March 14, 2007

Ms. Nancy M. Morris
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090
Sent via email to rule-comments@sec.gov

Re: File Number S7-05-07
Comments on the Proposed Taxonomy for Mutual Fund Prospectuses

Dear Ms. Morris,

The Rivet Software team has been heavily involved for many years with developing software solutions and helping end-users understand and use Interactive Data (XBRL). We think this gives us a real world, end user focus that is helpful when discussing the complexity inherent in XBRL and the associated taxonomies. The following comments reflect that focus, and are fairly high-level rather than detailed recommendations for specific taxonomy changes.

Purpose of the Taxonomy
In observing the discussions at the ICI, it was clear that different participants had different ideas about what the taxonomy should do:

- Is this a replacement for the N1-A? Or should it be more robust and extensible, able to grow to meet many future needs beyond the N1-A?
- Should it be very simple and easy to use and understand, or should it be extremely detailed to meet the current and future needs of taxonomy users?
- Will it be used for compliance reporting, or for marketing and investor awareness?
- Will the taxomy (or more importantly, data that is based on the taxonomy) be used just for prospectuses, or should it be available for future comparative reporting against actual fund results.?

These are all complex issues, but fortunately, there is a very simple answer: Yes. A well planned taxonomy should do all of these things, and more importantly, should do them as simply as the answer itself. This is how that can happen:

AllAbout the Data
To be effective and worthwhile to all participants, the ICI taxonomy must be easily adapted to different users, whether it's an investor evaluating new funds, a regulator reviewing a fund, or accountants reporting on fund performance. In order to do this, it must move beyond the constraints of a specific format, such as the N1-A. A form is one view of information, stuck in time. A taxonomy should be completely data centric, not form centric. If the data is there, the form (and of course, any other view of the data) can easily be produced. A form is always based on very specific needs of a specific group of people, whereas data is only specific to whatever use someone has for it at any point in time. Therefore, we recommend that the taxonomy be rethought and all references to the N1-A be removed. To be sure, the taxonomy should contain any data elements contained in the N1-A, but by thinking outside the form, the design will be quite different.

Keep it Simple
Once you stop thinking about the structure of the data, it becomes much easier to start thinking about what the taxonomy needs to contain. By building all kinds of structure into the taxonomy, it makes it much more

difficult to use – both for end-users and software developers. If you were building a super-highway for the future, would your resources be better used by trying to figure out where every intersection, new lane, or rest stop will be in the future, or by building something very simple with lots of space around it to let people modify as necessary in the future? How do you keep it simple? It's simple: avoid the use use of complex structures such as dimensions and tuples (and especially, nested tuples) unless absolutely necessary to uniquely identify the data elements. Only include elements that you know are needed (and will be widely used) right now; you will never be able to know what users will want in the future, so don't clutter the taxonomy up with guesswork. A related concept is to make the data elements as finite as possible, to allow software to sift, search, and recombine data in many ways. The proposed taxonomy has some sections (such as Risk) which includes blocks of narrative text. Perhaps these elements could be augmented with some smaller elements that categorize the risk in certain enumerated ways.

Have it Your Way

So how do you create something simple now that will be adaptable to every new wrinkle that the ever-creative fund managers come up with? You don't. You keep all the simple, widely used stuff in the main taxonomy, and encourage the use of extension taxonomies, to let every filer show their unique story their own way. As we all know, there is absolutely no limit to the innovativeness of financial managers (and even we accountants). If this taxonomy is to be used for multiple purposes, it has to be extensible (after all that's the "X" in XBRL). One feature of the taxonomy that would be very helpful is to find a way to have users who create extension elements identify a related element in the base taxonomy, so comparative reports can be easily generated. But even that step isn't truly necessary, since future software will provide ways to easily "map" the extended elements back to the base taxonomy. We are doing this right now with two of our products and it works very well.

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One final comment is that the proposed taxonomy has much in commmon with the US GAAP IM taxonomy currently in use. The issues such as performance, risk, portfolio makeup, expenses, etc. will be shared by both taxonomies. It may be worth considering making the prospectus taxonomy an extension of the IM taxonomy, and thus allowing software to easily compare prospectus and actual data. Just decide what additional elements are necessary for a prospectus and add those elements to the existing IM taxonomy. Remember, since it's just data, it can be easily combined any way necessary.

In summary, I would like to reiterate the importance of not trying to figure everything out in the taxonomy design. Early computer programs had to do everything – not just providing business processes, but also managing storage, data movement, and everything else in the computer. It wasn't until business applications were separated from operating system (the internals of the computer) did the industry take off. A taxonomy is very similar to an operating system – it provides the structure and environment that will allow a multitude of software applications to provide the business logic that makes the taxonomy valuable. Thank you for this opportunity to express our opinion. We will be happy to help with this process in any way, so please contact me if we can help.

Very truly yours,

Michael L. Rohan
President and CEO
Rivet Software, Inc.