

**October 24th, 2019**

Fixed Income Market Structure Advisory Committee  
200 Vesey St.  
New York , NY 10281

Re: Consideration of XBRL

Dear Members of the Fixed Income Market Structure Advisory Committee,



Thank you for considering the application of XBRL to municipal disclosure and thank you for giving us and other members of the public the opportunity to comment about the issue.

Our policy recommendation is a simple one: The MSRB should accept and display Inline XBRL disclosures on EMMA. This involves adding capabilities to EMMA which are already available on EDGAR. It should thus be possible for MSRB to acquire and integrate applicable computer software from the SEC at minimal cost.

A policy of accepting Inline XBRL disclosures should not be conflated with a filing requirement. Under this proposal, municipal bond issuers and their agents would be free to provide PDF disclosures, Inline XBRL disclosures or both.

By accepting and posting Inline XBRL primary and continuing disclosures, MSRB will provide an opportunity for filers and filing service providers to experiment with the format and build an ecosystem of software tools that will lower the cost and improve the quality of these machine-readable filings. The experimentation process will help reveal the true cost of creating these disclosures and how useful they are to investors with real evidence rather than conjecture.

This recommendation is consistent with the legislative intent of the bipartisan Financial Transparency Act of 2019, [HR 4476](#), recently introduced in the House of Representatives. Section 203 of this bill would require MSRB to adopt data standards that “render data fully searchable and machine-readable,” that are “nonproprietary or made available under an open license” and that are “developed and maintained by voluntary consensus standards bodies.” Inline XBRL meets these requirements.

Financial regulators do not need Congress to compel them to adopt 21<sup>st</sup> Century regulatory technologies. The FDIC and SEC adopted XBRL without a Congressional mandate, and so should MSRB.

Since 2005, the SEC has been addressing this issue of data accessibility for corporate securities investors by encouraging the use of XBRL and providing tools, like the EDGAR Renderer and Inline XBRL Viewer, to help investors find key data points in these structured text filings. Unfortunately, no such innovation has occurred in the municipal market.

This is creating a two-tiered disclosure regime which is most painfully obvious in the realm of private activity bonds. Consider, for example, Pacific Gas & Electric, a now-bankrupt northern California utility that offers both corporate and municipal (private activity) securities.

A corporate securities investor using EDGAR can readily analyze PGE's financial statements by using the SEC's Inline XBRL Viewer as you can see here:

<https://www.sec.gov/ix?doc=/Archives/edgar/data/75488/000100498019000028/pge-063019x10q.htm>

By contrast, a municipal investor owning PGE private activity bonds and using EMMA just receives a giant PDF as you can see here: <https://emma.msrb.org/ER1244740-ER973606-ER1374542.pdf>. It is hard to see a policy justification for giving municipal bond investors inferior access to information relative to corporate securities investors, especially when an effective and low cost solution is present.

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