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Filed Electronically

September 6, 2016

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

Re: Adviser Business Continuity and Transition Plans Proposal (File No. S7-13-16)

Dear Mr. Fields:

T. Rowe Price Associates, Inc.[1] appreciates the opportunity to comment on the above-referenced proposal (the "**Proposal**") by the Securities and Exchange Commission (the "**SEC**") that would require SEC-registered investment advisers to adopt business continuity and transition plans and to review them annually.

Like many of our peers, we take business continuity risks and planning very seriously and believe we have robust processes in place to manage such risks. In our view, having appropriate policies to mitigate the risks of a disruption so that the adviser is well-positioned to continue (or resume as soon as possible) its activities is a best practice and consistent with the spirit of being a fiduciary. We are generally supportive of the Proposal and express our views below on certain statements and questions raised by the SEC in the release.

Commitment to a Principles-Based Approach. We are pleased that, overall, it appears that the SEC is taking a principles-based, flexible approach so that firms would be able to tailor their plans to the nuances of their business and operations. However, we believe the language in the release (as opposed to the Proposal's rule text) strays from this approach in certain instances. For example, the release states that key personnel need to be identified and business continuity and transition plans should include: (a) short-term arrangements, such as which specific individuals would satisfy the role if key personnel are unavailable; and (b) long-term

[1]T. Rowe Price Associates, Inc. and its advisory affiliates provide investment management services to numerous individuals, institutions, and investment funds, including the T. Rowe Price family of mutual funds. As of June 30, 2016, T. Rowe Price Associates, Inc. and its affiliates managed approximately $776 billion in assets.

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arrangements regarding succession planning. In many instances, we believe it would be appropriate to identify departments, functional areas, or position titles (as opposed to naming individuals) that provide, support, or back-up critical functions. Creating overly specific requirements to identify back-up personnel could lead to unnecessarily frequent updates to plans for non-substantive issues.

We are also of the view that succession planning should not be a component of the rule given the Proposal's objectives are focused on risks from business interruptions, including wind-down of the adviser's business. Although succession planning is an element of business continuity in the broadest sense, it is geared more towards longer-term strategic talent management and leadership capabilities as opposed to nearer-term business continuity scenario planning. The contents of succession plans are typically quite sensitive and are made available only to the firm's most senior personnel. Consequently, it would be problematic for firms to have to share this information more broadly within their organizations, or with regulators and clients.

Another area where the release drifts from a principles-based approach is with respect to pre-arranged alternate physical location(s) for carrying out the business of the adviser. We think the release should clarify that a dedicated alternate site is not required and, that if a firm does have a dedicated alternate site, it has broad discretion to determine when and how the site is utilized. To further illustrate this point, our firm has dedicated alternate sites that can perform certain functions. However, depending on the event, it may be appropriate to shift activities to other existing offices, employee residences, or ad hoc locations as opposed to one of the dedicated alternate sites. The release also questions whether alternate sites should be established at a mandated distance from the adviser's primary location. We strongly believe that mandated distances are not warranted and each firm should have the flexibility to determine the suitable distance of any alternate site from its "regular" offices. Establishing the distance to the alternate site requires a risk-based tradeoff between ease of accessibility and geographic separation.

Acknowledge Practical Challenges & Inherent Limitations of Business Continuity and Transition Plans. While it is sound practice for an investment adviser to evaluate business continuity risks, we strongly urge the SEC to acknowledge in any adopting release that certain practical limitations hinder advisers' ability to carry-out their plans. For example, with respect to oversight of vendors, advisers are typically provided summaries of a vendor's business continuity plan as opposed to receiving specific information. Additionally, quickly changing vendors during an event may be impractical and not necessarily in the best interest of an adviser's clients. Similarly, the ability to bring outsourced functions "in-house" may not be feasible because firms may lack the systems, personnel, knowledge, or other resources to do so. Due to these challenges, we believe that initial and ongoing due diligence of critical vendors is an important part of firms' risk management process, but not a guarantee of vendor accessibility or process continuity. These practical challenges should also be kept in mind by the SEC in the context of its recent guidance on mutual funds' business continuity plans so that its expectations of plans are reasonable and realistic.

Although clients change advisers routinely and seamlessly in our experience, we believe a similar acknowledgment by the SEC regarding the practical limitations of an adviser's transition plan is warranted. For example, a key practical consideration is that an adviser's client chooses its successor adviser or other service provider. Furthermore, as the SEC is aware, the Investment Advisers Act of 1940 (the "**Advisers Act**") requires that clients consent to an assignment of its investment management agreement. While we appreciate that the release made mention of these realities, we think the SEC ought to more directly acknowledge in the release that it will not deem an adviser's plan insufficient merely because client accounts are not assumed by a successor adviser due to factors outside the control of the current adviser.

Timing Considerations. Although many large investment advisers have put in place extensive business continuity plans and are beginning to devote more attention to transition planning, having formal regulatory requirements for such plans would certainly represent a new operating environment for advisers. In addition, smaller advisers may not have felt the need to do extensive work in either area to date. To better ensure such plans are well-formulated, we recommend that the rule's effective date for business continuity and transition plans be at least 18 months after the issuance of any final rule.

Responses to Specific Questions in the Release:

"Should the SEC require advisers to provide disclosure to their clients about their business continuity and transition plans?"

We agree with the decision not to require disclosure to clients, as this information is proprietary and may make advisers more susceptible to harm. In addition, these plans will be complicated documents, requiring deep knowledge of the adviser to truly understand them and, therefore, the plans are unlikely to be meaningful to clients. Large organizations typically have numerous documents that comprise their business continuity and other risk management programs so it is unlikely that a single document would fully cover an adviser's program. Accordingly, it is best left to advisers to determine the level of detail they believe is appropriate to provide clients who request information about business continuity and transition plans. In our experience, many clients take business continuity due diligence very seriously and, as a result, we provide information to our clients about our practices in this area. We believe managers who do not offer a suitable degree of transparency regarding their plans will be less likely to be hired. Therefore, natural incentives exist which encourage voluntary disclosure.

"Should the SEC require advisers to report to the Commission, or disclose to their clients, incidents where they rely on their business continuity and transition plans? Should the SEC require advisers to file their business continuity and transition plans, or a summary thereof, with the Commission?"

We again agree with the SEC's decision not to require such disclosures. It is expected that advisers will periodically activate their plans and there should not be a negative connotation for doing so. We believe the annual review and other "post-event" reviews that may occur in the interim are the appropriate means for advisers to evaluate how their plans perform in practice. As proposed, the books and records rule would be amended to capture such annual reviews and the SEC could certainly evaluate these annual reviews as part of its exams and inspections – we think this framework would provide sufficient transparency to the SEC of plans' usage and effectiveness. Moreover, under this framework we do not think there is a compelling case for filing the plans with the SEC - doing so would amount to an unnecessary burden and expose the plans to risk regarding the safeguarding of their contents.

"Rather than adopting the proposed rule, should the Commission issue guidance under rule 206(4)-7 under the Advisers Act addressing business continuity and transition plans?"

As noted by various other commentators, in order to address the SEC's expectations regarding business continuity and transition planning by advisers, we think it is more appropriate to utilize guidance under rule 206(4)-7 (i.e., the compliance program rule) as opposed to establishing a new anti-fraud rule. In the event guidance is issued under rule 206(4)-7 for these plans (or any other topics in the future), we believe it is essential that there be an opportunity for the public to comment on the proposed guidance so that there is appropriate consultation with the industry prior to issuance. In addition, we strongly caution the SEC to keep in mind the scope of rule 206(4)-7 when using it as a basis for issuing guidance. The rule should not become a "catch-all" mechanism for the SEC to mandate new requirements that go beyond what is authorized and contemplated by the Advisers Act.

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Thank you again for the opportunity to comment on the Proposal. Should you have any questions or wish to discuss our letter, please feel free to contact us.

Sincerely,

Paul W. Wojcik

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