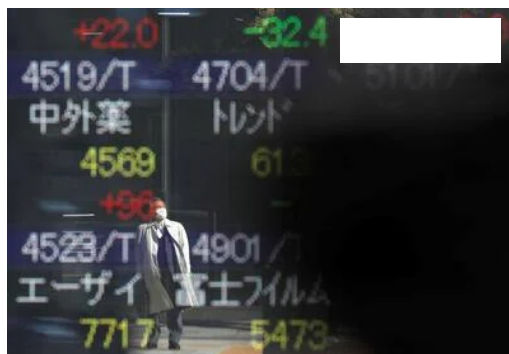
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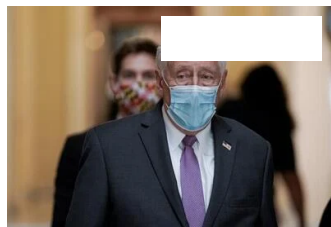
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