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August 1, 2008

Filed Electronically

Florence E. Harmon
Acting Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Re: **Interactive Data for Mutual Fund Risk/Return Summary**
Release Nos. IC-28298; 33-8929; File No. S7-12-08

Dear Ms. Harmon:

The Vanguard Group, Inc. (“Vanguard”)¹ supports initiatives to improve disclosure and reporting to mutual fund investors, and we appreciate the opportunity to provide our comments on the Commission’s proposal to require funds to file risk/return information in XBRL format (“Proposed Rule”).

We have participated in the Commission’s voluntary XBRL filing program for mutual funds, and we support the use of technology to provide useful investment information to mutual fund investors in useable ways.² XBRL is a tool that, over the long term, has the potential to dramatically enhance the availability, accuracy and utility of data, thereby benefitting investors, regulators, financial intermediaries and the fund industry. Based on our experience, and because we believe ultimately in the long-term value to investors of XBRL, we support the Commission’s proposal to make XBRL risk/return filings mandatory. We believe this is an important opportunity to develop industry experience with XBRL so that the Commission’s longer term objectives may be thoughtfully developed and informed. We note some reservations about the Proposed Rule, discussed below, which we believe further support our broad recommendation that the Commission take a measured and iterative approach to adopting XBRL for funds.

We share many of the technical concerns expressed by the Investment Company Institute (“ICI”) in its comment letter on the Proposed Rule, and agree that the Commission should not mandate XBRL

¹ Vanguard offers more than 150 U.S. mutual funds with assets in excess of \$1.2 trillion. We serve approximately 19 million shareholder accounts.

² *SEC Roundtable: Creating Interactive Data to Serve Investors*, Remarks by John J. Brennan, Vanguard Chairman and CEO (March 19, 2007); *SEC Interactive Data Roundtable*, Participant Statement of Mortimer J. Buckley, Managing Director and Chief Information Officer (June 12, 2006).

tagging unless and until the taxonomies and viewing technology are fully developed, and the systems for filing and viewing have been properly published, reviewed and tested.

Vanguard Supports Accurate and Useable Data for Investors

XBRL offers a method whereby investors, financial intermediaries, and regulators³ could readily access and compare accurate and standardized mutual fund data. Investors would benefit from XBRL if standardization of disclosure combined with XBRL technology improves web-based fund comparison tools, making those tools more readily available and accurate, and ultimately helping investors to make informed investment decisions. We believe that institutions and financial intermediaries also are likely to benefit from the Proposed Rule, particularly if it reduces reliance on financial data aggregators and third-party providers. In addition, as described in the Proposed Rule, regulators globally are turning to interactive data in financial reporting. Therefore, the Proposed Rule eventually may assist the Commission's disclosure staff in its review of mutual fund disclosure filings, particularly if data tagging of risk/return summaries is coordinated with filings of summary prospectuses that contain much of the same information.

XBRL for Risk/Return Should be Coordinated with Summary Prospectuses

Vanguard supports XBRL as an integral part of the Commission's summary prospectus and related disclosure reform initiatives. As we stated in our comments on the summary prospectus rule,⁴ Vanguard believes that to be optimally useful to all constituents, disclosure requirements should be uniform and consistent. Uniformity and consistency in turn require mandatory application to all issuers. Therefore, we support making mandatory the filing of risk/return summaries in XBRL format. For similar reasons, we have expressed our view that summary prospectuses should be mandatory for mutual funds.⁵

The Proposed Rule contemplates that mutual funds would be required to file risk/return summaries in XBRL format beginning with registration statements and post-effective amendments filed after December 31, 2009. Although Vanguard does not oppose the Proposed Rule's compliance date *per se*, we do strongly believe that a mandatory XBRL filing requirement should be coordinated with the Commission's initiatives relating to disclosure reform and summary prospectuses. In other words, we urge the Commission first, to finalize the requirements for summary prospectus disclosure and second, to apply XBRL filing requirements to those portions of the summary prospectus for which interactive data would be useful and useable by investors, such as the risk/return summary.

We are concerned that funds and investors will bear unnecessarily duplicative costs if the Commission's timetable mandates XBRL before summary prospectuses. Under such a scenario, fund companies would need to automate their systems to implement XBRL based on existing disclosure rules, only to then redesign those processes and systems in light of subsequent changes to fund disclosure rules

³ XBRL tagging of mutual fund information, while useful to investors, financial intermediaries and regulators, is less useful for portfolio managers and analysts. XBRL tagging of operating company information pursuant to the Commission's separate proposals, on the other hand, is potentially very useful for analysts and managers, as it will increase availability, standardization and timeliness of corporate information. Increased availability of large volumes of standardized corporate data may also foster innovation and save costs over time.

⁴ *Enhanced Disclosure and New Prospectus Delivery Option for Registered Open-End Management Investment Companies*, Release Nos. IC-28064; 33-8861 (Nov. 30, 2007) ("Summary Prospectus Rule").

⁵ See Vanguard comment letter dated February 28, 2008 to the Summary Prospectus Rule.

to allow for summary prospectuses. The more cost-effective approach would be to shorten mutual fund prospectus disclosure, allow funds to re-design their in-house disclosure reporting processes to accommodate summary prospectus filings, and then apply interactive data tagging to those elements of the summary prospectus that lend themselves to comparability across funds.⁶

Vanguard's Experience as a Voluntary XBRL Filer

Having participated in the Commission's voluntary XBRL filing program for mutual funds,⁷ we learned that taxonomies and tagging are one step of the process but viewing the data is another critically important component of the XBRL process. The utility to the end-user of interactive data depends in large measure on well-developed viewers and user-friendly presentation of interactive data.

We experienced isolated problems with the taxonomy, viewer and validation software. For example, the taxonomy did not support tagging of footnotes to the fee table or special symbols such as the ® registered mark. In addition, during the XBRL voluntary filing program, we were unable to view a document prior to filing, which resulted in errors in recognition of decimals and percentage values. Validation software did not detect these errors. We believe that the Commission's viewing technology and validation software needs further development and we strongly recommend that the technology be refined before XBRL filings become mandatory for mutual funds.

XBRL for Mutual Fund Portfolio Holdings is Premature

We believe that it is premature to expand the Commission's XBRL filing program to mutual fund portfolio holdings information. More experience should be gained with the technology, and funds should be provided the opportunity to explore potential applications of data tagging upstream in their enterprise data management systems before extending the XBRL program to other aspects of mutual fund disclosure. Filing risk/return summaries in XBRL is a measured first step that will provide the industry and service vendors experience with XBRL, and provide valuable insights into the steps necessary to develop other potential applications such as tagging holdings information. Ultimately, tagging portfolio holdings information may be a useful expansion of the XBRL program;⁸ however, we believe that the industry needs more time to gain experience with XBRL and consider broader implications to systems and data management processes.

Vanguard believes in the long-term potential applications of XBRL for enterprise data management, and we think that integration and automation of XBRL data further upstream in fund companies' data systems likely would lead to increased accuracy and speed for mutual funds in the regulatory filings process. However, redesigning enterprise-wide data systems is a significant undertaking with related costs, which we estimate for Vanguard to be upwards of \$4 million. The Proposed Rule does not contemplate such high costs because it does not take into account the larger enterprise changes that would be necessary in order to truly reap the benefits of interactive data

⁶ The Commission's proposed exchange-traded funds rule and its related disclosure amendments for ETFs also should be coordinated with implementation of XBRL. *Exchange-Traded Funds*, Release Nos. IC-28193; 33-8901 (March 18, 2008).

⁷ *Extension of Interactive Data Voluntary Reporting Program on the EDGAR System to Include Mutual Fund Risk/Return Summary Information*, Release Nos. IC-27884; 33-8823 (July 17, 2007).

⁸ While we acknowledge that XBRL-tagged portfolio holdings could be useful information for financial intermediaries, we do not believe that retail mutual fund investors would benefit from this extension of XBRL.

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technology. We would be happy to discuss our views in more detail with the staff at the appropriate juncture.

Posting XBRL Risk/Return Summaries to Fund Web Sites is Unnecessary

The Proposed Rule requests comment on the requirement that mutual funds post XBRL data to their web sites. We do not believe that making XBRL risk/return summaries available on a fund's web site is likely to benefit investors or financial intermediaries. Our expectation over the longer term is that common financial data aggregators would download XBRL data directly from the Commission's web site and create web tools that investors can easily access at little or no cost.

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If you have any questions or would like any additional information, please contact me or Natalie Bej at (610) 503-5693.

Sincerely,



F. William McNabb III
President
The Vanguard Group, Inc.

cc: Honorable Christopher Cox, Chairman
Honorable Kathleen L. Casey, Commissioner
Honorable Elisse B. Walter, Commissioner
Honorable Luis A. Aguilar, Commissioner
Honorable Troy A. Paredes, Commissioner

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