



DOUGLAS K. CHIA  
ASSISTANT GENERAL COUNSEL  
CORPORATE SECRETARY

ONE JOHNSON & JOHNSON PLAZA  
NEW BRUNSWICK, NJ 08933-0026  
(732) 524-3292  
FAX: (732) 524-2185  
EMAIL: DCHIA@ITS.JNJ.COM

October 19, 2010

Elizabeth M. Murphy  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

**Re: Concept Release on the U.S. Proxy System, File No. S7-14-10  
Data-Tagging Proxy-Related Materials**

Dear Ms. Murphy:

Thank you for the opportunity to comment on Release No. 34-62495 (*Concept Release on the U.S. Proxy System*, File No. S7-14-10, Jul. 14, 2010) (the “Concept Release”). This letter is in response to the questions in the Concept Release regarding whether the Commission’s electronic data-tagging requirements should be expanded to include information disclosed in proxy statements in connection with annual meetings. We submitted a letter on this same subject in 2008 in response to the Commission’s request for comments on Release No. 33-8924 (*Interactive Data to Improve Financial Reporting*, File No. S7-11-08, May 30, 2008). We believe that many, if not all, of the issues we addressed in that 2008 letter still exist today. For this reason, we refer the Commission to, and incorporate by reference, that letter dated August 1, 2008, which can be found at <http://sec.gov/comments/s7-11-08/s71108-69.pdf>.

One major difference today from the time of our 2008 letter is that the Commission’s electronic data-tagging requirements (“XBRL”) for financial information are now being phased in. Our first-hand observation is that the time and expense for registrants to comply with these requirements have gone far beyond what anyone expected in 2008 and the benefits of XBRL have yet to be measured. We urge the Commission to conduct the study necessary to understand what, if any, benefit there has been to investors from XBRL and, if there has been a benefit, who has been the primary beneficiary. If the direct beneficiaries of XBRL have been service providers who compile registrant data and sell their reports, as opposed to the individual and institutional investors themselves, then the Commission must determine whether the cost-savings realized by those service providers have been passed on to their end-users. If not, then the registrant community will have borne the bulk of the cost of XBRL with very little apparent benefit to end-users, purely on a dollar per end-user basis. We question whether that was the intent of XBRL and, if so, whether the cost-benefit analysis must be revisited.

In addition to the cost to registrants of hiring third-party service providers to perform the data-tagging work, the more troubling costs to all market participants may lie in the additional

time registrants must build in to tag the data as required. One key learning from our experience with XBRL is that we must factor in an extra few days at the end of our reporting process for each of our annual and quarterly reports in order to properly tag the data, double-check the tagging work, and make sure the necessary corrections get made. In addition, if changes need to be made to the report late in the process, after the tagging has been done, for example, due to the occurrence of a disclosable subsequent event close to the planned filing date, this will delay the filing for an additional number of days. If our experience is any indicator, all registrants must factor in this possibility ahead of time.

Our experience tells us that even for most large accelerated filers, the in-house staff who write the Management Discussion & Analysis section of the annual and quarterly reports are also the people responsible for performing and/or overseeing the data-tagging work. Thus, while the Commission and investors have stressed that registrants must place more focus on producing high quality analysis and discussion in their reports, registrants now have to spend more time on data-tagging compliance—valuable time that could and should be spent on producing the highest quality disclosures. We fear that this same phenomenon will occur should XBRL be extended to cover executive compensation, with time being taken away from the preparation of the Compensation Discussion & Analysis and narrative to the executive compensation tables and being dedicated instead to the technical and logistical tasks related to data-tagging. It is important to keep in mind that, unlike some other compliance processes, data-tagging is not something where the resources necessary to get the job done will diminish over time. Instead, each filing will require the same amount of time to tag, even if the technology improves, especially as the definitions and interpretations of the executive compensation disclosure rules are amended from time to time.

We believe it is incumbent on the Commission to decide on the appropriate balance of resources that registrants should spend on writing meaningful disclosure versus tagging information. Of course, in an ideal world, unlimited resources would be spent to do both, but the fact is that the time to prepare these reports is zero-sum and the number of employees with the requisite knowledge and training to write the disclosure and tag the data is limited. We urge the Commission to consider this very carefully before expanding data-tagging requirements to executive compensation and other proxy-related data.

We appreciate this opportunity to share our views with you, and would be happy to provide you with further information or feedback to the extent you would find it useful. If you have any questions, please contact me by phone at (732) 524-3292 or e-mail at [dchia@its.jnj.com](mailto:dchia@its.jnj.com).

Respectfully submitted,



Douglas K. Chia