

## Weil Briefing: SEC Disclosure and Corporate Governance

May 19, 2008

### **XBRL Coming Soon – Phase-In Proposed to Start in Early 2009**

On May 14, 2008, the SEC proposed that companies be required to use “new technology to get important information to investors faster, more reliably, and at a lower cost”. The new technology means tagging data in companies’ SEC filings so that individual items in the financial statements are identified in a manner allowing for them to be easily searched, downloaded, reorganized, etc. by investors, analysts, and journalists. SEC Chairman Cox said use of interactive data “would transform financial disclosure from a 1930s form-based system to a truly 21st century model that taps the power of technology for the benefit of investors.” More information on interactive data is available at <http://www.sec.gov/spotlight/xbrl.shtml>.

The proposing release has not yet been published. We expect that the proposing release will cover additional issues discussed at the SEC’s open meeting, such as liability and the consequences for late filings. Once the proposed rule is released we will provide greater detail on these issues. The comment period will end 60 days after the proposing release is published in the Federal Register.

If adopted as proposed, the phase-in period will begin next year and will require all companies to use interactive data within three years, as follows:

- **Phase 1:** The first phase would require companies reporting in U.S. GAAP with a worldwide public float over \$5 billion (approximately the 500 largest companies) to make financial disclosures using interactive data formatted in eXtensible Business Reporting Language (XBRL) using data tags issued on April 28, 2008 by XBRL US, Inc., for fiscal periods ending on or after December 15, 2008. (For calendar year companies, this would apply to their 2008 financial statements.) The SEC states in its press release on the proposed rules that the EDGAR system will be ready to accept test filings using a February 11 version of these tags later this month, with the final April 28 version of the tags becoming usable in June. The SEC also encouraged companies to get a head start on data tagging by formally joining existing SEC voluntary filing programs or informally practicing with the new data tags.
- **Phase 2:** The remaining companies reporting in U.S. GAAP would provide interactive data over the following two years (fiscal periods ending in 2009 and 2010).
- **Phase 3:** Companies using International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board would provide interactive data for fiscal periods ending in late 2010.

According to the SEC’s press release regarding the proposals, the required tagged disclosures would include companies’ primary financial statements, notes, and financial statement schedules. The first year, companies would tag notes and schedules as blocks of text and then the next year these companies would provide tags for the details within the notes and schedules. The disclosure would be provided as additional exhibits to annual and quarterly reports

and registration statements, and companies would be required to post the information on their websites.

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If you have any questions on these matters, please do not hesitate to speak with your regular contact at Weil, Gotshal & Manges LLP or members of the Firm's Public Company Advisory Group: Howard B. Dicker, 212-310-8858; Cathy Dixon, 202-682-7147; Gil Friedlander, 214-746-8178; Holly J. Gregory, 212-310-8038; P.J. Himelfarb, 202-682-7197; Robert L. Messineo, 212-310-8835; and Ellen J. Odoner, 212-310-8438. Our email protocol is [firstname.lastname@weil.com](mailto:firstname.lastname@weil.com).

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