

July 30, 2008

Secretary
Securities and Exchange Commission
100F Street, NE
Washington, D.C. 20549-1090

RE: File No. S7-11-08, *Interactive Data to Improve Financial Reporting*

Dear Sir or Madame:

On behalf of our public company members, the American Institute of Certified Public Accountants (AICPA) respectfully submits the following written comments on the Securities and Exchange Commission (SEC or the Commission) rule proposal regarding the use of Interactive Data to Improve Financial Reporting. In order to respond to the rule proposal from the perspective of the corporate preparer community, the AICPA brought together a Working Group of public company financial reporting executives from among our membership (the Working Group or “we”). The members of this Working Group represent public companies ranging in size from approximately \$600 million in market capitalization to \$126 billion in market capitalization, and all are experienced in XBRL adoption using either in-house tagging or outsourcing methods.

We commend the leadership of the SEC in supporting the adoption of the eXtensible Business Reporting Language (XBRL) format to improve the usefulness of information to investors, and appreciate the opportunity to comment on behalf of our members in business and industry. Please note that our views, as expressed herein, relate to the adoption of XBRL by public companies only. The views of the public company audit profession are not addressed in this letter – the public company audit perspective will be addressed in a separate letter being submitted by the Center for Audit Quality. The Center for Audit Quality is an autonomous public policy organization serving investors, public company auditors and the capital markets and is affiliated with the AICPA.

Executive Summary

1) The Working Group supports the SEC’s proposal to adopt rules that require filers’ financial statements to be provided in interactive data format, and agree that a mandate is required in order to achieve widespread adoption of XBRL as the standard for business reporting.

2) We recommend that the first XBRL submission be provided with each phase one filer’s first quarter Form 10-Q for fiscal years beginning after December 15, 2008 (and first quarter Form 10-Qs for fiscal years beginning after December 15, 2009 and 2010 for phase two and three filers, respectively), and that the traditional format filings continue to be provided during a preliminary phase-in period of two years. This would level the playing field between those with a calendar year-end and those that have other than a calendar year-end, and would

better enable the XBRL preparer and support communities to successfully adopt XBRL in a high-quality manner that best serves the interests of investors.

3) Instead of requiring the submission of XBRL data as an exhibit to Form 10-Q or Form 10-K as proposed, we strongly recommend that companies be given the option of submitting XBRL data via Form 8-K during the initial two-year phase-in period. This would enable investors to distinguish between the XBRL and the traditional format filing, and would eliminate the need for preparers to file amendments to Form 10-Q or 10-K when taking advantage of grace periods for providing data in XBRL format.

4) We also recommend that 30-day grace periods be granted for all filings during this two-year phase-in period, and that during this time interactive data submitted via Form 8-K should be subject to the same limited liability as under the SEC Voluntary Filing Program (VFP).

5) We agree with the Commission's proposal to phase in detailed tagging over a two-year period. However, we believe that detailed tagging should not be limited to standard tags that already exist, and we strongly emphasize that flexibility to extend is crucial in enabling companies to communicate with stakeholders more effectively.

6) While tagging of other information included under Management's Discussion and Analysis (MD&A) and other forms (8-K, 6-K) is not required at this time, we believe that information provided in these submissions is useful for investors and other stakeholders and therefore should be tagged in XBRL format eventually.

7) It seems appropriate to continue the VFP under current provisions to allow for companies to voluntarily provide other information in XBRL format while taxonomies evolve to enable quality tagging of reported information beyond the financial statements and notes. Continuation of the VFP would also provide an appropriate way for companies to voluntarily submit information in interactive data format in advance of their required adoption schedule.

8) After the two-year phase-in period, we recommend that the XBRL instance documents be provided as an exhibit to the related registration statement or periodic filing, and therefore at that time be subject to the same liabilities and same officer certification of disclosure controls and procedures as the corresponding portions of the traditional format filing.

9) Investors will rely on information reported in XBRL format. To provide accurate XBRL data to investors and other consumers of business information, a company will need to perform additional procedures beyond the use of validation software to validate the accuracy of its tagging. In addition, although the Commission's rule proposal does not require auditor assurance on XBRL tagging, some preparers, during the phase-in period and beyond, will voluntarily seek assurance on the accuracy and appropriateness of XBRL tagging to supplement the capabilities of validation software, and the auditing profession should be prepared to provide such services. Some expect that interactive data eventually will become such an integral part of the SEC reporting process that the XBRL instance document will replace the traditional format filing. Should this more pervasive, longer-term

transition take place, then interactive data should be subjected to the internal control reporting process, including both management evaluation and integrated audit.

Submission in Interactive Data Format

As stated above, we support the SEC's proposal to adopt rules that require filers' financial statements to be provided in interactive data format. While the AICPA expressed support for a voluntary approach to XBRL adoption in its earlier stages of development, the SEC's efforts to enable such an approach through the creation of the VFP in 2005 did not lead to widespread adoption. Widespread adoption is important to maximize the benefits of XBRL to companies and investors alike, and as such a mandate is appropriate at this point in time. A mandate will also provide the impetus needed to drive sufficient investment in software and tools to enable a widespread adoption of XBRL. Once a critical mass is achieved, producers and consumers of information will begin to benefit fully from the use of XBRL through increased efficiency and data quality. Companies, in control of their own tagging, will have more direct and accurate communication with their investors. As a result, widespread adoption will improve the efficiency of the entire market, and we believe small reporting companies in particular may benefit from increased analyst coverage due to reduced processing costs and increased speed of analysis.

While we believe that a timely move toward a comprehensive interactive data format – specifically XBRL¹ – is in the best interest of all market participants, we also believe that, for an initial phase-in period of two years, it is important to maintain the traditional HTML format until rendering software matures and preparers and users of business information have had sufficient time to become comfortable with and fully understand and respond to the changes that the use of interactive data will bring about.

Phase-in, Timing and Grace Periods

With respect to the phase-in of public companies under the rule proposal, we believe that the phase one cut-off using a worldwide public common equity float of \$5 billion at the end of the issuer's most recently completed second fiscal quarter is appropriate, as are the designation of all other accelerated filers for phase two, and all remaining filers for phase three. That said, we believe there should be consistency across preparers in terms of the first required interactive data filing. The greatest risk to an effective implementation is lack of readiness in both the preparer and XBRL support communities. Accordingly, we recommend that the first required interactive data provided to the SEC should be related to the first quarter Form 10-Q for all phase one filers effective with fiscal years beginning after December 15, 2008, and similarly the first quarter Form 10-Qs for fiscal years beginning after December 15, 2009 and 2010 for phase two and three filers, respectively.

This would put preparers on a more equal footing with respect to the level of effort required in preparing their first interactive data to be provided to the SEC under the proposed rule. Through experiences learned in the

¹ XBRL is the only standard we are familiar with and appears to offer sufficient advantages such that other options would not need to be explored at this point in time.

VFP, implementing XBRL for quarter-end financial statements (footnotes) is less complex than in the annual report. Under this approach, companies will have a few submissions to work on their tagging process before tagging the year-end financial statements. By establishing the effective date for companies to submit with their first quarter Form 10-Q, adoption will also be staggered for the first wave of filers across the year, allowing the XBRL software vendors and service providers to better allocate resources to support the XBRL implementation for all companies. While this approach would delay the adoption schedule for a few companies with fiscal year-ends other than December 31, it would either have no impact or would delay adoption by just a few months for most companies because the significant majority of public companies have fiscal years ending on December 31. We feel that the resulting benefit of higher quality information being provided to investors will outweigh the potentially negative impact of a minor delay in the adoption schedule.

Furthermore, we strongly recommend that, rather than requiring submission of XBRL data as an exhibit to Form 10-Q or Form 10-K as proposed, companies be given the option to submit XBRL data via Form 8-K during the initial two-year phase-in period. This would enable investors to distinguish between the XBRL and the traditional format filing², and would eliminate the need for preparers to submit amended forms when taking advantage of grace periods for providing data in XBRL format. This is of particular importance to preparers because amended filings carry a negative connotation in the marketplace. Companies may not take advantage of the grace periods if doing so would require amending the initial filing (which could in turn have a negative impact on the quality of XBRL data during the phase-in period). Additionally, because investors are not necessarily privy to the reason for an amendment, avoiding amendments would be beneficial in terms of eliminating unnecessary investor confusion. We also recommend that 30-day grace periods be granted for all submissions during the two-year phase-in period. The Commission may wish to consider updating the Form 8-K guidelines to allow 30 days to submit in XBRL format as an alternative to providing for grace periods.

We agree with the statement made in the Draft Final Report of the SEC Advisory Committee on Improvements to Financial Reporting (CIFiR) that *“a phase-in would provide businesses, financial planners, software developers, and investors with the impetus to move forward in building systems based on interactive data.”* Notwithstanding the aforementioned recommendations regarding phase-in, it is important to recognize XBRL software and service vendor readiness as it relates to the ability of preparers to comply with the proposed implementation schedule. It is also important to give companies, especially phase one filers, adequate time to evaluate and perform due diligence on potential software and third party options, and to get necessary training on XBRL and related tools, which a two-year phase-in under limited liability would sufficiently enable. While to date the XBRL vendor market has demonstrated the capacity to address the needs of the companies participating in the VFP, this capacity could be strained under a mandatory rule which could negatively impact the ability of companies to meet certain requirements and deadlines. There are also certain areas where software tools need further development from a usability standpoint, for example in dealing with dimensions. An additional area that must be addressed in order to allow for a smooth adoption of XBRL through phase-in and beyond is the development of a viable maintenance and support plan for US GAAP taxonomies, including incorporation of changes to accounting and technical standards, and in some cases further development of

² See further discussion of this topic under later section of comment letter entitled ‘Liability Provisions’

industry-specific concepts. Finally, because the IFRS taxonomy is still under development, there is a need to carefully coordinate with IASB as this taxonomy is finalized to manage consistency with the roadmap for US GAAP and IFRS convergence. We therefore recommend that the SEC keep a close watch on these factors that could impact the ability of preparers and other market stakeholders to adopt XBRL according to the timeline laid out in the final rule, and, if necessary, consider amending the schedule for implementation of interactive data and/or grace periods and consequences for failure to comply.

Tagging – Footnotes, Extensions and Other Information

We agree with the Commission’s proposal to phase in the detailed tagging of footnotes, and believe that the proposed approach is reasonable. The initial block-tagging of footnotes will allow filers to get comfortable with the process during the first year while they also work toward developing detailed tagging. We feel that this phased-in approach should apply to financial statement schedules as well. In order to simplify the process and avoid unnecessary confusion, we recommend that the Commission consider reclassifying the four levels of tagging into two levels: 1) block tagging (level i in the proposed rule – each complete footnote tagged as a single block of text), and 2) detailed tagging (levels ii-iv in the proposed rule). Furthermore, we suggest that the definition of detailed tagging, which currently covers significant accounting policies, tables, amounts and narrative disclosures, be expanded to be more explicit (in other words, if the intent is for preparers to detail tag all accounting policies and every number, this should be specified).

The most detailed level of tagging as articulated in the proposed rule, under which “within each footnote, each amount (i.e., monetary value, percentage, and number), each narrative disclosure required to be disclosed by U.S. generally accepted accounting principles (U.S. GAAP) or international financial reporting standards (IFRS), and Commission regulations” are to be separately tagged, seems to strike a workable balance between maximizing usefulness of information to consumers without going so far as to impose an undue burden on the preparers of that information. While detailed tagging will require extra time on behalf of preparers the first time through, the time required for detailed tagging of footnotes should decline substantially thereafter as the basic structure and content of the footnotes does not change significantly from year to year. Furthermore, users of tagged data will benefit from detailed tagging together with block text. This would allow for the entire financial statements, including the footnotes in their entirety, to be readily readable, and would serve both the preferences of those who prefer block tagging where they are only seeking overall information, as well as those who prefer the granularity of individual tags as it helps in isolating the target data in a quick, efficient fashion.

To further reduce the risk of information being overlooked by users of financial statements, we do not believe that detailed tagging should be limited to applying only to the extent a standard tag already exists. Under the proposed approach for detailed tagging, there will likely be some number of extensions created, however we view this as a positive because if the company deems this level of disclosure to be relevant and required, it should be readily available to users of financial information regardless of whether or not a standard tag exists.

The preceding point on the importance of extensibility merits further analysis and emphasis. The extensible nature of XBRL is a critical feature because companies are not homogeneous. Even with 13,000 tags in the U.S. GAAP taxonomy, there will be some level of customization that companies will desire in order to be able to effectively communicate with investors and other stakeholders. Additionally, we believe that over time the process of creating extensions will lend itself to help develop best practices in reporting. In conjunction with the XBRL US Preparers Guide³, the proposed rule provides adequate and effective guidance on how to tag information in the footnotes and in general to achieve an appropriate level of consistency among filers. The requirement to tag should not change the financial statement or footnote content for the sake of consistency and comparability. If company-specific extensions are openly supported, then minimal changes in format may occur to facilitate the tagging process, however if company-specific extensions are limited or just simply discouraged as being "bad," then footnotes will change - potentially creating more uniformity - but at the possible loss of transparency and important differentiating information.

Although the proposed rules do not require filers to provide interactive data for MD&A or other non-financial, statistical or narrative disclosures outside of the financial statements, footnotes and accompanying financial schedules, we recognize that information that is not covered by U.S. GAAP accounting standards is increasingly useful for both companies and a broad range of stakeholders who make decisions based on information provided to them by companies. We believe that this information should be voluntarily provided in XBRL format at the discretion of the filer until taxonomies have sufficiently evolved. The Enhanced Business Reporting Consortium is developing a framework and related XBRL taxonomy that would include elements for Key Performance Indicators, intangible assets, and other non-financial disclosures that could be utilized for tagging of this other information required under SEC Regulations. All of the benefits of XBRL for financial reporting would then be obtained for this relevant non-financial information, by enabling companies to tag both financial and non-financial data, such as the elements of MD&A, in XBRL format.

The proposed rules do not require interactive data submissions for a filer's financial information provided under Forms 8-K and 6-K, such as earnings releases or interim financial information, however there are third parties that rely upon the information reported in press releases for analysis purposes. It would seem appropriate to make the XBRL tagging of Forms 8-K and 6-K voluntary at this point, and to re-evaluate at a later date. Furthermore, we recommend continuing the VFP under current provisions to provide an appropriate way for companies to voluntarily submit XBRL data in advance of phase-in requirements. This would also enable companies to voluntarily provide other information in XBRL format as discussed above.

³ Our Working Group generally believes that the XBRL US Preparers Guide contains sufficient detailed guidance for preparers; however, it is overly technical and is difficult to follow. There is a need for a "plain English version" to be released for an audience with little or no XBRL experience, and more detailed guidance related to the use of extensions would be beneficial to the extent that it does not further limit extensibility. Also, the rule proposal mentions that an updated EDGAR Filing Manual will be available, which will include instructions for the preparation, submission and validation of interactive data. We recommend that this update to the EDGAR Filing Manual be made available as soon as possible in advance of a final rule to enable preparers to provide timely feedback.

Liability Provisions

With respect to the liability associated with an XBRL exhibit provided to the SEC, we believe that during the two-year phase-in period the XBRL document should be subject to the same level of liability as under the VFP program, to allow adequate time for filers to become acclimated. The previously referenced CIFI Draft Final Report suggests that *“under the phase-in approach, the interactive data-tagged financial statements would still be considered furnished to and not filed with the SEC. As part of the mandatory implementation, we [believe] that, as is the case in the voluntary program, the SEC should make clear what liability provisions the interactive data-tagged financial statements would be subject to under the federal securities laws. Finally, at the end of the phase-in period described above, and as promptly as practicable after all the preconditions to full implementation discussed above are met, the SEC should evaluate the results from the phase-in period to determine whether and when to move from furnishing to the SEC to the official filing of XBRL-tagged financial statements with the SEC by domestic large accelerated filers, as well as whether and when to include all other reporting companies, as part of a company’s Exchange Act periodic reports.”*

Accordingly, we believe the liability provisions should be clarified beyond what is currently proposed to remove unnecessary legal risks and potential compliance issues through the two-year phase-in period. As stated above we recommend that preparers be given the option to provide XBRL data via Form 8-K, and that the level of liability associated with XBRL submitted via Form 8-K should be limited as it was under the VFP for the two-year phase-in period. By submitting the XBRL instance document under a separate Form 8-K, you eliminate the potential for confusion among investors on which portions of a Form 10-K or 10-Q carries the liability. Furthermore, we believe that the level of liability associated with the electronic XBRL instance document should be the same as that of its viewable, rendered version, and distinguishing between the two could create a significant degree of confusion. During the two-year phase-in period, cautionary language from the VFP should be included on Form 8-K XBRL submissions for purposes of clarity, however this language should be modified as the objective is no longer to provide a “test” environment, but rather to allow for companies to rectify the interactive data without recourse for tagging efforts performed in good faith.

Once a company has completed a full year of detailed tagging (two years after commencement of adoption), the XBRL instance document could be required to be submitted as an exhibit to the related registration statement or report (Form 10-K or Form 10-Q). At that time, the submission would be subject to the same liabilities that apply to the corresponding portions of the traditional format periodic filings, as recommended in the proposed rule. When the XBRL instance document is submitted with the official filing, interactive data should also be encompassed within the scope of officer certification of disclosure controls and procedures. It is especially important for company management to be comfortable with their XBRL exhibit in cases where a company chooses to outsource the tagging of its data to financial printers, consultants and/or software companies to the extent that the company would retain ultimate responsibility for both its financial statements and its tagged data as suggested in the proposed rule. That being said, XBRL data should be subject to leniency for good faith efforts. If the tagging efforts are done in good faith under a proper process, companies should not be penalized for inadvertent mistakes and there should be an ability to rectify without recourse.

After an appropriate period of time, in recognition of the fact that investors will rely on the information reported in XBRL format, the XBRL instance document may be considered the only filing, and the traditional format could be eliminated. However, until taxonomies are sufficiently developed to cover non-financial statement elements, and until technology is sufficiently developed (such as Microformat standard) to enable human-readable, printable data from XBRL instance documents, traditional format filings must continue to be provided.

Reliability of Data – Validation and Assurance

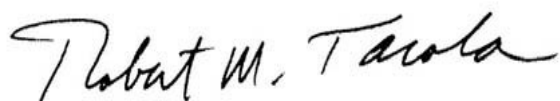
While validation software allows for automated detection of tagging errors, it cannot comprehensively determine that the information filed in XBRL is the “same as” that in the underlying, audited, traditional filing in all material respects. To provide accurate XBRL data to investors and other consumers of business information, a company will need to perform additional procedures beyond the use of validation software to validate the accuracy of its tagging. In addition, some preparers also feel there needs to be some form and level of independent assurance as to the propriety of that data with respect to the accuracy of tagging. While there is a diversity of opinion among our members in business and industry as to whether or not assurance should be required, and if so, when, there is a general recognition that because users will now be pulling raw data electronically, they will need to be confident that the data has been tagged correctly, and that the use of extensions is appropriate. This cannot be achieved solely through the application of validation software, and as a result there is general recognition that there is value to third-party auditor involvement with the tagging of information in XBRL format.

The SEC might consider whether a requirement for assurance should be phased in as companies become acclimated to the process, and as investors start making greater use of XBRL data. As suggested in the CIfIR Draft Final Report, “*during the interim phase-in period discussed above, the SEC and PCAOB should seek input from companies, investors, and other market participants as to the type, timing, and extent of desired or needed assurance, if any. This input should include the experience of such persons in preparing and using interactive data-tagged financial statements using the newly-developed XBRL U.S. GAAP Taxonomy, and related costs.*” Some companies will voluntarily seek auditor involvement in assessing appropriateness of XBRL tagging during the phase-in period and beyond, and the auditing profession should be prepared to provide such engagements. Some expect that over time interactive data will become such an integral part of the SEC reporting process that the XBRL instance document will replace the traditional format filing. Should such a more pervasive, longer-term transition take place, then interactive data should be subjected to the internal control reporting process, including both management evaluation and integrated audit.

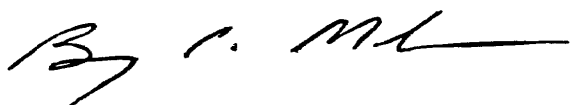
In Conclusion

On behalf of the AICPA and the members of the public company preparers who contributed to the drafting of this letter, thank you for the opportunity to comment on this rule proposal. If you have any questions regarding the comments in this letter, please contact Amy Pawlicki at 212-596-6083, apawlicki@aicpa.org.

Respectfully submitted on behalf of the AICPA Preparer Working Group,



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