

August 4, 2008

Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

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

Dear Sir or Madam:

The Institute of Management Accountants (“IMA”) is the world’s leading association for management accounting and finance professionals. We appreciate the opportunity to provide our views to the Securities and Exchange Commission (the “SEC”) on the Proposed Rule, *Interactive Data to Improve Financial Reporting*. This letter of comment was prepared by the IMA’s Financial Reporting Committee (the “FRC”) and members of the IMA’s Small Business Financial and Regulatory Affairs Committee (the “SBFRAC”). The FRC is the financial reporting technical committee of the IMA. The SBFRAC represents the smaller companies in IMA’s membership and includes representatives of smaller registrants. Both Committees review and respond to research studies, statements, pronouncements, pending legislation, proposals and other documents issued by domestic and international agencies and organizations. This document represents the views of FRC and SBFRAC and not necessarily the views of IMA or its members individually.

We believe that XBRL tagged financial statements offer potential benefits to investors and other users of financial statements. We believe smaller registrants, who currently are not followed regularly by financial analysts, also may obtain a benefit if tagged data results in more frequent coverage by analysts. However, we are concerned about the costs of tagging data, particularly for smaller registrants. For example, many members of IMA represent registrants with fewer than 100 employees, of whom a very few are involved in preparing SEC filings. They are reasonably concerned about whether resources will be available to enable them to prepare tagged data within the SEC’s filing timetables. We believe that an objective assessment of the costs and benefits of XBRL tagged financial statements is needed.

Our primary comments, which are elaborated in the body of our letter, are as follows:

- The members of the Committees are split about whether furnishing financial statements or exhibits in XBRL format should remain voluntary or should be required.
- If the SEC decides to require financial statements in XBRL format, IMA supports a phased-in approach based on the size of the registrant. However, IMA believes that

XBRL submissions should be required only for the large accelerated filers, and that the SEC should have no requirement for other filers until the experience of the large accelerated filers is evaluated. In addition, we believe the requirement to detail tag information within the footnotes should be delayed until year 3 due to the need to further develop supporting applications.

- We support the 30-day grace period and believe it should be extended to each stage of the phased-in approach (that is, we believe a 30-day grace period should be applicable for the first time a registrant is required to detail tag the footnotes). In addition, we believe that registrants who use the 30 extra days to furnish their tagged data should do so in a Form 8-K, rather than in an amended filing.
- Tagged data should be phased in for the first 10-Q beginning after the stated date, rather than the first 10-K.
- We agree that XBRL tagged data should be furnished rather than filed. We also believe that registrants' liability for XBRL submissions should be clarified, such that the liability associated with the furnished XBRL information is consistent with other furnished materials.
- We agree that auditor assurance should not be required.

Whether furnishing financial statements or exhibits in XBRL format should remain voluntary

The members of the Committees are split about whether furnishing financial statements or exhibits in XBRL format should remain voluntary or should be required.

Committee members who believe that XBRL should remain voluntary note that registrants are motivated to adopt improvements in financial reporting that have benefits in excess of costs. For example, many registrants voluntarily post their financial statements to their websites, without an SEC mandate to do so, because the perceived benefits to their shareholders exceed the costs. Similarly, registrants publish supplementary financial data, in hard copy or on their web sites, for the benefit of analysts or other users without an SEC mandate. For most registrants, we do not believe XBRL-tagged data offers any significant internal operational benefits or efficiencies. Rather, similar to the examples in this paragraph, we believe that most of the benefits of the proposal would accrue to a registrant's shareholders. If XBRL provides benefits to registrants' investors in excess of costs, these Committee members believe that registrants will be motivated to voluntarily make XBRL submissions. That is, if existing shareholders and investor groups tell registrants that they want financial information in XBRL format, registrants will respond to that demand. Conversely, if investors do not perceive

significant benefits, any SEC mandate could impose costs in excess of benefits. These Committee members believe that the proponents of XBRL should make their business case and allow registrants to decide whether the benefits exceed the costs, rather than having the SEC mandate XBRL.

Committee members who believe that the SEC should require large accelerated filers to furnish XBRL data note that fewer than 100 registrants have participated in the Voluntary Filer Program. They believe that shareholders and other users of financial statements will not make an investment in learning how to use XBRL and will not be able to justify investments in XBRL-capable software until a “critical mass” of registrants is furnishing XBRL data. They believe that an SEC requirement for the large accelerated filers is needed to achieve such a critical mass. As noted in the next section, these Committee members believe that the final rule should require only large accelerated filers to furnish XBRL data, and that the SEC should make no decision about other registrants until it evaluates the experience with the large accelerated filers.

A phased-in approach

If the SEC decides to require XBRL submissions, IMA supports a three-step phased-in approach. However, we believe that it is premature for the SEC to require all registrants to furnish XBRL data. As the Proposed Rule notes, the participants in the Voluntary Filing Program may not be representative, and limited evidence exists about the benefits and costs of XBRL submissions, especially from smaller registrants. Therefore, IMA believes that the SEC should require XBRL submissions only from the large accelerated filers. We believe the SEC should use the experience gained with those registrants to decide whether to retain the requirement and whether and how to extend the requirement to other filers. The phase-in should be viewed as a learning opportunity for all parties, including the SEC.

We believe the requirement to detail tag information within the footnotes should be delayed until year 3. We have concerns as to whether third-party service providers will be prepared to adequately support tagging at this detailed level, particularly when the population of XBRL users expands significantly beyond the voluntary filer group. We believe this requirement should be delayed for an additional year to enable XBRL vendors and companies the necessary time to further develop supporting applications.

30-day grace period

We support the proposed 30-day grace period to provide the XBRL data. XBRL is not embedded in most companies’ systems, and we doubt that most companies will perceive a benefit in doing so. Accordingly, it will more likely be a “bolt-on” approach to existing systems/processes that will require an investment of time in the early stages of adoption to

compile the data. We believe a requirement to furnish the XBRL data simultaneously with the primary filing could result in a delay in the filing of the primary documents. We believe this risk could be alleviated by allowing a 30-day grace period for each stage of the phased-in approach (that is, we believe a 30-day grace period also should be applicable for the first time a registrant is required to detail tag the footnotes).

Under the proposal, registrants using the extra 30 days would amend their filings to incorporate the XBRL exhibit. Because amended filings sometimes are viewed unfavorably, we recommend that the XBRL exhibit, if furnished later than the rest of the filing, be provided in a Form 8-K.

First application in Form 10-Q

The proposal would require tagged data to be furnished for the first annual financial statements for periods ending after December 15 of each of the next three years. We believe that implementation would be smoother if tagged data were first furnished for the quarterly financial statements on Form 10-Q for periods beginning after December 15 of each year. This would allow registrants to gain experience with the data tagging process for their quarterly financial statements before tackling the full annual financial statements.

Liability for XBRL submissions

We agree with most of the provisions of the Proposed Rule dealing with registrants' liability for interactive data. While we believe that registrants will exercise due care in developing their XBRL submissions, implementation of unfamiliar technology and application of the large and complex US GAAP taxonomy will be a challenge for many registrants. To provide reasonable protection for good faith implementation errors, we agree that the XBRL submissions should be considered furnished rather than filed and excluded from the officer certification requirements.

However, the SEC proposes "that the usual liability provisions of the federal securities law also would apply to human-readable interactive data that is identical in all material respects to the corresponding data in the traditional format filing as displayed by a viewer that the Commission provides." [footnotes omitted] Because most of the interactive data in a Form 10-K will be identical to the traditional format filing when displayed by one of the SEC's viewers, some could conclude that this provision nullifies the proposed liability protections. We believe the SEC should clarify this apparent inconsistency. Because the XBRL-tagged data is considered to be furnished, the liability protections afforded the data should be the same as for any other furnished data.

Auditor assurance

We agree with the proposal that auditor assurance on the XBRL data should not be required.

We would be pleased to speak with the Commission or the staff in more detail about our comments. Please contact FRC Chair Mick Homan at 513-983-6666 or SBFRAC Chair Bruce Pounder at 828-254-4812.

Sincerely,



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