



Interactive Data and other Securities and Exchange Commission Business Reporting Initiatives

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- **Interactive Data**
- SEC Advisory Committee on Improvements to Financial Reporting
- 21st Century Disclosure Initiative

XBRL and the U.S. SEC

- 1999 – Development of XBRL begins
- February 2005 – Voluntary Filing Program launched
- SEC Chairman Christopher Cox has been a strong advocate for interactive data
 - September 2006 – SEC provides \$5.5 million to finish U.S. GAAP taxonomy and \$48 million to modernize EDGAR
 - October 2007 – Office of Interactive Disclosure formed
 - May 2008 – SEC votes to propose a XBRL rule

U.S. GAAP Taxonomy

- On April 29, 2008, XBRL-US delivered
 - The final U.S. GAAP Taxonomy, which contains about 15,000 elements
 - A Preparer's Guide

SEC's Proposed Rule

- Companies would provide financial statements using XBRL
- Rules would apply to domestic and foreign companies using U.S. GAAP and, eventually, to foreign private issuers using IFRS as issued by the IASB
- Tagged disclosures would include companies' primary financial statements, notes, and financial statement schedules
- Disclosures in interactive data format would supplement, but not replace or change, disclosure using the traditional electronic filing formats in ASCII or HTML

Proposed Phase-in Schedule

Year 1	Year 2	Year 3
<p>Rules would apply only to domestic and foreign large accelerated filers that use U.S. GAAP and have a worldwide public float above \$5 billion (estimated to cover about 500 companies)</p>	<p>All other domestic and foreign large accelerated filers using U.S. GAAP</p>	<p>All remaining filers using U.S. GAAP, including smaller companies, and all foreign private issuers that prepare their financial statements using IFRS as issued by the IASB</p>

If proposed rules are adopted, the first phase would begin with fiscal periods ending on or after December 15, 2008

Data Tagging Phase-In

- The face of the financial statements would be tagged in each company's first year of interactive data reporting
- The financial statement footnotes and financial statement schedules also would be tagged in each company's first year, but in block text only
- After the first year of tagging, a company would be required to tag the detailed disclosures within the footnotes and schedules

Submission of Data and Web Site Posting

- XBRL would be required for a company's annual and quarterly reports, transition reports, and Securities Act registration statements
- XBRL would also be required to be posted on the company's corporate Web site, if it maintains one

Timing of Filings and Web Site Postings

- XBRL tagged data would be required to be provided to the SEC and posted on company Web sites, at the same time as the related report or registration statement, with two exceptions
 - A 30 day grace period would be permitted for the first interactive data exhibit of each company
 - A 30 day grace period would be permitted for the first interactive data exhibit that is required to include the footnotes and schedules tagged in detail

Non-Compliance and Liability

- Company's that do not provide or post required interactive data on the date required would be deemed not current with their Exchange Act reports
- Data in the XBRL file submitted to the SEC would be subject to liability similar to that of the voluntary program and therefore subject to only limited liability

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SEC Advisory Committee on Improvements to Financial Reporting

- Formed on August 1, 2007 with a one-year term
- Robert Pozen of MFS Investments is Chairman
- "... advise the Commission and the nation on how our increasingly complex financial reporting system can be tamed and made more useful for everyone who relies on it."

Christopher Cox
SEC Chairman

Four Subcommittees

1. Complexity
2. Standards-Setting Process
3. Audit Process and Compliance
4. Delivering Financial Information

Members of the SEC Advisory Committee

- Denny Beresford (Large-cap audit committees)
- Susan Bies (Banking regulators)
- Michael Cook (Large-cap audit committees)
- Jeff Diermeier (Investment professionals)
- Scott Evans (Pension funds)
- Linda Briggs (Securities attorneys)

Members of the SEC Advisory Committee

- Joseph Grundfest (Securities attorneys)
- Greg Jonas (Debt analysts)
- Chris Liddell (Large-cap companies)
- Bill Mann (Individual investors)
- Ed McClammy (Mid-cap companies)

Members of the SEC Advisory Committee

- Ed Nusbaum (Auditors of small- and mid-cap companies)
- Jim Quigley (Auditors of large-cap companies)
- David Sidwell (Securities broker-dealers)
- Peter Wallison (Advocates of interactive data)
- Tom Weatherford (Small- and mid-cap audit committees)

EBRC Presentation to the SEC Advisory Committee

- February 15, 2008 – Bob Eccles represented EBRC
- EBRC presentation covered
 - Key performance indicators
 - Improvements to MD&A
 - World Intellectual Capital Initiative
 - EBRC/Gartner KPI initiative
 - Suggested recommendations

EBRC Presentation to the SEC Advisory Committee: *The "what" and "why" of KPIs*

- KPIs are measures, often non-financial, that are leading indicators of business performance
- KPIs cover a broad range of resources and processes
- Company managers are increasingly using KPIs to run their businesses (e.g., The Balanced Scorecard)
- KPIs are useful to analysts and investors as well
- KPIs are applicable to companies, sectors and industries

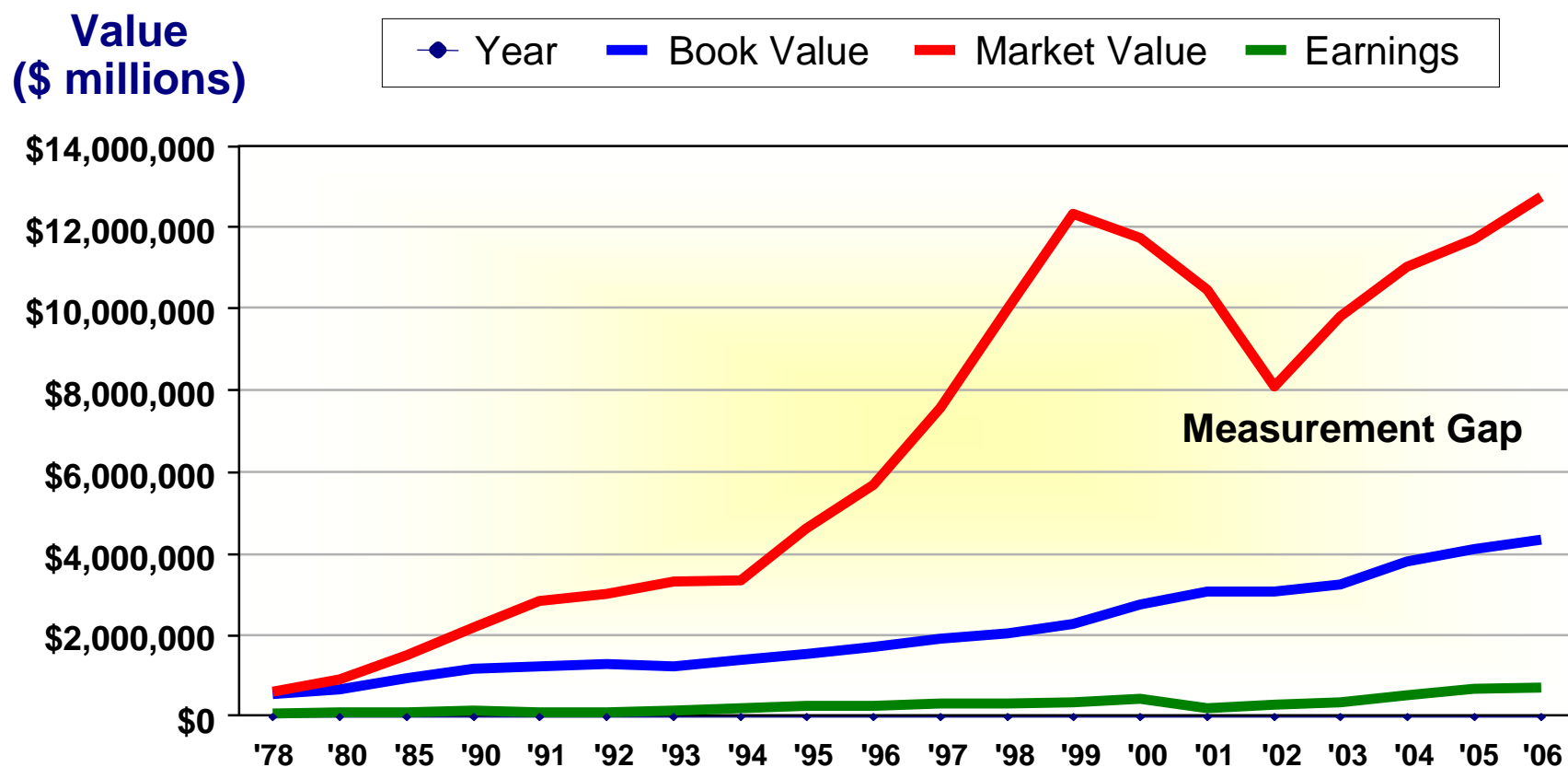
EBRC Presentation to the SEC Advisory Committee:

Key questions regarding KPIs

- Should KPIs be company specific or should industry standards be developed?
- How should industry standards be developed?
- What's the difference between industry standardization and standard KPIs?
- How can KPIs be linked to business results in financial models if standards do not exist?
- Why would companies want to report KPIs?
- How do investors and analysts use information on KPIs?
- What are the barriers to reporting KPIs?

EBRC Presentation to the SEC Advisory Committee: *Growing Gap between Book and Market*

Book-to-Market Value S&P 500



EBRC / Knowledge@Wharton Survey

- 74% believe that companies should disclose key performance indicators, intangibles, value drivers, intellectual assets in addition to financial statements and notes
- 74% believe that standardization of key performance indicators, intangibles, value drivers, intellectual assets should be pursued within industry sectors to facilitate comparability
- 51% believe that standardization should be done by industry groups comprised of companies, industry analysts and investors

EBRC / Knowledge@Wharton Survey

- 73% believe key performance indicators, intangibles, value drivers, intellectual assets should be audited
- 72% believe it be useful (31% extremely useful and 41% very useful) if there was an indication of which Web site information has been audited whenever companies provide financial and non-financial information on their corporate Web sites

Final Report of the SEC Advisory Committee on Improvements to Financial Reporting

Please follow this link to obtain a copy of the final report –
<http://www.sec.gov/about/offices/oca/acifr/acifr-finalreport.pdf>

**FINAL REPORT
of the
ADVISORY COMMITTEE
on IMPROVEMENTS to
FINANCIAL REPORTING
to the
UNITED STATES SECURITIES and
EXCHANGE COMMISSION**

August 1, 2008

Recommendation 4.3 – Disclosures of KPIs and Other Metrics to Enhance Business Reporting

- Encourage private sector initiatives targeted at best practice development of company use of key performance indicators (KPIs) in their business reports
- Encourage private sector dialogue, involving preparers, investors (including analysts), and other interested industry participants, such as consortia that have long supported KPI-like concepts, to generate understandable, consistent, relevant and comparable KPIs on relevant activity and, as appropriate, industry-specific, bases

Recommendation 4.3 – Disclosures of KPIs and Other Metrics to Enhance Business Reporting

- Encourage companies to provide, explain, and consistently disclose period-to-period company-specific KPIs
- Consider reiterating and expanding its interpretive guidance regarding disclosures of KPIs in MD&A and other company disclosures

International KPI Initiatives

- Auditor-Investor Dialogue (UK)
- EBRC/Gartner (U.S.)
- European Federation of Financial Analysts Societies
- International Corporate Governance Network
- JP Morgan (UK)
- Society of Investment Professionals in Germany
- Waseda University and METI

We have an opportunity to coordinate these initiatives through the World Intellectual Capital Initiative

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- **21st Century Disclosure Initiative**

SEC 21st Century Disclosure Initiative

- June 24, 2008 – SEC Chairman Cox announces the 21st Century Disclosure Initiative
 - Initially, this is an internal SEC initiative
- Initiative is led by William D. Lutz of Rutgers University
 - 11 dedicated SEC staff experts
- An Advisory Committee will be appointed in December 2008

Purpose

- Outline the attributes of the disclosure system for the future that incorporates technology
- Identify new ways in which investors get their information
- Consider recent developments in how companies compile and report the information in their SEC-mandated disclosures

SEC Chairman Cox's Comments

"We'll be examining how to improve the way disclosure works, including tapping the full potential of today's technology and integrating it seamlessly into our regulatory approach. That could mean fewer confusing forms, and more useful information at investors' fingertips in a form they can really use."

A Blueprint for Future SEC Action

- By the end of 2008, Professor Lutz and his team are expected report on how to
 - Improve the usefulness and timeliness of disclosure for investors
 - Streamline and modernize the collection of disclosure from companies and regulated entities

Guidelines for the Blueprint

- Rethink financial disclosure—beginning with the basic purpose of disclosure from the perspective of investors
- Identify the objectives of the ideal disclosure system at the architectural level
- Determine how to match the capabilities of today's information technology with the SEC's regulatory aims and the needs of investors

Specific Tasks

- Review all existing SEC forms and reporting requirements
- Review the manner in which information is provided to the SEC, with a special focus on needless redundancy
- Consider alternative strategic approaches to acquiring and publishing disclosure information
- Consider ways that regulatory requirements for the collection of information might be tailored to get the best real-time distribution of financial and narrative disclosure to investors
- Examine how best to integrate public disclosure with the SEC's proposed new post-EDGAR architecture for investor search, assembly, and comparison of data

EBRC Communication with Professor Lutz

- Sent surveys on information that investors believe is useful
- Provided reports on issues related to KPIs and narrative reporting
- Proposed a September meeting

We have an opportunity to influence and contribute to the development of the SEC's blueprint for action



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ありがとうございます。

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