



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

SCOTT G. ALVAREZ
GENERAL COUNSEL

April 27, 2016

Jeffrey Hare, Esq.
DLA Piper LLP
500 Eighth Street, N.W.
Washington, D.C. 20004

Dear Mr. Hare:

This is in response to your request for a determination that T. Rowe Price Group, Inc., Baltimore, Maryland,¹ and its subsidiaries and affiliates (collectively, “T. Rowe Price”), may acquire up to 15 percent of any class of voting securities of a bank holding company, bank, savings and loan holding company, or savings association² (each a “Regulated Company”) without being deemed to have acquired control of that institution under the Bank Holding Company Act (“BHC Act”), the Home Owners’ Loan Act (“HOLA”), or the Change in Bank Control Act (“CIBC Act”) when the acquisition complies with certain conditions described in this letter and related correspondence.

T. Rowe Price proposes to hold Regulated Company shares through a variety of investment companies registered under the Investment Company Act of 1940, other pooled investment vehicles, and institutional accounts that are sponsored, managed, or advised by T. Rowe Price (collectively, the “Price-Advised Entities” and together with T. Rowe Price, the “T. Rowe Price Parties”).

For purposes of the BHC Act and HOLA, a company³ controls an applicable Regulated Company if the first company: (i) directly or indirectly or acting in concert through one or more other persons owns, controls, or has power

¹ The T. Rowe Price Group is not, and is not affiliated with, a bank holding company or a savings and loan holding company.

² The terms bank holding company and bank have the same meanings as set forth in the BHC Act and the Board’s Regulation Y. The terms savings and loan holding company and savings association have the same meaning as set forth in the HOLA and the Board’s Regulation LL.

³ Unlike the BHC Act, HOLA’s restrictions on control apply to persons, not just companies.

to vote 25 percent or more of any class of voting securities of the applicable Regulated Company; (ii) controls in any manner the election of a majority of the directors of the applicable Regulated Company; or (iii) directly or indirectly exercises a controlling influence over the management or policies of the applicable Regulated Company.⁴ The Board's Regulation Y and Regulation LL also set forth several rebuttable presumptions of control.⁵

Under the proposal, the T. Rowe Price Parties would not own, control, or hold with power to vote 25 percent or more of a class of voting securities of, or control the election of a majority of the directors of, any Regulated Company. In addition, the T. Rowe Price Parties would not trigger any of the BHC Act or HOLA rebuttable presumptions of control under Regulation Y or Regulation LL, respectively, with respect to any applicable Regulated Company. T. Rowe Price would only be deemed to control a Regulated Company under the BHC Act or HOLA, as applicable, if the Board were to find that T. Rowe Price exercises a controlling influence over the management or policies of a Regulated Company.

For purposes of the CIBC Act, Regulation Y and Regulation LL establish a rebuttable presumption that a person or group of persons (such as the T. Rowe Price Parties) control a bank holding company, savings and loan holding company, or state member bank if, individually or collectively, "immediately after the transaction ... [they] will own, control, or hold with power to vote 10 percent or more of any class of voting securities of the institution" and either the institution has registered securities or no other person owns or controls a greater percentage of the same class of voting securities of the institution.⁶ T. Rowe Price proposes, from time to time, that the T. Rowe Price Parties would acquire in excess of 10 percent of a class of voting securities of a bank holding company, savings and loan holding company, or state member bank.

T. Rowe Price proposes several conditions and commitments to ensure that the T. Rowe Price Parties would not exercise a controlling influence over a Regulated Company for purposes of the BHC Act or HOLA and to rebut the regulatory presumption of control for purposes of the CIBC Act. In particular, the T. Rowe Price Parties collectively would not own or control more than 15 percent of any class of voting securities of a Regulated Company, and none of T. Rowe Price or any Price-Advised Entity would individually own or control more than

⁴ 12 U.S.C. §§ 1841(a)(2), 1467a(a)(2); 12 CFR 225.2(e), 238.2(e). Additionally, T. Rowe Price will be deemed to control a company under HOLA if T. Rowe Price owns more than 25 percent of the capital of the company. 12 U.S.C. § 1467a(a)(2)(B); 12 CFR 238.2(e)(2).

⁵ 12 C.F.R. §§ 225.31(d), 238.21(d).

⁶ 12 C.F.R. § 225.41(c).

10 percent of any class of voting securities of a Regulated Company. In addition, T. Rowe Price has committed to use its best efforts to vote shares of a Regulated Company owned or controlled by the T. Rowe Price Parties in excess of 10 percent (“excess shares”) in the same proportion as all other shares of the Regulated Company not owned by the T. Rowe Price Parties are voted. In the event that T. Rowe Price’s best efforts are unsuccessful, T. Rowe Price would not vote any excess shares.

Moreover, T. Rowe Price has made a number of commitments designed to mitigate the ability of the T. Rowe Price Parties to control a Regulated Company. Among these commitments, T. Rowe Price has committed that, whenever the T. Rowe Price Parties own or control, in the aggregate, 10 percent or more of any class of voting securities of a Regulated Company, the T. Rowe Price Parties will not, individually or collectively:

- 1) take any action to control the Regulated Company within the meaning of the BHC Act or HOLA, as applicable;
- 2) have any director, officer, or employee interlocks with the Regulated Company;
- 3) except in the context of a tender offer or in certain other specified transactions, dispose of voting shares of the Regulated Company (i) to any person seeking control over the institution or (ii) in block transactions exceeding 5 percent of any class of voting shares of the institution; or
- 4) threaten to dispose of voting shares in any manner as a condition of specific action or non-action by the Regulated Company.⁷

In addition to considering the commitments made by T. Rowe Price, Board staff has considered the nature of T. Rowe Price and its proposed investments. T. Rowe Price operates and provides investment advice to the T. Rowe Price-Advised Entities. The proposed acquisitions in Regulated Companies would not be proprietary investments by T. Rowe Price. Rather, they would be investments made by Price-Advised Entities and on behalf of the beneficial owners of the Price-Advised Entities. The Price-Advised Entities are not operating companies, and T. Rowe Price does not lend to the T. Rowe Price-Advised Entities or to their portfolio companies. Moreover, T. Rowe Price is not in the business of operating or controlling Regulated Companies, or other

⁷ For a complete list of the commitments that T. Rowe Price has made to the Board, see the Appendix.

companies. The proposed acquisitions will be made for investment purposes with the expectation of resale and not for the purpose of exercising a controlling influence over the management or policies of any Regulated Company.⁸

In view of the commitments made by T. Rowe Price and the facts described in this letter, Board staff would not recommend that the Board find that acquisitions made within the parameters set forth in this letter would cause T. Rowe Price or any of the Price-Advised Entities: (i) to control a bank holding company or bank for purposes of the BHC Act; (ii) to control a bank holding company, savings and loan holding company, or state member bank for purposes of the CIBC Act; or (iii) to control a savings and loan holding company or savings association for purposes of the HOLA.

This opinion is based expressly on the facts, circumstances, and commitments of this case as they have been described to Board staff, and any change in these facts or circumstances may result in a different opinion. In addition, this letter expresses no opinion as to whether a CIBC Act notice would be required for transactions involving direct investments in national banks, state non-member banks, or savings associations. If you have any questions about this matter, please contact Will Giles (202-452-3351) or Jay Schwarz (202-452-2970) of the Board's Legal Division.

Sincerely,

A handwritten signature in blue ink, appearing to read "Scott G. Allen". The signature is written in a cursive style with a large, stylized initial "S" and "A".

cc: Federal Reserve Bank of Richmond

⁸ The T. Rowe Price Parties do not employ business strategies that contemplate the exercise of a controlling influence over the Regulated Companies.

APPENDIX

Commitments of T. Rowe Price to the Board

Aggregate investments by T. Rowe Price and the Price-Advised Entities in 10 percent or more in any class of voting securities of a Regulated Company will be conducted in accordance with the commitments and restrictions listed below.

1. T. Rowe Price and the Price-Advised Entities in the aggregate:
 - a. will not acquire more than 15 percent of any class or series of voting securities of any Regulated Company without receiving the Board's prior nonobjection or approval under the Change in Bank Control Act, the Bank Holding Company Act, or the Home Owners' Loan Act, as applicable; and
 - b. will use best efforts to provide that shares in excess of 10 percent of any class or series of voting securities of a Regulated Company ("**excess shares**") will be voted in proportion to the vote taken on all shares that are not excess shares or, in the event that such efforts to provide for mirror voting are not successful, will not vote any excess shares.
2. Neither T. Rowe Price nor any Price-Advised Entities will, directly or indirectly, individually or in the aggregate:
 - a. take any action to cause a Regulated Company or any of its subsidiaries to become a subsidiary of T. Rowe Price or any Price-Advised Entity for the purposes of the BHC Act;
 - b. unless agreed to by the Federal Reserve Board or its staff, and permitted by applicable law, seek or accept representation on the board of directors of any Regulated Company or its subsidiaries;
 - c. have or seek to have any representative of T. Rowe Price or any Price-Advised Entity serve as an officer, agent or employee of any Regulated Company or its subsidiaries;
 - d. propose a director or a slate of directors in opposition to any nominee or slate of nominees proposed by the management or board of directors of any Regulated Company;

- e. exercise or attempt to exercise a controlling influence over the management or policies of any Regulated Company or any of its subsidiaries;
 - f. attempt to influence the dividend policies; loan, credit or investment decisions or policies; pricing of services; personnel decisions; operations activities (including the location of any offices or branches or their hours of operation, etc.); or any similar activities or decisions of any Regulated Company or any of its subsidiaries;
 - g. enter into any agreement with a Regulated Company or any of its subsidiaries that substantially limits the discretion of the Regulated Company's management over major policies and decisions, including, but not limited to, policies or decisions about employing and compensating executive officers; engaging in new business lines; raising additional debt or equity capital; merging or consolidating with another firm; or acquiring, selling, leasing, transferring, or disposing of material assets, subsidiaries or other entities;
 - h. solicit or participate in soliciting proxies with respect to any matter presented to the shareholders of a Regulated Company or any of its subsidiaries; or
 - i. dispose or threaten to dispose (explicitly or implicitly) of equity interests of a Regulated Company or any of its subsidiaries in any manner as a condition or inducement of specific action or non-action by Regulated Company or any of its subsidiaries.
3. Neither T. Rowe Price nor any Price-Advised Entity will dispose of voting securities of a Regulated Company:
- a. to any person if T. Rowe Price or the Price-Advised Entity knows that such persons seeks to change the control of the Regulated Company in any manner; or
 - b. to any person whom T. Rowe Price or the Price-Advised Entity knows
 - (i) has made a filing with the U.S. Securities and Exchange Commission or other federal agency with respect to the ownership of more than 5 percent of the Regulated Company's voting securities, or
 - (ii) would be required to do so as a result of the purchase from T. Rowe Price or a Price-Advised Entity; or

- c. in an amount of more than 5 percent of the Regulated Company's voting securities in any single transaction⁹;

provided that notwithstanding paragraphs (a) through (c) above, T. Rowe Price and the Price-Advised Entities may dispose of their stock in a Regulated Company in the following circumstances:

- i. in a cross trade between two Price-Advised Entities in compliance with the rules governing such cross trades under the Investment Company Act of 1940, as amended ("**1940 Act**");
 - ii. in a sale by T. Rowe Price or Price-Advised Entities to the Regulated Company or one of its subsidiaries;
 - iii. in a tender or exchange offer for voting stock of the Regulated Company; or
 - iv. in a widespread public distribution effected on a stock exchange or otherwise (which may include a sale to one or more broker-dealers acting as market makers or otherwise intending to resell the shares sold to it or them in accordance with its or their normal business practices).
4. Neither T. Rowe Price nor any Price-Advised Entity will individually own, control or hold with the power to vote more than 10 percent of any class of voting securities of a Regulated Company.

⁹ A single transaction includes a bunched trade effected by two or more Price-Advised Entities in compliance with the rules governing bunched trades under the 1940 Act.