

November 5, 2018

Securities and Exchange Commission
100 F Street NE
Washington, DC 20549



Re: Comments on 4-725:
The Road Ahead: Municipal Securities Disclosure in an Evolving Market

Dear Chairman Clayton, SEC Commissioners, and the Office of Municipal Securities,

Thank you for the opportunity to comment in advance of your municipal securities disclosure conference on December 6th. As a senior policy analyst at Reason Foundation who has researched municipal disclosure issues, I would like to share three policy recommendations with you. My concerns are less with the content of municipal disclosure than with how it is delivered to the investing public. Reams of disclosure are of limited value unless they can be easily located and digested.

In the decade since its inception, the Municipal Securities Rulemaking Board's EMMA system has greatly improved investor access to primary and continuing disclosure. However, there are significant gaps between data accessibility on the SEC's EDGAR platform and EMMA. By emulating some of EDGAR's best practices, EMMA can become a much more useful portal for municipal disclosure, better equipping municipal bond investors with the information they need to evaluate securities.

The three suggested enhancements to EMMA are as follows:

- (1) Make all primary and continuing disclosure files available for bulk download at no cost to users. SEC provides all EDGAR filings it has received since the mid-1990s in web folders that are freely accessible to the public without cost or limitation. This functionality is described at <https://www.sec.gov/edgar/searchedgar/accessing-edgar-data.htm>. By contrast, MSRB provides bulk disclosures on a subscription basis and EMMA's [terms of use](#) oblige site visitors to agree not to "use or allow others to use any data mining, crawling, "scraping", robot or similar automated or data gathering or extraction method, or any manual process, to access, acquire, monitor or copy any portion of the Website, Content or Services..."
- (2) Allow and encourage disclosure filers to switch from uploading PDF formatted documents to machine readable documents using Inline XBRL. This is the intent of Section 203 of HR 1530, the Financial Transparency Act – a bill that has 33 bipartisan cosponsors.¹ But the transition to machine readable disclosure does not require a legislative mandate, especially if compliance is voluntary. Specifically, I

¹ For more on the benefits of applying XBRL to municipal disclosure, please see my articles in [Governing](#), [The Bond Buyer](#) and [The Financial Revolutionist](#), as well as Triet Nguyen's recent [commentary](#).

- recommend that MSRB (a) develop or commission others to develop XBRL taxonomies for various categories of disclosure documents and (b) implement SEC's open source Inline XBRL Viewer on EMMA so that issuers can file machine readable disclosures when ready. The first category of disclosures that should be converted are annual financial reports (roughly analogous to forms 10-K), a project that has been started by the [XBRL US State and Local Disclosure Modernization Working Group](#).
- (3) Permit copying and pasting of all text in EMMA to Microsoft Excel as *text* rather than graphics. For example, if I navigate to an EMMA issue details page such as <https://emma.msrb.org/IssueView/Details/ES388582> and copy/paste the "Final Scale" table into Excel, CUSIPs and Ratings appear as graphics – making the data in these tables more difficult to analyze. Both the CUSIP Service Bureau and credit rating agencies charge issuers for their services, so they do not necessarily require incremental revenues by selling their symbols and numbers. MSRB, as a representative of municipal bond investors, should negotiate harder for better redistribution terms from these companies. If CUSIP does not agree to make its identifiers "copy/paste-able", MSRB has the option of switching to [OpenFIGI](#) security identifiers provided by Bloomberg.

Thank you again for the opportunity to submit comments regarding municipal market disclosure. Please do not hesitate to reach out if additional information would be useful.

Sincerely,



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