

May 23, 2014

Ms. Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, D.C. 20006-1500

P.O. Box 89000
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Baltimore, Maryland
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Re: *Request for Comment on the Effectiveness and Efficiency of FINRA's Communications with the Public Rules (FINRA Regulatory Notice No. 14-14)*

Dear Ms. Asquith:

T. Rowe Price Investment Services, Inc. ("T. Rowe Price") appreciates the opportunity to comment on the effectiveness and efficiency of FINRA's rules governing communications with the public ("Communications Rules"). T. Rowe Price is a registered broker-dealer under the Securities Exchange Act of 1934, FINRA member firm, and acts as principal underwriter to the T. Rowe Price family of over 150 funds ("Price Funds"). As of March 31, 2014, T. Rowe Price Group, Inc. had total assets of approximately \$711.4 billion and provided investment management for more than 9 million individual and institutional accounts. All Price Funds (with the exception of certain institutional and variable insurance funds) may be purchased by individual investors through intermediaries and on a direct basis with no front-end or deferred sales loads or 12b-1 fees. Certain Price Funds are distributed through intermediaries via separate share classes with 12b-1 fees. Accordingly, communications with the public through retail and institutional communications are the primary means by which T. Rowe Price promotes and solicits interest in the Price Funds. In this connection, we file approximately 3,500 retail communications relating to the Price Funds with FINRA each year.

We support the comments of the Investment Company Institute in their comment letter dated May 23, 2014. In addition, as a frequent filer of retail communications with FINRA, we have a few comments of our own and some suggestions for ways to improve the effectiveness of the Communications Rules and related processes.

I. Suggestions for Increasing the Efficiency of the FINRA Filing Process

- a) *Exempt shareholder reports from the filing requirement.* These reports, which are designed to inform existing investors in the fund about its performance, holdings, strategy, etc., are only subject to FINRA filing because they are available on the TRP website. (Unlike some fund families, TRP does not wrap marketing material around these reports, which would trigger the need for a filing.) We file more than 200 of these reports with FINRA per year and rarely receive comments on them; in fact, many of them are subject to a limited review by our FINRA analyst. We believe these reports, which are produced in compliance with SEC rules governing their content, represent minimal regulatory risk, and therefore suggest

that FINRA exempt them from the filing requirement and rely on the firm's registered principal approval to ensure their compliance with applicable FINRA and SEC rules.

- b) *Provide guidance on the filing of different versions of the same content in different electronic media (e.g., desktop computer, iPad/tablet, mobile phone, etc.).* As investors are increasingly reliant on mobile devices such as laptops, tablets, and smartphones to access investment information, firms are adapting content from their multi-paged websites to fit on smaller and smaller screens. The filing of multiple versions of the same content simply because it appears on differently-sized screens is cost prohibitive, time-consuming, and inefficient. We suggest that FINRA rely on the registered principal of the firm's review of each iteration of the content and require the filing of only the most constrained view (e.g., the mobile phone version). We would also like FINRA to provide guidance on the use of responsive design to provide an optimal web viewing experience (i.e., easy reading and navigation with a minimum of resizing, panning, and scrolling), across a wide range of devices (from mobile phones to desktop monitors).
- c) *Ranking backup.* Currently, FINRA requires that each filing of material that references a ranking (such as a Morningstar star rating or Lipper ranking) include the ranking backup, which results in firms having to attach the same backup to numerous filings, a process which is both redundant and time-consuming. We recommend that FINRA streamline this process by allowing firms to submit the ranking backup once each quarter and then refer to this backup in subsequent filings as necessary.

II. Request for Guidance on the Application of the Proximity and Prominence Requirements to Communications on Electronic Media

As stated above, firms are making use of smaller and smaller devices to provide information to investors, and we would like FINRA to provide specific guidance on ways to comply with the requirements to include certain disclosures (such as the "Current performance..." legend) prominently and in close proximity to specific content (such as with the use of "icons" or abbreviated disclosures that would link to the complete versions required by the rules). It is difficult for firms to comply with these disclosure requirements on certain social media sites as well due to character limitations and other formatting issues. The fact that the SEC allows hyperlinks to required legends in securities offering documents filed and delivered to investors under the Securities Act of 1933 is an example of how FINRA might proceed in this area. Alternatively, FINRA also could require different amounts of disclosure based on whether content is "pushed out" (or proactively sent) to investors versus content that is provided to them in response to their request.

III. Request for Additional Distinctions in the Application of the Communications Rules to Institutional Versus Retail Communications

Given the sophistication level of institutional investors as defined by FINRA in Rule 2110(a)(4), we ask that FINRA consider providing additional flexibility for communications to institutional versus retail investors. For example, institutional communications are exempt from the ranking guidelines. There are other areas where similar flexibility could be provided, such as

in the use of hypothetical or back-tested performance information based on market indices to explain an asset allocation strategy in which mutual funds may be used – information that institutional investors often request. Allowing firms more flexibility in the types of information provided to institutional investors without requiring them to include unnecessary disclosures targeted to individual investors (such as “Diversification cannot assure a profit or protect against loss in a declining market.”) will improve the quality of information institutions receive while not removing the requirement to provide such disclosures to less sophisticated audiences.

IV. Request for Expansion of FINRA’s Role in SEC Rule Proposals regarding Communications with the Public

Since FINRA oversees and comments on the application of relevant SEC rules to member communications, we think it is essential for the FINRA Advertising Regulation staff to participate in any rulemaking efforts and have input on any interpretive guidance issued by the SEC on advertising topics (e.g., the SEC’s proposed rule amendments “Investment Company Advertising: Target Date Retirement Fund Names and Marketing,” Securities Act Release No. 9126).

We appreciate the opportunity to provide comments. If you have any questions or need additional information, please contact me at (410) 345-4621 or Sheila Simmons Schubarth at (410) 345-6662.

Sincerely,



Danielle Nicholson Smith
Legal Counsel