

August 2, 2010

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Dear Ms. Murphy:

Interactive Data is pleased to provide comments to the Securities and Exchange Commission's proposed rules regarding the offering process, disclosure and reporting for asset-backed securities (Release Nos. 33-9117, 34-61858).

Interactive Data Corporation is a trusted leader in financial information. Thousands of financial institutions, including many of the world's leading buy-side money management firms, subscribe to our fixed income evaluations, reference data, real-time market data, trading infrastructure services, fixed income analytics, desktop solutions and hosted, web-based solutions. Interactive Data's offerings are used to assist clients with mission-critical functions, including portfolio valuation, regulatory compliance and risk management.

For over forty years, Interactive Data's Pricing and Reference Data business has provided global securities pricing, evaluations, and reference data. Interactive Data collects, edits, maintains and delivers data on more than 6 million securities, including evaluated pricing, reference data, and factor information for approximately 1.2 million asset-backed securities, agency/GSE pass-through and mortgage-backed securities (MBS), commercial mortgage-backed securities (CMBS), and agency and non-agency collateralized mortgage obligations (CMOs).

Interactive Data's Fixed Income Analytics business is a leading provider of fixed income portfolio analytics with decades of experience. This business is known for its flagship product, BondEdge®, which allows customers to identify opportunities and analyze portfolio risk using robust modeling techniques. Interactive Data also provides direct access to sophisticated risk measures for a wide universe of fixed income securities via its analytical datafeed service.

Proposed rules offer clear benefits to investors and other market participants:

Interactive Data supports the overall goals of the proposal and the associated improvements to the timeliness, depth and breadth of available disclosure information for asset-backed securities. We believe the combination of asset-level details and the waterfall program would

position investors to better analyze and understand the sensitivity of cashflows under various prepayment and loss scenarios.

Additionally, Interactive Data expects that it would use the additional asset-level and waterfall information internally to support quality control procedures for asset-backed security evaluations and reference data services as well as incorporating the information as extensions of its externally available reference data and analytics services.

Further recommendations and considerations:

While we are broadly supportive of the proposal as outlined, there are several issues that we'd like to highlight.

Simultaneous information release to all market participants:

We support the Commission's proposal to require issuers to provide the waterfall computer program at the time of the filing of the Rule 424(h) prospectus, i.e. at least five business days in advance of the first sale of securities in the offering. However, we note that this information is provided in advance to certain third parties, such as auditing firms and credit ratings agencies. We therefore encourage the Commission to consider requiring that the waterfall program be filed concurrently with information supplied to these other parties, for example as an exhibit on Form 8-K at the time of such first disclosure, to provide investors with maximum time to analyze this important information.

Recommendations for additional data items:

To better support analysis of asset-backed securities, we suggest the asset-level data be organized by deal with clear identifiers linking the asset-level data with the deal data. In addition, to enable ongoing investment analysis, we encourage the SEC to require the release of updated "state of the deal" performance information on an ongoing basis, alongside the asset performance information. Examples of this "state of the deal" data might include: deal triggers, accumulated losses, reserve account balances and updates to counterparty swap arrangements.

Standardization of data elements:

We agree with the Commission's proposal to use standardized item attributes to provide information that is more useful and comparable for investors managing portfolios of asset-backed securities. We also applaud the use of tagged items in XML format as a way of facilitating data standardization and analysis.

Level of granularity for asset-level information:

With respect to the Commission's request for comment on the level of granularity in the disclosure of asset level information, we recognize there is a balance between privacy and comprehensive investment analysis. We realize too the sensitivity of disclosing borrower information. However, since asset level information is critical to understanding the performance of residential mortgage-backed securities and since detailed asset level information already exists today for parts of the market, we believe it is appropriate to require such detailed asset level information.

Asset level granularity is essential for robust evaluation of the loss, default and prepayment risk associated with the assets backing a residential mortgage-backed security. Determining these crucial risk measures with aggregated statistics, based on Metropolitan/Micropolitan Statistical Area or FICO score ranges, for example, reduces precision by introducing the assumption that all loans in a statistical area or all borrowers within a FICO score band will behave the same.

In the residential mortgage-backed securities market, investors can currently access summarized asset level information for Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) securities. These organizations have gradually increased the level of collateral details they provide to investors (e.g. FHLMC now provides certain asset level information); however, we generally find the information to be insufficiently granular to support a comprehensive assessment of asset level performance under varying macro and micro economic conditions.

By contrast, issuers of private label, whole loan backed securities currently provide detailed asset level granularity in their disclosures. This information is used today to drive loss, default and prepayment models. However, the information is not standardized across issuers, and the issuers are not currently compelled to provide this information for all securities.

While we recognize there is a need to balance the availability of detailed borrower information and appropriate privacy protections, we believe detailed borrower information is important for investors in residential mortgage-backed securities to fully analyze these instruments. In addition, we would ultimately hope to see a consistent level of detail with respect to GNMA, FNMA and FHLMC securities.

Waterfall program text notations:

In response to the Commission's question on page 218 of the proposed rules, we support the inclusion of text notations in the waterfall program. In order to promote the ability of investors to read and understand the waterfall program source code, we recommend that the Commission require that comment statements be included in the source code to document the purpose and method of each section of the code (this would not necessarily need to be line-by-line). In addition, these comments should cross reference any corresponding numbered or lettered text in the prospectus narrative that describes the waterfall logic.

Choice of waterfall programming language:

We believe that neither Python nor Perl is a natural choice of programming language for modeling asset-based securities cashflows, in comparison to Microsoft® Excel® or C/C++/C# or Visual Basic. Accordingly, we recommend allowing the waterfall programs to be created in any of these mainstream programming languages or applications and distributed in spreadsheet or source code form, accompanied by documentation of any compiler switch settings needed to compile the source code into an executable program identical to that used by the issuer to create any certified outputs.

We recognize that the use of Python or Perl would avoid the posting of executable code on EDGAR, with the attendant danger of disseminating viruses or rogue code. However, as alluded to on page 214 of the proposal, this danger can be effectively managed by restricting the storage of compiled programs to an isolated web site that is set up for the purpose, tightly administered and regularly scanned for viruses. We therefore recommend that the Commission consider a modification to Reg. S-T to allow for the filing of waterfall-related executable code via EDGAR.

Consideration of an alternate distribution mechanism:

As an alternative to allowing executable code on EDGAR, the Commission may want to explore an alternative distribution mechanism. A separate portal could be designed to facilitate the secure storage and distribution of executable code. In addition, such a site might offer a separate, partitioned and password-protected section designed for voluntary filing of documentation with respect to private offerings (Rule 144A, Reg. D and Reg. S issues), facilitating retrieval and analysis for qualified institutional buyers and accredited investors. Finally, such an alternative could be designed to better support complex search queries as well as additional user education documents.

As a provider of hosted web solutions, Interactive Data would welcome the opportunity to further outline our views for the Commission about how such a portal might be constructed.

Comparable disclosure requirements for Government Sponsored Enterprises (GSEs): While we recognize that FNMA and FHLMC issued mortgage-related securities are currently exempt from the registration requirements of the Securities Act of 1933, we believe that the GSEs should ultimately be required to follow a similar process and provide a commensurate level of detail to that required of private sector issuers. Currently, the GSEs generally release only summary level collateral details, and there is a risk of codifying an uneven level of transparency in the market.

Conclusion:

Interactive Data appreciates the opportunity to respond to the Commission's proposed rules regarding the offering process, disclosure and reporting for asset-backed securities (Release Nos. 33-9117, 34-61858). As noted above, we are in broad agreement with the proposed rule changes and are highly supportive of the overall goals of this release. While we anticipate the Commission will need to make some changes to the proposed rules to reflect new obligations from the recent passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act, we believe that many of the concepts and issues identified by the Commission in this rule proposal will be critically important to meeting those requirements.

We welcome the opportunity to provide further feedback on these topics either directly with the Commission or during upcoming industry round-table discussions.

Sincerely,

A handwritten signature in black ink that reads "Mark Hepsworth".

Mark Hepsworth
President, Institutional Business
Interactive Data Corporation