



SEC FLASH REPORT

No. 2008-18

To: All Assurance Professionals

Date: December 18, 2008

Re: SEC Adopts Rules Requiring XBRL Reporting

**From: Jeff Lenz
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The information in this Flash report is based on the discussion at the Commission's open meeting. It reflects our current understanding, but is subject to change/clarification after review of the SEC's release covering this rulemaking.

On December 17, 2008, the Securities and Exchange Commission adopted rules that will require issuers to provide to the Commission financial statements in interactive data format using Extensible Business Reporting Language, or XBRL. The rules adopted are similar to those proposed by the SEC in May. (See SEC *Flash* report 2008-6.) However, the implementation dates will be later than proposed.

According to the adopted phase-in schedule, the largest companies will commence XBRL reporting in fiscal periods ending on or after June 15, 2009. The phase-in schedule is as follows:

- Year 1 – the new rules apply only to domestic and foreign large accelerated filers that use U.S. GAAP and have a worldwide public float above \$5 billion. The SEC estimates that this group includes approximately 500 companies;
- Year 2 – all other domestic and foreign large accelerated filers (i.e., those with over \$700 million in public float) using U.S. GAAP; and
- Year 3 – all remaining domestic and foreign filers using U.S. GAAP, including smaller reporting companies, and all foreign private issuers that prepare their financial statements in accordance with IFRS as issued by the IASB are subject to the interactive data reporting requirements.

Domestic filers will commence XBRL reporting in their Form 10-Q for the first quarter ending on or after June 15 of the year the rules apply to them. Foreign private issuers will commence XBRL reporting in their Form 20-F or 40-F for the applicable year ending on or after June 15.

The data provided in XBRL format will be furnished rather than filed for the first two years. After that, the data will be filed and subject to correspondingly increased liability. The XBRL data will not be subject to auditor reporting.

As was proposed, an issuer is required to provide interactive data with its annual and quarterly reports, transition reports, Form 8-K and 6-K reports containing updated or revised versions of financial statements that appeared in a periodic report, and registration statements, and on its corporate web site if it maintains one. Issuers will provide the XBRL data in a new exhibit.

Issuers will be required to tag their financial statements, footnotes and schedules. For the first year, footnotes and schedules may be tagged in block text format. Thereafter, they must be tagged in detail. The first time an issuer provides XBRL data and the first time it provides data that is tagged in detail, the data may be provided 30 days after the corresponding filing is made. Thereafter, it must be provided with the filing.

Also as was proposed, filers that do not provide or post required XBRL data on the date required will be deemed not current with their Exchange Act reports. As a result, they will not be eligible to use short form registration statements (e.g., Form S-3) and will not be deemed to have available adequate current public information for purposes of the resale exemption safe harbor provided by Rule 144 for restricted securities.

The Commission also adopted rules requiring mutual funds to provide XBRL data. Beginning January 1, 2011, mutual fund risk/return summary information will be required to be filed with the Commission in interactive data format.

To view the text of the SEC staff's prepared remarks at the open meeting in which the Commission took this action, click on the following link:

<http://www.sec.gov/news/speech/2008/spch121708mwg.htm>

When the adopting release is available, it will be available at:

<http://www.sec.gov/rules/final.shtml>

BDO resources including links to a Client Advisory, a Webinar, and other useful material are available at: <http://www.bdo.com/services/assurance/xbml>.