

March 14, 2007

Ms Nancy M. Morris
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington D.C. 20549

RE: File Number S7-05-07 Extension of Interactive Data Voluntary Reporting Program on the Edgar System to Include Mutual Fund Risk/Return Summary Information

Dear Ms. Morris:

We appreciate the opportunity to respond to the Securities and Exchange Commission's (the Commission or SEC) proposed rule *Extension of Interactive Data Voluntary Reporting Program on the Edgar System to Include Mutual Fund Risk/Return Summary Information*. We strongly support the Commission's proposal.

We believe the proposed rule is important from a number of perspectives, and discuss our views below. Responses to some of the questions raised in the proposing release are included as an Appendix to this letter.

Inclusion of Non-Financial Statement Information

The recent efforts of the Investment Company Institute (ICI) regarding the Risk Return taxonomy (ICI-RR) are an important step towards providing investors with relevant information in a form that is useful and easy to access. The expansion of taxonomy development to include highly relevant information presented outside of the financial statements will help provide investors with improved accessibility.

This is an opportunity to learn whether important non-financial and financial information can be effectively communicated to investors and others through the use of an interactive data environment that encourages data tagging and reduced costs of communication. Although we believe that mutual fund investors, in particular, will benefit from being able to access important expense, performance, risk and investment objectives information with a standardized data tagged format, we believe this has broad implications for all SEC registrants and investors, regardless of industry.

Dissemination of Relevant Information in an Accessible Manner

The proposed rule is consistent with the SEC's continued efforts to improve disclosure and to promote transparency and efficiency. We believe that the proposal will provide investors with

the critical data they require to make informed investment decisions in a user-friendly format and in a timely manner. In combination with the SEC's efforts to develop a taxonomy and modernize the Edgar system, the proposed rule will provide the structure and tools necessary to deliver the information cost effectively.

In addition to the Commission's current efforts, we recommend that the Commission consider the following additional suggestions to further encourage involvement in the voluntary reporting program:

- Develop standard templates to be made available via the SEC's website to facilitate the completion of the required schedules by prospective voluntary participants
- Provide information on the availability of tools that investors could use for review and analysis, including links to product demonstrations and/or other analytical examples
- Continue to encourage market participation to develop additional tools and analytical products

We would be pleased to discuss our comments and to answer any questions that the SEC staff or the Commission may have. Please do not hesitate to contact Thomas Barrett (617-530-7363), Barry Benjamin (410- 783-7623) or Raymond J. Beier (973-236-7440) regarding our submission.

Sincerely,

PricewaterhouseCoopers LLP

- **Is it beneficial to tag mutual fund risk/return summary information? Is this portion of the mutual fund prospectus an appropriate place to begin evaluating the tagging of non-financial information? Is there other mutual fund information that should be included in the voluntary program?**

We believe that it is beneficial to tag the risk/return summary information as it is the primary source of relevant information supporting investor decision making. Investors consider a variety of information before investing in a fund. In our experience, the most common data used to make mutual fund investment decisions relates to past performance, risk, fees, and expenses. This has been confirmed by studies (e.g., ICI: Understanding Investor Preferences for Mutual Fund Information - May 2006¹). Investors may also consider investment objectives, minimum investment requirements, and the types of securities in which the fund invests. Using interactive data to make information more accessible would prove to be beneficial to users.

We believe that adopting this form of communication could result in meaningful cost savings, which will benefit investors. Savings would include reduced postage and report production costs. Additionally, the investment analysis process would become more efficient and effective through the increased use of automation and reduced human intervention.

- **What effect would tagged data have on investors', analysts', and other users' ability to analyze mutual funds' risk/return summary disclosure? Would tagged risk/return summary information have an effect on the usefulness of disclosure in Commission filings?**

The preparation of analytical data becomes more efficient when information is provided in a structured format that is easily accessible, and utilizes a common language (or definitions). The proposal would enable users to access the data that is most useful to their analysis directly from the company filings. As noted above, the investment analysis process would become more efficient and effective through the increased use of automation.

- **We are not proposing to amend that portion of rule 401(b)(1) that currently requires that Mandatory Content “consist of a complete set of information for all periods presented in the corresponding official EDGAR filing.” Should mutual funds that submit tagged risk/return summary information be required to tag all of the information in the risk/return summary section of the corresponding official filing or should they be permitted to tag some, but not all, of the information? For example, if a fund’s official filing contains information for more than one series or class, should the fund be permitted to submit tagged risk/return summary information for fewer than all of the series and classes? As another example, should a mutual fund be permitted to tag discrete portions of the risk/return summary**

¹ http://www.ici.org/pdf/rpt_06_inv_prefs_full.pdf

information, such as cost and performance information, while not tagging others, such as narrative information?

The Commission's objectives for the Voluntary Filing Program are (1) to test the use of interactive data; (2) to understand the benefits/hurdles in preparing this information; and (3) to assess the benefits for the investor. To achieve these objectives, the fund should be permitted to submit tagged risk/return summary information for fewer than all of the series and classes at their election during the VFP. We believe, however, that the fund should be required to complete the entire risk/return summary information section for each series or class elected.

- **Will the proposed amendment to rule 8b-33, providing that investment companies must tag information in a manner that will permit the information for each class to be separately identified, raise any issues with respect to any investment company information that may be tagged under the voluntary program? Should we specify that only risk/return summary information must be tagged in a manner that will permit the information for each class to be separately identified? Will the risk/return summary taxonomy in its current state of development permit the information for each series and class to be separately identified? If not, how should it be modified to permit this?**

The architecture of the ICI-RR taxonomy allows for the separate identification of each series and class.

- **Should mutual funds be required to submit separate tagged risk/return summary exhibits for each series or class? Instead, should they be permitted to submit exhibits that combine multiple series or classes of the same registrant, provided that the information is tagged in such a manner that the information may be separately identified by series and class?**

The information should be tagged at the series and class level. How they are presented, in combined or separate schedules, should depend on the preparer's judgment and be consistent with how the information is currently prepared.

- **We plan to permit all filers on Form N-1A to submit documents containing tagged risk/return summary information as exhibits to their official Form N-1A filings so long as they comply with the requirements of the voluntary program. Should we limit participation, such as by size or type of mutual fund? If so, what should be the criteria for participating? If so, why?**

Given the supply chain process benefits available to both funds and their investors, we believe that any SEC registrant should be allowed to participate without limitation.

- **What steps can we take to encourage mutual funds to participate in the expanded voluntary program?**

As discussed in our cover letter, we believe that the Commission should consider the following actions to encouraged participation:

- Develop standard templates to be made available via the SEC's website to facilitate the completion of the required schedules by prospective voluntary participants
- Provide information on the availability of tools that investors could use for review and analysis, including links to product demonstrations and/or other analytical examples
- Continue to encourage market participation to develop additional tools and analytical products

- **Should we require the disclosure concerning whether the information is "unaudited" or "unreviewed" to accompany exhibits containing tagged risk/return summary information?**

The fact that these documents are part of a voluntary program should be noted within the individual fund report or instance document. The Commission should consider including a disclosure within the fund instance document filings (for the period that the VFP is in effect) to make clear that the information is 'as furnished' rather than 'as filed' and that it is part of the voluntary program.

- **Is the exhibit index to a Form N-1A filing the appropriate place for cautionary disclosures?**

The index would be an appropriate place to include the cautionary disclosure.

- **With regard to risk/return summary submissions, are the proposed liability provisions sufficient to protect volunteers and to encourage participation in the voluntary program? To encourage participation in the voluntary program, should liability protections be increased beyond those proposed? Would investors have sufficient protection under the proposed amendments? For the protection of investors, should liability protections be decreased from those proposed?**

To encourage participation in the VFP, the Commission should consider providing liability protection to those involved with the voluntary filing program.

- **Is the taxonomy for risk/return summary information created by the ICI sufficiently developed that we should permit its use in the voluntary program? If not, explain what changes or procedural steps are needed prior to use. What specific criteria should be applied to determine whether the risk/return summary taxonomy is sufficiently developed?**

The taxonomy for the risk/return summary underwent a public comment period of 45 days which ended February 20, 2007. The ICI convened a working group that consisted of fund complexes, service providers, and software firms to review and comment on the taxonomy as it was being developed. For this reason, we believe that the taxonomy has been sufficiently developed.

- **Is there anything related to the process for developing and approving the risk/return summary taxonomy that should affect its use or otherwise raise concerns?**

This taxonomy is one of the first to focus on non-financial statement data. Therefore, it will differ in "look and feel" from the taxonomies focused on financial statements. The benefit of using XBRL as the underlying standard is the ability to extend the taxonomy if it does not completely meet the registrants' requirements or to handle situations unforeseen during the development process.

- **The process for approving a taxonomy as XBRL includes testing and technical modification. Should the Commission permit use of a risk/return summary taxonomy in the voluntary program that has not been acknowledged or approved as XBRL?**

We believe that the taxonomy is sufficiently developed and that its use may be permitted for purposes of the VFP.

- **A tagged submission that a volunteer creates can adhere to either a standard taxonomy or a standard taxonomy with extensions. Extensions to a standard taxonomy are additional tags defined by a particular user that further refine the tags contained in the standard taxonomy. We expect that mutual funds will be permitted to submit extensions to the standard risk/return summary taxonomy. Given the narrative format of much risk/return summary information, does tagging of this information raise particular problems with regard to extensions or other facets of data tagging? For what purposes would mutual funds want or need to make use of extensions? Are there sufficient software tools available to develop extensions to the risk/return summary taxonomy, if necessary? To what extent would the use of extensions reduce the comparability among risk/return summary information that is tagged? Are there any reasons why the use of extensions would be inappropriate with regard to risk/return summary information?**

The use of extensions may be necessary if a registrant's needs are not met by the existing taxonomy. The benefit of utilizing a standard like XBRL is its ability to identify when extensions have been created, to allow comparability to continue, and to make the user aware of additional levels of data that exist and are unique to a particular registrant's situation.

- **What are the advantages and disadvantages of the Commission providing on its Web site tools to render the tagged risk/return summary information in human readable form or to permit users to analyze and compare tagged risk/return summary information submitted by different mutual funds? If we were to provide a rendering tool, what, if any, liability or other concerns would be raised by the fact that the presentation would be different from the risk/return summary information as presented in a registrant's official prospectus? What, if any, liability or other concerns would analytical or comparison tools raise? What, if any, disclaimers would be necessary to address any liability concerns related to rendering, analytical, or comparison tools? If we were to provide a rendering tool, would it hinder the ability of a volunteer to present its tagged risk/return summary information in as much detail as, and in a manner substantially similar to, its official filing? If we do not provide rendering, analytical, or comparison tools, would it hinder participation in the voluntary program or limit our ability to explore the usefulness of tagged risk/return summary information?**

We support the SEC's efforts to offer analytical/rendering tools via the web, which would benefit both the investor and the funds preparing the risk/return schedule. For the fund preparers, this represents an opportunity to explore the advantages of utilizing interactive data, without the burden of selecting and developing software tools. The investor will also realize the benefits of interactive data, especially if the tools are integrated with the EDGAR system.