

October 29, 2002

VIA E-MAIL AND U.S. MAIL

Professional Standards and Advocacy
Association for Investment Management and Research
P.O. Box 3668
Charlottesville, Virginia 22903
E-mail: standardsetting@aimr.org

Re: GIPS Guidance Statement

Ladies and Gentlemen:

T. Rowe Price Associates, Inc., T. Rowe Price International, Inc., and T. Rowe Price Global Asset Management Limited, (the “**Price Advisers**”) appreciate the opportunity to comment on the proposed Association for Investment Management and Research (“**AIMR**”) Guidance Statement on the Use of Supplemental Information (the “**Guidance Statement**”). As of September 30, 2002, the Price Advisers have over \$131 billion in assets under management, and employ over 70 Chartered Financial Analysts.

We generally support the guiding principles on the use of supplemental information. However, we are concerned that the Guidance Statement goes far beyond regulating performance information in adviser advertising. We believe the definition of “supplemental information” is overly broad and would regulate advertisement content far beyond current requirements. To the extent AIMR is compelled to provide guidance on supplemental information, we urge AIMR to take a more narrow view of what constitutes supplemental information. In this regard, we strongly support the comment letters submitted by the Investment Counsel Association of America and the Investment Company Institute. Our specific comments are discussed below.

Definition of Supplemental Information.

Supplemental information is defined as any performance-related information that supplements or enhances a GIPS-compliant presentation, but does not include general information regarding the firm or investment strategy or process. Such a sweeping definition captures a vast amount of information that advisers provide to clients, prospects and consultants, and would be difficult to police adequately. Each piece of information would need to be identified as supplemental and referenced to a compliant presentation. For a large investment management firm, this would mean that thousands of pages of information would need to be reviewed for compliance with the definition. Instead, we believe AIMR should focus the definition around performance returns. The

examples of supplemental information provided in the release make clear the overly broad nature of the proposed definition. Under the Guidance Statement, supplemental information would include, but not be limited to: attribution, sector/country weighting; specific holdings information, peer group comparison, model results, charts and graphs, carved out returns excluding cash, risk analysis, and representative client type returns. Each piece of information must be labeled and identified as supplemental to a particular composite. This requirement would result in marketing kits and client communications being littered with AIMR footnote disclosures that would not serve any meaningful purpose. Further, we fail to see how AIMR can consider attribution, sector/country weightings, and specific holdings information to be performance related. We are also concerned with the statement that “charts and graphs” are performance related. The idea that *any* chart or *any* graph could be considered performance related is disconcerting. As noted above, we believe the definition should focus instead on “performance returns.” Under such a definition, model results, carved out returns, and representative client type returns would all be deemed to be supplemental performance information. By focusing on performance returns, we believe the definition of supplemental performance would provide more clarity for advisers. We also believe such a definition would enhance adviser compliance with the standards.

GIPS Verification

The proposal asks whether supplemental information should be excluded from GIPS verification. In our view, supplemental information should not be subject to verification under the GIPS standards. The provision of supplemental information is by its nomenclature supplemental. Requiring supplemental information to be verified will result in additional auditing expenses. We note that supplemental information will continue to be subject to the guiding principles of the Guidance Statement on the Use of Supplemental Information as well as anti-fraud provisions under State and Federal law.

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We thank you for the opportunity to comment on AIMR’s proposed Guidance Statement addressing the use of supplemental information. If you require additional information, please contact Nancy Morris at (410) 345-4976.

Sincerely,

Henry H. Hopkins

Nancy M. Morris

