

Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington
DC 20549-1090.
USA

By E-mail: rule-comments@sec.gov

August 1, 2008

Dear Ms. Morris,

**Re: File No. S7-11-08
Release Nos. 33-8924; 34-57896; 39-2455
Proposed Rule: Interactive Data to Improve Financial Reporting**

The Institut der Wirtschaftsprüfer in Deutschland [Institute of Public Auditors in Germany] (IDW) is pleased to have the opportunity to comment on the above-mentioned Proposed Rule. The IDW represents the interests of the profession of German Public Auditors and, as one of the founding fathers of the XBRL initiative in Germany, has supported the project right from its beginning.

In this letter, we focus on matters of direct relevance and importance to the members of the auditing profession we represent. We submit our comments as follows:

General Comments

The IDW fully agrees that the use of XBRL technology is in the interests of capital market participants and supports the Commission's initiative to require filers to provide their financial statement information in a computer readable format. However, whilst we agree that taking advantage of technological developments is in the interests of capital market participants, we are concerned that the use of XBRL nevertheless introduces certain risks and, in particular, potential security risks, which need to be addressed.

Institut der Wirtschaftsprüfer
in Deutschland e.V.

Wirtschaftsprüferhaus
Tersteegenstraße 14
40474 Düsseldorf
Postfach 32 05 80
40420 Düsseldorf

TELEFONZENTRALE:
+49 (0)211 / 45 61 - 0

FAX GESCHÄFTSLEITUNG:
+49 (0)211 / 454 10 97

INTERNET:
www.idw.de

E-MAIL:
info@idw.de

BANKVERBINDUNG:
Deutsche Bank AG Düsseldorf
BLZ 300 700 10
Kto.-Nr. 7480 213

GESCHÄFTSFÜHRENDER VORSTAND:
Prof. Dr. Klaus-Peter Naumann,
WP StB, Sprecher des Vorstands;
Dr. Klaus-Peter Feld, WP StB CPA;
Manfred Hamann, RA

page 2/4 IDW comment letter dated August 1, 2008 to the SEC

In view of this, we would like to draw the Commission's attention to two main areas of concern in respect of the above-mentioned Proposed Rule. Firstly, we believe that adequate mechanisms need to be established to enable investors to verify that the information they are able to access, and intend to use, is authentic and has not been subject to manipulation or corruption.

Secondly, we are concerned that the Commission does not appear to perceive any need for assurance as to the process for reporting the data required to be filed in XBRL format at this point in time.

Both of these concerns relate to aspects that are vital in safeguarding the quality of interactive data supplied to capital market participants. Therefore, both need to be given due consideration, if XBRL reporting is to gain the acceptance of investors and other market participants. We discuss each of these aspects in turn:

Significant Issues

1. Accuracy, Reliability, and Authenticity of Interactive Data

Enabling accurate and reliable financial information to be made available to investors is, unquestionably, essential to the functioning of the securities markets. Interactive data using XBRL will have to meet investors' expectations as to its reliability and accuracy, just as is the case in respect of the information made available by traditional filing methods. Investors' expectations about the quality of the information they rely upon do not vary with the format in which that information is presented.

In addition to confidence as to the accuracy and reliability of information input in XBRL format, which we discuss in more detail below, investors need to be confident as to the authenticity of the information that is actually made available to them.

We are concerned that the Proposed Rule does not address the issue of authenticity once the relevant data has been tagged, since it does not include proposals as to how its security might be ensured or monitored. Irrespective of whether financial statement information is provided by the SEC or made available on a filer's own individual website, investors and others using information obtained from the SEC website have to be confident that they have gained access to the authorized official version. We are concerned that, for companies' individual websites, this may not always be the case, as, unless their websites are sufficiently secure, their data may be susceptible to corruption or manipulation. Those using XBRL information therefore need to be able to verify that data

page 3/4 IDW comment letter dated August 1, 2008 to the SEC

received has not been corrupted or manipulated in any way. IT Solutions such as digital signatures, signature security protocols or certificates might be feasible.

In our opinion, this is an important aspect that the Commission ought also to address, since, corruption or manipulation of data subsequent to its transfer to XBRL format could result in grave repercussions for capital markets, not least because the use of XBRL applications will mean that the speed of public reaction to data received will be increased dramatically as a result of increased automation.

2. Assurance and Involvement of Auditors

On page 67 the Commission raises the following questions: Should we require the involvement of auditors, consultants, or other third parties in the tagging of data? If assurance should be required, what should be its scope, and should any such requirement be phased in?

In this context, we note that the Commission confirms, on page 64, that it is not proposing that filers be required to involve third parties such as auditors or consultants in the creation of the interactive data provided as an exhibit to a filer's periodic reports or registration statements, including assurance.

Thus, according to the Proposed Rule, investors would use data derived from audited financial statements, the transferal of which into XBRL format had not necessarily been subject to independent scrutiny.

We also note that the Commission recognizes that the preparation of the financial statements may increasingly become interdependent with the interactive data tagging process. The Commission proposes that as such developments occurs, an issuer and its auditor should evaluate these changes in the context of their reporting on internal control over financial reporting. However, the Commission proposes that such evaluation would not require an auditor to separately report on an issuer's interactive data provided as an exhibit to a filer's reports or registration statements.

In this respect, we believe the Commission's proposals that, in contrast to the paper-based world, explicit auditor assurance would not be required on XBRL information may be premature in the light of current considerations and initiatives in respect of XBRL worldwide. For example, at the time of writing, it appears that the SEC Committee on Improvements to Financial Reporting is likely to recommend that both accounting and auditing standard setters react to de-

page 4/4 IDW comment letter dated August 1, 2008 to the SEC

velopments in this area. The PCAOB not only recognizes in its Strategic Plan 2008-2013 the need to “work closely with the SEC to consider and, as appropriate, establish auditor responsibilities in connection with XBRL-tagged data”, but also has, in the meantime, issued a Staff Questions & Answers paper related to attest engagements regarding XBRL financial information furnished under the XBRL Voluntary Financial Reporting Program on the EDGAR System, which provides guidance as to which type of attest engagement would be appropriate. There are also other such initiatives, e.g., the Assurance Services Executive Committee of the AICPA to address assurance implications. In our view, the Commission will need to carefully consider developments in these areas, given the common aim of serving investors by maximizing the quality, transparency and relevance of information reported to them before finalizing a decision.

Furthermore, in consideration of the likelihood of potential future developments also, in addition to assurance services relating to XBRL tagged data, there is an increasing need for an assurance service in respect of the effectiveness of the XBRL reporting process itself, e.g., “Internal control over the XBRL reporting process”. Auditors have the necessary knowledge of and experience in auditing financial statements and, where applicable, evaluating the accounting process and the design, implementation and operating effectiveness of internal control over financial reporting of the entity being audited. We believe these aspects need to be given full consideration, not least because the potential evolvement of so called “just-in-time” reporting and/or real-time disclosures of financial information will necessitate an adequate reporting process. This is an area where auditors will increasingly need to be involved (contemporaneous assurance on the reliability of the information).

We would be very pleased to be of further assistance if you have any questions or comments about the contents of our letter.

Yours truly,



Klaus-Peter Feld
Executive Director



Ulrich Schweiß
Director Auditing