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April 30, 2010

James H. Freis, Jr.
Director
Financial Crimes Enforcement Network
P.O. Box 39
Vienna, VA 22183

Re: Amendment to the Bank Secrecy Act Regulations – Reports of Foreign Financial Accounts; RIN 1506-AB08

Dear Mr. Freis:

T. Rowe Price Group, Inc. and its affiliates (collectively, "**T. Rowe Price**")[1] appreciate the opportunity to comment on the proposed rulemaking by the Financial Crimes Enforcement Network ("**FinCEN**") to revise the regulations regarding the Reports of Foreign Bank and Financial Accounts ("**FBAR**").[2] T. Rowe Price responded previously to Internal Revenue Service Notice 2009-62, 2009-35 I.R.B. 260, to provide the perspective of an investment adviser and trustee whose officers and employees have signature authority over foreign financial accounts in which neither they personally, nor T. Rowe Price, have any beneficial interest.[3] FinCEN's proposed regulations have many important exceptions that will substantially reduce the number of duplicative reports, while maintaining the government's ability to monitor and take action against potential money laundering, tax evasion, and terrorist financing. (Indeed, by reducing needless duplication, the government will be able to concentrate its resources more effectively on those accounts that present the most opportunity for these illegal activities.)

[1] T. Rowe Price is a global investment management organization with $419 billion in assets under management as of March 31, 2010. The organization provides a broad array of mutual funds, subadvisory services, and separate account management for individual and institutional investors, retirement plans, and financial intermediaries. For purposes of this letter, "T. Rowe Price" includes the following entities: T. Rowe Price Associates, Inc., which serves as investment adviser for the mutual funds sponsored by T. Rowe Price ("**Price Funds**") (other than the international funds); T. Rowe Price International, Inc., which serves as investment adviser for the international Price Funds; T. Rowe Price Investment Services, Inc., which serves as principal underwriter and distributor for the Price Funds; T. Rowe Price Services, Inc., which acts as the Price Funds' transfer and dividend disbursing agent and provides shareholder and administrative services for the Price Funds; T. Rowe Price Retirement Plan Services, Inc., which provides recordkeeping, sub-transfer agency, and administrative services for employer-sponsored retirement plans investing in the Price Funds; and T. Rowe Price Trust Company, which sponsors common/collective trusts for retirement plans and which provides non-discretionary trustee services for employer-sponsored retirement plans and IRAs.

[2] Financial Crimes Enforcement Network; Amendments to the Bank Secrecy Act Regulations – Reports of Foreign Financial Accounts, 75 Fed. Reg. 8844 (Feb. 26, 2010).

[3] Letter dated October 5, 2009, from Gregory K. Hinkle (Vice President and Funds Treasurer, T. Rowe Price) to Internal Revenue Service and FinCEN ("**Prior Letter**"), a copy of which is enclosed.

Nevertheless, without further changes, situations exist that will result in duplicative reports under the proposed regulations, and so we respectfully request that FinCEN consider adding further modifications to the final regulations in order to eliminate that result.

Clarify the Proposed Exemption Relating to Companies Registered with and Examined by the Securities and Exchange Commission

FinCEN helpfully proposes to exempt an officer or employee of a financial institution that is registered with and examined by the Securities and Exchange Commission ("**SEC**") from the obligation to file a FBAR if he or she has only signature or other authority over a foreign financial account owned or maintained by the financial institution if the officer or employee has no financial interest in the account. However, we share the concerns expressed by the Investment Adviser Association in its comment letter and we, too, seek clarification regarding the proposed provision to ensure that the exception would be available for employees of SEC-registered investment advisers and their SEC-registered affiliates when they are providing advisory services to *any* clients, and not simply to those clients that are investment companies registered under the Investment Company Act of 1940 ("**Registered Investment Companies**").

To explain, T. Rowe Price advises approximately 465 client accounts that are not Registered Investment Companies, but whose assets are held in custody by a bank already required to file a FBAR for those clients' foreign accounts (which report itself duplicates the report for those accounts that is required to be filed by the beneficial owner). As with Registered Investment Companies, officers and employees of investment advisers who have signature authority over these accounts are employed by entities that are subject to federal regulatory oversight, so expanding the exemption would be consistent with FinCEN's comment in the proposal that relief is appropriate for officers and employees of entities that have a "federal functional regulator." The proposed regulations, if not modified, would then require T. Rowe Price officers and employees to file 23,250 FBARs with the Internal Revenue Service ("**IRS**") (50 employees with signature authority and no beneficial interest, multiplied by 465 accounts). These reports would cover the same accounts already covered in reports filed by the beneficial owner and the custodian bank, so far from helping the government identify illegal activities, the triple-reporting would seem to increase the government's difficulty in sorting out useful information.

Expand the Proposed Exemptions Relating to Banks and Publicly Traded Companies

We also have carefully reviewed the proposed exemption for officers and employees of banks examined by a federal banking authority and the exemptions for officers and employees of an entity with a class of equity securities listed on any U.S. national securities exchange, including officers and employees of a U.S. subsidiary of such an entity. In all cases these exemptions rely on the individual having no financial interest in the foreign financial account. We support the intent of these exemptions, and believe that with clarifying changes, that intent can be more fully effected.

As noted in our Prior Letter, T. Rowe Price also serves as trustee to common/collective trusts that invest abroad. Such trusts are group trusts intended to qualify under Revenue Ruling 81-100, 81-13 I.R.B. 32, and have numerous foreign financial accounts. More specifically, T. Rowe Price Trust Company ("**TRP Trust Company**"), a Maryland-chartered trust company that is subject to oversight and regular examination by a State banking agency, sponsors such trusts and also provides directed trustee services to a large number of U.S. retirement plans that may have foreign financial accounts. However, because TRP Trust Company does not offer deposit accounts, it is not subject to regulation by a federal banking authority. We remain concerned that without changes to the exceptions for signatory or other authority, potentially 750 FBARs would be filed by TRP Trust Company officers or employees who have no financial interest in such accounts. Further, these accounts would already be reported by the applicable entity with legal title or beneficial ownership. (If those are different persons, note that there would already be duplicate reporting of the same accounts.)

We suggest that FinCEN consider two changes to reduce the burden on the officers and employees of entities that operate in regulated areas or under the umbrella of a publicly traded company. First, the exemption for officers and employees of banks should be expanded to include banks examined by the bank supervisory authorities of a State. We do not understand why a distinction is or should be made between federal and state banking authorities in this regard. The spirit of the exemption is to relieve burdens on officers and employees of banks that operate in a highly regulated area and that are examined. In proposed 31 C.F.R. § 103.24(f)(2)(i), this could be achieved by making the following changes, with language to be deleted shown in ~~strikethrough text~~ and language to be added shown in double-underline text:

> An officer or employee of a bank that is examined by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, ~~or~~ the National Credit Union Administration, or the bank supervisory authorities of a State.

In the area of reducing the burdens on officers and employees of publicly traded companies and their subsidiaries, we note first that the proposal provides that a parent

company would be permitted, but not required, to file a consolidated report that includes its subsidiaries. We welcome this flexibility and believe it is appropriate. However, to qualify for the exemptions given to officers and employees of subsidiaries that would have to report, it appears that the exemption extends only when the parent files a consolidated report that includes the subsidiary. Proposed 31 C.F.R. § 103.24(f)(2)(iv) appears to require this, although the proposed instructions do not.[4] To make the provisions consistent and to allow publicly traded companies and their subsidiaries the flexibility to file consolidated or separate reports, proposed 31 C.F.R. § 103.24(f)(2)(iv) could be changed as follows:

> An officer or employee of an entity with a class of equity securities listed on any United States national securities exchange need not report that he has signature or other authority over a foreign financial account of such entity if the officer or employee has no financial interest in the account. An officer or employee of a United States subsidiary of such entity need not file a report concerning signature or other authority over a foreign financial account of the subsidiary if he has no financial interest in the account and the United States subsidiary either is included in a consolidated report of the parent filed under this section or has filed its own report under this section.

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We appreciate the opportunity to comment on these issues and we are grateful for your consideration of our views. If you would like to discuss anything further or would like additional information, please contact me at 410-345-8472.

Respectfully submitted,

Gregory K. Hinkle
Vice President and Funds Treasurer

[4] For the language in the proposed instructions, see 75 Fed. Reg. at 8853, first column under subparagraph (4).