Filed electronically via email (pubcom@finra.org)

September 20, 2021

Jennifer Piorko Mitchell
Office of the Corporate Secretary
FINRA
1735 K Street, NW Washington, DC 20006-1506

Re: Regulatory Notice 21-19 (Proposed Short Interest Position Reporting Enhancements and Other Changes Related to Short Sale Reporting)

Dear Ms. Mitchell:

T. Rowe Price is a global investment management organization with $1.68 trillion in assets under management.[1] We serve a wide a range of clients, from individual savers to large institutions and funds. We are pleased to have the opportunity to comment on FINRA Notice 21-19, in which FINRA is considering changes to its collection and dissemination of short interest data. As discussed below, we support the consolidated publication by FINRA of short interest data for both listed and unlisted securities. FINRA's existing process is bifurcated, with reporting on the FINRA website for OTC securities and reporting by the relevant exchange for listed securities. We do not support, however, the public dissemination of more granular short interest data. While we do not oppose expanding the short interest content reported to FINRA or increasing the frequency of confidential reporting as necessary to support FINRA's surveillance and compliance programs, we are not in favor of publicly disseminating expanded short interest data as it could negatively impact liquidity.

Public Dissemination of Short Interest Data Should be Consolidated. While short interest data is used by market participants to varying degrees, we think public reporting by a single source would provide operational efficiencies and help standardize such data for those seeking to access this information.

Our views on this aspect of Notice 21-19 are also informed by our active participation in the market data policy debate for many years through various roundtables and formal comment letters. In our view, the high fees charged by many exchanges for equity market data are not justified and, in large part, result from conflicts of interest arising from their status as self-regulatory organizations. So while short interest information is only a small portion of exchanges' larger universe of proprietary market data offerings, we think it is noteworthy that Notice 21-19 indicates short interest data for listed (and OTC) securities would be disseminated by FINRA free of charge. We support this proposed change to the dissemination of short interest data.

Any Expansion of Reported Short Interest Data Should be for Regulatory Purposes Only. By way of context, historically T. Rowe Price's activity related to short selling has not been

[1] As of August 31, 2021 (based on preliminary data).

significant and our equity portfolios typically focus on direct long exposure to stocks. Our strategic investing approach emphasizes rigorous research by our investment professionals of individual companies and active management. Short interest data is used as one of many inputs into our fundamental analysis of an investment opportunity.

Given our scale, it can take time to build and exit positions so we view liquidity as a particularly important market consideration when evaluating the merits of potential regulatory changes. Many factors impact a particular stock's liquidity, however, from an overall market perspective, it is important to have meaningful participation from a range of investors and dealers that have a variety of investment objectives and trading styles, and who transact on different sides of the market. This diversity can promote price formation and support liquidity in a range of market environments, which benefits investors broadly. And with respect to shorting in particular, when market participants engage in this activity it can be a useful source of liquidity for long-oriented managers such as T. Rowe Price. As a result, we are concerned about the unknown impacts on liquidity provision and potential misuse of information if there is an expansion of the short interest data provided to the public and/or it is disseminated more frequently. For example, attribution of short interest activity to specific market participants, or categories of participants, could cause certain participants to refrain from short sales of individual securities, especially if they believe expanded public data would make them more vulnerable to others intentionally trading in a way that is detrimental to their interests. The negative impacts on liquidity due to public reporting of more granular short interest data would likely be exacerbated by even modest changes (such as from bi-weekly to weekly) to the frequency of dissemination.

Given the importance of "doing no harm" to the markets' complex liquidity dynamics, we recommend FINRA not expand the public reporting of short interest-related information. However, if FINRA believes, as stated in Notice 21-19, that the expanded content would support its surveillance and compliance programs, we are not opposed to the information being reported to FINRA confidentially, provided FINRA can properly safeguard its collection and storage of this sensitive and proprietary data.

****

If you would like to discuss our letter, please feel free to contact us.

Sincerely,

/S/ Mehmet Kinak
Mehmet Kinak
Global Head of Systematic Trading & Market Structure

/S/ Philip Nestico
Philip Nestico
Head of U.S. Equity Trading

/S/ Jonathan Siegel
Jonathan Siegel
Senior Legal Counsel – Legislative & Regulatory Affairs