May 16, 2017
VIA E-MAIL RULE-COMMENTS@SEC.GOV
Mr. Brent J. Fields
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Comments on Inline XBRL Filing of Tagged Data (File Number S7-03-17)

Dear Mr. Fields:

This letter presents the comments of Federated Investors, Inc. and its subsidiaries ("Federated") with respect to the recent issuance by the Securities and Exchange Commission (the “Commission”) of a release (the “Release”) proposing new regulations requiring the use of Inline eXtensible Business Reporting Language (“iXBRL”) format for the submission of data by public companies and mutual funds (the “Proposal”).¹ The Proposal would replace the current requirement for mutual funds to submit risk/return summary information to the Commission in XBRL format and would rescind the requirement to post the information on funds’ websites.

Federated is one of the largest investment management firms in the United States (the “U.S.”), managing $361.7 billion in total assets as of March 31, 2017. With 123 mutual funds and a variety of separately managed account options, Federated provides comprehensive investment management to more than 8,400 institutions and intermediaries including corporations, government entities, insurance companies, foundations and endowments, banks and broker/dealers.

I. EXECUTIVE SUMMARY

Federated is a member firm of the Investment Company Institute ("ICI"). Federated does not believe either XBRL, or the proposed iXBRL filing and posting requirements are (or would be) useful to investors. In the spirit of President Trump’s February 3, 2017 Executive Order on Core Principles for Regulating the United States Financial System, ² and the administration’s policy to make regulation more efficient, effective and appropriately tailored, and to reduce unnecessary regulatory burdens, Federated believes the current XBRL filing and posting requirements should be rescinded and the proposed new iXBRL requirements never promulgated. In the event the Commission does not rescind the requirements entirely, this letter expresses Federated’s general agreement and support of the comments and proposals advanced in the ICI’s comment letter to the Proposal (the “ICI Letter”), particularly in regards to rescinding the XBRL website requirements for mutual funds, and providing certain Extensible Markup Language (“XML”) tagged fund data on Form N-CEN as opposed to providing risk/return summary data.

using XBRL or iXBRL as required by the current or proposed rules. Such XML tagged data may include 1) the fund’s expense ratio, 2) the individual annual total returns for each of the 5 most recent fiscal years, and 3) the average annual total returns for the 1, 5 and 10 year period, each of which are currently included in each fund’s annual shareholder report (which must be mailed to shareholders not more than 60 days after fiscal year end). Federated also wishes to place particular emphasis on certain points addressed in the ICI Letter and advance certain other points as they particularly relate to Federated, its Funds, and Fund shareholders.

II. SUPPORT RESCISSION OF THE XBRL WEBSITE REQUIREMENTS FOR MUTUAL FUNDS

In the event the Commission does not eliminate the current XBRL, and proposed iXBRL, requirements entirely, Federated supports rescinding the requirement for mutual funds to post their prospectus risk/return summary information in XBRL format on their websites because investors do not access this information on funds’ websites. Federated notes that user data indicates that very few fund shareholders currently access, or have historically accessed, XBRL risk/return summary information via the Funds’ website.3

III. SUPPORT ALTERNATIVE PROPOSAL TO PROVIDE CERTAIN TAGGED FUND DATA IN XML FORMAT IN NEWLY ADOPTED FORM N-CEN

Federated believes the current XBRL filing and posting requirements for mutual fund data should be rescinded and the proposed iXBRL requirements never promulgated. However, if the Commission does seek to require tagged mutual fund data, we instead recommend that the Commission require funds to provide XML tagged fund data on Form N-CEN. Such XML tagged data may include 1) the fund’s expense ratio, 2) the individual annual total returns for each of the 5 most recent fiscal years, and 3) the average annual total returns for the 1, 5 and 10 year period, each of which are currently included in each fund’s annual shareholder report (which must be mailed to shareholders not more than 60 days after fiscal year end).

As noted, this (untagged) fund data is already provided by funds within 60 days after fiscal year end and as such should be readily available to include in XML tagged format and reliably filed on Form N-CEN within 75 days after a fund’s fiscal year end -- the timing required by Form N-CEN. Further, Federated believes this specific fund data to be the most valuable to prospective investors, shareholders and the Commission. Federated does not believe that the required tagged data should include other narrative items that are not conducive to data queries (objective, strategy, risks and boilerplate introductory paragraphs and disclaimers).

Federated submits that utilizing XML and reporting this additional XML tagged data on Form N-CEN would create consistency in data tagging language and allow the Commission and third-party information providers to access important data about a fund in one location. In adopting the “Investment Company Reporting Modernization” rule, the Commission noted that Forms N-MFP and PF also require submissions in XML format, and that the “the interoperability of data between Forms N-MFP, PF, N-PORT, and N-CEN will aid the staff with cross-checking information reported to the Commission and in monitoring the fund industry.”4 This capability will be further advanced if all tagged fund data is provided in the same format.

3 See Release at p. 19-20 (stating that XBRL use has been limited for mutual fund shareholders, and that the Commission lacks sufficient data to determine the quality of risk/return summary XBRL data.)
IV. TIMING OF SUBMISSION OF INTERACTIVE DATA FILE UNDER THE PROPOSAL

While many fund complexes currently utilize the full 120 days following the fund’s fiscal year end to file its annual update to its prospectus, and then 15 business days following the effective date of the annual update to submit risk/return summary information in XBRL, certain fund complexes, such as Federated, regularly file the annual update to each fund’s prospectus within 60 days of the fund’s fiscal year end in order to coordinate the mailing of the prospectus with the mailing of the annual report, which results in significant savings of mailing costs for fund shareholders. Federated then files the risk/return summary information in XBRL within 15 business days of the effective date of the annual update to the prospectus.

The Commission has included in the Proposal certain amendments to the General Instructions of Form N-1A regarding the timing requirements for submission of the interactive data filed concurrently with certain post-effective amendments. In the event the Commission does not eliminate the current XBRL, and proposed iXBRL, requirements entirely, Federated is generally in support of allowing mutual funds to submit the interactive data files concurrently with certain post-effective amendments as we believe this would reduce administrative costs associated with filing interactive data separately. However, we are concerned about being able to complete these filings within the consolidated 60 day period following a fund’s fiscal year end in which Federated currently files the annual update to its funds’ prospectuses, so as to coordinate with the mailing of shareholder reports, given the additional time and resources these filings will require.

If Federated is unable to mail prospectuses concurrently with shareholder reports, the additional mailing costs of sending the prospectuses separately, which would be significant, would be borne by shareholders. Thus, while we are in favor of allowing for concurrent submissions, we note the additional burdens this will likely place not only on mutual funds, but their shareholders as well. Therefore, we continue to support moving the data filing to be part of N-CEN. If the Commission does not adopt that recommendation, Federated proposes that funds have the option of submitting the interactive data file as part of the post-effective amendment filing or within the standard 15 business days after the filing. Federated contends that this will serve as to allow funds to continue to mail prospectuses concurrently with shareholder reports while providing enough time to work through any technical difficulties that may occur with the tagging process.

V. COMPLIANCE DATE

The Commission has proposed a compliance date of one year for mutual funds with assets of $1 billion or more, such as Federated. In the event the Commission does not eliminate the current XBRL, and proposed iXBRL, requirements entirely, we do not feel that one year is a realistic timeframe for implementation of the proposed amendments, and alternatively suggest 18 months as a more achievable compliance date. In order to comply with the proposed iXBRL requirements, Federated will need the time to work with its third-party vendors to develop workable iXBRL software. We will also need to review all of our current prospectuses to determine the appropriate method of tagging. Furthermore, a significant change in the filing process such as this will require modifications to employees’ and administrators’ workframes. This would also require significant time and resources to fully train staff on using the new software, as well as new filing and tagging methods once implemented. Thus, we believe that extending the compliance date to 18 months is a more realistic timeframe to properly implement the necessary changes which would be required by the Proposal.

5 See Release at p.27.
6 See Release at p.32.
Federated hopes that the Commission finds these comments helpful and constructive and is happy to provide additional information relating to our comments or to discuss any questions you may have.

Yours very truly,

/s/Peter J. Germain

Peter J. Germain
General Counsel

cc: William H. Hinman, Director, Division of Corporation Finance
    David W. Grim, Director, Division of Investment Management
    U.S. Securities and Exchange Commission