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SECURITIES LAW UPDATE

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eXtensible Business Reporting Language for Financial Reporting

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In December 2008 the Securities and Exchange Commission ("SEC") voted to adopt final rules and amendments that require issuers to file a supplemental exhibit "tagging" their financial statements with an interactive data format known as XBRL (eXtensible Business Reporting Language) over a three-year phase-in period. The rules apply to periodic reports (Forms 10-K and 10-Q) and registration statements filed with the SEC and apply to domestic and foreign public issuers that prepare their financial statements in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") and foreign private issuers that prepare their financial statements using International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standards Board.

There remain some open questions regarding the intricacies of the SEC's final rules governing the submission of XBRL-based information to the SEC because the full text of the rules will not be available until sometime in January 2009. The following summarizes what the SEC has confirmed to date.

I. What Is XBRL?

Practically speaking, XBRL is a means of pinpointing facts and figures buried in documents, thereby allowing investors to quickly and easily find the information they are looking for without having to look through lengthy tables, charts, and footnotes. Technically speaking, XBRL is a collection of standardized, machine-readable "tags" for line items in financial statements as well as the notes and exhibits to financial statements. XBRL provides a tag, or bar code, for each individual item of financial data.

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Our Capital Markets Practice Group represents publicly held companies, investment banks and institutional shareholders in connection with public offerings of equity and debt securities. We have particular experience in initial public offerings and offerings of convertible and other hybrid securities. We represent leading national investment banks, as well as maintaining an extensive base of public corporate clients. Our lawyers regularly participate in transactions involving a wide variety of industries, including manufacturing, telecommunications, financial services, media, consumer products and retail. We also advise our clients with respect to corporate governance matters and the design and implementation of comprehensive compliance

The SEC has explained that XBRL reporting will be beneficial because it will simplify the process of reviewing the enormous amount of financial information available to investors and analysts on a daily basis. XBRL reporting will drastically increase efficiency by allowing information to be intuitively organized and eliminating the requirement that investors and analysts review cumbersome tables and footnotes. According to the SEC's rule proposal, the long-term benefits of XBRL reporting are twofold: (1) the ability to allow analysts to accurately and easily compare multiple companies over a historical time frame, and (2) the improvement in the ability to quickly and accurately analyze multiple companies within an industry.

The collection of XBRL tags that are available for registrants to tag a financial statement is referred to as "taxonomy." Once identifying codes have been attached to each item of financial information in a particular filing, computer software can then search and retrieve any tagged item by searching for the corresponding tag. The XBRL financial data can be downloaded directly into spreadsheets and analyzed using commercial off-the-shelf software and within investment models. Investors will also be able to search and analyze financial data across issuers, reporting periods, and industries.

II. Three-Year Phase-In Period

The XBRL requirements are to be phased in over a three-year period, with larger issuers mandated to comply in a shorter time frame. The rules require that domestic and foreign large accelerated filers that use U.S. GAAP and have a worldwide public float above \$5 billion (the date for making this determination is uncertain, but originally it was to be determined by the company's most recent second fiscal quarter end) file their financial statements tagged in XBRL beginning with their first quarterly report for fiscal periods ending on or after June 15, 2009.

All other domestic and foreign large accelerated filers using U.S. GAAP are required to follow suit for their first quarterly report for fiscal periods ending on or after June 15, 2010.

Finally, all remaining filers using U.S. GAAP and all foreign private issuers that prepare their financial statements in accordance with IFRS must comply for fiscal periods ending on or after June 15, 2011.

Companies may adopt interactive data earlier than their required start date, but the rules mandate that all U.S. public

programs.

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companies file XBRL-based information by December 2011.

Mutual funds are required to begin including XBRL information in their public filings on or after January 1, 2011.

III. Tagging – Required and Optional

Operating companies must tag their financial statements in detail. That is, each number must be tagged regardless of location in the financial statements. In the first year of a company's mandate to begin tagging, notes and schedules to the financial statements may be tagged in block format—one XBRL tag per note is permitted. However, in the second year, notes and schedules to the financial statements must be tagged in detail. At its option, an operating company may tag in XBRL the accountant's report, management report, SEC certification report, and MD&A, but this is not required. It may also tag any narrative in a filing with the SEC.

Mutual fund companies must tag the risk-return information from the prospectus. Mutual funds may, but are not required to, tag financial statement information and portfolio holdings.

IV. Timing of Filings – Grace Periods

Operating companies are allowed two grace periods for the first XBRL exhibit required to be filed in each of year one and two. They may file their XBRL filing up to 30 days after their traditional/HTML filing. The rest of their filings must be concurrent with their traditional filings.

Mutual funds are allowed two similar grace periods of 15 days.

It is yet unknown whether XBRL information submitted during a grace period must be submitted on an amended 10-K or 10-Q or whether an 8-K may be used.

V. Data Storage Requirements

If a company maintains a website, it is required to put all XBRL files on its website. For operating companies, the files must be available on the company's website the day the related filing is accepted by the SEC. For mutual fund companies, the files must be posted by the end of that calendar day.

VI. Auditors & Officer Certification

XBRL-based information is not required to be reviewed or

attested to by a company's auditors. Moreover, the officer certification does not have to include XBRL-based information.

VII. Liability

There is some uncertainty around the final rules regarding liability, but it appears to be clear that there is limited liability for the first two years of a company's submission of XBRL information. For those two years, any interactive data file will be deemed to comply with the SEC's requirements, even if the registrant makes an error in complying with tagging or content requirements, so long as the registrant made a "good faith and reasonable effort" to comply. Further, XBRL filers will be required to file an amended interactive data file correcting the error as soon as reasonably practicable after becoming aware of the error. XBRL information will be considered to be furnished, and not filed, for these first two years.

After the second year, there is no longer limited liability. It is unknown whether XBRL information will be deemed to be furnished or filed after those two years lapse.

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