CENTER FOR MUNICIPAL FINANCE

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November 6, 2016

Ronald W. Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1300 I Street, NW, Suite 1000
Washington DC 20005

Dear Mr. Smith:

Thank you for giving me and other members of the public the opportunity to offer input regarding MSRB's strategic priorities. I suggest that MSRB develop and implement a standard for structured text reporting of continuing disclosure information, and make fielded issuer financial data available on EMMA.

Relative to corporate securities markets, the municipal bond market is handicapped by the lack of convenient access to issuer financial statistics. Since 2009, the SEC has been requiring 10-K and 10-Q filers to provide structured text data in eXtensible Business Reporting Language (XBRL) format. Public company financial statement data are now available to EDGAR users as "interactive data" which can be easily viewed on web browsers or downloaded to Excel for further analysis. Corporate financial data harvested from XBRL filings is also available to the public on a variety of free and subscription services.

On EMMA, users must locate and download continuing disclosure PDFs, and then extract relevant financial data. While technology-oriented users can leverage tools to partially or fully automate this data extraction task, the average investor has to hand enter financial statistics into a spreadsheet if he or she wants to perform fundamental analysis.

The relative lack of availability of free, audited issuer financial statement data has limited the development of municipal credit models, reducing the liquidity of the municipal bond market. Corporate bond and equity investors have had access to financial statement-based analysis systems for the last half century, starting with Altman's Z-Score and Beaver's bankruptcy model, and evolving into more elaborate contemporary offerings such as Moody's RiskCalc and Rapid Ratings.

Analogous tools in the municipal bond market would assist investors hoping to supplement rating agency assessments or evaluate unrated instruments, but municipal market credit analytics are far less mature. Academic researchers and commercial entities might be expected to create municipal credit models, but are deterred by the costs of assembling data sets of issuer fundamentals.

Greater use of interactive data has been on MSRB's radar for a long time. In a 2008 presentation to XBRL International, MSRB's then General Counsel Ernesto Lanza suggested that EMMA could "potentially serve as a platform for issuer experimentation with use of XBRL disclosures". MSRB's 2012

[Long-Range Plan for Market Transparency Products](#) included "primary or continuing disclosure documents posted in interactive data formats" as one of the potential features of EMMA 2.0.

Despite these pronouncements, we have yet to see tangible movement. MSRB officials have previously told me that the board lacks the power to require issuers to file financial data in structured text format. Be that as it may, MSRB does have the power to set filing standards and facilitate voluntary compliance. By promulgating an XBRL taxonomy (or other reporting standard), allowing compliant files to be uploaded to EMMA and facilitating access to the data in a user-friendly manner, MSRB can meaningfully increase the accessibility of fundamental financial disclosures and thus the efficiency of the municipal bond market.

MSRB would not have to undertake this project alone. Just as the Financial Accounting Standards Board played a major role in the development of US corporate GAAP XBRL reporting, the Government Accounting Standards Board could lead the development of a municipal XBRL taxonomy. MSRB and GASB could leverage [the initial work](#) on a municipal XBRL taxonomy led by the Center for Governmental Studies at Northern Illinois University and/or an earlier taxonomy project [reported](#) by the Association of Government Accountants.

For non-profits issuing municipal bonds, MSRB may be able to build on the Internal Revenue Service's [XML schema for Form 990 data](#). In June 2016, the IRS began releasing structured data from non-profit tax filings on [Amazon Web Services](#) adhering to this schema (Given the relatively small number of non-profits that issue in the municipal bond market, it should not be necessary for MSRB to rely on third party data hosting as IRS has done).

Municipal bond investors and other stakeholders should have better access to issuer fundamental data. I hope MSRB will make delivering this data to the market in accessible formats a priority.

Regards.

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