



## FAQS

### **1. What happened?**

A service provider that maintains records for T. Rowe Price inadvertently transmitted account information to another trusted third party to which the firm regularly sends account information for some clients. The trusted third party has destroyed the data and did not copy the data or disclose it to anyone else. The data included information for current and certain closed accounts beyond what this recipient should have received.

The information that was transmitted varied by type of client and may have included some or all of the following: partial or full name of the entity or individual (maximum of 10 characters), tax ID or social security number, account number(s), balance, and number of shares held. For each account, the specific information was within continuous strings of numbers, letters, spaces, and dashes. It was in text format as opposed to in an Excel file where data would have been broken into more readily understood separate columns.

### **2. Which clients or types of accounts were/were not involved?**

The account records relate to investments in T. Rowe Price mutual funds, collective investment trusts, and 529 college savings plans offered by the Education Trust of Alaska. Clients that had account information inadvertently transmitted included individuals and entities that invest directly in these products. The transmission may have included others who invest in these products through financial intermediaries or certain smaller retirement plans (such as Keogh plans and 401k plans that generally have fewer than 100 participants).

Account information for participants in larger defined contribution retirement plans (generally those that have more than 100 participants), as well as for investors in the Maryland 529 College Investment Plan, was not included as that data is housed on different systems.

For individuals who invest in T. Rowe Price mutual funds (or 529 college savings plans offered by the Education Trust of Alaska) through an advisor or other financial intermediary, personal information may or may not have been included, depending on how that intermediary has chosen to hold shares of the funds and/or register the account with us. Information on the nature of these arrangements should be obtained from the intermediary.

### **3. How did this happen?**

Due to a programming error, two different data sets that were intended to be sent to separate recipients (T. Rowe Price and another trusted third party) were instead inadvertently combined and the full set of data was sent to the recipient, rather than a smaller data set as intended.

### **4. When did this happen, and when did you learn about it?**

Our service provider and the recipient first notified us late-afternoon on Friday, December 16, 2016 about a potential transmission error, though at that time we did not have information as to what data was at issue. Further transmissions were immediately stopped. After prompt review we determined on Monday, December 19 that a larger data set had been transmitted in error to the recipient and we began investigating to determine the scope and cause of the issue.

### **5. Who is the service provider and why do they have T. Rowe Price client information?**

The service provider is a leading provider of technology and operations outsourcing to the financial and healthcare industries. For T. Rowe Price, they are the recordkeeping service provider for the T. Rowe Price mutual funds, trusts and other products, which means that accounts for certain investors in these products are maintained on their system as part of the normal course of business in servicing these accounts. We have a long-standing relationship with this service provider that spans more than 40 years.



**6. Which third party received the data?**

The recipient innocently received the file and, thus, we do not think it is appropriate to name the firm. It is a trusted third party with which we regularly interact and which provides recordkeeping and other data services for certain retirement plans and institutional clients that invest in our funds. The firm has fully cooperated with T. Rowe Price regarding this matter, including promptly destroying the data. The service provider has also confirmed that the information was not sent to anyone else.

**7. Why would the recipient be receiving any T. Rowe Price client information?**

The firm provides recordkeeping and other data services for certain retirement plans and institutional clients that invest in our funds, so it receives data on a daily basis from the service provider in the normal course of business. However, in this situation they mistakenly were sent data for accounts beyond what they normally receive.

**8. Does this mean T. Rowe Price, the service provider, or the recipient was hacked?**

Not at all. This was an inadvertent transmission of data by one of our service providers to a trusted party that has certified to us that it deleted the information and did not make a copy.

**9. Has the incident been resolved, or is more information still at risk?**

We believe that the incident has been resolved and that there is no risk of harm.

**10. Why do you believe there is no risk of harm?**

Based on our investigation, we believe that there is no risk of harm because the situation involved the inadvertent transmission of data to another trusted third party with which we regularly interact. This third party reported the issue quickly and certified to us that it deleted the information and did not make a copy. In addition, the service provider has confirmed that the information was not sent to anyone else.

**11. Will you be notifying me directly?**

Almost all states have laws with clear language exempting notification to individuals when the security or confidentiality of data was not compromised or there is no material risk of harm. Consistent with the approach in these laws, T. Rowe Price has not notified individual investors because we do not believe that there is any risk of harm to individuals. If we learn of any states that would require individual notification, we will provide formal notification to individuals in those states. We have notified certain other clients where we have a contractual or other obligation to do so.

**12. Would you be offering credit monitoring or identity theft protection?**

We are not offering those services because we believe that individuals have not been placed at any risk of identity theft or other harm from this incident. We believe this is decision is consistent with the purpose of state notification laws, most of which have specific language exempting notice to individuals when there is no material risk of harm.

**13. What do you mean by “partial” name?**

For accounts associated with individuals, the name field only included 10 characters: first five letters of last name, first four of first name, and middle initial. So, for most clients only partial names were included. In the case of clients with short first and last names (e.g. John Smith), however, the full name would have been included. For accounts held by or on behalf of institutional investors, the data may have included a partial or full client or agent name, but also limited to 10 characters.

**14. In the case of a joint account, was the information for all parties included?**

No. It was only the information for the primary account owner.



**15. Why was information for closed accounts included?**

We keep closed accounts on file for a combination of client service and regulatory reasons. Generally speaking, we purge accounts when they have been closed for three years. This is standard industry practice and we do this primarily for tax purposes in case clients have IRS issues or inquiries, or need corrections for prior year periods. The IRS has a three-year lookback right if someone is audited.

There are exceptions to this, including 529 college savings accounts which are not purged due to a regulatory requirement to trace back to the original investment/account opening.

**16. Do your vendors have adequate controls?**

We believe the service provider's controls are adequate as evidenced by its external audit examinations. We review the auditor's attestation reports upon issuance to look for any internal control concerns/failures. The service provider has an external audit report issued every six months and there have been no material issues uncovered in their recent audit examinations.

**17. Aren't there T. Rowe Price controls to prevent this from happening?**

T. Rowe Price's technology division has change control procedures for both internal technology initiatives and initiatives with service providers. Our Enterprise Risk Management Group is conducting a comprehensive review of these processes to review the underlying reasons for this occurrence and to identify opportunities for control enhancements.

**18. Do you have proper process and governance controls and oversight in place with regard to vendor data?**

T. Rowe Price has an enterprise-wide vendor management program that requires oversight activities and performance monitoring of vendors. Prior to entering into a contract with a vendor that will potentially have access to sensitive types of information, such as customer information, we review the vendor for its security and privacy practices pertaining to information to which it may have access on behalf of T. Rowe Price. We also periodically review such vendors, which includes obtaining an understanding of the vendor's control environment in protecting customer or other confidential information. T. Rowe Price uses a variety of methods, such as surveys, third-party evaluations and interviews or visits, to evaluate the vendor's controls and processes.

As a system provider with access to account information, the service provider is considered a critical vendor. For critical vendors, including the service provider, not only are the above oversight activities in place but we have full time staff managing these relationships and monitoring performance.

**19. What have you done or are you going to do to prevent this from happening again?**

Our Enterprise Risk Management Group is conducting a comprehensive review of T. Rowe Price's change control procedures to review the underlying reasons for this occurrence and to identify opportunities for control enhancements. We have placed on hold any file transmission changes with this provider, pending completion of the review.

**20. Are you working with law enforcement on this issue?**

No. This was simply an inadvertent transmission of files from one service to another trusted third party, so it would not be appropriate to involve law enforcement.