

Via email: [rule-comments@sec.gov](mailto:rule-comments@sec.gov)

September 27, 2010

Ms. Elizabeth M. Murphy  
Secretary  
Securities and Exchange Commission  
100 F Street NE  
Washington, D.C. 20549-1090  
Re: File Number S7-08-10

Dear Ms. Murphy:

We are submitting these comments in response to Proposed Rule1 published by the Securities and Exchange Commission ("Commission") on April 7, 2010 concerning "revisions to Regulation AB and other rules regarding the offering process, disclosure and reporting for asset-backed securities" and in response to many of the letters that have already been submitted regarding such rule.

Over the past few year, as a member of the regulatory filing community, EDGAR<sup>®</sup> Online, Inc. has been highly supportive of the Commission's desire to use technology to provide more financial transparency into complex financial transactions for investors. If approached correctly, the standardization of data in the asset-backed securities ("ABS") market can provide many important efficiency and transparency benefits to issuers, servicers and ratings agencies, regulators and investors. The resulting insights and confidence will provide valuable footing on which to restart the securitization market.

The need for standardization of data is clearly recognized in the industry. There has been significant and important work done by the industry over the past 30 months to develop data standards as evidenced by the American Securitization Forum in project RESTART, the XBRL.US consortium and by the Commission itself.

We are very supportive of the Commission's efforts to work with the industry to define such data standards, and appreciate the opportunity to provide input through the Commission's proposed rule process.

After considering both the proposed rule and many other letters that have been submitted to date, we want to express concern with the Commission's proposal in the following areas:

1. The use of Python to describe the waterfall; and

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2. The need for a phased approach to introduce “XML Based” tagging standards.

### Use of Python

The Commission is proposing that ABS issuers file a Python-based computer program to describe the legal heuristics of the waterfall. Such a program is proposed to be designed to allow investors to download source code and run the ABS Python program on their own systems and evaluate the ABS offering without third party tools. The concern with this approach is that the sheer complexity and large number of interdependencies make the use of simplified Python programmed components impractical and actually at a higher risk for investors. There are many inputs into predicting cash flows. Standardized data from ABS originators, issuers and servicers is critical. However there are many other inputs into such a model including economic data, asset class data and changing investor/issuer data. In some cases the output from one ABS can be the inputs for another ABS. Investors running one python program will naturally assume that the type of inputs are fixed and that all information necessary to successfully predict cash flow have been asked to the program. There may be many variables and, in some cases, interdependencies between ABSs and separate python programs that cannot be captured by a software program. If a python program were posted it would become the responsibility of the issuer to maintain that software for as long as the ABS has investors – or longer. There is no process to certify the fidelity of the python code to the legal heuristics, or to certify the accuracy of the cash flow predictions contemplated by these programs, or to certify the ongoing maintenance of this code base.

The Commission should encourage the creation of an ecosystem of third party tools all of which compete to adequately predict cash flow based on performance, not only of a single ABS’s loans, but on the full array of information – economic data, other like assets, etc. Such a market will flourish with standardization of core data elements provided as part of the balance of this rule. The Commission jeopardizes the goals of the proposed rule and threatens potential investor confusion with an “official” (but incomplete) predictive model as compared to multiple complete third party solutions.

The Commission should eliminate the proposal to require the use of python for waterfalls and, instead, focus on assisting the industry (and the many software providers) in accessing standardized data, as described in other letters previously posted by Microsoft, UB Matrix and XBRL.US.

### Recommended Phased Approach

In implementing data standards for financial reporting in other areas of the market the Commission has used a phased approach. The XBRL mandate for corporate equity reporting was phased in by size of

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issuer over three years. While the number of elements to be required in the proposed rule is only a few hundred elements, the complexity of this market, and its current state necessitate a phased approach for different areas of the ABS market and for increasing the levels of validation of the data over time. Specifically, the Commission should phase in separately RMBS, ABS and Auto, Credit Card ABS and Private Placement. Each of these markets has unique characteristics - originators of RMBS loans are in a different state of technology readiness than auto loan originators. The Commission should work with the downstream and upstream participants of an entire ABS market to achieve standardization and to build a framework for other markets. Additionally, the Commission should provide a phased approach to increasing levels of validation. Validation is essential for quality data and the Commission should take a similar approach to what it has adopted for the US equities market. In that market the amount of tagging, the participants that need to tag and the accountability for tagging has been phased in over four years. XBRL has been used in the past by the Commission and it should consider using XBRL or a similar technology again for this phased tagging and validation for the many reasons outlined in other letters posted in response to this rule.

We appreciate the opportunity to comment on the Commission's proposal for ABS. . The Commission has taken a very important step towards restarting the ABS market with transparency and accuracy. Trust will be garnered from the solutions being proposed if the industry can adopt and compete to provide investors with the information they need. Technologies like XBRL can provide value to this process, but more importantly, the Commission's approach to a model that can be adopted and maintained and that will flourish with third party support will be the determinant of success.

Sincerely,

A handwritten signature in black ink, appearing to read "John M. Connolly". The signature is fluid and cursive, with a large, stylized initial "J".

John M. Connolly  
EDGAR Online, Inc.  
Interim Chief Executive Officer