

PUBLICATION

XBRL Has Arrived-What Your Company Needs to Know

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If you have not heard SEC Chairman Christopher Cox rave about the virtues of Extensible Business Reporting Language (XBRL), perhaps your financial printer or accountant has mentioned it. Regardless, Exchange Act and registration statement filers could soon be required to implement XBRL coding in their financial statements. On May 30, 2008, the SEC published proposed rules that would, if adopted, require filers to provide financial statement data in XBRL format.

When one looks past the software-coding details of XBRL, it is a relatively simple concept. XBRL is a standardized set of tags, one or several of which may be used to tag each line item of financial statements and information contained in footnotes and schedules to the financial statements. If tagged properly, the public could use off-the-shelf software to manipulate the filer's financial-statement data and easily compare it to other filers' data.

The collection and tagging of data is not new to the markets-third parties have prepared such data in the past for a fee. The SEC's proposal would push the cost of tagging data to the filer, and, according to the SEC, enable investors, analysts and the SEC's staff to capture and analyze financial statement information more quickly and at less cost than currently feasible with standard financial statements alone.

The following are several highlights of the SEC's release:

- XBRL financial statement information would be attached as an exhibit to Exchange Act reports and registration statements.
- Large-accelerated filers with public float over \$5.0 billion would be required to file the exhibit for financial statements for fiscal periods ending on or after December 15, 2008.
- Other large-accelerated filers would be required to file the exhibit for financial statements for fiscal periods ending on or after December 15, 2009.
- All other filers would be required to file the exhibit for fiscal periods ending on or after December 15, 2010.
- In addition to the exhibit, a filer would be required to post its financial statements in XBRL format on its corporate website on the same day as filing with the SEC.
- For the first time the exhibit is required, it may be filed within 30 days of the filing of the related Exchange Act report or registration statement. Future exhibits would be required to be filed contemporaneously with the related Exchange Act report or registration statement.
- The data contained in the exhibit would be excluded from the officer certifications under Rules 13a-14 and 15d-14 of the Exchange Act and deemed not filed for purposes of certain liability provisions.
- Filers that do not provide the interactive data would be deemed not current in their reports, thereby adversely affecting their use of short form registration statements and investors' use of the Rule 144 safe-harbor exemption. The filer would regain current status upon filing the interactive data.

The SEC's release remains open for comments until August 1, 2008. Several areas remain particularly open for suggestions or ideas. For instance, footnotes to financial statements will require four levels of tagging detail in a scheme that is far more intricate than, for example, tagging "gross sales." The SEC's proposal would not require extensive footnote tagging for the first year of a filer's XBRL reports, but would thereafter require such

detailed tagging. Once broadly implemented by filers, XBRL will no doubt bring financial statements into the Google Age.