



390 North Orange Ave
Suite 1750
Orlando, FL 32801-1674
www.dacbond.com
Phone: 407.515.1100

Ms. Florence Harmon
Acting Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

September 22, 2008

Re: Release No. 34-58255; File No. S7-21-08, Proposed Amendment to
Municipal Securities Disclosure

Dear Ms. Harmon:

Digital Assurance Certification, LLC (“DAC”) is pleased to respond to the request by the U.S. Securities and Exchange Commission (the “Commission”) for comments on proposed amendments to Rule 15c2-12 (“Rule 15c2-12”) under the Securities Exchange Act of 1934 (the “Exchange Act”).

DAC has over seven years of experience providing real-time disclosure and information dissemination services to the municipal market. Our business is based on the premise that the municipal market deserves accurate and timely disclosure at no cost to investors. DAC is proud to be recognized as a reliable information bridge between issuers of municipal bonds and the marketplace. The DAC system provides a database of municipal issuers' continuing disclosure materials that when utilized assist brokers and dealers in fulfilling their obligations under the securities laws.¹

The DAC system removes uncertainty as to whether or not an issuer or obligated person is making required disclosure filings. Issuers and Obligated Persons using DAC irrevocably instruct DAC to file a failure to file notice if the required annual disclosure is not provided as required under the continuing disclosure agreement used in the DAC system. The resulting “red light -- green light” provides investors and broker-dealers assurance that an issuer either is or is not in compliance with its disclosure undertaking. The SEC staff issued a one of a kind no action letter to DAC on September 21, 2001, stating:

“the Division of Market Regulation will not recommend any enforcement action to the Commission against any broker, dealer, or municipal securities dealer (each, a “dealer”) for violation of Subsection (c) of Rule 15c2-12 of the Securities Exchange Act of 1934 because the dealer uses the DAC database as its source of Information in the procedures it establishes in order to have

¹ Please see the no-action requesting letter, dated September 7, 2001, attached to *Re: Digital Assurance Certification, L.L.C.* (Sep. 21, 2001) for a description of the basic DAC System.

reasonable assurance that it will receive prompt notice of any event disclosed pursuant to paragraph (b)(5)(i)(C), paragraph (b)(5)(i)(D), and paragraph (d)(2)(ii)(B) of Rule 15c2-12 for DAC Bonds.”²

Over the course of its operating history, DAC has experienced a filing compliance rate exceeding 90%, and submitted failure to file notices on the remainder. The integrity provided by this feature provides issuers and obligated persons who have previously failed to meet their disclosure requirements with the ability to assure both investors as well as underwriters (on whom Rule 15c2-12 places the regulatory consequences) that their future filing obligations will be met or immediate notice of failure will be provided to the public. Of course, DAC has and continues to expand the features through the patented DAC system and additional DAC services to address the needs of all municipal market participants.³

Since January 31, 2005, DAC has provided MSRB RTRS secondary market trade data to the municipal market, combining both current disclosure and trade data for DAC Bonds in one location, free of charge. DAC has developed a robust system of proven reliability with demonstrated ability to serve in implementing the Board’s proposal for collection and dissemination of market information for Auction Rate Securities.

DAC has provided information on variable rate obligations as an additional service to certain of its issuer and investor clients since 2005. DAC stores and provides issuers the ability to share liquidity documents, including contracts, counsel opinions, extensions and substitution agreements. DAC has provided this service since 2005. The following year, DAC added additional tools for auction rate securities (“ARS”) and transaction reporting and monitoring. The DAC system provides issuers the tools to enter reset rates by date, for a specific period, identified by Series, CUSIP, issue description, borrower, remarketing agent, liquidity provider and expiration date of facility. DAC also provides reminders to its issuers of upcoming expiration dates and provides a link to the SIFMA (BMA) index in an excel spreadsheet format, to allow issuers the ability to compare rates. DAC recently moved this information to its home page to provide for broader sharing of data throughout the municipal market. DAC has also added an audit trail function that records conversion dates and the new rate mode for any VRDO transaction.

DAC initiated its support of the municipal Auction Rate Securities market when the market needed it most. Within four business days of the release of the Commission’s March 14, 2008 no-action letter (the “ARS Letter”), issuers and obligated persons were able to post required information called for under the ARS Letter on the DAC system where it may be viewed by all without charge. As of today, information on 1455 ARS auctions has been posted on the DAC site and 18 brokerage firms have established links to the site. DAC’s ability to provide vital support to the municipal Auction Rate Securities Market in such short time is solid proof of the robust nature of the DAC system.

DAC looks forward to continuing to bring improvements in disclosure dissemination, investor communication, and other services to the municipal market.

² Id.

³ DAC has received U.S. Patent No. 7,155,408; Other Patents Pending.

DAC is pleased to provide its comments below in response to the Commission's request.

Q: Should the Commission amend Rule 15c2-12 as proposed in the Release, or is it preferable to continue to have multiple sources for such information?

DAC Response:

Whatever choice the Commission makes, DAC expects to continue its tradition of setting the standard for quality, speed, integrity, security, and reliability, in transmitting to EMMA or other NRMSIRs.

Q: Will having one repository instead of multiple repositories for the submission of, and access to, continuing disclosure documents improve access to secondary market disclosure for investors and municipal market participants?

DAC Response:

DAC believes numerous inefficiencies exist within the current NRMSIR system that may be addressed in a variety of ways. While reducing the number of NRMSIRs has the practical effect of eliminating several inconsistent databases that may confuse the investing public, a complete and error free data base does not automatically result. Two information bridges, the first between issuers and the NRMSIRs, the second between the NRMSIRs and investors, exist today and would continue to exist should the SEC reduce the number of NRMSIRs to one, EMMA. The first bridge depends upon if, how, and when an issuer submits information, and upon the somewhat shaky proposition that an issuer failing to file required annual information will nevertheless not hesitate to file a report that it has failed to do so. The second bridge, should it meet the high standards of system integrity, redundancy, capacity, and security appropriate for disseminators of information to financial markets ("financial market system integrity standards"), still can only give as good as it gets. If the first bridge is unsound, the second offers no improvement.

DAC, through the "red light- green light" automatic failure to file feature and other components of the DAC system, is the only disclosure dissemination agent to reliably cross both bridges - from issuer to investor - with the results freely available to all on its web site, as well as transmitting the information to NRMSIRs, and has been doing so since 2001.

Q: Will the availability of such information from a single source simplify compliance with regulatory requirements by Participating Underwriters and others?

DAC Response:

As described above, replacement of multiple repositories with a single repository may eliminate inconsistent databases, but it does not assure the integrity, timeliness, and completeness of the data accessed. As far as we are aware, DAC is and would remain the

only system meeting those criteria for the bonds of issuers and obligated persons using the DAC system, or “DAC Bonds.”

Q: Are there any disadvantages to having only one repository responsible for the collection of, and access to, municipal securities information?

DAC Response:

Whatever choice the Commission makes, DAC expects to continue its tradition of setting the standard for quality, speed, integrity, security, and reliability in transmitting to EMMA or other NRMSIRs.

Q: Should the Commission consider alternative ways of improving the efficiency of the current structure, including the use of existing NRMSIRs, instead of amending the Rule to provide for only one repository?

DAC Response:

A broader inquiry may well have directly or indirectly produced several alternatives competitive with or even exceeding in potential that proposed by the Commission in the Release. Whether the municipal market will benefit from the best available configuration of systems and technologies (“best technology available”) or a hasty fix will not be known as a result of this rulemaking. The Commission chose to take effectively an up-or-down approach and the Chairman announced his disposition as to the outcome of this rulemaking almost eleven months ago. As the MSRB advised the public in a press release, in a letter to the MSRB dated November 21, 2007, “SEC Chairman Cox noted that he has instructed SEC staff to prepare a proposal to amend SEC Rule 15c2-12 to provide that municipal securities issuers file their secondary market disclosures centrally with the MSRB, rather than with multiple repositories as under the current rule. SEC Chairman Cox stated, “Replacing the multiple paper filing venues of the existing system with an electronic filing system that is freely accessible to the investing public on the Internet would be a significant step forward to increase public access to municipal securities disclosure.”⁴

Q: Should the MSRB serve as the sole repository of continuing disclosure documents or should another entity, such as a private vendor, should serve as the sole repository, instead of the MSRB, and if an entity other than the MSRB, why?

⁴ See, MSRB Press Release of November 29, 2007: “SEC Chairman Supports MSRB’s Leadership in Moving Toward EDGAR-like Municipal Securities Market Web-Based Disclosure Portal; SEC to Propose MSRB as Central Disclosure Utility,” available at: <http://www.msrb.org/msrb1/press/Release/CoxLetterPressRelease.asp>.

DAC Response:

Aside from the issue of “best technology available” noted above, the critical issue of “financial market system integrity standards,” would need to be addressed by the Commission through ongoing and aggressive oversight whether or not the MSRB or a private vendor were used. Whatever choice the Commission makes, DAC expects to continue to set the standard for quality, speed, integrity, security, and reliability in transmitting to EMMA or other NRMSIRs.

Q: Is the MSRB an appropriate operator of a centralized repository for the collection and availability of continuing disclosure information about municipal securities, or is there a more appropriate location or means through which such information could be made readily available to the public without charge?

DAC Response: Whatever decision the Commission makes, DAC is confident we will continue to reliably provide issuer and obligated person disclosure, with the accompanying “red light-green light” assurance to the resulting repository or repositories.

Q: Will having the MSRB as sole repository encourage or discourage competition between the MSRB and private vendors, or others?

DAC Response: While monopolies historically have generated concerns because of their anticompetitive effects and the resulting stifling of innovation, the SEC may nevertheless preserve room for innovation in the municipal market place, so long as the SEC retains a place in the structure for those disclosure dissemination agents providing a bridge from issuers to EMMA as well as for those disclosure dissemination agents providing a bridge from EMMA to investors and the public. Should the Commission fail to do so, it may deprive investors of private sector ingenuity, such as DAC’s “red light-green light” compliance verification, that effectively create solutions in areas where the Commission’s statutory authority does not reach.

Q: Should NRMSIRs establish new comprehensive electronic systems for the submission of electronic documents?

DAC Response:

Regardless of the number of NRMSIRs with which the Commission chooses to proceed and the submission format, the Commission should establish rigorous ongoing inspection and oversight to assure implementation of “best technology available” operating under “financial market system integrity standards,” as both are described above. Investors in the municipal market deserve quality information and treatment on a par with those in other markets. Should the Commission determine to do otherwise, for the benefit of investors, it should clearly explain its reasoning.

Q: Comment is requested on proposed amendments to the Rule regarding supplying identifying information as prescribed by the MSRB.

DAC Response:

While DAC does not anticipate any difficulties for DAC Bonds, as the Commission points out in the Proposing Release, some continuing disclosure agreements may not provide identifying information, or may do so in a way that may prove inconsistent with whatever the MSRB may choose to adopt. The result may require dedication of substantial staff time by the MSRB on a continuing basis in order to sort out misfiled disclosure. A common source of issuer database “pollution” is the use of six-digit CUSIP numbers, a “real world” problem DAC avoided through the use of nine-digit CUSIP numbers.

Q: Are there alternative methods that would assist investors and municipal market participants in locating specific information about a municipal security that is submitted under the Rule?

DAC Response:

As noted above, a common source of issuer database “pollution” is the use of six-digit CUSIP numbers, a “real world” problem DAC avoided through the use of nine-digit CUSIP numbers.

Q: Are there alternative methods of transitioning from the current system of sending documents to multiple NRMSIRs?

DAC Response:

Whatever method the Commission should choose to pursue, as long as disclosure may be sent to the resulting repositories through web-based technology, DAC expects to continue to set the standard for quality, speed, integrity, security, and reliability, in transmitting to EMMA or other NRMSIRs as it has in the past.

Q: Are there any transition issues with respect to the proposed amendments; is there any conflict with respect to terms in existing continuing disclosure agreements?

DAC Response:

A broad variety of continuing disclosure documents exist that may require individual review before this question may be answered.

Q: Are there concerns that the NRMSIRs would not retain the historical continuing disclosure documents and will there be problems obtaining such documents from existing NRMSIRs if they are no longer recognized as such? If so, what alternatives exist?

DAC Response:

The Commission’s question is hard to assess as it has not identified the monetary or regulatory incentives, if any, it expects will motivate NRMSIRs to continue to incur the

expense of retaining such information. One possible solution is phase out of the existing NRMSIRs after five-years. This measure would not cure incomplete filings within the existing databases.

Q: Will issues or problems arise if investors seek to obtain and compare information from multiple repositories, and are there alternative methods that would allow them to obtain complete information about municipal securities, including obtaining historical information?

DAC Response: DAC provides complete historical information for all DAC Bonds that is freely available to the public.

Q: Are there differences between the existing structure of multiple NRMSIRs and one repository regarding the scope, quantity, and continuity of information?

DAC Response:

From experience, DAC is aware of differences in the scope, quantity, and continuity of information generally available on the existing NRMSIRs, other than for DAC Bonds. Even in the case of DAC Bonds, while a pristine database may be viewed on the DAC website by all free of charge, once transmitted to NRMSIRs, the pristine data has been polluted by misfilings at the NRMSIRs of non-DAC sourced information into the files of DAC Bond Issuers. Frequently “pollution” of an issuer’s database results when use of six-digit CUSIP numbers is permitted in filings, mixing an issuer’s diligent efforts to keep investors informed with completely unrelated and potentially misleading information filed by another issuer.

Q: Will the proposed amendments further the Commission’s goal of enhancing investors’ prompt and efficient access to important information regarding municipal issuers and will the proposed amendments improve access to the information?

DAC Response:

The degree to which the Commission furthers this goal depends upon the degree to which Commission establishes rigorous ongoing inspection and oversight assuring implementation of “best technology available” operating under “financial market system integrity standards,” as both are described above

Q: Will the proposed amendments simplify the ability of municipal issuers and other obligated persons to provide annual filings, material event notices, and failure to file notices?

DAC Response: While “ability” may be improved, the Commission provides little information from which to conclude actual performance will improve. Particularly with respect to the filing of failure to file notices, the Commission does not explain why, for example, an infrequent issuer that continually fails to file annual financial information would have any greater incentive to file a failure to file notice. This is a real problem in

the municipal market that DAC has effectively addressed for issuers choosing to use DAC as explained above.

Q: How will investors, vendors, and others be affected by the proposed amendments?

DAC Response:

Issuers, brokers, dealers, investors, and the public may be confused as to the scope of action ultimately taken by the Commission with respect to the proposed amendments. The Commission should take care to emphasize that it intends and expects that an important place will remain in the resulting structure for those disclosure dissemination agents providing a bridge from issuers to EMMA as well as for those disclosure dissemination agents providing a bridge from EMMA to investors and the public. As noted above, should the Commission fail to do so, it may deprive investors of private sector ingenuity, such as DAC's "red light-green light" compliance verification.

Q: Are there alternative approaches to improving the public's access to information about municipal securities that the Commission should consider?

DAC Response:

Given the apparent substantial investment globally in financial markets technology as markets increase competition, it would be surprising if several highly competitive alternatives did not exist either in stand alone form or through multiple configurations. From the public record available, it does not appear that the Commission gave consideration to any alternatives beyond that proposed in the rulemaking. A broader inquiry may well have directly or indirectly produced several alternatives competitive with or even exceeding in potential that proposed by the Commission in the Release. Whether the municipal market will benefit from the best available configuration of systems and technologies ("best technology available") or a hasty fix will not be known as a result of this rulemaking.

Q: Should the Commission retain the current process of collecting and making available continuing disclosure documents through the existing NRMSIRs and, if so, whether the NRMSIRs should only accept submissions in an electronic format and allow for electronic access to them?

DAC Response:

Whatever decision the Commission makes, DAC is confident we will continue to reliably provide issuer and obligated person disclosure, with the accompanying "red light-green light" assurance to the resulting repository or repositories.

Q: Should the Commission open the process and allow any other person or entity to be the sole repository for the collection and availability of continuing disclosure documents, rather than proposing to amend the Rule to establish the MSRB as the sole repository?

DAC Response:

Whatever framework the Commission chooses to proceed, the Commission should establish rigorous ongoing inspection and oversight to assure implementation of “best technology available” operating under “financial market system integrity standards,” as both are described above. Investors in the municipal market deserve quality information and treatment on a par with those in other markets.

Q: What are the advantages and disadvantages of having one repository instead of having multiple NRMSIRs?

DAC Response:

DAC believes its responses above effectively address this question.

Paperwork Reduction Act Questions:

Q. Are there ways to minimize the burden of the collection of information on those who are to respond, including through the use of automated collection techniques or other forms of information technology?

DAC Response:

DAC believes it efficiently and effectively performs this role for issuers and obligated persons at minimal cost. Clearly preserving a viable role for dissemination agents to assist issuers and obligated persons will continue to generate competition, innovation, and lower cost, producing “cheaper, better, faster” in municipal disclosure.

We appreciate the opportunity the Commission has provided us to share our thoughts on these important issues.

Very truly yours,

A handwritten signature in blue ink that reads "Paula Stuart". The signature is written in a cursive style.

Paula Stuart,

Chief Executive Officer
Digital Assurance Certification, L.L.C.