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July 28, 2010

Ms. Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 2006-1506

Re: FINRA Regulatory Notice 10-25

Dear Ms. Asquith:

T. Rowe Price Investment Services, Inc. ("**T. Rowe Price**") appreciates the opportunity to comment on FINRA Regulatory Notice 10-25 ("**Notice**") regarding proposed registration, qualification and continuing education requirements for certain operations personnel ("**Operations Professionals**").

T. Rowe Price is a registered broker/dealer under the Securities Exchange Act of 1934 and a FINRA member firm. It acts as principal distributor of the T. Rowe Price family of funds ("**Price Funds**"). The Price Funds are offered directly to retail investors as well as through financial intermediaries such as broker/dealers, insurance companies, banks and plan recordkeepers. As of June 30, 2010, the Price Funds held assets of \$233.5 billion. T. Rowe Price also provides brokerage services to Price Fund shareholders and other retail customers as an introducing broker through its Brokerage Division and provides certain services to customers who hold T. Rowe Price's two proprietary no-load variable annuity products. It also serves as the distributor for Section 529 College Savings Plans issued by two states.

T. Rowe Price believes that FINRA has identified the appropriate class of individuals to be covered by its new definition of Operations Professional. We agree that this classification should be comprised of individuals with decision-making and/or oversight authority in direct furtherance of the covered operations functions, rather than more junior level operations personnel and individuals who perform only clerical or ministerial tasks.

We also agree that the proposed examination should assess a candidate's basic product and market knowledge, including definitions and characteristics of major product categories, but should not require the candidate to possess the same level of detail about products and markets as a product specialist or a representative selling products to customers.

Many firms do not perform all of the functions listed in the Notice and many of the individuals who will be included in the definition of Operations Professional will perform only one or a few of those functions. Therefore, it is important that the examination covers broad-based knowledge rather than detailed requirements of tasks that many candidates will never perform.

We strongly support FINRA's proposal to exempt from the examination requirement those individuals who hold (or have held in the past two years) one or more of the registrations specified in the Notice (*i.e.*, the Series 6, 7, 17, 37, 38, 4, 9/10, 14, 16, 23, 24, 26, 27, 28, 51, or 53), which FINRA has identified as "eligible registrations." We agree that the material covered by each of these examinations has the broad content coverage appropriate for a person acting as an Operations Professional.

We also appreciate FINRA's flexibility in providing any individual who does not hold an eligible registration the option to register in an eligible registration category (after passing the appropriate corresponding examination or obtaining a waiver of it), and use that registration to qualify for Operations Professional registration as an alternative to taking the proposed Operations Professional examination.

We do, however, believe that the rule as proposed raises issues that should be considered or clarified before the rule is adopted.

Personnel Included in the New Registration Category. T. Rowe Price is requesting clarification of the scope of activities that would fall under subsection (b)(6)(A)(iii) of the proposed rule, which we understand is based upon NYSE registration requirements. This part of the proposed rule would require individuals "with the authority or discretion to commit the member's capital in direct furtherance of the covered functions in (b)(6)(B) of this Rule [which is the entire list of covered functions] or to commit the member to any contract or agreement (written or oral) in direct furtherance of those covered functions in paragraph (b)(6)(B)" to register as Operations Professionals. Section II.A. of the Notice includes as an example of such an individual "a person who has the discretion to commit the firm to any contract or agreement involving securities lending or borrowing activities." We respectfully request additional information about the scope of this language.

For example, the customers in T. Rowe Price's Brokerage Division are permitted to have margin accounts, which are carried at the clearing broker. As part of margin account activities, the clearing broker may lend securities to and borrow securities from T. Rowe Price Brokerage margin customers. Securities lending and borrowing are not permitted in cash accounts. We do not believe that this activity in margin accounts or the fact that certain T. Rowe Price officers are authorized to execute agreements with the clearing broker that may cover margin arrangements would trigger the application of the rule. Similarly, we do not believe that the mere fact that some of these officers would also have the authority to permit cash accounts to engage in securities lending and borrowing if the firm were to make the business decision to pursue this should in and of itself trigger

the rule. However, we would like confirmation of this or a more detailed description of why any or all of these activities would be covered.

Registration Process through the Form U4. Item 4 of the current Form U4, entitled “SRO Registrations”, requires an applicant for registration to check through his or her firm the registration category or categories in which he or she wishes to be registered. We understand that if an individual wishes to qualify as an Operations Professional by taking the Operations Professional examination, he or she will be required to check that registration category of the revised Form U4. However, it appears that if an individual is currently registered in one of the eligible registration categories listed in the Notice (*e.g.*, Series 4, 24, 53) or has been so registered in the immediate past two years, he or she would nevertheless also have to “opt-in” for an Operations Professional registration on the Form U4. Although FINRA has not described specifically how this will be accomplished on the Form U4, we believe that this requirement is a departure from the method by which FINRA and its predecessors have handled registrations in the past.

With the exception of the Foreign Associate and In-Firm Delivery Proctor, for which no FINRA examination is currently required, and the Research Principal, which we believe is treated differently because it requires the Series 24 and either FINRA’s Series 87 or NYSE’s Series 16, every FINRA registration category is associated with a specific examination. FINRA has not articulated, and we cannot identify, any reason to treat this new registration category differently from all others. The registration function as a whole is highly complex, given the duties imposed on firms to submit and amend various registration filings (such as Forms U4, U5, BD, BR, 3070) in a timely and accurate manner. We believe that adding the requirement to check an additional registration category for an individual already registered with an eligible registration will complicate an already intricate process without providing any material benefit.

FINRA currently requires a firm to identify in its written supervisory procedures the titles, registration status and locations of its required supervisory personnel and the responsibility of each of them as these relate to the types of business engaged in, applicable securities laws and regulations and the FINRA rules. (FINRA’s NASD Rule 3010(b)(3)). To the extent that a person acting as an Operations Professional already holds a principal registration, and we agree with FINRA’s statement in Section II.D. of the Notice that “operations personnel who would be subject to the Operations Professional registration requirements are generally acting in a supervisory position,” her firm would be required to indicate that her functions include that of an Operations Professional. To the extent that a person acting as an Operations Professional is relying on the Series 6, 7, 17, 37 or 38, FINRA might consider requiring the firm to keep a record of that activity as well. We believe that such a requirement would be consistent with FINRA’s current approach and would obviate the need for a Form U4 amendment to indicate this function in cases where the registrant is relying on an eligible registration rather than taking the examination that FINRA will develop specifically for this function.

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If you have any questions about T. Rowe Price's comments, please do not hesitate to contact me.

Very truly yours,


Sarah McCafferty

cc: Ms. C. Berkenkemper
J. Gilner, Esq.
Mr. J. Gounaris
D. Oestreicher, Esq.
Ms. T. Reynolds