June 18, 2009

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

Re: Release No. 34-59748, File No. S7-08-09

Dear:

T. Rowe Price Associates, Inc., ("**T. Rowe Price**")[1] welcomes the opportunity to comment on the Securities and Exchange Commission's ("**SEC**" or "**Commission**") proposed amendment to Regulation SHO in light of the recent market turmoil and its relation to short selling.

We are supportive of the ongoing practice of shorting securities as a tool for any investment manager, and we generally believe that markets will provide appropriate outcomes for the valuation of companies. However, short selling has also been utilized as a device to manipulate stock prices in an abusive manner, which has negatively impacted investor confidence. Any SEC response should have as its aim to prohibit abusive shorting practices in order to allow markets to operate efficiently, thereby restoring investor confidence.

The robust, ongoing discussion surrounding this topic illustrates that a consensus does not exist for any single proposal. We agree that no single measure, by itself, will be able to address all concerns. An appropriate response should have elements of short selling restrictions, disclosure and transparency obligations, as well as strong enforcement efforts. We understand the Commission's burden in addressing this issue and appreciate the willingness to consider our comments on the subject.

[1] T. Rowe Price Associates, Inc., a wholly-owned subsidiary of T. Rowe Price Group, Inc., together with its advisory affiliates, had $268 billion of assets under management as of March 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.

Proposed Modified Uptick Rule

We support the SEC's proposal to apply a permanent market-wide rule restricting short sales of securities when the price is below the national best bid price ("*proposed modified uptick rule*"). We believe that the proposed modified uptick rule can be a step in restoring confidence and order to the market. First, this proposal directly addresses the concerns of the investing public because it will be a market-wide roadblock to manipulative short selling. Second, given that this proposal is similar to the previous short sale rule (i.e., former Rule 10a-1 of the Securities Exchange Act of 1934), most market participants are already familiar with the mechanics of the rule. This familiarity should also allow for a fluid and cost effective implementation. Third, using the national best bid approach takes into account the speed at which trading occurs and the multiple venues where trading is executed. We think this is superior to the last sale price method given our decimal environment. We agree that the bid price is a more accurate reflection of current prices than last sale based on the delayed pricing that may occur for the last sales price.

We are also supportive of the SEC proposed *"policies and procedures"* approach that will allow trading centers to implement systems to prevent execution of an order, unless exempt, at a price below the national best bid. This approach allows for a reasonable amount of flexibility for trading centers to operate in compliance with the proposed modified uptick rule. Trading centers are already familiar with programming their trading systems to accommodate new rules so this may reduce the overall costs of implementing the proposed modified uptick rule.

We oppose the concept of limiting the proposal to specific industries such as financials because we believe all listed securities deserve the protection of the proposed rule. We cannot anticipate which sectors may be impacted by manipulative short selling in the future. Investors and issuers want to see a level playing field for all securities and participants. We are supportive of a process whereby the new rule is implemented for Regulation NMS securities only, with plans to phase in OTC Bulletin Board and Pink Sheet stocks thereafter. We are cognizant that the data necessary to include these two groups is not currently collected in a manner to utilize this rule but suggest that it begin to be compiled as soon as reasonably possible. OTC Bulletin Board and Pink Sheet securities would appear to be prime targets for manipulative shorting practices. They should be afforded the protections offered the majority of other tradable securities. A market-wide rule would best address investor concerns and restore confidence in the market.

We are generally supportive of the exemptions listed such as market making activities. The rule does not necessarily need to apply to after hours trading, although we would suggest that activities in the after market be analyzed as part of the pilot program to ensure that this exemption does not become a target of abusive shorting practices.

We understand that the modified uptick rule proposal is not perfect. There will be costs and difficulties related to its implementation. However, we believe this proposal will most effectively deter manipulative behavior as well as restore the investing public's confidence in our securities markets.

We are supportive of the three month implementation period for the rule.

Circuit Breaker Proposals

It is our view that a circuit breaker approach, although well intentioned, does not adequately address the negative implications of unregulated short selling. This approach merely lessens or delays the impact. We think the circuit breaker approach would allow for continued manipulative trading practices which would be difficult to detect and regulate. Therefore, we think a more broad-based approach will better restore confidence in the markets.

Furthermore, choosing an appropriate threshold seems difficult and in fact, somewhat random. A ten percent (10%) threshold, in volatile markets or for lightly traded securities, could be triggered multiple times in a short period of time. Also, we are quite cognizant that there are securities that can and should go down in price more than 10% in a day because of appropriate fundamental concerns regarding valuation and other factors. The market should not be prevented from operating at full efficiency because a securities' value has decreased by 10% for perfectly valid reasons.
We also believe that the circuit breaker proposal would be the least cost effective. Market participants would have to implement new systems, operations, policies and procedures. There would also need to be a lengthy phase-in period to allow participants to overcome the difficulties encountered with a new system. Such a time delay will further erode investor confidence in the markets.

Enforcement of Delivery Rules

Naked short selling is alleged to have contributed to recent extreme volatility, particularly to the downside, as well as the demise of some financial companies. Whether or not the empirical data definitively proves such assertions, it is clear that investor confidence has been damaged by the rampant practice of naked short selling. In September 2008, the Commission imposed enhanced delivery requirements on sales of all equity securities under Rule 204T of Regulation SHO. The amendments to Rule 204T imposing a "*hard delivery*" obligation on long and short sales was a positive development for maintaining a fair and orderly process for short sales. These efforts appear to have had the desired effect as the incidents of fails to deliver have significantly declined. We support the continued rigorous enforcement of Rule 204T. We suggest that this rule be made permanent prior to its expiration in August 2009. Rule 204T, coupled with aggressive and public enforcement actions taken under the Antifraud Rule 10b-21 could have a significant impact on eliminating deceptive shorting practices in the marketplace.

Disclosure and Transparency

We consider transparency in reporting as an added protection for buyers or sellers to understand trends in the market. The real time tagging and display of each day's trading activities to indicate relevant categories (e.g. long or short, buy to cover) would provide market participants with a more in-depth understanding of trading activities in any security on any given day. Further, we are also generally supportive of short position disclosure regimes similar to proposals offered in recent months by the SEC as well as the Financial Services Authority in the United Kingdom in recent months. We would suggest that any such reporting regimes be subject to reasonable time delays and de minimis standards. We believe that the benefits of enhanced transparency and disclosure should outweigh any additional associated costs.

Implementation Timeframe

We are supportive of the idea that any rule change be implemented as part of a pilot program to measure results as part of a cost benefit analysis. We would suggest that a two year pilot is the shortest possible time frame to truly gauge the effectiveness and cost of such measures.

Conclusion

We appreciate the Commission's efforts to restore investor confidence to our markets. Please do not hesitate to contact us if we may provide additional information or assistance to you regarding these matters.

Sincerely,

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