April 21, 2010

Elizabeth M. Murphy
Secretary
Secretary Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: **Release No. 34-61358; File No. S7-02-10**

Dear Ms. Murphy:

T. Rowe Price Associates, Inc. and its affiliated registered investment advisers (collectively, "**T. Rowe Price**")[1] appreciate the opportunity to comment on the Securities and Exchange Commission's ("**SEC**" or "**Commission**") Concept Release on Equity Market Structure referenced above (the "**Release**").

We first commend the Commission on this ambitious Release but caution the Commission on the challenges of balancing all of the competing marketplace interests. Equity market structures have been changing rapidly, particularly with the prevalence of electronic trading venues and increasingly complex short-term trading strategies. Regulations must change to keep up with market practices; however, any significant changes should only be considered after both empirical evidence and participant commentary is fully vetted.

We would like to comment on the following specific issues mentioned in the Release.

<u>TYPES OF INVESTORS</u>

The Commission is particularly focused on the interests of long-term investors. We largely agree with the definition of long-term investors as "*participants who provide capital investment and are willing to accept the risk of ownership in listed companies for an extended period of tim*e". Although we agree that the majority of investors, particularly retail investors, are focused on long-term capital appreciation of assets, we do not believe it should be inferred that investors are averse to short-term investments when that is a specific strategy component that provides overall value to the investor.

[1] T. Rowe Price Associates, Inc., a wholly-owned subsidiary of T. Rowe Price Group, Inc., together with its advisory affiliates, had $391.3 billion of assets under management as of December 31, 2009. 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, Inc., T. Rowe Price (Canada), Inc., and T. Rowe Price Global Investment Services Limited.

The Release further focuses on three distinct groups - retail investors, institutional investors, and proprietary trading firms and how their interests diverge. We believe that the interests of retail and institutional investors are not inherently in conflict. Please note that T. Rowe Price is an institutional asset management firm but also indirectly manages assets on behalf of retail investors (primarily shareholders of the T. Rowe Price mutual funds).

Unlike long-term investors, professional short term traders generally seek to establish and liquidate positions in a shorter time frame. Professional and proprietary traders often have divergent interests than those of investors concerned about the long-term appreciation prospects of a company. However, we are unsure without empirical evidence whether the actions of these traders impair the functionality of the marketplace or impact the interests of either retail or institutional investors.

SMALL COMPANY STOCKS

The Release questions whether small company stocks trade differently than large company stocks and specifically requests comment on how the market structure performs for smaller companies and whether it supports the capital raising function for smaller companies. We believe that certain short-term trading may adversely impact smaller company stocks. The illiquid nature of these investments, coupled with these trading strategies, can create damaging market fluctuations that skew the true value of such securities. We would suggest that the Commission seek out empirical evidence to ensure that the valuation of such companies is not unfairly manipulated and distorted in the marketplace by certain trading behaviors.

ACCESS TO TECHNOLOGY

T. Rowe Price believes that technology obviously improves the day to day efficiency of the trading process. This allows investment managers to focus on the goal of achieving “best execution” for all clients. In fact, technology advancements have enhanced our ability to measure such “best execution”. We are supportive of all investors having access to the technology advances that can impact best execution. We are cognizant that not all investors avail themselves of such technology, for multiple reasons such as cost considerations. It is simply not economically feasible to suggest that an individual investor must have equal trading technology and capabilities as that of an investment manager with billions of client dollars under management. Many technology advancements are designed to facilitate trading of large blocks of stock through multiple trading venues, which would be largely irrelevant for retail investors. This allows large blocks of stock to be broken into small orders so as not to disclose manager’s intentions in a particular stock and prevents other parties to trade with or against that investment decision. It is not clear to us that a smaller institution or individual investor would benefit from such tools to execute their orders.

We are also of the opinion that a broker-dealer should not be allowed to use technology for in-house proprietary trading that it does not at least offer to all customers such as smart routing and algorithms that it uses for internal trading if the client is willing to pay for such a service.

UNDISPLAYED LIQUIDITY CONCERNS

Almost all institutional investors, including T. Rowe Price utilize trading venues that allow access to undisplayed liquidity. T. Rowe Price strongly takes the position that these "dark pools" are a vital tool for institutional investors with large blocks of stock to buy and sell. Institutional investors highly value the specialized size discovery mechanisms that bring large buyers and sellers in the same stock together anonymously and to facilitate a trade between them. We would not be supportive of any regulation that negatively impacts our ability to access these pools of undisplayed liquidity.

POST TRADE TRANSPERANCY

T. Rowe Price has always been supportive of increased transparency in the marketplace for the benefit of both institutional and retail investors. However, our support of increased transparency is predicated on the Commission's ability to balance this goal with the understanding that institutional traders need to shield their trading activity from real time public disclosure. Investment managers rely on anonymity for the completion of larger orders that may take multiple days to execute while minimizing market movement consistent with the objective of achieving best execution for clients' trades. We are supportive of disclosure that would allow the Commission to more thoroughly analyze trading venues, including alternative venues which are the best sources of liquidity and execution capability. The disclosure should be extended to all venues, dark pools as well as broker-dealer internalized execution volume and should be limited to Commission use only.

MEASURING MARKET PERFORMANCE AND QUALITY

The Commission has specifically asked for comments regarding the Rule 605 and Rule 606 reports and their usage, particularly by institutional investors. These reports were primarily intended to provide market data to individual investors and were regarding smaller orders executed in the market place. Accordingly, we believe that these reports are rarely used by institutional investors. We are supportive of the Commission interest in revamping these reports to provide both large and small investors with additional data related to trading volumes and venues.

CONCLUSION

We appreciate the Commission's efforts to address market structure issues that can impact all investors, with a focus on long term investors. Please do not hesitate to contact us regarding the above comments or if we can be of any other assistance regarding matters discussed in the Release.

Sincerely,

Michael Gitlin	David Oestreicher	Christopher P. Hayes
Head of Global Trading	Chief Legal Counsel	Sr. Legal Counsel