



*Legg Mason Wood Walker, Incorporated  
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*Member New York Stock Exchange, Inc./Member SIPC*

July 27, 2004

Mr. Jonathan G. Katz  
Secretary  
U.S. Securities and Exchange Commission  
450 Fifth Street, NW  
Washington DC 20549-0609

Re: File No. S7-24-04 – Issuer Restrictions or Prohibitions on Ownership  
by Securities Intermediaries - Proposed Rule 17Ad-20

Dear Mr. Katz:

Legg Mason Wood Walker, Incorporated appreciates the opportunity to comment on the recent rule SEC filing, proposing new rule 17Ad-20 that would prohibit registered transfer agents from effecting any transfer of any equity security if such security is subject to any restriction or prohibition on transfer to or from a securities intermediary. Legg Mason supports this proposal since it will address recent actions taken by some issuers that cripple the clearance and settlement process of trades.

Some issuers have recently attempted to control abusive short sale activity in their security by restricting registration of their shares to a securities intermediary, such as the Depository Trust Company (Cede & Company) or a brokerage firm's name. This prevents the normal clearance and settlement of these trades, since physical certificates cannot be used for electronic trade settlement.

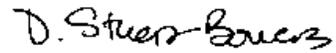
Legg Mason supports the position of the Securities Industry Association Operations Committee in urging the adoption of the proposed rule. As proposed, the rule is consistent with Section 17A of the Exchange Act, which directs the Commission to use its authority to end the physical movement of security certificates in connection with the settlement of transactions among brokers and dealers.

Legg Mason concurs with the SIA Operations Committee that recent SEC rulemaking on short selling of securities should address the abusive short selling concerns, without causing negative impact to the clearance and settlement process.

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Thank you for the opportunity to comment on this proposed rule. If you have any questions or would like to discuss our views further, please contact me at 410-580-7400.

Sincerely,

A handwritten signature in black ink that reads "D. Stuart Bowers". The signature is written in a cursive, slightly slanted style.

D. Stuart Bowers  
Senior Vice President