



# New Developments Summary

## SEC adopts final rule for XBRL reporting

**Implementation to occur as early as June 15, 2009**

### Summary

The SEC recently issued a final rule, [Interactive Data to Improve Financial Reporting](#), which requires registrants to provide financial statement information in interactive data format using eXtensible Business Reporting Language, or XBRL. These rules apply to domestic and foreign companies using U.S. GAAP and will eventually apply to foreign private issuers using IFRS as issued by the IASB. The submission of financial reports using XBRL will supplement, but not change or replace, disclosure using the traditional electronic submission formats.

The final rule calls for a three-year, phased-in implementation schedule that begins as early as June 15, 2009 for some public companies and contains provisions requiring registrants

- To include interactive data exhibits in their annual and quarterly reports, transition reports, current reports that contain revised or updated financial statements, and Securities Act registration statements
- To post the XBRL exhibit to their corporate websites on the same day that they file their forms with the SEC

The SEC also recently posted its final rule, [Interactive Data for Mutual Fund Risk/Return Summary](#), which requires mutual funds to use XBRL interactive data when filing risk/return summary information related to their prospectuses. The new rule requires interactive financial reporting for mutual fund risk/return summary information beginning on January 1, 2011.

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## A. Overview

On December 18, 2008, the SEC voted to require registrants to provide financial statement information in interactive data format using eXtensible Reporting Business Language (XBRL) beginning in 2009 for certain large accelerated filers. The SEC published its final rule, [Interactive Data to Improve Financial Reporting](#), on January 30, 2009. The final rule requires registrants to provide an exhibit that includes financial statements in interactive data format using XBRL and to post the exhibit to their websites on the same day they file their reports with the SEC. Registrants must include an interactive data exhibit in periodic and current reports and in Securities Act registration statements, as well as in transition reports for a change in fiscal year.

The new rule is intended to make financial information easier for investors to analyze and also to assist in automating regulatory filings and business information processing. The new rules are consistent with the SEC's new Interactive Data Electronic Applications (IDEA) system, which is intended to facilitate the use and analysis of information submitted to the SEC in interactive data format. The IDEA system eventually will replace the EDGAR database.

## B. Timetable

The SEC will phase in the XBRL requirements over a three-year period, as depicted in the following table. For issuers in the initial phase-in group that file on domestic forms, the first required submission will be for quarterly reports on Form 10-Q for fiscal periods ending on or after June 15, 2009. For calendar year-end registrants, this requirement will first apply to their June 30, 2009 quarterly reports on Form 10-Q. For registrants that file on domestic forms with a June 30 fiscal year-end, the requirement will first apply to their September 30, 2009 Form 10-Qs. Foreign private issuers that do not file on domestic forms and are in the initial phase-in group will provide their first XBRL exhibits in connection with their annual reports on Form 20-F or Form 40-F for fiscal years ending on or after June 15, 2009.

Year	Category	Effective for fiscal periods ending on or after	First periodic report for which effective
1	Domestic and foreign large accelerated filers that use U.S. GAAP and have worldwide public float above \$5 billion	June 15, 2009	Quarterly report on Form 10-Q, or annual report on Form 20-F or Form 40-F
2	All other domestic and foreign large accelerated filers that use U.S. GAAP	June 15, 2010	Quarterly report on Form 10-Q, or annual report on Form 20-F or Form 40-F

Year	Category	Effective for fiscal periods ending on or after	First periodic report for which effective
3	All remaining filers, including smaller reporting companies, that use U.S. GAAP	June 15, 2011	Quarterly report on Form 10-Q, or annual report on Form 20-F or Form 40-F
3	Foreign private issuers that use IFRS as issued by the IASB	June 15, 2011	Annual reports on Form 20-F or Form 40-F

Registrants may elect to provide interactive data earlier than the required implementation date and may stop providing voluntary XBRL submissions at any time. If a registrant elects to voluntarily provide XBRL exhibits, it must comply with the provisions of the final rule.

## C. Interactive data submissions

### Information to include in XBRL exhibits

The creation of interactive data files requires registrants using U.S. GAAP to define, or “tag,” their financial statements using elements and labels from a standard list of tags released either by XBRL U.S. or by the International Accounting Standards Committee Foundation for foreign private issuers using IFRS as issued by the IASB. Interactive data files are required for all periods included in a registrant’s financial statements and must include

- *Financial statements tagged in detail:* Each line item description and amount presented on the face of the financial statements must be tagged.
- *Footnotes to the financial statements:*
  - For the first year of reporting, registrants must tag each complete footnote as a single block of text.
  - In subsequent years, registrants must also tag (i) each significant accounting policy within the significant accounting policies footnote as a single block of text, (ii) each table within each footnote as a separate block of text, and (iii) each amount (for example, monetary value, percentage, and number) within each footnote.
- *Financial statement schedules:*
  - For the first year of reporting, registrants must tag each complete financial statement schedule as a single block of text.
  - In subsequent years, registrants must also tag each amount separately.

The final rule does not require interactive data files for financial statements that may be required for other entities, including those provided under Regulation S-X Rules 3-05, 3-09, 3-14, and 3-16.

Registrants are required to provide interactive data to the Commission and to post this data to their corporate websites on the same date they file their related reports with the SEC. A 30-day grace period is permitted for the initial interactive data exhibit and for the first interactive data exhibit that is required to include notes and schedules to the financial statements tagged in detail.

### **Filings requiring XBRL exhibits**

Following submission of its first periodic report containing the required XBRL exhibit, a registrant is required to submit interactive data in

- Periodic and transition reports on Forms 10-Q, 10-K, and 20-F
- Annual reports on Form 40-F
- Forms 8-K and 6-K that contain updated interim financial statements or financial statements that have been revised to reflect the effects of certain subsequent events (for example, revised financial statements filed in Form 8-K that reflect the effects of a discontinued operation)
- Registration statements filed under the Securities Act that include financial statements rather than incorporate them by reference. XBRL exhibits are not required in initial public offerings.

### **Liability under the federal securities laws**

Interactive data submissions are subject to limited liability during a company's first two years of required XBRL reporting. During this period, interactive data submissions will be

- Deemed to be furnished, not filed, for purposes of the liability provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934
- Subject to specified antifraud provisions, except for registrants that fail to comply with the requirements despite a good faith attempt as long as they promptly correct noncompliance after they become aware of the failure
- Excluded from the officer certification requirements under the Exchange Act rules

### **Effect on registrant's timely filer status**

An issuer that fails to file or post to its website the required XBRL exhibit on the date required will be deemed not current with respect to its Exchange Act reports and will not be eligible to use short forms for SEC registration (for example, Forms S-3, F-3, or S-8). In addition, these filers will not be deemed to have available adequate current public information for purposes of Rule 144. However, as soon as the issuer files the required XBRL exhibit, it will then again be deemed current and timely.

### **Auditor responsibility**

The final rule does not require any form of auditor assurance on interactive data exhibits.

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## **D. Mutual funds**

On February 11, 2009, the SEC published its final rule, [Interactive Data for Mutual Fund Risk/Return Summary](#), which will require open-end management investment companies (mutual funds) to provide XBRL data for the risk/return summary section of their SEC prospectuses and to post the information on

their corporate websites. Mutual funds must comply with the new rules for the following documents that become effective after January 1, 2011:

- Initial registration statements
- Post-effective amendments that are annual updates to effective registration statements

The rule does not change the existing requirements to provide risk/return summary information in the traditional format filings.

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