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financial executives  
international

committee on finance and information technology

October 22, 2008

Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: File Number 4-567

Dear Ms. Morris:

The Committee on Finance & Information Technology (“CFIT”) of Financial Executives International (“FEI”) desires to comment on the U.S. Securities and Exchange Commission’s (“SEC” or “Commission”) 21st Century Disclosure Initiative, File Number 4-567.

FEI is a leading international organization of 15,000 members, including Chief Financial Officers, Controllers, Treasurers, Tax Executives and other senior financial executives. CFIT is a national technical committee of FEI which sets the agenda for and drives the dialogue at the intersection of technology and the finance function, both internally to organizations and externally as it relates to agencies, compliance activities, industry trends and users, such as investors. This letter represents the views of CFIT and not necessarily those of FEI, or its members individually.

CFIT commends the Commission's 21st Century Disclosure Initiative to modernize the disclosure system and improve transparency. The purpose of this letter is to provide input during this initial planning stage to enhance the impact of the initiative and facilitate adoption.

**CFIT Comment Letters to the SEC Advisory Committee on Improvements to Financial Reporting (CIFI<sub>R</sub>), the Commission and the IASB**

In its earlier related comment letters, CFIT has focused on themes that are essential for filers, investors and the Commission to realize value in this major Disclosure Initiative.

- Develop a common compliance information platform;
- Encourage government entities to adopt interactive data for regulatory reporting and improve efficiency of compliance for all parties, including the reporting corporations;
- Establish quality control systems for XBRL taxonomy updates tied to accounting standards updates;
- Develop a single set of global accounting standards and converge the XBRL architecture and implementation approaches for International Financial Reporting Standards (IFRS) and U.S. Generally Accepted Accounting Principles (GAAP) into a single XBRL platform.

### **Scope of the 21st Century Disclosure Initiative**

The charge of the 21st Century Disclosure Initiative is to modernize the disclosure system so that the information the Commission requires from operating and investment companies is more useful and transparent to investors, the marketplace, and the Commission, all while harnessing the conveniences and efficiencies of technology.

- CFIT recommends expanding the current XBRL taxonomies to include information required by the Commission's disclosure requirements (e.g., earnings releases, 8-K disclosures, proxy statements and shelf registrations) and all SEC filings.
- Enhanced transparency is particularly relevant in the current market circumstances. CFIT suggests that enhancing transparency is applicable to a wide range of portfolio-oriented asset-based securitizations, such as: home equity loans (RMBS), auto loans, credit card receivables, student loans (SLABS), utility rate reduction bonds (RRBs) and others. Leveraging relevant information standards (e.g., MISMO, XBRL and ACORD) in the reporting supply chains processing these asset-based securities will enhance the transparency of information regarding the individual financing assets and their ongoing performance within their securitized portfolios.

### **"Convergence" More Broadly Defined (Common Compliance Information Platform)**

The 21<sup>st</sup> Century Disclosure Initiative should consider the implications of their charge on the broader compliance requirements applicable to other agencies, registrants and their constituents.

- As included in our November 9, 2007, response to the Commission's Concept Release on IFRS, File No S7-20-07, we believe there is a larger convergence opportunity beyond the U.S. GAAP and IFRS convergence. As evidenced by the "National Taxonomy Project" in the Netherlands, the "Standardized Business Reporting" Project in Australia, and the U.S. FFIEC "Call Report Modernization Project," we believe that preparers and consumers of company information can benefit from a more business-centric compliance model, in which converged and reconciled taxonomies are used by a wide range of governmental agencies, such as the Internal Revenue Service and the Department of Commerce, and industry specific regulatory agencies, such as the Federal Energy Regulatory Commission. This business-centric approach relies upon a common compliance information platform leveraging these taxonomies.
- We applaud the Commission's July 30<sup>th</sup> interpretive release on "Commission Guidance on the Use of Company Web Sites" and encourage the transition of related legal liability considerations. In considering 21<sup>st</sup> Century Disclosures, the related legal framework for such disclosures must also be addressed to ensure that what is reported is what is used by third parties. An example of a specific topic in need of clarification is the current "as filed" status of XBRL Instance documents rendered by third party viewers (including the SEC's XBRL viewer). We encourage consideration of whether a company should be held liable for the rendering of company disclosure content by third parties. This is clearly not the case with today's electronic paper based disclosures, and we do not believe it should be the case for disclosures provided in structured interactive data formats.

### **United Nations Information Gaps Seminar**

The recent United Nations Seminar on "Addressing information gaps in business and macro-economic accounts to better explain economic performance" held on June 23 and 24, 2008, may be useful to the 21st Century Disclosure Initiative. We recommend that the participants in the seminar and their comments would be useful to the staff in developing a high-level plan to help the Commission make the transition to an interactive company file system.

### **Federal Advisory Committee**

As with any initiative, it is imperative to engage the full range of participants. This is particularly relevant when discussing semantics of information disclosures between parties. Clearly, the inclusion of preparers and investors are two highly critical constituencies for the 21st Century Initiative.

- CFIT would welcome the opportunity to provide representatives for staff discussions, the 21st Century Advisory Committee, specific technical discussions and other needs as deemed appropriate.
- The approach for prior initiatives has typically been the domain of topic-specific committees, relevant regulators and reporting standards bodies (e.g., FASB, IASB). The emergence of market-based, not-for-profit (transactional and reporting) standards organizations may provide additional alternatives for participants. Standards organizations, by necessity, incorporate all relevant supply chain participants, operate in a global context and are transparent in order to facilitate adoption. CFIT encourages the 21st Century Disclosure Initiative to consider these standards organizations in developing its recommendations and implementation plans.

Members of CFIT have and are willing to play an active role in actions and recommendations included in this letter. The committee would be happy to discuss these points in more detail at your convenience. Thank you for your consideration.

Sincerely,



Robert Shultz  
Chair, Committee on Finance & Information Technology  
Financial Executives International

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**cc:**

**Financial Accounting Foundation**

Attn: Teresa S. Polley

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Attn: James J. Abel

**FEI Committee on Corporate Reporting**

Attn: Arnold Hanish

**International Accounting Standards Committee Foundation**

Attn: Olivier Servais

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