

September 25, 2008

Ms. Florence Harmon
Acting Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Release No. 34-58256; File No. SR-MSRB-2008-05, Self Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing of Proposed Rule Change Relating to the Establishment of a Continuing Disclosure Service of the Electronic Municipal Market Access System (EMMA)¹

Dear Ms. Harmon:

Digital Assurance Certification, LLC (“DAC”) is pleased to respond to the request by the U.S. Securities and Exchange Commission (the “Commission”) for comments on a proposed rule change described in summary form below.

The Proposal

The Municipal Securities Rulemaking Board (the “MSRB”) has filed with the Commission a proposal to establish a continuing disclosure service (the “continuing disclosure service”) of the MSRB’s Electronic Municipal Market Access system (“EMMA”). The continuing disclosure service would receive electronic submissions of, and would make publicly available on the Internet on the EMMA website at emma.msrb.org (the “EMMA portal”), continuing disclosure documents and related information from issuers, obligated persons and their agents pursuant to continuing disclosure undertakings entered into consistent with Exchange Act Rule 15c2-12. The MSRB has requested that the SEC approve the continuing disclosure service to commence operation on the later of January 1, 2009 or the effective date of any provisions of Rule 15c2-12 providing for the MSRB to serve as the sole central repository for all electronic continuing disclosure information provided pursuant to Rule 15c2-12.

The proposal filed with the SEC would establish, as a component of EMMA, the continuing disclosure service for the receipt and public availability of continuing disclosure documents and related information to be submitted by issuers, obligated persons and their agents pursuant to continuing disclosure undertakings entered into consistent with Exchange Act Rule 15c2-12. As proposed, all continuing disclosure documents and related information would be submitted to the MSRB, free of charge, through an Internet-based electronic submitter interface or electronic computer-to-computer data connection, at the election of the submitter. Public

¹ The (“Rulemaking Proposal”).



access to the documents and information would be provided through the continuing disclosure service on the EMMA portal at no charge as well as through a paid real-time data stream subscription service. The establishment of the continuing disclosure service would be dependent upon the concurrent establishment by the SEC of a provision under Rule 15c2-12 providing for the MSRB to serve as the sole central repository for all electronic continuing disclosure information provided pursuant to the rule.

DAC and DAC Comments

DAC has worked well with the MSRB as an early subscriber to the MSRB's Real-Time Transaction Supporting System ("RTRS") and as a member of RTRS Subscriber Focus Group, including provision of our technical support during the RTRS start-up phase. DAC appreciates and looks forward to the prospect of an expanded working relationship with the MSRB, should the SEC designate EMMA as either an additional filing source or sole NRMSIR under Rule 15c2-12 ("Rule 15c2-12,") under the Securities Exchange Act of 1934.

The DAC System

DAC has over seven years of experience providing real-time disclosure and information dissemination services to the municipal market. Our business is based on the premise that the municipal market deserves accurate and timely disclosure at no cost to investors. DAC is proud to be recognized as a reliable information bridge between issuers of municipal bonds and the marketplace. The DAC system provides a database of municipal issuers' continuing disclosure materials that when utilized assist brokers and dealers in fulfilling their obligations under the securities laws.²

The DAC system removes uncertainty as to whether or not an issuer or obligated person is making required disclosure filings. Issuers and Obligated Persons using DAC irrevocably instruct DAC to file a failure to file notice if the required annual disclosure is not provided as required under the continuing disclosure agreement used in the DAC system. The resulting "red light -- green light" provides investors and broker-dealers assurance that an issuer either is or is not in compliance with its disclosure undertaking. The SEC staff issued a one of a kind no action letter to DAC on September 21, 2001, stating:

"the Division of Market Regulation will not recommend any enforcement action to the Commission against any broker, dealer, or municipal securities dealer (each, a "dealer") for violation of Subsection (c) of Rule 15c2-12 of the Securities Exchange Act of 1934 because the dealer uses the DAC database as its source of Information in the procedures it establishes in order to have reasonable assurance that it will receive prompt notice of

² Please see the no-action requesting letter, dated September 7, 2001, attached to *Re: Digital Assurance Certification, L.L.C.* (Sep. 21, 2001) for a description of the basic DAC System.



any event disclosed pursuant to paragraph (b)(5)(i)(C), paragraph (b)(5)(i)(D), and paragraph (d)(2)(ii)(B) of Rule 15c2-12 for DAC Bonds.”³

Over the course of its operating history, DAC has experienced a filing compliance rate exceeding 90%, and submitted failure to file notices on the remainder. The integrity provided by this feature provides issuers and obligated persons who have previously failed to meet their disclosure requirements with the ability to assure both investors as well as underwriters (on whom Rule 15c2-12 places the regulatory consequences) that their future filing obligations will be met or immediate notice of failure will be provided to the public. Of course, DAC has and continues to expand the features through the patented DAC system and additional DAC services to address the needs of all municipal market participants.⁴

Since January 31, 2005, DAC has provided MSRB RTRS secondary market trade data to the municipal market, combining both current disclosure and trade data for DAC Bonds in one location free of charge. DAC has developed a robust system of proven reliability with demonstrated ability to serve in implementing the Board’s proposal for collection and dissemination of market information for Auction Rate Securities.

DAC has provided information on variable rate obligations as an additional service to certain of its issuer and investor clients since 2005. DAC stores and provides issuers the ability to share liquidity documents, including contracts, counsel opinions, extensions and substitution agreements. DAC has provided this service since 2005. The following year, DAC added additional tools for auction rate securities (“ARS”) and transaction reporting and monitoring. The DAC system provides issuers the tools to enter reset rates by date, for a specific period, identified by Series, CUSIP, issue description, borrower, remarketing agent, liquidity provider and expiration date of facility. DAC also provides reminders to its issuers of upcoming expiration dates and provides a link to the SIFMA (BMA) index in an excel spreadsheet format, to allow issuers the ability to compare rates. DAC recently moved this information to its home page to provide for broader sharing of data throughout the municipal market. DAC has also added an audit trail function that records conversion dates and the new rate mode for any VRDO transaction.

DAC initiated its support of the municipal Auction Rate Securities market when the market needed it most. Within four business days of the release of the Commission’s March 14, 2008 no-action letter (the “ARS Letter”), issuers and obligated persons were able to post required information called for under the ARS Letter on the DAC system where it may be viewed by all without charge. As of today, information on 1455 ARS auctions has been posted on the DAC site and 18 brokerage firms have established links to the site. DAC’s ability to provide vital support to the municipal Auction Rate Securities Market in such short time is solid proof of the robust nature of the DAC system.

³ Id.

⁴ DAC has received U.S. Patent No. 7,155,408; Other Patents Pending.



DAC looks forward to continuing to bring improvements in disclosure dissemination, investor communication, and other services to the municipal market.

DAC is pleased to provide its comments below in response to the Commission's request.

DAC Comments

DAG generally applauds the efforts of the SEC and MSRB in improving the quality and timeliness of disclosure available to the municipal marketplace, a goal that is the centerpiece of DAC's corporate mission and business model. As an experienced operator of what may be the only pristine database for municipal bonds, limited of course to DAC Bonds, we do have several observations about the challenges confronted in any effort to provide a complete disclosure base covering the entire market.

As we observed in our earlier filing⁵, DAC believes numerous inefficiencies exist within the current NRMSIR system that may be addressed in a variety of ways. While reducing the number of NRMSIRs has the practical effect of eliminating several inconsistent databases that may confuse the investing public, a complete and error free data base does not automatically result. Two information bridges, the first between issuers and the NRMSIRs, the second between the NRMSIRs and investors, exist today and would continue to exist should the SEC reduce the number of NRMSIRs to one, EMMA. The first bridge depends upon if, how, and when an issuer submits information, and upon the somewhat shaky proposition that an issuer failing to file required annual information will nevertheless not hesitate to file a report that it has failed to do so. The second bridge, should it meet the high standards of system integrity, redundancy, capacity, and security appropriate for disseminators of information to financial markets ("financial market system integrity standards"), still can only give as good as it gets. If the first bridge is unsound, the second offers no improvement.

DAC, through the "red light- green light" automatic failure to file feature and other components of the DAC system, is the only disclosure dissemination agent to reliably cross both bridges - from issuer to investor - with the results freely available to all on its web site, as well as transmitting the information to NRMSIRs, and has been doing so since 2001.

From experience, DAC is aware of differences in the scope, quantity, and continuity of information generally available on the existing NRMSIRs, other than for DAC Bonds. Even in the case of DAC Bonds, while a pristine database may be viewed on the DAC website by all free of charge, once transmitted to NRMSIRs, the pristine data has been polluted by misfilings at the NRMSIRS of non-DAC sourced information into the files of DAC Bond Issuers. Frequently "pollution" of an issuer's database results when use of six-digit CUSIP numbers is permitted in

⁵ DAC letter to Ms. Florence Harmon, Acting Secretary, U.S. Securities and Exchange Commission, Re: Release No. 34-58255; File No. S7-21-08, Proposed Amendment to Municipal Securities Disclosure, dated September 22, 2008 ("Comment of September 22, 2008").



filings, mixing an issuer's diligent efforts to keep investors informed with completely unrelated and potentially misleading information filed by another issuer.

Should the Commission approve the proposed rule change, DAC believes that the Commission should establish rigorous ongoing inspection and oversight to assure implementation of "best technology available" operating under "financial market system integrity standards," as both are described in our Comment of September 22, 2008. Investors in the municipal market deserve quality information and treatment on a par with those in other markets. Should the Commission determine to do otherwise, for the benefit of investors, it should clearly explain its reasoning.

We appreciate the opportunity the Commission has provided us to share our thoughts on these important issues.

Very truly yours,

A handwritten signature in blue ink that reads "Paula Stuart". The signature is written in a cursive style with a large initial 'P'.

Paula Stuart,

Chief Executive Officer

Digital Assurance Certification, L.L.C.