



**SECURITIES AND EXCHANGE COMMISSION
INTERACTIVE DATA ROUNDTABLE**

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June 12, 2006

Thank you for the opportunity to participate in the SEC Roundtable on Interactive Data and the panel discussion on how we can leverage the power of the Internet to provide investors with better information. Vanguard supports the Commission's interest in using the Internet and data standards to make mutual fund disclosure more useful and useable for investors.

Today we have the opportunity to employ technology to revolutionize mutual fund disclosure – to make available to investors fund information that is at once meaningful, useful, and manageable, in a way that benefits regulators and investors and their advisors. Standards on sharing data make it possible for us to increase the availability of accurate, timely information and reduce the burden of producing it.

Data sharing standards make Chairman Cox's vision of a rationalized disclosure model for mutual funds both feasible and attractive: we can provide investors with key data – the facts they want and need in an easy to understand format, and also give them the tools to easily customize their information and obtain greater detail.

Vanguard¹ has more than a decade of experience in serving investors online through our web site. During that time period, we have seen a rapid evolution in how investors are using the Internet for investment services. In 1995, early in our Internet history, only a few thousand investors and financial advisors were visiting *vanguard.com*, primarily for educational purposes, to research mutual funds and other investment products. By 1998, we had designed the site so that investors could check their account balances and obtain other information about their investments. Just two years later, one million investors were transacting in their fund accounts online. Investors embraced each of these new ways to engage us online. Today, some four million shareholders use *vanguard.com* to manage their accounts, and we support a huge base of financial advisors.

¹ The Vanguard Group, Inc. ("Vanguard"), headquartered in Valley Forge, Pennsylvania, manages over \$980 billion in U.S. mutual fund assets. *Vanguard.com* became operational in 1995.

Vanguard's experience reflects the way the Internet has fundamentally changed how investors obtain investment products, services and information. Individual investors and financial intermediaries alike research, compare, buy, and sell funds online. At the same time, our experience demonstrates the importance of carefully organizing and enabling the online experience for investors and investment professionals. We agree with the Commission that the time is ripe to focus on making mutual fund disclosure more relevant, timely, and succinct through the online channel. As an industry, we should provide plain English disclosure that is both interactive and convenient.

Tagging relevant data, whether through XBRL or other means, will ultimately be an important step in achieving better online disclosure. Tagging allows the data to be sourced accurately, easily shared, searched, and published. By itself, however, tagged data is not enough and alone, it would prove overwhelming. There are over 700 data "tags," or types of data, in the XBRL library for investment management. Imagine the average investor trying to make sense of which data are relevant. Too much choice and too much information can cause paralysis. To be successful, we'll also need to present the most important tagged data in a way that helps investors use it.

With millions of visits to our web site's fund pages every day, we've learned that fund data must be both useful and useable. Our web site is designed to give investors all the critical information about a fund, but not inundate them. Invariably, across many different types of funds, ours' and other companies' investors look at the same information; for example, performance, fees and minimums, holdings, and risk (who should invest). Very few do complex research on criteria such as P/E or Beta. Investors, for the most part, look at the high-level information necessary to make an informed investment decision. Interestingly, the information investors seek is very close to the key information the Commission has found to be most important when considering a fund investment.² How can we build on this experience to improve disclosure about all mutual funds?

We envision tagging for presentation those items of information that the Commission has found fundamental to the decision to invest in a mutual fund. We would extract those items from the fund's prospectus and shareholder reports, and format them into a concise presentation that is useable instantly on the Internet by investors and their financial advisors. For those who prefer it, this concise presentation could be easily available in a paper document delivered by postal mail. The same information, electronically stored, could be accessed on the Commission's web site, on the fund's web site, or on other financial sites. Ultimately, essential fund information would be presented in a useable format, on a single screen or in a short document. Investors and their advisors would be able to access more detailed fund documents, such as the full

² *New Disclosure Option for Open-End Management Investment Companies*, Investment Company Act Release No. 23065 (Mar. 13, 1998) (Fund Profile); *Registration Form Used by Open-End Management Investment Companies*, Investment Company Act Release No. 23064 (Mar. 13, 1998) (Risk/Return Summary).

prospectus and shareholder reports, online, or if they prefer, request them via electronic or postal mail.

In the long run, more than just the basic fund data can and should be produced in a tagged and useable format. Although it will take considerable time to develop, we should define the larger universe of data that is relevant to the community and tag the data from the moment of its creation. Users of data tagged at the source will find it accurate, current, and easily updated. Sophisticated investors and professional advisors and analysts are logical users of this deeper interactive dive into fund financials. Of course, the full vision will take time and cost money to bring to reality. But, in the meantime, we can create and produce simplified mutual fund disclosures, populated with tagged data that is searchable and comparable across funds.

Mutual fund companies, financial advisors, brokers, and individual investors have all enthusiastically adopted the Internet over the last 10 years. The wealth of information, and the convenience and the richness of applications, have resulted in the vast majority of investors using the Internet. The time and circumstances are right to improve the experience for investors: technology now makes it possible for us to bring simplicity, accuracy and flexibility to disclosure. We strongly support the use of technology to present the most useful investment information to mutual fund investors in the most useable way.