

UBmatrix References



It's Alive: Data-tagging Plan Expected Wednesday

The SEC likely will roll out a timetable for companies to begin submitting their financial statements in interactive XBRL format

May 13, 2008
Alan Rappeport

Securities and Exchange Commission Chairman Christopher Cox is expected Wednesday to announce a long-awaited plan to mandate companies to file their financial statements in an interactive data-tagging format.

Also known as XBRL, for extensible business reporting language, the data-tagging technology could be a boon to information-hungry investors and analysts who would be able to more easily search and compare companies' financial statements, proponents say. However, it could also cause headaches for CFOs, depending on how long the SEC gives them to turn their traditional, static financial statements into interactive, searchable documents.

The SEC has hinted at its plans, noting on Wednesday's agenda that it will consider whether to propose an interactive data amendment to determine how any mandate might be phased in. Cox's enthusiasm has been clear from the start, as he has relentlessly pushed XBRL as the keystone to his agenda for greater transparency.

"This will probably be one of the most important changes since the Securities Act of 1933 and when Edgar put filings online in 1996," says Sunir Kapoor, a board member of XBRL US and CEO of UBmatrix, a provider of XBRL products.

Kapoor said he expects Cox to announce that the agency will take six months to get its interactive data team ready and that big companies will be required to file in XBRL format sometime next year. The SEC's Committee on Improvements to Financial Reporting (CIFR), an advisory board, recently recommended that the commission mandate XBRL's use and suggested the agency require all publicly traded companies to data-tag their financial documents using a phased-in schedule based on company size.

Prospects of a new mandate have drawn the ire of some critics who worry about the costs and wonder about the benefits of XBRL. Wednesday's announcement could dash any last hopes for a future of static financial statements.

"The train has left the station," Kapoor says. "The only question is really the scope and the timing."

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SEC Maps Interactive Data-filing Mandate

Starting next year, for the biggest firms, Cox's three-year XBRL plan would "let the sun shine in"

May 14, 2008
Alan Rappeport

The Securities and Exchange Commission voted unanimously Wednesday to propose a rule requiring companies — by as early as next year — to file financial statements in an "interactive data" format.

The proposed schedule is a landmark moment for interactive data-tagging, using the system known as XBRL, for extensible business reporting language. Christopher Cox, the SEC chairman, called the development something that would "significantly transform the SEC's business model," and compared XBRL's importance to that of the first personal computers and the requirement that financial statements be published online in the Edgar database.

"Interactive data will let the sun shine in as never before," Cox said, calling it the 21st century's answer to disclosure and transparency.

The plan initially would require companies with market capitalization of more than \$5 billion — about 500 firms total — to make disclosures in XBRL format beginning in the fiscal periods ending in late 2008. They would become public in that format in early 2009. The following year, all other companies that file their statements using U.S. generally accepted accounting principles would have to follow suit. In the third year of the proposal, international companies that file with the SEC using International Financial Reporting Standards would also be required to file in XBRL format.

If adopted, companies will have a 30-day grace period to make their first interactive filings. Companies will also have to supply data tags — the labeling information needed to run XBRL — for primary financial statements, footnotes, and schedules. In the first year firms will be able to use a "block text" format, but then they will have to use detailed tagging.

Advocates of XBRL say the data-tagging technology could be a boon to information-hungry investors and analysts who would be able to more easily search and compare companies' financial statements. However, it could also cause headaches for CFOs, depending on how long the SEC ultimately gives them to turn their traditional, static financial statements into interactive, searchable documents.

"Eventually all public companies will be required to file in XBRL," says Sunir Kapoor, a board member of XBRL US and CEO of UBmatrix, a provider of XBRL products. "This move will not only make it easier for the SEC to handle the thousands of reports it receives annually, but it will also make it easier for companies to file their 10-Qs and 10-Ks and allow them more flexibility in their reporting."

Commissioners said they expect to receive questions about the costs of complying with an interactive data mandate. At Wednesday's open meeting SEC officials said that in their pilot program — which included more than 70 companies — the average cost for a voluntary filer was

\$30,000 and took between 36 and 38 hours on average. That cost is expected to be less for smaller companies and to decline as firms develop XBRL templates for their statements and as software becomes more advanced.

Commissioner Kathleen Casey said that the SEC is building a necessary framework, but that market innovation will be needed for XBRL to reach its full potential. A market for XBRL solutions does seem to be evolving, although there has been some hesitation prior to the SEC rolling out a schedule.

"Auditing firms should be leading the parade on the subject of providing assurance on the quality of XBRL preparation," Jack Ciesielski, author of the *The Analyst's Accounting Observer*, notes on his blog. "Instead, they're focusing only on changeover of GAAP to IFRS — a great revenue enhancer, with the promise of something more exciting-sounding than making sure computer code is telling investors the truth."

Despite some anxiety companies have expressed about the integrity and costs of dealing with XBRL, a final decision — after years of discussion — will likely come as a relief to many. The SEC will accept comments on its proposal through mid-July before completing its plan.

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InformationWeek

SEC Requires XBRL Financial Reporting By Large Public Firms

The mandate is expected to be phased in for additional publicly held companies once XBRL has become a standard way of making SEC reports

May 14, 2008
Charles Babcock

The SEC on Wednesday issued rules requiring large publicly held companies to adopt XBRL, the financial reporting version of XML, by Dec. 15 to meet financial reporting requirements.

XBRL is eXtensible Business Reporting Language, a set of extensions to XML that allows standardized accounting data to be tagged and retrieved easily across documents. Creating documents in XBRL allows them to be filed over the Web, exchanged with business partners, and searched for data without calling up the whole document.

"XBRL is the common language of financial information exchange, much as English has become the worldwide language of business," said Sunir Kapoor, a member of the board of directors of XBRL US, a standards group overseeing U.S. contributions to XBRL development, in a statement. XBRL is developing the definitions for tags used to identify terms used in applying U.S. generally accepted accounting principles.

Kapoor is also CEO of UBmatrix, a Redwood City, Calif., firm that is a supplier of XBRL translation software.

The SEC in a public meeting today adopted a mandate as of Dec. 15 to require XBRL for the reports of "large accelerated filers," which would include most of the largest publicly held companies. Seventy-five companies already do so, including IBM, General Electric, United Technologies, Ford Motor Co., Pepsi, and Xerox.

The mandate is expected to be phased in for additional publicly held companies once XBRL has become a standard way of making SEC reports. The SEC is following in the footsteps of the FDIC, which has already adopted XBRL, as well as the central banks of the European Union. SEC 10Ks and other reports that are filed using XBRL can be read by computer software, screened for certain data such as "net profit," and reorganized in new reports. Finding less common financial data, such as "assets held for sale," or "construction in progress," is possible quickly when they've been tagged by XBRL, as well as the more commonly used terms. XBRL can also be used to translate the terms used in one country's accounting system into those used by another's.

XBRL tags also contain information about the data, as well as the data itself. It will tell a search program that one particular reference to "net profit" is in dollars, while another is a percentage.

XBRL will have the effect of internationalizing financial reporting. XBRL "will represent a quantum leap over existing disclosure technologies," said SEC Chairman Christopher Cox in a statement announcing the mandate. It will help investors in comparing information on companies around the world, making it easier to consider global investment options, he said.

"It would transform financial disclosure from a 1930s form-based system to a truly 21st century model that taps the power of technology for the benefit of investors," Cox said.



SEC Expected to Require XBRL Filing

May 14, 2008
WebCPA staff

Washington, D.C. – The Securities and Exchange Commission is expected to announce a proposed rule Wednesday mandating the filing of SEC reports in Extensible Business Reporting Language format.

The rule mandating XBRL filing is expected to apply to large-cap filers, including Fortune 1000 companies. More than 75 companies have already joined the SEC's voluntary filing program, including Ford, General Electric, IBM, Pepsi, United Technologies and Xerox.

“This move will not only make it easier for the SEC to handle the thousands of reports it receives annually, but it will also make it easier for companies to file their 10-Qs and 10-Ks and allow them more flexibility in their reporting,” said UBmatrix CEO Sunir Kapoor, an XBRL US board member. “For investors and financial analysts, the action will result in more accurate and robust information on public companies. It really is a revolution in the way information will be reported and consumed.”

<http://www.webcpa.com/article.cfm?articleid=27771>

AccountancyAge

SEC to mandate filing in XBRL

May 14, 2008
Penny Sukhraj

The US regulator is expected to announce new regulation today mandating the filing of reports to the Securities and Exchange Commission in XBRL.

The rule, which will compel filing in Extensible Business Reporting Language, is expected to apply to large public companies, including those on the US Fortune 1000 index.

Companies which have already joined the voluntary filing program include Ford, General Electric, IBM, Pepsi, United Technologies and Xerox, WebCPA.com reported.

XBRL US board member, Sunir Kapoor said the move would make it easier for the SEC to handle the thousands of reports it receives annually.

'It will also make it easier for companies to file their 10-Qs and 10-Ks and allow them more flexibility in their reporting. For investors and financial analysts, the action will result in more accurate and robust information on public companies. It really is a revolution in the way information will be reported and consumed,' he said.

<http://www.accountancyage.com/accountancyage/news/2216531/sec-mandate-filing-xbrl>

Picked up by *Financial Director*

FINANCIAL DIRECTOR

Published on Business Finance (<http://businessfinancemag.com>)

SEC Proposal: XBRL Mandatory Within 3 Years

by John Cummings

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In an open meeting yesterday, the SEC adopted a rule proposal that would mandate the use of extensible business reporting language (XBRL) for some regulatory filings within three years. XBRL applies standardized electronic tags to financial data, enabling it to be more easily retrieved, exchanged, and compared.

The proposed rule requires all companies using U.S. GAAP with a worldwide float over \$5 billion -- the biggest 500 or so companies -- to make financial disclosures using XBRL for fiscal periods ending late 2008, and to post this information on their Web sites. Other companies using GAAP would be phased in over the following two years. Organizations using international financial reporting standards (IFRS) would be required to provide the disclosure for fiscal periods ending in 2010.

It's an aggressive schedule, but the U.S. regulator is playing catch-up with other countries around the world that have already mandated use of XBRL, as Robert D. Kugel noted in our March issue (in "[XBRL: A Quick Primer](#) [1]").

SEC chairman Christopher Cox waxed nostalgic in his opening remarks to the meeting, recalling some comments filed in response to an earlier SEC technology initiative -- the electronic data gathering, analysis and retrieval (EDGAR) program, which went live in the mid-1980s. Some of the remarks are "quite entertaining," Cox said. "For example, back in the 1980s, some companies complained that since they have to print proxies and other documents for their shareholders anyway, preparing a diskette for delivery or filing over the telephone would create more work for the company.

"Others, particularly computer software companies, complained that the SEC system did not accept their brand of software or diskettes."

Finance executives may not find the new XBRL requirements quite so entertaining, though. Interest in the technology hasn't exactly been overwhelming; the SEC kicked off a voluntary filing program back in 2005, but only 75 companies have signed up. Many CFOs will see the new rule, if passed, as just one more set of regulatory hoops to jump through.

That's a pity, because interactive data has a lot to offer CFOs. So says Sunir Kapoor, board member of XBRL US, an umbrella organization of XBRL users and developers, and CEO of UBMatrix, a provider of XBRL solutions, who describes the announcement as "the best news Fortune 500 companies in the U.S. could have."

"XBRL isn't just about tagging data for external reporting," Kapoor points out. "It's all about how you manage your business with data which is held hostage in a variety of enterprise software applications. Every time a CEO of a company asks a CFO for information, versus just data, they go on an expensive crusade with a variety of folks in their organization trying to find the response to that request." XBRL will reduce the friction and the cost of complying with information management demands from the CEO and the board, Kapoor says.

And will these results be worth the cost? Kapoor points to banking industry, which has been using XBRL for its FDIC call reports since 2005, achieving "a ten times improvement in reporting efficiency." Whatever initial costs there are for complying with external filing requirements, "they are dwarfed by the benefit that comes from it over a very short period of time," he says.

Source URL: <http://businessfinancemag.com/article/sec-proposal-xbrl-mandatory-within-3-years-0515>

The Home Page of Corporate Finance Financial Week

SEC to make big push for XBRL

Regulator poised to hit companies with costly data-tagging job that it says will help clarify financials

April 21, 2008
Nicholas Rummell

Interactive data on public companies is finally on its way. The Securities and Exchange Commission is expected to propose rules next month that would mandate the adoption of extensible business reporting language, known as XBRL, in financial statements as early as next year.

Sources close to the development of the technology, while obviously biased in favor of XBRL, say the SEC's rules will likely track suggestions made earlier this year by a commission of accountants and legal experts, and added that the initial phase of XBRL adoption will be a cakewalk. But some critics of the shift to interactive data still have concerns that the costs will outweigh the benefits.

In January, a committee established by the SEC and headed by MFS Investment Management chairman Robert Pozen gave its blessing to a phased-in approach to interactive data. The committee said a mandate to use such data should apply first to the 500 largest domestic public companies and then a year later to all companies with a public float above \$700 million.

Under the committee's proposal, those companies would be required to tag the main part of a financial statement using XBRL. Companies would also have to tag the entirety of each of the statement's footnotes, as well as tagging tables within footnotes, but not individual elements in the text.

During a webcast last week about XBRL, David Blaszkowsky, who leads the SEC's office of interactive disclosure, said the agency was evaluating all comments, including those by Mr. Pozen's committee, in deciding how to proceed further. He declined to elaborate on the SEC's proposed rule, but noted that XBRL adoption will be a "non-event" for most companies because of the ease of adoption.

SEC chairman Christopher Cox has consistently suggested that a deadline for mandatory adoption is on the way. "It's really just a question of who and when now," said Sunir Kapoor, CEO of UBmatrix, which has worked with the SEC to develop XBRL taxonomies.

If the SEC does adopt the suggestions made by Mr. Pozen's committee, large companies would at most need to contend with roughly 350 data tags, said Mike Willis, a partner at PricewaterhouseCoopers and founding chairman of XBRL International, a consortium of companies and government agencies worldwide. "It's not going to be a very big deal for many companies," he said.

The SEC's rule will likely include a timetable for a phased-in approach, and next week a coalition of vendors and businesses plans to send final taxonomies to the SEC. Final rule-making is tentatively scheduled for completion by the fall, said SEC spokesman John Nester. That could mean companies beginning to report in XBRL as soon as the first quarter of 2009, sources said.

That's if all goes according to plan, which seems unlikely. The fact is, XBRL has been a long time

in coming in the U.S. Indeed, the SEC had initially planned on releasing its proposed timetable for corporate XBRL adoption today. But late last week, the regulatory agency decided to delay that announcement until mid-May.

Not exactly an encouraging sign. Still, supporters of XBRL say the new technology will make it easier for investors to analyze companies' financial statements, and save companies money by reducing errors in their statements. SEC officials have said the process of re-keying financial statements into spreadsheets and software programs has led to high error rates.

But some worry XBRL will not pay off, at least not initially. A comment letter from a corporate reporting committee at Financial Executives International stated that while its members support migration over time to XBRL, it's still unclear just how effective the new format will be for U.S. companies.

"There are no improvements at this time in our internal processes as a result of creating and providing tagged information, and...preparers do in fact experience increased costs and efforts as a result," the FEI committee wrote. "We may be creating a situation where preparers will be providing more information than the analysts want...[and] later than when they need it."

At an accounting conference in December, John White, director of the SEC's division of corporation finance, said the agency would not mandate interactive data until the new taxonomies were fully tested to ensure they can be "successfully, efficiently, effectively used." A coalition of accounting and software firms publicly tested the taxonomies a few months ago.

Another concern is whether the SEC will sanction XBRL filings as the official filing for companies, or merely offer it as an option for investors. The Pozen committee suggested the SEC not require an "independent assurance" for XBRL filings, and pushed for less legal liability on interactive filings, a suggestion with which FEI agrees.

XBRL proponents, such as Mr. Kapoor, say this approach may be wrongheaded and that for XBRL to be beneficial for investors, it should be made the official filing for companies. He noted that many countries already mandate XBRL, as does the Federal Deposit Insurance Corp., which has required thousands of banks to report their financial information using the format since 2005.

Adoption of interactive data may take longer in the U.S. than it has taken in other countries, particularly in Europe, where financial disclosure documents use more fixed templates. And given the latest delay in announcing a timetable for corporate adoption, it hardly seems XBRL is on the fast track. Still, it is "not unreasonable" that the SEC would require interactive data from all U.S. companies within two to five years, he said.

<http://www.financialweek.com/apps/pbcs.dll/article?AID=/20080421/REG/172184417/1028/F>