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November 15, 2004

Mr. Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549-0609

Re: File No. S7-36-04, Enhancing Commission Filings Through the Use of Tagged Data

Dear Mr. Katz:

Microsoft Corporation appreciates the opportunity to comment on the Commission's concept release regarding enhancing Commission filings through the use of tagged data. We believe that data tagging, specifically with XBRL, provides the best method for searching, retrieving, and analyzing financial information through automated means. The detailed comments section below outlines our responses to specific questions following the section headers in the concept release.

II. TAGGED DATA AS PART OF OUR INITIATIVE TO IMPROVE ANALYSIS AND DISCLOSURE

B. Essential Elements of Data Tagging

What are the advantages and disadvantages of using the active pairing approach as compared with the fixed field technology approach?

The active pairing technology approach supports companies in creating taxonomy terms for reporting concepts that represent how their businesses may be managed and are not found in the core taxonomies. For the Commission, the disadvantage of this approach is determining how best to compare and differentiate similar concepts across companies.

The fixed field technology approach only works in filings or processes managed by standard forms where there is limited number of fields with a limited number

of acceptable responses. Fixed fields would not feasibly support taxonomy extensions.

Are there Commission filings, in addition to Section 16(a) beneficial ownership reports, that would better rely on fixed [field] technology? If so, which filings or forms would best use that technology?

Commission forms that include specific items to be filled in, such as Schedules 13D and 13G and Form 144, are those best suited for fixed field technology.

C. Impact on Disclosure

What effect would tagged data have on the ability to use and analyze registrants' disclosure? Is the provision of tagged data in Commission filings preferable to the current system?

The provision of tagged data in Commission filings would be an improvement over the current system and we believe tagged data will have a significant effect on the ability to use and analyze registrants' disclosures. At a minimum, tagged data would avoid reentering data for analysis purposes, allowing for faster and more cost effective use of the information.

Would tagged data have an effect on the quality of disclosure in Commission filings?

We do not believe tagged data will have a significant effect on the quality of disclosure in Commission filings, as we see XBRL more as a technology that enhances the transfer of financial information and not as a process for improving the content of financial reports. However, we do agree with the observation in the concept release that tagged data will enable registrants to more easily examine the component parts of financial statement line items, and view elements of the line items that are found in the notes to the financial statements.

Can the usefulness of disclosure be improved in ways other than the application of tagging technologies? For instance, are there alternative solutions (e.g., software products) that reliably facilitate analysis of the text-based information contained in filings today?

Yes, Microsoft is a strong supporter of the Enhanced Business Reporting Consortium and we believe this initiative can have a significant impact on the usefulness of disclosures in the future. The Enhanced Business Reporting Consortium is an independent, market-driven organization whose mission is to improve the quality, integrity, and transparency of information used for decision-making in a cost effective, time efficient manner. While the Enhanced Business Reporting Consortium will focus on content, XBRL will be a key enabling technology in this effort to improve business reporting.

III. XBRL AND XBRL TAGGED DATA

A. Technology Specification

Is the XBRL specification 2.1 sufficiently developed to support the tagging of financial information? Explain whether the specification provides an effective and efficient means for tagging data in Commission filings.

Yes, the XBRL 2.1 represents a stable specification that dictates how taxonomies as well as the XBRL-specific XML files (“instant documents”) are formed. Taxonomies, as the set of definitions for multiple hierarchical relationships of accounting concepts (including a presentation view, calculations, labels, and so forth), support the tagging of financial data. The production of standard taxonomies based on this specification provides an effective means for tagging and mapping data for comparative analysis.

Although XBRL specification 2.1 is an open standard available on a royalty-free basis, are there limitations on the ability of filers, software providers or others to freely use the specification?

We observe no significant limitation on software providers or others using the specification. The greater challenge for companies as well as vendors is with the technical complexity of the XML implementation in XBRL. Currently, editing a taxonomy requires an end-user to understand how the XML is structured, which is not a reasonable task for the average user.

B. Taxonomies

What should the Commission's role be in taxonomy development? How could the taxonomies be assessed to determine whether they include the disclosures required by GAAP and Commission rules?

The market should develop taxonomies bringing together organizations that can create and maintain their authoritativeness. The Commission should provide oversight to ensure required disclosures and rules are implemented.

Are the standard taxonomies sufficient for registrants to submit data tagged using XBRL without extensions? If not, should standard taxonomies be expanded to make extensions unnecessary? If standard taxonomies were expanded to make extensions unnecessary, would the standard taxonomies still be manageable, efficient and useful?

For some smaller companies the taxonomies are sufficient without extensions. XBRL International along with organizations such as the IASB have developed a core set of taxonomies targeted at meeting 90% of the needs of 90% of the companies in a particular set of industries. Taxonomies should be expanded to respond to common deficiencies exposed by volunteers; however, it is unlikely

that they could be expanded to eliminate the need for extensions. There is likely a diminishing return on the management of taxonomies that attempts to include fine nuances in detail. The market will require best practices on how to make sound, well-formed extensions.

What would be the advantages or disadvantages of permitting registrants (either individually or as part of an industry group) to develop, use, and submit their own extensions? If registrants were permitted to use their own extensions, would it result in better financial reporting with greater detail than reliance solely on standard taxonomies? Is there any potential that investors could be confused or misled by registrant-developed extensions?

XBRL is intended to be extensible so companies can provide detail and information that aligns to the message of management. It supports companies in adding specific accounting terms or disclosures that are different from other companies or industries. The belief is that companies will provide better information and that the development of extensions represents a part of that effort. Investors could be confused by registrant-developed extensions if they are poorly-formed and lack the necessary data to make them understandable. Volunteers may struggle with understanding how to extend taxonomies and manage them over time.

C. Presentation and Analysis of Tagged Data

Would it be preferable for registrants to develop and submit their own style sheets to render tagged data into a specific format or for the Commission to provide a standard style sheet? Why or why not?

No, registrants should not submit their own style sheets. Companies can post optional readers on their company Web sites. If the Commission were to receive style sheet applications, it would require creating a process to evaluate binaries securely, storing them, implementing a staging site, and implementing a support system to route issues if the application breaks. The Commission should provide a viewer application as a logical extension of the technical validation process they anticipate being applied against a registrant's XBRL documents.

What is the appropriate level of detail to be provided in rendered financial statements? What standards should be established to ensure a sufficient level of detail in the rendered financial statements?

Financial statement rendering should show the level of detail furnished in the XBRL version of the statements, starting with the complete set of financial statements. The Commission can later extend the initial rendering to include the full set of notes.

Are software analytical tools sufficiently developed to analyze the data? What are the fundamental features of such tools?

No. Simple, desktop XBRL analytical tools have not entered the market yet. Today, the context for analytical tools is either regulatory systems that aggregate and analyze data or desktop tools coupled with an information service (for example, the Office Tool for XBRL Prototype used a Web service from Edgar-Online to demonstrate simple analytic capabilities).

Fundamental features include: (1) Secure Web service access for data feed, (2) Ability to import or upload XBRL files securely, (3) Automatic taxonomy (namespace) recognition and user-prompted access, (4) Configurable or customizable framework for analytics, and (5) Data-exception handling (where the data may not "line up").

D. Attestation/Validation of Tagged Data

If we require or accept tagged data in Commission filings, should accountants attest to the accuracy and completeness of the tagged data? If so, what form should such an attestation take?

For the voluntary program, we believe that accountants should not attest to the accuracy and completeness of the tagged data, but results of the voluntary program can be used to study this issue. While we agree that it is important that registrants properly tag items included in the standard and extension taxonomies, it is also important that the costs of yet another attestation requirement does not exceed the perceived benefits. If it is decided that accountants should attest to the accuracy and completeness of tagged data, we believe that the AICPA's Interpretation to Section 101 of the Statements for Attestation Engagements provides sufficient guidance in this area.

IV. INFORMATION FOR AND FILING OF TAGGED DATA

A. Information Appropriate for Data Tagging

What information contained in Commission filings would be appropriate for tagging? Only the financial statements? The financial statements and the notes to the financial statements? Should management's discussion and analysis or management's discussion of fund performance also be included? Should Commission industry guide information be included? Should financial schedules be included? What about other information included in the periodic or current reports or other information collected by the Commission? Please provide an explanation for the information that you believe is appropriate for tagging.

Eventually, we believe virtually all financial information contained in Commission filings would be appropriate for tagging. We believe having a critical mass of registrants tagging the financial statements, notes, and management's

discussion and analysis would be a good first goal for the Commission after it has evaluated the results of the voluntary program.

Are there specific industries for which data tagging would be easier to implement or the tagged data would be more useful?

Those small public companies that have a business and reporting structure that are relatively simple could potentially use taxonomies without customizations.

Should we consider tagging investment company information other than financial statements, such as the prospectus fee table or the table of sales loads and breakpoints? Should we consider tagging registrant or depositor financial statements for insurance company separate accounts issuing variable insurance products?

(N/A)

B. Filing of Tagged Data

If we were to extend the acceptance of voluntary filings, would it be preferable to accept documents using tagged data as an alternate official filing similar to our current approach of accepting either ASCII or HTML formats? Would it be preferable for us to accept documents using tagged data as an unofficial part of the filing, similar to what is currently done with PDF files?

During the voluntary program, registrants may want to provide their filings in a range of formats (XBRL, HTML, ASCII, or PDF), but the Commission's preference should be to accepted documents with tagged data (XBRL) as an alternate official filing. The structured data in XBRL-tagged filings defines the future for efficient filing and reuse by investors.

Should tagged data be applied to only certain types of forms? If so, which forms? Should tagged data be applied only to periodic reports? If so, should it be applied only to annual reports on Forms 10-K and N-CSR? Should application extend to quarterly filings on Forms 10-Q and N-Q? Aside from periodic reports, should it be applied to information filed or furnished on Form 8-K? Should it be applied to reports by investment companies on Form N-SAR? Should tagged reporting for investment companies be different than for operating companies?

Tagged data should not be limited to only certain types of forms.

What are the specific implications for the use of tagged data in filings made pursuant to the Securities Act of 1933? Would using tagged data affect an issuer's ability to access the market or the timing of its offerings? If so, how?

We believe tagged data in Commission filings, whether under the Securities Exchange Act of 1934, the Securities Act of 1933, or other statutes, will enhance the ability of investors to access, compare and analyze information.

V. IMPACT ON VARIOUS PARTIES

A. Investors

What are the likely impacts of the provision of tagged data by registrants on financial analysts, institutional investors, or individual investors? Would the provision of tagged data by registrants result in time and cost savings to investors, such as through reduced data entry or formatting?

We believe tagged data will benefit financial analysts and investors. Over time external reporting will be more expedient, shifting the focus of report production to the content, and its structure in standard formats (that is, taxonomies). The data will already be normalized and ready for immediate analysis. For analysts and investors, time will be saved in not having to re-key and reformat information; this will yield better investment or lending analysis. More time can be spent on accurate measurement and evaluation, verifying and validating the data, creating higher-valued analytics, and delivering more “intelligent” products and services.

B. Registrants

Are current accounting or reporting software programs able to tag data? Are the programs able to tag data using XBRL?

Yes. Several leading vendors of accounting and reporting software, including Microsoft Business Solutions (Navision, Great Plains, Solomon, Axapta, and FRx), Hyperion, CaseWare, and SAP SEM, offer capabilities for tagging reports and exporting as XBRL. Some of these vendors have plans to upgrade to XBRL 2.1.

What impact would data tagging have on a registrant's financial reporting process? What additional costs would a registrant incur to tag their financial reporting data?

For the voluntary program, first-time tagging will require registrants to take time to learn the technology and define processes to manage the XBRL tasks, including extending taxonomies. Companies will likely want to invest in a one-time start-up effort on customizing the taxonomy, and plan for infrequent updates. They should have an opinion on how to manage the business process and plan for how to review and validate the effort. Tagging should quickly become routine quarter-to-quarter. XBRL-tagging will necessitate bringing the business together with IT to manage both the financial reporting and XML-based publishing processes. For some companies, this may be a newer or more challenging partnership to establish.

What would be the advantages and disadvantages of requiring small business issuers to tag data in their Commission filings? Should we exempt small business issuers from any data tagging initiatives? Alternatively, should small business issuers be given more time than larger issuers to transition to the use of tagged data?

Smaller businesses often lack coverage by analysts; submitting tagged data potentially makes it easier for analysts to review their performance and cover these companies. The Commission should not exempt small businesses, but rather encourage their participation. Small business may require more time to transition to XBRL-tagged data, so the Commission should continue to work with associations in the market, providing feedback so that they can collectively address issues.

What would be the advantages and disadvantages of requiring foreign private issuers to tag data in their Commission filings? Are the implications different if the foreign private issuer reports using home country Generally Accepted Accounting Principles or International Financial Reporting Standards with a reconciliation to U.S. GAAP? Should we exempt foreign private issuers from any data tagging initiatives? Alternatively, should foreign private issuers be given more time to transition to the use of tagged data?

Subject to the results of the voluntary program, we do not believe foreign private issuers should be exempt from any data tagging initiatives as long as the applicable home country GAAP taxonomies have been officially recognized by XBRL International. However, given their unique circumstances, we agree that foreign private issuers should be given more time to transition to the use of tagged data.

What would be the advantages and disadvantages of requiring investment companies to tag data in their Commission filings? Are there types of investment companies that should be exempt from any data tagging initiatives? Alternatively, should certain investment companies be given more time than other investment companies to transition to the use of tagged data?

(N/A)

C. Accountants

What effect, if any, would the use of tagged data have on the quality of and the time required to conduct audits and test internal controls?

We believe that XBRL represents a significant segment of standard metadata that would greatly reduce the effort to conduct audits and monitor internal controls. It can provide not only the metadata for auditors to drill down and discover key facts, but also serve as the logic for performing validation.

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D. Other Parties

What effect, if any, would the submission to and availability of tagged data on EDGAR have on other parties?

We believe the benefits of tagged data will, when broadly implemented, permit parties such as the financial press and government agencies to quickly and efficiently access and compare specific data that is of interest to them.

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If you have any questions regarding these comments, please do not hesitate to contact me at (425) 722-6514.

Sincerely,

A handwritten signature in blue ink, appearing to read "SDV", with a stylized flourish extending to the right.

Scott Di Valerio
Vice President, Corporate Controller