

ALEXANDER T. NAGY
Washington, DC
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U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Comments on Modernization of SEC's Disclosure System

Commissioners:

Thank you for requesting comments on the proposals to modernize the SEC's disclosure system. I work as a paralegal specialist for a Washington, DC law firm, where I have more than 10 years of experience in preparing paper and EDGAR filings for investment companies. I would like respectfully to submit the following comments for your consideration. I am submitting these comments generally in my capacity as a paralegal, and not on behalf of my firm or any client. I have comments on two items.

1. Costs to filers of EDGAR conversions.

The cost of preparing a filing on the EDGAR system can be substantial. This was discussed at some length by panelists at the roundtable, and I share their concerns. One cost that the Commission should address is the cost of converting a filing from word processing to EDGAR format. As the Commission considers modernizing its disclosure system, it should take the opportunity to change the system to eliminate the need for submitting filings in a specialized EDGAR format.

At present, EDGAR filings must be formatted to exclude certain computer codes. SEC staff members have explained that this is to prevent submission of a filing that contains a virus, a movie, or other executable code. The problem is that these restrictions are incompatible with any commonly used word processing software. Thus, a filer must obtain special software to convert word processing files into EDGAR format. The cost of this software can be substantial: the leading package currently runs about \$2,000 per year. Also, using the software requires trained personnel. Converting to EDGAR format also results in duplicate drafts and added clerical costs.

On a larger level, the technical demands of EDGAR filing often result in all work being fed into a technical staff—for example, at a financial printer—that can produce an EDGAR draft.

This additional layer of staffing is expensive in its own right, and can be costly in delays and lack of flexibility.

A conservative estimate of the costs of EDGAR formatting for a single registration statement filing (or an amendment) might be \$5,000. Most large businesses have no trouble footing this bill. However, small businesses might have more trouble paying it. Considering that in 2007 there were 5,649 filings on Filing Type 485BPOS alone,¹ the costs to filers as a whole of complying with EDGAR's technical requirements quickly rises into the millions. Adding XBRL tagging into the mix may well increase this cost.

I suggest that the Commission look into ways to allow a filer to submit filings in commonly available word processing, spreadsheet, or PDF formats. That way, a filer could easily construct the filing using EDGARLink (or any future equivalent), and do the filing in-house. The Commission might want to look at the filing systems of the U.S. International Trade Commission or the SEDAR system in Canada, both of which accept PDF filings. Considering the costs involved, it would be well worth the time spent actively pursuing this issue.

2. Hardship Provisions.

If the Commission cannot presently allow all filings to be done in word processing or PDF format, it might consider allowing some such filings under the hardship provisions of Reg. S-T. The Commission already allows informal PDF submissions under Rule 104 of Reg. S-T; it would not be a great leap to allow official PDF filings for hardship purposes. Also, PDF filings submitted under the hardship provision would provide an avenue for the Commission to explore whether such filings would be workable on a larger scale. Such exemptions would provide substantial savings for filers and, for the SEC, a real-world test of possible filing procedures.

I appreciate this opportunity to submit comments to the Commission, and I look forward to working with the staff as occasion provides.

Sincerely

/s/ Alex Nagy

¹ This figure was derived from the Historical Edgar Archives search engine on the SEC website.