



U.S. Securities and Exchange Commission

SEC Solicits Software Industry's Input for Helping Manage Interactive Financial Data

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Washington, D.C., Oct. 4, 2005 - As part of its ongoing efforts to make financial disclosure more useful and accessible to investors, the U.S. Securities and Exchange Commission today released a Request for Information (RFI) concerning interactive financial data. Interactive data holds the promise of transforming the static, text-only documents companies file with the SEC into dynamic financial reports that can be quickly and easily accessed and analyzed.

The RFI seeks information from the software industry to assist the Commission's staff in identifying ways to receive, store, view, and analyze interactive financial data. For the past 10 months, since February 2005, the Commission has been testing financial data tagging technology through a voluntary program that allows registrants to file periodic and investment company reports using interactive data. Today's RFI solicits further information and ideas from the technology marketplace on how best to develop tools that will make interactive financial data a reality. Although the Commission staff implemented a set of initial tools in conjunction with the launch of the voluntary program, further refinements are needed to permit the SEC, preparers, and users of interactive data to achieve its full benefits. Better software tools may also help accelerate the broader adoption of a new standard among issuers and investors.

SEC Chairman Christopher Cox said, "The use of interactive data, if widely adopted, may dramatically enhance the usefulness of reported financial information. Consumers of the data may be able to use it more easily and effectively. Potentially, computer-tagged data could provide real-time operational information for business managers. And its instant availability would dramatically streamline and accelerate the collection and reporting of that same financial information to the Commission and the public."

By using computer codes to "tag" different kinds of data in financial reports, the information companies file with the Commission can be made much easier to find and analyze. For example, specific items in a financial statement, such as net income or gross sales, are given computer-readable labels. At the same time, the task of preparing the reports can be automated for the companies who file them.

Interactive data relies on standard definitions to "tag" various kinds of information, turning financial reports that have previously been text-only into documents that can be retrieved through computer searches, and analyzed in a variety of spreadsheet programs and analytical software. The data can also be more readily used to compare companies' financial performance, both for investors who are seeking attractive investment opportunities, and for regulators looking for fraud.

In February of this year, the Commission initiated a voluntary program for filing financial information on EDGAR using interactive data. The pilot program is based on eXtensible Business Reporting Language (XBRL) -- a computer language that makes interactive financial data possible. This program allows for the voluntary submission of XBRL documents as exhibits to periodic reports from corporate issuers and from mutual funds and advisers filing Investment Company Act reports.

For now, this is a voluntary program to allow filers, the Commission, and the users of Commission reports to test the process. For filers, this means an opportunity to assess the benefits and costs of using interactive data. For the Commission, it means evaluating our ability to process and store documents in XBRL. For users of Commission reports, it will afford an opportunity to consider the value added from interactive financial data, as well as to pilot various software applications to take advantage of the new flexibility in using the information.

The full text of the RFI can be accessed on the Commission's website at <http://www.sec.gov/spotlight/xbrl.htm>.

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[Home](#) | [Previous Page](#)

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