

February 22, 2010

Securities and Exchange Commission

100 F Street, NE

Washington, D.C. 20549-1090

rule-comments@sec.gov



Re: File Number S7-27-09

Regulation of Non-Public Trading Interest

Release No. 34-60997

Ladies and Gentlemen,

TRS is the largest public retirement system in Texas in both membership and assets. The agency serves more than 1,273,582 participants – 988,968 are public and higher education members, and 284,614 are retirement recipients. As of November 31, 2009, System net assets totaled approximately \$93.3 billion.

We appreciate the Commission's discussion in the release of the specific challenges faced by institutions in executing block orders. The Commission notes in the release that "... institutional investors ... need to trade efficiently in sizes much larger than those that are typically available in the public quoting markets" and that "market participants that need to trade in large size, such as institutional investors, always have sought ways to minimize their transaction costs by completing their trades without prematurely revealing the full extent of their trading interest to the broader market."

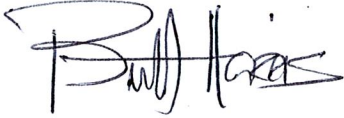
As an institutional investor, we believe that the institutional trader is the person best qualified to decide how to execute block orders for our constituents in the most efficient manner. Institutional traders are constantly faced with the challenge to reduce trading costs for block orders. To the extent that we take away choices from the institutional trader in how to most efficiently execute a block order, we will increase trading costs for millions of pension fund beneficiaries.

We also appreciate the Commission's proposed block exemptions set forth in the release. With regard to the Commission's proposals relating to pre-trade transparency, we would request that the Commission consider a modification to the proposed block exemption. The proposed \$200,000 threshold appears to be too high for small and mid-cap stocks. We would propose setting the threshold for the proposed block exemption as the lesser of 1% of ADV, 10,000 shares, or \$200,000.

With regard to the ATS identification proposal, we are concerned that certain market intermediaries will see the particular ATS where a trade has been executed and use that information to detect a block order and trade ahead of it. We recommend that the ATS where a trade is executed be identified to the regulators in real time but be identified to the public on a delayed basis. We would not object to end-of-day public identification of this information, but understand that other institutional customers may be concerned that even end-of-day public identification could be problematic for block orders that are executed over multiple days.

We believe these modifications will provide greater flexibility for institutional traders in addressing the challenge of executing block orders, resulting in lower trading costs, and higher investment returns, for the millions of households that are pension fund beneficiaries. We believe the current proposal will lead to negative unintended consequences, most importantly the increased implicit cost and reduction of returns for the savings of the 1.3mln public and higher education officials we represent.

We would like to thank the Commission for the opportunity to comment on this proposal.

A handwritten signature in black ink, appearing to read "Britt Harris". The signature is stylized with a large initial "B" and a long horizontal stroke extending to the right.

Britt Harris
Chief Investment Officer
Teacher Retirement System of Texas