

MEMO# 23238

February 6, 2009

SEC Adopts XBRL Financial Statement Tagging Rules for Operating Companies

[23238]

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TO: ACCOUNTING/TREASURERS MEMBERS No. 9-09
ETF ADVISORY COMMITTEE No. 3-09
SEC RULES MEMBERS No. 13-09
SMALL FUNDS MEMBERS No. 10-09
TECHNOLOGY COMMITTEE No. 4-09
XBRL WORKING GROUP RE: SEC ADOPTS XBRL FINANCIAL STATEMENT TAGGING RULES
FOR OPERATING COMPANIES

The Securities and Exchange Commission recently adopted final rules requiring operating companies to apply interactive data tags to their financial statements. [\[1\]](#) Consistent with comments submitted by the Institute, the final rules do not apply to investment companies registered under the Investment Company Act, business development companies, and other entities that prepare their financial statements in accordance with Article 6 of Regulation S-X. The Adopting Release notes that the final rules do not apply to these entities because the standard list of tags for investment company financial statements is still under development. Investment companies may continue to file their XBRL-tagged financial statements under the Commission's voluntary filer program.

The Commission has also adopted rules requiring interactive data for the risk/return summary section of mutual fund prospectuses. [\[2\]](#) However, the adopting release for these rules is not yet public. The Institute will notify you when these rules are available. The rules requiring application of interactive data to operating company financial statements are summarized below.

Interactive Data Financial Statements

The final rules require domestic and foreign large accelerated filers that use U.S. GAAP and

have a worldwide public common equity float above \$5 billion to provide interactive data financial statements for periods ending on or after June 15, 2009. According to the Adopting Release, the \$5 billion cut-off will require approximately 500 filers to be subject to interactive data reporting in the first year. Interactive data financial statements must be provided as an exhibit to registration statements, quarterly reports, annual reports, and transition reports, as well as reports on Form 8-K that contain revised or updated financial statements. All other domestic and foreign large accelerated filers using U.S. GAAP will be subject to interactive data reporting requirements beginning with periods ending on or after June 15, 2010. All remaining filers using U.S. GAAP and all foreign private issuers that use IFRS will be subject to interactive data reporting beginning with periods ending on or after June 15, 2011.

Under the final rules, financial statement footnotes and financial statement schedules initially will be tagged individually as a block of text. After one year of such tagging, filers will also be required to tag the detailed quantitative disclosures within the footnotes and schedules, and will be permitted, but not required to tag each narrative disclosure.

Interactive data financial statements will be filed as an exhibit to the related registration statement or periodic report. The interactive data exhibit must be filed as part of the related registration statement or periodic report, except that the initial interactive data exhibit may be filed not more than 30 days after the related report or registration statement. Further, in year two, a filer will have a similar 30-day grace period for its first interactive data exhibit that contains detailed footnote tagging. Filers will continue to include ASCII or HTML versions of their financial statements in their EDGAR filings

A filer required to provide interactive data financial statements with the Commission will be required to post those interactive data financial statements on its corporate web site not later than the end of the calendar day it filed or was required to file the related registration statement or periodic report with the Commission, whichever is earlier. [\[3\]](#) Filers that do not provide or post required interactive data financial statements on the date required will be deemed not current with their Securities Exchange Act reporting requirements and will not be eligible to use the Commission's short form registration statements. Further, such filers will not be deemed to have available adequate current public information for purposes of the resale exemption safe harbor provided by Rule 144 of the Securities Act.

An interactive data file generally will be subject to the federal securities laws in a modified manner similar to that of the voluntary program if the filing is submitted within 24 months of the time the filer is first required to submit interactive data files. During this time, interactive data files will be a) deemed not filed for purposes of specific liability provisions; and b) protected from liability for failure to comply with the tagging requirements if the interactive data file failed to meet those requirements but the failure occurred despite the filer's good faith effort and the filer corrected the failure promptly.

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Compliance & Fund Accounting

endnotes

[\[1\]](#) See Interactive Data to Improve Financial Reporting, SEC Release Nos. 33-9002 and

IC-28609 (January 30, 2009) ("Adopting Release"), available at <http://www.sec.gov/rules/final/2009/33-9002.pdf>.

[2] See Press Release No. 2008-300 (December 18, 2008) available at <http://www.sec.gov/news/press/2008/2008-300.htm>.

[3] However, web site posting of interactive data will not be required until the end of any applicable grace period that applies to the submission of interactive data to the Commission.

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