

1 August 2008

Mr. David Blaszkowsky  
Director of Interactive Disclosures  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

**Re: File Number S7-11-08**  
***Interactive Data to Improve Financial Reporting***

Dear Mr. Blaszkowsky:

The CFA Institute Centre for Financial Market Integrity (CFA Institute Centre),<sup>1</sup> in consultation with the CFA Institute XBRL Working Group (WG)<sup>2</sup>, appreciates the opportunity to comment on the proposed rule “Interactive Data to Improve Financial Reporting” issued by the U.S. Securities and Exchange Commission (SEC).

The CFA Institute Centre represents the views of its investment professional members, including portfolio managers, investment analysts, and advisors, worldwide. Central tenets of the CFA Institute Centre mission are to promote fair and transparent global capital markets, and to advocate for investor protections. An integral part of our efforts toward meeting those goals is ensuring that the quality of corporate financial reporting and disclosures provided to investors and other end users is of high quality. The CFA Institute Centre also develops, promulgates, and maintains guidelines encouraging the highest ethical standards for the global investment community through standards such as the *CFA Institute Code of Ethics and Standards of Professional Conduct*.

---

<sup>1</sup> The CFA Institute Centre for Financial Market Integrity is part of CFA Institute. With headquarters in Charlottesville, VA, and regional offices in New York, Hong Kong, and London, CFA Institute is a global, not-for-profit professional association of more than 96,000 investment analysts, portfolio managers, investment advisors, and other investment professionals in 134 countries, of whom 82,000 hold the Chartered Financial Analyst® (CFA®) designation. The CFA Institute membership also includes 135 member societies in 56 countries and territories.

<sup>2</sup> The objective of the WG is to develop guiding principles related to XBRL and thereby form the basis of our future advocacy for and promotion of XBRL usage. Additional information on the WG is available on the CFA Institute website:  
<http://www.cfainstitute.org/centre/overview/councils/xbrl/index.html>

## **Introduction**

We enthusiastically support the proposal's overarching mandate for Interactive Data or XBRL-tagged financial information. As awareness of this emerging technology increases, and implementation methods mature, this proposal will facilitate the realization of many of the long-awaited benefits to users of financial reports. The steps outlined allow a variety of companies the flexibility required to accurately complete XBRL-tagged SEC filings.

The CFA Institute Centre, through its established XBRL Working Group, developed a list of guiding principles expected to benefit investors as regulators adopt XBRL reporting frameworks. Those principles follow.

1. Core taxonomy (or structure of tagging elements) should be predefined by current financial reporting standards, including generally accepted accounting principles (GAAP) and other regulatory disclosure and reporting requirements such as SEC Regulation S-X.
  - a. There should be only one set of financial statement layouts for each core industrial taxonomy. For example, there should not be two versions of a commercial industrial Income Statement simply to include or exclude Gross Margin as this *greatly* inhibits comparability.
  - b. The SEC should not include what are known as "alternative" categorizations in the core industrial taxonomies. It should structure them to best accommodate as many filers as possible and then, in the very few remaining areas where there are incompatible layouts, the few remaining companies should create alterations and extensions that hopefully will be reduced over time.
2. Taxonomy extensibility rules should be established to maximize the level of data comparability between companies and directing that company-specific extensions should be classified as well as possible using core taxonomy structural relationships.
  - a. These extension rules should prohibit custom extensions which alter the primary element definitions and calculation relationships within the base industrial taxonomy such as would be caused by moving a child element<sup>3</sup> from one calculation parent group to another.
  - b. The introduction of new technological features, as is done with new accounting rules, should be considered from the perspective of the investor and its impact on external financial reporting. While not wanting to limit technological advances, alternatives should not introduce unnecessary complexities to the processing of the information by the end users.

---

<sup>3</sup> A child element represents a tag or field within the taxonomy that is typically included in the calculation and presentation of the parent element.

Re: File Number S7-11-08 Interactive Data to Improve Financial Reporting  
1 August 2008  
Page 3

3. Ultimately, companies should deliver complete versions of required financial reports to regulators solely using the XBRL framework once it has fully matured.
4. The general public should have easy and free access to the XBRL-tagged reports as soon as submitted.
  - a. The XBRL specifications should remain open source and the taxonomy intellectual property should also be in the public domain. Given XBRL US Inc.'s ownership of the taxonomies, it is unclear whether users such as analysts and research organizations would be able to create derivative works of the taxonomies (including individual parts such as elements, definitions etc) for re-sale without infringing on intellectual property rights and possibly being subject to royalties. We believe that the financing of taxonomy development by the taxpayer should result in public ownership of the resulting intellectual property as is standard in the industry. The SEC should require that the XBRL US organization donate its intellectual property claims into the public domain.
5. Regulators should develop the necessary infrastructure and protocol to ensure the timely updating of the established XBRL framework as outlined in the preceding four key principles.<sup>4</sup>

The SEC's proposal generally aligns with many of these principles. The expected benefits for investors and analysts outlined in the proposal—improved access to information and enhanced market efficiency—are topics that initially lead to CFA Institute's interest in XBRL. As all companies achieve the full level of detailed tagging outlined in the proposal, the information available to all users—investors, creditors, regulators, analysts and others—will begin a new chapter in the book of standard practices.

The remainder of this letter is divided into two sections. First we will provide feedback on some topics for the SEC to monitor as it implements interactive data reporting. Finally we summarize our responses across the major areas where comments were requested.

### **General Discussion**

Anytime a regulator looks to change its reporting requirements, it needs to balance the impact of the changes on all of its constituents. The implementation of interactive data is no exception. The phased-in approach for interactive data, which begins with a smaller set of companies and limited level of required tagging, highlights that the SEC understands the challenges inherent with its initiative. Given that the implementation of interactive data is not the only accounting and reporting change under consideration by the SEC, the adopted rules will need some flexibility to ensure comparability of information available to users.

---

<sup>4</sup> Additional discussion of each principle is provided in Appendix I.

Re: File Number S7-11-08 Interactive Data to Improve Financial Reporting  
1 August 2008  
Page 4

Proposed IFRS transition: The Working Group's support of the interactive data proposal is driven by benefits the technology brings to all users of financial reporting. With the proposal's inclusion of companies reporting in US GAAP and International Financial Reporting Standards (IFRS), the SEC recognized that XBRL tagging should apply to all companies that are traded in the U.S. regardless of accounting standard under which the company files. As the SEC discusses and develops its timeline for a possible conversion away from US GAAP to IFRS for all companies, we would not want to see XBRL become needlessly delayed due to debates over differences in reporting standards. In fact we strongly believe XBRL can operate as an enabler in minimizing difficulties with this transition. However, for this to happen it will be imperative that tagging of similar items receive similar tags, thereby allowing users to better understand where differences lay and augmenting the debate regarding such differences. We urge the SEC to address the issue of taxonomy difference prior to a transition of standards.

In a 2007 survey of members, the CFA Institute observed that analysts place very high levels of importance on the consistency and comparability of financial information.<sup>5</sup> Currently there are significant differences in the number of tags included in the IFRS and US GAAP taxonomies. The recent work completed by XBRL US in updating the US GAAP taxonomy included tags for common corporate reporting and SEC disclosure requirements. These data items represent information useful to the analytical process that should continue to be made available when companies transition to IFRS.

One of our WG members currently uses the Chinese XBRL reported information. In 2007, China updated their published taxonomy to allow for the IFRS requirements. Unfortunately, this created problems for his models with the uploading of the most current information. Some items simply needed mapping to new IFRS comparable fields. Although still published in the companies printed annual reports, some of the information tagged in previous periods was no longer being tagged since the fields were not available in the updated taxonomy. The result was a manual data gathering exercise that had previously taken place electronically. Minor impacts on consistency and comparability might be expected, but the SEC should strive to minimize similar impacts as just described while ensuring no loss of information.

Our 5<sup>th</sup> principle calling on regulators to develop a flexible infrastructure and protocols for allowing changes is grounded in the notion that financial reporting remains fluid. Along with the possible adoption of IFRS for all companies, the Financial Accounting Standards Board (FASB), along with the International Accounting Standards Board (IASB), continues to work on other changes to accounting standards. Their joint Financial Statement Presentation<sup>6</sup> project may significantly change the layout of the primary financial statements. All changes to standards, ultimately, need incorporation in the approved list of tags. Without a flexible structure and a plan for change, new and useful information may only be incorporated into the interactive data file

---

<sup>5</sup> On a 5 point scale, Consistency and Comparability received average marks of 4.5 and 4.3 respectively. The full results of the survey are available on the CFA Institute website: <http://www.cfainstitute.org/centre/topics/reporting/xbrl/topline.html>

<sup>6</sup> A full discuss of the FASB/IASB Financial Statement Presentation project is available on the FASB website: [http://www.fasb.org/project/financial\\_statement\\_presentation.shtml](http://www.fasb.org/project/financial_statement_presentation.shtml)

Re: File Number S7-11-08 Interactive Data to Improve Financial Reporting  
1 August 2008  
Page 5

though the use of company-specific extensions. While the data are available, its comparability between companies becomes greatly diminished.

Along with the need to align the fields within the two taxonomies, the SEC will also need to address the technical differences between them. For example, the updated US GAAP taxonomy incorporates the new technological feature of dimensions which is not part of the 2008 IFRS taxonomy. These differences will need to be addressed so as not to diminish the comparable processing of information such as segment reporting. We encourage the SEC to adopt a similar practice to the formal post-adoption reviews recommended by the SEC's CIFI Committee related to accounting standards.<sup>7</sup> The discussion around the impact of the use of dimensions indicates a need to balance potentially unnecessary technological complexities against current and future technological standards. With a post adoption review the SEC can ensure that first and foremost, the XBRL technology remains current but such "current" technology is not unnecessarily complex.

With discussion of possible timelines for these and other changes beginning within the next three years, one could consider delaying a mandate for interactive data to coincide or even follow these events. We do not feel that is in the best interest of investors. We strongly support the SEC's timeline to begin with reports filed after 15 December 2008. Any delays would further push back the date of availability for the detailed tagging of the note disclosures, and as previously noted, we believe XBRL can assist as an enabler in any transition.

Should the SEC adopt a transition plan for IFRS for all companies, we hope the experiences learned by companies in applying XBRL to the current US GAAP standards ease the transition to IFRS tagging. While the two sets of standards currently possess many differences, the convergence efforts of the IASB and FASB should further align their respective taxonomies. We would encourage the convergence efforts to include an XBRL component. An integration of non-US GAAP based tags into a future IFRS taxonomy should decrease the amount of new tags necessary in the transition to the new standards. One change the SEC could employ now to aid in compatibility with IFRS would be to merge the banking and broker-dealer taxonomies into one as is done overseas.

'21<sup>st</sup> Century Disclosure' initiative: We were excited with the SEC's announcement of the '21<sup>st</sup> Century Disclosure' initiative<sup>8</sup> as this addresses additional areas of concern regarding the proposal. While the recommendations move the bar forward for interactive data, we view the recommendation still as an interim step which is waiting updating of SEC reporting requirements and/or GAAP presentation requirements. Since the XBRL tags are included as a separate exhibit to the filing, the proposal does not eliminate any current reporting requirements for companies. With our 3<sup>rd</sup> principle calling for the transition of financial reporting to a single XBRL filing, we are encouraged that this new initiative will address the need of filing duplicative reports.

---

<sup>7</sup> In August 2007, the SEC started the Advisory Committee on Improvements to Financial Reporting (CIFI). Recommendation 2.3 introduces the post-adoption review. The report of CIFI is available on the SEC website: <http://www.sec.gov/about/offices/oca/acifr/acifr-dfr-071108.pdf>

<sup>8</sup> Details of the initiative are available on the SEC website: <http://www.sec.gov/news/press/2008/2008-119.htm>

In addressing of the SEC's requirements and filing, the new project should also determine the future of Regulation S-X. Given the timeframe in which this regulation was developed and its numerous modifications, a new baseline level for required disclosure could better align with the business practices of today. This new standard could serve as the minimum basis for tagging within interactive data reporting by updating and expanding upon the required classification categories for the income statement and balance sheet. Combining the SEC's recent interactive data proposals with the 21<sup>st</sup> Century Disclosure initiative holds the promise of fully releasing the potential of the new XBRL standard and fundamentally altering the way financial information is delivered by companies and accessed by all users.

### **Responses to Requested Comments**

Our responses are presented by sections of the proposal where feedback was requested.

## **II. DISCUSSION OF THE PROPOSED AMENDMENTS**

### **A. Submission of Financial Information Using Interactive Data**

We enthusiastically support a mandate for the use of XBRL. The Voluntary Program has not shown that the initiative will gain a significant volume of tagged information without a mandate. A critical mass of XBRL tagged information must be reached to entice analyst to convert from their current products or from manually collecting information. With the increase in the number of companies and the detailed tagging of the disclosure notes, and the refinement of the standard, the benefits to the analyst community will be more evident.

A Phase-in period is acceptable based on company size and a two-year window. This staggered approach allows for the analyst community the opportunity to install this new technology as appropriate to their needs. Our 2007 survey indicated that different groups within the investment community access information differently<sup>9</sup>. While respondents working as investment analysts (buy- and sell-side) obtain much of their information manually from source filings, those more involved directly in investment management (fund and portfolio managers) use 3<sup>rd</sup> party providers regularly. The phased-in approach will allow companies to migrate to XBRL related products as appropriate for their information needs.

For many firms, the level of information available will drive their decision to move. Current products tend to lack the availability of quality levels of information from note disclosures. Thus analysts, regardless of their use of 3<sup>rd</sup> party information, must manually collect this information. The noted second year requirement for detailed tagging of all notes is a large gain for analysts. Any delay in requiring detailed note tagging further impedes the usefulness of XBRL reporting.

---

<sup>9</sup> Question 5 inquired about the respondents' use of 3<sup>rd</sup> party providers and company source documents for gathering information. The results of the survey and an analysis by job position is available on the CFA Institute website:  
[http://www.cfainstitute.org/centre/topics/reporting/pdf/xbrl\\_survey\\_report\\_.pdf](http://www.cfainstitute.org/centre/topics/reporting/pdf/xbrl_survey_report_.pdf)

Re: File Number S7-11-08 Interactive Data to Improve Financial Reporting  
1 August 2008  
Page 7

We received a clear mandate from our 2007 survey as 97% of respondents indicated the need for some level of assurance to be given to the XBRL tagged information<sup>10</sup>. While 80% indicated the preference for a review by an independent party, 17% were willing to accept certification by management. The SEC's proposal does not require any additional assurance requirements as the XBRL tagged information is provided as an additional exhibit to the current financial statements. Without requiring the inclusion of the XBRL tags in the audit/assurance process, the ASCII or HTML formats are a requirement. This is not our long-term goal for XBRL tagged information as this creates an additional cost burden for companies to meet their regulatory requirements.

As we indicated in Principle 3, we believe the SEC should move to only requiring a single filing from companies. We understand that the current technology for filing in a single format may not meet the SEC's needs. However, the benefits of a single filing address concerns of incorporating the tagged information into the audit process and eliminating the cost of producing duplicative HTML and XBRL sets of information. The flexibility of the SEC required filings present new challenges for XBRL software that will hopefully be overcome within a short timeframe.

A transition to a single filing also requires the development of tags or taxonomies for the remaining sections of the SEC required filings. The financial statements and related notes represent a significant portion of the filings, but analysts and other users use the company reports in their entirety. As with updating the existing taxonomy, additional work remains before a complete 10K can be tagged in a comparable manner across companies.

As mentioned in our general comments, there are many on-going discussions by the FASB and IASB on the future of financial reporting models. Their work on updating the conceptual framework and financial statement presentation project may have significant impact on the requirements of the approved taxonomy. Regulation S-X is regarded as outdated as it relates to the business practices of many organizations today. The work on the joint financial statement presentation project may clarify the minimal requirements of the SEC required reports, thereby strengthening the comparability of information with XBRL. The timing of the completing of these projects may overlap the interactive timeline of the proposal. While we support the call for a mandate, the direct impact of these changes must be weighed by the SEC as they make a final decision.

As addressed, the timing of a US adoption of the IFRS standards may also compete with the adoption of implementing XBRL reporting. Since the same people within an organization are impacted, the sunk cost of adopting XBRL for US GAAP may not represent benefits related to an IFRS transition. The 2008 IFRS taxonomy is not aligned with the tags included in the current approved US GAAP taxonomy. This is due to the difference in accounting standards and the process used in their development. Prior to the acceptance of IFRS based tagged information, their related taxonomy needs expanding to incorporate many of the disclosures commonly

---

<sup>10</sup> To access this question, the respondent has to identify a basic knowledge of XBRL. Full results to question 14 are available on the CFA Institute website: [http://www.cfainstitute.org/centre/topics/reporting/pdf/xbrl\\_survey\\_report\\_.pdf](http://www.cfainstitute.org/centre/topics/reporting/pdf/xbrl_survey_report_.pdf)

provided in the note to the financial statements or additionally required by the SEC. Once again, analysts use the entire financial report and not just the primary financial statements.

## **B. Phase-in under the Proposed Rules**

### **2. Companies and Filings Covered by Proposed Rules and Phase-in**

We support the multi-phase timeline included in the proposal. The phases represent a progression across filing companies that allow smaller filers and software providers to incorporate improvements identified by the larger earlier filers. It will be important for the SEC to consider the impact of other initiatives as they develop the final timeline for interactive data, such as a conversion to IFRS for US filers. As with all new proposals, all invested parties are best served by have date-certain transition plans vs. relative dates based on the progress of prior stages.

We agree with a requirement that the company's initial filing including the XBRL exhibit should be a required periodic filing. This information will serve as the basis for the required exhibits of the company's next registration statement. While it may be possible to report sooner within a registration statement, the date certainty of the period filings allow the users to be predict when additional companies will begin delivering their tagged information.

Given the stated importance of the detailed tagging of notes, the requirement for tagging in full detail should not be delayed beyond the timeline outlined. Should the SEC delay until the requirements for the initial filing until the 2<sup>nd</sup> half of 2009, we would ask the SEC to keep the requirement that all annual filing submitted after 15 December 2009 include full tagging of the disclosure notes. If companies are allowed to only block tag notes in 2009, it will mean that analyst benefits would not significantly increase until the 2010 annual filings. Combined with the potential delays of the previously noted accounting projects, a projected 2010 date for the first filings to include detailed notes significantly questions the call to move forward now using US GAAP requirements.

All companies reporting to the SEC should be required to file in XBRL for the information related to US GAAP, IFRS or reconciliation between their national GAAP and US GAAP. Any exclusion will create complexity and obstacles in analyzing and comparing those companies. The proposed changes to the filing deadlines for Form 20-F by foreign private issuers should not be impacted by the movement to XBRL reporting. Analysts need timely information and the 20-F deadlines of the SEC should not be extended beyond those granted to US filers, for the addition of XBRL exhibits.



## **B. Phase-in under the Proposed Rules**

### **3. Documents and Information Covered by the Proposed**

#### **a. Financial Statements and Financial Statement Schedules**

We believe the four levels discussed allow for a smooth transition to fully tagged details while recognizing that different users of the information require various levels of granularity of tagging. The stated objective of including a single block tag for each full note and table, along with specific tags for the individual detailed values provides these different levels. For analysts, it is important for companies to fully and accurately tag the individual items within the note section. With the four levels outlined, reporting companies can increase the level of tagging each quarter, so the first annual filing after the initial XBRL exhibit is provided should contain the fully-tagged detail.

We agree with the approach outlined for the schedules required as part of the annual filing. Given the nature and format of these reports, there is no need for the four levels outlined for the other disclosure notes. Should the company begin filing with an interim period report, we would strongly support a mandate of requiring the full tagging of the schedules in the first annual report submitted after the initial inclusion of the XBRL exhibit.

We noted earlier the importance of comparability of information to the CFA members responding to last year's survey. The comparability of the information from the XBRL exhibits is impacted by how companies use the approved taxonomy for the required disclosures. Our 2<sup>nd</sup> principle calls on regulators to establish and enforce the required levels of disclosures from the accounting requirements. We encourage the SEC to monitor the use of the base taxonomy to ensure unnecessary extensions for both the primary financial statements and disclosure note are not used by companies thereby reducing the comparability of the tagged information.

We endorse the concept regarding the development of implementation guidance on the basis of principles. Current requirements are incorporated in different parts of the SEC literature and sections of US GAAP. Two overriding principles for the SEC to include address the minimum level of tagging required and the level of reporting where extensions are permitted. In developing the guidance, the SEC also need to address the on-going process of maintaining and updating the approved taxonomy.

The proposal to implement XBRL reporting is not intended to impact the current level of information provided by companies. Over time, we believe the structured format of XBRL reporting may encourage companies to expand their reporting as the tagging process becomes integrated in their financial reporting processes. We agree with the initial scope of the SEC's proposal in limiting the required interactive data exhibit to the periodic financial filings and related sections of registration statements.

Re: File Number S7-11-08 Interactive Data to Improve Financial Reporting  
1 August 2008  
Page 10

We recognized that the expansion of XBRL tagging to 8-K and 6-K may be accomplished by adding an additional year of the integration schedule for each company. Analysts use all information released by companies with special interest in the Earnings Releases commonly incorporated into 8-K filings. While we expect the market to demand the expanded use of XBRL reporting, we encourage the SEC to include all filing that deliver financial information in their final interactive data requirements.

In analyzing a company, analysts use information associated with subsidiaries included in the filings as well as information on corporate governance activities. We approve of the recommendation that all financial statements required by Regulation S-X and appearing in the filing should be tagged to the same level of details as the primary filer, e.g. consolidated subsidiaries and joint venture statements included. The executive compensation information provided in the annual proxy filings represents another useful set of information to the evaluation of investment opportunities. As new sections of information are converted to the interactive data format, it is important to provide tags for both the textual, numeric and tabular requirements. As with financial note disclosures, having the values absent the narrative information requires users to access multiple versions of a filing to gather the entire picture of the company's report. Since moving past the reported financial information is outside the scope of the current proposal, we encourage the SEC to ensure the appropriate taxonomies are developed and tested prior to expanding its proposal.

## **B. Phase-in under the Proposed Rules**

### **3. Documents and Information Covered by the Proposed**

#### **b. Registration Statements Covered by the Proposed Rules**

We recommend that the requirement related to providing interactive data in registration statements should begin subsequent to the initial submission of a periodic report for companies already public. The information tagged in the period filing would serve as the basis of the exhibit for the registration statement. We encourage the SEC to apply this requirement consistently across all companies based on the outlined phase-in timeline.

We are hopeful that in time, technology will advance to eliminate the need for two filings formats—XBRL and HTML/ASCII. Regardless of the format, the first filing of the Initial Registration Statements would have XBRL tags in the integrated document. If a second exhibit remains the standard practice, then only the final effective amendment of the IPO registration would need to include updated XBRL tagged information. The various amendments filed between the first filing and the final would only need updated exhibits if the financial information in the statement changes. The proposal should apply to all types of registration statements including merger related filings and foreign issuers.

## **B. Phase-in under the Proposed Rules**

### **4. Initial Filing Grace Period**

We agree with the proposed 30-day grace periods. This additional time allows companies to attempt to complete the tagging while targeting the planned filing release schedule with a fall back if they experience problems. Outside of these two periods, we believe the value of the XBRL tagged exhibits is significantly diminished if delivery is delayed beyond the filing date of the traditional format.

## **B. Phase-in under the Proposed Rules**

### **5. Web Site Posting of Interactive Data**

We support the requirement from companies to post the XBRL tagged filing to their website. The corporate website is one of many sources of information for analysts and investors. The requirement to include XBRL tagged documents on the company site should mirror SEC requirements concerning other filings. The SEC should also make available a .csv formatted list of all filing entities, their tickers and internet disclosure addresses and require companies to keep their locations up to date.

## **C. Accuracy and Reliability of Interactive Data**

### **2. Use of Technology to Detect Errors**

We are disappointed that the current proposal does not include a call for some nature of assurance of the XBRL tagged exhibit. The only test on the accuracy of the tagged data is the requirement that the information available through the Viewers on the SEC website align with the information from the actual filing. As noted earlier, 97% of our survey respondents indicated the preference from assurance on this information. By excluding this exhibit from the Management Certification, we are concerned it will be considered a secondary level of financial information.

Additional discussion on liability and assurance may be most appropriate when the SEC moves to a unified filing structure. The proposed exhibit introduces an additional cost to the company and we agree that the inclusion of the exhibit in the assurance process will further increase the cost of filing while using the 'bolt-on' approach. With the move to a single filing structure that allows for the straight forward creation of human readable file from an XBRL based file, the level of liability distinction and the notion of additional audit practices becomes a different discussion than today.

In preparation for the transition to a single filing format, we encourage implementation of a voluntary pilot program as described in the CIFI Report.<sup>11</sup> This pilot program, which could begin subsequent to companies incorporating the detailed tagging of their disclosure notes,

---

<sup>11</sup> The pilot concept is included in the discussions related to Recommendation 4.1 and the need for insurance. The report is available on the SEC website: <http://www.sec.gov/about/offices/oca/acifr/acifr-dfr-071108.pdf>

Re: File Number S7-11-08 Interactive Data to Improve Financial Reporting  
1 August 2008  
Page 12

would provide actual experience of the time and costs associated with an audit of the tagged information. While this would still be accomplished when applying the bolt-on approach to using XBRL, it may clarify some of the questions surround this issue currently.

We support the proposals recommendation on requiring valid XBRL instance documents. While technological test can ensure the file is free of errors of an operational nature, it cannot determine if extensions are made without reason or if the tag selected was inappropriate. Until the XBRL tagged information becomes part of the assurance review, we encourage the SEC to be diligent in their review of the interactive data filings related to use of the approved taxonomy and company-specific extensions.

### **C. Accuracy and Reliability of Interactive Data**

#### **4. Continued Traditional Format and Interactive Data Cautionary Disclosure**

We approve of the removal of all cautionary statements concerning the information contained in the XBRL exhibit. In our 2007 survey, Reliability of information also scored 4.7 out of 5<sup>12</sup>. Since the new exhibit is excluded from any require assurance by independent organizations, analysts will require the traditional format to conduct their own comparison and review of the tagged information.

Our stated 3<sup>rd</sup> principle calls for the ultimate conversion of the filing structure to one solely based on an XBRL platform. The proposal to add an exhibit for XBRL information does not present a clear long-term goal of transitioning to a single reporting format. We strongly support the current proposal as we recognize that to accomplish this transition; there are several significant goals that need to be completed in both technology advances and taxonomy development.

While we consider the proposal an intermediate step, we are encouraged by the SEC's recent 21<sup>st</sup> Century Disclosure Initiative. The work of this group will clarify the longer-term expectations for the interactive data requirements. Without this clarity, we are concerned that technology enhancements may focus on how to best create the required add-on exhibit as opposed to created a unified filing.

### **D. Required Items**

#### **1. Data Tags**

We ardently back the tagging rules outlined as comparability across companies is viewed as a significant underlying advantage of XBRL reporting. With the SEC clearly stating this objective, companies are alerted to the need to be conservative in adding custom extensions. Filers should be directed not to create calculation relationships specific to their statements but rather start with the existing calculation linkbase and make the minimum number of alterations necessary.

---

<sup>12</sup> Additional discussion of question 8 is available in the full report on the CFA Institute website:  
[http://www.cfainstitute.org/centre/topics/reporting/pdf/xbrl\\_survey\\_report\\_.pdf](http://www.cfainstitute.org/centre/topics/reporting/pdf/xbrl_survey_report_.pdf)

Re: File Number S7-11-08 Interactive Data to Improve Financial Reporting  
1 August 2008  
Page 13

A focus of the 21<sup>st</sup> Century Disclosure initiative should be the review of the minimum requirements within Regulation S-X for possible updates to current business practices. In doing so, limits on XBRL extension could serve as a foundation level of requirements; thereby ensuring a base comparison across all reporting companies. We recognize the usefulness of company-specific extensions and the new requirements would be allowed under identified broad categories.

Another project that may improve the comparability is the Joint IASB/FASB Financial Statement Presentation project. As with a potential transition to IFRS reporting, progress on this project should be considered in determining the final timeline for interactive data.

### **E Consequences of Non-Compliance and Hardship Exemption**

We support the consequences outlined as we view them as fair for the nature of the proposal. Companies are provided grace periods for times of major implementation and the ability to rectify the loss of status is completely in control of the filing organization.

### **Conclusion**

Once again, we enthusiastically support the SEC's proposal to mandate the filings of financial reports in an interactive data format. We recognize there are a number of possible near- and intermediate-term changes to the accepted accounting standards and encourage the SEC to consider the volume of changes asked of companies while developing its final timeline. However, given the implied advantages that interactive data offers to users of financial information, we believe potential delays to a transition should be minimized.

We appreciate the opportunity to provide comments to the SEC and its staff regarding this rule proposal. If any party should have questions or seek further elaboration of our views, please contact Glenn Doggett, CFA, by phone at 434.951.5278 or by e-mail at [glenn.doggett@cfainstitute.org](mailto:glenn.doggett@cfainstitute.org).

Sincerely,

*/s/Kurt N. Schacht*

Kurt N. Schacht, CFA  
Managing Director

*/s/ Thomas H. Larsen*

Thomas H. Larsen III, CFA  
Chair, CFA Institute XBRL Working Group

cc: Jeffrey D. Diermeier, CFA, President and CEO, CFA Institute  
CFA Institute XBRL Working Group  
Mark Bolgiano, President and CEO, XBRL US Inc.

## Appendix I

### Key Principles of an XBRL Framework

The CFA Institute Centre for Financial Market Integrity established the XBRL Working Group of CFA Institute members in early 2007. XBRL (eXtensible Business Reporting Language) represents a new technology for delivering computer readable financial information<sup>13</sup>. The objectives of the group included conducting a survey on XBRL and incorporating the survey results into a position paper on the topic. Through their research, discussions, and analysis of the survey results<sup>14</sup>, the Working Group developed the following key principles to outline those XBRL framework attributes they believe are necessary to maximize the benefits for investors.

1. Core taxonomy (or structure of tagging elements) should be predefined by current financial reporting standards, including generally accepted accounting principles and other regulatory disclosure and reporting requirements.
2. Taxonomy extensibility should maintain the level of data comparability as defined by GAAP and other regulatory requirements.
3. Ultimately, companies should deliver required financial reports to regulators using the established XBRL framework.
4. The general public should have equal access to the XBRL-tagged information.
5. Regulators should develop the necessary infrastructure and protocol to ensure the timely updating of the established XBRL framework as outlined in the preceding four key principles.

These principles are intended to guide global regulators in the implementation of XBRL as their required reporting standard. As such, our use of the term “GAAP” applies to the broad application of generally accepted accounting principles and not to any specific national or international accounting standards. (The CFA Institute Centre does also hold a longer term goal of seeing the adoption of a single global accounting standard, which would include a unified XBRL taxonomy for the standard.)

---

<sup>13</sup> Additional details about “What is XBRL?” are available on the CFA Institute website:

<http://www.cfainstitute.org/centre/topics/reporting/xbrl/index.html>

<sup>14</sup> The full survey results are available on the CFA Institute website:

<http://www.cfainstitute.org/centre/topics/reporting/xbrl/topline.html>

## **Appendix I, continued**

The XBRL Working Group, while developing the key principles, outlined several sub-topics further clarifying the intention of each principle. The CFA Institute Centre staff and XBRL Working Group members remain open to further discussion on the developed principles so that we maintain a reasonable balance between promoting XBRL's benefits and minimizing the burden that implementation of XBRL places on the companies preparing financial reports.

### **1. Core taxonomy (or structure of tagging elements) should be predefined by current financial reporting standards, including generally accepted accounting principles and other regulatory disclosure and reporting requirements**

- The elements in the core published taxonomy should follow the current approved accounting and/or regulatory requirements.
- Discrete elements for the note disclosures should provide, at a minimum, the same discrete, specified information required in the GAAP literature (e.g., individual values and specific disclosures in notes should be individually tagged in addition to the entire narrative or note disclosure as it appears in the original filing).
- The taxonomy design should allow for the grouping of related topical fields regardless of whether the elements appear on the primary financial statements or in disclosure notes (e.g., all elements related to pension information should be linked and accessible by topical grouping), thus allowing the presentation of elements from the disclosure notes and financial statements under a single topical heading.
- The elements in non-GAAP taxonomies should address the disclosure requirements of the capital market regulator (e.g., management discussion and analysis, other sections of the annual financial reports).
- The disclosure requirements of commonly reported corporate action events of capital market or other regulators (e.g., dividend announcements, stock splits, corporate restructuring, voting results) should be addressed in additional non-GAAP taxonomies.

### **2. Taxonomy extensibility should maintain the level of data comparability as defined by GAAP and other regulatory requirements**

- The taxonomy should allow companies to report their operational performance and financial conditions. A robustly defined taxonomy should limit the need for custom extensions or company-specific tags for unique items not covered in the core taxonomy.
- When custom extensions are necessary, preparing companies should be given a specified protocol as defined by regulations or accounting literature on how to link the company-specific element(s) to the core GAAP taxonomy.

## Appendix I, continued

- Custom extensions should not alter the primary element definitions and calculation relationships within the published taxonomy.
- When adding a custom extension, companies should include sufficient detail in the definition and regulatory reference sections of the new element so users can understand the difference from the core taxonomy field.
- New technological features should either reduce or have a neutral impact on the need for company-specific taxonomies in order to maintain a minimum level of comparability as defined by regulations and GAAP.

### **3. Ultimately, companies should deliver required financial reports to regulators using the established XBRL framework**

- Regulators should mandate all reports required by GAAP and other regulations be delivered exclusively through an XBRL framework.
- Reports filed should include a table of contents that identifies each section of the filing (e.g., primary financial statement, disclosure notes, MD&A) and allows for easy navigation between the various sections.
- To provide the same level of assurance currently given to filed reports, the independent review of XBRL filed reports should be part of the regular audit process. The development of a transition process will minimize duplicative efforts and costs during the implementation of the XBRL framework.
- The body of the filed report should include basic information about the reporting entity, such as legal name, industry classification, primary security ticker, report date, form type, etc.
- The XBRL framework should delineate the relationships between the values associated with the XBRL tagged values and the contextual attributes of the information (e.g., audited, restated, time period reference). Contextual information types for segment (e.g., consolidated, segmented, geographical) and scenario information (e.g., audited, restated) should be developed to assist in automated analysis.
- When developing or modifying the taxonomy, an independent, electronically-accessible review should be performed to account for the end user/investor perspective of the technical implementation and the elements (high-level categories and structure) approved.



## Appendix I, continued

### 4. The general public should have equal access to the XBRL tagged information

- Regulators that establish an XBRL reporting framework need to provide, at a minimum, a base-level application, that transforms the XBRL tagged report from a computer-readable format to a human readable/useable format. Such application should include a user-friendly interface to allow online viewing and download capability of XBRL-sourced information.
- The technology regulators use in their XBRL reporting frameworks should remain “open source”<sup>15</sup> to promote development of and competition between third-party software providers.
- Regulators that adopt an XBRL framework should encourage the electronic redistribution of filed information—including the values and the tag—in various formats (e.g., spreadsheet, database readable, other applicable software).
- Information should be structured so that users may sort and view data either by individual elements (e.g., net income or dividends paid), by topical grouping of elements (e.g., plant, property and equipment, pension disclosures), or as a complete download of all elements (e.g., complete financial filing or a single primary statement). Also, such information should be downloadable either for individual or multiple companies.
- Regulators that adopt an XBRL framework should only define or provide analytical calculations as defined in the accounting literature. Likewise, they should only provide software that facilitates the investor’s ability to make this type of calculation and analysis.

### 5. Regulators should develop the necessary infrastructure and protocol to ensure the timely updating of the established XBRL framework as outlined in the preceding four key principles

- The core taxonomy should be modified as needed to keep current with any changes made to the accounting or regulatory standards.
- Regulators should make regularly scheduled reviews of the custom extensions to determine the need to add new common items to the core taxonomy.
- Regulators should promptly review for adoption any technological advances approved by XBRL International.
- Regulators should coordinate updates to regulator-approved XBRL software with changes to the taxonomy and any newly-adopted XBRL technology standards.

---

<sup>15</sup> Open source generally refers to an application and its source code that is available royalty-free and allows redistribution without any restrictions. The expectation of keeping XBRL technology in this format is to promote adoption by regulators, companies, and investors worldwide. This would also encourage the development of robust processing tools both internally by companies using or producing XBRL tagged information and by external software companies.