

September 9, 2008

Chairman Christopher Cox
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Mr. Ernesto A. Lanza
Senior Associate General Counsel
Municipal Securities Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, VA 22314

Re: SEC File No. S7-21-08 & MSRB File No. SR-MSRB-2008-05

Dear Chairman Cox and Mr. Lanza:

We applaud your leadership on the proposed EMMA system for Municipal Disclosures. Based on the recent challenges in the financial markets and our experiences in the Municipal Bond Market, EDGAR Online, Inc. would like to provide the following perspectives for you to consider as you evaluate the implementation of the EMMA system, SEC File No. S7-21-08 the proposed Amendment to Municipal Securities Disclosure (SEC Rule 15c2-12) and MSRB File No. SR-MSRB-2008-05.

As a brief background, EDGAR Online is probably best known for being the first company to publish SEC filings via the internet. Today, in addition to being one of the largest redistributors in the world of SEC filings, we provide fundamental financial data and electronic disclosures for the US and Chinese equities markets to thousands of investors. We also provide a service to convert 10-K and 10-Q filings into XBRL format on behalf of public companies. EDGAR Online is a founding member of the XBRL consortium and an active member of XBRL US and XBRL International.

Within the past year EDGAR Online was approached by a number of institutions (asset managers and pension funds) requesting our assistance to provide access to Municipal Bond disclosures for their retail investors. These institutions were seeking to fulfill their regulatory requirement to provide appropriate disclosures associated with their municipal bond investment recommendations. We already provide access to over five million public disclosures for US equities and mutual funds and we felt the municipal market would be a natural extension of our product offerings. As we researched this market we were dismayed to find that over the past 15 years, while the US equities and mutual fund markets have undergone a renaissance and modernization in improved access to financial information for investors, walls have been built around access to public information in the Municipal Bond market and highly disparate levels of consistency and quality have developed in financial reporting for Municipal Bonds. We believe that with the recent challenges in the bond and the bond insurance markets, the lack of consistent and detailed transparency puts investors and municipalities in a highly tenuous position and threatens the stability of this \$2.5 trillion market.

As a result, we feel the need to share some of our experiences and suggestions regarding access, consistency and quality of disclosures in municipal bonds and in the proposed EMMA system.

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ACCESS TO DISCLOSURES

As mentioned, we were approached by a number of institutions seeking to provide electronic access to Municipal Bond prospectuses and annual reports. What we found in researching this market is that under the current NRMSIR model it is not feasible for EDGAR Online to have access to municipal bond disclosures for the purpose of redistribution to investors through our tools or services. Our current understanding is that we have two choices to access municipal bond disclosures:

- We seek out the disclosures individually from each of the 50,000 different issuers of these bonds or third party agents that they have authorized to publish their disclosures, or,
- We pay a NRMSIR an annual subscription fee or a \$25 per document fee. Under these fees we can use the document for internal purposes only. We are unable to re-distribute the documents to individual investors, even for compliance purposes, because NRMSIRs have copyrighted these documents by categorizing and reformatting the documents into a proprietary format.

Access to the un-copyrighted documents submitted by the municipality is simply not offered by any of the NRMSIRs for distribution by a third party like us. While EDGAR Online has respect for each of the four NRMSIRs, it is important to remember that they are for profit companies. They have a responsibility to investors to capitalize on their investments. Because of the current model, public disclosures are now private property - restricting the development of an ecosystem that can support needs of investors for disclosure and analysis.

What we have found additionally surprising is that bond investors are forced to pay what we believe to be relatively high fees for access to disclosures that are free in the US equities market. An example that probably most dramatically illustrates this point is as follows:

Bahia Lakes Community Development District in Florida (BLCDD). BLCDD issued a \$2.9m conduit municipal bond. Standard Pacific (NYSE: SPF) is the obligor. Recently SPF published an Annual Financial Statement as part of its ongoing disclosure requirements. SPF is a public company. They re-published their Annual 10-K to fulfill their requirement to release an annual financial statement for the bond. The SEC, as well as large internet portals like Yahoo, MSN and Google already provide free access to SPF's Annual 10-K. However if you are an investor that owns the BLCDD bond, under the current model you would go to one of the NRMSIRs to access the annual financial statement of the bond you have purchased. You would likely pay \$25 for access to this document without knowing it is available for free up on SEC.GOV. With over 50,000 issuers each deciding what they will file each year for annual financial statements, it is next to impossible for an investor to determine where to go for free information versus when to go to a NRMSIR to pay \$25 for their copyrighted information.

The proposed rule's fundamental premise that access to all municipal bond continuing disclosures should be moved out of the hands of private companies and into a centralized, free and equal system is critical to the future functioning of this market. This simple idea is essential to re-establishing parity for access to information for municipal bonds and other asset classes in the US market.

In addition, we agree with the proposed rule's recommendation that each document be of a common format, and specifically agree with the rules recommendation of a searchable, printable PDF. We also strongly support the need for filers to include the indexable fields described in the rule. In an effort to re-set the baseline for disclosures in this market we would like to propose one additional step - it would be helpful to both investors and the organizations that support these investors if the MSRB and the SEC would require obligors of any actively traded bond to re-submit their original prospectus with the following indexable fields:

- CUSIP
- Date of Issue
- Issuer
- Issuer State
- Original Par Amount
- Type of Bond
- Type of Security
- Description of Issuer (1-2 Paragraphs)
- Description of Use of Proceeds (1-2 Paragraphs)
- Description of Bond Security (1-2 Paragraphs)

All documents in the proposed EMMA system should be searchable based on indexable elements described in the proposed rule.

We are exceptionally encouraged with the proposal for the EMMA system to provide access to these disclosures to both individuals and to third party re-distributors in bulk format. The EDGAR system has provided bulk access to documents. Over the years, a vibrant marketplace of re-distributors and data miners of this information has sprung up for free and for fee. Companies like EDGAR Online, Yahoo, Google, MSN, Forbes, LexisNexis, Thomson Reuters, Bloomberg, Capital IQ, etc. innovate every day to make it easier for investors to find and extract the information they need out of these documents and for compliance organizations to ensure that appropriate information is being provided in the investment process. Because this ecosystem exists, the public has a broad range of price points and a wide variety of services to choose from to meet their information needs. We encourage the MSRB and the SEC to allow third parties to subscribe to bulk RSS feeds of these documents and re-sell access to these documents through their own portals, tools and services.

CONSISTENCY OF DISCLOSURES

Based on data from the November 2007 S&P's National Municipal Bond Index report, there are 1.6 million outstanding municipal bond issues. Approximately 1/3 of these issues have been traded in the past year. In attempt to fulfill the requests of some of our customers we have tried to locate and categorize disclosures for all of these actively traded issues. In that process we researched document availability from three different public sources of municipal bond disclosures. One of these sources was a NRMSIR. From all the sources we reviewed, including the official NRMSIR site, we were only able to locate a total of 23,000 annual financial statements for all 12 months of 2007. This would suggest that less than 1.5% of all total issues (and approximately 4% of all traded issues) had annual financial statements that we could locate. To provide a sense of the magnitude of this gap in disclosures - - if we

had the same results in searching for annual reports among the 12,000 publicly traded companies in the US – we would only be able to find 180 public companies' annual reports.

While there may be more annual financial disclosure's available, our experience clearly demonstrates that the public face of municipal disclosures severely lacks consistency. We recommend that the MSRB and the SEC take a more active stance in requiring the filing of appropriate disclosures. We are very encouraged that the MSRB and the SEC are proposing in this rule to have the EMMA system implement a model for tracking of filings by municipal bond issuers. We encourage the creation of a simple user interface for an investor to query, by cusip, to see which disclosures have and have not been filed by that issuer for the current year and historically.

QUALITY & DETAIL IN DISCLOSURES

Prior to the creation of the SEC's EDGAR system there were approximately one to two primary sources for fundamental data for the US equities market. It was expensive to find income statements, cash flows, balance sheets in data format for analysis. Investors had to generally hand enter data into their own spreadsheets. Today there are well over seven major originators of fundamental data for this market and literally thousands of applications, websites, redistributors, etc. that publish fundamental financial information for US public companies - in many cases this information is free.

In contrast, in the municipal bond market there are simply no suppliers of fundamental data. If an investor wants to evaluate the income statement or cash position of two hospitals that are both issuing municipal bonds, the investor has to first locate the appropriate financial statement (which we have already described the challenges of). Then, the investor must manually enter the elements of two completely different income statements and balance sheets into their own comparison model, determining the differences between the two organizations accounting methodologies, fiscal years, liability calculations, etc. In talking to numerous investors there is simply no organization that is producing data sets that would allow investors to analyze core annual financial statements of municipal bonds, without having to hand enter this data. The ratings agencies provide some of these details at the inception of the bond, however they do not provide ongoing fundamentals through the life of that bond.

The economic motivation to create a fundamental database is very clear as there are hundreds of thousands of participants in the municipal market and trillions of dollars at stake. However, very large companies with massive resources in data collection and distribution have consistently been confounded when attempting to create a municipal bond fundamental data set. This is because:

- The disclosures are difficult to locate
- The differences in financial reporting between municipalities are so vast
- The volume of documents is too great

Today data aggregators primarily use manual processes to parse data from the myriad of documents that are submitted in the US equities markets. This works because in general volumes are manageable, and the documents are generally in a similar format and accounting methodologies are common. In the municipal bond market, data aggregators simply can't apply enough people to overcome all the problems and produce a normalized dependable data set within a reasonable time period or at an accessible price point.

A similar environment recently existed in the Residential Mortgage Backed Securities market. The loan level data that backed up RMBS's and CDOs was locked up in large unmanageable documents known as Free Writing Prospectuses (FWPs). These documents were available to the public via the EDGAR system, but they were literally thousands of pages long and very difficult to parse into useable data sets. The only data that the market had access to was the data released and analyzed by the ratings agencies. Because a broader ecosystem of counterparty analysis did not exist, it was difficult for the market to question or confirm the analysis of the ratings agencies. We have learned time and time again that an essential aspect of the US equities market is the fact that multiple analysts evaluate stocks from both the buy side and the sell side. The lack of data and the lack of an ecosystem of counterparty analysis negatively impacted the RMBS market and we believe will eventually impact the municipal bond market. The difference however is that the dollars at stake in the municipal bond market are significantly larger and the number of municipal bond issues is approximately 100 times greater than the RMBS market.

We believe that the lack of fundamental data and analysis in the municipal bond market represents one of the most significant risks to investors in the US market today. To solve this problem we believe that the MSRB and the SEC should require issuers to submit financial disclosures to the EMMA system in both electronic document format and in XBRL.

The SEC has done extraordinary work in creating one of the most sophisticated implementations in the world of the XBRL standard. Based on our analysis, much of the work on the SEC's US GAAP XBRL taxonomy can be leveraged for the municipal market and the EMMA system. The vast majority (80%+) of municipalities and the corporations that are obligors in corporate conduit bonds are using US GAAP. In addition in 1999 Fitch issued a report that noted that the risk of default is "much higher" for munis issued on behalf of corporations (i.e. conduits). The organizations that leverage these conduit issues are corporations, housing corporations, healthcare and other institutions that almost always are required to report using US GAAP and adhere to FASB reporting recommendations (vs. GASB). As mentioned the SEC has done extensive work on a US GAAP taxonomy that we believe is applicable to at least the highest risk bonds in the market. In addition, as noted in the 1994 SEC release No 33-7049, over 75% of all municipalities have been using GAAP. This leads us to believe that the SEC and MSRB would find that the SEC XBRL taxonomy for the primary financials of the US equities market could easily be applied to approximately 80% of the municipal bond market's annual financial statements.

When implementing XBRL in a market, there is often feedback that this new reporting language puts an unnecessary burden on filers and adds cost and complexity. However in the US the SEC has already encouraged the creation of a vibrant market of third party software and service vendors of XBRL tagging/conversion solutions. EDGAR Online has been very public in our comments that we are one of these companies and that we create XBRL filings for some of the biggest companies in the world in less than 10 hours (start to finish) for an initial filing and in a few hours for subsequent filings. We have looked at municipal bond financial statements and are confident that with little or no change to our technology, we can convert municipal bond's annual financial statement into XBRL in the same way we convert US equities to XBRL – especially for these higher risk corporate conduit issues. We believe that the SEC and MSRB will find that most XBRL technology vendors in the US equities market would be able to make a similarly easy transition to the municipal market – because financial statements between municipal issuers and US equities have a great deal of similarities. We are highly sensitive to the disparities of technology expertise and financial resources found in the municipal bond market. We are confident that solutions like ours will be available to assist all ranges of readiness in the municipal bond market should the SEC and MSRB decide to require filings in XBRL. In fact we are even confident that

Chairman Christopher Cox
Mr. Ernesto A. Lanza
September 9, 2008
Page 6

most scanned paper financial statements can be moved into XBRL at a relatively low cost by existing participants in the US equities XBRL filing market.

The EDGAR system for US equities was first piloted in 1992 and is currently on a roadmap to fully transition to interactive data by 2012. We believe that the SEC and the MSRB have a unique opportunity with the EMMA system to leverage the lessons learned in equities market about the need for not just electronic documents - - but also interactive data. The SEC and MSRB can leap frog the 20 year evolution cycle experienced in equities by implementing XBRL reporting requirements alongside of the EMMA electronic document requirements in the municipal market. We strongly recommend that the MSRB and the SEC agree to accept voluntary XBRL filings and that a working group of filers, regulators and investors begin work on a potential XBRL specification with XBRL US for the municipal market. We believe that within a two year period the SEC and the MSRB should require at least corporate conduit issuers to file in XBRL and that over an additional three year period the remainder of the municipal bond issuers be required to move to XBRL reporting.

In summary, access, consistency and quality of disclosures have been discussed by the SEC, the MSRB, and the participants in the municipal bond market many times over many years. However there have always been questions of regulatory authority, technology accessibility, the challenges to developing reporting standards, and even questions of the cost/benefit for investors and the municipalities. What is different today is that we have a very clear and recent understanding of the impact of the lack of transparency in the bond markets. We have an investment climate that lacks confidence in its assets and the information the market is trading on. We have an internationally accepted open standard for financial reporting, and a thriving market providing low cost, high fidelity technology offerings for producing interactive data financial reports. These conditions combined with political will can solve the information issues we have all been discussing for years – with a 21st century solution for 21st century investors. We encourage the SEC and the MSRB to respond to this opportunity by moving forward with the implementation of the EMMA system as described in the proposed rule and with an interactive data pilot for the municipal bond market.

Sincerely,

A handwritten signature in black ink, appearing to read 'Philip D. Moyer', with a long horizontal flourish extending to the right.

Philip D. Moyer
CEO & President