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Via Electronic Mail

September 4, 2012

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

Re: Release No. 34-67101; File No. SR-NYSEArca-2012-48

Dear Ms. Murphy:

T. Rowe Price Associates, Inc. and its affiliated registered investment advisers (collectively, "**T. Rowe Price**")[1] appreciate the opportunity to provide the Securities and Exchange Commission ("**SEC**" or "**Commission**") with comments on the proposed amendment to NYSE Arca Equities Rule 7.31(h) to Add a PL Select Order Type.

We understand that this new order type is designed to provide Users who enter Passive Liquidity "PL" Orders with the flexibility to be able to select what type of contra-side interest such User would interact with for their PL Order. The NYSE Arca PL Select Order is defined as an order "that would not interact with an incoming order that: (i) has an immediate-or-cancel ("**IOC**") time in force condition, (ii) is an ISO (Intermarket Sweep Order), or (iii) is larger than the size of the PL Select Order."

The NYSE states that "the proposed PL Select Order furthers the goals of a free and open market and national market system." It is unclear to us what value this order type provides with respect to the price discovery process. It is also difficult to understand the benefits of excluding this order type from price and time priority. In light of these matters, we are of the view that this proposed amendment would not contribute to increased market depth and liquidity. We believe that restrictions on PL Select Orders may particularly disadvantage institutional order flow that represents actual trading interest. Conversely, the firm posting the PL Select order, which only wants to buy stock under certain conditions, is advantaged by potentially identifying larger incoming

[1] T. Rowe Price Associates, Inc., a wholly-owned subsidiary of T. Rowe Price Group, Inc., together with its advisory affiliates, had $541.7 billion of assets under management as of June 30, 2012. 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 Ltd., T. Rowe Price (Canada), Inc., and T. Rowe Price Advisory Services, Inc.

institutional orders and possibly choosing to not trade the original order or attempting to trade ahead of such order.

We believe that the liquidity posted on a protected venue should be genuine indications of intent to buy or sell securities. The rise in message-to-trade ratios and cancellation rates on exchanges point to the fact that a significant portion of posted orders are never executed. The exponential growth of new order types does not seem designed to enhance the goal of a fair and orderly marketplace. Under the principles of fair access, exchanges should be discouraged from enabling firms posting orders to select the type of contra-side liquidity in which they want to interact. These order types could be misused to gather market color or information unfairly in addition to the trading disadvantages experienced by institutional investors.

The proposed amendment to NYSE Arca Equities Rule 7.31(h) states "to the extent there is any disadvantage because a PL Select Order skips an execution, it would be to professional traders who are choosing to send pinging interest, rather than to the investing public." The proposal appears to closely associate ISO, IOC and large orders with "pinging" interest trying to ferret out hidden liquidity. However, most broker dealers acting on behalf of the institutional community use ISO and IOC orders. The "Select" functionality appears designed to intentionally exclude incoming institutional orders from interacting with posted passive liquidity. Furthermore, pinging is usually associated with small orders, not large orders. Therefore the notion that this order type protects firms posting liquidity only from professional traders who are pinging the market seems like a convenient way to instead allow firms to get out of the way of order flow they would not like to interact with (or are too slow to cancel in front of). We strongly believe that this order type is a disincentive to institutional order flow.

The release uses the following example to justify adding this order type,

"assume that the protected best bid and offer is $19.00 - $19.50 and a User enters a PL Select Order to buy 5,000 at $19.25 (B1). A second User enters an order to buy 1,000 at $19.00 (B2). If an incoming ISO sell order at $19.00 for 500 shares arrives (S1), S1 would not trade with B1, and would instead trade with B2 for 500 shares at $19.00. Because B1 is a PL Select Order, and is restricted from trading with an ISO, it would be skipped. If another sell order at $19.00 for 700 shares arrives (S2), and it is not marked IOC or ISO, S2 would execute against B1, 700 shares at $19.25. In this situation, because S2 does not meet any of the restrictions of the PL Select Order, B1, which arrived before B2, would receive the entire execution.

Under this example, the incoming order from an institutional investor using an IOC or ISO would bypass the PL Select order at $19.25, and instead sells 500 shares at $19.00, even though there was available passive liquidity at the midpoint resulting in an execution $0.25 worse than the midpoint.

The release further states that "except for the specified restrictions on trading with certain incoming orders, the PL Select Order would otherwise operate as a PL order and would retain its standing in execution priority among PL Orders". The Exchange notes, however, that for those instances when an incoming order meets one of the PL Select Order restrictions, the PL Select Order would be skipped and can be traded through. We view the PL Select Order which is designed to be traded though as inconsistent with the intent of the Regulation NMS Rule 611, known as the "Order Protection Rule", which states:

> "Rule 611(a)(1) requires a trading center (which includes national securities exchanges, exchange specialists, ATSs, OTC market makers, and block positioners) to establish, maintain, and enforce written policies and procedures that are reasonably designed to prevent trade-throughs on that trading center of protected quotations and if relying on an exception, that are reasonably designed to assure compliance with the terms of the exception."

We believe that this and similar other proposals unnecessarily segment clients to the detriment of long term investors and erode confidence in a fair and orderly marketplace. T. Rowe Price is pleased to have the opportunity to comment on the proposal to Add a PL Select Order Type. Please feel free to call with any questions regarding our comments.

Sincerely,

Clive Williams
Head of Global Equity Trading

Andrew M. Brooks
Head of U.S. Equity Trading

Christopher P. Hayes
Senior Legal Counsel

T.RowePrice
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