



SEC FLASH REPORT

No. 2009-3

To: All Assurance Professionals

Date: February 10, 2009

Re: SEC Publishes Final Rules Requiring XBRL Reporting

**From: Jeff Lenz
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As previously reported in SEC *Flash* report 2008-18, in December the Securities and Exchange Commission adopted rules that require issuers to provide a new exhibit containing financial statements and schedules in interactive data format using Extensible Business Reporting Language, or XBRL. On January 30, 2009, the Commission published the final rulemaking release (No. 33-9002) containing the new rules.¹ This *Flash* report summarizes the new rules. It covers the summary information provided in *Flash* report 2008-18 and provides more detailed information about several of the requirements.

Phase-In Schedule

The rules phase in XBRL reporting over three years beginning with the largest issuers in 2009. The phase-in schedule is as follows:

- Year 1 – XBRL reporting will commence for periods ending on or after June 15, 2009. The first group to report will be domestic and foreign large accelerated filers that use U.S. GAAP and have a worldwide public equity float above \$5 billion as of the end of the second fiscal quarter of their most recently completed fiscal year (as of June 30, 2008 for a company with a calendar year end). Domestic filers will first provide the new exhibit in a quarterly report on Form 10-Q. Thus a domestic filer in this group with a calendar year end would first provide the exhibit in its Form 10-Q for the quarter ending June 30, 2009. A domestic filer in this group with a June, July or August year end would first provide the exhibit in its Form 10-Q for the quarter ending in September, October or November 2009, respectively. Foreign filers will first provide the new exhibit in an annual report on Form 20-F or Form 40-F. Thus a foreign filer in this group with a June 30 year end would first provide the exhibit in its Form 20-F for the year ending June 30, 2009. 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 will follow in the second year, beginning with a quarterly report on Form 10-Q or an annual report Form 20-F or Form 40-F containing financial statements for a fiscal period ending on or after June 15, 2010; and
- Year 3 – All remaining 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 will follow in the third year, beginning with a quarterly

¹ Release 33-9002 is available at: <http://www.sec.gov/rules/final/2009/33-9002.pdf>.

report on Form 10-Q or an annual report on Form 20-F or Form 40-F containing financial statements for a fiscal period ending on or after June 15, 2011.

After the initial filing a registrant will be required to provide an exhibit containing interactive data with each quarterly and annual report. It will also be required to provide such an exhibit with (1) each current report (i.e., Form 8-K or 6-K) containing updated or revised versions of its financial statements and (2) certain registration statements as discussed below.

To allow filers time to become familiar with tagging footnotes and schedules, the rules also phase in the level of detail in which this information must be tagged. In a filer's initial year, each footnote to the financial statements and each financial statement schedule will need only to be tagged individually as a single block of text. Beginning in the second year, a filer will be required to tag the footnotes and schedules in greater detail, as follows:

Footnotes:

- Each complete footnote tagged as a single block of text;
- Each significant accounting policy within the significant accounting policies note tagged as a single block of text;
- Each table within each footnote tagged as a separate block of text; and
- Within each footnote, each amount (i.e., monetary value, percentage and number) separately tagged.

(Note that tagging narrative disclosures within a footnote (e.g., employee groups covered by pension plans) is not required. Tagging narrative disclosures is optional.)

Schedules:

- Each complete financial statement schedule tagged as a block of text; and
- Each amount (i.e., monetary value, percentage and number) separately tagged.

Grace Periods

Interactive data exhibits will be required at the same time as the rest of the related report or Securities Act registration statement, except in the following two circumstances. A filer's initial interactive data exhibit will be required within 30 days after the earlier of the due date or filing date of the related report or registration statement. In year two a filer will also have an additional 30 days to provide the first interactive data exhibit that includes the detailed tagging of its footnotes and schedules.

Website Posting

In addition to providing XBRL data as an exhibit to SEC filings, a filer must also post the data to its website if it maintains one. This must be done by the end of the calendar day the report is deemed officially filed. A filing submitted after 5:30 p.m. Eastern Time generally is not deemed filed until the following business day. Web posting will be required by the end of the calendar day that the related filing is deemed officially filed or required to be filed, whichever is earlier. The interactive data will be required to be posted for at least 12 months.

Registration Statements

Interactive data will not be required as an exhibit to a Securities Act registration statement that does not contain financial statements (e.g., most filings on Form S-3 that incorporate the financial statements by reference) or an initial public offering. When a registration statement requires interactive data (e.g., a filing by a repeat issuer that presents financial statements) the interactive data does not need to be submitted until the filing reflecting a price or price range is made. Thereafter, interactive data must be submitted only when the financial statements are changed. Interactive data submissions are not required with each amendment.

After Phase-In (IPOs)

A company that first becomes an SEC registrant after the three-year phase-in period will be required to submit interactive data beginning with its first quarterly report on Form 10-Q or annual report on Form 20-F or Form 40-F, as applicable. For example, a company with a calendar year end completes an IPO in December 2012. The registration statement contains audited financial statements for 2009 – 2011 and unaudited financial statements for the nine months ended September 30, 2011 and 2012. Its first periodic report as an SEC registrant is its Form 10-K for the year ending December 31, 2012. It would first need to file interactive data in its Form 10-Q for the quarter ending March 31, 2013.

Effect of Not Filing

Filers that do not provide or post required interactive data by the date required will be deemed not current with their Exchange Act reports and as a result, will not be eligible to use the short Form S-3, F-3 or S-8 or elect to incorporate financial statements by reference under other forms. Such filers will also not be deemed to have available adequate current public information for purposes of the resale exemption safe harbor provided under Rule 144. A filer will regain current status for purposes of short form registration statement eligibility and determining adequate current public information under Rule 144 upon providing or posting the interactive data. It will not lose its status as having “timely” filed its Exchange Act reports solely as a result of the delay in providing interactive data.

Other Information

The XBRL data will not be subject to auditor reporting. However, registrants may choose to voluntarily obtain auditor assurance. The AICPA is working on developing standards for auditor assurance.

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.

XBRL data is not required for other companies’ financial statements a registrant may file, such as those provided pursuant to Rules 3-05, 3-09, 3-14 and 3-16 of Regulation S-X.

Filers may provide interactive data earlier than required but must follow the new rules – not the previous voluntary program.

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