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August 2, 2010

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549 Re:
Re: File No. S7-08-10 Asset-Backed Securities

Dear Ms. Murphy:

We support the efforts of the Securities and Exchange Commission (SEC) to move to the use of structured data in the reporting of asset-backed securities and appreciate the opportunity to provide comments on the SEC proposal. XBRL US is the non-profit consortium for XML business reporting standards in the U.S., representing the business information supply chain. Our mission is to support the implementation of XML business reporting standards by developing and supporting taxonomies[1] for use by U.S. public and private sectors. We employ a collaborative approach, drawing on expertise in the marketplace. XBRL US has developed taxonomies for U.S. GAAP, credit ratings and mutual fund reporting under contract with the SEC.

Please note below our responses to specific questions raised in the SEC proposal.

Input and Output Requirements

Are the proposed input and output requirements for the waterfall computer program appropriate? If not, what type of output and tests should be required for the waterfall computer program? Should the outputs of the waterfall computer program be specified in detail by rule, or broadly defined to afford flexibility to ABS issuers?

Standardized Output and Remittance File

Under the current proposal, the method of standardizing the output of the Python Model is not clearly defined. The proposed rule states:

"*We also propose to require that the waterfall computer program produce a programmatic output, in machine-readable form, of all resulting cash flows associated with the ABS, including the amount and timing of principal and interest payments payable or distributable to a holder of each class of securities, and each other person or account entitled to payments or distributions in connection with the securities, until the final legal maturity date, as a function of the inputs into the waterfall computer program*. "

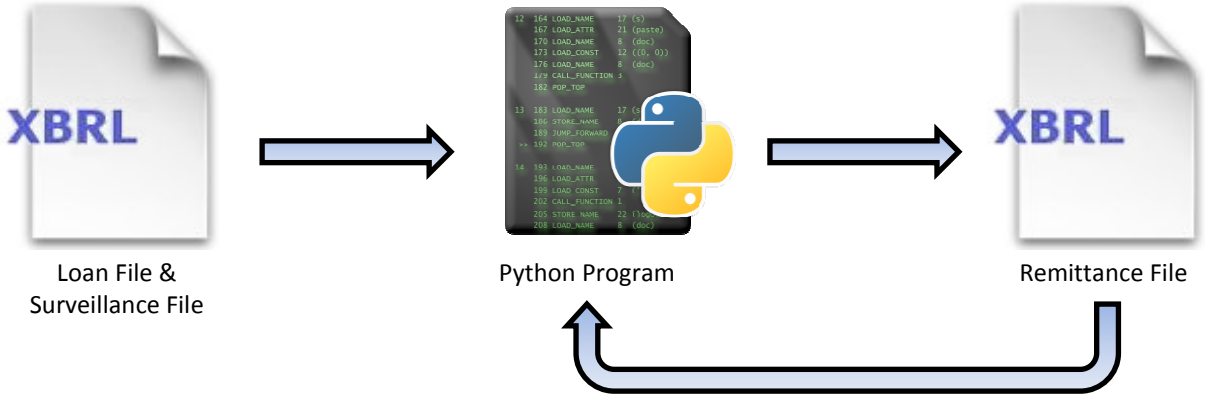
"In addition, we are proposing to require that the issuer file as part of the waterfall computer program a sample expected output for each ABS tranche based on sample inputs provided by the issuer. By using the sample inputs to run the program, the investor will be able to confirm that the program is working correctly by matching the actual outputs produced against the sample expected output provided by the issuer."

[1] Digital dictionaries or collections of terms that describe a specific reporting application, such as US GAAP, mutual fund, bank call reports, etc.

This output should be XBRL and, at a minimum, XML. Without this requirement, the output of the computer model will have to be customized on a model-by-model basis to integrate with a user's evaluation process. Adding a standard output schema would allow the computer program to be significantly easier to incorporate into investor and analyst systems, as well as, improving comparability.

XBRL output would be preferable over XML as the semantics associated with a cash flow are already incorporated into the XBRL standard rather than being recreated in specialized XML for this purpose. For example, the cash flow from a given pool is applicable to a specific time period, entity, security and currency. These basic characteristics are automatically accommodated in XBRL and are already being used in the XBRL US GAAP Taxonomy. Using XML would require that these attributes be defined in a non-standardized way.

Figure 1 Data Processing Flow



The output of the python model should form part of a bond remittance file that represents the information about the cash flows associated with each Bond. Remittance data is typically sent to custodians, such as the DTCC, who process the bulk of mortgage-backed securities in the U.S. Today, these files are received in a non standardized format, leaving very little time to process the documents. In fact, two days prior to payment date, 59% of payment rates have not been reported to the DTCC. In addition, they have a high rate of errors and can result in incorrect distributions being made to bondholders. Collateralized Mortgage Obligations (CMO's) and Asset-Backed Security (ABS) issues have the poorest performance of all security types with regard to:

- Delivering rate information on a timely basis to DTCC (for subsequent announcement to DTCC participants, their correspondents, and ultimately to bondholders)
- Accuracy of the rate information, as measured by the proportion of rates that must be corrected after payment date, resulting in adjustments to the funds the bondholders received on payment date

This has a negative impact on the industry that results in:

- Inadequate cash management (especially international beneficial owners)

- Ambiguity surrounding payment finality
- Significant back-office write-offs
- Significant exception processing costs to broker-dealers and custodian banks

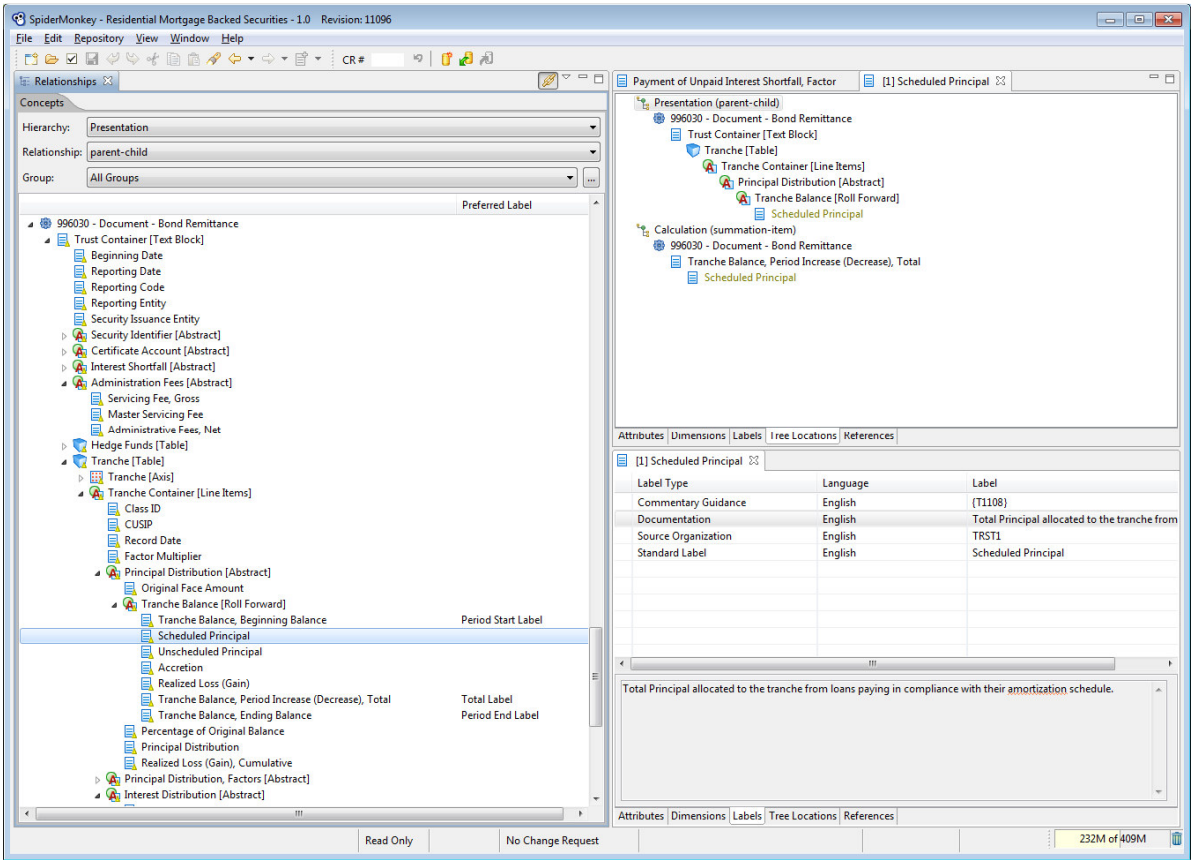
The DTCC is already looking into the use of XBRL for processing corporate actions information. Having this output data in an XBRL format would be consistent with current SEC initiatives and would certainly reduce the operational risk that exists in the payment of interest and repayments on these instruments as well as provide an automated way to process derivatives of mortgage-back securities by using these files as inputs into Python Models that model ABS derivatives. Since the initiation of the SEC's requirements for public company financial statements in XBRL format, the market for creation and analytical tools that use XBRL data has ramped up considerably. These tools are now being leveraged for corporate actions analysis and could apply to other reporting domains such as asset-backed securities.

XBRL US created a draft taxonomy to represent the bond remittance information in XBRL to assess the feasibility of using XBRL for this purpose. A screenshot of the taxonomy hierarchy is represented in Figure 2. The remittance taxonomy should include additional information (that may or may not be generated by the Python program) about the Trust and the different tranches. Specifically, it should cover reference data about the Trust and tranche, fee's cash flows (including principal and interest distributions) and roll forward information detailing opening and closing amounts.

XBRL US would immediately make this taxonomy freely available to the U.S. market as an open source taxonomy with no restriction on use as part of its ongoing goal to improve the availability and transparency of financial data.

Given that the SEC is requiring companies to use XBRL for reporting financial statement information, this would seem like a logical choice to ensure comparability for investors when selected with different investment options.

Figure 2 Bond Remittance Taxonomy



Standardized Input (Loan Details)

The proposed rule recommends the use of XML for capturing the details of the loan file. The use of XML would be sufficient for this purpose. However, we would prefer that XBRL was used for the capture of this loan level data to be consistent with the output format that we recommend for the Waterfall model.

It has been suggested that the practical feasibility of using XBRL may be limited given the sheer size of mortgage loan files. To determine the adequacy of XBRL for this purpose, we created an instance file against the Mortgage-Backed Security Taxonomy we developed that used the XBRL dimensions specification to represent the data. The file contained 1,200 individual loans. We were able to read and view this file in a standard XBRL instance viewer. For larger loan portfolios, creation and processing of mortgage loan files using XBRL tuples[2] was more practical than using XBRL dimensions. Our experience in representing transactional data using XBRL tuples for credit ratings permitted the creation and processing of XBRL files up to 2 gigabytes in size; representing up to a million records. Large loan files, over 10,000 records, represented in either XBRL or XML would require more CPU power than a typical personal computer provides. The CPU power required to process the loan level data would be equivalent whether the data is expressed using XBRL tuples or an XML schema.

[2] XBRL tuples are similar to XML complex types. For more information, see the XBRL 2.1 Specification document.

One of the benefits of using XBRL is extensibility – the ability to add additional elements to a taxonomy for unique reporting situations. This proves invaluable with non-standardized data such as US GAAP. If loan files need to be extended, XBRL provides a mechanism to do this in a far more elegant manner than leaving open fields in an XML standard.

Are the proposed blank data tags appropriate? Is ten blank data tags the appropriate number? Should the number be more or less? Would more blank data tags create undue complexity for investors? Are there other ways we could provide for additional disclosure and have that disclosure be standardized?

No. Blank tags report nothing about their content and are effectively useless. If additional information does need to be reported, it would make far more sense to have the issuer also include metadata about the filing. Other standards have different mechanisms to deal with this. For example, XBRL does this with an extension mechanism. The ISO 20022 standard has an XML extension envelope that allows the preparer to submit their own schema. We recommend that the SEC look at these alternatives.

Asset Level Disclosure

Is our proposal to require asset-level disclosure with data points identified in our rules appropriate?

Asset-level disclosures should be included in a standard schema that is updated on a regular basis and referred to by the rule.

Is a different approach to asset-level disclosure preferable, such as requiring it generally, but relying on industry to set standards or requirements? If so, how would data be disclosed for all the asset classes for which no industry standard exists or for which multiple standards may exist? To the extent multiple standards exist, how would investors be able to compare pools? Please be detailed in your response.

There should only be one standard used which is defined by all industry participants. A standard setter should be defined who is responsible for all asset classes, who makes the standard freely available, and undertakes to update the taxonomy on a regular basis.

Is it appropriate to require the asset data file in XML format? Does XML format most easily facilitate the analysis of the securities and their underlying assets for all market participants?

XML is a reasonable choice for the loan level file but we would prefer to see XBRL used for this purpose. Using XBRL or XML for the loan level file will make no discernable difference to the success of the rule. XML has some advantages in regards to availability of processors and availability of resources, whereas XBRL is more extensible. We do not, however, believe that XML it is the best choice for the Python output file and bond remittance file. XBRL would be better suited for this purpose.

Waterfall Model

Is it appropriate for us to require most ABS issuers to file the waterfall computer program?

We support the proposed rule that requires issuers to file the Waterfall model in a computer program. Any such program should be readable (such as an interpreted language), open source, stable, and widely used and adopted in the marketplace.

Any such automated model must be consistent with the prospectus. Few investors actually read the prospectus or attempt to recreate the Waterfall model. Clearly the publication of a complicated 600 page prospectus makes the ability to assess these investment instruments prohibitively expensive. The use of an automated model would reduce the burden of an investor with limited resources to assess these investments and will remove a portion of ambiguity and risk from the investment process. It is important that the results of the Waterfall model match the prospectus as closely as possible.

Is there an alternative form of required information filing that would be more useful to investors, subject to the limitation that executable code may not be filed on EDGAR

Ideally a rule based standard (potentially XML) would be preferable that separates the waterfall logic from a particular programming environment. This would enable investors to be able to search for securities that meet certain criteria in the Waterfall model. However, we are not aware of any such standard that is sufficiently accepted and available to meet this need in the short term. In the long term, we recommend that the SEC move to a rules based approach.

Is it appropriate to require issuers to submit the waterfall computer program in a single programming language, such as Python, to give investors the benefit of a standardized process?

Yes. Allowing multiple languages will create an unnecessary cost for consumers of the information; there should only be one. However, if an issuer wants to provide the model in other languages in addition to Python, that should be permitted.

Should more than one programming language be allowed? If so, which ones and why?

No.

Should we restrict ourselves to only open source programming languages or allow fully commercial or partly-commercial languages (such as C-Sharp or Java) to be used? If so, what factors should be considered?

The language should be restricted to only one open source language, following these criteria:

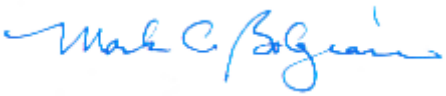
1. Widely used and accepted by small and large corporations
2. Free of any IP disputes
3. Human readable
4. Stable
5. Functionality sufficient to handle financial reporting calculations in an accurate manner.

Is our proposal to require credit card master trusts to report changes to the waterfall computer program on Form 8-K and file the updated waterfall computer program as an exhibit appropriate?

Yes.

Thank you for the opportunity to comment on the proposed rule. We hope that our comments are useful in determining the final rule. Please call me at (202) 379-8900 if you have any questions.

Sincerely,



Mark Bolgiano
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