





method. It is worth noting that Federated reviewed conversion software from several third-party providers and determined them all to be equally cumbersome and manually-intensive. Although applying the tags was not difficult, it was quite time-consuming and error-prone, necessitating a rigorous proofreading process that identified major substantive errors.

During the tagging exercise we encountered two instances where the XBRL taxonomy was limited and did not provide the ability to properly tag certain data elements. With respect to fee table information, the taxonomy is not currently able to accommodate anything other than the most basic structure. Although the fee table for the fund Federated selected for its test filings is not the most extensively annotated of Federated's funds, it does have a number of footnotes and certain cross-references therein. The current taxonomy simply does not provide any way to accurately replicate in the tagged data the presentation that is set forth in the printed pieces. This is a very serious problem. Additionally, under the bar chart, Federated provides the year-to-date return, highest quarterly return, and lowest quarterly return in narrative form. The taxonomy calls for this disclosure to appear in a chart. Moreover, the year-to-date return was not for a full year and required the addition of narrative to that portion of the chart where only a period-end date would appear. The taxonomy would not allow for this. Therefore, in both of these instances, Federated was forced to improvise an approach.

When the SEC made available the Interactive Risk & Return Summary Report Viewer, Federated promptly checked how its initial filing was presented. Upon review, it quickly became apparent that interpretive decisions made during the tagging exercise resulted in an unexpected and undesirable presentation of the information. In an effort to correct the situation, Federated submitted a second filing on April 10, 2008. Although the second filing did resolve some of the problems with how the Viewer rendered the initial filing, the differences in application of data tags resulted in additional problems in the presentation of the second filing. Thus, Federated is planning to make a third filing in the near future as they continue to struggle with presentation issues related to the taxonomy and Viewer.

This "trial and error" approach is, obviously, very inefficient. Unfortunately, it is at the present time necessary because the current taxonomy is inadequate and the industry does not have the ability to preview the XBRL tagged document with the SEC viewer prior to submitting the filing. As it stands, registrants have to guess how to adjust application of an insufficiently robust taxonomy so as to arrive at a true presentation of the information, and there simply is no predictability as to how changes in the application of the available tags will affect the version of the information as rendered through the Viewer.

The fact that the taxonomy does not address all the types of information that are included in filings by the various funds means that each fund will present information in a customized and unique manner based on their understanding and innovation. This defeats the basic, stated









