The Independent Directors of
The BlackRock Liquidity Funds
40 East 52nd Street
New York, New York 10022

September 10, 2008

Florence Harmon, Acting Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

Re: Comments on Proposed Rule Regarding References to Ratings of Nationally Recognized Statistical Rating Organizations, File No. S7-19-08

Dear Ms. Harmon:

We are writing on behalf of the Independent Directors (the "Independent Directors") of the BlackRock money market funds (the "BlackRock Liquidity Funds"). The BlackRock Liquidity Funds comprise more than 40 money market funds with aggregate assets in excess of $250 billion. We are Co-Chairs of the Boards of the BlackRock Liquidity Funds.

The Independent Directors appreciate the opportunity to comment on the proposed amendments to rules under the Investment Company Act of 1940 (specifically, Rules 2a-7 and 5b-3) that would remove references to NRSRO ratings (the "Proposal") from these rules. Capitalized terms used in this letter have the meanings specified in Rule 2a-7.

We don't believe that the Proposal is in the bests interests of the BlackRock Liquidity Funds or their shareholders. The enhancements in investor protection sought by the Commission cannot realistically be achieved under the Proposal, despite the collective expertise, professionalism and commitment of our board, because the credit quality determinations required under the Proposal are uniquely within the expertise of a fund's investment adviser, not its board of directors.

The Proposal would impose significant and unrealistic new burdens on money market fund boards. This marks a significant reversal of Commission initiatives to remove rule requirements that rely unnecessarily on fund boards of directors. As noted in the Division of Investment Management's landmark study of mutual fund regulation:

> We believe that independent directors are unnecessarily burdened, however, when required to make determinations that call for a high level of involvement in day-to-day activities. Rules that impose specific duties and responsibilities on the independent directors should not require them to "micro-manage" operational matters. To the extent possible, operational matters that do not present a

> conflict between the interests of advisers and the investment companies they advise should be handled primarily or exclusively by the investment adviser. [1]

The Proposal would expand fund board responsibilities in day-to-day matters that do not implicate the types of conflicts of interest that fund boards are uniquely positioned to resolve.

We understand that the Commission is concerned that money managers rely too heavily on NRSRO ratings in managing money market funds. But we also understand that too heavy reliance on ratings is inconsistent with the provisions of Rule 2a-7 as it stands today.

If the Commission concludes that it is no longer appropriate to permit reliance on NRSRO ratings to define Eligible and First Tier Securities, it should not place responsibility for making credit determinations on money market fund boards. While money market fund boards can, and should, oversee an investment adviser's approach to implementing policies concerning credit quality, a board is not suited to making the types of credit quality determinations called for by the Rule.

Money market funds, by virtue of the short maturity of their holdings, invest in hundreds of securities every year. Involving directors in this large number of transactions would result in de facto day-to-day portfolio management by the board, a role that is outside of a board's expertise and is inconsistent with its oversight function. Were the Proposal adopted, money market funds would need to make wholesale changes in the composition and compensation of their boards, to add directors with the practical credit experience and the available time required to provide day-to-day management of a portfolio.

The Commission has also proposed amendments to Rule 5b-3, which provides that, subject to certain conditions, the acquisition of a repurchase agreement may be deemed to be an acquisition of the underlying securities. We believe that this proposed amendment has all of the flaws of the proposed amendments to Rule 2a-7: assigning the board specific responsibility for these determinations is unwarranted and undercuts the Commission's objective of reducing unnecessary burdens on fund boards. Rule 5b-3 is designed to address diversification and certain other technical matters and not a conflict of interest. The determinations that would be required by the proposed amendment are uniquely within the expertise of a fund's investment adviser.

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[1] SEC, Protecting Investors: A Half Century of Investment Company Regulation (1992) at 266.

We appreciate the opportunity to comment on the Commission's proposed rule modifications.

Very truly yours,

Ronald W. Forbes

Rodney D. Johnson