Question:

1. Is the proposed rule permitting volunteer filers to furnish financial information in XBRL appropriate? Is there a better way to accomplish testing and analysis of XBRL data?

Answer:

  a. XBRL is currently the most mature technology available for the purposes of tagging financial data with XML markup. However, as with any emerging technology, there are some limitations to the specification and we discuss these in the appropriate sections below. Over time, we firmly believe that these limitations will be addressed and improved as the adoption of the XBRL technology grows.

Question:

2. For purposes of the program, volunteers can furnish in XBRL format, among other types of financial information, a complete set of financial statements. Are there special issues or difficulties raised by providing notes to financial statements in XBRL format? If so, should we permit volunteers to furnish financial statements in XBRL format if they omit the related notes? Should we allow volunteers to furnish in XBRL format some but not all financial statements (e.g., only a balance sheet)? Should we also allow tagging for other items, such as Management's Discussion and Analysis[77] or Management's Discussion of Fund Performance[78] that are part of existing taxonomies?

Answer:

  a. One of the foremost limitations with the XBRL specification is in its support for textual content that requires more sophistication than simple strings will provide. We believe that this an opportunity for enhancement to the specification and that vendors currently must find effective ways to work around this situation. However, this raises the possibility of non-standard approaches which may ultimately limit compatibility between vendor solutions.

  b. The SEC has the opportunity to take a leadership role in this area by suggesting a consistent approach to the vendor community that maintains conformance with the current XBRL specification.

  c. One such approach could be the delivery of string data captured as XHTML markup, where the tags in the markup have been encoded as XML-standard escape sequences.

Question:

3. Are the standard taxonomies in the voluntary program sufficiently developed? If not, explain what further development would be necessary. Please address taxonomies with respect to specific industries or types of companies if you have information or views on these. Is the taxonomy builder software sufficiently developed that volunteers would be able to create extensions as needed?

Answer:

a. We believe that a vital goal for the standard taxonomies is that they be as comprehensive as possible since this will foster greater compatibility between instance documents.

b. In the ideal scenario, a company would start with the industry standard taxonomies and only need to make small extensions to those taxonomies in order to meet its unique requirements.

Question:

8. We have proposed that XBRL data furnished by volunteers must be the same financial information as in the corresponding portion of the HTML or ASCII version. Should we allow volunteers to present less detailed financial information in their XBRL data?

a. Volunteers should be allowed to have some degree of flexibility in the financial that they are submitting. Financial information could be less or more detailed than the HTML/ASCII versions, as long as the data is consistent.

Question:

11. We are contemplating allowing volunteers to submit XBRL data as an amendment to their filings or with a Form 8-K or Form 6-K that references the filing that contains the financial information to which the XBRL data relates. Should we require volunteers to submit XBRL data at the same time or within a specified number of days from the time they submit their official filing? Would this present difficulties for volunteers? Should we require volunteers to submit XBRL data only as an exhibit to the filing to which the XBRL data relates (i.e., remove the option to submit the XBRL data as an exhibit to an otherwise unrelated Form 8-K or Form 6-K)?

Answer:

a. For the purposes of the volunteer program, we would recommend that the XBRL data be submitted as an exhibit within 30 days of filing. This would allow volunteer companies some additional time to familiarize themselves with any new processes or software tools that they may have adopted to facilitate their XBRL reporting.

b. However, as the tools and processes mature, we see no reason why the XBRL data could not be delivered at the same time as the official filings.

Question:

12. We plan to develop and provide via our website an application for a standard template to render the XBRL information in human readable form. What are the advantages and disadvantages of our requiring the use of such a standard template? For example, could a standard template prevent a volunteer from presenting its XBRL data in as much detail as, and in a manner substantially similar to, the financial statements in its official filing? Should we only develop standard templates for certain industries? Instead, should we allow each volunteer to submit its own template for rendering the XBRL data?

Answer:

a. This area presents some interesting and unique technical challenges.

b. Since XBRL instance documents do not provide inherent structural information commonly found in XML documents, the task of developing a template that can render an arbitrary XBRL document is substantially different than a typical XSLT rendering process. Using XSLT to solve this problem would result in one of the following:

　　i. the embedding of significant taxonomy information in the XSLT, which makes the XSLT unreliable since extensions to the taxonomies could result in incorrect information being rendered to the user

　　ii. the separation of taxonomy information from the XSLT, which would require the parsing of the taxonomy and its extensions in real-time, resulting in unacceptable performance bottlenecks

c. An ideal solution here would be the use of a server-side XBRL processor that has been optimized for the unique transformation requirements of XBRL.

Question:

16. How should we determine how useful the tagged data is to users of the information?

Answer:

a. The users of the information should be able to analyze the data in an automated way, and make comparisons of data from across several companies. The usefulness of the tagged data could be determined by their ability to do so.

Question:

17. What specific steps can we take to encourage registrants to participate in the voluntary program?

Answer:

a. Provide greater insight and clarity into the commission's future considerations regarding the use of XBRL for regulated financial reporting. For instance, if the commission were to communicate that the intention of the voluntary program is to determine how best to mandate the tagging of financial information in the future, then more registrants would be encouraged to participate.

b. Providing a level of confidence to registrants that there are adequate software tools to meet the needs of the voluntary program.

c. Provide useful services and utilities such as a rendering facility to easiliy and quickly view XBRL content in a human readable fashion, ideally with a standardized zero- or low-cost XBRL viewer application/service.

d. Encourage the adoption of current XBRL standards by major accounting and reporting software vendors.