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17 CFR Parts 229, 230, 232, 239, 240, and 249

Interactive Data To Improve Financial Reporting; Proposed Rule

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 229, 230, 232, 239, 240 and 249

[Release Nos. 33–8924; 34–57896; 39–2455; IC–28293; File No. S7–11–08]

RIN 3235–AJ71

Interactive Data To Improve Financial Reporting

AGENCY: Securities and Exchange Commission.

ACTION: Proposed rule.

SUMMARY: We are proposing rules requiring companies to provide financial statement information in a form that would improve its usefulness to investors. Under the proposed rules, financial statement information could be downloaded directly into spreadsheets, analyzed in a variety of ways using commercial off-the-shelf software, and used within investment models in other software formats. The rules would apply to domestic and foreign public companies that prepare their financial statements in accordance with generally accepted accounting principles as used in the United States (U.S. GAAP), and foreign private issuers that prepare their financial statements using International Financial Reporting Standards (IFRS) as promulgated by the International Accounting Standards Board (IASB). Companies would provide their financial statements to the Commission and on their corporate Web sites in interactive data format using the eXtensible Business Reporting Language (XBRL). The interactive data would be provided as an exhibit to periodic reports and registration statements, as well as to transition reports for a change in fiscal year. The proposed rules are intended not only to make financial information easier for investors to analyze, but also to assist in automating regulatory filings and business information processing. Interactive data has the potential to increase the speed, accuracy, and usability of financial disclosure, and eventually reduce costs.

DATES: Comments should be received on or before August 1, 2008.

ADDRESSES: Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (*http://www.sec.gov/rules/proposed.shtml*); or
- Send an e-mail to *rule-comments@sec.gov*. Please include File Number S7–11–08 on the subject line; or
- Use the Federal eRulemaking Portal (*http://www.regulations.gov*). Follow the instructions for submitting comments.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549–1090.

All submissions should refer to File Number S7–11–08. This file number should be included on the subject line if e-mail is used. To help us process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (*http://www.sec.gov/rules/proposed.shtml*). Comments are also available for public inspection and copying in the Commission's Public Reference Room, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. All comments received will be posted without change; we do not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

FOR FURTHER INFORMATION CONTACT: James C. Lopez, Legal Branch Chief, Division of Corporation Finance at (202) 551–3790; Mark W. Green, Senior Special Counsel (Regulatory Policy), Division of Corporation Finance at (202) 551–3430; Jeffrey W. Naumann, Assistant Director, Office of Interactive Disclosure at (202) 551–5352; or Melanie Jacobsen, Office of the Chief Accountant at (202) 551–5300, U.S. Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549–3628.

SUPPLEMENTARY INFORMATION: We propose to add Rules 405 and 406 to Regulation S–T,[1] and revise Item 601[2] of Regulation S–K,[3] Rules 11,[4] 201,[5] 202,[6] 305,[7] 401,[8] and 402[9] of Regulation S–T, Rule 144[10] under the Securities Act of 1933 (Securities Act),[11] and Rules 13a–14[12] and 15d–14[13] under the Securities Exchange Act of 1934 (Exchange Act).[14] We also propose to revise Forms S–3,[15] S–8,[16] and F–3[17] under the Securities Act and Forms 20–F[18] and 6–K[19] under the Exchange Act.

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I. Introduction and Background

A. Introduction

Over the last several decades, developments in technology and electronic data communication have significantly decreased the time and cost of filing disclosure documents with us. Technological developments also have facilitated greater transparency in the form of easier access to, and analysis of, financial reporting and disclosures. Most notably, in 1993 we began to require electronic filing on our Electronic Data Gathering, Analysis and

[1] 17 CFR 232.10 *et seq.*
[2] 17 CFR 229.601.
[3] 17 CFR 229.10. *et seq.*
[4] 17 CFR 232.11.
[5] 17 CFR 232.201.
[6] 17 CFR 232.202.
[7] 17 CFR 232.305.
[8] 17 CFR 232.401.
[9] 17 CFR 232.402.
[10] 17 CFR 230.144.
[11] 15 U.S.C. 77a *et seq.*
[12] 17 CFR 240.13a–14.
[13] 17 CFR 240.15d–14.
[14] 15 U.S.C. 78a *et seq.*
[15] 17 CFR 239.13.
[16] 17 CFR 239.16b.
[17] 17 CFR 239.33.
[18] 17 CFR 249.220f.
[19] 17 CFR 249.306.

Retrieval System (EDGAR).[20] Since then, widespread use of the Internet has vastly decreased the time and expense of accessing disclosure filed with us.

We continue to update our filing standards and systems as technologies improve. These developments assist us in our goal to promote efficient and transparent capital markets. For example, since 2003 we have required electronic filing of certain ownership reports[21] filed on Forms 3,[22] 4,[23] and 5[24] in a format that provides interactive data, and recently we adopted similar rules governing the filing of Form D.[25] In addition, recently we have encouraged, and in some cases required, public reporting companies and mutual funds to provide disclosures and communicate with investors using the Internet.[26] Now, as part of our continuing efforts to assist filers as well as investors who use Commission disclosures, we propose to require that financial statements be provided in a format that makes the information they contain interactive.

Our proposal builds on our voluntary filer program, started in 2005,[27] that allowed us to evaluate the merits of interactive data. The voluntary program allows companies to submit financial statements on a supplemental basis in interactive format as exhibits to specified filings under the Exchange Act and the Investment Company Act of 1940 (Investment Company Act).[28] Companies that participate in the program still are required to file their financial statements in American Standard Code for Information Interchange (ASCII) or HyperText Markup Language (HTML).[29]

In 2007, we extended the program to enable mutual funds voluntarily to submit in interactive data format supplemental information contained in the risk/return summary section of their prospectuses.[30] Over 75 companies have participated in the voluntary program. These companies span a wide range of industries and company characteristics, and have a total public float of over $2 trillion.

Financial reporting based on interactive data would create new ways for investors, analysts, and others to retrieve and use financial information in documents filed with us. For example, users of financial information could download it directly into spreadsheets, analyze it using commercial off-the-shelf software, or use it within investment models in other software formats. Through interactive data, what is currently static, text-based information can be dynamically searched and analyzed, facilitating the comparison of financial and business performance across companies, reporting periods, and industries.

Interactive data also could provide a significant opportunity to automate regulatory filings and business information processing, with the potential to increase the speed, accuracy, and usability of financial disclosure. Such automation could eventually reduce costs. A company that uses a standardized interactive data format at earlier stages of its reporting cycle could reduce the need for repetitive data entry and, therefore, the likelihood of human error. In this way, interactive data may improve the quality of information while reducing its cost.

Also, to the extent investors currently are required to pay for access to annual or quarterly report disclosure that has been extracted and reformatted into an interactive data format by third-party sources, the availability of interactive data in Commission filings could allow investors to avoid additional costs associated with third party sources.

We believe that requiring issuers to file their financial statements using interactive data format would enable investors, analysts, and the Commission staff to capture and analyze that information more quickly and at less cost than is possible using the same financial information provided in a static format. Any investor with a computer would have the ability to acquire and download interactive financial data that have generally been available only to large institutional users. The proposed interactive data requirements would not change what is currently reported, but would add a requirement to include financial statements in a new format as an exhibit. Thus, the proposal to require that filers provide financial statements using interactive data will not alter the disclosure or formatting standards of periodic reports, registration statements,[31] or transition reports,[32] which would continue to be available as they are today for those who prefer to view the traditional text-based document.

Throughout this release, we solicit comment on many issues concerning the use of interactive data, including specifically whether financial information in interactive data format should be required as exhibits to Securities Act registration statements and Exchange Act periodic and transition reports filed with us. We are seeking comment from investors, registrants, accountants, analysts and any other parties or individuals who may be affected by the use of interactive disclosure in Commission filings, and any other members of the public.

B. Current Filing Technology and Interactive Data

Companies filing electronically are required to file their registration statements, quarterly and annual reports, and transition reports in ASCII or HTML format.[33] Also, to a limited degree, our electronic filing system uses other formats for internal processing and document-type identification. For example, our system uses eXtensible Markup Language (XML) to process reports of beneficial ownership of equity securities on Forms 3, 4, and 5 under section 16(a) of the Exchange Act.[34]

[20] In 1993, we began to require domestic issuers to file most documents electronically. Release No. 33–6977 (Feb. 23, 1993) [58 FR 14628]. Electronic filing began with a pilot program in 1984. Release No. 33–6539 (June 27, 1984) [49 FR 28044].

[21] Release No. 33–8230 (May 7, 2003) [68 FR 25788 and 37044 (correction)] (required electronic filing of ownership reports) and Release No. 33–8891 (Feb. 6, 2008) [73 FR 10592] (required electronic filing of Form D [17 CFR 239.500]).

[22] 17 CFR 249.103 and 274.202.

[23] 17 CFR 249.104 and 274.203.

[24] 17 CFR 249.105.

[25] 17 CFR 239.500.

[26] See, *e.g.*, Release No. 34–56135 (July 26, 2007) [72 FR 42222]; Release No. 34–55146 (Jan. 22, 2007) [72 FR 4148]; Release No. 34–52056 (July 19, 2005) [70 FR 44722]; Release No. 33–8861 (November 21, 2007) [72 FR 67790]; and Release No. 34–57172 (Jan. 18, 2008) [73 FR 4450].

[27] Release No. 33–8529 (Feb. 3, 2005) [70 FR 6556].

[28] 15 U.S.C. 80a–1 *et seq.*

[29] HTML is a standardized language commonly used to present text and other information on Web sites.

[30] Release No. 33–8823 (July 11, 2007) [72 FR 39290].

[31] Although registration statements can be filed under federal securities laws other than the Securities Act, we use the term ''registration statement'' in this release only to refer to those filed under the Securities Act unless we expressly state otherwise.

[32] Transition reports generally must be filed when an issuer changes its fiscal closing date. The transition report covers the resulting transition period between the closing date of its most recent fiscal year and the opening date of its new fiscal year. Rule 13a–10 [17 CFR 240.13a–10]; Rule 15d–10 [17 CFR 240.15d–10]. Unless otherwise stated, when we refer to Exchange Act reports, periodic reports, or ''reports,'' we mean quarterly and annual periodic reports as well as transition reports.

[33] Rule 301 under Regulation S–T [17 CFR 232.301] requires electronic filings to comply with the EDGAR Filer Manual, and Section 5.1 of the Filer Manual requires that electronic filings be in ASCII or HTML format. Rule 104 under Regulation S–T [17 CFR 232.104] permits filers to submit voluntarily as an adjunct to their official filings in ASCII or HTML unofficial PDF copies of filed documents. Unless otherwise stated, we refer to filings in ASCII or HTML as traditional format filings.

[34] 15 U.S.C. 78p(a).

Electronic formats such as HTML, XML, and XBRL are open standards [35] that define or ''tag'' data using standard definitions. The tags establish a consistent structure of identity and context. This consistent structure can be recognized and processed by a variety of different software applications. In the case of HTML, the standardized tags enable Web browsers to present Web sites' embedded text and information in predictable format. In the case of XBRL, software applications, such as databases, financial reporting systems, and spreadsheets, recognize and process tagged financial information.

XBRL was derived from the XML standard. It was developed and continues to be supported by XBRL International, a collaborative consortium of approximately 550 organizations representing many elements of the financial reporting community worldwide in more than 20 jurisdictions, national and regional. XBRL U.S., the international organization's U.S. jurisdiction representative, is a non-profit organization that includes companies, public accounting firms, software developers, filing agents, data aggregators, stock exchanges, regulators, financial services companies, and industry associations.[36] In 2006, the Commission contracted with XBRL U.S. to develop the standard list of tags necessary for financial reporting in interactive format consistent with U.S. GAAP and Commission regulations.

Financial reporting in interactive format requires a standard list of tags. These tags are similar to definitions in an ordinary financial dictionary, and they cover a variety of financial concepts that can be read and understood by software applications. For financial statements prepared in accordance with U.S. GAAP, a filer would use the list of tags for U.S. financial statement reporting.[37] This list of tags contains descriptive labels, definitions, authoritative references to U.S. GAAP and Commission regulations where applicable, and other elements, all of which provide the contextual information necessary for interactive data [38] to be recognized and processed by software.[39]

Applying data tags to financial statements is accomplished using commercially available software that guides a preparer in mapping information in the financial statements to the appropriate tags in the standard list. Each element in the standard list of tags has a standard label. A company can therefore match the standard labels to each caption in its financial statements. Occasionally, because filers have considerable flexibility in how financial information is reported under U.S. reporting standards, it is possible that a company may wish to use a non-standard financial statement line item that is not included in the standard list of tags.[40] In this situation, a company would create a company-specific element, called an extension.

For example, what a company identifies in its traditional format financial statements as ''operating revenues'' may be associated with an element that has ''net revenues'' as the standard label. In this situation, a company would need to change, or extend, the standard label to become ''operating revenues'' when tagging that disclosure with the element.[41]

A company may choose to tag its own financial statements using commercially available software, or it may choose instead to outsource the tagging process. In the event a company relies upon a service provider to tag the company's financial statements, the company would want to carefully review the tagging done by the service provider in order to make sure that the tagged financial statements are accurate and consistent with the information the company presents in its traditional format filing.

Similarly, to create interactive data-formatted financial statements prepared in accordance with IFRS as issued by the IASB, a filer would use the IFRS list of tags.[42] The IFRS list of tags contains descriptive labels, authoritative references to IFRS where applicable, and other elements and concepts that provide the contextual information necessary for interactive data to be recognized and processed by software. The International Accounting Standards Committee Foundation (IASCF) has developed the IFRS list of tags.[43] To create interactive data using the IFRS list of tags, an issuer generally would need to follow the same mapping, extension and tagging process as would a company that uses the list of tags for U.S. financial statement reporting. As further discussed below, the IASCF is collaborating with XBRL U.S. and other parties to align practices designed to develop the IFRS list of tags. This collaboration involves the development of the appropriate scope for the IFRS list of tags' content and technology architecture.[44]

Because financial statements in interactive data format, referred to as the interactive data file,[45] are intended to be processed by software applications, the unprocessed data is not readable. Thus, viewers are necessary to convert the interactive data file to human readable format. Some viewers are similar to Web browsers used to read HTML files.

The Commission's Web site currently provides links to four viewers that allow the public to easily read company disclosures filed using interactive data.[46] These viewers demonstrate the capability of downloading interactive data into software such as Microsoft Excel as well as into other applications that are widely available on the Internet. In addition, we are aware of other applications under development that may provide additional and advanced functionality.

[35] The term ''open standard'' is generally applied to technological specifications that are widely available to the public, royalty-free, at minimal or no cost.

[36] XBRL U.S. supports efforts to promote interactive financial and business data specific to the U.S., including U.S. GAAP.

[37] Unless stated otherwise, when we refer to the ''list of tags for U.S. financial statement reporting'' we mean the interactive data taxonomy as approved by XBRL U.S. that is based on U.S. GAAP, Commission regulations, and common financial reporting practices used in the preparation of financial statements in the U.S.

[38] The proposed rules would define the interactive data necessary to create human-readable disclosure as the ''interactive data file,'' which would be required with every interactive data submission. The EDGAR Filer Manual would identify any necessary supporting files.

[39] For example, contextual information would identify the entity to which it relates, usually by using the filer's CIK number. A hypothetical filer converting its traditional electronic disclosure of $1,000,000 of net sales would have to create interactive data that identify what the 1,000,000 represents, net sales, and the currency in which it is disclosed, dollars. The contextual information would include other information as necessary; for example, whether it relates to an annual report or quarterly report, the financial reporting period, continuing or discontinued operations, or actual, restated, forecast, pro forma or other type of disclosure.

[40] In other cases, without a relevant and appropriate tag in the list of tags, a company would be required to create an extension in order to provide interactive data that appears the same as the corresponding portion of traditional format filing.

[41] Unless otherwise stated, extensions, whether relating to an element or a label, are not part of the standard list of tags.

[42] Unless stated otherwise, when we refer to the ''IFRS list of tags'' we mean the list of tags for financial statements prepared in accordance with IFRS as issued by the IASB.

[43] See *http://www.iasb.org/xbrl/index.html.* The IASCF released the 2008 taxonomy (list of tags) on March 31, 2008. See IASB Press Release, The IASC Foundation publishes IFRS Taxonomy 2008, (March 31, 2008).

[44] As previously noted, in 2006 we contracted with XBRL U.S. to develop the standard tags necessary for financial reporting in interactive format consistent with U.S. GAAP and Commission regulations. That contract has been completed.

[45] See note 40 above.

[46] See viewers available at *http://www.sec.gov/xbrl.*

C. The Commission's Multiyear Evaluation of Interactive Data and Overview of Proposed Rules

In 2004, we began assessing the benefits of interactive data and its potential for improving the timeliness and accuracy of financial disclosure and analysis of Commission filings.[47] As part of this evaluation, we adopted rules in 2005 permitting filers, on a voluntary basis, to provide financial disclosure in interactive data format as an exhibit to certain filings on our electronic filing system. The voluntary program has been based on an earlier version of the list of tags for U.S. financial statement reporting, which does not include a full array of standard elements for financial statement footnotes and schedules. After more than two years of increasing participation, over 75 companies have chosen to provide interactive data financial reporting.[48]

During this time, we have kept informed of technology advances and other interactive data developments. We note that several U.S. and foreign regulators have begun to incorporate interactive data into their financial reporting systems. The Federal Deposit Insurance Corporation (FDIC), the Federal Reserve, and the Office of the Comptroller of the Currency (OCC) require the use of XBRL.[49] As of 2006, approximately 8,200 U.S. financial institutions were using XBRL to submit quarterly reports to banking regulators.[50] Countries that have required or instituted voluntary or pilot programs for XBRL financial reporting include Australia, Belgium, Canada, China, Denmark, France, Germany, Ireland, Israel, Japan, Korea, Luxembourg, the Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Thailand and the United Kingdom.[51]

We also have kept informed of relevant advances and developments by hosting roundtables on the topic of interactive data financial reporting,[52] creating the Commission's Office of Interactive Disclosure,[53] and meeting with international securities regulators to discuss, among other items, timetables for implementation of interactive data initiatives for financial reporting.[54] Also, staff of the Commission have attended meetings of the Advisory Committee on Improvements to Financial Reporting (CIFiR) in which the committee discussed proposals for financial reporting using interactive data.[55] We also have reviewed written statements and public comments received by CIFiR on its XBRL developed proposal.[56]

Building on our experience monitoring the voluntary program, and our participation in the other initiatives described above, we are now proposing rules to require financial reporting using interactive data. The proposed rules would apply to domestic and foreign public companies that prepare their financial statements in accordance with U.S. GAAP, and foreign private issuers[57] that prepare their financial statements in accordance with IFRS as issued by the IASB. Interactive data would be required to be provided on a company's Web site[58] and with the filer's Securities Act registration statements,[59] annual reports, quarterly reports if applicable,[60] and transition reports.[61] We believe this has the potential to provide advantages for the investing public by making financial data more accessible, timely, inexpensive and easier to analyze.

By enabling filers to further automate their financial processes, interactive data may eventually help filers improve the speed at which they generate financial information, while reducing the cost of filing and potentially increasing the accuracy of the data. For example, with standardized interactive data tags, registration statements and periodic reports may require less time for information gathering and review. Also, standardized interactive data tagging may enhance the ability of an issuer's in-house financial professionals to identify and correct errors in the issuer's registration statements and periodic reports filed in traditional electronic format. Filers also may gain benefits not directly related to public financial disclosures. For example, filers that use interactive data may be able to consolidate enterprise financial

[47] See Press Release No. 2004–97 (July 22, 2004).

[48] A viewer for the voluntary program is available at *http://www.sec.gov/spotlight/xbrl/xbrlwebapp.shtml.* This viewer, one of several funded by the Commission to demonstrate interactive data, maintains a running total of companies and filers submitting data as part of the voluntary program. As of April 17, 2008, 78 companies had submitted 350 interactive data reports.

[49] Since 2005, the FDIC, Federal Reserve, and the OCC have required the insured institutions that they oversee to file their quarterly Consolidated Reports of Condition and Income (called Call Reports) in interactive data format using XBRL. Call Reports, which include data about an institution's balance sheet and income statement, are used by these federal agencies to assess the financial health and risk profile of the financial institution.

[50] See Improved Business Process Through XBRL: A Use Case for Business Reporting, available at *http://www.xbrl.org/us/us/FFIEC%20White%20Paper%2002Feb2006.pdf.*

[51] See XBRL International Progress Report (November 2007), available at *http://www.xbrl.org/ProgressReports/2007_11_XBRL_Progress_Report.pdf.*

[52] See materials available at *http://www.sec.gov/spotlight/xbrl/xbrl-meetings.shtml.*

[53] See Press Release No. 2007–213 (October 9, 2007).

[54] See Press Release No. 2007–227 (November 9, 2007).

[55] For example, CIFiR conducted an open meeting on March 14, 2008 in which it heard reactions from an invited panel of participants to CIFiR's developed proposal regarding required filing of financial information using interactive data. An archived webcast of the meeting is available at *http://sec.gov/about/offices/oca/cifir.shtml.* The March 14, 2008 panelists presented their views and engaged with CIFiR members regarding issues relating to requiring interactive data tagged financial statements, including tag list and technological developments, implications for large and small public companies, needs of investors, necessity of assurance and verification of such tagged financial statements, and legal implications arising from such tagging. Also, CIFiR has provided to the Commission an interim progress report that contains a developed proposal that the Commission, over the long term, require the filing of financial information using interactive data once specified conditions are satisfied. See Progress Report of the Advisory Committee on Improvements to the Financial Reporting to the United States Securities and Exchange Commission (Feb. 14, 2008) (Progress Report), available at *http://www.sec.gov/about/offices/oca/acifr/acifr-pr-021408-final.pdf.* CIFiR's developed proposal is discussed more fully in Part II.C.2 below.

[56] The XBRL developed proposal appears in chapter 4 of the Progress Report. Written statements of panelists at the March 14, 2008 meeting and public comments received on the Progress Report are available at *http://sec.gov/comments/265-24/265-24.shtml.*

[57] Exchange Act Rule 3b–4(c) [17 CFR 240.3b–4(c)] defines ''foreign private issuer'' as a foreign issuer other than a foreign government that either has 50 percent or less of its outstanding voting securities held of record by U.S. residents or, if more than 50 percent of its outstanding voting securities are held by U.S. residents, about which none of the following is true: (1) A majority of its executive officers or directors are U.S. citizens or residents; (2) more than 50 percent of its assets are located in the U.S.; or (3) the issuer's business is administered principally in the U.S.

[58] The proposed Web site posting requirement would apply only to the extent a filer already maintains a corporate Web site.

[59] Interactive data would be required as an exhibit to a Securities Act registration statement that contains financial statements, such as a Form S–1 [17 CFR 239.11] used in connection with an initial public offering. Interactive data would not be required as an exhibit to a Securities Act registration statement that does not contain financial statements, such as a Form S–3 filed by an issuer that is eligible to and does incorporate by reference all required financial statements from its periodic reports.

[60] Foreign private issuers filing on Form 10–Q would be required to provide financial statements in quarterly reports using interactive data.

[61] The proposed rules would not include any investment company that is registered under the Investment Company Act or any ''business development company,'' as defined in Section 2(a)(48) of that Act [15 U.S.C. 80a–2(a)(48)]. Business development companies are a category of closed-end investment companies that are not required to register under that Act. The proposed rules also would not include any entity that reports under the Exchange Act and prepares its financial statements in accordance with Article 6 of Regulation S–X [17 CFR 210.6–01 *et seq.*]. The proposed rules would not apply to these entities because the standard list of tags for investment management is not yet fully developed.

information more quickly and potentially more reliably across operating units with different accounting systems. However, we recognize that at the outset, filers would most likely prepare their interactive data as an additional step after their financial statements have been prepared.

The principal elements of the proposal are as follows:

- Domestic and foreign large accelerated filers [62] that use U.S. GAAP and have a worldwide public common equity float above $5 billion [63] as of the end of their most recently completed second fiscal quarter would provide to the Commission a new exhibit.[64] The exhibit would contain their financial statements,[65] and any applicable financial statement schedules in interactive data format. The requirement would apply beginning with fiscal periods ending on or after December 15, 2008.[66]
- All other domestic and foreign large accelerated filers using U.S. GAAP would be subject to the same interactive data reporting requirements the following year, beginning with fiscal periods ending on or after December 15, 2009.
- All remaining filers using U.S. GAAP, including smaller reporting companies,[67] and all foreign private issuers that prepare their financial statements in accordance with IFRS as issued by the IASB,[68] would be subject to the same interactive data reporting requirements beginning with fiscal periods ending on or after December 15, 2010.[69]
- Filers providing financial statements in interactive data format would be required to use the most recent and appropriate list of tags released by XBRL U.S. or the IASCF as required by the EDGAR Filer Manual. Filers also would be required to tag a limited number of document and entity identifier elements, such as the form type, company name, and public float. As with interactive data for the financial statements, these document and entity identifier elements would be formatted using the appropriate list of tags as required by the EDGAR Filer Manual.[70]
- A filer required to provide financial statements in interactive data format to the Commission also would be required to post those financial statements in interactive data format on its corporate Web site on the same day it filed or was required to file the related registration statement or report with the Commission, whichever is earlier.[71]
- The proposed rules would not alter the requirements to provide financial statements and any required financial statement schedules with the traditional format filings.[72]
- Financial statements in interactive data format would be provided as exhibits identified in Item 601(b) of Regulation S–K and Form 20–F.
- Financial statement footnotes and financial statement schedules initially would be tagged individually as a block of text. After a year of such tagging, a filer also would be required to tag the detailed disclosures within the footnotes and schedules.
- Viewable interactive data as displayed through software available on the Commission's Web site, and to the extent identical in all material respects to the corresponding portion of the traditional format filing, would be subject to all the same liability provisions of the federal securities laws as the corresponding data in the traditional format part of the official filing.
- Data in the interactive data file submitted to us generally would be subject to the federal securities laws in a manner similar to that of the voluntary program and, as a result, would be
  - ○ Excluded from the officer certification requirements under Rules 13a–14 and 15d–14 of the Exchange Act; [73]
  - ○ Deemed not filed for purposes of specified liability provisions; and
  - ○ Protected from liability for failure to comply with the proposed tagging and related requirements if the interactive data file either
    - ☐ Met the requirements; or
    - ☐ Failed to meet those requirements, but the failure occurred despite the issuer's good faith and reasonable effort, and the issuer corrected the failure as soon as reasonably practicable after becoming aware of it.
- The proposed rules would require the financial information and document and entity identifier elements to be tagged according to Regulation S–T and the EDGAR Filer Manual.[74]
- The initial interactive data exhibit of a filer would be required within 30 days of the earlier of the due date or filing date of the related report or registration statement, as applicable. In year two, a filer would have a similar 30 day grace period for its first interactive data exhibit that includes detailed tagging of its footnotes and schedules. All other interactive data exhibits would be required at the same time as the rest of the related report or registration statement.

[62] Exchange Act Rule 12b–2 [17 CFR 240.12b–2] generally defines ''large accelerated filer'' as an issuer that has common equity held by unaffiliated persons with a value of at least $700 million, has been subject to the Exchange Act's periodic reporting requirements for at least 12 months, has filed at least one annual report, and is not eligible to use the disclosure requirements available to smaller reporting companies for its periodic reports.

[63] As of the end of 2006, the $5 billion cutoff would establish a category of approximately 500 filers.

[64] The exhibit would be required with such filers' registration statements, quarterly, if applicable, and annual reports, and transition reports.

[65] When we refer to financial statements, we mean the face of the financial statements and accompanying footnotes. The face of the financial statements refers to the statement of financial position (balance sheet), income statement, statement of comprehensive income, statement of cash flows, and statement of owners' equity, as required by Commission regulations. References to the financial statements as required for interactive data reporting include any required schedules to the financial statements, unless we expressly state otherwise.

[66] The proposed schedule is premised on the rules being adopted this fall in time for affected filers to implement this schedule, and could be adjusted depending on when the Commission adopts any final rules.

[67] Item 10(f)(1) of Regulation S–K [17 CFR 229.10(f)(1)], Rule 405 under the Securities Act [17 CFR 230.405] and Rule 12b–2 under the Exchange Act [17 CFR 240.12b–2] define the term ''smaller reporting company,'' in general, as a company that has common equity securities held by non-affiliates with a market value of less than $75 million or, if that value cannot be calculated, had less than $50 million in revenue in the prior fiscal year.

[68] The proposed rules would not require foreign private issuers that prepare their financial statements in accordance with a variation of IFRS as issued by the IASB to provide interactive data.

[69] We do not propose to require foreign private issuers to provide in interactive data format interim financial information contained in Form 6–K or any financial information prepared in accordance with non-U.S.GAAP that must be reconciled to U.S. GAAP in the foreign private issuer's Exchange Act reports.

[70] The appropriate list of tags for document and entity identifier elements would be a list released by XBRL U.S., but would not be specific to U.S. GAAP or IFRS as issued by the IASB and would be required to be used by all issuers required to submit interactive data regardless of whether reporting in U.S. GAAP or IFRS as issued by the IASB.

[71] The day the registration statement or report is submitted electronically to the Commission may not be the business day on which it was deemed officially filed. For example, a filing submitted after 5:30 p.m. generally is not deemed officially filed until the following business day. Under the proposed rules, the Web posting would be required to be posted at any time on the same day that the related registration statement or report is deemed officially filed or required to be filed, whichever is earlier.

[72] When we established the voluntary program, we stated in the adopting release that the interactive data submission would be supplemental to filings and not replace the required traditional electronic format of the financial information it contains. We also said that volunteers would be required to continue to file their traditional electronic filings. See Part II.D of Release No. 33–8529 (Feb. 3, 2005) [70 FR 6556, 6559].

[73] 17 CFR 240.13a–14 and 17 CFR 240.15d–14.

[74] Proposed Rule 405 of Regulation S–T would directly set forth the basic tagging requirements and indirectly set forth the rest of the tagging requirements through the requirement to comply with the EDGAR Filer Manual. Consistent with proposed Rule 405, the Filer Manual would contain the technical tagging requirements.

• Filers that do not provide or post required interactive data on the date required would be deemed not current with their Exchange Act reports and, as a result, would not be eligible to use the short forms S–3, F–3, or S–8, or elect under Form S–4 or F–4 to provide information at a level prescribed by Form S–3 or F–3. Similarly, such filers would not be deemed to have available adequate current public information for purposes of the resale exemption safe harbor provided by Rule 144.[75] A filer that was deemed not current solely as a result of not providing an interactive data exhibit when required would be deemed current and timely upon providing the interactive data. Therefore it would regain the ability to incorporate by reference, short form registration statement eligibility, and current status for purposes of determining adequate current public information under Rule 144. As such, it would not lose its status as having ''timely'' filed its Exchange Act reports solely as a result of the delay in providing interactive data.

• Although we have not proposed at this time to require interactive data for executive compensation disclosure because a definitive list of tags for this purpose is not yet completed, we are soliciting comment on the usefulness to investors and others of such interactive data, as well as the extent of the related costs and associated questions.

• We anticipate that if the proposed rules become effective, companies that are not required to provide interactive data until a later time would have the option to do so earlier.

• We also anticipate that the voluntary program would be modified, if the proposed rules are adopted, to permit investment companies to participate, but to exclude non-investment company participation. As a result, the voluntary program would continue for the financial statements of investment companies that are registered under the Investment Company Act, and business development companies and other entities that report under the Exchange Act and prepare their financial statements in accordance with Article 6 of Regulation S–X. The voluntary program also would continue for the risk/return summary section of mutual fund prospectuses.[76]

II. Discussion of the Proposed Amendments

A. Submission of Financial Information Using Interactive Data

For several years XBRL U.S. and its related entities have developed and refined the list of tags to classify and define financial information in accordance with U.S. financial reporting practices and Commission regulations.[77] Many investors, auditors, accountants, and others, including companies that have been providing interactive data disclosure in the voluntary program, have helped in this process.

Interactive data financial statements using the list of tags for U.S. financial statement reporting have been submitted voluntarily to us by over 75 companies, some of which have done so since the start of the voluntary program approximately three years ago. The list of tags for U.S. financial statement reporting has improved significantly since the original version available for the voluntary program.[78] During this period, there has been a growing development of software products for users of interactive data, as well as of applications to assist companies to tag their financial statements using interactive data.[79] The growing number of software applications available to preparers and consumers is helping make interactive data increasingly useful to both institutional and retail investors, as well as to other participants in the U.S. and global capital markets. On this basis, we believe interactive data, and in particular the XBRL standard, have become widespread and that the updated list of tags for U.S. financial statement reporting is now sufficiently advanced to require that U.S. GAAP-reporting companies provide their interactive financial statements in interactive data format.[80]

With respect to the list of tags for IFRS financial reporting, the IASCF has, over several years, developed a list of tags designed to classify and define financial information in accordance with international accounting standards as promulgated by the IASB. Over the course of the past year, the IASCF has worked to strengthen the development of its list of tags by forming an XBRL Advisory Committee and an XBRL Quality Reporting Team, both consisting of international representatives from investors, auditors, accountants, regulators and others. On March 31, 2008, the IASCF published a near final version of the list of tags for IFRS financial reporting,[81] which is subject to public comment through May 30, 2008.[82] In addition, the IASCF is collaborating with XBRL U.S. and other parties to align practices designed to develop the IFRS list of tags. This collaboration involves the development of the appropriate scope for the IFRS list of tags' content and technology architecture. On this basis, we believe that the updated IFRS list of tags will be sufficiently advanced to require that foreign private issuers that prepare their financial statements in accordance with IFRS as issued by the IASB provide their financial statements in interactive data format under the phase-in schedule we are proposing.

As discussed in more detail below, our proposed rules would set forth a phase-in period beginning with domestic and foreign large accelerated U.S. GAAP filers with a worldwide public common equity float above $5 billion as of the end of their most recently completed second fiscal quarter. These large accelerated filers would be subject to the proposed rules beginning with their Securities Act registration statements, periodic reports, and transition reports that contain financial statements for fiscal periods ending on or after December 15, 2008. Although it would not be required, we encourage other U.S. GAAP filers to provide financial information in interactive data format during the phase-in period. We also encourage foreign private issuers that prepare their financial statements in accordance with IFRS as issued by the IASB to provide financial information in interactive data format during the phase-in period. In each instance, these filers' voluntary interactive data submissions would be under the proposed rules instead of the existing rules of the voluntary program.

[75] 17 CFR 230.144.

[76] See Release No. 33–8823 (July 11, 2007) [72 FR 39290]. On May 21, 2008, the Commission voted to propose rules that would require interactive data for the risk/return summary section of mutual fund prospectuses. See Press Release No. 2008–94 (May 21, 2008).

[77] See Press Release No. 2006–158 (Sept. 25, 2006).

[78] When we adopted the voluntary program, the list of tags for U.S. GAAP financial statement reporting contained approximately 4,000 data elements. The list of tags released on April 28, 2008 contains approximately 13,000 data elements, with the most significant additions relating to the development of elements for standard U.S. GAAP footnote disclosure.

[79] See Press Release No. 2007–253 (Dec. 5, 2007).

[80] As previously noted in Part I.C, however, the proposed rules would not apply to investment companies registered under the Investment Company Act and other entities. See footnote 61 above.

[81] Unless stated otherwise, when we refer to the ''list of tags for IFRS financial reporting'' we mean the interactive data taxonomy that is based on IFRS as issued by the IASB.

[82] See Press Release, The IASC Foundation publishes IFRS Taxonomy 2008 (March 31, 2008), available at *http://www.iasb.org/News/Press+Releases/The+IASC+Foundation+publishes+IFRS+Taxonomy+2008.htm.*

We are proposing that filers be required to provide the same information in interactive data format that companies have been providing in the voluntary program,[83] together with the following items: The footnotes to the financial statements; any applicable schedules to the financial statements; financial statements for Securities Act registration statements; and document and entity identifier tags, such as company name and public float. As was the case in the voluntary program, the proposed requirement for interactive data reporting is intended to be disclosure neutral. We do not intend the rules to result in companies providing more, less, or different disclosure for a given disclosure item depending upon the format whether ASCII, HTML, or XBRL.

We propose to continue requiring the existing electronic formats now used in filings because we believe it is necessary to monitor the usefulness of interactive data reporting to investors and the cost and ease of providing interactive data before attempting further integration of the interactive data format. However, the proposed rules would treat viewable interactive data as displayed through software available on the Commission's Web site, and interactive data generally,[84] as part of the official filing, instead of a supplement as is the case in the voluntary program. Further evaluation will be useful with respect to the availability of inexpensive, sophisticated interactive data viewers. Currently there are many software providers and financial printers that are developing interactive data viewers. We anticipate that these will become widely available and increasingly useful to investors.

We expect that the open standard feature of XBRL format will facilitate the development of applications and software, and that some of these applications may be made available to the public for free or at a relatively low cost. The expected continued improvement in this software would give the public increasingly useful ways to view and analyze company financial information. After evaluating the use of the new interactive data technologies, software, and lists of tags, we may consider proposing rules to eliminate financial statement reporting in ASCII or HTML format. Or we may consider proposing rules to require a filing format that integrates ASCII or HTML with XBRL.

We believe XBRL is the appropriate interactive data format with which to supplement ASCII and HTML. Our experience with the voluntary program and feedback from company, audit, and software communities point to XBRL as the appropriate open standard for the purposes of this rule. As a derivative of the XML standard, XBRL data would be compatible with a wide range of open source and proprietary XBRL software applications. As discussed above, many XBRL-related products exist for analysts, investors, public and private companies, and others to more easily create and compare financial data; still others are in development, and that process would likely be hastened by public company reporting using interactive data. Comments on our 2004 concept release and proposed rules in 2004 and 2007 generally supported interactive data and XBRL in particular.[85] Several other factors support our views regarding XBRL's broad and growing acceptance, internationally as well as in the U.S. For example, as noted above, in addition to the use of XBRL by other U.S. agencies,[86] several foreign securities regulators have adopted voluntary or required XBRL financial reporting.[87] We understand that several U.S. public and private companies use XBRL in connection with financial reporting or analysis.[88]

Request for Comment:

- Should we adopt rules that require each filer's financial statements to be provided in interactive data format? If we do so, should we include a phase-in period or temporary exception for detailed tagging of the financial statement footnotes? Should schedules to the financial statements be tagged? What are the principal factors that should be considered in making these decisions? Is it useful to users of financial information to continue to have, in addition to interactive data, duplicate, human-readable financial statements in ASCII or HTML format?
- What opportunities exist to improve the display of financial statements prepared using interactive data? For example, if the technology is sufficiently developed, should we propose rules to encourage or require a format that embeds interactive data tags in HTML so that the entire set of financial statements can be viewed in a browser? How should these affect any continued requirement to file ASCII- or HTML-formatted financial statements? What obstacles exist to making such improvements in the display of XBRL information?
- Is it appropriate to require public companies to provide interactive data using XBRL? Alternatively, in place of such a requirement, should the Commission instead wait to see whether interactive data reporting by public companies is voluntarily adopted? Without a requirement, would the development of products for producing and using interactive data from private and public companies meet the needs of investors, analysts, and others who seek interactive data? Would a large percentage of public companies provide interactive data voluntarily, and following the same standard, if not required to do so?
- If we do not adopt the proposed rules and instead wait to see whether companies on their own expand their use of interactive data, would such data be less comparable among companies? Is there a ''network effect,'' such that interactive data would not be useful unless many or all filers provide their financial statements using interactive data? Would the development of software for retail investors to obtain and make use of such data be slowed without a requirement that companies provide interactive data?
- What advantages are there to investors having the company responsible for preparing financial information in interactive data format, as opposed to a model in which third parties independently prepare the

[83] Unlike the voluntary program, unless otherwise stated, an interactive data file would be required to be provided with the traditional format filing to which it relates. Companies would not be permitted to provide the interactive data file with a Form 8–K or 6–K.

[84] As further discussed below in Part II.C, interactive data generally would be deemed not filed for purposes of specified liability provisions.

[85] Release No. 33–8497 (Sept. 27, 2004) [69 FR 59111] (Concept Release); Release No. 33–8496 (Oct. 1, 2004) [69 FR 59098]; Release No. 33–8781 (Feb. 12, 2007) [72 FR 6676]. See, *e.g.*, letter from Deloitte & Touche LLP regarding the Adopting Release and letter from PR Newswire Association LLC regarding the Concept Release. We also note that participants in the voluntary program provided positive feedback with respect to possible required use of XBRL. For example, the vast majority of voluntary program participants that submitted responses and views to a questionnaire answered in the affirmative to the question ''Based on your experience to date, do you think it would be advisable for the Commission to continue to explore the feasibility and desirability of the use of interactive data on a more widespread and, possibly, mandated basis?'' See question V.f in the Interactive Data Voluntary Program Questionnaire available at *http://www.sec.gov/cgi-bin/XBRL_Questionnaire.*

[86] See note 49 above. Also we note CIFiR's support of XBRL as referenced above in Part B.2

[87] For example, such countries include Canada, China, Israel, Japan, Korea and Thailand.

[88] Whenever we seek comment in this release, we request that commenters distinguish in their responses, as appropriate, between the proposed requirements applicable to U.S. GAAP filers and those applicable to foreign private issuers that prepare their financial statements in accordance with IFRS as issued by the IASB, regardless of whether our question distinguishes between or references one or both of these types of issuers.

information in interactive format and charge a fee for it?

• Do commenters agree that compared to reports using ASCII and HTML, interactive data would require less manually-transferred data? If so, do commenters believe that the proposed rules would result in less human error and therefore contribute to reduced costs?

• If we require interactive data reporting and the proposed rules result in more effective and efficient financial reporting with reduced human error and cost, would fees charged by financial printers or other service providers be likely reduced to reflect such lower costs?

• If we adopt rules requiring interactive data financial reporting, is the XBRL standard the one that we should use? Are any other standards becoming more widely used or otherwise superior to XBRL? What would the advantages of any such other standards be over XBRL?

• Is the XBRL format for interactive data sufficiently developed to require its use at this time with regard to both U.S. GAAP and IFRS as issued by the IASB? If not, what indicators should we use to determine when it has become sufficiently developed to require its use?

• Are vendors likely to develop and make commercially available software applications or Internet products that will be able to deliver the functionality of interactive data to retail investors?

• How important is it that many different types of viewers with varying levels of sophistication and functionality be available to investors? In addition to the free viewer provided on the SEC Web site, are there likely to be other such products available at low or no cost?

• If we require interactive data financial reporting, what are the principal challenges facing the eventual integration of such reporting with the current filing formats, ASCII and HTML, so that filing in all three formats would no longer be necessary?

B. Phase-In Under the Proposed Rules

1. Overview

The proposed rules initially would require interactive data reporting only by domestic and foreign large accelerated filers that use U.S. GAAP and have a worldwide public common equity float above $5 billion as of the end of their most recently completed second fiscal quarter.[89] If the rules are adopted by this fall, we anticipate that the first required submissions would be for periods ending on or after December 15, 2008. For calendar year companies, this would first apply to their December 31, 2008 annual reports filed on Form 10–K or 20–F and any Securities Act registration statement that contains financial statements for a period ended on or after December 15, 2008.[90] We are sensitive to concerns that undue expense and burden should not accompany the adoption of required interactive data financial reporting. We therefore propose a 30-day grace period for each filer's initial interactive data submission, and a 30-day grace period in year two of each filer's interactive data reporting when its footnotes and schedules initially would be required to be tagged in detail.[91]

Filers under the proposed rules would be required to convert their financial statements into an interactive data file using the list of tags for U.S. financial statement reporting or the IFRS list of tags, in either case as approved for use by the Commission. The submission also would be required to include any supporting files as prescribed by the EDGAR Filer Manual. Interactive data would be required for the entirety of the financial statements, although tagging of the footnotes and schedules by increasing level of detail would be phased in the following year. We are not proposing at this time that filers be required to provide interactive data for their Management's Discussion and Analysis, executive compensation, or other financial, statistical or narrative disclosure. We solicit comment, however, on the advisability of permissible optional interactive data for financial disclosures that are not part of the current lists of tags for U.S. GAAP financial statement reporting and IFRS financial reporting.

We also solicit comment on the usefulness to investors of interactive data of executive compensation and the burden such reporting would have on companies. For example, we solicit comment on whether the scope of interactive data available on the Executive Compensation Reader, which we posted on our Web site on December 21, 2007, [92] would be an appropriate level of executive compensation data. Our requests for comment regarding interactive data and executive compensation follow up and expand on previous requests in 2006.[93] We also note substantial interest in interactive disclosure of executive compensation, for example a draft list of tags for executive compensation that has been made available for public comment [94] and financial Web pages that link to our Executive Compensation Reader to provide streamlined Internet viewers of executive compensation. We ask detailed questions at the end of Part II.B.3.a.[95]

The following tables identify the registration statements and periodic reports that would be required to include interactive data according to the company's filing status.[96]

Domestic and Foreign Large Accelerated Filers Using U.S. GAAP with Worldwide Public Common Equity Float above $5 Billion as of the End of Their Most Recently Completed Second Fiscal Quarter.	Registration statements containing financial statements for a period ending on or after December 15, 2008, Form 10–Q [97] for quarterly periods or Form 10–K [98] or 20–F [99] for annual periods ending on or after December 15, 2008.
All Other Large Accelerated Filers Using U.S. GAAP	Registration statements containing financial statements for a period ending on or after December 15, 2009, Form 10–Q for quarterly periods or Form 10–K or 20–F for annual periods ending on or after December 15, 2009.

[89] This would amount to approximately 500 companies. We propose the end of the most recently completed second fiscal quarter because that date is consistent with when a filer is required to determine its status as an accelerated and large accelerated filer.

[90] For companies with a September 30 fiscal year end, the requirement would first apply to their December 31, 2008 quarterly report filed on Form 10–Q and any Securities Act registration statement that contains financial statements for a period ended on or after December 15, 2008.

[91] We discuss more fully at Part II.C liability related to required submissions of interactive data in general and the continuation of some of the limitations on liability used in the voluntary program in particular.

[92] See Press Release No. 2007–268 (Dec. 21, 2007).

[93] Release No. 33–8655 (Jan. 27, 2006). Two commenters addressed this series of questions. One commenter supported tagging executive compensation disclosure using XBRL; the other commenter believed it would not be helpful.

[94] See ''*Broadridge Releases Draft XBRL Proxy Statement Taxonomy for Public Comment,*'' Reuters December 4, 2007.

[95] See Part II.B.3.a, below.

[96] Transition reports that contain financial statements of the type and for the periods specified also would be required to be submitted in interactive data format under the proposed rules. Note that these dates apply to the initial required interactive data disclosure and that detailed tagging of the financial statement footnotes and schedules would not be required for an additional year, as described below in section II.B.3.a.

All Remaining Filers Using U.S. GAAP	Registration statements containing financial statements for a period ending on or after December 15, 2010, Form 10–Q for quarterly periods or Form 10–K or 20–F for annual periods ending on or after December 15, 2010.
Foreign Private Issuers with Financial Statements Prepared in Accordance with IFRS as Issued By the IASB.	Registration statements containing financial statements for a period ending on or after December 15, 2010 or Form 20–F for annual periods ending on or after December 15, 2010.

2. Companies and Filings Covered by Proposed Rules and Phase-In

The proposed rules would cover all companies reporting in either U.S. GAAP, including smaller reporting companies and foreign private issuers that report in U.S. GAAP or, in the case of foreign private issuers, in accordance with IFRS as issued by the IASB.[100] The proposed phase-in would require domestic and foreign large accelerated filers that report in U.S. GAAP and meet the minimum worldwide common equity float of greater than $5 billion to provide their initial interactive data submissions in year one of the phase-in period discussed above. All other U.S. GAAP filers that meet the definition of large accelerated filer would be required to provide their initial interactive data submissions in year two of the phase-in period. All remaining U.S. GAAP filers, including smaller reporting companies and companies not previously subject to periodic reporting requirements, would be required to provide their initial interactive data submissions in year three of the phase-in period.

Foreign private issuers that prepare their financial statements in accordance with IFRS as issued by the IASB would be required to provide their initial interactive data submissions in year three of the phase-in period.

The additional phase-in time for all but the largest accelerated filers is intended to permit companies to plan and implement their data tagging with the benefit of the experience of year one filers. It also is intended to enable us to monitor implementation and, if necessary, make appropriate adjustments during the phase-in period. In the case of IFRS filers, the phase-in also would provide the necessary time for development and testing of the list of tags for IFRS financial reporting.

Our multiyear experience with the voluntary program has helped us understand the extent to which a filer would incur additional costs to create and submit its existing financial disclosures in interactive data format. Based on that experience, we believe that the process of converting a filer's existing ASCII or HTML financial statements into interactive data would not impose a significant burden or cost. The voluntary program clearly demonstrated that companies can, if they choose, tag their financial statements using currently available software without need of outside services or consultants; alternatively, they could rely on financial printers, consultants, and software companies for assistance, although they would retain ultimate responsibility for both their financial statements and their tagged data. As discussed in more detail in the cost-benefit analysis below,1[101] we believe that modest first-year costs for a company would decrease in subsequent periods, particularly once footnote tagging is implemented. We also believe that these costs would be justified by interactive data's benefits. As with domestic registrants, we believe foreign private issuers that report in U.S. GAAP or prepare their financial statements in accordance with IFRS as issued by the IASB would be able to comply with the rules without incurring significant costs.

We expect that smaller companies, which generally are disproportionately affected by regulatory costs, also would be able to provide their reports in interactive data format without undue effort or expense. While interactive data reporting involves changes in reporting procedures mostly in the initial reporting periods, we expect that these changes would provide efficiencies in future periods. As a result, there may be potential net savings to the filer, particularly if interactive data become integrated into the filer's financial reporting process. While we recognize that requiring interactive data financial reporting would likely result in start-up expenses for smaller companies, these expenses may be substantially lower than those of larger filers, given that smaller filers tend to have simpler financial statements than larger companies, with fewer elements and disclosures to tag. In addition, we expect that both software and third-party services will be available to help meet the needs of smaller filers. We also intend that the third year phase-in for smaller reporting companies would permit them to learn from the experience of the earlier filers. It would also give them a longer period of time across which to spread first-year data tagging costs.

As noted above,[102] CIFiR has issued a Progress Report that contains a developed proposal that the Commission phase in the requirement that companies file financial statements using interactive data after the satisfaction of specified preconditions relating to:

- Successful testing of the list of tags for U.S. financial statement reporting;
- The capacity of reporting companies to file interactive data using the new list of tags for U.S. financial statement reporting; and
- The ability of the Commission's electronic filing system to provide an accurate human-readable version of the interactive data.[103]

The Progress Report's developed proposal recommends that we phase in financial statements using interactive data by requiring the largest 500 domestic registrants,[104] as determined by the value of shares held by unaffiliated persons, to furnish (rather than file) interactive data for the face of their financial statements and, in block-tagged form,[105] the footnotes to the financial statements. The Progress Report's developed proposal also

[97] 17 CFR 249.308a.

[98] 17 CFR 249.310.

[99] 17 CFR 249.220f.

[100] As noted in Part I.C, however, the proposed rules would not apply to investment companies registered under the Investment Company Act, business development companies, or other entities that report under the Exchange Act and prepare their financial statements in accordance with Article 6 of Regulation S–X.

[101] See Part V.

[102] See Part I.C above.

[103] We are giving careful consideration to CIFiR's developed proposal. We believe that the factors they cite as preconditions will occur before the start of a requirement to provide interactive data. We expect to consider the factors in connection with determining whether to adopt the proposed interactive data submission requirements with regard to companies that prepare their financial statements in accordance with U.S. GAAP. We also expect to consider the same factors for companies that prepare their financial statements in accordance with IFRS as issued by the IASB.

[104] The developed proposal does not address foreign companies. We do not believe that whether a U.S. GAAP reporting company is domestic or foreign should determine the applicability of the proposed rules, and therefore foreign companies using U.S. GAAP would be included in the phase-in schedule along with their domestic counterparts. As noted, foreign private issuers that prepare their financial statements in accordance with IFRS as issued by the IASB also are included in the proposal, although they would not be phased in until year three.

[105] By ''block'' text we mean that the entire footnote or other discrete item, such as a schedule or table, would be tagged as an individual element.

recommends that, one year after we impose this requirement on the first group of registrants, we impose the same requirement on the remaining domestic registrants that fall within the definition of ''large accelerated filer.'' Finally, the Progress Report's developed proposal recommends that, once the specified conditions have been satisfied and the second phase-in period has been implemented, we evaluate whether and when to require that the domestic large accelerated filers file rather than furnish financial statements in interactive data format, as well as the inclusion of all other reporting companies.

We have carefully considered the Committee's thoughtful developed proposal, including the recommended phase-in of 500 initial companies and delayed consideration of non-accelerated and other filers until after two years. We propose a phase-in schedule similar to the one for which the Committee calls.[106] However, instead of waiting until after the second year to determine whether to propose extending the applicability of the rules to all filers, the proposed rules would establish a phase-in for the remaining companies' required interactive data submissions that would begin in the third year. Based on participants' experience with the voluntary program and our consultations with filers, software providers and filing intermediaries, we believe the proposed rules would accelerate the improvement and availability of inexpensive software. This, in turn, would generate more options and assistance for non-accelerated filers, smaller reporting companies, and foreign private issuers so that they could become proficient in the use of interactive data without undue burden.

Although including a larger number of filers in the initial phase-in might increase the overall commercial and analytical value of the interactive data, which in turn would likely increase the supply of software for analyzing and presenting interactive data to analysts and investors, we believe the establishment of a firm schedule for all U.S. GAAP- and IFRS-reporting companies to file their financial statements using interactive data would serve nearly as well to stimulate the further development of interactive data-related software and services while also affording most companies additional time to learn from the experience of others.

We also believe that concurrently adopting a phase-in for non-accelerated filers, smaller reporting companies, and foreign private issuers using IFRS as issued by the IASB would establish an appropriate and measured timeline, which we would be able to monitor and, if necessary, reconsider during the first two years of the phase-in.

Request for Comment:

- Is the proposed schedule for implementation of interactive data tagging appropriate?
- Should we delay the first required interactive data submissions until the second half of 2009 or later? What benefits would there be to advancing or delaying implementation of the proposed rules? How much lead time do large accelerated filers need to familiarize themselves with interactive data and the process of mapping financial statements using the list of tags for U.S. financial statement reporting or IFRS financial reporting?
- Should the initial submission required by the proposed rules be a periodic report? If so, should it be a Form 10–Q for domestic issuers?[107] Would this be an easier report for companies to prepare, or would it be best for companies to begin providing interactive data with respect to the fiscal year end financial statements?
- Instead of a cut-off using a worldwide public common equity float of $5 billion at the end of the issuer's most recently completed second fiscal quarter, would an initial phase-in including all large accelerated filers or large accelerated filers with a smaller public float better accomplish the goals outlined in the release? If we use a public float, should it be $5 billion or some other amount lower or higher than the proposed cut-off, such as $3 billion or $10 billion? Would some other cut-off, or some other schedule be preferable? Would it be better to measure the public float as of a time other than the end of the issuer's most recently completed second fiscal quarter and, if so, when?
- Would the initial phase-in include enough companies to encourage potential vendors of interactive data products and services to invest in the development and marketing of new and improved products and services? If not, how would such a level affect the markets for both filer and investor products and services?
- Should the phase-in schedules differ as between U.S. GAAP non-accelerated and smaller reporting companies and foreign private issuers that prepare their financial statements in accordance with IFRS as issued by the IASB?
- Is the proposed third-year phase-in approach for companies other than large accelerated filers necessary or sufficient for them to familiarize themselves with interactive data and the process of mapping financial statements using the list of tags for U.S. financial statement reporting or IFRS financial reporting?
- Is the proposed third-year phase-in sufficient for smaller reporting companies and foreign private issuers to allocate the necessary resources and meet the proposed requirements, or would a more delayed schedule be appropriate?
- Should smaller reporting companies and foreign private issuers reporting in U.S. GAAP be subject to the proposed rules at all? Should compliance with the proposed rules be solely voluntary for smaller reporting companies or foreign private issuers reporting in U.S. GAAP?
- Would requiring interactive data from foreign private issuers reporting in U.S. GAAP create a disincentive for these issuers to use U.S. GAAP in preparing their financial statements? Is this offset by the proposed requirement that foreign private issuers reporting in IFRS as issued by the IASB use interactive data within three years? Should the requirements extend only to foreign private issuers reporting in U.S. GAAP that file on domestic forms?
- Should foreign private issuers that prepare their financial statements in accordance with IFRS as issued by the IASB be subject to the new rules, as proposed? Should the proposed rules also apply to foreign private issuers that prepare their financial statements in their local GAAP and reconcile to U.S. GAAP for Exchange Act reporting purposes if their home jurisdictions have developed interactive data reporting programs? Would the proposed rules' current exclusion of such issuers create a disincentive for foreign private issuers to use IFRS as issued by the IASB for their Exchange Act reporting?
- Are there extra burdens that foreign private issuers reporting in U.S. GAAP or IFRS as issued by the IASB would incur under the proposed rules? Do any such burdens necessitate a one year or other delay in the proposed phase-in requirement as and when it otherwise would apply to them?
- Do foreign private issuers using foreign filing agents have comparable or

[106] As previously noted, the proposed worldwide public float cutoff of $5 billion would result in approximately 500 companies subject to the proposed rules in year one.

[107] We note that when the Commission adoped the electronic filing requirements, the first required electronic filing was a Form 10–Q rather than a registration statement or Form 10–K. Release No. 33–6977 (Feb. 23, 1993) [58 FR 14628].

sufficient access to interactive data software and support services?

• Should the proposed new rules apply to a Canadian issuer's financial statements prepared in accordance with U.S. GAAP and filed with the Commission under cover of Form 40–F? [108] Should the proposed new rules apply to a Canadian issuer's registered offering on Form F–9 [109] or F–10, or any other forms available under the Multijurisdictional Disclosure System? [110]

• Should we permit or require foreign private issuers filing their annual financial statements using U.S. GAAP also to provide in interactive data format any interim financial information that they furnish on Form 6–K? If so, what factors should we consider in determining whether to require or permit such submissions? Should such a requirement be phased in? What are the answers to these questions if the foreign private issuer uses IFRS as issued by the IASB?

• Should investment companies registered under the Investment Company Act, business development companies or other entities that report under the Exchange Act and prepare their financial statements in accordance with Article 6 of Regulation S–X be subject to the proposed rules? Is the current investment management list of tags sufficiently developed for required use by these companies?

• The Commission recently proposed to accelerate the filing deadline for annual reports filed on Form 20–F by foreign private issuers under the Exchange Act by shortening the filing deadline from 6 months to within 90 days after the foreign private issuer's fiscal year-end in the case of large accelerated and accelerated filers, and to within 120 days after a foreign private issuer's fiscal year-end for all other issuers, after a two-year transition period.[111] In light of this rule proposal, should we lengthen the proposed phase-in deadlines for foreign private issuers, for example, by one year if the issuer is not a large accelerated filer?

3. Documents and Information Covered by the Proposed Rules

a. Financial Statements and Financial Statement Schedules

The proposed rules would require interactive data tagging of a filer's complete financial statements and any required financial statement schedules.[112] As with the voluntary program, the proposed rules would require companies to provide the interactive data in an exhibit. Interactive data would be required for all periods included in the filer's financial statements. The proposed rules would not, however, require interactive data submissions for other financial statements that may be required of filers, including those provided pursuant to Rules 3–05, 3–09, 3–10, 3–14, and 3–16 of Regulation S–X.[113]

As with the voluntary program, the proposed rules would require that the line item descriptions and amounts presented on the face of the financial statements in the traditional format filing be the same as in the interactive data format. Also, the rules would prohibit partial presentation of face financial statements in interactive data format. For example, excluding comparative financial information for prior periods would not be permitted. Unlike the voluntary program, our proposed rules require companies using U.S. GAAP or foreign private issuers using IFRS as issued by the IASB to provide tagged data for the footnotes and schedules to the financial statements. At the time of our adopting release for the voluntary program in 2005, we stated that we recognized technical issues made it difficult to tag the notes to the financial statements. We did, however, provide volunteers with the option of tagging the notes to the financial statements.[114] Since the time of the adopting release, the necessary list of tags has been completed and the available software has advanced sufficiently to require that the financial statement footnotes and schedules be included in the proposed rules.

The voluntary program adopting release recommended that if participants voluntarily provided footnotes in interactive data format, then they should provide enough detail so that the tagging would be of practical value to users. The release stated that a single tag for the entire group of footnotes in a filing would cover too much information to be useful to the user. We still believe that one tag for the entire group of footnotes would be confusing and provide little benefit. Tagging each footnote separately, however, would allow users the ability to compare footnote disclosure between periods and across filers while minimizing the burden on preparers. We are therefore proposing that the footnote disclosures in the traditional format filing be the same as in the interactive data format. This would be accomplished by tagging the footnotes using four different levels of detail:

(i) Each complete footnote tagged as a single block of text;

(ii) Each significant accounting policy within the significant accounting policies footnote tagged as a single block of text;

(iii) Each table within each footnote tagged as a separate block of text; and

(iv) Within each footnote, each amount (*i.e.*, monetary value, percentage, and number) separately tagged and each narrative disclosure required to be disclosed by U.S. GAAP (or IFRS as issued by the IASB, if applicable), and Commission regulations separately tagged.

To allow filers time to become familiar with tagging footnotes, we are proposing that in each filer's first year of interactive data reporting only level (i) would be required. All four levels would be required starting one year from the filer's initial required submission in interactive data. In year two, when a filer would first be required to tag its footnotes and schedules using multiple levels of detail, the filer would be given an additional 30 days beyond the due date or filing date of its report or registration statement to file the interactive data exhibit. Subsequent interactive data exhibits using all of the levels would be required at the same time as the rest of the related report or registration statement. We believe the one-time 30-day grace period would help a filer comply with the more detailed tagging requirements.

We propose requiring these various levels of detailed tagging for the financial statement footnotes after considering the range of needs of investors, analysts, and other consumers of financial information. We believe the block-text tagging required under levels (i) through (iii) would satisfy the need of those who desire disclosures within the context of an entire footnote or an entire table. The detail tagging of

[108] 17 CFR 249.240f. Certain Canadian foreign private issuers file registration statements and annual reports under the Multijurisdictional Disclosure System, which permits eligible Canadian companies to use their disclosure documents prepared in accordance with Canadian requirements in filings with the Commission.

[109] 17 CFR 239.39.

[110] 17 CFR 239.40.

[111] Release No. 33–8900 (Feb. 29, 2008) [73 FR 13404].

[112] As previously noted, proposed Rule 405 of Regulation S-T would directly set forth the basic tagging requirements and indirectly set forth the rest of the tagging requirements through the requirement to comply with the EDGAR Filer Manual. Consistent with proposed Rule 405, the EDGAR Filer Manual would contain the detailed tagging requirements.

[113] 17 CFR 210.3–05, 17 CFR 210.3–09, 17 CFR 210.3–10, 17 CFR 210.3–14, 17 CFR 210.3–16.

[114] See section II.E. of Securities Act Release No. 8529 (February 3, 2005) [70 FR 6556, 6559].

individual amounts and narrative disclosures within the footnotes required under level (iv) would satisfy the need of those who desire to analyze specific pieces of information or data.

The requirement that in the second year a filer tag separate each amount within a footnote (*i.e.*, monetary value, percentage, and number) and each narrative disclosure required to be disclosed by U.S. GAAP (or IFRS as issued by the IASB, if applicable), and Commission regulations should not affect a filer's decisions regarding what to disclose in its traditional format filing. We are aware of questions as to whether the contextual information or data elements chosen from the standard list of tags could potentially reveal information that the rest of the related registration statement or periodic report would not otherwise make known. However, we do not believe that the contextual information or data elements chosen should provide any additional substantive disclosure.

To clarify the intent of the rules, we propose to include an instruction to proposed Rule 405 of Regulation S–T stating that the rules require a disclosure format, but do not change substantive disclosure requirements. The rules also would state clearly that the information in interactive data format should not be more or less than the information in the ASCII or HTML part of the related registration statement or report.

In connection with their annual and transition reporting on Forms 10–K or 20–F, filers may be required under existing financial reporting requirements to include certain supplementary financial statement schedules with their financial statements. The form and content of these schedules are governed by Article 12 of Regulation S–X.[115] The list of tags for U.S. financial statement reporting enables companies to tag individual facts in these financial statement schedules, or to block tag each entire schedule.

We propose that filers also be required to include with their interactive data any financial statement schedules prescribed by Article 12 of Regulation S–X. These financial statement schedules would be tagged using two different levels of detail; only the first level would be required in the first year. Both levels would be required starting one year from the filer's initial required submission in interactive data format. Similar in concept to the tagging approach proposed for the financial statement footnotes, the required levels of detail would be: (i) Each complete financial statement schedule tagged as a block of text; and (ii) each amount (*i.e.*, monetary value, percentage, and number) separately tagged and each narrative disclosure required to be disclosed by Commission regulations separately tagged.

A filer may revise its previously filed financial statements for a variety of reasons, such as the retrospective application of a new accounting principle or the correction of an error. Our proposed rules would require a filer to provide revised interactive data at the same time it files the revised financial statements with the traditional format filing.[116] Under the proposed rules, filers also would be required to provide interactive data for transition reports on Forms 10–Q, 10–K, or 20–F.

Request for Comment:

- Are the proposed four levels of detail appropriate for footnote tagging? What alternative footnote disclosure items or criteria do commenters recommend we establish for tagging footnotes? Why would those be more appropriate than what we propose?
- Should we require all four levels for footnotes in the first year instead of using the phase-in approach for the more detailed tagging? Should detailed tagging of a filer's footnotes and schedules not be required until more than one year after its initial interactive data submission, for example, in year three or four?
- Are the proposed two levels of detail appropriate for financial statement schedule tagging? If not, what alternatives would be more appropriate?
- Should we require both levels for financial statement schedules in the first year instead of using the phase-in approach for more detailed tagging?
- Is the most detailed level of tagging too prescriptive, or is it too broad? Would it help to achieve comparability among filers? Would it impose an unnecessary burden on filers in preparing their XBRL data compared to the potential benefit to consumers of data? What problems or obstacles may be encountered in applying the proposed requirement?
- Would the most detailed level of tagging result in the creation of a high number of company-specific extensions? If so, would the additional effort needed to create new extensions diminish once a filer has tagged at this level of detail? Should the tagging requirement instead be only to require detailed tagging to the extent a standard tag already exists in the standard list of tags?
- Does the proposed rule provide adequate and effective guidance on how to tag information in the footnotes to the financial statements? For example, would it be feasible for companies to identify the narrative disclosure required by U.S. GAAP or IFRS as issued by the IASB that needs to be tagged separately? Should it be more principles-based? If so, what should those principles be?
- Do the standards we propose for tagging provide clear enough guidance for preparers so that we can expect to achieve consistency among filers?
- Should schedules to the financial statements be omitted from our proposed rule? If so, why?
- What additional costs and burdens would there be with detailed tagging of the financial statement footnotes and financial statement schedules as opposed to ''block'' tagging?
- Would investors and other users of tagged data benefit from the tagging of individual amounts (*i.e.*, monetary values, percentages, and numbers) and narrative disclosures within each footnote together with block text?
- Should we require that filers reporting in U.S. GAAP, or in IFRS as issued by the IASB, tag their document and entity[117] information? Would this information be useful in interactive data format?
- Is it reasonable to expect that requiring interactive data-formatted financial statements in general or footnotes in particular will not change the discretionary content that companies provide in the traditional format filing? Would the availability of tagged data possibly cause competitive pressures on filers to choose to make more disclosures that are permissible, encouraged, or otherwise not required by Commission regulations? Alternatively, might the availability of tagged data possibly cause filers to choose to curtail such disclosures? What types of disclosures would those be?
- Should transition reports not be subject to the proposed rules? If not, why not?
- Would users of financial information find tagged financial statement schedules useful for analytical purposes?
- Should the proposed rules require interactive data submissions for a filer's

[115] See Rules 5–04 and 7–05 of Regulation S–X and Items 17 and 18 of Form 20–F.

[116] Revised interactive data would be required so that the financial information would be the same in both the traditional format filing and the interactive data file. If the financial statements are not revised in connection with an amended registration statement, periodic report, or transition report, the exhibit index would indicate that the interactive data file was already provided.

[117] See footnote 70 above.

financial information provided under Forms 8–K and 6–K, such as earnings releases or interim financial information? If so, what level of tagging detail would be appropriate, and would a reasonable grace period from the date of the Form 8–K or 6–K to the deadline for interactive data (*e.g.*, one, three, or five days) address concerns that filers require additional time to provide interactive data for such financial information? Does financial information provided under Form 8–K or 6–K, such as earnings releases, present additional burdens compared to other forms that would warrant excluding them from the proposed rules?

• Should the proposed rules require interactive data submissions for other financial statements that may be provided by filers, including those provided pursuant to Rules 3–05, 3–09, 3–10, 3–14 and 3–16 of Regulation S–X? If so, how should a requirement be phased in?

• Should we provide an opportunity for non-investment company issuers to submit voluntarily interactive data format information other than that which they would be required to submit as interactive data? If so, should we permit such interactive data format information to be subject to provisions governing the proposed required filing of interactive data? Should we instead permit such interactive data format information to be submitted under a modified voluntary program that would apply to such information in a manner similar to the way it applies to XBRL-Related Documents under the current voluntary program?

• Should we require or permit interactive data submissions for executive compensation? Would interactive data of executive compensation be useful to investors? Approximately how much additional cost would interactive reporting of executive compensation require of companies?

• If we were to require or permit interactive data for executive compensation, should all narrative and numerical disclosure required in the traditional electronic filing [118] be required in interactive data format? If we were to require only a subset of the required disclosure, what subset should be required? For example, would it be appropriate to required tagging of only the Summary Compensation Table and other tables as applicable? Would it present an accurate picture of the compensation? How should an interactive data requirement for executive compensation treat the footnotes and narrative disclosure?

• If we were to require or permit interactive data for executive compensation, should we require the same data provided by the Executive Compensation Reader currently available on our Web site? [119]

• If we were to require or permit interactive data for executive compensation, should the interactive data be filed with the proxy statement, which often contains the executive compensation disclosure, or as an amendment to the Form 10–K, which often incorporates the executive compensation disclosure by reference? [120] Would it diminish significantly the value to investors if interactive data for executive compensation were not required to be submitted until, for example, 30 or 45 days after it was required to be submitted in traditional format? If there were such a 30- or 45-day delay in the requirement, would it be advisable to permit the delayed submission to be made in an exhibit to a Form 8–K or to an amendment on Form 10–K?

• How should a requirement to provide interactive data for executive compensation apply to foreign private issuers? [121]

• Should we require or permit interactive data submissions for other financial, statistical or narrative disclosure, such as beneficial ownership of management and five percent or greater shareholders or tabular disclosure of contractual obligations? [122]

b. Registration Statements Covered by the Proposed Rules

We are proposing that, subject to the phase-in period described above, all registration statements filed under the Securities Act, including initial public offerings, be required to include interactive data when financial statements are included directly in the registration statement, rather than being incorporated by reference. This would include all periods included in the registration statement as required by Regulation S–X and our rules. We believe analysts, investors, the public, and others would benefit from the enhanced ability of interactive data to locate and compare financial data included in registration statements. Under the proposed rules, interactive data would be required for the acquiring company, the filer, but not for the company being acquired, in the context of a business combination. The additional burden of configuring disclosure from traditional electronic format into interactive data format in the context of a registered offering is not anticipated to significantly add to the time or expense of companies filing registration statements.[123]

Request for Comment:

• Should registration statement financial information be subject to the new rules, as proposed? In particular, should registrants making initial public offerings in year three (and later years) of the phase-in period be required to provide interactive data if, as would be typical, they were not already required to file periodic reports subject to the requirement to submit an interactive data exhibit? [124] Should we permit rather than require interactive data to be provided in initial public offerings or other registration statements?

• If we require interactive data, should the proposed rules apply to registration statement financial information based on the size of the registrant (for example, distinguishing between large accelerated filers and smaller reporting companies)?

• Should the proposed rules require filers to include interactive data with respect to all filings of the registration statement when the registration statement is filed multiple times due to amendments? If not, which filings of the registration statement should be subject to the interactive data submission requirement? Should we, for example, limit the Securities Act filings that would require interactive data to those that contain a preliminary prospectus that is circulated? [125] Should the

[118] See Item 402 of Regulation S–K, 17 CFR 229.402.

[119] The Executive Compensation Reader displays the Summary Compensation Table disclosure of 500 large companies that followed the new executive compensation rules in reporting 2006 compensation information in their proxy statements filed with the Commission. By using the reader, an investor can view amounts included in the Summary Compensation Table Stock Awards and Option Awards columns based on either the full grant date fair value of the awards granted during the fiscal year, or the compensation cost of awards recognized for financial statement reporting purposes with respect to the fiscal year, and recalculate the Total Compensation column accordingly.

[120] General Instruction G.3. to Form 10–K.

[121] Item 6.B of Form 20–F.

[122] 17 CFR 229.403, 17 CFR 229.303(a)(5).

[123] As noted above, if an amended registration statement is filed that does not involve any change in the financial statements, the interactive data exhibit would not be required to be re-filed. The exhibit index would simply note that the exhibit had already been filed.

[124] An issuer might already be required to submit periodic reports subject to the requirement to submit an interactive data exhibit without ever having made an initial public offering registered under the Securities Act. An issuer could be in that position, even during year one of the phase-in, for example, if the issuer became publicly held as a result of the type of spin-off Staff Legal Bulletin No. 4 (Sept. 16, 1997) describes as not requiring registration under the Securities Act.

[125] The instruction to Item 501(b)(3) of Regulation S–K [17 CFR 229.501(b)(3)] addresses disclosure

proposed rules apply to a final prospectus supplement filed under Securities Act Rule 424?[126] If we require interactive data with filings that do not currently include exhibits, such as final prospectuses, should we require that the interactive data be provided as schedules or exhibits? Once interactive data are provided with a registration statement, should we limit the requirement to provide interactive data for amendments to only the amendments that reflect substantive changes from or additions to the financial information? Would revising interactive data that previously were provided in connection with a registration to reflect changes to the registration statement involve much burden?

• Should interactive data be required only in connection with initial public offering registration statements under the Securities Act, rather than, as proposed, all Securities Act registration statements?

• In a registration statement on Form S–4 or F–4, or proxy statement relating to a proposed merger, should interactive data be required for the company being acquired as well as the acquiring company? Should interactive data of the company being acquired be required only if that company already is subject to interactive data reporting under the proposed rules?

• Should we also require interactive data to be provided in connection with Exchange Act registration statements on Form 10 and Form 20–F?

4. Initial Filing Grace Period

As noted above, interactive data would be required at the same time as the rest of the filing to which it relates. Each company's initial interactive data submission, however, would be permitted as an amendment to a registration statement within 30 days of the date of filing or as an amendment to Form 10–K, 20–F, or 10–Q within 30 days of the due date for filing of the rest of the related report. In addition, as discussed above in Part II.B.3.a, in year two when a filer would first be required to tag its footnotes and schedules using all levels of detail, the interactive data exhibit would be required within 30 days of the due date or filing date of the related report or registration statement, as applicable.

Currently in the voluntary program, filers may provide the interactive data at the time of filing or at any later time, without a deadline.[127] We believe that, consistent with our view regarding the value of widespread market use of the interactive data, companies should be required to provide the interactive data at the time the registration statement or report is required to be filed. We do not believe this timing requirement would place undue pressure on filers. We believe, for example, based on our experience with the voluntary program, that the time period for the quarterly or annual report is sufficient for filers to convert their ASCII or HTML financial statements into interactive data format.

Request for Comment:

• Should we permit interactive data information to be provided later than the related filing for the first year, rather than just the first filing? Should we provide a grace period for the first filing as to which the issuer is required to tag financial statement footnotes in detail? Is a grace period not needed?

• Should any grace period either for the first filing or for subsequent filings be for fewer or more than 30 days, such as five, 20 or 45 days? What would the impact of a grace period be on the usefulness of interactive data?

5. Web Site Posting of Interactive Data

We believe interactive data, consistent with our proposed rules, should be easily accessible for all investors and other market participants. As such disclosure becomes more widely available, advances in interactive data software, online viewers, search engines and other Web tools may in turn facilitate access and usability of the data. Encouraging widespread accessibility to filers' financial information furthers our mission to promote fair, orderly, and efficient markets, and facilitate capital formation. We believe Web site availability of the interactive data would encourage its widespread dissemination, thereby contributing to lower access costs for users. We therefore propose that each filer covered by the proposed rules be required to provide the same interactive data on its corporate Web site, if it has one, that would be required to be provided to the Commission on the earlier of the day it filed or was required to file the related registration statement or report, as applicable.[128]

We believe access to the interactive data on corporate Web sites would enable search engines and other data aggregators to more quickly and cheaply aggregate the data and make them available to investors because the data would be available directly from the filer, instead of through third-party sources that may charge a fee. To help further our goals of decreasing user cost and increasing availability, we do not propose to allow companies to comply with the Web posting requirement by including a hyperlink to the documents available electronically on the Commission's Web site.

We believe this requirement would be consistent with the increasing role that corporate Web sites perform in supplementing the information filed electronically with the Commission by delivering financial and other disclosure directly to investors. For example, we note that since 2003 issuers with corporate Web sites have been required to post on their Web sites beneficial ownership reports filed with respect to their securities on Forms 3, 4, and 5 under Section 16(a) of the Exchange Act.[129] We also note that many companies provide on their Web sites access to their periodic reports, proxy statements, and other Commission filings.[130] This proposal would expand such Web site posting by requiring companies with Web sites to post their interactive data as well.[131]

Request for Comment:

• Should we adopt rules that require each filer to post interactive data from

requirements applicable to specified circulated preliminary prospectuses.

[126] 17 CFR 230.424. Currently, Rule 424 prospectuses do not have a provision for exhibits, so additional EDGAR programming would be needed.

[127] The voluntary program permits filers to provide the initial and any such restated financial information in interactive data format using Form 8–K. The proposed rules, however, would require that interactive data be provided as an exhibit to the filing itself, including any restated Forms 10–K, 10–Q, or 20–F.

[128] Proposed Rule 405 would contain the Web site posting requirement. We also propose to provide, however, that Web site posting of the interactive data would not be required until the end of any applicable grace period that would apply to the submission of the interactive data to the Commission. Similarly, we propose to provide that Web site posting of the interactive data would not be required before submission of the interactive data when submission of the data is delayed in accordance with and during the term of any applicable hardship exemption provided under Rule 201 or 202 as proposed to be revised. Proposed revisions to Rules 201 and 202 are more fully discussed below in Part II.E.

[129] Section 16(a)(4)(C) [15 U.S.C. 78p(a)(4)(C)], Rule 16a–3(k) [17 CFR 240.16a–3(k)].

[130] Companies filing registration statements and accelerated filers and large accelerated filers in their periodic reports are required to disclose whether or not they make available free of charge on or through their Web site, if they have one, their annual report on Form 10–K, quarterly reports on Form 10–Q, current reports on Form 8–K, and amendments to those reports. Companies that do not make their reports available in that manner also must disclose the reasons they do not do so and whether they voluntarily provide electronic or paper copies of their filings free of charge upon request. See Item 101(e) of Regulation S–K.

[131] As further discussed in Part II.E, we propose that a company that failed to post its interactive data as required would be deemed ineligible to use short form registration Forms S–3, S–8, and F–3 and would be deemed not to have adequate public information available for purposes of Rule 144(c)(1) unless and until it posted.

registration statements and periodic and transition reports on its corporate Web site, if it has one?

• What advantages, if any, would dual Internet and EDGAR availability have for users, search engines, software developers, and others involved in the extraction and processing of financial data? Would it be helpful if our Web site provided the option to download the interactive data submission from our Web site or the issuer's Web site? Would it add a significant burden if an issuer were required to submit with its interactive data the URL that would link specifically to that interactive data as posted on the issuer's Web site or, alternatively, link to a part of the issuer's Web site from which there would be easy access to the interactive data as posted there? What would facilitate the realization of any advantages of Web site posting, for example the use of a standardized URL for interactive data? Would a standardized URL add significant cost to posting?

• Instead of requiring Web site posting, should we require that filers disclose in their registration statements or reports whether or not they provide free access to their interactive data on their corporate Web sites and, if not, why not?

• What impact would be realized by filers that do not currently provide Web sites? Would the proposed rules affect whether filers create or maintain Web sites?

• Would Web site posting decrease the time and cost required for aggregators of financial information and users to access disclosure formatted using interactive data?

• If we require Web site posting of interactive data, should we also require that the Web site include language stating that the entire registration statement, or periodic report also is available for free at the Commission's Web site?

• If we require Web site posting of interactive data, should we require, as proposed, that each filer provide the interactive data on its corporate Web site on the same day as the related filing, instead of at the same time?

C. Accuracy and Reliability of Interactive Data

1. Voluntary Program

To help ensure the accuracy of interactive data in the voluntary program, the data has undergone validation upon receipt by our electronic filing system separate from the normal validation of the traditional format filing.[132] Potential liability also helps ensure the accuracy and reliability of the data. Although the voluntary program has provided limited protections from liability under the federal securities laws [133] and excluded interactive data from being subject to officer certification requirements under Exchange Act Rules 13a–14 and 15d–14,[134] interactive data in the voluntary program are subject to the anti-fraud provisions of the federal securities laws. The voluntary program also encourages participants' efforts to create accurate and reliable interactive data that is the same as the corresponding disclosure in the traditional electronic format filing by providing that a participant is not liable for information in its interactive data that reflects the same information that appears in the corresponding portion of the traditional format filing, to the extent that the information in the corresponding portion of the traditional format filing was not materially false or misleading. To further encourage reasonable efforts to provide accurate interactive data, the voluntary program treats interactive data that do not reflect the same information as the official version as reflecting the official version if the volunteer meets several conditions. The volunteer must have made a good faith and reasonable attempt to reflect the same information as appears in the traditional format filing and, as soon as reasonably practicable after becoming aware of any difference, the volunteer must amend the interactive data to cause them to reflect the same information.[135]

2. Use of Technology To Detect Errors

Complete, accurate, and reliable financial statements and other disclosures are essential to investors and the proper functioning of the securities markets. Our proposed requirement to submit interactive data with registration statements and reports is designed to provide investors with new tools to obtain, review, and analyze information from public filers more efficiently and effectively. To satisfy these goals, interactive data must meet investor expectations of reliability and accuracy. Many factors, including company policies and procedures buttressed by incentives provided by the application of technology by the Commission, market forces and the liability provisions of the federal securities laws, help further those goals.

Building on the validation criteria referenced above for interactive data in the voluntary program, we plan to use validation software to check interactive data for compliance with many of the applicable technical requirements and to help the Commission identify data that may be problematic. For example, we expect the validation software to

• Check if required conventions (such as the use of angle brackets to separate data) are applied properly for standard and, in particular, non-standard special labels and tags;

• Identify, count, and provide the staff with easy access to non-standard special labels and tags; [136]

• Identify the use of practices, including some the XBRL U.S. Preparers Guide contains, that enhance usability; [137]

• Facilitate comparison of interactive data with disclosure in the corresponding traditional format filing;

• Check for mathematical errors; and

• Analyze the way that companies explain how particular financial facts relate to one another.[138]

The availability of interactive data to the staff may also enhance its review of company filings. After the FDIC required submission of interactive data, it reported that its analysts were able to increase the number of banks they reviewed by 10% to 33%, and that the number of bank reports that failed to fully meet filing requirements fell from 30% to 0%. These bank reports require information that is more structured and less varied than the information we would require. As a result, the FDIC's efficiency gains from the use of interactive data likely would be greater than ours.

We believe analysts, individual investors and others outside the Commission that use the interactive data submitted to us also will make use of software and other tools to evaluate the interactive data and, as a result, market forces will encourage companies

[132] If the traditional format filing meets its validation criteria, but any interactive data fail their own validation criteria, all interactive data are removed and the traditional format filing is accepted and disseminated without the interactive data file.

[133] Rule 402 under Regulation S–T provides these liability protections.

[134] See Rules 13a–14(f) [17 CFR 240.13a–14(f)] and 15d–14(f) [17 CFR 240.15d–14(f)].

[135] 17 CFR 232.402(b).

[136] For example, if a company uses the word ''liabilities'' as the caption for a value data tagged as ''assets,'' the software would flag the filing and bring it to the staff's attention. In contrast, if the company used ''Total Assets'' or ''Assets, Total,'' the software would identify the use of these terms as a low risk discrepancy.

[137] The XBRL U.S. Preparers Guide, available from the XBRL U.S. Web site, would provide guidance to facilitate preparing information in the interactive data format that we propose to require.

[138] The technology used to show these relationships is known as a ''linkbase.'' The Commission will seek to ensure that linkbases not only comply with technical requirements but are not used to evade accounting standards.

to provide interactive data that accurately reflects the corresponding traditional format data in the traditional format filing. For example, the use of non-standard special labels or tags (extensions) could introduce errors, but we expect the open source and public nature of interactive data and the list of tags for U.S. financial statement reporting would enable software easily to detect and identify any modifications or additions to the approved list of tags. We believe such software and other technology will be widely available for free or at reasonable cost. Investors, analysts, and other users therefore would be able to identify the existence and evaluate the validity of any such modifications or additions. We also anticipate that companies preparing their interactive data and investors, analysts, and other users would use such devices to search for and detect any changes made to the standard list of tags. Because analysts and other users would rapidly discover mistakes or alterations not consistent with the desired use of interactive data, filers would have a powerful incentive to prepare such data with care and promptly correct any errors.

With this proposal, we seek the rapid adoption and use of interactive data without imposing unnecessary cost and expense on filers. We therefore propose that the interactive data itself provided to us generally would be subject to a liability regime under the federal securities laws similar to that governing the voluntary program. We also propose that viewable interactive data as displayed through software available on the Commission's Web site, as described above and further discussed below, would be subject to the same liability under the federal securities laws as the corresponding portions of the traditional format filing.[139]

Interactive data would be subject to the following liability-related provisions:

- Deemed not filed or part of a registration statement or prospectus for purposes of sections 11 and 12 of the Securities Act;
- Deemed not filed for purposes of section 18 of the Exchange Act and section 34(b) of the Investment Company Act;
- Not otherwise subject to the liabilities of these sections;
- Subject to other liability under these Acts for the substantive content of the financial disclosures (as distinct from compliance with proposed Rule 405) in the same way and to the same extent as the traditional format part of the related official filing. The content of the financial disclosure refers, for example, to the numerical values in the financial statements or footnotes and the statements in the footnotes. The Rule 405 requirements generally refer to the process of tagging and formatting the content of the financial statements for the interactive data file;
- Deemed filed for purposes of (and, as a result, benefit from) Rule 103 under Regulation S–T;[140]
- Protected from liability under these Acts for failure to comply with the requirements of proposed Rule 405 if the interactive data either:
  - ○ Met the requirements of proposed Rule 405 of Regulation S–T; or
  - ○ Failed to meet those requirements but the failure occurred despite the issuer's good faith and reasonable effort and the issuer corrected the failure as soon as reasonably practicable after becoming aware of it; and
- Excluded from the officer certification requirements under Exchange Act Rules 13a–14 and 15d–14.

None of the proposed liability-related provisions for interactive data submitted to the Commission, however, would affect the application of the anti-fraud provisions under the federal securities laws, whether the interactive data is submitted to the Commission or posted on an issuer's Web site.

Rule 405 is being proposed, in part, under the Commission's authority to specify information required to be submitted to the Commission in, for example, registration statements and periodic reports. To encourage accurate filing of interactive data without fear of making good faith errors, the Commission is proposing Rule 406. Although not expressly addressed in proposed Rule 406, the Commission would have the authority to enforce compliance with proposed Rule 405 because it has the authority to enforce compliance with any of its rules.

We believe these liability-related provisions strike an appropriate balance between avoiding unnecessary cost and expense and encouraging accuracy in light of the nature of the interactive data to which they apply and the additional accuracy incentives that may be provided by our validation software and market forces.

Other aspects of the proposal would supplement the Commission's objective of supplying reliable and accurate information to investors. First, the financial statements and other disclosures in the traditional format part of the related official filing with which the interactive data appear as an exhibit would continue to be subject to the usual liability provisions of the federal securities laws. For example, the traditional format part of the related official filing would continue to be subject to section 10(b) and Rule 10b–5[141] of the Exchange Act and, in the appropriate circumstance, to section 11 of the Securities Act. Form 10–K would continue to be considered filed, while the information required by Items 1, 2, and 3 of Form 10–Q would continue to be considered furnished for purposes of section 18 of the Exchange Act.[142]

Second, we propose that the usual liability provisions of the federal securities laws also would apply to human-readable interactive data that is identical in all material respects to the corresponding data in the traditional format filing[143] as displayed by a viewer that the Commission provides. Under these circumstances, for example, a Form 10–K's viewable interactive data would be deemed filed and subject to section 18 of the Exchange Act, consistent with the liability applicable to the corresponding part of the traditional format Form 10–K, and a Form 10–Q's viewable interactive data would be deemed furnished and not subject to section 18 of the Exchange Act, consistent with the liability applicable to the corresponding part of the traditional format Form 10–Q. And a Securities Act registration statement's viewable interactive data as displayed through software available on the Commission's Web site and identical in all material respects to the corresponding data in the traditional

[139] Proposed Rule 406 of Regulation S–T would set forth the liability applicable to interactive data and viewable interactive data that is displayed through software available on the Commission's Web site. Proposed Rule 406 also would clarify that disclosures in the traditional format part of the related official filing with which the interactive data appear as an exhibit remain subject to the federal securities laws as in the past and that nothing in proposed Rule 405 of Regulation S–T (setting forth content, format and other requirements related to interactive data) or proposed Rule 406 would affect the liability otherwise applicable to the traditional format data. Proposed revised Rules 13a–14(f) and 15d–14(f) would exclude interactive data from the officer certification requirements.

[140] The viewed data would be deemed filed for purposes of Rule 103 under Regulation S–T [17 CFR 232.103] and, as a result, in general, the issuer would not be subject to liability for electronic transmission errors beyond its control if the issuer corrects the problem through an amendment as soon as reasonably practicable after the issuer becomes aware of the problem.

[141] 17 CFR 240.10b–5.

[142] General Instruction F. Form 10–Q: "Filed Status of Information Presented."

[143] The human-readable interactive data would be identical to the corresponding data in the traditional format filing if the filer complied with the interactive data tagging requirements of proposed Rule 405.

format filing would be subject to section 11 of the Securities Act. In that regard, such viewable interactive data disclosure therefore would have exactly the same potential liability as the corresponding portions of the traditional format part of the filing. We believe applying liability for such viewable interactive data displayed through software on the Commission's Web site would further investors' interests in filers providing accurate interactive data under our proposal.

We expect that each filer would be in the best position to determine the appropriate manner in which to assure the accuracy of the interactive data it would be required to submit and the viewable interactive data that would result. We also expect that software providers and other private sector third parties would help develop procedures and tools to help in that regard. As an adjunct to those private sector efforts, we plan to make available to filers, on an optional basis, the opportunity to help assure accuracy by making a test submission with the Commission or using software we provide to create viewable interactive data.

A filer would have the opportunity to submit an interactive data exhibit as part of a test submission just as a filer can make test submissions today.[144] The validation system would process the test submission with an interactive data exhibit similar to the way it processes test submissions today. If it found an error, it would advise the filer of the nature of the error and as to whether the error was major or minor. As occurs in the voluntary program, a major error in an interactive data exhibit that was part of a live filing would cause the exhibit to be held in suspense in the electronic filing system while the rest of the filing would be accepted and disseminated if there were no major errors outside of the interactive data exhibit. If that were to happen, the filer would need to revise the interactive data exhibit to eliminate the major error and submit the exhibit as an amendment to the filing to which it is intended to appear as an exhibit. A minor error in an interactive data exhibit that was part of a live filing would not prevent the interactive data exhibit from being accepted and disseminated together with the rest of the filing if there were no major errors in the rest of the filing. We believe it would be appropriate to accept and disseminate a filing without the interactive data exhibit submitted with it if only the exhibit has a major error, in order to disseminate at least as much information as timely as would have been disseminated were there no interactive data requirement.

We are not proposing that filers be required to involve third parties such as auditors or consultants in the creation of the interactive data provided as an exhibit to a filer's periodic reports or registration statements, including assurance. We are taking this approach after considering various factors, including:

- The availability of a comprehensive list of tags for U.S. financial statement reporting from which appropriate tags can be selected, thus reducing a filer's need to develop new elements;[145]
- The availability of user-friendly software with which to create the interactive data file;
- The multi-year phase-in for each filer, the first year of which entails the relatively straightforward process of tagging face financial statements, as was done during the voluntary program, and block tagging footnotes and financial statement schedules;
- The availability of interactive data technology specifications, and of other XBRL U.S., and XBRL International resources for preparers of tagged data;
- The advances in rendering/presentation software and validation tools for use by preparers of tagged data that can identify the existence of certain tagging errors;
- The expectation that preparers of tagged data will take the initiative to develop sufficient internal review procedures to promote accurate and consistent tagging; and
- The filer's and preparer's liability for the accuracy of the traditional format version of the financial statements that will also be provided using the interactive data format.

Request for Comment:

- Do the proposed rules strike an appropriate balance to promote the availability of reliable interactive data without imposing undue additional costs and burdens? If not, what balance of liability will best encourage filers to prepare reliable interactive data without subjecting them to undue fear of mis-tagging? How does the ''extensibility'' of interactive data, *i.e.*, a filer's ability to customize the standard list of tags to correspond more closely to the company's particular financial information, affect your answer?
- What are the risks to investors under the proposed liability rules? Will investors still find the interactive data sufficiently reliable to use it?
- Should interactive data be subject to liability if a filer does not tag its financial information in a manner consistent with the standards approved by the Commission, irrespective of the filer's good faith effort? If the answer is yes, what should the filer's liability be for such errors, and should liability attach even if the mistake is inadvertent? What if the error is the result of negligent tagging practices, but there was no affirmative intent to mislead?
- If interactive data are subject to liability as proposed, is it necessary or appropriate for viewable interactive data to be subject to liability as and to the extent proposed or otherwise? Should the answer depend on the degree of liability to which the interactive data are subject? Should viewable interactive data be subject to liability in a manner or to an extent different than as proposed?
- Should any or all interactive data be encompassed within the scope of officer certifications? Is there any reason to treat interactive data differently from traditional format data in this respect?
- Should any or all interactive data be deemed filed for purposes of Section 34(b) of the Investment Company Act and, if so, should it be regardless of compliance with proposed rule 405 or a filer's good faith and reasonable efforts to comply?
- Should the liability for interactive data be exactly the same as it is for XBRL-Related Documents under the voluntary program?
- Would software be commercially available and reasonably accessible to all required interactive data filers, investors and analysts that would make detection of tagging errors, such as the use of inappropriate tags or improper extensions, easy and cost-effective? If so, would such monitoring by investors and analysts likely discourage the improper use of extensions or negligent conduct in the tagging process?
- Would the use of software to search for and detect any differences between a filer's interactive data and the Commission-approved interactive data tags, financial statement captions, and other attributes depend on the degree of analyst coverage or investor interest?
- Should a rule expressly state that the Commission retains the authority to enforce compliance with proposed Rule 405?
- Should we require the involvement of auditors, consultants, or other third parties in the tagging of data? If assurance should be required, what should be its scope, and should any such requirement be phased in?

[144] The EDGAR Filer Manual addresses test submissions primarily at Section 6.6.5 of Volume II.

[145] We expect the same would be true with respect to the tags for reporting under IFRS as issued by the IASB.

• Should we phase in increasing levels of liability over time? Are the proposed limitations on liability necessary and appropriate at the outset, for example, the first year that a company is subject to the interactive data requirement, but inappropriate at a later time? Should we require that interactive data be subject to more liability later?

• Should the validation software, as contemplated, cause an interactive data exhibit with a major error to be held in suspense in the electronic filing system while the rest of the filing would be accepted and disseminated if there were no major errors outside of the interactive data exhibit? In that case, should the validation software hold the entire filing in suspense or reject or accept the entire filing or interactive data exhibit?

3. Integration of Interactive Data and Business Information Processing

As the technology associated with interactive data improves, issuers may integrate interactive data technology into their business information processing. When this integration occurs, the preparation of financial statements may become interdependent with the interactive data tagging process. As this occurs, an issuer and its auditor should evaluate these changes in the context of their reporting on internal control over financial reporting.[146] However, the evaluation would not require an auditor to separately report on an issuer's interactive data provided as an exhibit to a filers' reports or registration statements.

SAS 8 (AU Section 550) was issued in December 1975 to address an auditor's consideration of information in addition to audited financial statements and the independent auditor's report on the audited financial statements included in documents that are published by an entity (*e.g.*, an annual periodic report). Similarly, paragraph 18(f) of SAS 100 (AU Section 722) addresses an auditor's consideration of other information that accompanies interim financial statements included in quarterly periodic reports. With respect to registration statements, SAS 37 (AU Section 711) was issued in April 1981 to address the auditor's responsibilities in connection with filings under the federal securities statutes. With respect to our proposed rules, an auditor would not be required to apply AU Sections 550, 722, or 711 to the interactive data provided as an exhibit in a company's reports or registration statements, or to the viewable interactive data.

4. Continued Traditional Format and Interactive Data Cautionary Disclosure

The proposed rules would not eliminate or alter existing filing requirements that financial statements and financial statement schedules be filed in traditional format. We believe investors and analysts may wish to use these electronic formats to obtain an electronic or printed copy of the entire registration statement or Form 10–Q, 10–K, or 20–F, either in addition to or instead of disclosure formatted using interactive data. In addition, we propose to no longer require or permit the cautionary disclosure from the voluntary program for required interactive data, which states that investors should not rely on the interactive data information in making investment decisions. We believe that such language would be inconsistent with the proposal that interactive data be part of the related registration statement or report.

Request for comment:

• Should the proposed rules eliminate the requirement that the financial information be submitted in traditional format, in addition to interactive data format? Should cautionary language from the voluntary program be eliminated or modified and, if not, why not?

D. Required Items

1. Data Tags

To comply with the proposed rules, filers using U.S. GAAP would be required to tag their financial information using the most recent list of tags for U.S. financial statement reporting, as released by XBRL U.S. and required by the EDGAR Filer Manual.[147] Each company would be required to use one or more of the five standard industry-specific lists identified in the EDGAR Filer Manual, as is appropriate for its business.[148]

Regular updates to the list of tags for U.S. financial statement reporting will likely be posted annually and be available for downloading. In addition, interim extensions may be made available for download in order to reflect changes in accounting and reporting standards. To provide companies sufficient time to become familiar with any such updates, we anticipate giving advance notice before requiring use of an updated list of tags. Based on experience to date with the most recent update to the list of tags, we believe that it is sufficiently developed to support the interactive data disclosure requirements in the proposed rules.

Similarly, filers using IFRS as issued by the IASB would be required to tag their financial information using the most recent list of tags for international financial reporting, as released by the IASCF and specified in the EDGAR Filer Manual.[149]

One of the principal benefits of interactive data is its extensibility—that is, the ability to add to the standard list of tags in order to accommodate unique circumstances in a filer's particular disclosures. The use of customized tags, however, may also serve to reduce the ability of users to compare similar information across companies. In order to promote comparability across companies, our proposed rules would limit the use of extensions to circumstances where the appropriate financial statement element does not exist in the standard list of tags. We are also proposing that wherever possible, preparers change the label for a financial statement element that exists in the standard list of tags, instead of creating a new customized tag. For example, the standard list of tags for U.S. GAAP includes the financial statement element ''gross profit.'' The list does not include ''gross margin,'' because this is definitionally the same

[146] Exchange Act Rules 13a–15(f) [17 CFR 240.13a–15(f)] and 15d–15(f) [17 CFR 240.15d–15(f)] define the term ''internal control over financial reporting,'' in general, as a process designed by or under the supervision of specified persons and effected by the issuer's board of directors, management and other personnel ''to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with [GAAP] and includes [specified] policies and procedures.'' Rules 13a–15 and 15d–15 generally require specified issuers to maintain internal control over financial reporting and require the management of those issuers to evaluate the effectiveness of the issuer's internal control over financial reporting. In addition, the certifications specified by Item 601(b)(31) of Regulation S–K and Instruction B(e) of Form 20–F that relate to these specified issuers generally must address the establishment, maintenance, design, changes in and deficiencies and material weaknesses related to the issuer's internal control over financial reporting.

[147] The latest list of data tags for U.S. financial statement reporting was released on April 28, 2008 and is available at *http://xbrl.us/pages/us-gaap.aspx*. See XBRL U.S. Press Release, XBRL U.S. Finalizes U.S. GAAP Taxonomies and Preparers Guide with Delivery to SEC (May 2, 2008).

[148] We note that the vast majority of companies would fall under the Commercial and Industrial industry group. Additional guidance on the industry-specific lists is expected to appear in the EDGAR Filer Manual.

[149] The International Accounting Standards Committee Foundation has been developing the IFRS financial reporting tag list since 2002. See *http://www.iasb.org/xbrl/index.html*. The 2008 version of the IFRS financial reporting tag list is planned to be finalized in June 2008 and updated annually for changes in accounting and reporting standards.

as ''gross profit''—both are generally used to mean ''excess of revenues over the cost of revenues.'' A filer using the label ''gross margin'' in its income statement should use the tag corresponding to the financial statement element ''gross profit.'' It can then change the label for this item on the standard list to ''gross margin.''

Under Item 401(c) of Regulation S–T, voluntary filers' interactive data elements must reflect the same information as the corresponding traditional format elements. Further, no data element can be ''changed, deleted or summarized'' in the interactive data file. We do not propose to change this equivalency standard for financial statements provided in interactive data format as required by the proposed rules.

Request for Comment:

- Is our focus on comparability appropriate? Instead of stressing ease of financial statement comparability, should our rules permit greater use of customized data tags?
- Should we codify any other principles to encourage comparability without unduly reducing the extensibility of interactive data?

2. Regulation S–T and the EDGAR Filer Manual

We propose to require that filers provide interactive data in the form of exhibits to the related registration statements or reports.[150] Interactive data would be required to comply with our Regulation S–T [151] and the EDGAR Filer Manual. The EDGAR Filer Manual is available on our Web site. It includes technical information for making electronic filings to the Commission. Volume II of this manual includes guidance on the preparation, submission, and validation of interactive data submitted under the voluntary program. Before adoption of our proposed rules, we plan to update our manual with additional instructions for filers of interactive data.

In addition to both Regulation S–T, which would include the rules we are proposing, and the instructions in our EDGAR Filer Manual, filers may access other sources for guidance in tagging their financial information. These include the XBRL U.S. Preparers Guide; user guidance accompanying tagging software; and financial printers and other service providers. New software and other forms of third-party support for tagging financial statements using interactive data are also becoming widely available.

Request for Comment:

- What specific guidance should be provided in Regulation S–T for interactive data filers?
- Does the XBRL U.S. Preparers Guide provide useful guidance to promote consistent tagging between periods and among various companies?
- Is the user guidance accompanying tagging software, and the guidance available from financial printers and other service providers helpful for filers to tag their financial statements? What other sources of guidance might prove useful?

E. Consequences of Non-Compliance and Hardship Exemption

We propose that if a filer does not provide the required interactive data submission, or post the interactive data on the company Web site, by the required due date, the filer would be unable to use short form registration statements on Forms S–3, F–3, or S–8.[152] This disqualification would last for so long as the interactive data are not provided. During the period of disqualification, the filer would be deemed not to have available adequate current public information for purposes of the resale exemption safe harbor provided by Rule 144.[153] Once a filer complies with the interactive data submission and posting requirements—provided it previously filed its financial statement information in traditional format on a timely basis—it would be deemed to have timely filed all of its periodic reports.

We believe that precluding the use of short form registration statements during any period of failure to comply would appropriately direct attention to the proposed interactive data reporting requirement. And allowing filers to reestablish their current and timely status by later complying with the interactive data reporting requirement would strike a reasonable balance of negative consequences and recognition that the company's traditional format reports would have been filed.

Consistent with the treatment of other applicable reporting obligations, we propose to provide hardship exemptions for the inability to timely electronically submit interactive data. Rule 201 under Regulation S–T provides for temporary hardship exemptions. Rule 202 under Regulation S–T provides for continuing hardship exemptions.

Rule 201 generally provides a temporary hardship exemption from electronic submission of information, without staff or Commission action, when a filer experiences unanticipated technical difficulties that prevent timely preparation and submission of an electronic filing. The temporary hardship exemption permits the filer to initially submit the information in paper but requires the filer to submit a confirming electronic copy of the information within six business days of filing the information in paper. Failure to file the confirming electronic copy by the end of that period results in short form ineligibility.[154]

We recognize the inherently electronic nature of interactive data. In light of this and the consequences to an issuer of not timely submitting interactive data, we propose to revise Rule 201 to provide a temporary hardship exemption. This exemption would apply without staff or Commission action if a filer experiences unanticipated technical difficulties that prevent the timely preparation and electronic submission of interactive data. The proposed temporary hardship exemption would cause the filer to be deemed current for purposes of incorporation by reference, short form registration, and Rule 144 for a period of up to six business days from the date the interactive data were required to be

[150] The requirement to submit XBRL data as an exhibit would appear in Item 601(b)(101) of Regulation S–K and Item 101 of the Instructions to Exhibits of Form 20–F.

[151] Proposed Rule 405 of Regulation S–T would directly set forth the basic tagging and posting requirements for the XBRL data and require compliance with the EDGAR Filer Manual. Consistent with proposed Rule 405, the EDGAR Filer Manual would contain the detailed tagging requirements.

[152] Forms S–3, F–3, and S–8 are regarded as short form registration statements because they enable eligible issuers to register securities for offer and sale under the Securities Act by providing information in a more streamlined manner than they otherwise could. In order to be eligible to use these short forms, an issuer must meet specified requirements, including being current in its filing of Exchange Act reports. In general, an issuer is current if it has filed all of its required Exchange Reports for the twelve months before filing the registration statement. Filers that are unable to use short form registration also are unable to incorporate by reference certain information into Forms S–4 and F–4. See Item 12 of Form S–4 and F–4.

[153] Rule 144 under the Securities Act creates a safe harbor for the resale of securities under the exemption from Securities Act registration set forth in Section 4(1) of the Securities Act [15 U.S.C. 77d(1)]. In order for some resales of securities to comply with Rule 144, the issuer of the securities must be deemed to have adequate current public information available as specified by Rule 144(c)(1) [17 CFR 230.144(c)(1)]. Rule 144(c)(1) deems an issuer required to file reports under the Exchange Act to have adequate public information available if it is current in its filing of Exchange Act periodic reports. In general, an issuer would be deemed current for this purpose if it has filed all of its required Exchange Act periodic reports for the twelve months before the sale of securities for which the Rule 144 safe harbor is sought.

[154] Rule 201 of Regulation S–T.

submitted.[155] If the filer did not electronically submit the interactive data by the end of that period, from the seventh business day forward the filer would not be deemed current until it did electronically submit the interactive data.

Rule 202 permits a filer to apply in writing for a continuing hardship exemption if information otherwise required to be submitted in electronic format cannot be so filed without undue burden or expense. If the staff, through authority delegated from the Commission, grants the request, the filer must file the information in paper by the applicable due date and file a confirming electronic copy if and when specified in the grant of the request.

We propose to revise Rule 202 to provide that a grant of a continuing hardship exemption for interactive data would not require a paper submission and that filer would be deemed current until the end of the period for which the exemption is granted. Rule 202 also would provide that, if the exemption was granted for only a specified period rather than indefinitely, the filer would be deemed current up to the end of that period. If the filer did not electronically submit the interactive data by the end of that period, from the next business day forward the filer would not be deemed current until it did electronically submit the interactive data. Similarly, we propose to revise Rule 202 to provide an essentially mirror-image exemption from the proposed requirement for an issuer that has a corporate Web site to post the interactive data on its Web site.

Request for Comment:

- Are the consequences for failure to comply with the interactive data submission requirements appropriate?
- Should the proposed rules treat companies that do not comply as not current? Should the proposed rules provide similar treatment whether the failure to comply relates to interactive data submission, or to corporate Web site posting?
- Alternatively, should the proposed rules go further and treat companies that do not comply as not timely?
- Should the proposed rules treat a filer's compliance with interactive data reporting as an express condition to the filer's registration statement's being declared effective?
- Does our proposed rule strike the correct balance of positive and negative consequences when a filer meets its requirements to provide traditional format documents but fails to provide interactive data?
- Do commenters believe that the proposed revisions to the hardship exemptions would be sufficient to cover unanticipated technical difficulties associated with interactive data? If insufficient, why would they be insufficient and how should the hardship exemptions be tailored to address technical difficulties associated with interactive data? For example, would six business days be an appropriate period for the temporary hardship exemption to apply? If not, would a shorter or longer period be appropriate, and why?

III. General Request for Comments

We request comment on the specific issues we discuss in this release, and on any other approaches or issues that we should consider in connection with the proposed amendments. We seek comment from any interested persons, including those required to file information with us on the EDGAR system, as well as investors, disseminators of EDGAR data, industry analysts, EDGAR filing agents, and any other members of the public.

IV. Paperwork Reduction Act

A. Background

The proposed amendments contain ''collection of information'' requirements within the meaning of the Paperwork Reduction Act of 1995, or PRA.[156] The purpose of the proposed amendments is to make financial information easier for investors to analyze and to assist issuers in automating regulatory filings and business information processing. We are submitting the proposed amendments to the Office of Management and Budget (OMB), for review in accordance with the PRA.[157] An agency may not conduct or sponsor, and a person is not required to respond to, an information collection unless it displays a currently valid OMB control number.

The title for the new collection of information the proposed amendments would establish is ''Interactive Data'' (OMB Control No. 3235–XXXX). This collection of information relates to already existing regulations and forms adopted under the Securities Act and the Exchange Act that set forth financial disclosure requirements for registration statements and periodic reports. The proposed amendments would require issuers to submit specified financial information to the Commission and post it on their corporate Web sites, if any, in interactive data form. The specified financial information already is and would continue to be required to be submitted to the Commission in traditional format under existing registration statement and periodic report requirements. Compliance with the proposed amendments would be mandatory according to the phase-in schedule previously described.[158] Issuers not yet phased-in, however, could comply voluntarily with the proposed amendments. The information required to be submitted would not be kept confidential by the Commission.

B. Reporting and Cost Burden Estimates

1. Registration Statement and Periodic Reporting

Form S–1 (OMB Control No. 3235–0065), Form S–3 (OMB Control No. 3235–0073), Form S–4 (OMB Control No. 3235–0324), and Form S–11 (OMB Control No. 3235–0067) prescribe information that a filer must disclose to register certain offers and sales of securities under the Securities Act. Form F–1 (OMB Control No. 3235–0258), Form F–3 (OMB Control No. 3235–0256) and Form F–4 (OMB Control No. 3235–0325) prescribe information that a foreign private issuer must disclose to register certain offers and sales of securities under the Securities Act. Form 10–K (OMB Control No. 3235–0063) prescribes information that a filer must disclose annually to the market about its business. Form 10–Q (OMB Control No. 3235–0070) prescribes information that a filer must disclose quarterly to the market about its business. Form 20–F (OMB Control No. 3235–0288) is used by a foreign private issuer both to register a class of securities under the Exchange Act as well as to provide its annual report required under the Exchange Act.

The information required by the new collection information we propose, would correspond to specified financial information now required by these forms and would be required to appear in exhibits to these forms and on filers' corporate Web sites. The compliance burden estimates for the proposed collection of information are based on the proposed phase-in, beginning with approximately 500 large accelerated filers subject to the rules in the first year, followed by approximately 1,300 more filers in year two and approximately 10,200 more filers in year three.

Based on estimates from the voluntary filer participant questionnaire results,

[155] The information would not have to be filed in paper first, as this would be meaningless in the case of interactive data.

[156] 44 U.S.C. 3501 *et seq.*

[157] 44 U.S.C. 3507(d) and 5 CFR 1320.11.

[158] See Part II.B.

we estimate that interactive data filers would incur the following average:

- Internal burden hours to tag the face financials:
- 125 hours for the first filing under the proposed requirements; and
- 17 hours for each subsequent filing.
- Out-of-pocket cost for software and filing agent services: $6,140 for each filing.

Based on qualitative assessments of time, we estimate that interactive data filers would incur the following average internal burden hours:

- Footnotes
- 7 hours to block tag for each filing made during the first year under the proposed requirements;
- 100 hours to detail tag for the first filing made in the second year under the proposed requirements; and
- 50 hours to detail tag for each subsequent filing.
- Schedules
- 1 hour to block tag for each filing made during the first year under the proposed requirements;
- 10 hours to detail tag for the first filing made in the second year under the proposed requirements; and
- 5 hours to detail tag for each subsequent filing.
- Web site Posting: 4 hours to post all interactive data submissions made during each year.

Based on the number of filers we expect to be phased in each of the first three years under the proposed requirements, the number of filings that we expect those filers to make that would require interactive data [159] and the internal burden hour and out-of-pocket cost estimates described, we estimate that the average yearly burden of the proposed requirements over the first three years would be 1,164,690 internal hours per year and $129 million in out-of-pocket expenses per year and would be incurred by an average of 4708 filers for an average yearly burden per filer of 247.4 internal hours and $27,400 in out-of-pocket expenses.

By the fifth year under the proposed requirements, filers to be phased in generally will have been subject to the proposed requirements for at least two years. As a result, filers generally would incur burdens applicable to interactive data filings made after the first filing in which the filer detail tagged footnotes and schedules. Consequently, we estimate that in the fifth year under the proposed requirements, the burden on filers would be 3,743,683 internal hours and $330.9 million in out-of-pocket expenses and would be incurred by 11,893 filers for an average burden per filer of 314.8 internal hours and $27,800 in out-of-pocket expenses.[160]

2. Regulation S–K and Regulation S–T

Regulation S–K (OMB Control No. 3235–0071) specifies information that a registrant must provide in filings under both the Securities Act and the Exchange Act. Regulation S–T (OMB Control No. 3235–0424) specifies the requirements that govern the electronic submission of documents. The proposed changes to these items would add and revise rules under Regulations S–K and S–T. The filing requirements themselves, however, are included in the forms and we have reflected the burden for these new requirements in the burden estimate for the forms. These rules in Regulations S–K and S–T do not impose any separate burden. We assign one burden hour each to Regulations S–K and S–T for administrative convenience to reflect the fact that these regulations do not impose any direct burden on companies.

C. Request for Comments

We solicit comment on the expected Paperwork Reduction Act effects of the proposed amendments, including the following:

- The accuracy of our estimates of the additional burden hours that would result from adoption of the proposed amendments;
- Whether the proposed new collection of information is necessary for the proper performance of the functions of the Commission, including whether the information will have practical utility;
- Ways to enhance the quality, utility and clarity of the information to be collected;
- Ways to minimize the burden of the collection of information on those who respond, including through the use of automated collection techniques or other forms of information technology; and
- Any effects of the proposed amendments on any other collections of information not previously identified.

Any member of the public may direct to us any comments concerning these burden estimates and suggestions for reducing the burdens. Persons submitting comments on the collection of information requirements should direct their comments to the OMB, Attention: Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Washington, DC 20503, and send a copy of the comments to Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549–9303, with reference to File No. S7–11–08. Requests for materials submitted to OMB by the Commission with regard to these collections of information should be in writing, refer to File No. S7–11–08, and be submitted to the Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549. OMB is required to make a decision concerning the collection of information between 30 and 60 days after publication of this release. Consequently, a comment to OMB is best assured of having its full effect if OMB receives it within 30 days of publication.

V. Cost-Benefit Analysis

The proposed rules would require submission of interactive data-formatted financial statements and other financial information and the posting of such information on an issuer's corporate Web site, if any, according to a phase-in schedule. The proposed rules likely would result in the benefits and costs described below. We base our belief on an economic analysis of data obtained from several sources, including voluntary program participant responses to a staff-prepared questionnaire, information on the experience of issuers that participated in an interactive data pilot program in Japan (covering a larger sample of issuers), and interviews conducted with parties knowledgeable about interactive data technology in order to learn their views on issues including those that might affect the interpretation of the questionnaire responses.[161]

Interactive data are intended to remove a barrier in the flow of information between issuers and users of information that is conveyed through corporate financial reports. This should enable less costly dissemination of information and thereby improve the allocation of capital. The cost of implementation will depend primarily on the costs of transition by issuers to the new mode of reporting. The magnitudes of these benefits and costs from any individual issuer's adoption of interactive data reporting will depend

[159] We include in the number of filings that would require interactive data both initial filings and amended filings but we estimate that the burden incurred in connection with an amended filing would be one half the burden that would be incurred if the amended filing were an initial filing.

[160] We provide an estimate of the burden in the fifth year under the proposed requirements because we believe the burden in the fifth year may help indicate what the burden would be under the proposed requirements on an ongoing basis.

[161] The proposed required program, similar to the voluntary program and the pilot program in Japan, would require use of interactive data in XBRL format.

on the number of other issuers who also adopt and on the availability of supporting software and other infrastructures that enable analysis of the information. To the extent that submitted information allows investors to make investment decisions based on market-wide comparison and analysis, the value to the investors of the reported information tends to increase with the total number of issuers adopting the regime. Likewise, issuers' incentives to report their information using interactive data depends on the interest level of the investors in this mode of reporting. By mandating implementation, the rule will expand the network of adopters and thereby create positive network externalities of reported information for the investors.

A. Benefits of Interactive Data Submission and Web Site Posting

The proposed rules have the potential to benefit investors both directly and by facilitating the exchange of information between issuers and the analysts and other intermediaries who receive and process the financial reports of public companies.

1. Information Access

Benefits of the proposed rulemaking accrue from the acceleration of market-wide adoption of interactive data format reporting. The magnitudes of the benefits thus depend on the value to investors of the new reporting regime relative to the old reporting regime and on the extent to which the mandated adoption speeds up the market-wide implementation.

Requiring issuers to file their financial statements using the interactive data format would enable investors, analysts, and the Commission staff to capture and analyze that information more quickly and at a lower cost than is possible using the same financial information provided in a static format.[162] Even though the new regime does not require any new information to be disclosed or reported, certain benefits accrue when issuers use an interactive data format to report their financial reports. These include the following. Through interactive data, what is currently static, text-based information can be dynamically searched and analyzed, facilitating the comparison of financial and business performance across companies, reporting periods, and industries. Any investor with a computer would have the ability to acquire and download interactive financial data that have generally been available only to large institutional users. For example, users of financial information could download it directly into spreadsheets, analyze it using commercial off-the-shelf software, or use it within investment models in other software formats. Also, to the extent investors currently are required to pay for access to annual or quarterly report disclosure that has been extracted and reformatted into an interactive data format by third-party sources, the availability of interactive data in Commission filings could allow investors to avoid additional costs associated with third-party sources.

The magnitude of this informational benefit varies, however, with the availability of sophisticated tools that will allow investors to analyze the information. The growing development of software products for users of interactive data is helping to make it increasingly useful to both institutional and retail investors.[163] For example, currently there are many software providers and financial printers that are developing interactive data viewers. We anticipate that these will become widely available and increasingly accessible to investors. We expect that the open standard feature of the interactive data format will facilitate the development of applications, software, and that some of these applications may be made available to the public for free or at a relatively low cost. The continued improvement in this software would allow increasingly useful ways to view and analyze company financial information.

Interactive data also could provide a significant opportunity for issuers to automate their regulatory filings and business information processing, with the potential to increase the speed, accuracy, and usability of financial disclosure. This reporting regime may in turn reduce filing and processing costs.

By enabling filers to further automate their financial processes, interactive data may eventually help filers improve the speed at which they generate financial information. For example, with standardized interactive data tags, registration statements and periodic reports may require less time for information gathering and review.

Because a substantial portion of each financial report makes use of the same information, a filer that uses a standardized interactive data format at earlier stages of its reporting cycle may also increase the accuracy of its financial disclosure by reducing the need for repetitive data entry that could contribute human error and enhancing the ability of a filer's in-house financial professionals to identify and correct errors in the issuer's registration statements and periodic reports filed in traditional electronic format.

A filer that uses a standardized interactive data format at earlier stages of its reporting cycle also may increase the usability of its internal financial information. Through interactive data, a filer can dynamically search and analyze what is currently static, text-based internal financial information, facilitating the comparison of financial and business performance across business units and reporting periods. For example, filers that use interactive data may be able to consolidate enterprise financial information more quickly and potentially more reliably across operating units with different accounting systems.[164] There has been a growing development of software products to assist filers to tag their financial statements using interactive data helping make interactive data increasingly useful.[165]

Filers that automate their regulatory filings and business information processing in a manner that facilitates their generation and analysis of internal financial information could, as a result, realize a reduction in costs.

2. Market Efficiency

The proposed requirements could benefit investors by making financial markets more efficient in regard to the following:[166]

- Capital formation as a result of public companies being in a better position to attract investor capital because of greater (less costly) awareness on the part of the investors of issuer financial information; and
- Capital allocation as a result of investors being better able to allocate capital among those issuers seeking it because of interactive data reporting facilitating innovations in efficient communication of issuer financial information.

[162] See Part I.

[163] Press Release No. 2007–253 (Dec. 5, 2007).

[164] However, we recognize that at the outset, filers would most likely prepare their interactive data as an additional step after their financial statements have been prepared.

[165] Press Release No. 2007–253 (Dec. 5, 2007).

[166] We believe the benefits would stem primarily from the requirement to submit interactive data to the Commission and the Commission's disseminating that data. We also believe, however, that the requirement that issuers with corporate Web sites post the interactive data required to be submitted would encourage its widespread dissemination thereby contributing to lower access costs for users and the related benefits described. We solicit comment in Part II.B.5 regarding what advantages, if any, dual Commission and corporate Web site availability would have.

a. More Efficient Capital Formation

An increase in the efficiency of capital formation is a benefit that may accrue to the extent that interactive data reduces some of the information barriers that make it costly for companies to find appropriate sources of external finance. In particular, smaller public companies are expected to benefit from enhanced exposure to investors. If interactive data financial reporting increases the availability, or reduces the cost of collecting and analyzing corporate financial data, then there could be improved coverage of small companies by analysts and commercial data vendors.

At present, many small companies are not included in commercially available products that provide corporate financial data, possibly due to high data collection costs relative to the value of providing coverage. Their absence may reduce the likelihood that they receive coverage by financial analysts who use commercially available products to assess issuer performance. Hence, if interactive data reporting increases coverage of smaller companies by commercially available financial information products, and this increases their exposure to analysts and investors, then lower search costs for capital could result. In other words, smaller companies could realize a lower cost of capital, or less costly financing.

While an increase in coverage should occur for some issuers, it is possible that less than full coverage will remain in more sophisticated products that provide analysis or reporting items beyond basic financial information. This conclusion is based on an assumption that many commercially available product offerings provide valuable information beyond what is reported in basic financial information, and the costs of providing this additional information for every company may make 100% coverage prohibitive. In particular, the smallest issuers may not offer sufficient market capitalization to make investment worthwhile to larger investors, for whom these commercial products are primarily designed.

So while lower data collection costs are likely to increase the level of coverage that smaller issuers receive from investors and market analysts, there is no certainty that this will extend down to the very smallest set of issuers. As a result, it is possible that the capital-raising benefits of interactive data reporting for some issuers will not be as great as for others. Regardless, we are not aware of any data to suggest that any issuer would be made worse off with respect to analyst and investor coverage as it pertains to capital formation.

b. More Efficient Capital Allocation

An increase in the efficiency of capital allocation may accrue to the extent that interactive data increase the quality of information in financial markets by reducing the cost to access, collect and analyze corporate financial data or improves the content of issuer-reported information.[167] An increase in quality and improvement in content could enable investors to better allocate their capital among issuers.[168]

Information quality in financial markets would likely be higher if interactive data reporting were required than if not, leading to more efficient capital allocation. As a result of the improved utility of information, investors may be able to better distinguish the merits of various investment choices, thereby facilitating capital flow into the favored investment prospects. This outcome is the main tenet of improved market efficiency, whereby providing more widespread access to information concerning the value of a financial asset such as a company's shares results in better market pricing. Consequently, reducing the costs of accessing, collecting and analyzing information about the value of a financial asset facilitates this end.

Requiring companies to provide interactive data would improve the quality of financial information available to end users, and help spur interactive data-related innovation in the supply of financial services products, resulting from a potential increased competition among suppliers of such products due to lower entry barriers as a result of lower data collection costs.

However, we have considered competing views of the informational consequences of interactive data. For example, a requirement to submit interactive data information could decrease the marginal benefit of collecting information and thus reduce the information quality to the extent it reduces third-party incentives to facilitate access to, collect or analyze information. Assuming that markets efficiently price the value of information, the amount of information accessed, collected (or enhanced) and analyzed will be determined by the marginal benefit of doing so.[169] Lowering information collection costs (through a requirement to submit interactive data information) should increase this benefit. If this is so, then there should be no degradation in the level of information quality as a result of changes in third-party provider behavior under an interactive data reporting regime. However, if one competitor in the industry can subsidize its operations through an alternative revenue stream, both quality and competition may suffer.[170]

Another potential information consequence of the proposed requirements may be changes to the precision and comparability of the information disseminated by data service providers since the interactive data requirements would shift the source of data formatting that allows aggregation and facilitates comparison and analysis from end-users to issuers submitting interactive data. At present, data service providers manually key financial information into a format that allows aggregation. As a result, the data service provider makes interpretive decisions on how to aggregate reported financial items so that they can be compared across all companies. Consequently, when a subscriber of the commercial product offered by a data service provider uses this aggregated data, it can expect consistent interpretation of the reported financial items. In contrast, a requirement for issuers to submit interactive data information would require the issuers to independently decide within the confines of applicable requirements which financial ''tag'' best describes

[167] In the context of the discussion below, quality refers to the ease with which end-users of financial data can access, collect and analyze the financial data. This issue is separate from the content of issuer-reported information. The higher the quality and the better the content, the more accurately investors can price the underlying securities.

[168] Among the benefits to investors are some that are specific or most valuable to smaller money managers and retail investors, including the ability to acquire and download interactive financial reporting data that have generally been available only to large institutional users, and at substantial expense.

[169] Also, we expect that because the proposed rules would require the use of the XBRL interactive data standard, XBRL's being an open standard would facilitate the development of related software, some of which may, as a result, be made available to the public for free or at a relatively low cost and provide the public alternative ways to view and analyze interactive data information provided under our proposed rules.

[170] For illustration purposes only, assume that an Internet service company develops an interactive data-based tool that easily provides company financial data for free to all subscribers, and it uses this product as a loss leader to increase viewership and advertising revenue. If the data provided is of the same quality as data provided through subscription to other available commercial products, then there should be no informational efficiency loss. However, if a data aggregator's providing information that improves investor interpretation and goes beyond base financials is possible, but no longer profitable to produce for competitors without the subsidy, then valuable information production may be lost.

each financial item—perhaps with the help from a filing agent or consultant—lessening the amount of interpretation required by data aggregators or end-users of the data. Once a tag is chosen, comparison to other companies is straightforward. However, since companies have some discretion in how to select tags, and can choose extensions (new tags) when they can not find an appropriate existing tag, unique interpretations by each company could result in reporting differences from what current data service providers and other end-users would have chosen. This view suggests that the information disseminated by data aggregators may be, on the one hand, less comparable because they have not normalized it across issuers but, on the other hand, more accurate because the risk of human error in the manual keying and interpretation of filed information would be eliminated and more precise because it will reflect decisions by the issuers themselves. Replication of prior methods of interpretation still would be possible, however, because issuers would continue to be required to file financial information in traditional format. As a result, nothing would prohibit data aggregators from continuing to provide normalized data. Nonetheless, interactive data benefits could diminish if other reporting formats are required for clarification in data aggregation.

The content of issuer-reported information may improve because, as previously discussed, an issuer that uses a standardized interactive data format at earlier stages of its reporting cycle may increase the accuracy of its financial disclosure.[171] In contrast, the content of issuer-reported information may improve or decline to the extent that the interactive data process influences what issuers report. While the proposed requirements to submit and post interactive data information are intended to be disclosure neutral, it is possible they would affect what is reported.[172]

B. Costs of Requiring Submission and Posting of Interactive Data

The primary cost of the rulemaking is the cost of filers' implementation of the rule, which includes the costs of submitting and posting interactive data. We discuss this cost element extensively below. In addition, because the rule allows an increase in the flow of financial information being reported directly to analysts and investors, there will be a cost of learning on the part of the investors in using and analyzing financial information at the interactive data level.

As for the cost of implementation of the rule, based on currently available data, we estimate the average direct costs of submitting and posting interactive data-formatted financial statements and other information for all issuers under the proposed rules would, based on certain assumptions, be as follows:

TABLE 1.—ESTIMATED DIRECT COSTS OF SUBMITTING INTERACTIVE DATA-FORMATTED FINANCIAL STATEMENTS AND OTHER INFORMATION

	First submission with block-text footnotes & schedules	Subsequent submission with block-text footnotes & schedules	First submission with detailed footnotes & schedules	Subsequent submission with detailed footnotes & schedules
Preparation face financials [173]	$31,369	$4,312	$4,312	$4,312
Preparation footnotes [174]	1,750	1,750	25,000	12,500
Preparation schedules	250	250	2,500	1,250
Software and filing agent services [175]	6,140	6,140	6,140	6,140
Web site posting [176]	1,000	1,000	1,000	1,000
Total cost	40,509	13,452	38,952	25,202

The above estimates are generated in part from a limited number of voluntary program participant questionnaire responses. In particular, these responses provided detail on the projected costs of preparing the face financials and for purchasing software or related filing agent services. A more detailed analysis of just the costs associated with voluntary program participation suggests that the estimated direct cost of submitting face financial statements in interactive data format falls within the range of $17,980 to $71,125 per issuer for the first submission.[177] This cost reflects expenditures on interactive data-related software, consulting or filing agent services used, and the market rate for all internal labor hours spent (including training) to prepare, review and submit the first interactive data format information face financial statements. Although the estimate accounts for estimation error resulting from the small sample statistics on which it is based, the future experiences of individual issuers regarding face financial statements still may vary due to differences between the voluntary program and the proposed required

[171] See Part V.A.1.

[172] We solicit comment on whether the proposed requirements would affect issuer disclosure in Part II.B.3.a.

[173] Estimates based on voluntary filer program questionnaire responses, excluding participants with an interactive data-related business interest. These data suggest that the time required for tagging the face financials decreases by approximately 85% between the first and second submissions. A $250 wage rate is assumed for all preparation cost estimates.

[174] The costs associated with block-tagging of footnotes and schedules are assumed to remain constant in subsequent filings. In contrast, anticipated learning benefits from more complicated detailed tagging of footnotes and schedules are assumed to result in a 50% reduction in cost for subsequent filings.

[175] Software licensing and the use of a print agent can be substitutionary—companies can choose to do one or the other, or do both—and are thus aggregated.

[176] This is an annual cost, and as such, will not be incurred for subsequent filings within the same year.

[177] Voluntary program participants were not required to tag financial statement footnotes or schedules related to the financial statements except that registered management investment company participants were required to tag one specified schedule. Similarly, voluntary program participants were not required to post on their corporate Web sites, if any, the interactive data information they submitted. Consequently, the costs of requirements to tag financial statement footnotes and schedules related to financial statements and post interactive data information are not derived from the voluntary program participant questionnaire responses or discussed in our analysis of those responses. Those costs are, instead, derived from informal discussions with a limited number of persons believed to be generally knowledgeable about preparing, submitting and posting interactive data.

program[178] and may vary according to the issuers' size, complexity, prior experience with interactive data, and other factors not apparent from the voluntary program participant responses.[179] The discussion below summarizes the *direct cost* estimates of compliance regarding face financial statements based on voluntary program participant questionnaire responses and the specified assumptions.[180]

- Average cost of first submission from voluntary program questionnaire data is $30,933.
- Average cost of second submission is $9,060 (69% average reduction).
- These average cost estimates increase by 20% after removing voluntary program participants in an interactive data-related business (these participants may have skills and incentives specific to interactive data, unrepresentative of other issuers).
- Due to sampling error,[181] there is a 1% chance that the true costs are underestimated by up to 80%. Assuming this 1% likelihood and after removing participants in an interactive data-related business, estimated cost of first submission is $71,125.
- Smaller financial issuers appear to have less complex financials and labor costs that tend to be 20–30% lower than for other issuers to submit interactive data information.
- There also is some evidence to suggest that the smallest (non-accelerated) issuers might have submission costs or compliance difficulties in excess of other issuers.

This analysis attempts to quantify some of the direct costs that issuers will incur if we require submission and posting of interactive data.[182] Whether issuers choose to purchase and learn how to use software packages designed for interactive data submissions or outsource this task to a third party, internal (labor) resources would be required to complete the task. The cost estimates provided here using voluntary program participant questionnaire responses shed light on the potential dollar magnitude of the costs of requiring interactive data submission other than with regard to tagging schedules and footnotes to financials statements. However, the small size of the participant response and the voluntary nature of participation suggest that the numbers may not reflect the costs that all issuers would incur in a required participation regime.

At present, there are 76 issuers that have participated in the voluntary program. Of these, 35 were provided questionnaires on the details of their cost experience, and 22 responses were collected by the time of this analysis. Table 2 summarizes the average aggregate costs, including software and filing agent service costs and an estimated cost for the internal labor hours required to prepare and submit the interactive data format information. The low and high estimates of the cost for internal labor hours represent billing rates of $130 (internal junior accountant) and $250 (external accountant) per hour, respectively.[183] The reported costs are calculated using responses from all voluntary program participants that provided complete responses (20), and are also calculated using only those voluntary program complete responses (15) from participants without an interactive data-related business activity. We also report the estimated bias in the reported cost when interactive data-related businesses are included, calculated as the percent difference between all participants and only those participants with no interactive data-related business activity.

TABLE 2.—SUMMARY OF ILLUSTRATIVE SURVEY DATA ON THE DIRECT COST ESTIMATES FOR VOLUNTARY PROGRAM AND CONFIDENCE INTERVALS (CIS) FOR VOLUNTARY PROGRAM PARTICIPANTS

	All voluntary program participants (N=20)		No interactive data-related business (N=15)		Estimated bias (percent)	
	Low	High	Low	High	Low	High
First submission:						
Estimated costs	$17,980	$30,933	$21,424	$37,509	19.2	21.3
Upper bound using 5% CI	29,682	49,749	36,550	61,771	23.1	23.1
Upper bound using 1% CI	34,065	56,635	42,555	71,125	37.7	25.6
Subsequent submissions:						
Estimated costs	7,408	9,060	8,382	10,452	13.1	15.4
Upper bound using 5% CI	12,691	15,357	15,209	18,494	19.8	20.4
Upper bound using 1% CI	14,687	17,753	17,938	21,737	22.1	22.4
Average reduction in cost:						
From 1st to 2nd submission	69%	.....	71%	.....	.....	.....

Although there is a great deal of consistency across the voluntary program questionnaire responses, three considerations become important when extending these questionnaire-based cost estimates from the voluntary program sample to the population of all issuers that would be required to submit interactive data. First, the sample size is small. There are only 22 voluntary program respondents to the questionnaire, representing approximately 0.21% of all issuers that ultimately would be required to submit interactive data.[184] The small sample

[178] For example, the related list of tags would differ between the voluntary and proposed required program. When we adopted the voluntary program, the list of tags for U.S. GAAP financial statement reporting contained approximately 4,000 data elements. The list of tags released on April 28, 2008 contains approximately 13,000 data elements, with the most significant additions relating to the development of elements for standard U.S. GAAP footnote disclosure.

[179] As such, caution should be used when referring to a particular estimate without also acknowledging the potential effect of these factors on future compliance costs.

[180] The details of this analysis regarding face financial statements, including the underlying assumptions, concerns on extrapolating these results to a broader set of issuers, and other considerations related to both the costs and benefits of requiring submission of interactive data, are provided following the summary.

[181] In general, sampling error is the error that arises as a function of sampling in general and the sample chosen in particular.

[182] Because we are not proposing to require any kind of attestation or audit of interactive data in the rulemaking, the costs from attestation or auditing are not discussed in this analysis.

[183] These estimates are from the Securities Industry and Financial Markets Association's Management & Professional Earnings in the Securities Industry 2007, modified to account for an 1,800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead.

[184] This is based on 10,692 domestic and foreign issuers that filed an annual report in 2006. Under

size reduces the reliability of the cost estimates as a predictor of future costs, a result of sampling error.[185]

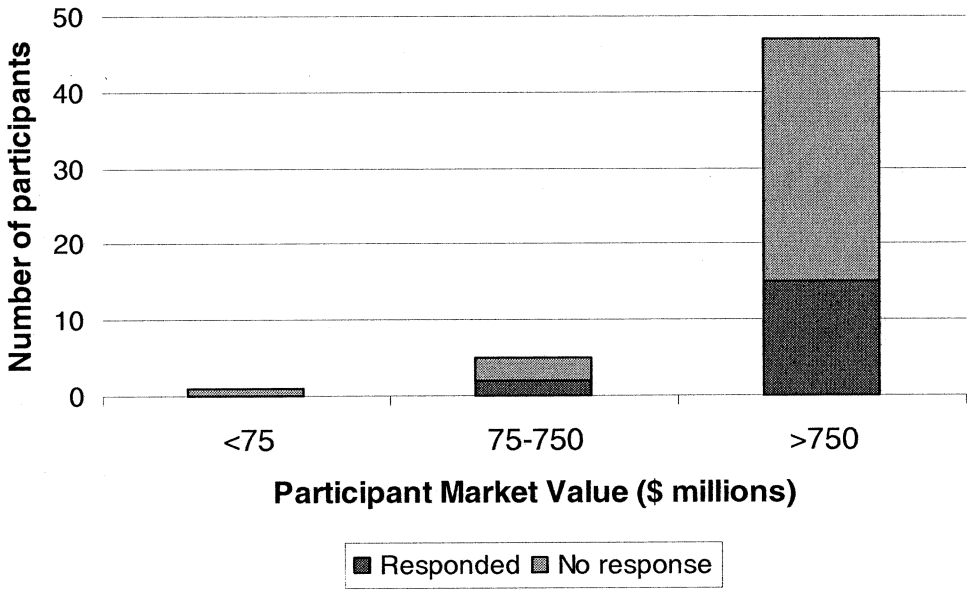
The second and third factors to consider arise from the fact that the survey respondents may not be representative of the general population of issuers that would comply with a proposed rule. This is known as ''sample selection bias.'' The first of these factors arises from evidence that many voluntary program survey participants have a business interest in interactive data, such as filing agents, other filing service providers, financial services providers, and other consulting agents. Five of the 22 survey respondents had such an affiliation. These issuers may have incentives and skill sets unrepresentative of the average issuer, and as such, may cause their costs to depart from the likely submission cost of the average issuer if interactive data become required. Indeed, after removing the five respondents with an obvious interactive data related business interest, the average cost estimate increased by 20%. Thus, submission costs appear to be lower for issuers that have an interactive data-related business relative to other issuers.

The other effect of sample selection relates to the size of the respondent companies. The voluntary program questionnaire evidence is based on responses of predominantly large issuers, and their cost experience may not be representative of the smaller issuers. As is evident from Figure 1, voluntary program participants are found among the largest of all issuers, with more than 64% in the largest market size decile, and more than 88% considered to be large accelerated filers (measured as greater than $750 million in market capitalization).[186] In contrast, only 1,846 of 10,692 filers (17.4% of all filers) were considered large accelerated filers in 2006.

A size bias is plausible, since there are reasons to believe that the reported submission costs vary with the size of the issuer. For instance, larger issuers might have lower interactive data submission costs than smaller issuers, since they have a larger pool of internal resources to draw from, allowing them to more efficiently allocate available skill sets from their labor pools to implement interactive data reporting technology. Moreover, larger organizations might have greater excess capacity in their internal labor pool such that they are better able to absorb the short-term labor needs of ''learning'' interactive data. If so, the effect of sample selection in this instance may be to underreport the interactive data submission costs for smaller issuers.

Alternatively, smaller issuers could have lower submission costs than larger issuers if their operations are less complex. This reasoning suggests that simpler business operations lead to simpler financial statements, requiring less effort to tag and submit using interactive data. Hence, any reduction in available resources to allocate to interactive data submission may be offset by lesser demand for resources. This view suggests a trade-off in submission costs as issuers become smaller, and as a typical result, less complex.

Figure 1. All Voluntary Filer Program participants by whether they reponded to the questionnaire



our proposed rules, not all foreign private issuers would be required to submit interactive data; only those foreign private issuers that prepare their financial statements in accordance with U.S. GAAP or IFRS as issued by the IASB would be required to submit interactive data. Foreign private issuers that report in accordance with other structures and reconcile to U.S. GAAP would not be required to submit interactive data.

[185] For example, a 1% confidence interval (reported above) measures 80% of the reported mean, such that if a different set of randomly drawn respondents were surveyed about their interactive data cost experience, there is a 1% chance that this new group would have more than an 80% increase in costs from what is estimated in this analysis. As a result, for example, if a different group of randomly drawn voluntary program participants had responded to the questionnaire with their cost experience, there is a 1% chance that the new group would have more than an 80% increase in the lowest cost for the first submission above $34,065.

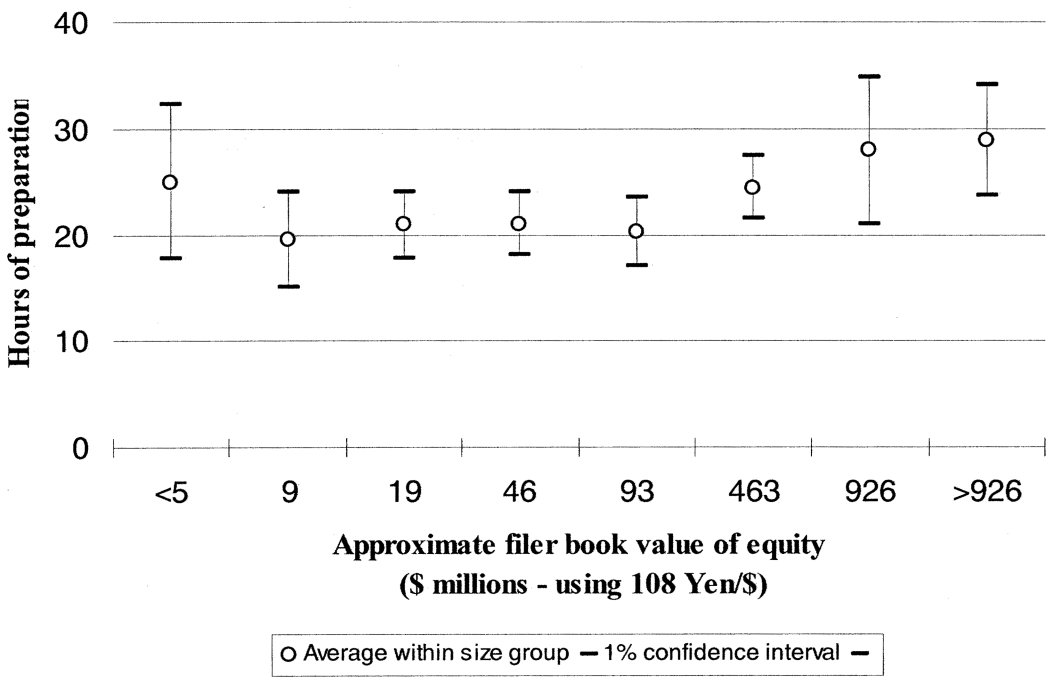
[186] ''Large accelerated filers,'' among other things, have shares held by unaffiliated persons with a value of at least $700 million. Our analysis instead uses as a threshold $750 million in the value of shares held by all persons (market capitalization) as an approximation of the value of shares held by non-affiliates. The use of market capitalization may overestimate the number of large accelerated filers.

1. Survey Results From the Japanese Interactive Data Pilot Program

We have also reviewed evidence from the Japanese interactive data pilot program. Starting in April 2008, Japanese filers are required to report financial statements with their Financial Services Agency (JFSA) using interactive data technology. Before this requirement, 1,233 Japanese companies participated in a pilot program; 768 participants described their interactive data submission experience through a JFSA survey. Unlike the U.S. voluntary program participants, Japanese pilot program participants span a larger issuer size range, including a considerable number of the smallest issuers in the market (see Figure 3).

The survey evidence suggests that smaller Japanese filers required less time to prepare and submit their first interactive data filing than larger Japanese filers, but even so, some of the smallest filers exhibited the greatest compliance difficulty.[187] Figure 2 plots the average number of labor hours required for a Japanese filer to successfully prepare and submit its first interactive data filing, disaggregated by approximate filer size measured by the book value of their capital.[188] The number of labor hours required is approximately 30% higher for the largest filers relative to the smaller, but not smallest, filers. However, the size-labor hour relation is not perfectly linear. The smallest size group deviates from the trend, with the average number of labor hours required being similar to that of larger filers.

Figure 2. Average number of hours a Japanese filer spent on its first interactive data submission

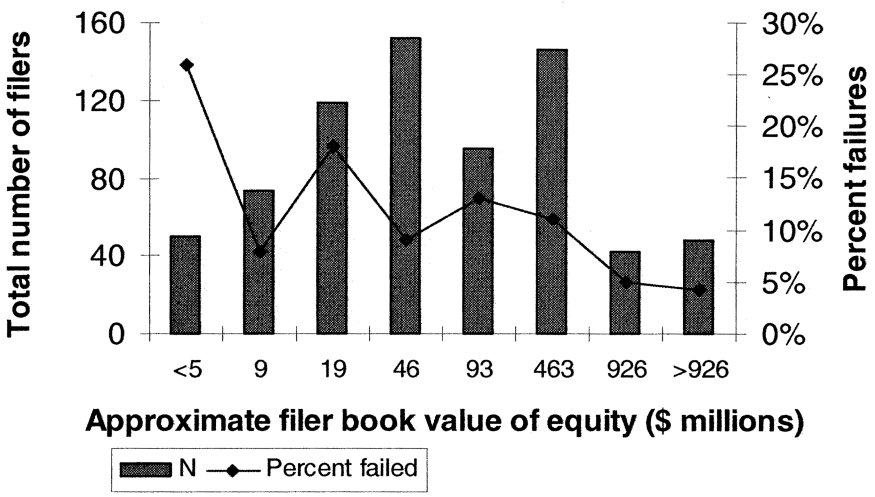


While the number of labor hours required for the smallest filers is not greater than that of the largest filers, the smaller filers were far more likely to file late, or ''fail'' (Figure 3). The JFSA classified firms as ''failures'' for having not completed their first filing in the time required (*i.e.*, before the filing deadline). This smallest filer size group has a failure rate of nearly 25% compared to less than 5% for the largest filer size group.

[187] Japanese filers did not tag financial footnotes.

[188] Data provided by the JFSA reported firm sizes according to their book value of equity, in Yen. These values were converted into dollars at a rate of 108 Yen to the dollar. Although the Commission generally measures issuer size based on the market value of outstanding securities, market value is highly correlated to book value of equity. As a result, the use of book value of equity in Figures 2 and 3 should not impact the relevance of inferences drawn from those Figures.

Figure 3. Percent of Japanese filers that failed to complete their first interactive data filing in a timely manner



The JFSA indicated that most of the ''failures'' occurred among filers who underestimated the resources required for their first filing, with many of the failing firms (44%) electing to prepare and submit their documents on their own. In contrast, it is estimated that 87% of pilot program firms used a printing company to prepare and submit their documents. Of the Japanese pilot program participants that were classified as having failed to submit, 69% indicated that they would not have a problem for their next submission.

The results of the JFSA survey yield two relevant conclusions. First, smaller, but not the smallest, issuers are likely to have lower submission costs as a result of fewer labor hours required to submit information using interactive data. Second, these submission cost savings may not accrue to the smallest issuers (*i.e.*, those with total equity held by non-affiliates with a market value below $75 million). Moreover, there is a risk that the smallest issuers might have difficulty in complying with a time-specific requirement if implemented too quickly. These findings add to the evidence from the U.S. voluntary program questionnaire results given that they span a greater issuer size range.

2. U.S. Issuer Document Complexity Also Suggests Lower Costs for Smaller Issuers

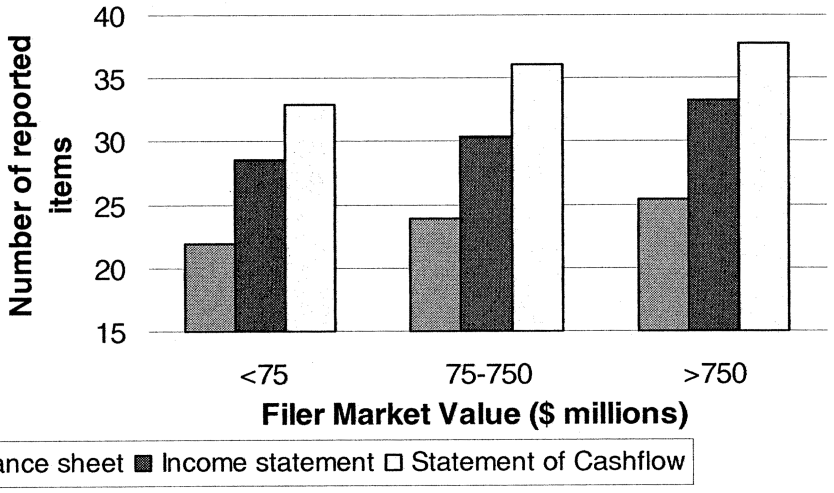
Although the Japanese pilot program findings document an important size-related cost consideration, extrapolating these results to what might be expected in a U.S. interactive data required program poses some risk given the potential differences between Japanese and U.S. regulatory regimes and filing requirements. For instance, implementing required interactive data reporting in the United States may be more complex, as a greater number of accounting concepts can be tagged.[189] Indeed, voluntary program results demonstrate an average of 101 hours to complete the first filing, more than three times the time required for the Japanese pilot program participants.

To assess the likelihood that the Japanese survey results can be applied to the proposed program under which interactive data would be required, Form 10–K complexity is examined across issuer size. If reduced complexity in financial reporting is responsible for the lower labor costs among smaller Japanese issuers, then evidence of reduced complexity among Commission issuers as their size decreases would suggest that lower labor costs among small U.S. issuers as well. This analysis uses the number of items reported in a filer's financial document as the measure of document complexity. The evidence in Figure 4 reveals that there is roughly a 15% difference in the number of elements reported by the smallest and largest filers.[190] In other words, U.S. filer document complexity results are consistent with lower compliance costs for smaller firms (leaving aside the very smallest filers).

[189] The technical differences between the two systems are beyond the scope of this analysis.

[190] Edgar Online provided the number of reported items in each of the three main financial tables (balance sheet, income statement, and statement of cash flow) for all U.S. filers from 2001 and 2007, and this was matched to market data from CRSP (Center for Research in Security Prices) to be included in the analysis.

Figure 4. Average number of reported financial items for all 10-K filings with market data between 2001 - 2007



3. Scalability of Interactive Data-Related Support Services and Technology

The final cost consideration in this section is the scalability of interactive data-related support services and technology. In particular, it is unclear how the market for interactive data support services and technology may change if the Commission required over 10,000 issuers to submit and post interactive data.

The roles of each potential kind of service provider within the interactive data market are likely to develop further and are not yet clear, and there are many potential participants to consider, including the software vendors, financial reporting system providers (*i.e.*, providers of widely used financial products), print/filing agents, auditors and other consultants, as well as the Commission. Until the market of issuers that submit interactive data information grows substantially larger (either by requirement or by expansion of the number of volunteers), it is difficult to predict how standard solutions will evolve. For example, we do not know whether issuers will adopt solutions that create interactive data submissions using third party software, a so-called ''bolt-on'' approach, or will seek integrated solutions that enable issuers to prepare interactive data submissions from their existing financial services software. Moreover, filing agents may maintain their role as an intermediary by offering interactive data technology or other service providers may cause that role to change. Others with financial and technical expertise may participate in the technology with unpredictable results.

Combining the uncertainty over the source of future interactive data services with increased demand for these services could result in a new equilibrium market price that is different from what is currently reported by voluntary program participants. This price could be higher if the demand for interactive data services increases (from 76 voluntary program participants to more than 10,000 total participants) at a faster rate than the supply for these same services. For example, we are aware that one interactive data service provider offers a basic package to issuers that costs $15,000, and includes all software resources and training required (it suggests 40 hours is needed) for the issuer to submit its first quarterly interactive data information. This price schedule was based on an expectation of servicing as many as 100 voluntary participants in the first year of the program. However, the main pricing concern for the future is whether this or similar products could be scaled upwards to service a much larger market without material (adverse) impact to the stated price. More broadly, if an interactive data requirement resulted in clients subscribing for interactive data services faster than the rate at which these services can be supplied, then a price increase is the natural discriminator in how to allocate limited resources.

The submission costs discussed in this section suggest that a phase-in program that is implemented too quickly could result in higher than necessary submission costs if the supply of interactive data-related resources is constrained, but the effect would likely diminish as a market place for interactive data services develops. Hence, this concern is mitigated to the extent that issuers are phased in at a rate that allows interactive data service suppliers to keep pace with demand.

D. Comment Solicited

We solicit comment on all aspects of this cost-benefit analysis, including the identification of any additional costs or benefits or, suggested alternatives to, the proposed rules. Commenters are requested to provide empirical data and other factual support for their views to the extent possible.

We request comment regarding the costs and benefits to investors, companies, analysts, third-party information providers, software providers, filing agents, and others who may be affected by the proposed rules. We are particularly interested in information on the costs and benefits to smaller reporting companies.

In particular, we request comment regarding:

- The differences between start-up costs and the costs of providing interactive data on a continuing basis after the initial preparation;
- The cost to prepare interactive data in block-text and detail for footnotes and schedules to financial statements;
- Differences in interactive data preparation costs due to differences between U.S. GAAP and IFRS as issued by the IASB and the list of tags related to each; and the cost of Web site posting.

VI. Consideration of Burden on Competition and Promotion of Efficiency, Competition and Capital Formation

Section 23(a)(2) of the Exchange Act [191] requires us, when adopting rules under the Exchange Act, to consider the impact that any new rule would have on competition. In addition, section 23(a)(2) prohibits us from adopting any rule that would impose a burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act. Furthermore, section 2(b) [192] of the Securities Act, section 3(f) [193] of the Exchange Act, and section 2(c) [194] of the Investment Company Act require us, when engaging in rulemaking where we are required to consider or determine whether an action is necessary or appropriate in the public interest, to consider, in addition to the protection of investors, whether the action will promote efficiency, competition, and capital formation.

The proposals to require issuers to submit interactive data to the Commission and post it on their corporate Web sites are intended to make financial information easier for investors to analyze while assisting in automating regulatory filings and business information processing. In particular, we believe that the proposed rules would enable investors and others to search and analyze the financial information dynamically; facilitate comparison of financial and business performance across issuers, reporting periods and industries; and, possibly, provide a significant opportunity to automate regulatory filings and business information processing with the potential to increase the speed, accuracy, and usability of financial disclosure. Further, as discussed in detail above, we believe that the proposals may lead to more efficient capital formation and allocation.[195]

We understand that private sector businesses such as those that access financial information and aggregate, analyze, compare or convert it into interactive format have business models and, as a result, competitive strategies that the proposed interactive data requirements might affect. Since interactive data technology is designed to remove an informational barrier, business models within the financial services industry that are currently adapted to traditional format document reporting may change, with possible consequences for the revenue stream of current product offerings due to the competitive effects of such a change. The competitive effects may relate to changes in the accessibility of financial information to investors, the nature of the information that investors receive, and the potential from new entry or innovation in the markets through which financial reports are transmitted from filers to investors. For example, lower entry barriers that result from lower data collection costs may increase competition among suppliers of financial services products and help spur interactive data-related innovation. It is also possible, however, that a requirement to submit interactive data information could decrease the marginal benefit of collecting information and thus cause suppliers of financial services products to produce information that is less robust to the extent the decreased marginal benefit reduces third-party incentives to facilitate access to, collect or analyze information. If markets efficiently price the value of information, the amount of information accessed, collected (or enhanced) and analyzed will be determined by the marginal benefit of doing so.[196] Lowering information collection costs (through a requirement to submit interactive data information) should increase this benefit. If this is so, then there should be no degradation in the level of information quality as a result of changes in third-party provider behavior under an interactive data reporting regime. However, if one competitor in the industry can subsidize its operations through an alternative revenue stream, both quality and competition may suffer.

For the reasons described more fully above, we believe the liability protections for interactive data would be necessary or appropriate in the public interest and consistent with the protection of investors. Moreover, the protections would also be consistent with the purposes fairly intended by the policy and provisions of the Investment Company Act.

We request comment on whether the proposals, if adopted, would promote efficiency, competition, and capital formation or have an impact or burden on competition. Commenters are requested to provide empirical data and other factual support for their views, if possible.

VII. Initial Regulatory Flexibility Act Analysis

This Initial Regulatory Flexibility Analysis has been prepared in accordance with 5 U.S.C. 603. It relates to proposed amendments that would require issuers to provide their financial statements to the Commission and on their corporate Web sites in interactive data format.

A. Reasons for, and Objectives of, the Proposed Action

The main purpose of the proposed amendments is to make financial information easier for investors to analyze while assisting in automating regulatory filings and business information processing. Currently, issuers are required to file their registration statements, quarterly and annual reports, and transitional reports in a traditional format that provides static text-based information. We believe that providing the financial statements these filings contain in interactive data format would

- Enable investors and others to search and analyze the information dynamically;
- Facilitate comparison of financial and business performance across issuers, reporting periods and industries; and
- Possibly provide a significant opportunity to automate regulatory filings and business information processing with the potential to increase the speed, accuracy, and usability of financial disclosure.

B. Legal Basis

We are proposing the amendments under sections 7, 10, 19(a) and 28 of the Securities Act,[197] sections 3, 12, 13, 14, 15(d), 23(a), 35A and 36 of the Exchange Act,[198] sections 314 and 319 of the Trust Indenture Act [199] and sections 6(c), 8, 24, 30 and 38 of the Investment Company Act [200] and section 3(a) of the Sarbanes-Oxley Act.[201]

C. Small Entities Subject to the Proposed Rules

The proposed amendments would affect issuers that are small entities. Exchange Act Rule 0–10(a) [202] defines

[191] 15 U.S.C. 78w(a)(2).

[192] 15 U.S.C. 77b(b).

[193] 15 U.S.C. 78c(f).

[194] 15 U.S.C. 80a–2(c).

[195] See Part V.A.2.

[196] Also, we expect that because the proposed rules would require the use of the XBRL interactive data standard, XBRL's being an open standard would facilitate the development of related software, some of which may, as a result, be made available to the public for free or at a relatively low cost and provide the public alternative ways to view and analyze interactive data information provided under our proposed rules.

[197] 15 U.S.C. 77g, 77j, 77s(a) and 77z–3.

[198] 15 U.S.C. 78c, 78l, 78m, 78n, 78o(d), 78w(a), 78ll and 78mm.

[199] 15 U.S.C. 77nnn and 77sss.

[200] 15 U.S.C. 80a–6(c), 80a–8, 80a–24, 80a–29 and 80a–37.

[201] [Pub. L. No. 107–204, 116 Stat. 745.]

[202] 17 CFR 240.0–10(a).

an issuer, other than an investment company, to be a ''small business'' or ''small organization'' for purposes of the Regulatory Flexibility Act if it had total assets of $5 million or less on the last day of its most recent fiscal year.[203] We estimate that there are approximately 1,100 issuers that file reports under the Exchange Act and may be considered small entities.[204] All of these issuers would become subject to the proposed rules in year three of the phase-in.

D. Reporting, Recordkeeping and Other Compliance Requirements

All issuers subject to the proposed rules would be required to submit financial information to the Commission in interactive data format and, if they have a corporate Web site, post the interactive data on their Web site. We believe that, in order to submit financial information in interactive data format, issuers in general and small entities in particular likely would need to prepare and then submit the interactive data by expending internal labor hours in connection with either or both of

- Purchasing, learning and using software packages designed to prepare financial information in interactive format; and
- Hiring and working with a consultant or filing agent.[205]

We believe that issuers would incur relatively little cost in connection with the requirement to post the interactive data on the issuer's corporate Web site because the requirement applies only to issuers that already have a corporate Web site.[206]

E. Duplicative, Overlapping, or Conflicting Federal Rules

We believe that the proposed amendments would not duplicate, or overlap or conflict with, other federal rules.

F. Agency Action To Minimize the Effect on Small Entities

The Regulatory Flexibility Act directs us to consider significant alternatives that would accomplish the stated objective, while minimizing any significant adverse impact on small entities. In connection with the proposed amendments, we considered several alternatives, including the following:

- Establishing different compliance or reporting requirements or timetables that take into account the resources available to small entities;
- Further clarifying, consolidating or simplifying the proposed requirements;
- Using performance rather than design standards; and
- Providing an exemption from the proposed requirements, or any part of them, for small entities.

We believe that, as to small entities, differing compliance, reporting or non-phase-in timetable requirements, a partial or complete exemption from the proposed requirements or the use of performance rather than design standards would be inappropriate because these approaches would detract from the long-term completeness and uniformity of the interactive data format financial information database. Less long-term completeness and uniformity would reduce the extent to which the proposed requirements would enable investors and others to search and analyze the information dynamically; facilitate comparison of financial and business performance across issuers, reporting periods and industries; and, possibly, provide a significant opportunity to automate regulatory filings and business information processing with the potential to increase the speed, accuracy, and usability of financial disclosure. We note, however, that small entities would not be subject to the proposed requirements until year three of the phase-in and, as all other issuers, would not be required to tag in detail the footnotes and schedules to their financial statements until their second year subject to the requirements.[207] We solicit comment, however, on whether differing compliance, reporting or timetable requirements, a partial or complete exemption, or the use of performance rather than design standards would be consistent with our described main goal of making financial information easier for investors to analyze while assisting in automating regulatory filings and business information processing.

We are considering whether further clarifying, consolidating or simplifying the proposed interactive data submission and posting requirements would be appropriate. Based in part on our experience with the voluntary program, we believe that the proposed requirements are sufficiently clear and straightforward (although, we seek comment on this).

G. Solicitation of Comment

We encourage comments with respect to any aspect of this Initial Regulatory Flexibility Analysis. In particular, we request comments regarding:

- The number of small entities that may be affected by the proposed amendments;
- The existence or nature of the potential impact of the proposed amendments on small entities as discussed in this analysis; and
- How to quantify the impact of the proposed amendments.

We ask those submitting comments to describe the nature of any impact and provide empirical data supporting the extent of the impact. These comments will be considered in the preparation of the Final Regulatory Flexibility Analysis, if the proposed amendments are adopted, and will be placed in the same public file as comments on the proposed amendments themselves.

VIII. Small Business Regulatory Enforcement Fairness Act

For purposes of the Small Business Regulatory Enforcement Fairness Act of 1996, a rule is ''major'' if it has resulted, or is likely to result in:

- An annual effect on the economy of $100 million or more;
- A major increase in costs or prices for consumers or individual industries; or
- Significant adverse effects on competition, investment or innovation.

We request comment on whether our proposals would be a ''major rule'' for

[203] Securities Act Rule 157(a) [17 CFR 230.157(a)] generally defines an issuer, other than an investment company, to be a ''small business'' or ''small entity'' for purposes of the Regulatory Flexibility Act if it had total assets of $5 million or less on the last day of its most recent fiscal year and it is conducting or proposing to conduct a securities offering of $5 million or less. For purposes of our analysis of issuers other than investment companies in this Part VII of the release, however, we use the Exchange Act definition of ''small business'' or ''small entity'' because that definition includes more issuers than does the Securities Act definition and, as a result, assures that the definition we use would not itself lead to an understatement of the impact of the amendments on small entities.

[204] The estimated number of small entities that report under the Exchange Act is based on 2007 data including the Commission's internal computerized filing system and Thompson Financial's Worldscope database.

[205] Some issuers such as those that have participated in the voluntary program may already prepare financial information in interactive data format or already have the expertise and software to prepare financial information in interactive data format. Those issuers would incur fewer costs as a result of the proposed requirements. Based on our experience with the voluntary program, however, we believe that it would be unlikely that those issuers would include many small entities.

[206] The internal labor and external costs required to comply with the proposed rules are discussed more fully in Parts IV and V above.

[207] In this regard, in Part II.B.2 of this release we note that the additional time phase-in time for companies not required to submit interactive data in year one of the phase-in period is intended to permit them to plan for and implement the interactive data reporting process after having the opportunity to learn from the experience of year one filers. We also there solicit comment on the appropriate phase-in schedule for smaller reporting companies (which would include small entities) and note that the additional phase-in time also is intended to enable us to monitor implementation and, if necessary, make appropriate adjustments to the phase-in period.

purposes of SBREFA. We solicit comment and empirical data on:

- The potential effect on the U.S. economy on an annual basis;
- Any potential increase in costs or prices for consumers or individual industries; and
- Any potential effect on competition, investment or innovation.

IX. Statutory Authority and Text of Proposed Amendments

We are proposing the amendments outlined above under sections 7, 10, 19(a) and 28 of the Securities Act,[208] sections 3, 12, 13, 14, 15(d), 23(a), 35A, and 36 of the Exchange Act,[209] sections 314 and 319 of the Trust Indenture Act[210] and sections 6(c), 8, 24, 30, and 38 of the Investment Company Act[211] and section 3(a) of the Sarbanes-Oxley Act.[212]

List of Subjects in 17 CFR Parts 229, 230, 232, 239, 240 and 249

Reporting and recordkeeping requirements, Securities.

For the reasons set out in the preamble, we propose to amend Title 17, Chapter II of the Code of Federal Regulations as follows:

PART 229—STANDARD INSTRUCTIONS FOR FILING FORMS UNDER SECURITIES ACT OF 1933, SECURITIES EXCHANGE ACT OF 1934 AND ENERGY POLICY AND CONSERVATION ACT OF 1975—REGULATION S–K

1. The authority citation for part 229 continues to read in part as follows:

Authority: 15 U.S.C. 77e, 77f, 77g, 77h, 77j, 77k, 77s, 77z–2, 77z–3, 77aa(25), 77aa(26), 77ddd, 77eee, 77ggg, 77hhh, 777iii, 77jjj, 77nnn, 77sss, 78c, 78i, 78j, 78*l*, 78m, 78n, 78o, 78u–5, 78w, 78*ll,* 78mm, 80a–8, 80a–9, 80a–20, 80a–29, 80a–30, 80a–31(c), 80a–37, 80a–38(a), 80a–39, 80b–11, and 7201 *et seq.;* and 18 U.S.C. 1350, unless otherwise noted.

* * * * *

2. Amend § 229.601 by revising the exhibit table in paragraph (a) and by revising paragraph (b)(100) and adding paragraph (b)(101) to read as follows:

§ 229.601 (Item 601) Exhibits.

(a) * * *

Exhibit Table

* * * * *

EXHIBIT TABLE

	Securities Act Forms								Exchange Act Forms				
	S–1	S–3	S–4 [1]	S–8	S–11	F–1	F–3	F–4 [1]	10	8–K [2]	10–D	10–Q	10–K
(1) Underwriting agreement	X	X	X	.....	X	X	X	X	.....	X	.....	.....	.....
(2) Plan of acquisition, reorganization, arrangement, liquidation or succession	X	X	X	.....	X	X	X	X	X	X	.....	X	X
(3) (i) Articles of incorporation	X	.....	X	.....	X	X	.....	X	X	X	X	X	X
(ii) Bylaws	X	.....	X	.....	X	X	.....	X	X	X	X	X	X
(4) Instruments defining the rights of security holders, including indentures	X	X	X	X	X	X	X	X	X	X	X	X	X
(5) Opinion re legality	X	X	X	X	X	X	X	X	.....	.....	.....	.....	.....
(6) [Reserved]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
(7) Correspondence from an independent accountant regarding non-reliance on a previously issued audit report or completed interim review	.....	.....	.....	.....	.....	.....	.....	.....	.....	X	.....	.....	.....
(8) Opinion re tax matters	X	X	X	.....	X	X	X	X	.....	.....	.....	.....	.....
(9) Voting trust agreement	X	.....	X	.....	X	X	.....	X	X	.....	.....	.....	X
(10) Material contracts	X	.....	X	.....	X	X	.....	X	X	.....	X	X	X
(11) Statement re computation of per share earnings	X	.....	X	.....	X	X	.....	X	X	.....	.....	X	X
(12) Statements re computation of ratios	X	X	X	.....	X	X	.....	X	X	.....	.....	.....	X
(13) Annual report to security holders, Form 10–Q or quarterly report to security holders [3]	.....	.....	X	.....	.....	.....	.....	.....	.....	.....	.....	.....	X
(14) Code of Ethics	.....	.....	.....	.....	.....	.....	.....	.....	.....	X	.....	.....	X
(15) Letter re unaudited interim financial information	X	X	X	X	X	X	X	X	.....	.....	.....	X	.....
(16) Letter re change in certifying accountant [4]	X	.....	X	.....	X	.....	.....	.....	X	X	.....	.....	X
(17) Correspondence on departure of director	.....	.....	.....	.....	.....	.....	.....	.....	.....	X	.....	.....	.....
(18) Letter re change in accounting principles	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	X	X
(19) Report furnished to security holders	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	X	.....
(20) Other documents or statements to security holders	.....	.....	.....	.....	.....	.....	.....	.....	.....	X	.....	.....	.....
(21) Subsidiaries of the registrant	X	.....	X	.....	X	X	.....	X	X	.....	.....	.....	X

[208] 15 U.S.C. 77g, 77j, 77s(a), and 77z–3.

[209] 15 U.S.C. 78c, 78*l*, 78m, 78n, 78o(d), 78w(a), 78*ll,* and 78mm.

[210] 15 U.S.C. 77nnn and 77sss.

[211] 15 U.S.C. 80a–6(c), 80a–8, 80a–24, 80a–29, and 80a–37.

[212] [Pub. L. No. 107–204, 116 Stat. 745.]

EXHIBIT TABLE—Continued

	Securities Act Forms								Exchange Act Forms				
	S–1	S–3	S–4 [1]	S–8	S–11	F–1	F–3	F–4 [1]	10	8–K [2]	10–D	10–Q	10–K
(22) Published report regarding matters submitted to vote of security holders	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	X	X	X
(23) Consents of experts and counsel	X	X	X	X	X	X	X	X	.....	X [5]	X [5]	X [5]	X [5]
(24) Power of attorney	X	X	X	X	X	X	X	X	X	X	.....	X	X
(25) Statement of eligibility of trustee	X	X	X	.....	.....	X	X	X	.....	.....	.....	.....	.....
(26) Invitation for competitive bids	X	X	X	.....	.....	X	X	X	.....	.....	.....	.....	.....
(27) through (30) [Reserved]	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
(31) (i) Rule 13a–14(a)/15d–14(a) Certifications	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	X	X
(ii) Rule 13a–14/15d–14 Certifications	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	X
(32) Section 1350 Certifications [6]	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	X	X
(33) Report on assessment of compliance with servicing criteria for asset-backed issuers	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	X
(34) Attestation report on assessment of compliance with servicing criteria for asset-backed securities	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	X
(35) Servicer compliance statement	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	X
(36) through (98) [Reserved]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
(99) Additional exhibits	X	X	X	X	X	X	X	X	X	X	X	X	X
(100) XBRL-Related Documents	.....	.....	.....	.....	.....	.....	.....	.....	X	X	.....	X	X
(101) Interactive Data File	X	X	X	.....	X	X	X	X	.....	.....	.....	X	X

[1] An exhibit need not be provided about a company if: (1) With respect to such company an election has been made under Form S–4 or F–4 to provide information about such company at a level prescribed by Form S–3 or F–3; and (2) the form, the level of which has been elected under Form S–4 or F–4, would not require such company to provide such exhibit if it were registering a primary offering.

[2] A Form 8–K exhibit is required only if relevant to the subject matter reported on the Form 8–K report. For example, if the Form 8–K pertains to the departure of a director, only the exhibit described in paragraph (b)(17) of this section need be filed. A required exhibit may be incorporated by reference from a previous filing.

[3] Where incorporated by reference into the text of the prospectus and delivered to security holders along with the prospectus as permitted by the registration statement; or, in the case of the Form 10–K, where the annual report to security holders is incorporated by reference into the text of the Form 10–K.

[4] If required pursuant to Item 304 of Regulation S–K.

[5] Where the opinion of the expert or counsel has been incorporated by reference into a previously filed Securities Act registration statement.

[6] Pursuant to §§ 240.13a–13(b)(3) and 240.15d–13(b)(3) of this chapter, asset-backed issuers are not required to file reports on Form 10–Q.

(b) * * *

(100) *XBRL-Related Documents.* Only an electronic filer that prepares its financial statements in accordance with Article 6 of Regulation S–X (17 CFR 210.6–01 *et seq.*) is permitted to participate in the voluntary XBRL (eXtensible Business Reporting Language) program and, as a result, may submit XBRL-Related Documents (§ 232.11 of this chapter) in electronic format as an exhibit to: The filing to which they relate; an amendment to such filing; or a Form 8–K (§ 249.308 of this chapter) that references such filing, if the Form 8–K is submitted no earlier than the date of filing. Rule 401 of Regulation S–T (§ 232.401 of this chapter) sets forth further details regarding eligibility to participate in the voluntary XBRL program.

(101) *Interactive Data File.* An Interactive Data File (§ 232.11 of this chapter) is:

(i) *Required to be Submitted and Posted.* Required to be submitted to the Commission and posted on the registrant's corporate Web site, if any, in the manner provided by Rule 405 of Regulation S–T (§ 232.405 of this chapter) if the registrant does not prepare its financial statements in accordance with Article 6 of Regulation S–X (17 CFR 210.6–01 *et seq.*) and is:

(A) A large accelerated filer (§ 240.12b–2 of this chapter) that had an aggregate worldwide market value of the voting and non-voting common equity held by non-affiliates of more than $5 billion as of the last business day of its most recently completed second fiscal quarter that prepares its financial statements in accordance with generally accepted accounting principles as used in the United States and the filing contains financial statements of the registrant for a period that ends on or after December 15, 2008;

(B) A large accelerated filer not specified in paragraph (b)(101)(i)(A) of this Item that prepares its financial statements in accordance with generally accepted accounting principles as used in the United States and the filing contains financial statements of the registrant for a period that ends on or after December 15, 2009;

(C) A filer not specified in paragraph (b)(101)(i)(A) or (B) of this Item that prepares its financial statements in accordance with generally accepted accounting principles as used in the United States and the filing contains financial statements of the registrant for a period that ends on or after December 15, 2010; or

(D) A foreign private issuer (§ 240.3b–4(c) of this chapter) that prepares its financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and the filing contains financial statements of

the registrant for a period that ends on or after December 15, 2010.

(ii) *Permitted to be Submitted.* Permitted to be submitted to the Commission in the manner provided by Rule 405 of Regulation S–T (§ 232.405 of this chapter) if the registrant:

(A) Prepares its financial statements

(1) In accordance with either

(a) Generally accepted accounting principles as used in the United States; or

(b) International Financial Reporting Standards as issued by the International Accounting Standards Board; and

(2) Not in accordance with Article 6 of Regulation S–X (17 CFR 210.6–01 *et seq.*) and

(B) Is not required to be submitted to the Commission under paragraph (b)(101)(i) of this Item.

(iii) *Not Permitted to be Submitted.* Not permitted to be submitted to the Commission if the registrant prepares its financial statements in accordance with Article 6 of Regulation S–X (17 CFR 210.6–01 *et seq.*).

PART 230—GENERAL RULES AND REGULATIONS, SECURITIES ACT OF 1933

3. The authority citation for part 230 continues to read in part as follows:

Authority: 15 U.S.C. 77b, 77c, 77d, 77f, 77g, 77h, 77j, 77r, 77s, 77z–3, 77sss, 78c, 78d, 78j, 78*l*, 78m, 78n, 78o, 78t, 78w, 78*ll*(d), 78mm, 80a–8, 80a–24, 80a–28, 80a–29, 80a–30, and 80a–37, unless otherwise noted.

* * * * *

4. Amend § 230.144 by revising paragraph (c)(1) to read as follows:

§ 230.144 Persons deemed not to be engaged in a distribution and therefore not underwriters.

* * * * *

(c) * * *

(1) *Reporting issuers.* The issuer is, and has been for a period of at least 90 days immediately before the sale, subject to the reporting requirements of section 13 or 15(d) of the Exchange Act, has filed all required reports under section 13 or 15(d) of the Exchange Act, as applicable, and has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File (§ 232.11 of this chapter) required to be submitted and posted under either Item 601(b)(101) of Regulation S–K (§ 229.601(b)(101) of this chapter) or Item 101 of the Instructions as to Exhibits of Form 20–F (§ 249.220f of this chapter), during the 12 months preceding such sale (or for such shorter period that the issuer was required to file such reports), other than form 8-K reports (§ 249.308 of this chapter); or

* * * * *

PART 232—REGULATION S–T—GENERAL RULES AND REGULATIONS FOR ELECTRONIC FILINGS

5. The authority citation for part 232 continues to read in part as follows:

Authority: 15 U.S.C. 77f, 77g, 77h, 77j, 77s(a), 77z–3, 77sss(a), 78c(b), 78*l*, 78m, 78n, 78o(d), 78w(a), 78*ll*, 80a–6(c), 80a–8, 80a–29, 80a–30, 80a–37, and 7201 *et seq.*; and 18 U.S.C. 1350.

* * * * *

6. Amend § 232.11 by adding definitions for ''Interactive Data File'', ''*Interactive Data in Viewable Form*'', and ''*Related Official Filing*'' in alphabetical order to read as follows:

§ 232.11 Definition of terms used in part 232.

* * * * *

Interactive Data File. The term *Interactive Data File* means the machine-readable computer code that presents information in eXtensible Business Reporting Language in electronic format in accordance with § 232.405.

Interactive Data in Viewable Form. The term *Interactive Data in Viewable Form* means the financial statements, financial statement schedules and financial statement footnotes that

(1) Are displayed when an Interactive Data File is converted from machine-readable computer code into human-readable text through software the Commission provides; and

(2) Are displayed through such conversion identically in all material respects to the corresponding financial statements, financial statement schedules and financial statement footnotes in the Related Official Filing.

* * * * *

Related Official Filing. The term *Related Official Filing* means the ASCII or HTML format part of the official filing with which an Interactive Data File appears as an exhibit.

* * * * *

7. Amend § 232.201 by:

a. Revising paragraph (a) introductory text;

b. Amending paragraph (b) by revising the headings to Notes 1 and 2;

c. Adding paragraph (c).

The revisions and additions read as follows:

§ 232.201 Temporary hardship exemption.

(a) If an electronic filer experiences unanticipated technical difficulties preventing the timely preparation and submission of an electronic filing, other than a Form 3 (§ 249.103 of this chapter), a Form 4 (§ 249.104 of this chapter), a Form 5 (§ 249.105 of this chapter), a Form ID (§§ 239.63, 249.446, 269.7 and 274.402 of this chapter), a Form TA–1 (§ 249.100 of this chapter), a Form TA–2 (§ 249.102 of this chapter), a Form TA–W (§ 249.101 of this chapter), a Form D (§ 239.500 of this chapter) or an Interactive Data File (§ 232.11 of this chapter), the electronic filer may file the subject filing, under cover of Form TH (§§ 239.65, 249.447, 269.10 and 274.404 of this chapter), in paper format no later than one business day after the date on which the filing was to be made.

* * * * *

(b) * * *

Note 1 to paragraph (b): * * *

Note 2 to paragraph (b): * * *

(c) If an electronic filer experiences unanticipated technical difficulties preventing the timely preparation and

(1) Submission of an Interactive Data File (§ 232.11) as an exhibit as required by either Item 601(b)(101) of Regulation S–K (§ 229.601(b)(101) of this chapter) or Item 101 of the Instructions as to Exhibits of Form 20–F (§ 249.220f of this chapter), the electronic filer still can timely satisfy the requirement to submit the Interactive Data File in the following manner:

(i) Substitute for the Interactive Data File in the required exhibit a document that sets forth the following legend:

IN ACCORDANCE WITH THE TEMPORARY HARDSHIP EXEMPTION PROVIDED BY RULE 201 OF REGULATION S–T, THE DATE BY WHICH THE INTERACTIVE DATA FILE IS REQUIRED TO BE SUBMITTED HAS BEEN EXTENDED BY SIX BUSINESS DAYS; and

(ii) Submit the required Interactive Data File no later than six business days after the Interactive Data File originally was required to be submitted.

(2) Posting on its corporate Web site of an Interactive Data File as required by either Item 601(b)(101) of Regulation S–K or Item 101 of the Instructions as to Exhibits of Form 20–F, the electronic filer still can timely satisfy the requirement to post the Interactive Data File by so posting the Interactive Data File within six business days after the Interactive Data File was required to be submitted to the Commission.

Note to paragraph (c): Electronic filers unable to submit or post, as applicable, the Interactive Data File under the circumstances specified by paragraph (c), must comply with the provisions of this section and cannot use Form 12b–25 (§ 249.322 of this chapter) as a notification of late filing. Failure to submit or

post, as applicable, the Interactive Data File as required by the end of the six-business-day period specified by paragraph (c) of this section will result in ineligibility to use Forms S–3, S–8 and F–3 (§§ 239.13, 239.16b and 239.33 of this chapter) and constitute a failure to have filed all required reports for purposes of the current public information requirements of Rule 144(c)(1) (§ 230.144(c)(1) of this chapter).

8. Amend § 232.202 by:

a. Revising paragraphs (a) introductory text, (a)(2), (b)(2), and (b)(3);

b. Revising paragraph (c);

c. Revising paragraph (d) and;

d. Revising the headings to Notes 1, 2, and 3 to the section; and

e. Adding Note 4 to the section.

The revisions and additions read as follows:

§ 232.202 Continuing hardship exemption.

(a) An electronic filer may apply in writing for a continuing hardship exemption if all or part of a filing, group of filings or submission, other than a Form ID (§§ 239.63, 249.446, 269.7, and 274.402 of this chapter) or a Form D (§ 239.500 of this chapter), otherwise to be filed or submitted in electronic format or, in the case of an Interactive Data File (§ 232.11), to be posted on the electronic filer's corporate Web site, cannot be so filed, submitted or posted, as applicable, without undue burden or expense. Such written application shall be made at least ten business days before the required due date of the filing(s), submission(s) or posting of the proposed filing, submission or posting date, as appropriate, or within such shorter period as may be permitted. The written application shall contain the information set forth in paragraph (b) of this section.

(1) * * *

(2) If the Commission, or the staff acting pursuant to delegated authority, denies the application for a continuing hardship exemption, the electronic filer shall file or submit the required document or Interactive Data File in electronic format or post the Interactive Data File on its corporate Web site, as applicable, on the required due date or the proposed filing or submission date, or such other date as may be permitted.

* * * * *

(b) * * *

(1) * * *

(2) The burden and expense to employ alternative means to make the electronic submission or posting, as applicable;

(3) The reasons for not submitting electronically the document, group of documents or Interactive Data File or not posting the Interactive Data File, as well as the justification for the requested time period.

(c) If the request is granted with respect to:

(1) Electronic filing of a document or group of documents, not electronic submission or posting of an Interactive Data File, then the electronic filer shall submit the document or group of documents for which the continuing hardship exemption is granted in paper format on the required due date specified in the applicable form, rule or regulation, or the proposed filing date, as appropriate and the following legend shall be placed in capital letters at the top of the cover page of the paper format document(s):

IN ACCORDANCE WITH RULE 202 OF REGULATION S–T, THIS (specify document) IS BEING FILED IN PAPER PURSUANT TO A CONTINUING HARDSHIP EXEMPTION.

(2) Electronic submission of an Interactive Data File, then the electronic filer shall substitute for the Interactive Data File in the exhibit in which it was required a document that sets forth one of the following legends, as appropriate:

IN ACCORDANCE WITH A CONTINUING HARDSHIP EXEMPTION OBTAINED UNDER RULE 202 OF REGULATION S–T, THE DATE BY WHICH THE INTERACTIVE DATA FILE IS REQUIRED TO BE SUBMITTED HAS BEEN EXTENDED TO (specify date); or

IN ACCORDANCE WITH A CONTINUING HARDSHIP EXEMPTION OBTAINED UNDER RULE 202 OF REGULATION S–T, THE INTERACTIVE DATA FILE IS NOT REQUIRED TO BE SUBMITTED.

(3) Web site posting by an electronic filer of its Interactive Data File, the electronic filer need not post on its Web site any statement with regard to the grant of the request.

(d) If a continuing hardship exemption is granted for a limited period of time for:

(1) Electronic filing of a document or group of documents, not electronic submission or posting of an Interactive Data File, then the grant may be conditioned upon the filing of the document or group of documents that is the subject of the exemption in electronic format upon the expiration of the period for which the exemption is granted. The electronic format version shall contain the following statement in capital letters at the top of the first page of the document: THIS DOCUMENT IS A COPY OF THE (specify document) FILED ON (DATE) PURSUANT TO A RULE 202(d) CONTINUING HARDSHIP EXEMPTION.

(2) Electronic submission or posting of an Interactive Data File, then the grant may be conditioned upon the electronic submission and posting, as applicable, of the Interactive Data File that is the subject of the exemption upon the expiration of the period for which the exemption is granted.

Note 1 to § 232.202: * * *

Note 2 to § 232.202: * * *

Note 3 to § 232.202: * * *

Note 4 to § 232.202: Failure to submit or post, as applicable, the Interactive Data File as required by Rule 405 by the end of the continuing hardship exemption if granted for a limited period of time, will result in ineligibility to use Forms S–3, S–8, and F–3 (§§ 239.13, 239.16b and 239.33 of this chapter) and constitute a failure to have filed all required reports for purposes of the current public information requirements of Rule 144(c)(1) (§ 230.144(c)(1) of this chapter).

9. Amend § 232.305 by revising paragraph (b) to read as follows:

§ 232.305 Number of characters per line; tabular and columnar information.

* * * * *

(b) Paragraph (a) of this section does not apply to HTML documents, Interactive Data Files (§ 232.11) or XBRL-Related Documents (§ 232.11).

10. Amend § 232.401(a) by adding a new first sentence to read as follows:

§ 232.401 XBRL-Related Document submissions.

(a) Only an electronic filer that is an investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a–1 *et seq.*), a ''business development company'' as defined in section 2(a)(48) of that Act, or an entity that reports under the Exchange Act and prepares its financial statements in accordance with Article 6 of Regulation S–X (17 CFR 210.6–01 *et seq.*) is permitted to participate in the voluntary XBRL (eXtensible Business Reporting Language) program. * * *

* * * * *

11. Amend § 232.402 by removing the phrase ''Public Utility Act,'' from the first sentence of paragraph (b).

§§ 232.403 and 232.404 [Reserved]

12. Reserve § 232.403 and § 232.404.

13. Add § 232.405 to read as follows:

§ 232.405 Interactive Data File submissions and postings.

Preliminary Notes

1. Sections 405 and 406 of Regulation S–T (§§ 232.405 and 232.406) apply to electronic filers that submit or post Interactive Data Files. Item 601(b)(101) of Regulation S–K (§ 229.601(b)(101) of this chapter) and Item 101 of the

Instructions as to Exhibits of Form 20–F (§ 249.220f of this chapter) specify when electronic filers are required or permitted to submit or post an Interactive Data File (§ 232.11), as further described below in the Note to Section 405.

2. Section 405 imposes content, format, submission and Web site posting requirements for an Interactive Data File, but does not change the substantive content requirements for the financial and other disclosures in the Related Official Filing (§ 232.11).

3. Section 406 addresses liability related to Interactive Data Files.

(a) *Content, Format, Submission and Posting Requirements—General.* An Interactive Data File must:

(1) Comply with the content, format, submission and Web site posting requirements of this section;

(2) Be submitted only by an electronic filer either required or permitted to submit an Interactive Data File as specified by Item 601(b)(101) of Regulation S–K (§ 229.601(b)(101) of this chapter) or Item 101 of the Instructions as to Exhibits of Form 20–F (§ 249.220f of this chapter), as applicable, as an exhibit to a form that contains the disclosure required by this section;

(3) Be submitted in accordance with the EDGAR Filer Manual and, as applicable, either Item 601(b)(101) of Regulation S–K or Item 101 of the Instructions as to Exhibits of Form 20–F; and

(4) Be posted on the electronic filer's corporate Web site, if any, in accordance with, as applicable, either Item 601(b)(101) of Regulation S–K or Item 101 of the Instructions as to Exhibits of Form 20–F.

(b) *Content—Categories of Information Presented.* An Interactive Data File must consist of only a complete set of information for all periods required to be presented in the corresponding data in the Related Official Filing, no more and no less, from all of the following categories:

(1) The complete set of the electronic filer's financial statements (which includes the face of the financial statements and all footnotes); and

(2) All schedules set forth in Article 12 of Regulation S–X (§§ 210.12–01–210.12–29) related to the electronic filer's financial statements.

Note to paragraph (b): It is not permissible for the Interactive Data File to present only partial face financial statements, such as by excluding comparative financial information for prior periods.

(c) *Format—Generally.* An Interactive Data File must comply with the following requirements, except as modified by paragraph (d) or (e) of this section, as applicable, with respect to the corresponding data in the Related Official Filing consisting of footnotes to financial statements or financial statement schedules as set forth in Article 12 of Regulation S–X:

(1) *Data Elements and Labels.*

(i) *Element Accuracy.* Each data element (*i.e.*, all text, line item names, monetary values, percentages, numbers, dates and other labels) contained in the Interactive Data File reflect the same information in the corresponding data in the Related Official Filing;

(ii) *Element Specificity.* No data element contained in the corresponding data in the Related Official Filing is changed, deleted or summarized in the Interactive Data File;

(iii) *Standard and Special Labels and Elements.* Each data element contained in the Interactive Data File is matched with an appropriate tag from the most recent version of the standard list of tags specified by the EDGAR Filer Manual. A tag is appropriate only when its standard definition, standard label and other attributes as and to the extent identified in the list of tags match the information to be tagged, except that:

(A) *Labels.* An electronic filer must create and use a new special label to modify a tag's existing standard label when that tag is an appropriate tag in all other respects (*i.e.*, in order to use a tag from the standard list of tags only its label needs to be changed); and

(B) *Elements.* An electronic filer must create and use a new special element if and only if an appropriate tag does not exist in the standard list of tags for reasons other than or in addition to an inappropriate standard label; and

(2) *Additional Mark-Up Related Content.* The Interactive Data File contains any additional mark-up related content (*e.g.*, the eXtensible Business Reporting Language tags themselves, identification of the core XML documents used and other technology related content) not found in the corresponding data in the Related Official Filing that is necessary to comply with the EDGAR Filer Manual requirements.

(d) *Format—Footnotes—Generally.* The part of the Interactive Data File for which the corresponding data in the Related Official Filing consists of footnotes to financial statements must comply with the requirements of paragraphs (c)(1) and (c)(2) of this section, as modified by this paragraph (d), unless the electronic filer is within one of the categories specified in paragraph (f) of this section. Footnotes to financial statements must be tagged as follows:

(1) Each complete footnote must be block-text tagged;

(2) Each significant accounting policy within the significant accounting policies footnote must be block-text tagged;

(3) Each table within each footnote must be block-text tagged; and

(4) Within each footnote, each amount (*i.e.*, monetary value, percentage, and number) must be tagged separately and each narrative disclosure required to be disclosed by generally accepted accounting principles as used in the United States, (or International Financial Reporting Standards as issued by the International Accounting Standards Board, if applicable) and Commission regulations must be tagged separately.

(e) *Format—Schedules—Generally.* The part of the Interactive Data File for which the corresponding data in the Related Official Filing consists of financial statement schedules as set forth in Article 12 of Regulation S–X must comply with the requirements of paragraphs (c)(1) and (c)(2) of this section, as modified by this paragraph (e), unless the electronic filer is within one of the categories specified in paragraph (f) of this section. Financial statement schedules as set forth in Article 12 of Regulation S–X must be tagged as follows:

(1) Each complete financial statement schedule must be block-text tagged; and

(2) Within each financial statement schedule, each amount (*i.e.*, monetary value, percentage and number) must be tagged separately and each narrative disclosure required by Commission regulations must be tagged separately.

(f) *Format—Footnotes and Schedules Eligible for Phased-In Detail.* The following electronic filers must comply with paragraphs (c)(1) and (c)(2) of this section as modified by paragraphs (d) and (e) of this section, except that they may choose to comply with paragraph (d)(1) rather than paragraphs (d)(1) through (d)(4) and may choose to comply with paragraph (e)(1) rather than paragraphs (e)(1) and (e)(2):

(1) Any large accelerated filer (§ 240.12b–2 of this chapter) that had an aggregate worldwide market value of the voting and non-voting common equity held by non-affiliates of more than $5 billion as of the last business day of its most recently completed second fiscal quarter that prepares its financial statements in accordance with generally accepted accounting principles as used in the United States, if none of the financial statements for which an Interactive Data File is required is for a

period that ends on or after December 15, 2009;

(2) Any large accelerated filer not specified in paragraph (f)(1) that prepares its financial statements in accordance with generally accepted accounting principles as used in the United States, if none of the financial statements for which an Interactive Data File is required is for a period that ends on or after December 15, 2010;

(3) Any filer not specified in paragraph (f)(1) or (2) that prepares its financial statements in accordance with generally accepted accounting principles as used in the United States, if none of the financial statements for which an Interactive Data File is required is for a period that ends on or after December 15, 2011; and

(4) Any foreign private issuer (§ 240.3b–4(c) of this chapter) that prepares its financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, if none of the financial statements for which an Interactive Data File is required is for a period that ends on or after December 15, 2011.

(g) *Posting.* Any electronic filer that maintains a corporate Web site and is required to submit an Interactive Data File must post that Interactive Data File on that Web site by the end of the business day on the earlier of the date the Interactive Data File is submitted or is required to be submitted.

Note to § 232.405: Item 601(b)(101) of Regulation S–K specifies the circumstances under which an Interactive Data File must be submitted as an exhibit and be posted to the issuer's corporate Web site, if any, and the circumstances under which it is permitted to be submitted as an exhibit, with respect to Forms S–1 (§ 239.11 of this chapter), S–3 (§ 239.13 of this chapter), S–4 (§ 239.25 of this chapter), S–11 (§ 239.18 of this chapter), F–1 (§ 239.31 of this chapter), F–3 (§ 239.33 of this chapter), F–4 (§ 239.34 of this chapter), 10–K (§ 249.310 of this chapter) and 10–Q (§ 249.308a of this chapter). Similarly, Item 101 of the Instructions as to Exhibits of Form 20–F specifies the circumstances under which an Interactive Data File must be submitted as an exhibit and be posted to the issuer's corporate Web site, if any, and the circumstances under which it is permitted to be submitted as an exhibit, with respect to Form 20–F. Item 601(b)(101) of Regulation S–K and Item 101 of the Instructions as to Exhibits of Form 20–F both prohibit submission of an Interactive Data File by an issuer that prepares its financial statements in accordance with Article 6 of Regulation S–X (17 CFR 210.6–01 *et seq.*).

14. Add § 232.406 to read as follows:

§ 232.406 Liability for Related Official Filing, Interactive Data in Viewable Form and Interactive Data File.

(a) *Liability for Related Official Filing Unaffected.* The disclosures in the Related Official Filing are subject to the liability provisions of the Securities Act, Exchange Act, Trust Indenture Act, and Investment Company Act and the rules and regulations under those Acts. Nothing in Rule 405 of Regulation S–T (§ 232.405) or this Rule 406 changes the liability otherwise applicable to an electronic filer's Related Official Filing.

(b) *Liability for Interactive Data in Viewable Form.* Interactive Data in Viewable Form are subject to liability under the Securities Act, Exchange Act, Trust Indenture Act, and Investment Company Act and the rules and regulations under those Acts in the same way and to the same extent as the Related Official Filing.

(c) *Liability for Interactive Data File.* An Interactive Data File submitted to the Commission:

(1) Will be deemed to comply with Rule 405 if:

(A) The electronic filer makes a good faith and reasonable attempt to comply with Rule 405; and

(B) As soon as reasonably practicable after the electronic filer becomes aware that the Interactive Data File does not comply with Rule 405, the electronic filer amends the Interactive Data File to comply with Rule 405.

(2) That complies or is deemed to comply with Rule 405 is not subject to liability under any provision of the Securities Act, Exchange Act, Trust Indenture Act and Investment Company Act or the rules and regulations under those Acts for failure to comply with Rule 405.

(3) In addition to paragraphs (c)(1) and (c)(2),

(A) Is deemed not filed or part of a registration statement or prospectus for purposes of sections 11 and 12 of the Securities Act (15 U.S.C. 77k and 77*l*), is deemed not filed for purposes of section 18 of the Exchange Act (15 U.S.C. 78r) and section 34(b) of the Investment Company Act (15 U.S.C. 80a–33(b)), and otherwise is not subject to the liabilities of these sections;

(B) Is deemed filed for purposes of (and thereby benefits from the liability protection provided by) Item 103 of Regulation S–T (§ 232.103); and

(C) Other than as stated in subparagraph (c)(3)(A), is subject to liability for the substantive content of the financial and other disclosures, as distinct from its compliance with Rule 405, under the Securities Act, Exchange Act, Trust Indenture Act, and Investment Company Act and the rules and regulations under those Acts in the same way and to the same extent as the Related Official Filing.

PART 239—FORMS PRESCRIBED UNDER THE SECURITIES ACT OF 1933

15. The authority citation for part 239 continues to read in part as follows:

Authority: 15 U.S.C. 77f, 77g, 77h, 77j, 77s, 77z–2, 77z–3, 77sss, 78c, 78*l*, 78m, 78n, 78o(d), 78u–5, 78w(a), 78*ll*, 78mm, 80a–2(a), 80a–3, 80a–8, 80a–9, 80a–10, 80a–13, 80a–24, 80a–26, 80a–29, 80a–30, and 80a–37, unless otherwise noted.

* * * * *

16. Amend § 239.13 by revising paragraph (a)(8) to read as follows:

§ 239.13 Form S–3, for registration under the Securities Act of 1933 of securities of certain issuers offered pursuant to certain types of transactions.

* * * * *

(a) * * *

(8) *Electronic filings.* In addition to satisfying the foregoing conditions, a registrant subject to the electronic filing requirements of Rule 101 of Regulation S–T (§ 232.101 of this chapter) shall have:

(i) Filed with the Commission all required electronic filings, including electronic copies of documents submitted in paper pursuant to a hardship exemption as provided by Rule 201 or Rule 202(d) of Regulation S–T (§ 232.201 or § 232.202(d) of this chapter); and

(ii) Submitted electronically to the Commission and posted on its corporate Web site, if any, all Interactive Data Files required to be submitted and posted under either Item 601(b)(101) of Regulation S–K (§ 229.601(b)(101) of this chapter) or Item 101 of the Instructions as to Exhibits of Form 20–F (§ 249.220f of this chapter) during the twelve calendar months and any portion of a month immediately preceding the filing of the registration statement on this Form.

17. Amend Form S–3 (referenced in § 239.13) by revising paragraph I.A.8 and adding paragraphs I.A.8(a) and I.A.8(b) of the General Instructions to read as follows:

Note: The text of Form S–3 does not and this amendment will not appear in the Code of Federal Regulations.

Form S–3

* * * * *

General Instructions

I. * * *

A. * * *

8. *Electronic filings.* In addition to satisfying the foregoing conditions, a

registrant subject to the electronic filing requirements of Rule 101 of Regulation S–T (§ 232.101 of this chapter) shall have:

(a) Filed with the Commission all required electronic filings, including electronic copies of documents submitted in paper pursuant to a hardship exemption as provided by Rule 201 or Rule 202(d) of Regulation S–T (§ 232.201 or § 232.202(d) of this chapter); and

(b) Submitted electronically to the Commission and posted on its corporate Web site, if any, all Interactive Data Files required to be submitted and posted under either Item 601(b)(101) of Regulation S–K (§ 229.601(b)(101) of this chapter) or Item 101 of the Instructions as to Exhibits of Form 20–F (§ 249.220f of this chapter) during the twelve calendar months and any portion of a month immediately preceding the filing of the registration statement on this Form.

* * * * *

18. Amend § 239.16b by revising paragraph (b) to read as follows:

§ 239.16b Form S–8, for registration under the Securities Act of 1933 of securities to be offered to employees pursuant to employee benefit plans.

(a) * * *

(b) *Electronic filings.* In addition to satisfying the foregoing conditions, a registrant subject to the electronic filing requirements of Rule 101 of Regulation S–T (§ 232.101 of this chapter) shall have:

(1) Filed with the Commission all required electronic filings, including electronic copies of documents submitted in paper pursuant to a hardship exemption as provided by Rule 201 or Rule 202(d) of Regulation S–T (§ 232.201 or § 232.202(d) of this chapter); and

(2) Submitted electronically to the Commission and posted on its corporate Web site, if any, all Interactive Data Files required to be submitted and posted under either Item 601(b)(101) of Regulation S–K (§ 229.601(b)(101) of this chapter) or Item 101 of the Instructions as to Exhibits of Form 20–F (§ 249.220f of this chapter) during the twelve calendar months and any portion of a month immediately preceding the filing of the registration statement on this Form.

19. Amend Form S–8 (referenced in § 239.16b) by revising paragraph A.3 and adding paragraphs A.3(a) and A.3(b) of the General Instructions to read as follows:

Note: The text of Form S–8 does not and this amendment will not appear in the Code of Federal Regulations.

Form S–8

* * * * *

General Instructions

A. * * *

1. * * *

2. * * *

3. *Electronic filings.* In addition to satisfying the foregoing conditions, a registrant subject to the electronic filing requirements of Rule 101 of Regulation S–T (§ 232.101 of this chapter) shall have:

(a) Filed with the Commission all required electronic filings, including electronic copies of documents submitted in paper pursuant to a hardship exemption as provided by Rule 201 or Rule 202(d) of Regulation S–T (§ 232.201 or § 232.202(d) of this chapter); and

(b) Submitted electronically to the Commission and posted on its corporate Web site, if any, all Interactive Data Files required to be submitted and posted under either Item 601(b)(101) of Regulation S–K (§ 229.601(b)(101) of this chapter) or Item 101 of the Instructions as to Exhibits of Form 20–F (§ 249.220f of this chapter) during the twelve calendar months and any portion of a month immediately preceding the filing of the registration statement on this Form.

* * * * *

20. Amend § 239.33 by revising paragraph (a)(6) to read as follows:

§ 239.33 Form F–3, for registration under the Securities Act of 1933 of securities of certain foreign private issuers offered pursuant to certain types of transactions.

* * * * *

(a) * * *

(6) *Electronic filings.* In addition to satisfying the foregoing conditions, a registrant subject to the electronic filing requirements of Rule 101 of Regulation S–T (§ 232.101 of this chapter) shall have:

(i) Filed with the Commission all required electronic filings, including electronic copies of documents submitted in paper pursuant to a hardship exemption as provided by Rule 201 or Rule 202(d) of Regulation S–T (§ 232.201 or § 232.202(d) of this chapter); and

(ii) Submitted electronically to the Commission and posted on its corporate Web site, if any, all Interactive Data Files required to be submitted and posted under either Item 601(b)(101) of Regulation S–K (§ 229.601(b)(101) of this chapter) or Item 101 of the Instructions as to Exhibits of Form 20–F (§ 249.220f of this chapter) during the twelve calendar months and any portion of a month immediately preceding the filing of the registration statement on this Form.

* * * * *

21. Amend Form F–3 (referenced in § 239.33) by revising paragraph I.A.6 and adding paragraphs I.A.6(i) and I.A.6(ii) of the General Instructions to read as follows:

Note: The text of Form F–3 does not and this amendment will not appear in the Code of Federal Regulations.

Form F–3

* * * * *

General Instructions

I. * * *

A. * * *

6. *Electronic filings.* In addition to satisfying the foregoing conditions, a registrant subject to the electronic filing requirements of Rule 101 of Regulation S–T (§ 232.101 of this chapter) shall have:

(i) Filed with the Commission all required electronic filings, including electronic copies of documents submitted in paper pursuant to a hardship exemption as provided by Rule 201 or Rule 202(d) of Regulation S–T (§ 232.201 or § 2.202(d) of this chapter); and

(ii) Submitted electronically to the Commission and posted on its corporate Web site, if any, all Interactive Data Files required to be submitted and posted under either Item 601(b)(101) of Regulation S–K (§ 229.601(b)(101) of this chapter) or Item 101 of the Instructions as to Exhibits of Form 20–F (§ 249.220f of this chapter) during the twelve calendar months and any portion of a month immediately preceding the filing of the registration statement on this Form.

* * * * *

PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934

22. The authority citation for part 240 continues to read in part as follows:

Authority: 15 U.S.C. 77c, 77d, 77g, 77j, 77s, 77z–2, 77z–3, 77eee, 77ggg, 77nnn, 77sss, 77ttt, 78c, 78d, 78e, 78f, 78g, 78i, 78j, 78j–1, 78k, 78k–1, 78*l*, 78m, 78n, 78o, 78p, 78q, 78s, 78u–5, 78w, 78x, 78*ll*, 78mm, 80a–20, 80a–23, 80a–29, 80a–37, 80b–3, 80b–4, 80b–11, and 7201 *et seq.*; and 18 U.S.C. 1350, unless otherwise noted.

* * * * *

23. Amend § 240.13a–14 by revising paragraph (f) to read as follows:

§ 240.13a–14 Certification of disclosure in annual and quarterly reports.

* * * * *

(f) The certification requirements of this section do not apply to

(1) An Interactive Data File, as defined in Rule 11 of Regulation S–T (§ 232.11 of this chapter); or

(2) XBRL-Related Documents, as defined in Rule 11 of Regulation S–T.

24. Amend § 240.15d–14 by revising paragraph (f) to read as follows:

§ 240.15d–14 Certification of disclosure in annual and quarterly reports.

* * * * *

(f) The certification requirements of this section do not apply to:

(1) An Interactive Data File, as defined in Rule 11 of Regulation S–T (§ 232.11 of this chapter); or

(2) XBRL-Related Documents, as defined in Rule 11 of Regulation S–T.

PART 249—FORMS, SECURITIES EXCHANGE ACT OF 1934

25. The authority citation for part 249 continues to read in part as follows:

Authority: 15 U.S.C. 78a *et seq.,* 7202, 7233, 7241, 7262, 7264, and 7265; and 18 U.S.C. 1350, unless otherwise noted.

* * * * *

26. Amend Form 20–F (referenced in § 249.220f) by revising paragraph 100 and adding paragraph 101 at the end of ''Instructions as to Exhibits'' to read as follows:

Note: The text of Form 20–F does not and this amendment will not appear in the Code of Federal Regulations.

Form 20–F

* * * * *

Instructions as to Exhibits

* * * * *

100. *XBRL-Related Documents.* Only a registrant that prepares its financial statements in accordance with Article 6 of Regulation S–X (17 CFR 210.6–01 *et seq.*) is permitted to participate in the voluntary XBRL (eXtensible Business Reporting Language) program and, as a result, may submit XBRL-Related Documents (§ 232.11 of this chapter). Rule 401 of Regulation S–T (§ 232.401 of this chapter) sets forth further details regarding eligibility to participate in the voluntary XBRL program.

101. *Interactive Data File.* An Interactive Data File (§ 232.11 of this chapter) is:

(a) Required to be submitted to the Commission and posted on the registrant's corporate Web site, if any, in the manner provided by Rule 405 of Regulation S–T (§ 232.405 of this chapter) if the Form 20–F is an annual report and the registrant is not specified by paragraph (c) of this Instruction 101 and is:

(i) A large accelerated filer (§ 240.12b–2 of this chapter) that had an aggregate worldwide market value of the voting and non-voting common equity held by non-affiliates of more than $5 billion as of the last business day of its most recently completed second fiscal quarter that is a foreign private issuer (§ 240.3b–4(c) of this chapter) that prepares its financial statements in accordance with generally accepted accounting principles as used in the United States and the filing contains financial statements of the registrant for a period that ends on or after December 15, 2008;

(ii) A large accelerated filer not specified in paragraph (a)(i) of this instruction but is a foreign private issuer that prepares its financial statements in accordance with generally accepted accounting principles as used in the United States and the filing contains financial statements of the registrant for a period that ends on or after December 15, 2009;

(iii) A filer not specified in paragraph (a)(i) or (ii) of this instruction that is a foreign private issuer that prepares its financial statements in accordance with generally accepted accounting principles as used in the United States and the filing contains financial statements of the registrant for a period that ends on or after December 15, 2010; and

(iv) A foreign private issuer that prepares its financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and the filing contains financial statements of the registrant for a period that ends on or after December 15, 2010.

(b) Permitted to be submitted to the Commission in the manner provided by Rule 405 of Regulation S–T (§ 232.405 of this chapter) if the registrant:

(i) Prepares its financial statements

(A) In accordance with either

(1) Generally accepted accounting principles as used in the United States; or

(2) International Financial Reporting Standards as issued by the International Accounting Standards Board; and

(B) Not in accordance with Article 6 of Regulation S–X (17 CFR 210.6–01 *et seq.*); and

(ii) Is not required to be submitted to the Commission under paragraph (a) of this Instruction 101.

(c) Not permitted to be submitted to the Commission if the registrant prepares its financial statements in accordance with Article 6 of Regulation S–X (17 CFR 210.6–01 *et seq.*).

* * * * *

27. Amend Form 6–K (referenced in § 249.306) by revising paragraph (5) to General Instruction C to read as follows:

Note: The text of Form 6–K does not and this amendment will not appear in the Code of Federal Regulations.

Form 6–K

* * * * *

General Instructions

* * * * *

C. * * *

(5) *XBRL-Related Documents.* Only a registrant that prepares its financial statements in accordance with Article 6 of Regulation S–X (17 CFR 210.6–01 *et seq.*) is permitted to participate in the voluntary XBRL (eXtensible Business Reporting Language) program and, as a result, may submit XBRL-Related Documents (§ 232.11 of this chapter). XBRL-Related Documents submitted as an exhibit to a Form 6–K must be listed as exhibit 100. Rule 401 of Regulation S –T (§ 232.401 of this chapter) sets forth further details regarding eligibility to participate in the voluntary XBRL program.

* * * * *

By the Commission.

Dated: May 30, 2008.

Florence E. Harmon,

Acting Secretary.

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