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January 30 2014

Chairman Joseph Dear
Investor Advisory Committee
United States Securities and Exchange Commission
100 F Street
Washington, DC 20549

Re: Recommendation of the Securities and Exchange Commission's Dodd-Frank Investor Advisory Committee Market Structure Subcommittee with respect to decimalization and tick sizes

Dear Chairman Dear:

T. Rowe Price Associates, Inc.[1] ("**T. Rowe Price**") is grateful for the opportunity to comment on the Securities and Exchange Commission's (the "**Commission**") Dodd-Frank Investor Advisory Committee, Market Structure Subcommittee's ("**MSS**") recommendation with respect to decimalization and tick sizes (the "**Recommendation**"). T. Rowe Price generally supports Alternative Recommendation #1, as set forth in the dissenting opinion of MSS member Stephen Holmes, which calls for a pilot program for small-capitalization public companies to trade at wider tick sizes and limited trading increments within the tick.

In addition to our support of Alternative Recommendation #1, we are also focused on examining market structure at a more macro level and feel that other improvements could be made. As such, we would like to reiterate some of our ideas for areas we believe worthy of study and/or pilot programs and make the following suggestions.

We are strongly in favor of a pilot program to implement larger tick sizes. In increasing the minimum price variation ("**MPV**"), we urge that both quoting and trading only take place on the bid and offer. We believe that such a "trade-at rule" is critical to evaluating a pilot program on wider tick sizes and would allow regulators and academics the opportunity to examine the results to gauge whether displayed liquidity and average trade size increases, and intraday volatility decreases, as a result of an increased MPV.

We believe a wider MPV may potentially increase the cost for market participants to interposition themselves between fundamental investors. It is our sense that this increase in cost could result in improvements in the quality of the liquidity available to fundamental investors. Our sense is that true market liquidity has degraded considerably as direct result of decimalization and an increase

[1] T. Rowe Price Associates, Inc., a wholly-owned subsidiary of T. Rowe Price Group, Inc., together with its advisory affiliates, had $692.4 billion of assets under management as of December 31, 2013. T. Rowe Price has a diverse, global client base, including institutional separate accounts; T. Rowe Price sponsored and sub-advised mutual funds, and high net worth individuals. The T. Rowe Price group of advisers includes T. Rowe Price Associates, Inc., T. Rowe Price International Ltd, T. Rowe Price Hong Kong Limited, T. Rowe Price Singapore Private Ltd., T. Rowe Price (Canada), Inc., and T. Rowe Price Advisory Services, Inc.

in MPV could lead to improved market making, increased research coverage of small companies, and a healthier IPO environment.

The pilot program should not be limited to small-caps or emerging companies, instead a broader inclusion of all market capitalizations would lead to a more robust set of data to examine. Additionally, we are concerned with the concept of a "tight timeframe" for any pilot as referenced in the Recommendation (specifically Recommendation #3). We suggest a minimum time period of at least 12-18 months for this pilot to allow for proper assessment and data gathering through differing market cycles where sentiment and investor behavior vary.

Also, as we have previously expressed, we think additional pilot programs eliminating the Maker/Taker model and placing limitations on payment for order flow and internalization would aid in examining the deficiencies of our current market structure. We also believe that dark pools are no longer being utilized for their originally intended purpose of anonymity in exchange for size and would suggest pilot programs to set significantly larger minimum trade sizes in such pools.

In the past, in almost every instance, the Commission has understandably insisted on data to support requests for market structure changes. These pilot programs would provide just this opportunity to create a unique, clean data set to be examined. Please consider this measured approach to our ongoing mutual effort to make our markets more efficient.

We appreciate the opportunity to provide our comments on this important matter. Should you have any questions regarding our letter, please contact the undersigned.

Sincerely,

Clive Williams
Head of Global Equity Trading

Andrew M. Brooks
Vice President and Head of U.S. Equity Trading

Christopher P. Hayes
Vice President and Legal Counsel

cc: Elizabeth M. Murphy, Secretary

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