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U.S. Securities and Exchange Commission

SEC to Rebuild Public Disclosure System to Make It 'Interactive'

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Agency Invests $54 Million in Three Contracts Toward Transformation of EDGAR Database

Washington, D.C., Sept. 25, 2006 — U.S. Securities and Exchange Commission Chairman Christopher Cox announced today that the SEC has awarded three separate contracts totaling $54 million to transform the agency's 1980s-vintage public company disclosure system from a form-based electronic filing cabinet to a dynamic real-time search tool with interactive capabilities.

The major investment in an "interactive data" system signals the agency's commitment to move away from the model of its current EDGAR database. It also presages widespread adoption of interactive data filing by companies that report their financial information to the SEC — a development that until now has only been a voluntary pilot program.

By moving to interactive data using the XBRL computer language, the SEC will be joining the FDIC, the Federal Reserve, and the Comptroller of the Currency, which already require banks to use it. For the last year, approximately 8,200 U.S. financial institutions have been using XBRL to submit their quarterly Call Reports to U.S. banking regulators.

To date the SEC has not required companies to file their information in interactive format, largely because the XBRL labels haven't all been completed, and because the SEC's own database — nicknamed EDGAR — can't yet utilize the extra capabilities of XBRL. The three contracts announced today will close that gap, paving the way for universal XBRL filings by companies.

"Today's announcement demonstrates the Commission's firm commitment to interactive data and represents a significant milestone on the road to achieving that goal," said SEC Chairman Christopher Cox. "The new system will make it easier both to file information with the Commission, and to use it. For investors and analysts, it will represent a quantum leap over existing disclosure technologies. For companies, it will mean easier and less costly compliance with SEC requirements."

The contracts announced today are:

1) Modernize and Maintain the EDGAR Database to Use Interactive Data — $48 million

The Commission today announced it has awarded a $48 million contract to Keane Federal Systems, Inc., a McLean, Virginia-based subsidiary of NYSE-listed Keane, Inc., to modernize and maintain the Commission's EDGAR database. As part of its SEC contract, Keane will partner with other technology firms, including Bearingpoint, Microsoft, Rivet Software, EMC, and Akamai, to address the needs of the SEC and investors.

The existing EDGAR system is already one of the largest U.S. government presences on the Internet, and plays a vital role in providing public disclosure about tens of thousands of corporate securities issuers, investment companies, and individuals. Over 700,000 documents and data sets are filed on the system each year. But while it is computer-based, it does little to take advantage of the power of today's office and home computers. The information EDGAR stores is locked in essentially the same kinds of forms that the SEC has used for 72 years, since it first introduced Form A-1 for securities registration in 1934. Information is hard to find unless one knows which form to search. Even then, the data on the forms must be re-keyed before it can be downloaded into spreadsheets or other applications software.

Because of these limitations, many firms, institutions and individuals who need EDGAR data purchase it from third-party preparers, who use automated systems to read the forms and put their information in usable form. This process, and to an even greater extent the process of re-keying, introduces errors into the data.

The $48 million contract announced today, which took effect yesterday, will transform and modernize EDGAR, while also ensuring the continuity of ongoing operations and maintenance. The initial contract term is three years; the contract may be extended for up to three additional one-year terms. The $48 million estimate, which covers the full six year period, represents a reduction in the Commission's costs for operations and maintenance. This figure does not, however, include the further costs of task orders that it is anticipated will be added to the new contract to complete the transformation of the old EDGAR into the new XBRL-capable system over the next year.

The new system will be completely interactive. Using interactive data technologies such as XBRL (Extensible Business Reporting Language) and XML (Extensible Markup Language), it will allow investors and analysts to search not only forms, but the information within them. It will permit information to be immediately downloaded into applications software. And it will enable anyone to get real-time, streaming data using RSS feeds, ATOM, and other automated Web tools, which could automatically search for newly filed SEC disclosures and deliver the desired data directly to one's desktop.

2) Complete XBRL Code Writing for U.S. GAAP Financial Statements —

$5.5 million

The Commission is announcing its commitment of $5.5 million to complete the writing of XBRL "taxonomies," or computer labels, so that companies in all industries can file their financial reports. The SEC is contracting with XBRL US, Inc., which is responsible for development of the computer standard in America. It is anticipated that the work will be completed in less than a year.

Taxonomies for many industries are already completed, but a decisive move from static to interactive data requires that the job of writing computer codes to "tag" financial report information be completed for all U.S. GAAP-based filers. When this work is finished, every item in a company's financial statement, such as net income or gross sales, will be assigned a unique computer-readable label.

With these labels in place, the data that companies file with the SEC can then be immediately used to analyze and compare any aspect of a company's financial performance. At the same time, the task of preparing the reports can be automated for the companies who file them.

Once the work contemplated by this contract is complete, every public company in America will be able to make its required disclosures to the Commission more accurately and more quickly—and as software applications are developed, the investors in those companies will find it easier to understand that information.

3) Interactive Data Tools for Investors — $500,000

The Commission announced today that it has awarded two separate contracts to Rivet Software and Wall Street on Demand, leaders in interactive data software development, to provide a new generation of "interactive" investor tools on the SEC's website, www.sec.gov.

Using the new features, investors will be able not only to view but to analyze companies' financials that are filed in XBRL. These new features will be available directly within the SEC web site. Investors will be liberated from tedious hunt-and-guess searches, and they'll be able to download not just SEC forms but specific data within those forms. Users will also be relieved of having to re-key data to make it useful in software applications, or having to pay others to translate the data to more usable formats.

The software tools the Commission is purchasing will be available to the public free of charge. With this step, the Commission hopes to accelerate the development of ever-more sophisticated software applications to unleash the power of interactive data.

http://www.sec.gov/news/press/2006-158.htm