



December 13, 2018

Brent J. Fields, Esq.
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-0609

Re: File No. 4-725 – Proxy Voting Roundtable

Dear Mr. Fields:

On November 15, 2018, the Securities and Exchange Commission (“SEC”) held a Staff Roundtable on the Proxy Process, which in our view was an efficient yet thorough examination of the range of perspectives on proxy-related issues in the US markets. We would like to thank SEC staff for hosting the roundtable and for the opportunity to provide our perspective on the issues raised during that discussion, particularly on the role of proxy advisory firms.

T. Rowe Price is in a unique position as both an institutional client of a major proxy advisory firm as well as a corporate issuer covered by proxy advisory firm research and recommendations. T. Rowe Price serves as investment adviser to a wide variety of clients, from individual savers to large institutions. As of November 30, 2018, T. Rowe Price and its affiliates managed \$1.032 trillion in assets.

As an investment adviser subject to the Investment Advisers Act of 1940, T. Rowe Price is keenly aware of the essential role that the fiduciary standard plays in protecting our clients’ interests with respect to all aspects of the advisory relationship, including voting proxies. We retain the proxy advisory firm Institutional Shareholder Services (“ISS”) to provide fiduciary-level proxy advisory and voting services. These services include voting recommendations that are customized to conform with T. Rowe Price voting guidelines, as well as vote execution and regulatory reporting across the many markets globally where we invest. We rely on ISS to provide advisory and voting administration services that are accurate, timely, and objective.

What was most striking to us about the roundtable was the degree of consensus among investors, issuers, service providers, academics and other stakeholders that the systems involved in proxy voting in the United States are badly outdated, and that any improvement to them will only come about if the Commission leads the way. Roundtable participants made it abundantly clear that fixing the “proxy plumbing” is far more important than proxy advisor registration — imposing additional registration requirements on proxy advisory firms will not help to address the most critical areas of the proxy process in need of improvements, including the lack of end-to-end vote confirmation and verification.

T.RowePrice®

We strongly believe that shareholders deserve to know that their proxy votes are being counted, and counted accurately. In fact, we cannot think of a more important first step toward improving the proxy process for the SEC to take than ensuring that proxy votes are consistently and transparently tabulated.

Proponents of additional regulatory requirements for proxy advisory firms assert that the activities of these firms result in undue influence over the voting decisions of institutional investors. This has not been our experience, and we believe an objective analysis of the voting record of institutional investors on non-routine matters would provide ample proof that investors in this market express thoughtful, varied, and independent views on the voting matters before them.

T. Rowe Price has established a Proxy Committee to develop our firm's positions on all major proxy voting issues, create guidelines, and oversee the voting process to ensure that proxies are voted solely in the interests of our clients. In establishing our proxy guidelines each year, the Proxy Committee relies upon our own fundamental research, independent research provided by ISS as our proxy advisor, and information presented by company management and shareholder groups.¹ Thus, we make our own voting decisions using the independent research provided to us by our proxy advisor as one factor among many used to inform our firm's voting positions.

Proponents of additional regulatory requirements for proxy advisory firms have raised concerns regarding the accuracy of proxy advisor reports, and suggested that issuers should be permitted to review and comment on proxy reports before the reports are shared with the proxy advisors' clients. From T. Rowe Price's perspective as a corporate issuer, we appreciate having effective ways to address factual errors in proxy advisor research reports and find current practices, including the ability to file amended proxy statements with the SEC, to be sufficient. As described during the roundtable, both ISS and Glass Lewis, the largest proxy advisory firms operating in the US, have transparent mechanisms in place for issuers to address any factual errors in their data analyses.

We are significantly more concerned, frankly, with the potential for issuers to inappropriately influence the research provided by proxy advisors to their clients. We note the stark contrast in principle this would have to current rules in place for sell-side research, which generally aim to prevent issuers from influencing the research produced by investment firms. For example, FINRA Rule 2241 requires broker-dealers to adopt and maintain written policies and procedures "reasonably designed to promote objective and reliable research that reflects the truly held opinions of research analysts and to prevent the use of research reports or research analysts to manipulate or condition the market or favor the interests of the member or a current or

¹Independent from the current legislative debates surrounding proxy voting and proxy advisory services, T. Rowe Price continues to publicly share our proxy voting guidelines, which for 2018 can be found at: https://www3.troweprice.com/usis/content/trowecorp/en/utility/policies/jcr_content/maincontent/polices_row_1/pa-ra-mid/thiscontent/pdf_link/pdffile.

T.RowePrice®

prospective customer or class of customers.” We fail to see why the independence of sell side recommendations should be afforded greater protection than the independence of proxy recommendations.

As noted above, we rely on ISS to provide advisory and voting administration services that are accurate, timely, and objective. We therefore would have significant concerns with any proposed regulatory changes that would sacrifice the objectivity of proxy advisor reports or introduce delays in the proxy voting process that, in an already compressed and intensely seasonal voting cycle, could result in missed vote deadlines.

For these reasons, we strongly believe that the SEC’s highest priority with respect to proxy voting and proxy advisory firms should be to modernize our proxy infrastructure. We encourage the Commission to focus the SEC’s limited staff and resources on addressing those issues that could truly make a meaningful difference to the proxy process, rather than those that are the most politically heated.

Thank you again for this opportunity to comment on issues with US proxy voting, and for the Commission’s consideration of our perspective. Please do not hesitate to contact us if we could be of further assistance.

Respectfully,



Donna F. Anderson
Head of Corporate Governance



Eric Veiel
Co-Head of Global Equity

cc: The Honorable Jay Clayton, SEC Chairman
The Honorable Kara M. Stein, SEC Commissioner
The Honorable Robert J. Jackson, Jr., SEC Commissioner
The Honorable Hester M. Peirce, SEC Commissioner
The Honorable Elad L. Roisman, SEC Commissioner
Dalia Blass, Director, SEC Division of Investment Management