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VIA ELECTRONIC DELIVERY

May 29, 2007

Ms. Nancy M. Morris
Secretary
U.S. Securities & Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

*Re: Model Privacy Form Proposal ("**Proposal**") (File No. S7-09-07)*

Dear Ms. Morris:

We are writing on behalf of the T. Rowe Price Mutual Funds ("**Price Funds**") and other entities within the T. Rowe Price family of companies ("**T. Rowe Price**") that are subject to the privacy provisions of the Gramm-Leach-Bliley Act ("**GLB**"), Title V, Subtitle A,[1] regarding the interagency proposed rule to provide a safe harbor model privacy notice that may be used for initial and annual disclosure requirements under GLB.[2] For annual privacy notices alone, T. Rowe Price mails more than 1.4 million notices to existing customers. Thus, in light of our large retail customer base and the fact that we are subject to the GLB regulations of three separate agencies, we have a vested interest in the Proposal and appreciate the opportunity to provide comments.

We concur generally with the comments raised by the Investment Company Institute and the Investment Adviser Association in their respective comment letters. In addition, we have the following general observations and technical comments on the Proposal.

[1] The Price Funds are registered investment companies under the Investment Company Act of 1940 and are subject to the SEC's Regulation S-P. Also subject to Regulation S-P are T. Rowe Price Associates, Inc. and T. Rowe Price Advisory Services, Inc., registered investment advisers under the Investment Advisers Act, and T. Rowe Price Investment Services, Inc., a registered broker-dealer. Other entities in the T. Rowe Price family of companies that are subject to the GLB Act and the equivalent regulations of other agencies are T. Rowe Price Trust Company, a non-depository state-chartered trust company subject to the GLB regulations of the Federal Trade Commission, and T. Rowe Price Savings Bank, a federally-chartered savings bank subject to the GLB regulations of the Office of Thrift Supervision.

[2] *Interagency Proposal for Model Privacy Form Under the Gramm-Leach-Bliley Act*; Release Nos. 34-55497, IA-2598, IC-27755; File No. S7-09-07; as published in 72 Fed. Reg. 14940 (Mar. 29, 2007).

OUR PRIVACY NOTICE, DISTRIBUTION METHODS, AND CUSTOMER EXPERIENCES

The Price Funds and T. Rowe Price use a combined privacy notice. It is 356 words in length, including the listing of companies to which it applies.[3] Customer information is not used in a manner that triggers any opt-out rights under current regulations, thus aiding our ability to keep the notice brief. The language is heavily derived from the sample clauses provided in the current GLB regulations. There have been no changes to our notice since its introduction in 2001. In addition to the distribution methods discussed below, the privacy notice is posted on our web site, with additional disclosures relevant to users of the T. Rowe Price website.

The notice is distributed to new customers in different ways. It may be included in new account kits as a separate item printed on a 3½ x 8" paper ("**Privacy Notice Buckslip**"). For the Price Funds, the notice is typically printed on its own page in prospectuses and is listed in the table of contents. A similar method is used for Brokerage accounts and for retail advisory services (i.e., notice is printed within a larger booklet covering the account or product at issue). For accounts opened on-line, the notice is provided electronically in accordance with the provisions of E-Sign. For applications that can be downloaded and mailed in, the notice typically is part of the application in a segregated area with its own heading or is on a separate page.

Annual notices are sent in connection with statements at various times during the year depending on the product. The most common method is to print the notice on the statement under a separate heading — a method that requires no additional paper or postage. A small number of products include a copy of the Privacy Notice Buckslip in a statement mailing.

When the privacy notice was first introduced in 2001, T. Rowe Price received a handful of inquiries and some form letters instructing us to "not share my information with anyone." Over the years, our customers' experience with our notice has not changed. We have seen no evidence of customer confusion or dissatisfaction with our notice. No compliance issues have arisen, nor were any deficiencies cited regarding our notice in several regulatory examinations since 2001 from the multiple regulators to which we are subject.

FORMAT AND COST DATA; RETENTION OF SAMPLE CLAUSES

We appreciate the efforts the Agencies have made to test the proposed model forms with consumer groups. In order to achieve the safe harbor, the model, as proposed, would need to be printed on separate sheets of 8½ x 11" paper, necessitating two sheets if no opt-out rights are at issue, or three sheets if opt-out rights are at issue. The Agencies noted that during testing consumers expressed a preference for a format that allowed them to view pages one and two side-by-side. Also, the Agencies noted that to achieve the safe harbor, the model form could not be incorporated into any other document or include any other information. The basis for reaching this conclusion was not stated.

[3] The Price Funds are referenced as "the T. Rowe Price Funds" and the other five entities to which it applies are listed by their full corporate names.

While GLB requires that the model promulgated by the Agencies have "a clear format and design" and provide "clear and conspicuous disclosures," no particular methods were mandated.[4] Numerous regulations require disclosures to be "clear and conspicuous" (or similar language) yet do not require stand-alone documents of single-sided, full sized paper. We believe that the inability to include the form on two-sided paper of smaller size, or as part of another document, will serve as a disincentive to use the model from a cost perspective alone.

The issue of increased costs has several components including not only paper and printing costs, but also mailing costs since adding a new component to an existing mailing potentially pushes the entire envelope into a higher postage category. There also can be increased handling costs with vendors that provide mail services to fold and insert an additional document. For the over 1.4 million annual notices we currently provide, moving from our current practices as described above is estimated to increase print and mailing costs by approximately $125,500 for the two-page model notice (almost 9¢ per notice) and by approximately $291,100 for the three-page notice (more than 20¢ per notice).[5] Until the Agencies finalize the proposed affiliate marketing opt-out regulations, T. Rowe Price is unsure whether or not it would need the third page of the model form.

Kits for new accounts or to provide product information vary considerably depending on the product at issue, and there are several hundred combinations of application and fulfillment materials for T. Rowe Price retail products. We were able to collect certain information regarding kits that were mailed for the Price Funds over the past six months. Approximately 120,000 of these kits were mailed during that period. Changing to a two-page notice adds approximately $6,200 in *printing* costs (a little more than 5¢ per notice), and changing to a three-page notice adds approximately $9,500 in *printing* costs (almost 8¢ per notice).[6] Because mailing costs are dependent on multiple factors and because of the number of kit combinations at issue, potential cost increases for postage have been difficult to assess but may not be as significant per notice. For example, in reviewing the top ten kits mailed during the period, it does not appear that postage costs would increase due to the overall weight of the packages currently.

We also would face reprinting costs in removing our current notice from prospectuses, other booklets, and applications.[7] In short, the cost increases associated with the Proposal are

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[4] 15 U.S.C. 6803(e)(2).

[5] As noted above, most of our annual notices are printed on statements at no additional costs. Even for the small number of accounts where the separate Privacy Notice Buckslip is inserted (less than 150,000), printing and mailing costs are approximately 1.6 ¢ per notice.

[6] These kits have the privacy notice as part of the prospectus and thus do not need our separate Privacy Notice Buckslip. Refer to note 5 above regarding printing and mailing costs associated with the Privacy Notice Buckslip.

[7] We have not undertaken a comprehensive analysis of potential longer-term cost savings associated with removal of our current notice from these materials, but because the notice is typically part of a larger document, it is not clear that there would be noticeable savings. For example, it is not safe to assume that a page could be eliminated from all of our prospectuses since even though the notice is printed on its own page, it is part of a larger booklet of double-sided pages.

troublesome. This is especially true since costs are ultimately borne in large part by customers, and it has not been our experience that our customers are dissatisfied with or confused by the delivery methods and contents of our current notice.[8]

The Agencies have proposed to remove the sample clauses currently in the GLB regulations after a one-year period. Because of concerns over the costs and contents of the model, we would likely not adopt the model form in its proposed format. As noted earlier, our notice is heavily derived from the sample clauses, and they have been useful in creating a succinct and accurate description of our data collection and data sharing practices. The statute does not require the removal of the sample clauses. Also, because use of the model form is strictly voluntary as noted in the statute itself, removal of the sample clauses leaves institutions in the dark as to alternative methods of disclosure. Examination staff of the Agencies also would be left without guidance when evaluating the notice of an institution that chooses not to use the model form. Accordingly, we request that the Agencies retain the sample clauses in the GLB regulations.[9]

At a minimum, the Agencies should withdraw the statement in the proposing release that "research to date indicates" that the sample clauses are "confusing."[10] There is no explanation or citation as to why the language the Agencies adopted in 2000 is now deemed to be confusing, and as indicated above, this is contrary to our experience with our customers. We respectfully submit that the sample clauses as tailored by many institutions are more accurate than the standardized language currently proposed. The Agencies' statement may call into question the validity of an institution's current and continued use of the sample clauses even though for six years there have been no customer complaints and no examination deficiencies noted with their use.

ABILITY OF INSTITUTIONS TO USE SINGLE FORM

The ability to use a single form for all of the impacted entities at T. Rowe Price is of paramount importance. This cuts down on costs and facilitates a cohesive message on T. Rowe Price's policies. In the Proposal, the SEC's notice varies slightly with the notice of the other Agencies, two of which are applicable to certain T. Rowe Price products.

All of the Agencies asked for comment on whether affiliated institutions subject to the GLB regulations of the SEC and another Agency should be able to use either the SEC model form or

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[8] As the Agencies collect cost data from respondents, we believe it would be beneficial to share that data with the next round of consumer testers to see if cost increases impact their opinions on seeing the pages side-by-side or other preferences on paper and font size.

[9] The Agencies that currently give safe harbor status for use of the sample clauses could retain the clauses but remove the safe harbor should they so choose.

[10] 72 Fed. Reg. at 14955.

that of the other Agencies.[11] We urge the Agencies to adopt this standard or to agree on a single form.[12] To do otherwise can lead to perverse results. For example, our non-depository trust company serves as directed custodian for IRA accounts maintained for investments in the Price Funds. To the extent that the SEC form remains different, two notices would appear to be required for the one product — one on behalf of the Price Funds that complies with the SEC form and another on behalf of the trust company that complies with the form of the other Agencies. While use of the model form would be strictly voluntary as provided in statute, this type of result would serve as significant barrier to adoption from our perspective.

DIFFERENCES BETWEEN SEC'S AND OTHER AGENCIES' MODEL FORMS; ABILITY TO OMIT LANGUAGE THAT IS INAPPLICABLE

There are very few differences between the SEC form and that of the other Agencies. On page one in the "What" box, the second and third bullets (listing examples of information that may be collected) has slight differences. As compared to the other Agencies' form, the language added by the SEC appears in double-underline text and the words deleted by the SEC appear in strikethrough text:

- account balances and ~~payment~~ transaction history
- assets, investment experience, credit history, and credit scores

On page two in the "How" box, the second bullet (listing examples of how information may be collected) has the following difference, with the SEC's added language appearing in double-underline text:

- buy or sell securities, pay your bills, or apply for a loan

We appreciate the inclusion of terms that are applicable to the securities industry as that is where the vast majority of our customers reside. A point of compromise may be to list the language from both models in a single final form and permit institutions to omit any words or phrases in these or any other bullet points that are inapplicable to them.[13] This would still allow consumers to easily compare privacy notices among financial institutions while not being misled about the types of services offered by a particular institution or family of institutions. For example, there is a reference to credit cards in the third bullet of the "How" box on page two. Since no T. Rowe Price entity offers credit cards, we would like the ability to use the phrase "use your debit card"

[11] While the Agencies asked this question for "affiliated" institutions, unaffiliated financial institutions have the ability under the GLB regulations currently to provide joint notices, so the right to use a single form should not be limited to affiliates. See, e.g., Regulation S-P at 17 C.F.R. 248.9(f) and (g).

[12] We note that GLB directs the Agencies to "develop *a* model form." Emphasis added, 15 U.S.C. 6803(e)(1). The phrase "a" model form or "the" model form is used throughout the section.

[13] For example, the second bullet on page one in the "What" box would become: "account balances, payment history, and transaction history" with the ability to strike "payment history" or "transaction history" if the financial institution so chooses.

instead of "use you credit or debit card" as we only offer debit cards for certain types of Brokerage accounts.

LOGOS, COLORS, AND ADMINISTRATIVE CODES

The ability to use our logo is important, as is our ability to use colors so that all materials in a particular mailing achieve a cohesive and attractive message for our customers. Accordingly, we strongly support more flexibility in the format of the document, such as permitting the use of logos, colored inks, colored paper, and various sizes of paper to make the notices more visually appealing to our customers. From a practical perspective, it is also essential that institutions be permitted to add administrative information to the form, such as an effective date or revision date, document codes, and bar codes. Institutions commonly employ such methods and are well-versed in making them unobtrusive to the customer yet useful to the institution for document tracking and inventory control purposes.

ELECTRONIC FORMATS

The GLB regulations currently provide flexibility in delivery of notices that include personal delivery, mail delivery, and electronic delivery.[14] The Agencies stated that they contemplate the ability to post a copy of the model form in pdf format to achieve the safe harbor, but requested comment on the issue. While T. Rowe Price provides its privacy notice in pdf format in certain areas of its Web site (e.g., in applications that are designed to be printed and mailed), it is important to be able to use other electronic formats. For example, certain on-line applications make use of E-Sign for the delivery of required documents, including our privacy notice, and those documents are commonly provided in html format via links.[15] We believe it would be a step backwards to allow electronic use of the model only in pdf format, and we support the adoption of a wide variety of technology-neutral standards.

OTHER TECHNICAL COMMENTS CONCERNING THE TEXT OF THE MODEL FORM AND THE INSTRUCTIONS

Page One, "Facts" Section and Accompanying Instructions: The instructions state that you must "include the name of the financial institution or group of affiliated institutions providing the notice on the form wherever [name of financial institution] appears." There are numerous other locations in which "[name of financial institution]" appears in the model. For a group of companies that provide joint notice,[16] we are unclear how this would be implemented and the

[14] See, e.g., Regulation S-P at 17 C.F.R. 248.9.

[15] Since our Web site also is viewed in html format, supplying documents in the same format facilitates our ability to comply with the provision of E-Sign that requires consumers to consent "in a manner that reasonably demonstrates that the consumer can access information in the electronic form that will be used to provide the information . . . ." 15 U.S.C. 7001(c)(1)(C)(ii).

[16] Please refer to note 11 above on our concerns with limiting joint notice provisions to affiliated companies when the GLB regulations permit unaffiliated companies to provide joint notices as well.

amount of space that may be required if multiple companies would need to be listed in each location.

While all of the entities that use our privacy notice have "T. Rowe Price" in their names, there are numerous other affiliates that share this common name but do not establish direct customer relationships covered by the GLB regulations.[17] Our notice lists "T. Rowe Price Privacy Policy" at the top in conspicuous font and the text of the notice immediately follows. Then to comply with the requirement that all entities be "identified" in the notice when used jointly, we use a legend below the notice to list the entities covered by the notice (i.e., "This Privacy Policy applies to the following T. Rowe Price family of companies: . . . .").[18] We urge that this type of approach be permitted so that a shorter "family name" (or names) be permitted to be used throughout the pages in all locations where "[name of financial institution]" appears and that the specific listing of names be permitted to be added in smaller font below the tables on page one.

Page One, "Why" Section: We believe the first sentence is overly broad and creates the impression that financial institutions could choose not to share any information if they so desired. This is in conflict with the first sentence in the "How" section on page one which accurately conveys the concept that some degree of sharing is necessary simply to maintain the customer's account, to offer a service or to respond to legal process. The first sentence could be revised as follows to utilize the "everyday business purposes" phrase that is defined later in the model. New text is shown in double-underline and deleted text shown in strikethrough:

> Financial companies ~~choose how they~~ may share your personal information for many reasons, including their everyday business purposes.

Page One, "What" Section: In our experience, when institutions list common examples, some but not all of which apply, the word "may" as opposed to "can" is used. Accordingly, we recommend that the second sentence be revised as follows: "This information ~~can~~ may include: . . ."

The last sentence of the section could unduly alarm readers that information concerning former customers is routinely shared when this may not be the case at all. We recommend that the sentence be changed as follows: "~~When~~ If you close your account, we will continue to ~~share information about you according to our~~ follow the policies described in this notice."

Page One, Disclosure Table and Accompanying Instructions: It appears that simple "Yes" / "No" responses are to appear in the middle column of the disclosure table and that simple "We don't share" / "Yes (Check your choices, p. 3)" responses are to appear in the right column as applicable. However, the last sentence of the general instructions for the table indicates that an institution "must list all reasons for sharing." We recommend that the last sentence of the general instructions for this area be revised as follows:

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[17] Examples would include transfer agents.

[18] See also note 3 above.

~~Except for the sixth row ("For our affiliates to market to you"), an~~ An institution must ~~list all reasons for sharing and~~ complete the middle and right columns of the disclosure table for all rows, except that the sixth row ("For our affiliates to market to you")[19] may be deleted in its entirety by an institution under certain circumstances as discussed in the instructions for that row.[20]

Page Two, First Row of Sharing Practices Table: We recommend that the right hand column of this row be revised to more closely track three instances in which a customer "must" be provided a privacy notice. The sentence may be revised as follows: "We must notify you about our sharing practices when you open an initial account, if we make a material change in our sharing practices, and each year while you are a customer."

Page Two, Second Row of Sharing Practices Table: None of the Agencies' GLB regulations mandate specific measures by which institutions are to safeguard customer information. Accordingly, we recommend that the second sentence of the right hand column be removed entirely or revised to read: "These measures may include computer safeguards and secured files and buildings."

Page Two, Third Row of Sharing Practices Table: Both paragraphs have affirmative statements that "we collect..." and "we also collect...," yet the examples given may be completely inapplicable to an institution. In addition to the points raised on page five above regarding our request to be able to delete inapplicable phrases, we believe that the word "may" should be inserted in both sentences.

Page Two, Fourth Row of Sharing Practices Table: We recommend that the last sentence of the right column on possible state laws and individual company practices be revised to eliminate the reference to state laws and the remainder be made optional for institutions that provide additional choices. If there are applicable state laws, the institution must deal with them regardless, and the suggestion of the existence of state laws when there are none applicable in a particular jurisdiction could cause unnecessary confusion. Accordingly, we recommend that the sentence be revised as follows and be made optional: "~~State laws and individual companies may~~ We give you additional rights to limit sharing."

Page Two, Second Row of Definitions Table and Accompanying Instructions: Regarding the definition of "affiliates," the instructions for this area of the model correctly note in the first sentence that as required by the GLB regulations, the institution must list the "***categories*** of its

[19] The phrase "affiliates to market to you" appears in the sixth row of the disclosure table on page one and in the fourth row of the sharing practices table on page two. Because the regulations on what types of affiliate marketing trigger opt-out rights have not been finalized, we cannot comment on whether this phrase is appropriate. For example, assuming that the inclusion of an affiliate's marketing materials in a mailing made by an institution to its own customers would not trigger an opt-out right, a better phrase to use in this notice may be: "affiliates to market to you directly."

[20] The instructions for the sixth row should be revised to make clear that the row may be retained or deleted at the option of the institution in cases where the institution either does not share with affiliates or where there is sharing and use of the information in a manner that does not trigger an opt-out right.

affiliates" (emphasis added) or indicate that it has no affiliates. However, in the second sentence of the instructions, the concept of "categories" no longer appears and the examples all involve a listing of specific affiliate names.[21] This is more than the regulation requires and can result in a lengthy recitation of names. We believe institutions should have the option to list categories and/or specific names and/or family names, as applicable, and that the requirements of the GLB regulation to list "a few examples" be made clear. The second sentence should be revised and a third sentence added as follows:

> A financial institution that shares with affiliates must use, as applicable, the following format: *"Our affiliates include companies with a [name of financial institution] name; financial companies such as [list companies or categories of companies]; and nonfinancial companies, such as [list companies or categories of companies]."* A financial institution need only list a few examples of companies or categories of companies, as applicable.

Page Three, "Contact Us" Section: Consistent with the GLB regulations that allow an institution a reasonable period of time to implement an opt-out election, we recommend that the phrase "and we will implement your instructions as soon as reasonably practicable" be added to the end of the last sentence in the right hand column.

We appreciate the opportunity to comment on the Proposal. If you have any questions concerning our comment letter, or need additional information, please feel free to contact either of the undersigned.

Sincerely,

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[21] This is in contrast to the instructions for the third row of the table regarding nonaffiliates.