

Client Alert

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Inline XBRL Proposed Rule and IFRS Taxonomy

On March 1, 2017, the Securities and Exchange Commission (the “Commission”) proposed the use of the Inline XBRL (eXtensible Business Reporting Language) format for the submission of operating company financial statement information and certain mutual fund information.

In 2009, the Commission adopted rules requiring operating companies to provide the information from the financial statements accompanying their registration statements and periodic and current reports in XBRL format by submitting it to the Commission in exhibits to the registration statements and reports and posting it on their websites. These XBRL requirements apply to operating companies that prepare their financial statements in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) or in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). Filers subject to the XBRL requirements must submit an Interactive Data File, including XBRL tagged data, as an exhibit to the traditional HTML or ASCII format.

Inline XBRL allows filers to embed XBRL data directly into an HTML document. With Inline XBRL, filers need to tag the required disclosures using the applicable taxonomy. The tagging would be performed within the HTML document instead of a separate XBRL exhibit. Filers that use the ASCII format would need to switch to HTML in order to comply with the amendments. The objective of using Inline XBRL is to improve the data available to investors and other market participants.

The proposed Inline XBRL requirements for financial statement information would apply to all operating company filers, including smaller reporting companies, emerging growth companies, and foreign private issuers that are currently required to submit financial statement information in XBRL. The proposed amendments would also eliminate the website posting requirement.

The proposed Inline XBRL requirements would be phased in based on the category of filer. Large accelerated filers that prepare their financial statements in accordance with U.S. GAAP would be required to comply with Inline XBRL requirements for financial statement information in the second year after the rule is effective, followed by accelerated filers that prepare their financial statements in accordance with U.S. GAAP in the third year and all other operating company filers that are required to submit Interactive Data Files in the fourth year.

On March 1, 2017, the Commission also made IFRS taxonomy available. As noted above, the Commission required foreign private issuers that prepare their financial statements in accordance with IFRS as issued by the IASB to submit financial information in XBRL format. However, the Commission’s EDGAR filing system was not able to support an IFRS taxonomy, and, as a result, foreign private issuers had been relieved of the XBRL requirement until the Commission published an IFRS taxonomy. With the publication of the IFRS taxonomy, foreign private issuers under Securities Act Rule 405 that prepare their financial statements in accordance with

IFRS as issued by the IASB may begin submitting their financial data in XBRL format with their first annual report on Form 20-F or 40-F for fiscal periods ending on or after December 15, 2017.

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