Re: T. Rowe Price Group, Inc. Shareholder Proposal of James McRitchie

To Whom It May Concern:

This is in response to a January 1, 2020, letter by Jean-Marc Corredor of T. Rowe Price Group, Inc. ("TROW" or the "Company"), which falsely claims my shareholder proposal (Proposal) on Proxy Vote Disclosure violates several SEC rules. Mr. Corredor requests a courtesy copy of correspondence to the Commission relating to the Proposal but fails to provide his email address. I trust others copied at TROW at the bottom of this correspondence will share their copies with him. Below I address the Company's false claims in the order raised.

Proxy Vote Disclosure Proposal

The resolved clause of my Proxy Vote Disclosure proposal states as follows:

Resolved, T. Rowe Price Group, Inc. (TROW) shareholders request that the board of directors (the "Board") prepare a report on the feasibility of announcing its proxy votes in advance of annual shareholder meetings in a sortable format on the internet. The requested report should be available to stockholders and investors within six months, unless the Board determines and explains why a reasonable delay is warranted.

Ordinary Business Exclusion

The Proposal is not excludable under Rule 14a-8(i)(7) because it is a governance proposal, directly focused on the balance of power between management, board and the company's shareholders, similar to proposals on issues like simple majority voting and board declassification.

In iRobot Corp. (March 26, 2013) the Staff declined to permit exclusion under Rule 14a-8(i)(7) of a proposal relating to proxy access, noting the proposal "focuses primarily on corporate governance and shareholder suffrage issues, and not ordinary business."

Similarly, at Netflix, Inc. (February 29, 2016) the Staff declined to permit exclusion under Rule 14a-8(i)(7) of a proposal seeking to declassify the board of directors. At Becton, Dickinson & Co. (November 25, 2008) the Staff declined to permit exclusion under Rule...
14a-8(i)(7) for a proposal requesting the board amend the company’s governing
documents to give certain shareholders the power to call a special shareowner
meeting). In Netflix, Inc. (February 26, 2016) the Staff declined to permit exclusion
under Rule 14a-8(i)(7) of a proposal requesting the board take the steps necessary to
move to a simple majority vote standard.

As explained in the SEC’s Final Rule: Disclosure of Proxy Voting Policies and Proxy
Voting Records by Registered Management Investment Companies, Modified
September 23, 2003 (https://www.sec.gov/rules/final/33-8188.htm) and clearly
referenced in the Proposal, the rule was intended to accomplish the following to
strengthen corporate governance at funds:

- Enable fund shareholders to monitor their funds’ involvement in the governance
  activities of portfolio companies;
- Illuminate potential conflicts of interest and discourage voting that is inconsistent
  with fund shareholders’ best interests; and
- Evaluate how closely fund managers follow their state proxy voting policies, and to
  react adversely to fund managers who vote inconsistently with these policies.

N-PX filings required by the 2003 rule have turned out to be less helpful in
accomplishing the above corporate governance strengthening measures than was
anticipated. Since N-PX filings are displayed in user-unfriendly HTML format and are
reported infrequently, corporate governance at TROW might be improved and
strengthened by making such disclosures more user-friendly and more frequent.

The proposal is, therefore, focused on corporate governance issues of importance to
shareowners of TROW in ensuring their interests are conveyed in TROW voting results,
rather than being an “ordinary business” issue.

In Visteon Corporation (February 19, 2004) the Staff considered an argument similar to
TROW’s and rejected it. That proposal requested the board of directors study and report
on the feasibility of enabling shareholders to “conveniently imitate” an institutional
investor’s voting decision, other than with respect to director elections. Visteon argued
the proposal dealt with matters relating to the conduct of the company’s ordinary
business. The proponent argued,

The design of the proxy form distributed by the board and the convenience of
different voting options can affect the way shareowners vote. It is therefore a
corporate governance issue of importance to shareowners in ensuring that their
interests are conveyed in the voting results, rather than merely an “ordinary
business” issue. (my emphasis)

Similarly, in this case, knowing how TROW votes at other issuers could help TROW
shareholders evaluate the Company’s corporate governance and if those votes are
being cast to the benefit of shareholders. Of course, if those votes are aligned, knowing
them might also allow TROW shareholders and others be more informed voters not only
at TROW but also at companies where their portfolios overlap with those of TROW. The
fact that good governance could also have positive impacts on TROW share price and
in growing TROW’s customer base does not detract from the fact that it is governance proposal.

Micromanagement

With regard to TROW’s allegation of micromanagement, that exclusion is inapplicable. Proxy voting is not a task involving “matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” In fact, proxy voting is a task many shareholders are deeply familiar and involved with, since many spend a great deal of time analyzing proxies prior to voting themselves.

However, the Staff clarified (SLB 14K), the issue of micromanagement does not hinge around “presenting issues that are too complex for shareholders to understand.” It hinges on “the level of prescriptiveness of the proposal. When a proposal prescribes specific actions that the company’s management or the board must undertake without affording them sufficient flexibility or discretion in addressing the complex matter presented by the proposal, the proposal may micromanage the company to such a degree that exclusion of the proposal would be warranted.”

TROW suggests the Proposal is requesting “intricate detail, or seek(s) to impose specific time-frames or methods for implementing complex policies,” nor does it impose(s) a specific strategy, method, action, outcome or timeline for addressing an issue, thereby supplanting the judgment of management and the board.” However, all details concerning how to report on “the feasibility of announcing its proxy votes in advance of annual shareholder meetings in a sortable format on the internet” are left to TROW.

For example, PAX World discloses votes in a sortable database as they are cast through the Glass Lewis platform (https://viewpoint.glasslewis.net/webdisclosure/search.aspx?glpcustuserid=PAX108). TROW could decide it is feasible to do the same through their voting contract with ISS.

Alternatively, TROW could report it is feasible to “publish voting decisions one day after a general meeting has concluded, publish voting intentions ahead of general meetings for a selected number of companies on fundamental issues.” (Norges Bank, Global Voting Guidelines, 2019, https://www.nbim.no/contentassets/d71470877bc94f05872e895ce99cbc32/votingguidelines_web.pdf)

Finally, like BlackRock, TROW could announce it is feasible to move “from annual to quarterly voting disclosure.” (Sustainability as BlackRock’s New Standard for Investing, https://www.blackrock.com/corporate/investor-relations/blackrock-client-letter)

A timeframe of six months is suggested to produce the report. However, the Proposal also anticipates the Board may determine and explain why more time is reasonably required to produce the subject report. The Proposal does not seek to micromanage but affords TROW flexibility and discretion.
Substantial Implementation

The Proposal cannot be excluded under Rule 14a(i)(10), since TROW has not issued the requested report, nor do TROW’s existing practices meet the essential objective of providing more timely, more easily accessible, and more usable information concerning its proxy votes to shareholders than what is currently required by the SEC.

Reference Rule 14a-8(g):

Who has the burden of persuading the Commission or its staff that my proposal can be excluded? Except as otherwise noted, the burden is on the company to demonstrate that it is entitled to exclude a proposal.

Despite that burden resting with the Company, TROW has done nothing to address the Proposal’s essential objective. The Company states that it is in compliance with "applicable Commission rules." That is not in dispute. My concern is that TROW’s votes are reported in a manner that is virtually unusable for most shareholders, unless they subscribe to expensive services at substantial cost that compile votes into a sortable database. Even then, the data can be more than a year old.

When the SEC rule requiring N-PX reporting was promulgated, Google was new. Facebook, Snapchat and Instagram did not even exist. News mostly arrived in the mail on pieces of paper or through a few radio and television networks. Today, news travels near the speed of light on the Internet. If feasible, shareholders in TROW may actually want more timely, easily accessible, and usable information concerning its proxy votes to be provided to them than what is currently required by the SEC.

TROW presents no evidence whatsoever of substantial implementation. The company has not even provided a report, management brief or even minutes of a board discussion evidencing consideration of what the Proposal requests, let alone implementation.

Inherently Vague and Indefinite

The Proposal does not violate Rule 14a-8(i)(3) because the resolution and supporting statements use well known terms familiar to shareholders. Unlike the many no-actions cited by the Company, the actions sought by the Proposal of the Company are clear. I address each specific “example” below.

1. Shareholder proposals are limited to 500 words. It would be impossible to cover the complexities of TROW’s corporate structure and its relation to its clients, which is not commonly understood by its Company shareholders or investors in portfolio companies, within that word constraint. No investor is going to be confused about the designation of “its proxy votes,” despite the fact that the votes are cast by the subsidiaries. The Company seeks to sow confusion where there is none.
2. The Proposal would be voted on by shareholders of the Company. Yet, investors in the Company who, for example, hold shares indirectly through other vehicles may also be interested in the requested report. Again, the Company seeks to sow confusion where there is none.
3. The proposal clearly addresses how reporting on voting “in advance” may impact
proxy voting. As stated, such reporting would, on a more timely basis:
- Foster real dialogue on the issues faced by corporations and investors;
- Enable fund shareholders to monitor their funds' involvement in the governance activities of portfolio companies;
- Illuminate potential conflicts of interest and discourage voting that is inconsistent with fund shareholders' best interests;
- Evaluate how closely fund managers follow their stated proxy voting policies, and to react adversely to fund managers who vote inconsistently with these policies;
- Strengthen corporate governance by facilitating the ability of shareholders and investors to determine if shares are voted in our best interest; and
- Facilitate the accountability of Directors.

4. “Feasibility” is not a vague term but a clearly understood, commonly used word. According to the Merriam-Webster dictionary, something that is “feasible” is
1. Capable of being done or carried out,
2. Capable of being used or dealt with successfully or
3. Reasonable or likely.

The Proposal is precatory. The proponent has no intention of micro-managing the Company by specifying each element of what should be covered in the requested report. If the Company wishes to issue a report on the feasibility of “announcing its proxy votes in advance of annual shareholder meetings in a sortable format on the internet” without “consideration of the costs, benefits and implications” that is their purgative. Neither does the Proposal attempt to micro-manage the question of how to deal with changing votes. Those details are judgement calls for TROW, just as judging the adequacy of any report created for shareholders will be up to shareholders to decide.

Relates to Personal Claims, Grievances or Interests

The grievance related exemption, Rule 14a-8(i)(4), applies where an individual has an axe to grind with a company and is using the shareholder proposal process to seek redress of personal concerns. In this instance, I have filed a rulemaking petition to the SEC to further the original intent of existing SEC rules to improve fund governance and am using the private ordering process of a shareholder proposal to advance the goal of improved corporate governance at TROW. Therefore, Rule 14a-8(i)(4) is inapplicable.

Making the changes requested of the SEC through a rulemaking petition would be in the interest of all investors, not just myself as an investor. Similarly, TROW shareholders would benefit from the essential changes requested by the subject shareholder Proposal, if determined feasible by the Company.

It is worth noting that I filed a rulemaking petition to the SEC in 2002 that requested amendments to allow shareholders to nominate directors through proxy access. That petition was credited by CalPERS and others as instrumental in moving the SEC forward with its subsequent rulemakings to facilitate proxy access. I have filed dozens of proxy access proposals at individual companies. Not one of those companies accused me of violating Rule 14a-8(i)(4).

None did so because they understood what TROW pretends not to understand. Having an interest in good corporate governance at all companies and having that same
interest in a specific company does not constitute “personal ends that are not in the common interest of the Company’s shareholders.” Good corporate governance is an interest shared by shareholders at TROW, shareholders at all companies, and our whole society.

Since 1995 I have written thousands of blog posts about the importance of improved corporate governance. I have been sent by the US Department to Japan and Korea to speak on the importance of the topic. I have been invited by corporate secretaries, the Asian Development Bank, shareholder groups, investment advisors, and others around the world to speak on the subject. By the Company’s definition of “personal ends,” those activities would disqualify me from filing any shareholder proposals at any company.

Fortunately, we do not live in a society where expressing views in furtherance of more democratic corporate governance constitutes a disqualification from filing shareholder proposals. I have filed and won hundreds of shareholder proposals and will continue to do so. Mr. Corredor’s unfounded allegation is offensive and personally insulting.

**Company Lacks Power or Authority to Implement**

A no-action letter should not be issued on the basis of Rule 14a-8(i)(6) because the Company does not lack the power or authority to implement the Proposal.

The proposal does not request the company change proxy voting policies of subsidiaries, as TROW imprudently argues. Instead, the proposal clearly asks TROW to explore and report whether it is feasible for the Company to announce proxy votes in advance of annual shareholder meetings in a sortable format on the internet. Considering the possibility of a central vehicle for such proxy voting records and reporting that feasibility in a report does not violate any contracts or relationships with subsidiaries. It is not legally or practically impossible for the Company to issue the report.

The Staff has previously considered and rejected a similar argument regarding a report request in Franklin Resources (November 24, 2015). In that instance the proposal asked the Board of Directors of Franklin Resources to issue a climate change report assessing any incongruities between the proxy voting practices of the company and its subsidiaries and any of the company’s policy positions regarding climate change.

The company argued the proposal was excludable on multiple grounds, including Rule 14a-8(I)(6), on the rationale that voting practices were those of its subsidiaries and outside the control of the company.

However, the proponent argued that:

The Proposal does not require the Company to conform client voting to any procedures required by the Proposal.... The company makes a leap in logic in determining that the proposal seeks to override contractual relationships between FTI Advisors and their clients. For example, the company notes that it has "no legal power or authority to unilaterally alter the terms of those contracts." Quite to the contrary...the proposal clearly respects that relationship.....
The Company also states that because the proposal is addressed to "the proxy voting practices of the company and its subsidiaries" it is asking for the company to do something that it lacks power or authority to do -- i.e. that the parent company itself has no proxy voting practices.

As should be done in the current instance, the Staff rejected the Rule 14a-8(i)(6) argument, since it was evident the company could prepare the report in question regardless of whether it had direct control over the proxy voting subsidiaries.

A similar claim of impossibility was made in no action request in 2019 by Chevron and Phillips Corp. in seeking to exclude a proposal seeking reporting on their joint plastics operation’s pollution management strategies. Each company claimed that because plastics were produced in a 50-50 joint venture, neither company had control over the subsidiary to produce the report. As should be done in the present instance, the Staff rejected these grounds for exclusion. Chevron Corporation (March 15, 2019), Phillips 66 (March 13, 2019).

Conclusion

In permitting the exclusion of proposals, Rule 14a-8(g) imposes the burden of proof on companies. Companies seeking to establish the availability of exemptions, therefore, have the burden of showing ineligibility. Since the Company has failed to meet this burden on all counts, the Staff must deny the no-action request. I would be pleased to respond to Staff questions. Reach me directly by e-mailing jm@corpgov.net.

Sincerely,

[Signature]
James McRitchie
Shareholder Advocate

cc: John Chevedden

David Oestreicher, T. Rowe Price Group, Inc. (David_Oestreicher@troweprice.com)
Pamela Conover, T. Rowe Price Group, Inc. (Pamela_Conover@troweprice.com)
RESOLVED, T. Rowe Price Group, Inc. (TROW) shareholders request the board of directors (the "Board") prepare a report on the feasibility of announcing its proxy votes in advance of annual shareholder meetings in a sortable format on the internet. The requested report should be available to stockholders and investors within six months, unless the Board determines and explains why a reasonable delay is warranted.

Supporting Statement: TROW must currently file an annual report on SEC Form N-PX containing the Company’s proxy voting record. However, N-PX filings are not fit for their intended purpose. Filings do not “enable fund shareholders to monitor their funds’ involvement in the governance activities of portfolio companies.” Filings do not shed light on mutual fund voting to “illuminate potential conflicts of interest and discourage voting that is inconsistent with fund shareholders’ best interests.” They do not enable shareholders to “evaluate how closely fund managers follow their state proxy voting policies, and to react adversely to fund managers who vote inconsistently with these policies.” See Final Rule: Disclosure of Proxy Voting Policies and Proxy Voting Records by Registered Management Investment Companies, Modified September 23, 2003 (https://www.sec.gov/rules/final/33-8188.htm).

Proxy voting data on N-PX filings are displayed in user-unfriendly HTML format. For example, compare the sortable voluntary disclosure of Trillium Asset Management (https://trilliuminvest.com/approach-to-%20sri/proxy-voting/), which often includes voting rationale, with the mandated disclosure by an example TROW fund, which requires a laborious effort to decipher (https://www.sec.gov/Archives/edgar/data/1462712/000120677419003026/lcf_811-22293.htm).

Real-time proxy voting disclosure by TROW would allow easy comparison of voting records. It would strengthen corporate governance by facilitating the ability of shareholders and investors to determine if shares are voted in our best interest. Directors could more easily be held accountable to the corporate governance objectives outlined by the SEC in its 2003 rulemaking.

Rapid disclosure and reporting of proxy votes would also foster real dialogue on the issues faced by corporations and investors. Funds would begin to compete not only on the basis of cost and returns but also based on how proxy votes align with the values of Main Street investors and Mr. and Ms. 401(k). By announcing its proxy votes in advance of annual shareholder meetings in a sortable format on the internet our Company might gain a competitive advantage over other funds that vote their proxies less conscientiously.

January 9, 2020

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

# 1 Rule 14a-8 Proposal
T. Rowe Price Group, Inc. (TROW)
Proxy Voting Disclosure
James McRitchie

Ladies and Gentlemen:

This is in regard to the January 1, 2020 no-action request.

The company failed to show that if the proponent’s proposal is adopted by the Company that the proponent will receive a disproportionate financial reward compared to other Company shareholders.

The company seems to make the impossible claim that a shareholder must chose to improve the Company either though a rulemaking petition or though a rule 14a-8 proposal – but not both.

The company seems to support a potential rule 14a-8 penalty for a proponent if a proponent submits a rulemaking petition.

This is to request that the Securities and Exchange Commission allow this resolution to stand and be voted upon in the 2019 proxy.

Sincerely,

John Chevedden

cc: James McRitchie

Jean-Marc Corredor  <Jean-Marc_Corredor@troweprice.com>
RESOLVED, T. Rowe Price Group, Inc. (TROW) shareholders request the board of directors (the "Board") prepare a report on the feasibility of announcing its proxy votes in advance of annual shareholder meetings in a sortable format on the internet. The requested report should be available to stockholders and investors within six months, unless the Board determines and explains why a reasonable delay is warranted.

Supporting Statement: TROW must currently file an annual report on SEC Form N-PX containing the Company’s proxy voting record. However, N-PX filings are not fit for their intended purpose. Filings do not "enable fund shareholders to monitor their funds' involvement in the governance activities of portfolio companies." Filings do not shed light on mutual fund voting to "illuminate potential conflicts of interest and discourage voting that is inconsistent with fund shareholders' best interests." They do not enable shareholders to "evaluate how closely fund managers follow their state proxy voting policies, and to react adversely to fund managers who vote inconsistently with these policies." See Final Rule: Disclosure of Proxy Voting Policies and Proxy Voting Records by Registered Management Investment Companies, Modified September 23, 2003 (https://www.sec.gov/rules/final/33-8188.htm).

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Rapid disclosure and reporting of proxy votes would also foster real dialogue on the issues faced by corporations and investors. Funds would begin to compete not only on the basis of cost and returns but also based on how proxy votes align with the values of Main Street investors and Mr. and Ms. 401(k). By announcing its proxy votes in advance of annual shareholder meetings in a sortable format on the internet our Company might gain a competitive advantage over other funds that vote their proxies less conscientiously.


Increase shareholder value
Proxy Voting Disclosure – Proposal [4*]
[This line and any below are not for publication]
Number 4* to be assigned by TROW
January 1, 2020

VIA E-MAIL (shareholderproposals@sec.gov)

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: T. Rowe Price Group, Inc.
Shareholder Proposal of James McRitchie

Dear Ladies and Gentlemen:

T. Rowe Price Group, Inc., a Maryland corporation (the “Company”), hereby requests confirmation that the staff of the Division of Corporate Finance (the “Staff”) of the U.S. Securities and Exchange Commission (the “Commission”) will not recommend enforcement action to the Commission if, in reliance on Rule 14a-8(i)(7) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Company omits the enclosed shareholder proposal (the “Proposal”) and statements in support thereof received from James McRitchie and his delegate John Chevedden (collectively, the “Proponents”) from the Company’s proxy materials (the “2020 Proxy Materials”) for its 2020 Annual Meeting of shareholders (the “2020 Annual Meeting of Shareholders”) which the Company intends to file with the Commission more than 80 days after the date of this letter.

In accordance with Staff Legal Bulletin No. 14D (November 7, 2008) (“SLB 14D”), this submission is being delivered by email to shareholderproposals@sec.gov. Pursuant to Rule 14a-8(j), a copy of this submission is also being sent to the Proponents as notification of the Company’s intention to omit the Proposal from its 2020 Proxy Materials. Rule 14a-8(k) and SLB 14D provide that a shareholder proponent is required to send to the company a copy of any correspondence that the proponent elects to submit to the Commission or the Staff. Accordingly, we hereby inform the Proponents that, if any of them elects to submit additional correspondence to the Commission or the Staff relating to the Proposal, the Proponent(s) should concurrently furnish a copy of that correspondence to the undersigned.

I. THE PROPOSAL

On November 8, 2019, the Company received a letter from the Proponents submitting the Proposal for inclusion in the 2020 Proxy Materials. The Proposal, as submitted by the Proponents, reads as follows:

Resolved, T. Rowe Price Group, Inc. (TROW) shareholders request that the board of directors (the “Board”) prepare a report on the feasibility of announcing its proxy votes in advance of annual shareholder meetings in a sortable format on the internet. The requested report should be available to stockholders and investors within six months, unless the Board determines and explains why a reasonable delay is warranted.

The letter submitting the Proposal and their related attachments are attached as Exhibit A.

The Company believes that the Proposal may be properly omitted from the 2020 Proxy Materials pursuant to:

***FISMA & OMB Memorandum M-07-16***
• Rule 14a-8(i)(7), because the Proposal relates to the Company’s ordinary business operations;

• Rule 14a-8(i)(10), because the Proposal has been substantially implemented;

• Rule 14a-8(i)(3), because the Proposal is so inherently vague and indefinite as to be materially misleading in violation of Rule 14a-9;

• Rule 14a-8(i)(4), because the Proposal is an attempt by the Proponents to achieve personal ends that are not in the common interest of the Company’s shareholders; and

• Rule 14a8(i)(6), because the Company lacks the power or authority to implement the Proposal.

II. BACKGROUND

A. The Company

The Company, whose common stock is listed on the NASDAQ Global Select Market under the ticker symbol TROW, is a financial services holding company that provides global investment management services through its subsidiaries (the “Price Advisers”) to individual and institutional investors.

The Company itself is not a registered investment adviser, but rather a corporate holding company. The public filings of the Company make this clear. For example, Item 1 of the Company’s 2018 Form 10-K clearly states that “T. Rowe Price Group, Inc. is a financial services holding company that provides global investment management services through its subsidiaries to investors worldwide.” (Emphasis added.) While the Company derives the vast majority of its consolidated net revenue and net income from investment advisory services provided by the Price Advisers, the Company does not manage assets, nor does it vote any proxies at the Company level. The asset management and proxy voting functions are all undertaken by the Price Advisers (primarily T. Rowe Price Associates, Inc. and T. Rowe Price International Ltd., which are registered with the Commission under the Investment Advisers Act of 1940, as amended (the “Advisers Act”)). As a result, the Company, in which the Proponents hold an investment, could not “prepare a report on the feasibility of announcing its proxy votes …” because the Company does not vote any proxies.

B. The Price Advisers

1. In General

The Price Advisers organize and serve as investment advisers to the T. Rowe Price family of mutual funds (the “Funds”) and other investment portfolios.1 Investment advisory services are provided by the Price Advisers to each Fund under individual investment management agreements. The boards of directors of the respective Funds must approve the investment management agreements annually. In

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1 The Funds are distributed in the United States. Other investment portfolios include separately managed accounts, sub-advised funds, and other sponsored investment portfolios, including collective investment trusts, target-date retirement trusts, and Luxembourg- and UK-based funds offered to investors outside the United States.
addition, Fund shareholders must approve material changes to these investment management agreements. Investment management agreements for other clients are subject to specific terms as negotiated and agreed between the parties.

As global investment managers, the Price Advisers are responsible for managing Clients’ (as defined herein) assets in light of potential risks and opportunities in the market and in light of the investment objectives, policies, and restrictions specified by the Clients. A fundamental part of an investment adviser’s role involves voting shares of companies in which its Clients invest (the “Portfolio Companies”). “Clients” refers to those investors or Funds to whom the Price Advisers provide investment management services.

2. Proxy Voting

a. Clients Have the Legal Right to Vote Securities

The legal right to vote securities of Portfolio Companies resides with the Clients as owners of those securities. Those Clients may, however, delegate proxy voting authority to the Price Advisers under their advisory contracts. See, e.g., Proxy Voting by Investment Advisers, Investment Advisers Act Release IA-2106 at n.10 (Mar. 10, 2003) (noting that Rule 206(4)-6 applies even when the advisory contract is silent, but the adviser’s voting authority is implied by an overall delegation of discretionary authority). In addition the Commission noted in Commission Guidance Regarding Proxy Voting Responsibilities of Investment Advisers Release IA-5325 at n.3 (Sep. 10, 2019) (the “Proxy Voting Responsibilities”) that while “a client and its investment adviser may agree that the client will delegate all of its proxy voting authority to its investment adviser, the client and the investment adviser may instead agree (in the manner described above) to other proxy voting arrangements in which the investment adviser would not assume all of the proxy voting authority, or in which the investment adviser would only assume the authority to vote on behalf of the client in limited circumstances or not at all.” Accordingly, it is the Clients’ right to vote the proxies for the securities owned by such Clients, and the Clients have chosen to delegate some or all of their proxy voting authority to the Price Advisers, based in part on the Price Advisers’ publicly disclosed proxy voting policies. Therefore, any disclosure which the Company would publish of proxy votes, would be a disclosure of the Clients’ voting record, as advised through Price Associates, not the voting record of the Company. For reference from July 1, 2018 through June 30, 2019, Price Advisers voted in approximately 6,444 shareholder meetings, which included approximately 110,222 ballots (individual agenda items voted).

b. The Price Advisers’ Proxy Voting Policies

The Price Advisers’ investment management operations are subject to the Advisers Act. Section 206 of the Advisers Act, as interpreted by the U.S. Supreme Court in SEC v. Capital Gains Research Bureau, Inc., 375 U.S. 180, 191 (1963) (“Capital Gains”), imposes a fiduciary duty on investment advisers. Citing Capital Gains, in connection with the adoption of Rule 206(4)-6 under the Advisers Act relating to investment advisers’ proxy voting obligations to their clients, the Commission stated that “an adviser is a fiduciary that owes each of its clients duties of care and loyalty with respect to all services undertaken on the client’s behalf, including proxy voting.” See Proxy Voting Responsibilities.2

2 In the Proxy Voting Responsibilities, the Commission further stated:
In connection with pension funds and retirement plans governed by the Employee Retirement Income Security Act ("ERISA"), the Price Advisers are also subject to the legal obligations imposed on fiduciaries under Title I of ERISA with respect to proxy voting to the extent voting discretion has been assigned to the Price Advisers. In that regard, the Department of Labor has given the following guidance:

The fiduciary duties described at ERISA section 404(a)(1)(A) and (B), require that, in voting proxies, the responsible fiduciary consider those factors that may affect the value of the plan’s investment and not subordinate the interests of the participants and beneficiaries in their retirement income to unrelated objectives. Interpretive Bulletin Relating to Exercise of Shareholder Rights and Written Statements of Investment Policy, Including Proxy Voting Policies or Guidelines (Dec. 29, 2016), 29 C.F.R. Section 2509.2016-01(1).

Item 17(A) of Form ADV, Part 2A provides that where investment advisers have authority to vote client securities, they are required to disclose the policies by which client securities will be voted. These disclosures are required to be provided to the investment adviser’s clients when entering into an advisory contract, and updated amendments must be provided to clients annually thereafter.

Similarly, if registered investment companies have delegated proxy voting authority to their investment advisers, they are required to describe those proxy voting policies. For example, an open-end investment company is required to describe in its Statement of Additional Information ("SAI"), “any policies and procedures of the Fund’s investment adviser . . . that the Fund uses, or that are used on the Fund’s behalf, to determine how to vote proxies relating to portfolio securities.” Form N-1A, Item 17(f).

In compliance with these requirements, the Price Advisers describe their proxy voting policies in Part II of their Form ADVs. Similarly, the Price Advisers’ proxy voting policies for the Funds are summarized in the SAI of each Fund’s registration statement under the 1940 Act and made available on the Company’s website. Moreover, the boards of directors of the Funds, which are comprised of a majority of directors who are not affiliated with the Price Advisers, annually review and approve the Price Advisers’ proxy voting policies. Any material changes to those policies are also reported to the boards annually. These legal disclosure and approval requirements evidence the Commission’s recognition of the role of proxy voting in the contractual relationship between client and adviser, or, as here, Clients and the Price Advisers.

To satisfy its fiduciary duty in making any voting determination, the investment adviser must make the determination in the best interest of the client and must not place the investment adviser’s own interests ahead of the interests of the client.

If you [i.e., the investment adviser] have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.

See Advisers Act Rule 204-3.
c. Proxy Voting Is an Investment Management Service

Accordingly, the Price Advisers’ proxy voting policies and voting activities constitute an integral part of the investment management services that the Price Advisers provide to their Clients under their advisory contracts, and they are the basis on which Clients (including the Funds and their boards) contractually agree to delegate proxy voting authority to the Price Advisers. A Client may retain the authority to vote certain types of proxies or may revoke Price Advisers’ authority to vote proxies of Portfolio Companies and vote its own proxies in accordance with any criteria it chooses. See Staff Legal Bulletin No. 20 (IM/CF). In the absence of specific direction from their Clients, however, the Price Advisers and their Clients are entitled to contractually rely on the Price Advisers to vote the proxies of Portfolio Companies solely in accordance with the Price Advisers’ disclosed proxy voting policies.

d. Proxy Voting Records

Pursuant to Rule 30b1-4 of the Investment Company Act of 1940, as amended (the “1940 Act”) every registered management investment company, including mutual funds, exchange traded funds and others (each an “Investment Company”), is required to disclose each year how they vote proxies relating to portfolio securities they hold. Not later than August 31st of each year, each Investment Company must file with the Commission a report known as Form N-PX, containing the Investment Company’s complete proxy voting record for the most recent 12-month period ended June 30th. An Investment Company’s proxy voting record is available from such Investment Company and on the Commission’s website. Investment Companies must make the information disclosed in their most recently filed Form N-PX available to shareholders either on their website or upon request by calling a specified toll-free (or collect) telephone number. In addition, information about how a mutual fund provides its proxy voting record to shareholders is included in its annual or semi-annual report to shareholders, or its statement of additional information, which is part of its registration statement.

Investment Companies must disclose the following information on Form N-PX for each matter relating to a portfolio security considered at a shareholder meeting and on which the fund is entitled to vote:

- the name of the issuer of the portfolio security;
- the exchange ticker symbol of the portfolio security;
- the Committee on Uniform Security Identification Procedures number for the portfolio security;
- the shareholder meeting date;
- a brief identification of the matter voted on;
- whether the matter was proposed by the issuer or a security holder;
- whether the fund cast its vote on the matter;
- how the fund cast its vote (for example, for or against the proposal, or abstain; for or withhold regarding election of directors); and
- whether the fund cast its vote for or against management.

This vote transparency requirement is unique to Investment Companies, as other institutional investors, including unregistered pooled vehicles and retirement plans, are not subject to similar specific, mandatory disclosure requirements.
In addition, Investment Companies that invest in voting securities are required to disclose the policies and procedures that they use to determine how to vote proxies relating to securities held in their portfolios. These policies and procedures are included in the fund’s SAI.

3. The Proxy Voting Policies Are Not the Company's

The proxy votes the Proposal references ultimately belong to the Price Advisers’ Clients, who have contractually retained the Price Advisers to manage their assets, and who have delegated their proxy voting authority to the Price Advisers, based in part on the Price Advisers’ publicly disclosed proxy voting policies. Clients review and monitor the Price Advisers’ proxy voting activities and retain the power to direct the Price Advisers’ in their exercise of voting authority. The Company is not a party to those contracts, and these contracts may require Client consent in order to impose new terms or revised voting policies, including, as explained in the supporting statement, undertaking “real-time proxy voting disclosure” so as to “allow easy comparison of voting records.” The Company and its board of directors (the “Board”) do not have any power or authority regarding the terms of a Client’s delegation of proxy voting authority to the Price Advisers, or the actual exercise of that proxy voting authority by Price Advisers. Rather, it is the Clients themselves who choose to delegate investment decision-making process and discretionary proxy voting in connection with those investments to Price Advisers, and who monitor and receive reports on the Price Advisers’ performance in this regard. The Proponent is not a Client of Price Advisers and the Proposal seeks information and explanations relating to the Price Advisers’ voting policies that do not pertain to the Company or the Proponent’s relationship as a shareholder of the Company.

III. The Proposal Deals With Matters Relating to the Company’s Ordinary Business Operations

It is the Company’s view that the Proposal may be properly omitted in reliance on Rule 14a-8(i)(7) because it relates to the Company’s ordinary business operations (proxy voting as part of the investment process of Price Advisers).

Rule 14a-8(i)(7) permits a company to exclude from its proxy materials a shareholder proposal that “deals with a matter relating to the company’s ordinary business operations.” According to the Commission’s release accompanying the 1998 amendments to Rule 14a-8, the term “ordinary business” refers to matters that are not necessarily “ordinary” in the common meaning of the word, but instead the term “is rooted in the corporate law concept [of] providing management with flexibility in directing certain core matters involving the company’s business and operations.” Exchange Act Release No. 34-40018 (May 21, 1998) (the “1998 Release”). The Commission explained that the underlying policy of the ordinary business exclusion is “to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholder meeting.” The Commission also noted that the ordinary business exclusion rests on two central considerations: first, that “certain tasks are so fundamental to management’s ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight”; and second, the degree to which the proposal attempts to “micro-manage” a company by “probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” A proposal may involve micro-management if it “involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies.” Id. Determinations as to the excludability of proposals on the basis of micro-management “will be made
on a case-by-case basis, taking into account factors such as the nature of the proposal and the circumstances of the company to which it is directed.” Id. As recently explained by the Staff, the consideration of the excludability of a proposal based on micro-management “looks only to the degree to which a proposal seeks to micromanage” and does not focus on the subject matter of the proposal. Staff Legal Bulletin No. 14J (Oct. 23, 2018) ("SLB 14J"). The Staff further explained in SLB 14J that “Unlike the first consideration [of the ordinary business exclusion], which looks to a proposal’s subject matter, the second consideration looks only to the degree to which a proposal seeks to micro-manage. Thus, a proposal that may not be excludable under the first consideration may be excludable under the second if it micro-manages the company.” Moreover, under Rule 14a-8(i)(7), a proposal that seeks to micro-manage a company’s business operations is excludable even if it touches on a significant policy issue.

Framing a shareholder proposal in the form of a request for a report does not change the nature of the proposal. The Commission has stated that a proposal requesting the dissemination of a report may be excludable under Rule 14a-8(i)(7) if the subject matter of the report is within the ordinary business of the issuer. See Exchange Act Release No. 20091 (Aug. 16, 1983) (the “1983 Release”) (“[T]he staff will consider whether the subject matter of the special report or the committee involves a matter of ordinary business; where it does, the proposal will be excludable under Rule 14a-8(c)(7)”), and Johnson Controls, Inc. (avail. Oct. 26, 1999) (“[Where] the subject matter of the additional disclosure sought in a particular proposal involves a matter of ordinary business ... it may be excluded under [R]ule 14a-8(i)(7).”). See also Ford Motor Co. (avail. Mar. 2, 2004) (concurring with the exclusion of a proposal requesting that the company publish a report about global warming/cooling).

A. The Proposal Seeks to Micro-Manage the Company

It is the Company’s view that the Proposal may be properly omitted in reliance on Rule 14a-8(i)(7) because the Staff has repeatedly recognized that a proposal that seeks to micro-manage the determinations of a company’s management regarding day-to-day decisions is excludable under Rule 14a-8(i)(7) as a component of “ordinary business.”

The Proposal requests the Board to prepare a report on the feasibility of announcing its proxy votes in advance of annual shareholder meetings in a sortable format on the internet. The supporting statement incorrectly explains that the Company “must currently file an annual report on SEC Form N-PX containing the Company’s proxy voting record” and that these N-PX filings are not “fit for their intended purposes.” As described above, all Investment Companies must file with the Commission a Form N-PX, containing the fund’s complete proxy voting record for the most recent 12-month period. The Company does not make these filings, rather the Price Advisers’ Clients which are required to make filings with the Commission, make their respective disclosures in compliance with the applicable Commission rules.

As described above, the proxy votes the Proposal references ultimately belong to the Price Advisers’ Clients, who have contractually retained the Price Advisers to manage their assets, and who have delegated their proxy voting authority to the Price Advisers, based in part on the Price Advisers’ publicly disclosed proxy voting policies. Clients review and monitor the Price Advisers’ proxy voting activities and retain the power to direct the Price Advisers’ in their exercise of voting authority. The Company is not a party to those contracts, and in order to impose new terms or to revise proxy voting policies, including, as explained in the supporting statement, undertaking “real-time proxy voting disclosure” so as to “allow easy comparison of voting records”, we believe the Client’s consent would be
required. The Company and its Board do not have any power or authority regarding the terms of a Client’s delegation of proxy voting authority to the Price Advisers.

The Commission stated in the 1998 Release that one of the considerations underlying the ordinary business exclusion in Rule 14a-8(i)(7) was “the degree to which the proposal seeks to ‘micro-manage’ the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” The 1998 Release further states, “[t]his consideration may come into play in a number of circumstances, such as where the proposal involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies.” In addition, Staff Legal Bulletin No. 14K (Oct. 16, 2019) ("SLB 14K") clarified that in considering arguments for exclusion based on micro-management, the Staff looks to see “whether the proposal . . . imposes a specific strategy, method, action, outcome or timeline for addressing an issue, thereby supplanting the judgment of management and the board”. Furthermore, the Staff noted that if a proposal “potentially limit[s] the judgment and discretion of the board and management, the proposal may be viewed as micro-managing the company.”

The Staff has previously concurred in the exclusion of proposals as micro-managing the company where the proposal seeks to require stockholder approval of activities typically within the purview of the board and management. In Walgreens Boots Alliance, Inc. (Young) (Nov. 20, 2018), the proposal requested that any open market share repurchase program or stock buyback be approved by stockholders prior to becoming effective. The company asserted that although the proposal did not specify any terms or conditions of any particular repurchase program, it would subject the terms of each and every stock repurchase program to stockholder approval and would effectively give complete “control over the implementation, or lack thereof, of any stock repurchase program that management and the Board [would] have approved” and “would permit stockholders to dictate the terms of any stock repurchases undertaken by the [c]ompany.” In concurring in exclusion, the Staff stated that “the [p]roposal micro-manages the [c]ompany” and noted in particular that “the [p]roposal would make each new share repurchase program and each and every stock buyback dependent on shareholder approval.” See also Royal Caribbean Cruises Ltd. (Mar. 14, 2019) (concurring in exclusion of a proposal substantially similar to the proposal in Walgreens); Abbot Laboratories (Oxfam America) (Feb. 28, 2019) (concurring in exclusion of a proposal requesting compensation committee approval of sales of compensation shares by senior executives during buybacks as micro-management and an explanation for the compensation committee’s decision in the proxy statement because “the [p]roposal would require the compensation committee to approve each sale . . . [and] include explanatory disclosure in the proxy statement describing how the committee concluded that approving the sale was in the [c]ompany’s long-term best interest”). In addition, SLB14J reminded companies that micro-management remains a potential basis to exclude a proposal under Rule 14a-8(i)(7). Specifically, the Staff explained that a proposal micro-manages a company when it “involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies.” The Staff indicated that the micro-management basis of exclusion “also applies to proposals that call for a study or report” and, therefore, a proposal that seeks an intricately detailed study or report may be excluded on micro-management grounds. Further, the Staff stated that it “would, consistent with Commission guidance, consider the underlying substance of the matters addressed by the study or report” to determine whether a proposal involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies.”

The Staff has previously determined that certain proposals relating to oversight of the company’s ordinary business affairs sought to micromanage the company by replacing the judgment of the board. In
Amazon.com, Inc. (Oxfam America) (Apr. 3, 2019), the proposal requested human rights impact assessments for certain food products sold by the company. The company argued that it had already carefully evaluated the most impactful means for addressing sustainability implications of its businesses, including those related to human rights considerations in its supply chain, and had already undertaken numerous initiatives to address [the] issue [raised in the proposal] in ways that the [c]ompany believed were best.” In concurring in exclusion, the Staff noted that “the [p]roposal would micromanage the [c]ompany by seeking to impose specific methods for implementing complex policies in place of the ongoing judgments of management as overseen by its board of directors” (emphasis added). See also Amazon.com, Inc. (Mar. 20, 2013) (concurring in exclusion on micromanagement grounds where the proposal requested the board hold a competition for giving public advice related to voting items in the company’s 2014 proxy); and General Electric Co. (Jan. 25, 2012, recon. denied Apr. 16, 2012) (concurring in exclusion on micromanagement grounds where the proposal sought procedural changes to the method by which the company would evaluate the performance of its independent directors).

In the instant matter, the Proposal appears to relate to the “[r]apid disclosure and reporting of proxy votes” and while the Clients follow the Commission’s rules and make the required filings with the Commission, including filing the N-PX with the disclosure mandated by the Commission rules, the Proposal would require the Company to disclose the votes of the Clients on a “real-time” basis in advance of each annual shareholder meeting. The supporting statement appears to indicate that such disclosure should be made sufficiently in advance of the shareholder meeting so that shareholders could “evaluate how closely fund managers follow their stated proxy voting policies, and to react adversely to fund managers who vote inconsistently with these policies.” In other words, the Proposal has detailed methods of what it expects the Company to undertake and has a detailed timeline pursuant to which the Company must meet this request. As a result, the Proposal micro-manages the Company since it “imposes a specific strategy, method, action, outcome or timeline for addressing an issue, thereby supplanting the judgment of management and the board”. Specifically the Proposal seeks to remove from the Company and its management the decision on disclosing the Price Advisers’ Clients votes on proxy matters, in advance of when the Clients would be required to by law.

B. The Proposal Relates to Matters That Squarely Fall Within the Company’s Ordinary Business Operations

The Staff has consistently permitted the exclusion of proposals under Rule 14a-8(i)(7) that are directed at specific resource allocation choices by management. See TJX Companies, Inc. (April 16, 2018) (excluding a proposal requesting an animal welfare policy be applied to all stores, merchandise and suppliers); Home Depot, Inc. (Mar. 21, 2018) (allowing the company to exclude a proposal encouraging the company to end the sale of glue traps); Comcast Corporation (Mar. 2, 2017) (omitting a proposal requesting report on the company’s use of funds on politicized news media); Amgen Inc. (Jan. 13, 2017) (excluding a proposal requesting report on company’s top ten prescription drugs, including rationales and criteria for price increases); Dominion Resources, Inc. (Feb. 19, 2014) (allowing the company to exclude a proposal requesting the creation of a committee that includes renewable energy experts and gives information about use of renewable energy); and The Home Depot, Inc. (Mar. 18, 2011) (omitting a proposal requesting that the company list the recipients of corporate charitable contributions of $5,000 or more on the company website). Even a proposal that is ostensibly general in scope may be excludable where its supporting statement makes clear that the proponent is seeking to influence the company’s financial choices with respect to specific projects. Pfizer, Inc. (February 12, 2007) (proposal requesting that the company publish all charitable contributions on its website, where the supporting statement
Specifically mentioned Planned Parenthood and other charitable groups involved in abortions and same-sex marriages; General Electric Co. (January 10, 2005) (proposal setting executive compensation, where the supporting statement showed intent to discuss alleged link between teen smoking and depictions in movies).

Additionally, in accordance with the policy considerations underlying the ordinary business exclusion, the Staff has consistently permitted exclusion under Rule 14a-8(i)(7) of shareholder proposals relating to the products and services offered for sale by a company. In Dominion Resources, Inc. (Feb. 22, 2011), for example, the proposal requested that the company offer certain customers the option of “directly purchasing electricity generated from 100% renewable energy by 2012.” The proposal’s supporting statement specifically noted that offering renewable energy to customers would be “economically desirable” for the company, enhance the company’s “image as a good corporation citizen” and have many other “beneficial effects” on the company. In granting relief to exclude the proposal under Rule 14a-8(i)(7), the Staff concluded that the proposal was related to the ordinary business matter of “products and services that the company offers.” See also, e.g., Wells Fargo & Co. (Jan. 28, 2013, recon. Denied Mar. 4, 2013) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting a report discussing the adequacy of the company’s policies in addressing the social and financial impacts of the company’s direct deposit advance lending service, noting that the proposal “relates to products and services offered for sale by the company”); FMC Corp. (Feb. 25, 2011, recon. Denied Mar. 16, 2011) (permitting exclusion under Rule 14a-8(i)(7) of a proposal seeking, among other things, an immediate moratorium on sales and a withdrawal from the market of a specific pesticide, as well as other pesticides “where there is documented misuse of products harming wildlife or humans, until [the company] effectively corrects such misuse,” and a “report . . . addressing all documented product misuses worldwide . . . and proposing changes to prevent further misuse,” noting that the proposal “relates to the products offered for sale by the company”).

The Company and its Board do not have any power or authority regarding the terms of a Client’s delegation of proxy voting authority to the Price Advisers. The Company is a financial services holding company that provides global investment management services through its subsidiaries to investors worldwide. As global investment managers, the Price Advisers are responsible for managing Clients’ assets in light of potential risks and opportunities in the market and in light of the investment objectives, policies, and restrictions specified by the Clients. As the Commission has previously noted, proxy voting is an essential element of the investment process undertaken by investment advisers like Price Advisers. Furthermore, the “real-time” nature of the reporting could reveal sensitive proprietary information about securities that the Price Advisers’ Clients hold, but which have not been publicly disclosed. For mutual funds, this would conflict with SEC rules regarding public disclosure of fund holdings and potentially run counter to the funds’ best interests (i.e., early vote disclosure could allow for front-running and free riding). This would interfere with the Company’s ordinary business and more importantly, potentially harm the Clients. By removing decision making authority from the Price Advisers and the management of the Company concerning the disclosure of the Clients’ votes, through the creation of a new disclosure method, the Proposal seeks to dictate how Price Advisers manages proxy voting, which is part of management’s day-to-day running of the Price Advisers.

C. The Proposal Does Not Relate to a Social Policy Issue
A plain reading of the Proposal’s text suggests that the principal concern of the Proposal is management’s ordinary business decisions regarding day-to-day affairs. Accordingly, the Proposal fails to transcend the Company’s ordinary business operations.

For all the reasons stated above, the Company believes the Proposal is properly excludable under Rule 14a-8(i)(7).

IV. The Proposal has been substantially implemented

Rule 14a-8(i)(10) permits a company to exclude a shareholder proposal if the company has already substantially implemented the proposal. The Commission has stated that “substantial” implementation under the rule does not require implementation in full or exactly as presented by the proponent. See Exchange Act Release No. 34-40018 (May 21, 1998, n.30). The Staff has provided no-action relief under Rule 14a-8(i)(10) when a company has substantially implemented and therefore satisfied the “essential objective” of a proposal, even if the company did not take the exact action requested by the proponent, did not implement the proposal in every detail or exercised discretion in determining how to implement the proposal. Accordingly, the actions requested by a proposal need not be “fully effected” provided that they have been “substantially implemented” by the company. See 1983 Release.

Applying this standard, the Staff has consistently permitted the exclusion of a proposal under Rule 14a-8(i)(10) when it determined that the company’s policies, practices and procedures or public disclosures compare favorably with the guidelines of the proposal. See, e.g., United Cont’l Holdings, Inc. (Apr. 13, 2018); eBay Inc. (Mar. 29, 2018); Kewaunee Scientific Corp. (May 31, 2017); Wal-Mart Stores, Inc. (Mar. 16, 2017); Dominion Resources, Inc. (Feb. 9, 2016); Ryder Sys., Inc. (Feb. 11, 2015). In addition, the Staff has permitted exclusion under Rule 14a-8(i)(10) where a company already addressed the underlying concerns and satisfied the essential objectives of the proposal, even if the proposal had not been implemented exactly as proposed by the proponent. In Wal-Mart Stores, Inc. (Mar. 30, 2010), for example, the proposal requested that the company adopt six principles for national and international action to stop global warming. The company argued that its Global Sustainability Report, available on the company’s website, substantially implemented the proposal. Although the report referred to by the company set forth only four principles that covered most, but not all, of the issues raised by the proposal, the Staff concluded that the company had substantially implemented the proposal. See also, e.g., Oshkosh Corp. (Nov. 4, 2016) (permitting exclusion under Rule 14a-8(i)(10) of a proposal requesting six changes to the company’s proxy access bylaw, where the company amended its proxy access bylaw to implement three of six requested changes); MGM Resorts Int’l (Feb. 28, 2012) (permitting exclusion under Rule 14a-8(i)(10) of a proposal requesting a report on the company’s sustainability policies and performance and recommending the use of the Governance Reporting Initiative Sustainability Guidelines, where the company published an annual sustainability report that did not use the Governance Reporting Initiative Sustainability Guidelines or include all of the topics covered therein); and Alcoa Inc. (Feb. 3, 2009) (permitting exclusion under Rule 14a-8(i)(10) of a proposal requesting a report that describes how the company’s actions to reduce its impact on global climate change may have altered the current and future global climate, where the company published general reports on climate change, sustainability and emissions data on its website).

In this instance, the core of the Proposal, or its “essential objective,” is for the Company to disclose “its proxy votes” in a particular manner. As noted above, where required, the Price Advisers’
Clients make their respective filings with the Commission in compliance with the applicable Commission rules. In addition, each Client that is an Investment Company, files with the Commission its Form N-PX no later than August 31st of that year, containing its complete proxy voting record for the most recent 12-month period ended June 30th. As such, where required by the Commission, the Price Advisers’ Clients already disclose their proxy votes.

For all the reasons stated above, the Company believes the Proposal is properly excludable under Rule 14a-8(i)(10).

V. The Proposal is so inherently vague and indefinite as to be materially misleading in violation of Rule 14a-9

The Company may omit the Proposal pursuant to Rule 14a-8(i)(3) because the Proposal fails to define key terms and therefore is so inherently vague and indefinite as to be materially misleading.

Under Rule 14a-8(i)(3), a proposal may be excluded if the resolution or supporting statement is contrary to any of the Commission’s proxy rules or regulations. The Staff has consistently taken the view that shareholder proposals that are “so inherently vague or indefinite that neither the shareholders voting on the proposal, nor the company in implementing the proposal (if adopted), would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires” are materially false and misleading. Staff Legal Bulletin No. 14B (CF) (September 15, 2004). See also Dyer v. SEC, 287 F.2d 773, 781 (8th Cir. 1961) (“[I]t appears to us that the proposal, as drafted and submitted to the company, is so vague and indefinite as to make it impossible for either the board of directors or the shareholders at large to comprehend precisely what the proposal would entail.”).

The Staff has consistently concurred in the exclusion of proposals that fail to define key terms. See Cisco Systems, Inc. (Oct. 7, 2016) (proposal where several key terms were left undefined and subject to numerous possible interpretations); Alaska Air Group, Inc. (Mar. 10, 2016) (proposal requiring the company to honor shareholder right “to disclosure identification and contact information” while failing to provide a standard by which to measure those rights); General Electric Company (Jan. 15, 2015) (proposal that encouraged the company to follow “SEC Staff Legal Bulletin No. 14C”); Home Depot, Inc. (Mar. 12, 2014) (proposal requiring publication of an annual Sustainability Report establishing metrics and “benchmark objective footprint information” while failing to define the meaning of that phrase); Wendy’s International Inc. (Feb. 24, 2006) (proposal where the term “accelerating development” was found to be unclear); Peoples Energy Corporation (Nov. 23, 2004) (permitting exclusion of a proposal where the term “reckless neglect” was found to be unclear); and Exxon Corporation (Jan. 29, 1992) (proposal regarding board member criteria subject to exclusion because vague terms were subject to differing interpretations).

A proposal may also be vague, and thus materially misleading, when it fails to address essential aspects of its own implementation. For example, the Staff has allowed the exclusion of several executive compensation proposals where a crucial term relevant to implementing the proposal was not clear. See The Boeing Company (Jan. 28, 2011, recon. granted March 2, 2011) (proposal requesting, among other things, that senior executives relinquish certain “executive pay rights” because the proposal did not sufficiently explain the meaning of the phrase); General Electric Company (Jan. 21, 2011) (proposal requesting that the compensation committee make specified changes was vague because, when applied to the company, neither the shareholders nor the company would be able to determine exactly what actions
As noted above, there are some fundamental flaws in the Proposal, including lack of clarity and vagueness. Specific examples include:

- The Proposal specifically asks that “the “Board” prepare a report on the feasibility of “its proxy votes...””. As noted, it is not clear what proxy votes the proposal relates to as the Company does not vote proxies for Portfolio Companies and the Board has no responsibility for proxy votes and does not engage in proxy voting. In fact, the proxy votes are not those of the Company, but rather pertain to securities owned by Clients of Price Advisers. This lack of clarity could confuse those who understand the Company’s business, like its shareholders, since they would understand that the Company does not vote proxies.

- The Proposal requests the report be made available to “stockholders and investors”. The reference to investors is vague and not clear. Investors could be referring to the Price Advisers’ Clients; however, as noted above, the Clients already have the opportunity to review how their proxy votes are conducted. Alternatively, investors could refer to the investors in the Portfolio Companies, or to other investors in stocks in general. Each of these parties may have an interest in the subject matter underlying the Proposal, but since the Proposal lacks specificity as to whom investors refers, it would be difficult for the Company’s shareholders to determine the merits for approving the Proposal.

- The Proposal in no way addresses how reporting on voting “in advance” may impact proxy voting. The Proposal does not discuss if the Company would need to update the disclosure concerning votes in the event of a vote change prior to the meeting. In many cases voting is a dynamic process and subject to change as new information is provided.

- The Proposal makes no mention of the consideration of the costs, benefits and implications of advance reporting of proxy voting. It only asks for a report on the “feasibility” of announcing votes in advance a meeting. As mentioned previously, certain Clients already report their proxy votes, in accordance with applicable law; however, the additional expense of real-time reporting, the benefits of such early reporting, and the impact such reporting would have on the Clients, Price Advisers and the Company, were not requested through the Proposal. Because “feasibility” is a vague term, it could cause confusion as to what exactly the Company is being asked to prepare and what the shareholders are being requested to approve.

For these reasons, “any action ultimately taken by the Company upon implementation [of the Proposal] could be significantly different from the actions envisioned by the shareholders voting on the Proposal” (Fuqua Industries, Inc. (Mar. 12, 1991)). For all the reasons stated above, the Company believes the Proposal is properly excludable under Rule 14a-8(i)(3).

VI. The Proposal is designed to further a personal interest of the Proponents, which is not shared by other shareholders at large
The Company may omit the Proposal pursuant to Rule 14a-8(i)(4) because the Proposal is designed to further a personal interest of the Proponents, which is not shared by other shareholders at large.

Shareholder proposals that relate to the redress of a personal claim or grievance against a company or are designed to further a personal benefit to the proponent, which benefits are not shared by other shareholders at large, may be excluded pursuant to Rule 14a-8(i)(4). In adopting this rule, the Commission stated that it “does not believe that an issuer’s proxy materials are a proper forum for airing personal claims or grievances.” Exchange Act Release No. 34-12999 (Nov. 22, 1976). The Commission also has stated that Rule 14a-8(i)(4) is intended to “insure that the security holder proposal process [is] not abused by proponents attempting to achieve personal ends that are not necessarily in the common interest of the issuer’s shareholders generally.” Exchange Act Release No. 34-20091 (Aug. 16, 1983). The Commission also has noted that Rule 14a-8 “is not intended to provide a means for a person to air or remedy some personal claim or grievance or to further some personal interest” and that “such use of the security holder proposal procedures is an abuse of the security holder proposal process, and the cost and time involved in dealing with these situations do a disservice to the interests of the issuer and its security holders at large.” Exchange Act Release No. 34-19135 (Oct. 14, 1982).

As noted in the Proposal, Mr. McRitchie, a Proponent, has submitted to the Commission a rulemaking petition concerning the same subject matter requested in the Proposal. To date, the Commission has not created new rules in response to such request. The Proposal, if approved by the Company’s stockholders, could lead to the Company reporting proxy voting in real-time, which would be in line with Mr. McRitchie’s rulemaking request to the Commission. This “personal” benefit is not shared by the Company’s other shareholders, and Mr. McRitchie should not use a proposal to the Company and its Board to advance his personal agenda for additional disclosure regarding proxy voting. The Company, therefore, believes that the Proposal is properly excludable under Rule 14a-8(i)(4).

VII. The Company Lacks the Power or Authority to Implement the Proposal.

The Proposal may be omitted from the 2019 Proxy Materials under Rule 14a-8(i)(6) because the Company lacks the power or authority to implement the Proposal.

The Commission has stated that exclusion under Rule 14a-8(i)(6) “may be justified where implementing the proposal would require intervening actions by independent third parties.” Exchange Act Release No. 40018 at n.20 (May 21, 1998). In particular, the Staff consistently has concurred with the exclusion of proposals requiring action by an entity over which the company to whom the proposal was submitted has no control. As described above, the Company and its Board do not have authority to direct Price Advisers how to vote. The Company is a financial services holding company that provides global investment management services through its subsidiaries to investors worldwide. As global investment managers, the Price Advisers are responsible for managing Clients’ assets in light of potential risks and opportunities in the market and in light of the investment objectives, policies, and restrictions specified by the Clients. The manner in which the Price Advisers and the Clients interact are based on contractual obligations. The Clients have contractually retained the Price Advisers to manage their assets and have delegated their proxy voting authority to the Price Advisers pursuant to those contracts. The Company is not a party to those contracts, and in order to amend those contracts to impose new terms, fees or revised
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voting policies, including the disclosure of the Clients votes in advance of a shareholder meeting, we believe a Client’s consent would be required.

Furthermore, the Company lacks the power or authority to implement the Proposal because it could result in a breach of the Company’s existing contractual obligations. The Staff has consistently taken the position that “[p]roposals that would result in the company breaching existing contractual obligations may be excludable under ... rule 14a-8(i)(6) ... because implementing the proposal ... would not be within the power or authority of the company to implement.” Staff Legal Bulletin No. 14B (Sept. 15, 2004). See also, e.g., Cigna Corporation (Jan. 24, 2017) (expressing the view that a proxy access proposal that would violate the interim operating covenants of a merger agreement to which the company was a party could be excluded under Rule 14a-8(i)(6)); and Comcast Corporation (Mar. 17, 2010) (expressing the view that a proposal regarding an equity holding requirement policy for executives that conflicted with existing contracts between the company and such executives could be excluded as drafted under Rule 14a-8(i)(6)). As noted above, the Company is not a party to the contracts between Price Advisers and its Clients, and the disclosure of the Clients votes’ in advance of a shareholder meeting, may breach those contracts, if not done with the Clients’ consent.

For all the reasons noted above, the Company believes that the Proposal is properly excludable under Rule 14a-8(i)(6).

CONCLUSION

For the reasons discussed above, we respectfully request that the Staff concur with the Company's view and confirm that it will not recommend enforcement action to the Commission if the Company excludes the Proposal from its 2020 Proxy Materials.

If you have any questions or need additional information, please feel free to contact me at (410) 577-5037.

Sincerely,

Jean-Marc Corredor  
Vice President, Senior Legal Counsel

cc: John Chevedden  
David Oestreicher, T. Rowe Price Group, Inc. (David.Oestreicher@troweprice.com)  
Pamela Conover, T. Rowe Price Group, Inc. (Pamela.Conover@troweprice.com)  
Robert W. Smith, Jr., DLA Piper (Jay.Smith@dlapiper.com)  
Sanjay Shirodkar, DLA Piper (sanjay.shirodkar@dlapiper.com)
Office of Chief Counsel
Division of Corporate Finance
U.S. Securities and Exchange Commission
January 1, 2020

EXHIBIT A
Dear Corporate Secretary,

As a long-time shareholder of the T. Rowe Price Group, I believe our company has unrealized potential that can be unlocked by adopting the attached proposal, *Proxy Vote Disclosure*.

My proposal is for the next annual shareholder meeting. I will meet Rule 14a-8 requirements including the continuous ownership of the required stock value until after the date of the respective shareholder meeting. My submitted format, with the shareholder-supplied emphasis, is intended to be used for definitive proxy publication.

This is my delegation to John Chevedden and/or his designee to forward this Rule 14a-8 proposal to the company and to act as my agent regarding this Rule 14a-8 proposal, negotiations and/or modification, and presentation of it for the forthcoming shareholder meeting.

Please direct all future communications regarding my rule 14a-8 proposal to John Chevedden (PH: *** to facilitate prompt and verifiable communications. Please identify me exclusively as the lead filer of the proposal.

This letter does not cover proposals that are not rule 14a-8 proposals. This letter does not grant the power to vote. Your consideration and the consideration of the Board of Directors is appreciated in support of the long-term performance of our company. Please acknowledge receipt of my proposal promptly by email to ***

Sincerely,

James McRitchie

November 8, 2019

Date

cc: Pamela Conover, T. Rowe Price Group, Inc. (Pamela_Conover@troweprice.com)
RESOLVED, T. Rowe Price Group, Inc. (TROW) shareholders request the board of directors (the "Board") prepare a report on the feasibility of announcing its proxy votes in advance of annual shareholder meetings in a sortable format on the internet. The requested report should be available to stockholders and investors within six months, unless the Board determines and explains why a reasonable delay is warranted.

Supporting Statement: TROW must currently file an annual report on SEC Form N-PX containing the Company's proxy voting record. However, N-PX filings are not fit for their intended purpose. Filings do not "enable fund shareholders to monitor their funds' involvement in the governance activities of portfolio companies." Filings do not shed light on mutual fund voting to "illuminate potential conflicts of interest and discourage voting that is inconsistent with fund shareholders' best interests." They do not enable shareholders to "evaluate how closely fund managers follow their state proxy voting policies, and to react adversely to fund managers who vote inconsistently with these policies." See Final Rule: Disclosure of Proxy Voting Policies and Proxy Voting Records by Registered Management Investment Companies, Modified September 23, 2003 (https://www.sec.gov/rules/final/33-8188.htm).

Real-time proxy voting disclosure by TROW would allow easy comparison of voting records. It would strengthen corporate governance by facilitating the ability of shareholders and investors in determine if shares are voted in our best interest. Directors could more easily be held accountable to the corporate governance objectives outlined by the SEC in its 2003 rulemaking.

Rapid disclosure and reporting of proxy votes would also foster real dialogue on the issues faced by corporations and investors. Funds would begin to compete not only on the basis of cost and returns but also based on how proxy votes align with the values of Main Street investors and Mr. and Ms. 401(k). By announcing its proxy votes in advance of annual shareholder meetings in a sortable format on the internet our Company might gain a competitive advantage over other funds that vote their proxies less conscientiously.


Increase shareholder value
Proxy Voting Disclosure – Proposal [4*]
[This line and any below are not for publication]
Number 4* to be assigned by TROW
James McRitchie, sponsors this proposal.

Notes:
This proposal is believed to conform with Staff Legal Bulletin No. 14B (CF), September 15, 2004 including (emphasis added):

Accordingly, going forward, we believe that it would not be appropriate for companies to exclude supporting statement language and/or an entire proposal in reliance on rule 14a-8(l)(3) in the following circumstances:

* the company objects to factual assertions because they are not supported;
* the company objects to factual assertions that, while not materially false or misleading, may be disputed or countered;
* the company objects to factual assertions because those assertions may be interpreted by shareholders in a manner that is unfavorable to the company, its directors, or its officers; and/or
* the company objects to statements because they represent the opinion of the shareholder proponent or a referenced source, but the statements are not identified specifically as such.

**We believe that it is appropriate under rule 14a-8 for companies to address these objections in their statements of opposition.**

See also: Sun Microsystems, Inc. (July 21, 2005).

The stock supporting this proposal will be held until after the annual meeting and the proposal will be presented at the annual meeting. Please acknowledge this proposal promptly by email [***].