

1 UNITED STATES SECURITIES AND EXCHANGE COMMISSION

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6 INTERNATIONAL ROUNDTABLE ON

7 INTERACTIVE DATA FOR PUBLIC FINANCIAL REPORTING

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9 (Amended 7/10/08)

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12 Tuesday, June 10, 2008

13 9:42 a.m. - 12:07 p.m.

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23 United States Securities and Exchange Commission

24 100 F. Street, Northwest, Room L-002

25 Washington, DC

1 APPEARANCES:

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3 MEMBERS OF THE COMMISSION: Christopher Cox, Chairman

4

5 MODERATOR: Terry Savage, Syndicated Journalist with the

6 Chicago Sun-Times and President of Terry Savage

7 Productions

8

9 PANELISTS:

10 Mr. James E.A. Turner, Vice-Chair, Ontario Securities

11 Commission, Canada

12

13 Dr. Li Wei, Deputy Director-General, Information Center,

14 China Securities Regulatory Commission, China

15

16 Mr. Natan Hershkovitz, Chief Information Officer, Israel

17 Securities Authority, Israel

18

19 Mr. Toshinori Kobayashi, Director of Enforcement for

20 Corporate Disclosure, Financial Services Agency, Japan

21

22 Mr. Jos, Manuel Alonso, Head, Information Technology,

23 Comision Nacional del Mercado de Valores (CNMV), Mexico

24

25

## 1 APPEARANCES (Continued):

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3 Mr. Stefano Natella, Head, Global Equity Research, Credit

4 Suisse

5

6 Mr. Shi Xiaocheng, Deputy Director, Information Center,

7 Shanghai Stock Exchange, China

8

9 Mr. Khushro Bulsara, General Manager, Bombay Stock Exchange,

10 India

11

12 Mr. Harm-Jan van Burg, Senior Policy Maker, Ministry of

13 Finance, the Netherlands

14

15 Mr. Olivier Servais, XBRL Team Leader, International

16 Accounting Standards Committee Foundation, IASC

17 Foundation

18

19 Mr. David Blaszukowsky, Director, Office of Interactive

20 Disclosure, U.S. Securities and Exchange Commission

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## 1 PROCEEDINGS

2 CHAIRMAN COX: Good morning, and welcome to the  
3 SEC's international roundtable on interactive data.

4 While the title of today's roundtable is focused on  
5 the main ingredients of the new 21st century investing, the  
6 reason we're all here, leading market participants from all  
7 over the world, is that we're excited about what these  
8 technological ingredients can produce.

9 It's certainly interesting that interactive data  
10 operates using a computer language called XBRL, and that this  
11 computer language can be used to write data tags that act  
12 like bar codes for financial information. But it's a good  
13 deal more interesting that whereas today, and ordinary  
14 investor can't compare the financial reports of six or 12 or  
15 24 companies without an enormous amount of work, in the near  
16 future that power will be at his or her fingertips, probably  
17 for free, on just about any financial website.

18 And it's even more exciting that our ordinary  
19 investor will not only be able to compare U.S. companies, but  
20 companies around the world. That's because interactive data  
21 is being built to accommodate at least 30 different spoken  
22 languages, and it's being introduced in nearly every major  
23 market around the world.

24 Today, the same XBRL data tags that are produced  
25 for investors financial summaries from annual filings with

1 the Tokyo Stock Exchange are being used by the U.S. Federal  
2 Deposit Insurance Corporation, the FDIC, to organize reports  
3 from some 8,300 banks, and by the national securities and  
4 banking authorities of the Netherlands, Singapore, China,  
5 Israel, Spain, India, Colombia, and as you'll hear on this  
6 morning's panel, many, many more.

7       We're fortunate to have with us today more than ten  
8 representatives from countries that have already adopted or  
9 are considering interactive data reporting for public  
10 companies. Our panelists this morning also include Stefano  
11 Natella, who's the Head of Global Equity Research for Credit  
12 Suisse, and who will address from the investor's standpoint  
13 how investors can best take advantage of the capabilities of  
14 interactive data.

15       I'd particularly like to thank our moderator, Terry  
16 Savage, the well-known syndicated personal finance columnist  
17 with the Chicago Sun-Times, who will guide today's  
18 discussion. Terry's a best-selling author, a nationally  
19 known expert on personal finance, and a regular television  
20 commentator on CNN, CNBC, PBS, and NBC on issues related to  
21 investing and financial markets.

22       She's known for advice that's well-grounded in both  
23 discipline and common sense that's just as useful to the  
24 sophisticated investor as it is to those just getting  
25 started. Her common-sense thinking will help ensure that

1 today's roundtable doesn't stray into techno-babble or  
2 geek-speak, and remains focused on what investors are  
3 interested in so that we can all learn and benefit from  
4 what's said.

5 I also want to thank every one of our panelists. I  
6 know many, indeed most, of you have traveled a great distance  
7 to be here with us, and I want very much to thank you for  
8 doing that and for sharing your own experiences in your own  
9 countries with interactive data.

10 We appreciate the time that you've taken out of  
11 your busy schedule to help the Commission better understand  
12 the benefits and challenges of interactive data around the  
13 world. I'm confident that your knowledge will assist the  
14 Commission in our own deliberations on this important topic.

15 Today's roundtable, by the way, comes on the heels  
16 of a proposed rule that was issued by the Commission on  
17 May 30th titled, "Interactive data to improve financial  
18 reporting." The timing of this roundtable, therefore, means  
19 that the discussion today will contribute to the public  
20 record for that proposed rulemaking.

21 Companies in many of the countries that have  
22 already mandated interactive data filing rely on tags that  
23 correspond to international financial reporting standards.  
24 And we're fortunate to have with us on the panel this morning  
25 Oliver -- or I should say Olivier -- Servais, the XBRL team

1 leader at the IASC Foundation, who's here to join us. His  
2 participation is especially important because our rule  
3 proposal, if it is adopted, will apply to both issuers  
4 reporting under U.S. generally accepted accounting principles  
5 and issuers reporting under international financial reporting  
6 standards.

7       Financial reporting using interactive data is  
8 taking off around the globe. And today we have the benefit  
9 of hearing about the implementation experience in seven  
10 countries. The panelists are going to consider this morning  
11 important questions, including: how investors can benefit  
12 from company filings in interactive data; the different ways  
13 that investors are already using interactive data; and the  
14 way issuers around the world are responding to the  
15 requirement that they provide their financial reports in  
16 interactive data format.

17       To our audience here and on the web, I hope that  
18 you will take advantage of this discussion, and indeed  
19 consider the SEC's proposed rule and provide us, if you care  
20 to do so, with your comments. We would greatly benefit from  
21 that.

22       Again, I wish to thank our panelists, our  
23 moderator, and Commissioner Casey, who will join us soon and  
24 presumably jump in, as I will, and ask questions from time to  
25 time. But now I want to turn over command and control of



1 this splendid panel this morning to our moderator, Terry

2 Savage. Thanks, Terry.

3 MS. SAVAGE: Thank you, Chairman Cox. It is an  
4 honor to be here, and I congratulate you on your leadership  
5 of the United States and its multiple securities markets into  
6 the world of XBRL. I know it's been an interest and a, so to  
7 speak, cause of yours since the beginning, and it will  
8 ultimately -- I speak as someone who writes to investors -- I  
9 think it will be a wonderful addition to the kind of  
10 judgments we're requiring investors to make these days. They  
11 will now have the information at hand to make better  
12 decisions. That's the bottom line from my perspective.

13 But of course, we have with us a very distinguished  
14 international panel. We may have some language challenges, but we  
15 agreed that we all speak one language, and that language is  
16 numbers. And no matter what language you describe those  
17 numbers in, investors are interested in numbers that they can  
18 understand and compare.

19 And that seems to be the true benefit of XBRL, and  
20 many of these filings in many of these countries already take  
21 place in multiple languages. If you can agree, I think, on  
22 the accounting principles and rules, and then define them for  
23 companies to put the numbers together, and then put them in a  
24 format that is accessible, you have the makings of global  
25 financial information.

1           And so as we start this comment period for the U.S.  
2 proposed rule, and this is part of the record and being  
3 webcast live and also archived at sec.gov, where previous  
4 webcasts have had thousands upon thousands of hits to find  
5 out what is going on in XBRL, I'm sure this will prove a  
6 valuable part of the record.

7           Let me just briefly, for the sake of the cameras  
8 and our audience wherever, introduce all of our panelists.  
9 And then I will start and ask each panelist to talk a little  
10 bit about where their country is or their perspective on the  
11 adoption of XBRL so far.

12           So let me start at your left, at the far end of the  
13 table, and just briefly mention each person's name and  
14 affiliation. We have on the far left -- and you can raise  
15 your hand or something for the cameras -- Harm-Jan van Burg.  
16 He is the Senior Policy Maker at the Ministry of Finance in  
17 the Netherlands. You'll find some very interesting uses that  
18 the Netherlands has already put XBRL to, even outside of the  
19 securities industry.

20           Seated next to him is Natan HersHKovitz, the Chief  
21 Information Officer of the Israeli Securities Authority. And  
22 since January Israel has required all companies to file with  
23 a taxonomy that is based on IFRS, and has an interesting way  
24 of filing. We'll come back to that.

25           And next is Jos, Manuel Alonso, who is Head of

1 Information Technology for CNMV, Comision Nacional del  
2 Mercado de Valores. And this is a commission that is using  
3 XBRL through the Spanish Securities Commission, and also  
4 worked on by the Banco de Espana. And since March of 2008,  
5 23,000 companies in Spain are reporting on XBRL. So you can  
6 see this is well moving around the world.

7       Next is Toshinori Kobayashi -- this is  
8 scary -- Director of Enforcement for Corporate Disclosure for  
9 the Japan Financial Services Agency. In Japan, they use a  
10 reporting system called EDINET. It became mandatory in April  
11 of 2008 for all securities issuers. So Japan has already had  
12 experience. We will come back to talk about that.

13       And next is Khushro Bulsari -- Bulsara,  
14 sorry -- General Manager of the Bombay Stock Exchange. And  
15 he has been a member of the XBRL team, which is looked over  
16 by something called the CFDS, the Corporate Filing and  
17 Dissemination System, which is the portal operated by India's  
18 two exchanges. So very interesting experience in Bombay.

19       Next is James E.A. Turner. Jim is the Vice-Chair  
20 of the Ontario Securities Commission. And he is involved in  
21 XBRL, so far, in Canada, a voluntary system, using Canadian  
22 GAAP and filed, of course, in Canada, as all things, in both  
23 English and French. I'm assured the numbers are again the  
24 same numbers we all recognize. And they're just beginning  
25 their development in Canada of XBRL, and as they transition

1 eventually, and sooner, perhaps, to IFRS, some issues arise.

2         And then we have two representatives from China.

3 So that we go in order, I will introduce them as Mr. Shi

4 Xiaocheng, or in English, Peter Shi, who is the Deputy

5 Director of the Information Center of the Shanghai Stock

6 Exchange. And next to him, Dr. Li Wei, who is the Deputy

7 Director-General of the China Securities Regulatory

8 Commission. And China has a history with XBRL going back to

9 2003 and moving forward some very interesting reporting being

10 done in China for thousands of companies now using XBRL.

11 We'll find out more.

12         Olivier, the Chairman referred to you. Olivier

13 Servais is the XBRL Team Leader for the International

14 Accounting Standards Committee Foundation, which is the

15 advisory board over the International Accounting Standards

16 Board. So in effect, they have the oversight of IFRS and

17 creating the taxonomy. Did I get that exactly the way you

18 said? All right. Perfect.

19         In fact, if we really need to look around the

20 world, which is mostly on IFRS, and that language has now

21 been completed, pretty well completed, in XBRL, it is because

22 of Olivier's cracking the whip, I think is to say.

23         And next, Stefano Natella, who is Head of Global

24 Equity Research at Credit Suisse. And Credit Suisse is

25 already using in its global research many of these tags and

1 comparisons that are now available in securities around the  
2 world, and is eagerly looking forward to having U.S.  
3 companies report in XBRL. Stefano, I think, is going to tell  
4 us that it makes research a lot easier. So we are going to  
5 cut your pay when it's easier. Right? Okay.

6         And joining me next to me, who is the man who I  
7 will turn to for all things current on the U.S. XBRL progress  
8 and this new proposed rule, is David Blaszukowsky, who is  
9 Director of the Office of Interactive Disclosure at the SEC.  
10 David has had experience in the private sector in equity  
11 research at S&P and some securities and mutual fund companies  
12 and consulting. So when we want to know, as a bounce-back  
13 from what everyone else is doing, where we stand in the U.S.,  
14 I turn to David. And I thank you for being with us.

15         So now that we know, I am going to ask each  
16 panelist to give a brief statement -- knowing that I work on  
17 television where they only give you maybe a minute at the  
18 most, I'll give you a little bit more than that -- to talk  
19 about, for many of your countries and securities exchanges,  
20 where you are now with XBRL.

21         How complete is your -- let's do "bing" whenever  
22 there's a word that needs a definition -- like taxonomy,  
23 which are tags; the taxonomy is the dictionary, and the tags  
24 are the notations made in any language for the numbers that  
25 we hope will soon be standard across global accounting -- so

1 where you are in the development of your taxonomy. These  
2 companies that report need to know how they should tag things  
3 like earnings or depreciation or the other financial terms  
4 from the balance sheet and income statement, if they're to  
5 report using.

6       So we want to know what basic accounting standards  
7 you use. How complete is your taxonomy, your dictionary of  
8 terms? Will it evolve as companies need special terms or  
9 tags or extensions? How many companies are currently filing?  
10 And how they are filing -- do they send things in to your  
11 regulatory commission or exchanges? What language do they  
12 use? Will they soon quit using the old languages of PDF  
13 files and HTML, the things we have on our EDGAR, and move  
14 completely to XBRL? We'd like your experience.

15       And before we get to those individual countries, I  
16 really would like to turn to Harm-Jan van Burg from the  
17 Netherlands, who has really a basic understanding for all of  
18 us on the true benefits, economic benefits, of using XBRL  
19 because, you see, the Netherlands did not start by using  
20 securities filings in XBRL. They are doing lots of things,  
21 collecting lots of commercial information and tax  
22 information. Tell us, please, Mr. van Burg, how the  
23 Netherlands is using XBRL and what the benefits are.

24       MR. VAN BURG: Thank you, Terry. Thank you,  
25 Chairman Cox. To make it brief -- I worked for radio also;

1 we had the same amount of time -- the Dutch government, for a  
2 number of years, has had a plan to reduce administrative  
3 burden for all of our companies, past administration by 25  
4 percent and the current administration also for 25 percent.  
5 You could call it to improve the economics of reporting.

6 We found out, as many of you know, is that multiple  
7 regulators use multiple languages and multiple systems and  
8 multiple forms to ask or demand financial information from  
9 companies, not only security regulators but also tax  
10 authorities and commercial banks.

11 So what we did is we created a taxonomy. To answer  
12 that question, our taxonomy is ready and it's been in  
13 operation since a couple of years now. But it took a while  
14 before the filings were streaming in.

15 At this moment, the amount of filings we receive  
16 are about 100 a day, up to 10,000 a month, from July 1st.  
17 Most of these filings are not about public disclosures, but  
18 are tax filings, which shouldn't be disclosed, as you  
19 probably agree with me. And they are being sent in by the  
20 majority of -- or they can be sent in by the majority of  
21 small companies. So we aimed at small companies because  
22 there, the biggest numbers in reduction of administrative  
23 costs could be achieved.

24 The calculated administrative burden reduction in  
25 our program -- and I will say the same sort of thing happens

1 in Australia; my colleagues can't be here, but they have a  
2 similar program -- we estimate a saving for the companies  
3 from about a billion Euro per year if all companies who are  
4 able to do it actually do that. And that's not only achieved  
5 by using XBRL, but also allowing small entities to file  
6 commercially on a fiscal basis. So we are moving to a more  
7 fiscal-oriented filing situation as well.

8 I think that's it.

9 MS. SAVAGE: Let me follow up just briefly. What  
10 kind of requirement did you have for this? Could you require  
11 everyone, for example, to do their tax forms in XBRL? And  
12 second, what kind of resistance did you have if it was not  
13 required?

14 MR. VAN BURG: At this moment, it's a voluntary  
15 program. Because we believe very strongly in the business  
16 case, the present administration, where I work for doesn't  
17 want to go to a mandatory situation. However, I must say  
18 that tax filing in the Netherlands is mandatory electronic,  
19 but not in XBRL. It's mandatory electronic.

20 So XBRL, there is a possibility. If you look at  
21 the most companies who file right now, most of the companies  
22 don't even know it because it's their intermediary who files  
23 on behalf of them. So a large emphasis has to be put on the  
24 burden of the -- or on the position of the intermediaries.

25 So there is no actual requirement to file in XBRL,



1 but we believe it's cheaper in the very end. And it  
2 also -- we are also very glad that about almost a year  
3 waiting, the largest commercial banks used our taxonomy as  
4 well for credit risk filing for small entities. And that is  
5 very economic.

6 MS. SAVAGE: Free market use of it drives demand?

7 MR. VAN BURG: Free market use -- yes.

8 CHAIRMAN COX: Terry, I know we want to move  
9 through quickly so I'll be very quick, and I hope I ask a  
10 question that's able to be answered very quickly.

11 Your focus is on improving the economics of  
12 reporting.

13 MR. VAN BURG: Yes.

14 CHAIRMAN COX: And so you started with smaller  
15 companies because the reduction in administrative burden  
16 would be of most value to them. We did it exactly the  
17 opposite here in the United States; we started with the big  
18 companies. Are we doing it backwards? And what's in it for  
19 the small companies? What benefits do they realize right  
20 away?

21 MR. VAN BURG: The benefits they realize, at least  
22 the calculated benefits, is that they spend less time on  
23 reporting, and let's say mostly they spend less time in  
24 consolidating. Our vision is that XBRL filing in the future  
25 has to come directly from the financial software, directly

1 from their administrative system.

2           That's the reason why we worked very hard with the  
3 software industry to enable software packages, with the push  
4 of a button, to create the filings and create consolidation.  
5 And that leads to the effect that every company spends a  
6 couple of less on, let's say, the intermediary costs. And  
7 that leads directly to cost saving and improvement of the  
8 work of the intermediary.

9           MS. SAVAGE: And you, sir, Mr. Cox, have done very  
10 much that. I remember from previous panels encouraging  
11 private companies to develop filing systems and readers. And  
12 in previous panels, we heard no complaints about the cost of  
13 XBRL, and I don't hear it from the corporate side, either.  
14 So the U.S. -- in your comments, all companies will be filing  
15 by 2010. And it's interesting to hear that it's not just an  
16 issue of the size and the resources needed once the system is  
17 set up.

18           CHAIRMAN COX: Well, that's right. And even though  
19 it's a phased-in schedule under the rule, just as in the  
20 Netherlands, smaller companies that want to do this on a  
21 voluntary basis can do so immediately.

22           MS. SAVAGE: All right. Let's move right down the  
23 line so everybody has a chance to describe what they are  
24 doing. And Israel has certainly been a leader in XBRL.  
25 We're going to hear from Natan Hershkovitz of the Israeli

1 Securities Authority.

2 I find your program very interesting. You use  
3 something called MAGNA, which is like our EDGAR system. But  
4 am I correct that the companies file on the internet using  
5 HTML to fill in the boxes, so to speak, fixed boxes and free  
6 text boxes, and then the ISA, the Israeli Securities  
7 Authority, translate those numbers ultimately into XBRL? Am  
8 I correct that that's how it's worked, and now starting in  
9 January all companies will be filing this way in Israel?

10 MR. HERSHKOVITZ: That's right, Terry. We're using  
11 the MAGNA systems starting of 2003. And it's mandatory for  
12 all companies -- actually, it's mandatory for others also,  
13 like mutual funds, like portfolio managers, and so on. Every  
14 report that has to be distributed or published in Israel has  
15 to go through the MAGNA system. And that's starting of 2003.

16 Now, in the recent years, we found out about XBRL.  
17 So we changed the computer system of MAGNA to support this  
18 XBRL. So what's basically happening is that a company that  
19 sends a financial report, a person from the company just  
20 fills in a list of attributes, a list of fields that he's  
21 familiar with, in Hebrew. It says -- they fill in the net  
22 profit, it says in Hebrew, and the company knows very well  
23 what number to put in, or their information systems put the  
24 numbers in automatically.

25 When the person press the button to send the

1 report, our MAGNA system transfers it into XBRL format, which  
2 was approved by the XBRL consortium. So what the company  
3 sends is merely an HTML file. What the public sees is  
4 standard XBRL file, and done completely automatically. No  
5 one is making any effort to do this.

6 It started in January 2008 at the same time when  
7 Israel adopted IFRS. Before adopting IFRS, there was not  
8 much benefit of using XBRL because we are actually using  
9 Israeli GAAP, which was not known by others. Now, when we  
10 are IFRS, we are using the XBRL that's compatible with the  
11 IFRS and are able to translate basically our financial data  
12 which the company sent it in Hebrew to any other language.

13 MS. SAVAGE: So that's fascinating. It brings up  
14 two interesting points: number one, which Olivier, I know,  
15 will comment on, the benefits of having a globally compatible  
16 accounting standard such as IFRS; but number two, and I'd  
17 like to pursue this just a little bit, you don't use  
18 intermediaries, private companies, or you don't require the  
19 companies themselves to re-tag the numbers they send in XBRL  
20 or find someone to do it. The Securities Authority does it  
21 automatically.

22 How did you come to that way of doing it? Because  
23 you had MAGNA already?

24 MR. HERSHKOVITZ: Well, MAGNA was developed -- the  
25 concept of developing MAGNA was to put as little burden on

1 the company as possible, not to deal with opposition that  
2 companies would say, it's difficult for us; we don't know how  
3 to do it; it's expensive for us; we need a lot of resources.

4       So we said, computers are made of -- done to do  
5 things for us. So the company would do as less as possible,  
6 and the computers, the information systems, that we develop  
7 would do most of the effort automatically. And I think  
8 that's how we managed to create this project, to bring it to  
9 an end and to a successful end very quickly and very  
10 efficiently, because all the companies supported us.

11       The public supported us. Everyone just had  
12 benefits from our system. And the fact that computers do  
13 things automatically instead of people, well, that's the  
14 idea, isn't it?

15       MS. SAVAGE: All right. That brings up some  
16 interesting questions. We'll come back. For instance, when  
17 you want a new tag or an extension. But let me move on.  
18 That's a very interesting, different approach.

19       Sitting next to you is Jos, Manuel Alonso, head of  
20 the Information Technology at CNMV in Spain. Now, the  
21 Spanish Securities Commission has been very active in this  
22 XBRL, and starting in March you have 23,000 companies  
23 reporting. I take it you made it mandatory.

24       MR. ALONSO: Yes. But I have to correct you in  
25 some way. We have received 23,000 instances, but coming from

1 267 issuers and almost 3,000 collective investment vehicles.

2 MS. SAVAGE: I see. So it's multiple filings, the  
3 quarterly and so forth. What percentage of companies are  
4 filing, then, public companies? And is it mandatory, and how  
5 did you get this started?

6 MR. ALONSO: Well, we started in the first of July  
7 of 2005. We thought at that time that we, as the regulator, would  
8 receive a lot of information from the supervised entities.  
9 And the majority of this information is reverted to the  
10 financial markets in order to increase the transparency.

11 So we thought that this information was used by  
12 different users of the information. I mean financial  
13 analysts, investors, so on. And the information was input in  
14 disparate computer systems. So we thought that we need to  
15 receive the information in a format that were capable for  
16 both parts of the reporting supply chain. I mean for the  
17 reporting entities and also for the users of the regulated  
18 information.

19 So we decided to implement a standards-based  
20 reporting, and we choose XBRL at that time. So we started  
21 the first of July of 2005. And we decided -- we considered  
22 that the most important information was the financial  
23 statements submitted by listed companies, and we made  
24 mandatory the reporting of these financial statements in  
25 XBRL. So we receive 100 percent of the financial statements

1 from listed companies in XBRL since the first of July of  
2 2005.

3 MS. SAVAGE: And you created your own taxonomy in  
4 conjunction with the consortium. But what kind of project  
5 was that? Who did that, and how complete do you think it is  
6 now?

7 MR. ALONSO: When we created the first step of  
8 implementing XBRL was to create a taxonomy. And our taxonomy  
9 is called the IPP taxonomy. It is public periodic  
10 information. It's IPP. And we published this taxonomy.  
11 Anyone that has to report to the CNMV can use this taxonomy  
12 or has to use the taxonomy to prepare the XBRL files.

13 But to facilitate this implementation because we  
14 made the XBRL mandatory, we develop a tool, a template, based  
15 on an Excel spreadsheet. And so the listed companies have  
16 two possibilities. One is to use our template for preparing  
17 the XBRL reports, or to develop their own software using the  
18 IPP taxonomy, which is a public taxonomy approved by the XBRL  
19 Spain.

20 And what is the situation now? We have some legal  
21 changes and we have to change our IPP taxonomy. So we are  
22 preparing a second version of the IPP taxonomy that will be  
23 published in two months.

24 MS. SAVAGE: And so the companies that did it on  
25 their own will have to change theirs to correspond? Might as

1 well work with the government. Okay.

2 Moving on, Japan, a very interesting situation. We  
3 have Toshinori Kobayashi. I love your job title, Director of  
4 Enforcement of Corporate Disclosure. Do we have a comparable  
5 one, Chairman Cox, in the U.S.?

6 CHAIRMAN COX: Oh, yes.

7 (Laughter.)

8 MS. SAVAGE: The Japan Financial Services Agency.  
9 So explain where Japan is in requiring XBRL.

10 MR. KOBAYASHI: Thank you. I am very much honored  
11 to be here and to participate in this roundtable, and to  
12 introduce our experience and discuss on this interactive  
13 data.

14 Well, EDINET stands for Electronic Disclosure for  
15 Investors Network. It is FSA's governmental electronic  
16 disclosure system. When a company is listed or offers for  
17 public subscription, the company is required by Japanese law  
18 to make an electronic disclosure through EDINET.

19 The system was launched in 2001 in HTML format.  
20 And we started our governmental discussion on renovation of  
21 EDINET, introducing XBRL, in -- the discussion was started in  
22 2004. The background of the discussion is -- you remember  
23 the Japanese stock market was not in good condition in 2004.  
24 The main objective of introducing interactive data has been  
25 to revitalize our stock market by providing a strategic



1 solution to not only investors but also to the issuer  
2 companies.

3       And in August 2006, we started. The project began  
4 with development of the system of taxonomy, and the new  
5 EDINET was put into operation on the 17th March this year.  
6 All the companies that are filing on EDINET -- it is  
7 approximately 5,000 listed companies and 3,000 mutual  
8 funds -- are required to issue XBRL-enabled financial reports  
9 and statements starting in fiscal year 2008.

10       Since most firms in Japan have their fiscal year  
11 ending in March, the large majority of the companies will  
12 issue their first XBRL report for the first fiscal quarter  
13 report ending -- the fiscal quarter in June this year. And  
14 the report for that period will be submitted in August,  
15 mainly in August.

16       The EDINET taxonomy is based on the Japanese GAAP,  
17 and the number of items are about 5,000 at the moment. But I  
18 think it will be increasing because our scope of the XBRL is  
19 only financial information itself. It excludes notes at the  
20 moment.

21       MS. SAVAGE: It excludes notes at the moment?

22       MR. KOBAYASHI: It excludes notes at the moment.

23 But we have to think about it in the very near future. But  
24 anyway, when we include notes or some other non-financial  
25 statements, the number of tags will be increasing, I think.

1 MS. SAVAGE: And how has it been received by  
2 Japanese companies, and how do they convert their data into  
3 the filing? Or does EDINET do the conversion into XBRL, or  
4 do the companies submit in XBRL? And how are they reacting?

5 MR. KOBAYASHI: Fortunately, we haven't found any  
6 major complaints from the issuer companies. But some small  
7 and medium-sized companies feel uneasy or complaints about it  
8 because they have no skill or they have no technical people  
9 inside them. So that kind of complaints are needless, we  
10 have found. But not for many, negative reactions from the  
11 issuers.

12 MS. SAVAGE: And they are responsible the company,  
13 for converting the data into XBRL?

14 MR. KOBAYASHI: Yes.

15 MS. SAVAGE: And have companies -- have businesses  
16 started in Japan to provide this service?

17 MR. KOBAYASHI: Yes. There are two businesses in  
18 Japan for -- the first thing is that two vendors. I think  
19 there are not so many, but four or five vendors that provide  
20 that kind of XBRL tools. And at the first stage of our  
21 project, we were very concerned about the tools because at  
22 that time, there were not so many tools with low cost  
23 performance.

24 So at that time, we thought of providing ourselves,  
25 by ourselves, that kind of tools or some sort of software to

1 the public. But as time went on, we found some tool vendors  
2 very keen on providing some good tools with a very affordable  
3 cost, affordable fee.

4 MS. SAVAGE: Good.

5 MR. KOBAYASHI: I think we have met a few service  
6 vendors for filing XBRL. In Japan, the financial printing  
7 companies have a good skill on XBRL so that they will support  
8 the filers.

9 MS. SAVAGE: So it's a new business opportunity in  
10 Japan.

11 MR. KOBAYASHI: Right.

12 MS. SAVAGE: Helping companies convert. All right.

13 And now -- we're going global, you can  
14 tell -- moving on around the world, we move to the Bombay  
15 Stock Exchange, which Khushro Bulsara is a member of the XBRL  
16 team and general member of the exchange.

17 And very interesting: You have the SEBI, the  
18 Securities Exchange Board of India, using its own system -- I  
19 like these acronyms; we must have to post these, actually, on  
20 the web -- CFDS, the Corporate Filing and Dissemination  
21 System, which is a portal operated by Bombay Stock Exchange  
22 and the National Stock Exchange.

23 So what is your experience with XBRL? Who's doing  
24 it, how much, and how quickly?

25 MR. BULSARA: Sure. Thank you very much, Terry.

1 I'm not much of a political guy, but I'd just like to borrow  
2 the election slogan of the Democratic candidate and say:  
3 Change is here. And XBRL is really the change. It's a  
4 wonderful tool. And I think this is just the right  
5 initiative, and I applaud Chairman Cox and his team and David  
6 for taking this initiative for this roundtable.

7 I think the timing is just about perfect because,  
8 as you see, a lot of nations around the world are going on  
9 the mandatory route, having found the voluntary route  
10 probably not so encouraging, as we did. So I'd just like to  
11 talk a little bit about XBRL at the Bombay Stock Exchange and  
12 in India as a whole.

13 I was on the XBRL team when we started way back in  
14 2003. And we looked at a software provided by a company  
15 called Ibis. The name of the software is Corporate Filing  
16 and Dissemination System, the acronym that Terry is so fond  
17 of, CFDS.

18 And SEBI, which is the equivalent of SEC in India,  
19 decided that we should have a common reporting platform  
20 because in India, we have a very peculiar, or I would say  
21 very particular situation in the financial market, where we  
22 have two very large stock exchanges. We have the Bombay  
23 Stock Exchange, of course, with 135 years of history and  
24 tradition and culture behind it; and we have the National  
25 Stock Exchange. A lot of companies which are coming out with

1 IPOs are listed at both the stock exchanges. So it's very  
2 necessary now for them to report at both the stock exchanges  
3 as far as their financial results, et cetera, are concerned.

4       And this was creating a bit of a problem for  
5 investors, who had to find out whether a company is listed on  
6 the Bombay Stock Exchange or the National Stock Exchange  
7 because we have a large number of companies which were listed  
8 on the Bombay Stock Exchange when the National Stock Exchange  
9 was not there, and they would not have maybe migrated to the  
10 NSE.

11       So we had a challenge there. So SEBI rightly  
12 decided that there should be a common platform for  
13 information dissemination about the results. That is how the  
14 CFDS came into being. And it started in 2005.

15       Corp Filing is an Excel-based application, so it's  
16 extremely simple and easy for the companies to use it because  
17 they just have to use Microsoft Excel, which they are using  
18 probably every day of their lives. And they just have to put  
19 in the figures in Microsoft Excel. which has got the XBRL  
20 tags embedded in it, simply picks up the data, converts it to  
21 XBRL, and displays it on the -- and sends it to the  
22 exchanges.

23       SEBI has made it mandatory for the top 100  
24 companies, from 1st of January 2008, to file their results  
25 using XBRL. And we hope that probably by the end of 2008,

1 this will extend to many more companies, and by 2009 or 2010,  
2 we should be totally online for all the companies listed at  
3 both the exchanges.

4 The interesting part is the Reserve Bank of India  
5 also -- that is a central bank -- has also decided to use  
6 this wonderful tool change, XBRL. And they are planning to  
7 implement it and use it by the end of 2008.

8 So on the taxonomy, probably when we take the  
9 questions later, we can go a bit through the taxonomy. But  
10 I'll briefly mention that it's not made public as yet, the  
11 taxonomy, because it was basically developed by SEBI and the  
12 exchanges and the Institute of Chartered Accountants of  
13 India, of which I'm proud to be a member, which has taken the  
14 lead in this effort.

15 And they have developed their own taxonomy, which  
16 will probably be made public in the next two weeks or so.  
17 SEBI would then tweak it for whatever other purposes it needs  
18 the information for. And then as far as financial reporting  
19 is concerned, we will have a taxonomy available on the public  
20 website of the ICAI -- that is, Institute of Chartered  
21 Accountants -- SEBI, the BSE, as well as the NSE. Thank you  
22 very much.

23 MS. SAVAGE: Okay. That's interesting. But let me  
24 go back and just clarify one thing. So SEBI, or CFDS,  
25 actually, created a way to translate Excel-entered data into

1 XBRL.

2 MR. BULSARA: That's right.

3 MS. SAVAGE: And that was just a private computer  
4 program that employed a taxonomy. Now you're getting ready  
5 to announce a public taxonomy based what accounting standard?

6 MR. BULSARA: On the Indian GAAP.

7 MS. SAVAGE: On the Indian GAAP.

8 MR. BULSARA: That's right.

9 MS. SAVAGE: Okay. And that will have been put  
10 together by SEBI and by the Chartered Accountants of India.

11 MR. BULSARA: That's correct.

12 MS. SAVAGE: Now, let me just go back and ask two  
13 things. So is the filing required, or the fact that the  
14 filing goes through CFDS, it's automatically XBRL? And all  
15 companies must do this?

16 MR. BULSARA: Yes. Actually, the top 100 companies  
17 are required to do it mandatorily. For the others, it's  
18 voluntary. They can continue to do the filing in the HTML as  
19 they are doing at present.

20 But Corp Filing uses a user-friendly spreadsheet at  
21 the front end. So it just picks up the data which is given  
22 by the company and converts it to interactive data.

23 MS. SAVAGE: So then it's up to CFDS at some point  
24 to start translating all of the data. It won't change the  
25 filing.

1 MR. BULSARA: That's right. Corp Filing is used by  
2 both the exchanges whenever anybody reports to the exchanges.  
3 It's used by both the exchanges and by SEBI.

4 MS. SAVAGE: Now, what is the point, then, of  
5 having a public taxonomy since it's all automatically -- as  
6 in Israel, for example, everything is automatic; you fill in  
7 the blanks and they translate for you, the agency. What is  
8 the point, then, of developing a public taxonomy? How does  
9 that add?

10 MR. BULSARA: No. Probably the thing wasn't very  
11 clear. When the Corp Filing system started, in order to get  
12 people started on XBRL, it was decided to use the Corp  
13 Filing, the CFDS system, which would pick up the data and do  
14 it for them. So the resistance to change is much less.

15 As we go ahead and a public taxonomy comes out,  
16 probably we will develop a software-based -- sorry, an  
17 Excel-based software which would make it simple for everybody  
18 to use it. And the taxonomy of how it is arrived at would be  
19 made public. Right now the taxonomy of how they've gone  
20 about it is not yet public, so that will be made public very  
21 soon.

22 MS. SAVAGE: All right. So we have yet a third  
23 path toward XBRL. Very interesting, the different routes the  
24 different countries have taken to actually do it for  
25 companies, mandate it, a combination, encourage free



1 enterprise to help with it. Very, very interesting.

2 MR. BULSARA: Absolutely. Just one last thing I'd  
3 like to mention here --

4 MS. SAVAGE: Sure.

5 MR. BULSARA: -- is we have, I think, gone the U.S.  
6 route, where we have gone with the top 100 companies, the  
7 large companies because probably from our experience with the  
8 market that when you need to create volume, you first need  
9 the big players to come in and the small guys will  
10 automatically follow suit and to see what they are doing.

11 So probably that's why we have gone to the big  
12 guys. So I guess the small guys are following suit for  
13 compliance.

14 MS. SAVAGE: Interesting. And we'll start with the  
15 top 500 largest companies here.

16 MR. BULSARA: That's great.

17 MS. SAVAGE: So that'll be interesting to see, if  
18 we come back around to this a year or two from now, how  
19 you've all decided your systems for getting people to  
20 participate have worked. We've got carrots, we've got  
21 sticks, and lots of stuff in between.

22 MR. BULSARA: Terry, I am a proud father of  
23 triplets, so I've learned you've got to be gentle but firm.  
24 That's how it helps.

25 (Laughter.)

1 MS. SAVAGE: A very valuable lesson for a  
2 regulator.

3 MR. BULSARA: Thank you.

4 MS. SAVAGE: All right. We're going to move on now  
5 to Canada, which is, I would have to say, half a step behind  
6 in this. Jim Turner, Vice Chairman of the Ontario Securities  
7 Commission. And explain Canada's situation both with your  
8 accounting standards, as in Canadian GAAP versus IFRS, the  
9 fact that everything you do is equally done in English and  
10 French, and a unique regulatory system, basically, not a  
11 federal one but led by the province where the exchanges  
12 primarily exist.

13 MR. TURNER: Let me say, to begin, we currently  
14 have a voluntary program that has been in place for about a  
15 year. We started the process in 2006 with a survey of market  
16 participants. And there was a very low level of knowledge of  
17 XBRL but a relatively high positive response to the  
18 development of XBRL.

19 As securities regulators, we are very enthusiastic  
20 about it, obviously, for all the benefits that have been  
21 discussed here. It was interesting to hear some of the  
22 comments of my other panelists because we certainly are  
23 getting some resistance to using XBRL by small issuers.  
24 About 70 percent of Canadian companies are market cap of less  
25 than \$25 million, and so those issuers are resistant.

1 They're concerned about the extent to which both converting  
2 creates costs, but understanding XBRL itself and the  
3 software.

4 But as Terry has said, there is a Canadian GAAP  
5 taxonomy, one that is obviously separate from IFRS and U.S.  
6 GAAP, but in both French and English. So when you pull up  
7 the information, you push a button, it's either English or  
8 French. Obviously, the same numbers come up but the language  
9 changes. And so that's a very effective system.

10 But as I say, we're currently voluntary. And one  
11 of the issues that we're facing is Canada has announced that  
12 we're going to mandatory IFRS in 2011. And so the other  
13 issue for us is the sequencing of conversion to IFRS and the  
14 use of XBRL in that context.

15 And I guess the fact that we do have a separate  
16 Canadian GAAP taxonomy, some issuers are saying, well, you  
17 shouldn't really require us to use XBRL and that taxonomy  
18 because we're going to have to convert anyway to IFRS.

19 But in any event, I think in our jurisdictions,  
20 we're kind of still among our issuers at a learning stage and  
21 trying to develop enough steam to encourage companies to do  
22 filings on XBRL.

23 I should mention that when the SEC requires large  
24 companies to file in XBRL, we've got approximately ten large  
25 interlisted companies that are then going to be required to

1 file in XBRL. And so that's going to be a great help for us  
2 in terms of starting to build the momentum.

3 MS. SAVAGE: Yes. I was going to ask you about  
4 that because there are a number of very significant dually  
5 listed companies who would have to file.

6 Now, here's a question. When they file the U.S.  
7 filings, pardon my ignorance, but will they have to file  
8 under U.S. GAAP in XBRL, U.S. GAAP taxonomy, or using  
9 Canadian?

10 MR. TURNER: Well, my understanding is if you're a  
11 U.S. filer, you're going to have to file. Canadian companies  
12 don't have to file in accordance with U.S. GAAP. I mean, we  
13 can file in accordance with IFRS. But we'll have to use the  
14 taxonomies available; if we're filing in U.S. GAAP, we'll use  
15 the U.S. taxonomy.

16 MS. SAVAGE: This begs a question, so let me break  
17 up the panel a little and address the Chairman because you  
18 raised a point.

19 Canada said it's going to IFRS in 2011. And in the  
20 United States, we have very difficult times mandating change.  
21 I mean, I remember being in high school, and we were going to  
22 one day go on the metric system. And for a while, I  
23 remembered how to convert things, but I don't today. I'm an  
24 American and we don't use the metric system yet.

25 So Chairman Cox, you've sort of made it a point

1 that you would like the U.S. to convert to IFRS. And Canada  
2 is saying, well, the companies are saying, why should we get  
3 involved in XBRL using Canadian GAAP.

4 What will that pose for the U.S. companies, and do  
5 you think we will get to IFRS and then have to rewrite the  
6 taxonomy?

7 CHAIRMAN COX: Well, juxtaposing these two  
8 questions gives you a study in contrast because there's no  
9 way around the fact that converting from one set of  
10 accounting standards to another is really difficult. It's  
11 not to be swept under the rug. It's not cheap. It's  
12 expensive. And it's going to take time. In fact, one of the  
13 things that the SEC is looking at in connection with our  
14 consideration of using IFRS in America is: What are the  
15 economics of this?

16 Other countries in other parts of the world that  
17 have done this have gone into this eyes open. They've been  
18 fully aware of the cost, but decided that the benefits were  
19 worth it. In Europe, for example, which in 2005 mandated  
20 across the entire integrated European market the use of IFRS,  
21 there the problem was all of the different national GAAPs  
22 that interfered ultimately with the integration of European  
23 capital markets.

24 We don't have that problem in the United States.  
25 We have a federal system with 50 states and territories and

1 so on, but they don't all have their own accounting systems.  
2 So we've got a good one, a sturdy one. Indeed, it's been in  
3 use around the world for a long time. And so taking a look  
4 at that proposition, that value proposition, is a unique  
5 experience for us.

6 Contrast that with what we're talking about here  
7 today, which is something so simple that the software is  
8 going to do the work and you might not notice it happened.  
9 Once companies set up according to our experience of the last  
10 several years -- and we've had voluntary filers doing  
11 this -- once companies set up their first year of mapping  
12 what's on the left-hand side of their income statement, on  
13 the left-hand side of their balance sheet, with data tags,  
14 they're pretty much done. It runs like a freight train after  
15 that.

16 And indeed, the thought that goes into that initial  
17 tagging is so aided by software that it's really a matter of  
18 just doublechecking to make sure the software got it right as  
19 you go into it. And the hours that might be required, even  
20 the first time, for that exercise have ranged between 10 and  
21 40.

22 The amount of money that companies have been able  
23 to spend on this, even large companies -- I'm always reminded  
24 of the United Technologies example, the third largest  
25 industrial company in America, \$40,000. \$30,000 was a

1 consultant they decided later they didn't need.

2       So it's just not comparable to what's involved in  
3 switching from ,for example, U.S. GAAP to IFRS, which is a  
4 big question, a big decision. Probably a big payoff for  
5 investors in the long run to have that global comparability.  
6 But it's really important to focus on the costs of getting  
7 there and how it's done.

8       MS. SAVAGE: I understand. That's a big issue for  
9 the U.S., and we will face that in the future.

10       Let's move on to China. So very interesting that  
11 not only is China using XBRL, but as you'll hear in a few  
12 moments from Stefano Natella at Credit Suisse, they are very  
13 much -- the analysts are already delighted with the fact that  
14 XBRL gives them access to analyzing Chinese securities.  
15 let's start with Dr. Li, who is the Deputy Director-General  
16 of the Information Center of the China Securities Regulatory  
17 Commission, CSRC.

18       So I know you started with just 50 companies, but  
19 now you've moved forward very far and very quickly from that.  
20 Please describe where China stands with XBRL.

21       DR. LI: Thank you, Terry. Thank you, Chairman  
22 Cox.

23       MS. SAVAGE: And if you could move the microphone a  
24 little closer. That's good.

25       DR. LI: Thank you, Chairman Cox. Thank you,

1 Ms. Terry and David. It is very pleasure for me to sit here  
2 and have the opportunities to share experience and know a lot  
3 of new friends and talk about XBRL.

4 I start with that first I reviewed the beginning we  
5 start our project. In fact, we started very early in 2002.  
6 And now a lot of informations that we started in 2003. No.  
7 In fact, in May 2002, we started to set a group, a working  
8 group. Then we moved very fast.

9 And up till now, we achieved a lot. And the main  
10 achievement is -- let me see -- more than 1,500 listed  
11 companies in China have all their financial statements for  
12 the past three years converted into XBRL format. And  
13 included 863 companies listed in Shanghai Stock Exchange and  
14 all listed companies in Shenzhen Stock Exchange.

15 And XBRL extend international economic taxonomies.  
16 China listed company information disclosure taxonomy was  
17 acknowledged in 2005. And the China found a company  
18 information taxonomy was acknowledged in July 2006. And the  
19 financial listed company taxonomy framework was acknowledged  
20 in February 2008.

21 And this year, we planned it some project. We can  
22 push very fast about our fund project in XBRL. First we are  
23 use XBRL for the application. Let me see. We will move very  
24 fast in fund section and then in IPO and refinancing sector  
25 companies.



1 MS. SAVAGE: So China is very committed to XBRL?

2 DR. LI: Yes.

3 MS. SAVAGE: And your taxonomy, the tags, are  
4 mostly complete now for all the information?

5 DR. LI: Yes. But I think Mr. Shi explain because  
6 we have -- in fact, we have two. Not a united one. We have  
7 two because we have two stock exchanges. And each of the  
8 exchanges have its classification standard.

9 MS. SAVAGE: All right. Then let us turn to Peter  
10 Shi, who has given me his American name to make my life  
11 easier. And Peter is the Deputy Director, Information  
12 Center, of the Shanghai Stock Exchange.

13 Can you tell us more about the two exchanges and  
14 XBRL? Is XBRL the same accounting standards and the same  
15 language for all Chinese companies, no matter where they are  
16 listed?

17 MR. SHI: Thank you, Terry. I would like to  
18 explain a little bit. We have two stock exchanges under the  
19 guidance of CSRC. But at the time both of them started their  
20 own. As Dr. Li just mentioned, the taxonomy was acknowledged  
21 by XBRL international. That is based on Shanghai Stock  
22 Exchange's proposal.

23 We do use the same language but certain things like  
24 the naming we are using differently. In Shanghai Stock  
25 Exchange, we are using penning that is Roman penning. Right?

1 And Shenzhen Stock Exchange initially using Chinese  
2 characters.

3 MS. SAVAGE: I see. Now, this is like Mandarin and  
4 Cantonese. And Americans are, I think, understandably  
5 fascinated at the size and complexity of China and the growth  
6 of China.

7 What will ultimately develop in China? Do you  
8 know? Or will both systems coexist?

9 MR. SHI: I think, in my opinion now, since we are  
10 moving into the same direction and under CSRC's guidance, I  
11 was told we are going to convert eventually. Maybe next  
12 year.

13 MS. SAVAGE: Maybe next year. I'm going to come  
14 back to Stefano, who is doing research in Chinese stocks, and  
15 ask him how he deals with that.

16 There are obviously many, many listed companies.  
17 Do all of them now file in XBRL in China, or is voluntary or  
18 mandatory?

19 MR. SHI: Actually, precisely to say only the fund  
20 management companies is mandatory. But for others, listing  
21 companies, actually we require it. And they do follow the  
22 rule. All of the companies are now filing in XBRL format.  
23 And also we have some new progress when is just mentioned in  
24 the pilot phase for the fund management companies. They  
25 already starting to using XBRL format to supplement their

1 quarterly report.

2           And another new progress is in Shanghai Stock  
3 Exchange, we also propose to use selected temporary  
4 reporting. And also we have financial listed company is also  
5 filing in XBRL format. Before, we are using only for the  
6 general purpose because the financial listed company is more  
7 complicated.

8           MS. SAVAGE: Now, who provides -- who does the work  
9 of converting? The company files in XBRL, and do company  
10 accounting departments do that? Or do separate companies  
11 convert from your old style into XBRL?

12           MR. SHI: Actually, the filing system is very for  
13 all those companies. Otherwise, they won't willing to do  
14 that. So in that sort of speak, it is our job to convert it.  
15 We only provide the system. They can just fitting as much as  
16 they can. Actually, they have to change the habit of the  
17 usage.

18           So initially, yes, they do have some learning  
19 curve. But finally, they find is much more efficiency. And  
20 now they are -- everybody is love it.

21           MS. SAVAGE: What we're learning around the world  
22 is human nature is the same. The accounting systems may be  
23 different. The languages may be different. But human nature  
24 must be just about the same.

25           Which leads me to our next panelist, Olivier

1 Servais, who is responsible for the IFRS -- for the creation  
2 of XBRL for IFRS, the oversight, anyway. So you have done an  
3 incredible job because first IFRS had to extend its  
4 accounting standards around the world, and then create XBRL.  
5 You must have great stories. Can you tell them here?

6 MR. SERVAIS: I will try. But first, I'd like to  
7 congratulate Chairman Cox and David and the Commission for  
8 the initiative. It will definitely help to break this  
9 chicken and egg effect that we are facing, we've experienced  
10 in so many years.

11 I mean chicken and egg between the issuers/  
12 preparers; the vendors, who are not willing to invest in  
13 tools; and to the regulators, who are not willing to go this  
14 way, mainly because there issuers/preparers appetite. So by  
15 having such initiative, I am quite sure it will give a very  
16 strong impetus to the XBRL adoption all over the world.

17 Regarding IFRS and the IASC Foundation, you may  
18 know that the IASC Foundation is the oversight body of the  
19 IASB, who is committed to deliver high quality accounting  
20 standards. And the commitment that we made as the XBRL team  
21 of the IASC Foundation is to provide an IFRS taxonomy, so an  
22 XBRL version of the IFRSs, at the same time, in the same  
23 languages, and in the same quality as -- the bound volume as  
24 the IFRS is. That's our commitment.

25 To perform this, we've incepted about one year ago.

1 So the XBRL at IASC Foundation is a story of about seven or  
2 eight years. So it's not a recent story. But last year we  
3 build a kind of process, and we made it very, very close to  
4 the due process of the IASB, who are building the IFRSs. So  
5 we are very committed to make it very effective and  
6 transparent. And we have an international collaborative  
7 effort by having experts from all over the world contributing  
8 to the IFRS taxonomy development.

9       So maybe I could develop that issue a little. But  
10 if I may, I would like to illustrate one of the benefits of  
11 using XBRL with my own country, which is Belgium. As you may  
12 know, every single registered companies in Belgium are forced  
13 by law to file to National Bank of Belgium their financial  
14 statements, either electronic or paper.

15       Electronic is about 90 percent, and since April  
16 last year, electronic has to be XBRL. So since about one and  
17 a half year, every single Belgium registered companies are  
18 strongly encouraged, and 90 percent are doing so, to use  
19 XBRL.

20       In term of benefits, true/false for the regulators,  
21 it's quite obvious that getting the data in an electronic  
22 format ease the whole process. But the main consideration  
23 for National Bank of Belgium was to prepare the conversion to  
24 IFRS.

25       As you know, they are still in Belgian GAAP. We

1 spoke about Canadian GAAP. So National Bank of Belgium  
2 considered that XBRL would help conversion to IFRS. First,  
3 for the issuer and preparer for the company, it was not only  
4 timesaving but also an immediate payback by having the filing  
5 fee being reduced by about one-third. So every single  
6 company has an immediate interest by filing in XBRL.

7 MS. SAVAGE: Now, I want to just pursue one topic.  
8 I think IFRS -- Correct me if I'm wrong -- has about 4,000  
9 tags or so. And you're a principles-based accounting  
10 standard. The U.S. GAAP is very prescribed accounting  
11 standards, probably has more detail to the accounting rules,  
12 and therefore many, many more tags, 15-, 16,000 tags.

13 Did the fact that you have a different kind of  
14 accounting standard make it easier for you to convert to XBRL  
15 than you think it might be for U.S. companies? Or is it so  
16 computerized, so computer-driven, that it really doesn't  
17 matter as long as you have enough tags to describe everything  
18 you're required to report?

19 MR. SERVAIS: Second option.

20 MS. SAVAGE: Second option?

21 MR. SERVAIS: Yes, definitely. So yes, you are  
22 right. The previous version of the taxonomy contained about  
23 4,000 elements. The most recent one, which is in line with  
24 the 2008 bound volume, is about 2,500 elements, so 2,500.

25 The reason why we have less elements than earlier

1 is mainly due -- and I don't want to go in deeply to any  
2 technical issues -- but it's mainly due to changing  
3 architecture, and especially a form of alignment of our  
4 architecture of the taxonomy with the U.S. one. And we are  
5 now working with the Japanese one just to try to align the  
6 architecture of the three main taxonomies around the world.  
7 So that's one thing.

8       About the principles versus the rules issue, you  
9 are right. As I just said, we are committed to provide no  
10 more, no less, than the bound volume. So we cannot -- we may  
11 not -- provide something more than what is provided by the  
12 IASB. On the other hand, we know that XBRL, the first letter  
13 of XBRL, is "extensible," and we know that it will provide a  
14 tremendous opportunity to help users to extend our taxonomy,  
15 and especially for industry-specific extensions.

16       So again, we are not entitled -- because we are  
17 working with IASB, we are not entitled to build these  
18 industry-specific standards. But what we are committed to do  
19 is to work with those who will develop these  
20 industry-specific extensions to do it on the best way. So  
21 there is a kind of commitment to let it be done on the best  
22 way as good as our taxonomy. You know what I mean?

23       MS. SAVAGE: I understand completely. And this is  
24 amazing because now we have heard from the regulators, the  
25 securities industry, the standard-setters from around the

1 world. But I think the whole point of this is not only to  
2 make the regulatory job easier or the tax collecting job or  
3 the information-collecting job easier, but to make the  
4 ultimate investor more informed, to make capital markets work  
5 more efficiently.

6       Because knowledge drives capital to the best  
7 companies, and if people can analyze the best companies based  
8 on comparable numbers, capital will be used more efficiently,  
9 investments will be done better. And so I have been waiting  
10 for this exact moment, Stefano Natella, because you're the  
11 user, the actual first user. I'm sure individual investors  
12 will be able to push buttons, as they can using the readers  
13 on the SEC'S website.

14       But in terms of equity research on a global basis,  
15 please describe how you've used XBRL already, what you expect  
16 from it, how you think it will benefit investors.

17       MR. NATELLA: Terry, I think Chairman Cox has  
18 referred to these as 21st century investing. And as such, we  
19 believe that this is not evolution. It's actually a  
20 revolution in the way we'll face old challenges of the  
21 investment process.

22       As I use the word revolution, though, I have to be  
23 careful because, as all the panelists have highlighted,  
24 there's a lot of challenges. And it would be nice if these  
25 were to be a coordinated revolution, which it sounds not



1 probably the easiest thing to achieve.

2 From our point of view, we're users of data, both  
3 globally and in each individual market. So we were extremely  
4 happy to have XBRL in each one of the countries and advise  
5 investors that are focused on those countries, and  
6 particularly when the capital markets are large enough like,  
7 say, Japan, U.S., generally speaking Europe. Even if you  
8 don't have compatibility, that's probably okay as a first  
9 stage.

10 I do think the ideal scenario for us, being sort of  
11 global in our purpose, would be to have standardization of  
12 all the accounting standards.

13 MS. SAVAGE: Dream on.

14 MR. NATELLA: Not so far. Probably not so far. I  
15 ask Olivier before this, how long do you think it will take?  
16 And he said, five years. And five years is not a huge amount  
17 of time.

18 MS. SAVAGE: Five years for what, you're betting?  
19 All accounting standards to be the same globally? Let me get  
20 the two of you involved here.

21 MR. SERVAIS: But I told him not quoting me.

22 (Laughter.)

23 MR. NATELLA: I break the trust. So I think that  
24 is quite important. And the second thing which is very  
25 important is consistency in the taxonomy. That's critical.

1 And as analysts, we would love to have the more detail we can  
2 have the best. And footnotes for us are a must in this  
3 process.

4 But we're also willing to compromise. And in some  
5 ways, that is probably the right level of detail versus  
6 standardization of the taxonomy. And I think that will  
7 become very important for us.

8 In our view, the reason why I use the word  
9 revolution is because we'll spend a lot less time copying  
10 data from one source to another one. The dream is obviously  
11 just to have everything set up in a way that we can get the  
12 data in. The dream will be that it is not just 10-Ks for the  
13 U.S. or 10-Qs, but also earnings report should be done in  
14 XBRL.

15 And real data and transparency of taxonomy will  
16 bring, we think, a lot more level playing field among all the  
17 different players in their ability to do this. If I have two  
18 people now taking the data directly and copying faster than  
19 you, Terry, they might be doing it, then, manually. And I  
20 think the ability to do that in this way will bring a better  
21 playing field as well on the investment community.

22 MS. SAVAGE: Now, explain your experience. I read  
23 that one of your -- the HOLT division of Credit Suisse --

24 MR. NATELLA: Yes.

25 MS. SAVAGE: -- is already analyzing Chinese

1 securities at vastly more access to the information. And I  
2 think that is good for the Chinese market because it means  
3 foreign investors will be more interested.

4 How does that work?

5 MR. NATELLA: We use the XBRL that the Chinese  
6 authorities have put forward on the A shares. And that has  
7 saved us an enormous amount of time. It also was very good  
8 for us because we obviously -- as massive users of data, the  
9 HOLT service and database contains 20,000 companies. So as  
10 you can imagine, we're now sourcing data from four or five  
11 different data providers in the market.

12 So having a standardization of that for us would be  
13 absolutely fantastic because our experience in the situation  
14 in China, we were able to basically offer to our clients  
15 access to the analogy of a shares companies, very, very fast  
16 versus what would it take in a normal standard.

17 So it saves time. There's obviously issues. There  
18 have been issues about moving from -- you know, the adoption  
19 of IFRS obviously was one issue. The detail could be  
20 greater. But the step is absolutely in the right direction.

21 MS. SAVAGE: Do you think, then, that global  
22 research firms -- and yours is preeminent -- will suddenly  
23 start devoting more time to research, and therefore more  
24 capital flowing to markets like Israel, Spain. I mean,  
25 certainly India is a huge market. And Japan has been around.

1 But what kind of perception do you have of how this  
2 will impact those markets that choose to have their companies  
3 provide in XBRL?

4 MR. NATELLA: Well, there's two issues there. And  
5 one of them is the alignment of accounting standards; that  
6 helps a lot. Generally speaking, it does seem that  
7 investment has two -- when you look at global investment, it  
8 has two facets. One is obviously the global industry trends.  
9 If you're analyzing semiconductors, obviously you're  
10 analyzing a global industry. And at the same time, there's a  
11 lot of local information that goes into it. Right?

12 And the more we standardize the local, the more we  
13 can go global. So companies that before will not be a part  
14 of this analysis in detail because of the effort that one has  
15 to put to analyze the local nuances will gradually disappear  
16 and become, obviously, much, much easier.

17 MS. SAVAGE: It's pretty exciting, isn't it?  
18 Before we go to our break, I want to turn to David. Now,  
19 we've had a perspective from around the world of just how far  
20 so many countries have advanced in both the number of  
21 companies filing and the way they're filing and the  
22 requirements, and harmonizing accounting standards that  
23 underlie these filings. So I think it's time to hear where  
24 the U.S. is. And who better than the director of the Office  
25 of Interactive Disclosures, David Blaszkowsky with the SEC.

1 David, let me let you tell the panel and the  
2 webcast audience where we stand. The rule was proposed  
3 May 30th. For those who haven't even seen it, maybe you  
4 might describe the terms that the U.S. is proposing, what's  
5 happening during the comment period, and then what's likely  
6 to happen next.

7 MR. BLASZKOWSKY: Well, sure. Thank you very much,  
8 Terry. So much of what we're doing is based on the kinds of  
9 consultations with many of the folks around the table here,  
10 learning from successes, learning from efforts, and learning  
11 from our own efforts here in the U.S.

12 As you know, we've had a voluntary filing program  
13 since 2005 with almost 80 companies and almost 400 filings  
14 over those nearly three years. And we learned an  
15 extraordinary amount that really contributes to our  
16 understanding of interactive data, as we call XBRL for our  
17 purposes, as a primary and extraordinary tool to really  
18 transcend the document and get to the data, the data that  
19 investment companies use, that investors will use and can use  
20 around the world, and that itself meets the underlying SEC  
21 mission and commitment to provide improved disclosure from  
22 companies to investors.

23 The technology here, the interactive data, the  
24 XBRL, is the enabler. There are many ways to do it. But  
25 here we have a most powerful technology to enable it and to

1 move to serve all of us as we have different GAAPs, different  
2 accounting languages to make them ultimately, through  
3 whatever process, through many processes, more convergent in  
4 the benefit of investors.

5 Here in the U.S., we have several things going.

6 First is in the voluntary filing program. The second is  
7 under Chairman Cox's leadership, the initiation back in 2005  
8 and 2006 to modernize EDGAR to accommodate XBRL and make it  
9 work for these wonderful technologies which included, perhaps  
10 most presciently, the funding of the listing for the complete  
11 set of tags for GAAP, the taxonomy or the full list of tags  
12 for GAAP, that were -- and we're very proud of this -- were  
13 just published at the end of April. They were developed by  
14 XBRL U.S., the standard-setter here in the U.S. for  
15 interactive data technology. And along with that was a  
16 preparer's guide, too.

17 So we have the tags in place, the "how to" to make  
18 it work, which laid the groundwork along with the experience,  
19 our experience and that from around the world, for proposing  
20 to the Commission in mid-May a proposed rule to require  
21 companies to provide their financials in interactive  
22 data -- actually, two rules; I'll come to the second in a  
23 moment -- one which would require, through a three-year  
24 phase-in, based on company size, the reporting of face  
25 financials, the primary financials, the P&L, the balance

1 sheet, the statement of changes, and so on; to be followed in  
2 the second year by any given company by their footnotes and  
3 detail test.

4       There are other details that are certainly in the  
5 rule for that. But the idea is to begin the reporting  
6 process, to begin that process; and also recognizing Olivier  
7 and the IFRS, that there are provisions, too, for companies  
8 who are filing their financials in the U.S. according to the  
9 bound volume to provide their financials.

10       We did follow up. And while many folks on the  
11 platform have been talking about corporations, we followed up  
12 the week after with a proposed rule, also approved by the  
13 Commission, to require funds, mutual funds, investment funds,  
14 to provide certain information, particularly their risk and  
15 return information, performance information, let's say, and  
16 descriptions of funds, also in interactive data.

17       So we are very proud of the kind of progress that  
18 we've made. There are some differences in how we're doing  
19 things, and some of them reflect the nature of what we  
20 believe are user requirements to be investors in the U.S.,  
21 and some of the nature of our GAAP system. Our list of tags  
22 tends to reflect the flexibility, the customization, that's  
23 also included in GAAP or generally accepted accounting  
24 principle standards and practices both.

25       So there's flexibility. There's customization

1 permitted under our system today, which leads us to a more  
2 comprehensive list of tags, which we believe actually makes  
3 it easier for companies looking to find the precise tag to  
4 represent a particular concept rather than having to move to  
5 the next level, which is also accepted, of extensions or  
6 creating a custom tag for a particular unique item in a  
7 particular company's financial statements.

8         But altogether, the regime is in place. And  
9 spectacularly, on top of that, as has been mentioned before  
10 by other panelists, that a software industry, a tools  
11 industry, a support industry, has developed around it to make  
12 tagging company information truly easy. And there are some  
13 phenomenal applications that I've seen to do that. And as  
14 the Chairman mentioned just a few minutes ago, you can do it  
15 once and really the hard work is done. The heavy lifting is  
16 done and you move on to the next level.

17         But before I stop, let me just get to the other  
18 side, as represented by Stefano but also by retail investors,  
19 the larger investor community, that the software is coming  
20 into place, the tools are coming into place, in applications  
21 on the web and so on for investors to truly be able to take  
22 the benefits of interactive data, whether U.S. information,  
23 Chinese information, Israeli information, and to enable  
24 investors to use it, to transform it, to do the useful things  
25 that improve their decision-making and that ultimately



1 enhance the quality of capital markets, whether it's for U.S.  
2 companies to U.S. investors or transcending borders and  
3 enabling capital to flow and investors to make even better,  
4 more informed decisions for themselves.

5 MS. SAVAGE: Well, that is truly a legacy to leave  
6 to investors who are now suddenly, more than ever in the  
7 U.S., required to chart their own financial course, plan  
8 their own retirements. It will certainly be a great asset.

9 As the Chairman also mentioned, in previous  
10 webcasts and panels and roundtables we've had here,  
11 corporations have universally said, wow, that was easier and  
12 not expensive at all compared to what the dynamics of this  
13 project might be. I mean, we're talking minuscule amounts of  
14 money to do this kind of conversion, and as you pointed out,  
15 multiple service companies doing it for them.

16 MR. BLASZKOWSKY: Well, part of it is the  
17 availability of many models for companies to be able to do  
18 it. Ultimately, in many cases, companies will just pour the  
19 information out of their accounting systems directly into  
20 these templates. So there may be a transformation that way.

21 What's really been exciting to see, though, are  
22 companies really just understanding it because, of course,  
23 having worked in companies myself before joining the SEC,  
24 everyone has a lot to do and there are certainly fears about  
25 what these four initials might mean.

1           But looking right at it, recognizing that it is  
2 really a reflection of accounting that's already  
3 done -- there's nothing new, there's nothing exotic, it's  
4 reflecting the accounting that's already done -- and with the  
5 benefit of being able to improve internal processes, which we  
6 can certainly talk about and are quite significant; but above  
7 all, to improve the relationship, and I might say in  
8 particular for mid-sized and smaller companies, to be able to  
9 reach out on a more equitable basis with their investors and  
10 for investors to be able to make sense of the information  
11 that they're getting.

12           MS. SAVAGE: Absolutely. Empowering to investors.  
13 They don't have to wait for a company to do a research report  
14 to get around to deciding, this is an industry or a company  
15 size to follow. The information is there. And it'll be  
16 interesting to see the new websites that do spring up to  
17 empower investors to search the data and use the tools.

18           Well, on that note, I think we're going to take a  
19 15-minute break here. When we come back, I think we've  
20 unearthed some topics to discuss, and we will pursue our  
21 discussion of XBRL in the years ahead.

22           So thank you to our audience, and we'll take a  
23 quick break. And you won't notice because we'll probably  
24 edit out the break and come back to you shortly. Thank you.

25           (A brief recess was taken.)

1 MS. SAVAGE: Welcome back to those of you who are  
2 watching on the internet. We took a quick break here, and we  
3 have about a half hour to talk with our panelists.

4 And in light of that, and the fact that so many of  
5 them have traveled from around the world to share their  
6 experiences, that's what I'd really like to do. Now you know  
7 what they're doing, how they got there, how far along they  
8 are, how they report, and how their companies report.

9 So it's time for some good old-fashioned war  
10 stories. I say it's like remodeling a house. You'd never do  
11 it again because it was such a tough thing to do. But once  
12 you've been through it, you could probably do it much easier  
13 the second time around.

14 So for those countries that are just progressing  
15 into XBRL conversion, maybe we could hear some stories,  
16 things you would have done, should have done, wish you hadn't  
17 done, could have done better, as we go around the room.

18 So, I don't know, who wants to start? Who's got a  
19 story to share about the political or the economic or the  
20 social consequences of getting into XBRL? Any down there?  
21 Oh, am I going to have to call, like school, I can tell?

22 Well, I'm going to start in a different way, then.  
23 Harm-Jan van Burg, why haven't you don't it for securities,  
24 and when are you going to do it in the Netherlands?

25 MR. VAN BURG: Thank you. I was about to raise my

1 hand.

2 MS. SAVAGE: Oh, okay. Good.

3 MR. VAN BURG: Okay. You've sensed that. It's  
4 perfect.

5 Yes. I have to be sort of a little bit careful in  
6 this.

7 MS. SAVAGE: Oh, no. It's just us in the room  
8 here.

9 (Laughter.)

10 MR. VAN BURG: Securities, let's say, on the actual  
11 number of businesses in our country, the number of regulated  
12 businesses, are not so very high. I've last week had a  
13 discussion with some representatives of dual-listed  
14 companies, and there were only a couple of them.

15 So beside that, what we believe in our case is that  
16 the filings have to come from the financial -- let's say the  
17 financial administration of the company directly. So we are  
18 sort of a little bit reluctant in, let's say, transforming  
19 filing at the very end to XBRL because we don't see that big  
20 a business case for it.

21 MS. SAVAGE: But after you've heard all these  
22 wonderful stories, I'm sure that's next.

23 MR. VAN BURG: Oh, yes.

24 MS. SAVAGE: Now, you're helping around the world.  
25 Australia, too, I understand?

1 MR. VAN BURG: Yes.

2 MS. SAVAGE: To move to XBRL. So this is moving  
3 quickly. What about the U.K.?

4 MR. VAN BURG: The U.K., the U.K. is starting a  
5 project right after us. And they are in XBRL for a number of  
6 years already. And they sort of -- I see them going our way  
7 very quickly.

8 MS. SAVAGE: So it's moving. It's happening now.

9 MR. VAN BURG: It's happening now, and I'm very  
10 excited that more government agencies are working together on  
11 this. And that could also work in other countries.

12 MS. SAVAGE: There's a lot of energy in this room.

13 Jos, Manuel Alonso, in Spain, you did it, and you  
14 actually made it happen. Come on, give us some stories  
15 about -- it couldn't have been as easy as you made it look.

16 MR. ALONSO: Well, I can provide from my experience  
17 what benefits -- some benefits and some drawbacks. Well,  
18 definitely the benefits is to have a unified format for the  
19 regulated information so it's available. It's easy to  
20 compare the different financial statements, even to make  
21 cross-issue comparisons. We have also facilitate a view to  
22 analyze the XBRL files.

23 But I would like to explain here some problems that  
24 I have also detected in our implementation of XBRL. As I  
25 said, we decided to facilitate a tool to the reporting

1 companies in order to make it easier for them to report, to  
2 submit their reports to the CNMV.

3       We are not completely happy with this decision  
4 because we realize that this has discouraged the software  
5 houses to develop XBRL software. So in some way, we are not  
6 encouraging, we are not pushing the markets ahead in this  
7 particular field. So we frankly believe that the competition  
8 improve the tools. So we would like to see more software  
9 house interested in developing tools, XBRL tools, that will  
10 improve the efficient use of the files we receive at the  
11 CNMV.

12       So for those that have not yet implemented XBRL, I  
13 would suggest to consider or considering the possibility of  
14 not providing tools, but instead of that, education or  
15 promoting of the XBRL as a possibility in the future but not  
16 facilitating so much the implementation of XBRL.

17       MS. SAVAGE: Thank you. That's interesting.

18       Mr. Hershkovitz, do you have any thoughts on that?

19 And then I have another question for you. But go ahead,  
20 Mr. Hershkovitz.

21       MR. HERSHKOVITZ: First of all, just a funny story  
22 about XBRL and advantages of the international standard and  
23 what Chairman Cox is heading to. In Israel, there are about  
24 800 public companies. They all file XBRL, mandatory, except  
25 for a few dozens of dual-listed companies that are also

1 listed in United States. And according to the Israeli law,  
2 they don't have to submit any report to ISA unless they  
3 submit it to the SEC. So until now, they haven't reported  
4 XBRL because they say, we don't have to to the SEC.

5 (Laughter.)

6 MR. HERSHKOVITZ: And we are happy to say that in  
7 not a long while, they will report to us also.

8 It's a funny example, but it explains or it shows  
9 the great movement that we are doing today, all of us, making  
10 things completely the same in other countries, other  
11 languages, and giving the public, the general public, the  
12 investment companies, or the investors the same tools, the  
13 same information, all over the world. The world becomes  
14 smaller in a way.

15 MS. SAVAGE: Does anybody -- do any of you track or  
16 have any way of tracking the usage by individual investors of  
17 the information you provide? Is there a way of counting  
18 people who use the tool at your website? Or is there any way  
19 we can have of quantifying this great benefit for individual  
20 investors?

21 Khushro? You were nodding your head. You have  
22 many more -- you have a great democratization of securities  
23 investing in India.

24 MR. BULSARA: Actually, I was shaking my head, not  
25 nodding it.

1 (Laughter.)

2 MR. BULSARA: Because we don't have a tool for  
3 measuring the use by investors as yet because I think it's  
4 still a little early days, in a sense. The companies are  
5 still getting used to filing their results, and  
6 interestingly, I think somebody mentioned that the XBRL tool  
7 they use doesn't read the notes to accounts, whereas the tool  
8 we use reads the notes to accounts also.

9 So probably it's still early days. We need to  
10 first get people compliant and start moving. That's why, in  
11 contrast to what was mentioned, I think we decided to provide  
12 a tool to make it simpler for them, to do a bit of  
13 hand-holding in the beginning so that they start getting  
14 through the process. And then, as Chairman Cox very rightly  
15 said, it just runs like a freight train.

16 So once they get hooked into it, then I think the  
17 process moves much faster. So that's been our experience.  
18 And after that, I think you really have to join the  
19 investors, do a lot of investor education as was very rightly  
20 suggested, and so that they realize the benefits. I mean,  
21 there's something fantastic, and you don't understand it, you  
22 don't know how to use it, there's no point to that. So  
23 investor education is --

24 MS. SAVAGE: So that's the next step. That's our  
25 next panel maybe a year from now.



1 MR. BULSARA: Yes.

2 MS. SAVAGE: Called, how do we educate investors.

3 I didn't mean to skip over you, Kobayashi-san. In

4 Japan, what kind of stories do you have about how you got

5 XBRL going?

6 MR. KOBAYASHI: Actually, our new EDINET has just

7 started, and we have not yet accepted any XBRL statement as

8 of yet. So I'd like to comment about our pilot program held

9 last summer. That was the second pilot program, in which

10 over 1,200 companies participated.

11 After that pilot program, we made a questionnaire

12 to the participants and to ask them about the problems they

13 faced in preparing statements. And many companies answer us

14 about the problems of tools -- for example, the cost of tools

15 or their difficulty in using or something.

16 And others cited difficulty in determining the

17 accounting titles for items, or large amount of preparation

18 materials and a big manual, or the manual was difficult to

19 understand, or something like that. And I think it's very

20 interesting that some companies mentioned about difficulty in

21 coming in agreement with the auditor about a selection of

22 accounting titles.

23 And secondly, we ask the participants about how

24 much amount of work involved.

25 MS. SAVAGE: Oh, this is a key item I want to ask

1 you because you've done it. You did it in Japan.

2       What did they say about how much work and money was  
3 involved?

4       MR. KOBAYASHI: We asked them about not money, but  
5 how much amount of work involved in creating the statements.  
6 The participants answered; 22 percent of the participants,  
7 respondents, said they estimated in initial year, the time is  
8 twice the amount of work -- sorry, the amount of work is  
9 twice compared to the previous HTML format. And 50 percent  
10 answered it would be 1.5 times to 2 times compared to the  
11 previous filing.

12       And so that over 90 percent, about 90 percent of  
13 participants, answered it would be 1.5 times and more in the  
14 initial year.

15       MS. SAVAGE: As they were planning to do this?

16       MR. KOBAYASHI: Sorry?

17       MS. SAVAGE: As they were starting, they thought it  
18 would cost so much time?

19       MR. KOBAYASHI: Yes. But we have to note that this  
20 is not reflected the actual time of filing, but just an  
21 estimation. So possibly I think is kind of over-estimated.

22       MS. SAVAGE: You know, it would be interesting to  
23 have another survey now that they're doing it.

24       MR. KOBAYASHI: And for the second -- some second  
25 years, only 6 percent of the companies estimated that it

1 would be twice as much work, and the proportion of 1.5 times  
2 to 2 times fell to 28 percent. So in contrast, the answer  
3 that the amount of work would remain the same rose up to  
4 50 percent. And there was also 4 percent of participants  
5 answered it would fall from the HTML format.

6       So anyway, I'd like to point out two things. One  
7 thing is as I said, it is over-estimated. But anyway, the  
8 initial year, the companies have to do more compared to the  
9 HTML format because they have to get skill or get some tools  
10 or something like that.

11       But these kind of things, we at FSA made several  
12 measures to ease that kind of problems. For example, we made  
13 our guidelines easier to use, or were to have 30 times the  
14 instructional seminars to the companies. In that companies,  
15 about 4,000 companies participated.

16       MS. SAVAGE: So that's good advice for others, to  
17 recognize that companies will first over-estimate the time,  
18 and second of all, it's the job of the regulators or the  
19 collectors to make the job easier --

20       MR. KOBAYASHI: Yes. Yes.

21       MS. SAVAGE: -- because the first year is the worst  
22 year? Is that it?

23       MR. KOBAYASHI: Yes. That's right. That's right.

24       MS. SAVAGE: The first year is definitely the worst  
25 year.

1           Let me move on just briefly to the Chinese story.  
2 We have two of you, and you have your time. Please tell us  
3 about any advice or stories that you have about getting into  
4 XBRL, Dr. Li.

5           DR. LI: Oh, let me first. I think every story  
6 happens happen for a reason and happen for a dream and a  
7 goal. I think no matter in the States, in U.S. and other  
8 countries or in China, I think we regulators have the same  
9 dream and the same passion for our goal, for our purpose in  
10 protecting investors and regulate their market, the capital  
11 market.

12          I think in China, the story how XBRL worked or  
13 entered our market, it's very interesting. As far as I know,  
14 that first we admire, and for a long time it's the attitude  
15 in your website attract us, very first. Why? Because for  
16 the investors, they could search the information quicker and  
17 accurate and at low cost. That's why it attract us.

18          But now XBRL came out. The standard came out, a  
19 new technology and a new information retrieval language. So  
20 then as far as I know, famous accounting company called KPMG,  
21 the company, once they introduced, they tell us something,  
22 maybe tell us some story about XBRL. And this bring us  
23 interesting in our accounting department in CSRC.

24          And in early 2007, at that time my former leader,  
25 the first chief accounting officer -- maybe most of them know

1 him, J.C. Wang -- he had hold a meeting in CSRC and let the  
2 KPMG, the company, gave us lecture. And it's very  
3 interesting that at the same time that World Bank, they  
4 support us, support China, our study about electronic  
5 company, listed company database.

6         So in this important study that auditors, they give  
7 us a very important suggestion that in China, if you set up  
8 EDGAR system, Chinese EDGAR system with Chinese  
9 characteristics, you should use XBRL standard.

10         So our working group, at that time we set up our  
11 working group and we start to take action and do something  
12 and pushing this project after that. And our two stock  
13 exchanges, no matter Shenzhen Stock Exchange and Shanghai  
14 Stock Exchange, those are -- both of them made very -- a lot  
15 of achievements in training and practice at carrying out  
16 their plans.

17         So we moved very fast. This is our first thing. I  
18 think this is the story happened. I think -- and what I want  
19 to say more -- I'm sorry -- is that --

20         MS. SAVAGE: No, no. That's very fascinating to  
21 Americans, to see how it happened.

22         DR. LI: -- is that before I came here, I read  
23 speeches by Chairman Cox. I was very impressed and very  
24 touched. I thought -- just now I said that we do something  
25 because our passion of our dream. I think Chairman Cox, he

1 spoke our hearts, that we have the same dreams.

2           In his speeches, he said that markets function best  
3 when all the information that market participants need is  
4 available to them, and when they want it, and in a form they  
5 can use it. And Chairman Cox also said, one reason we are interested  
6 in that obtaining financial information faster and more  
7 easily, we are strengthen our ability to policy wrong doors  
8 and prevent fraud. That isn't the whole story by a long  
9 shot.

10           And Chairman Cox also said, interactive data is a  
11 marriage made in heaven for investing and high tech. And I  
12 thought, I could say that interactive data is a marriage made  
13 in heaven for our regulators and high technology. So I  
14 thought, we'd better -- we should -- since they are  
15 marriages, we should have families.

16           (Laughter)

17           DR. LI: And with these families, we would have big  
18 families, the members from the world. Do you agree?

19           MS. SAVAGE: We certainly do.

20           (Applause.)

21           DR. LI: The first day I came to Washington, I feel  
22 so hot because is my third time to Washington and I liked  
23 very much first two times in spring. But in this time, in  
24 summer, and I'm surprised. I never felt it's so hot. But it  
25 reminded me about, oh, it showed the hospitality for our

1 guests, for your friends, and the passion for XBRL, and for  
2 the spirit. And -- how to say -- for the spirit that we will  
3 put into our work, with the work hot.

4 MS. SAVAGE: Thank you very much.

5 DR. LI: I'm sorry I speak so much.

6 MS. SAVAGE: No, no, no. Thank you very much.

7 Chairman Cox, you're going to go down in history in Chinese  
8 language with famous chairmen who have affected our lives.

9 For the record, let me say that we're broadcasting  
10 this in early June, and it is at least 100 degrees outside at  
11 midnight in Washington, D.C. this week. So everybody's a  
12 little bit impressed with the heat.

13 Peter, did you want to add something to that?  
14 Because you've been so nice to come all this way.

15 MR. SHI: Sure. I want to make several points here  
16 in addition to Dr. Li. Also, we didn't have any missteps so  
17 far. We did pretty well so far. One I think is very  
18 important is the clarity of the taxonomy. So when you define  
19 that, you have to be very careful.

20 The secondary is both of that financial data, and  
21 also the footnotes, are very important. So when we're doing  
22 that, in the first we do it for the general companies due to  
23 the characteristics of the companies. So in the second  
24 stage, we did it on the financial listed companies. So do it  
25 separately. Don't try to be one shot to, you know, have all

1 the birds be shot.

2 MS. SAVAGE: Very good advice.

3 MR. SHI: Another one I want to make is -- although  
4 we haven't done that, I think it's in the future trend -- we  
5 need to accept the digital signature. So once the issuer  
6 send out, she's the guarantor to saying, okay, I provide the  
7 information correctly.

8 MS. SAVAGE: That hasn't been discussed, digital  
9 signature. Is that an issue?

10 MR. SHI: In the later on, you will find that it  
11 will be an issue because let's say, you know, when the  
12 investor is using it, right, he found out some errors, he  
13 will challenge, you know, saying why is that. So once you  
14 have the digital signature, then you can guarantee, okay,  
15 from the beginning, this one is properly put.

16 MS. SAVAGE: I see. Okay.

17 MR. SHI: SO that's what I want to make  
18 suggestions.

19 MS. SAVAGE: Thank you. Thank you very much.

20 Well, Jim Turner, does this move Canada more -- I  
21 mean, will you take some of this back to Canada? And have  
22 you any stories for us about the difficulty of getting there?

23 MR. TURNER: Well, certainly there is a lot to take  
24 back. I mean, I'm feeling a little bit like the wayward son  
25 that's not getting on the family program here. But the



1 comments by other members of the panel, I mean, there's  
2 clearly a significant benefit to small companies like we have  
3 in Canada, as Stefano has said. So I think there are  
4 significant benefits there.

5       There are real benefits for retail investors,  
6 particularly in the mutual fund area, and that's something  
7 that we've recognized and we're certainly going forward  
8 looking at. And there's certainly an advantage to getting  
9 our companies used to XBRL now, even though there is the  
10 conversion to IFRS coming, which may complicate things.

11       But I think, as regulators, our real challenge is  
12 to get the education out there, get people to understand it's  
13 not so hard to convert and there are going to be real,  
14 substantial benefits for them.

15       MS. SAVAGE: Yes. Well, a lot of examples. First,  
16 for the companies, that it's easier and less expensive and  
17 more beneficial. The next round will be the education of the  
18 investors and ultimate users.

19       Let me skip for a moment to Stefano because we're  
20 talking about that ultimate education. Is this just going to  
21 be for the professionals, the research guys like you who come  
22 out with the big reports and talk to the institutions? Or  
23 how quickly will this be a tool at MSN Money or CNBC.com,  
24 where individual investors will actually be using these  
25 tools?

1           MR. NATELLA: I think it will happen very quickly  
2 for one reason, that whenever there is an opportunity, there  
3 is a new company that I guess will be extensions of current  
4 companies that will try to aggregate the data coming directly  
5 from XBRL. Right? So as we've seen in the past, when there  
6 is change, there is always an opportunity for someone to  
7 capture that. And I can see as we have E\*TRADE and have  
8 trading screens for individual investors, we could have  
9 services all -- analytical services for investors. So that  
10 actually is quite positive.

11          MS. SAVAGE: Once the data is out there, it will be  
12 used.

13          MR. NATELLA: Yes.

14          MS. SAVAGE: Very interesting.

15          Olivier, so are you pleased now? Look what you  
16 started with supervising IFRS to get into this taxonomy. How  
17 close to complete do you think your work is?

18          MR. SERVAIS: Near final. No, if I may, I'd like  
19 to echo Ms. Li Wei's passion. I remember a couple of years  
20 ago being in -- maybe it was in Philadelphia conference.  
21 Someone came to me and say, you're a kind of close family.  
22 The XBRL community around the world is a kind of small  
23 family. You are so passionate. You all look like praying to  
24 God XBRL. I know that's talking a god here.

25          The second thing is about the potential benefits of

1 XBRL. Some were saying, it's too nice to be true. It was  
2 some years ago. Now that we have real results, real  
3 achievements, and you've heard from many panelists, real  
4 achievements with XBRL implementation, I'm very pleased that  
5 I will be no longer being called a kind of Harry Potter or  
6 David Copperfield.

7 (Laughter.)

8 MS. SAVAGE: The great wizard of XBRL. That's what  
9 we're going to call you, Olivier, the wizard of XBRL. I  
10 think you should be very proud. I know you've been working  
11 very hard for a very long time. And you see it happening  
12 around the world. I think the world owes you a great deal of  
13 thanks because you've worked on it tirelessly, I know.

14 Before I wrap up and turn it over to Chairman Cox,  
15 let me turn back to David for a moment and say, so now the  
16 U.S. in many ways has been a leader and in many ways is just  
17 getting to where some other countries are. How quickly do  
18 you see this moving? Or maybe you're keeping your fingers  
19 crossed during the comment period. How quickly do you hope  
20 to see this moving, and then how quickly do you think this  
21 will be implemented, and how seamlessly now in the next two  
22 or three years?

23 MR. BLASZKOWSKY: Well, Terry, there are so many  
24 ways to go with that. In terms of primary financial  
25 reporting for corporations and for funds, we have a proposed

1 schedule out there, a three-year schedule for this.

2 But there are so many additional directions. I  
3 mean, as we look at progress in IFRS, we certainly do ask  
4 questions about other kinds of information that can and  
5 perhaps should be available in interactive data.

6 On the other hand, there are a couple of different,  
7 additional directions. There are organizations who are  
8 developing their own tags for important information, such as  
9 for governance, for sustainability, that are not areas that  
10 perhaps we look at, but through market forces, through  
11 investor sentiment, and through companies wanting to do  
12 perhaps the right thing, will make additional kinds of  
13 information together in an XBRL language that, because of the  
14 nature of XBRL, will allow the information to come together  
15 to be mashed up, to be analyzed in extraordinary, perhaps  
16 even novel, kinds of ways.

17 In fact, those tools, those kinds of tools, are out  
18 there. Some are in their early stages but they're moving  
19 rapidly. One of the things that I've heard from providers of  
20 those tools is that in many cases, getting a couple of large  
21 markets, including the U.S., providing money-oriented data,  
22 financial information, is what will make many of these tools  
23 truly useful and economical. They go from arcane to being  
24 mainstream in just a step.

25 And I think it's exciting as we look at our markets

1 here, which represent untold trillions of capital, and  
2 hopefully the other nations, the other markets out there that  
3 will be watching this and are in various stages of  
4 considering or will be in various stages of considering  
5 interactive data, that you go from analysis of companies,  
6 analysis of sectors, analysis globally as opposed to  
7 uni-nationally.

8         And we are certainly not going to, as a single  
9 nation or as single regulator, drive all of that. But it'll  
10 be the needs of investors and the needs of corporations, too,  
11 that I think will push that.

12         MS. SAVAGE: This is very exciting. We are on the  
13 threshold of a bigger frontier, I guess, than most of us had  
14 realized, being preoccupied with putting data out there  
15 interactively, to recognizing the great global implications.

16         And with that, I want to thank a wonderful,  
17 wonderful panel. I think what I've learned is that though we  
18 speak many languages and we trade securities denominated in  
19 many different currencies, we also speak a universal  
20 language, the language of numbers.

21         And we also have kind of a universal human nature  
22 in terms of starting something this new and this  
23 revolutionary and this potentially huge, but that you have  
24 been the drivers of changing both human nature and the  
25 language by which we compare things financial. I think Dr.

1 Li put it best when she said so clearly that we all have a  
2 passion for helping investors, and thereby helping capital  
3 markets, and by helping actually our global financial  
4 community.

5       So I thank you all for being part of this first  
6 panel on the actual people who are doing it around the world.  
7 And I look forward, as I'm sure does Chairman Cox, to the  
8 comment period and then our rule going into effect here in  
9 the United States.

10       And with that, I will turn it back to our Chairman.

11       CHAIRMAN COX: Thanks, Terry. You've done a  
12 fabulous job of moderating what has been a spectacular panel.  
13 And not only have you all put a lot of thought and energy  
14 into this enterprise from the standpoint of your own  
15 countries for a period of many years, but you also made a  
16 great effort to be here in Washington today. And I want to  
17 thank you once again for that. For the SEC, we have learned  
18 a great deal from what you've had to offer us today, and we  
19 look forward to continuing to work with you.

20       I should just point out the synergies that each of  
21 us benefits from as a result of this kind of international  
22 collaboration. When we adopted our proposed rule just a few  
23 weeks ago, our Office of Economic Analysis relied heavily on  
24 the most recent experience, Japan's, in mandating XBRL  
25 filing. Some of the data that you just described to us were

1 data that we've looked at very carefully.

2       And it's a way for each of us, then, to measure our  
3 own experience and to measure our own progress, and also to  
4 take decisions that we have to weigh very, very carefully  
5 because we have markets and investors who depend on us to  
6 make wise choices.

7       With respect to Ms. Li's comment about not only the  
8 passion that we have but the parentage that is represented  
9 here, we've got ten panelists. If you think about it, in a  
10 normal two-parent family it's not unusual to have dozens of  
11 grandchildren or great-grandchildren in just a few  
12 generations.

13       Here, with technology, where the generations are  
14 measured in months and years, not decades, imagine the  
15 enormous family of accomplishments that this group of ten  
16 parents, and others like them around the world, will be able  
17 to claim credit for very soon and be very proud of.

18       In the future, in the near future -- there was a  
19 little hint of this in the discussion today -- I think we're  
20 going to see that the providers of financial preparation  
21 software, the vendors to companies who provide the basis  
22 systems that they use day in and day out to keep their books,  
23 are going to embed this capability in it so that SAP, Oracle,  
24 and others that companies rely upon will make it easy for  
25 data tagging to happen without anybody even paying much

1 attention to it.

2           Ultimately, it seems likely that the uses for XBRL  
3 will extend far beyond what the SEC is interested in, because  
4 investors are interested in it, and that's tagging financial  
5 statements, to a number of other internal processes that  
6 companies will find manage their own business better. The  
7 cost savings that the Netherlands is finding aren't limited  
8 by any means to securities or even the capital markets. So  
9 for governments generally, there are big, big opportunities  
10 for us to drive down the cost to consumers, taxpayers, for  
11 all sorts of government reporting.

12           We're on the front end of what's undoubtedly going  
13 to be a big revolution, an organized revolution, as you point  
14 out. I hope that that's true. We've got a lot of good  
15 thinkers to help us organize that global revolution here  
16 today. So I want to thank you for what you're doing, and let  
17 you know that in all of these big efforts that we've got  
18 ahead of us, the SEC is very proud to be your partner.

19           (Applause.)

20           MS. SAVAGE: Thank you.

21           (Whereupon, at 12:07 p.m., the roundtable was  
22 concluded.)

23                           \* \* \* \* \*

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