

MEMO# 21004

March 30, 2007

Keynote Address by Vanguard Chairman at SEC Interactive Data Roundtable

[21004]

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TO: BOARD OF GOVERNORS No. 10-07
SEC RULES COMMITTEE No. 33-07
XBRL WORKING GROUP RE: KEYNOTE ADDRESS BY VANGUARD CHAIRMAN AT SEC
INTERACTIVE DATA ROUNDTABLE

The Securities and Exchange Commission held a roundtable on March 19th on the use of interactive data by public companies and mutual funds to improve disclosure for individual investors. [\[1\]](#) John J. Brennan, Chairman and CEO of the Vanguard Group, gave the keynote address. His remarks are attached and summarized below.

In his remarks, Mr. Brennan offered his perspective on how XBRL data tagging might benefit mutual fund investors in the fund evaluation and selection process. He expressed Vanguard's support for the SEC's proposal to expand its voluntary XBRL reporting program to allow mutual funds to file XBRL-tagged risk/return summaries. Mr. Brennan added that if the SEC votes to approve the proposal, "Vanguard will be happy to participate."

Mr. Brennan discussed the critical importance of technology to Vanguard, which he described as a "virtual company" with no local offices around the country. He explained the principles that Vanguard follows when evaluating new technologies, stating that a new technology must be both "useful" (i.e., it empowers clients to be better long-term investors) and "usable" (i.e., practical and investor-friendly). In this regard, Vanguard believes that XBRL has the potential to make mutual fund disclosure both more useful and more usable for investors.

Mr. Brennan also expressed Vanguard's enthusiastic support for a related SEC initiative to reform mutual fund disclosure by providing investors with a shorter, more useful form of the prospectus as the primary disclosure document. Noting that the prospectus in its current form "is not an investor-friendly tool," Mr. Brennan urged that "[i]f we want to help investors be successful, let's give them the right tools to make educated investment decisions. Tools that are useful and usable."

In concluding, Mr. Brennan said that the two initiatives discussed above are important reforms for mutual fund investors. Filing mutual fund risk/return summaries in XBRL is "a step in the right direction." Creating a shorter version of the prospectus as the primary disclosure document "represents a great leap forward, and will ensure investors get the most relevant and useful information, delivered in a user-friendly format."

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Deputy Senior Counsel

[Attachment](#)

endnotes

[1] See Commission Announces March 19 Roundtable: Creating Interactive Data to Serve Investors, SEC Press Release 2007-37 (March 8, 2007), available at <http://www.sec.gov/news/press/2007/2007-37.htm>.

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