



SEC Approves Interactive Data for Financial Reporting by Public Companies, Mutual Funds

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Washington, D.C., Dec. 18, 2008 — The Securities and Exchange Commission has voted to require public companies and mutual funds to use interactive data for financial information, which has the potential to increase the speed, accuracy and usability of financial disclosure and eventually reduce costs for investors.

With interactive data, all of the facts in a financial statement are labeled with unique computer-readable "tags," which function like bar codes to make financial information more searchable on the Internet and more readable by spreadsheets and other software. Investors will be able to instantly find specific facts disclosed by companies and mutual funds, and compare that information with details about other companies and mutual funds to help them make investment decisions.

"Interactive data will help provide investors with the information they need, rather than just a warehouse of forms on which they can try to find it," said SEC Chairman Christopher Cox. "Interactive data will enable new analysis tools to put key information at every investor's fingertips within seconds, exactly as the investor wishes to see it."

For public companies, interactive data financial reporting will occur on a phased-in schedule beginning next year. The largest companies who file using U.S. GAAP with a public float above \$5 billion will be required to provide interactive data reports starting with their first quarterly report for fiscal periods ending on or after June 15, 2009. This will cover approximately 500 companies. The remaining companies who file using U.S. GAAP will be required to file with interactive data on a phased-in schedule over the next two years. Companies reporting in IFRS issued by the International Accounting Standards Board will be required to provide their interactive data reports starting with fiscal years ending on or after June 15, 2011.

Companies will be able to adopt interactive data earlier than their required start date. All U.S. public companies will have filed interactive data financial information by December 2011 for use by investors.

John White, Director of the SEC's Division of Corporation Finance, said, "The adoption of the interactive data requirement represents the product of more than three years of research, analysis and testing through our voluntary filing program — as well as the work of many people throughout the Commission. Interactive data is ready now for companies to provide, and

Video: Open Meeting



**Chairman Cox
discusses interactive
data:**

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for investors to use in their decision making."

Mutual fund investors will begin reaping the benefits of interactive data starting in 2011. Mutual funds will be required to begin including data tags in their public filings that supply investors with such information as objectives and strategies, risks, performance, and costs. This will allow investors to compare more than 8,000 mutual funds at the click of a mouse. A mutual fund also would be required to post the interactive data on its Web site, if it maintains one.

"This action will continue the Commission's strides towards using technology to provide investors with increased access to information about mutual funds," said Andrew J. Donohue, Director of the SEC's Division of Investment Management. "Just last month, the Commission adopted a new mutual fund disclosure framework that will provide investors with key mutual fund information in a concise, plain English format, while using technology to retain the comprehensive quality of the mutual fund information available today. Similarly, the rules adopted today will allow investors, through technology, to compare and analyze information among the array of funds offered in the market."

SEC Chief Accountant Conrad Hewitt said, "Accounting is the business language of the world. Interactive data has the potential to greatly enhance that language, making it easier, more informative and more readily available. Traditional financial statements that we have today will become more transparent and understandable as interactive searchable documents."

David M. Blaszkowsky, Director of the SEC's Office of Interactive Disclosure, added, "The availability of financial reports in the form of interactive data will transform how investors evaluate companies and securities and, more broadly, transform the relationship between the filer and the investor. Markets depend on and improve with better information, and even more so in difficult times. This action by the Commission is timely and welcome for investors in the U.S. and all over the world."

The SEC earlier this year unveiled its new financial reporting system — IDEA (Interactive Data Electronic Applications) — to accept interactive data filings and give investors faster and easier access to key financial information about public companies and mutual funds. The new IDEA system is supplementing and eventually replacing the agency's 1980s-era EDGAR database, marking the SEC's transition from collecting forms and documents to making financial information itself freely available to investors.

Investors can begin seeing this new information at <http://idea.sec.gov>. For participants in the SEC's Voluntary Filer Program, investors can find clearly labeled buttons taking them to a company or mutual fund's voluntary interactive data submissions. As soon as companies and funds make their mandatory interactive data submissions to the SEC, their financial information will be immediately available to investors through the SEC's IDEA system as well as on the Web sites of companies and funds disclosing the data.

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