

SECURITIES AND EXCHANGE COMMISSION

[Release Nos. 33-8962; 34-58657; File No. 4-567]

Roundtable on Modernizing the SEC's Disclosure System

AGENCY: Securities and Exchange Commission.

ACTION: Notice of roundtable discussion; request for comment.

SUMMARY: On October 8, 2008 from 9:00 am to 1:00 pm, the Securities and Exchange Commission will hold a roundtable to discuss ways in which its current disclosure system can be modernized to provide investors more useful and timely information to help them make investment choices. The roundtable will be organized as two panels. The panels will be moderated by Commission staff and will include investor representatives, company officials, information intermediaries, practitioners, and academics. The roundtable is part of the Commission's 21st Century Disclosure Initiative.

The roundtable will be held in the auditorium of SEC headquarters at 100 F Street, NE, Washington, DC, from 9 am until approximately 1 pm. The roundtable will be open to the public with seating on a first-come, first-served basis. The roundtable discussions will be webcast on the Commission's Web site at <http://www.sec.gov>. The roundtable agenda and other related materials, including a list of participants and moderators, will be accessible at <http://www.sec.gov/disclosureinitiative>. The Commission welcomes comments regarding any of the topics to be addressed at the roundtable and is particularly interested in comments responding to the questions that are set forth below.

DATES: We must receive comments on or before October 22, 2008.

ADDRESSES: You may submit your comments by any of the following methods:

Electronic Comments

- Use the Commission's Internet submission form (<http://www.sec.gov/rules/other.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number 4-567 on the subject line.

Paper Comments

- Send paper comments in triplicate to: Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549–1090.

Your submission must refer to File No. 4-567. You should include this file number on the subject line if you send your comment by e-mail. Please use only one method of submission. The Commission will post all comments on its Web site at <http://www.sec.gov/rules/other.shtml>. Comments will also be available for public inspection and copying in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. All comments received will be posted without change. Because we do not edit personal identifying information from submissions, you should submit only information that you wish to make available publicly.

FOR FURTHER INFORMATION CONTACT: Matthew Reed at (202) 551-4144, 21st Century Disclosure Initiative, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-3561.

SUPPLEMENTARY INFORMATION: The federal securities acts require certain operating and investment companies, and certain investors, to submit transactional, financial, governance-related, and other information to the Commission. Much of this information is made available to the public and investors. The Commission's existing disclosure system depends primarily on forms that collect, organize, and convey the required information. Companies and other filers prepare the forms and file them with the Commission, which stores them and makes them available to the public using its EDGAR database. The Commission recently announced that it is developing a new platform, known as IDEA (Interactive Data, Electronic Applications), to succeed EDGAR. IDEA's architecture will allow disclosure information to be submitted, stored, accessed, and disseminated more efficiently.

In June 2008, Chairman Christopher Cox launched the 21st Century Disclosure Initiative and called for a fundamental rethinking of our current disclosure system, which could result in transitioning away from a forms-based approach. The principal objective of the Initiative is to enhance the usefulness of disclosure to investors. Improved efficiency for preparers of disclosure also will be important. The Initiative will include a careful review of existing disclosure, the objectives of disclosure, and whether and how disclosure may be improved through the application of modern technology and practices. Based on its internal efforts and other information, including the views expressed at the October 8, 2008, roundtable and comments received regarding the roundtable, Initiative staff will prepare a report that describes a modernized disclosure system and recommends future action for a transition to the new system. The proposed new system will use modern information technology to collect, manage, and provide structured data or

information that is accessible, and easier to use, while providing the Commission with tools to better fulfill its mission of protecting investors, maintaining orderly markets, and facilitating the formation of capital.

This system could take the form of a “company file system” that would collect core information about a company or fund in a centrally and logically organized structured data file. Companies would supplement that information with the current, periodic, and transactional information that is currently required by the Commission’s disclosure regulations. Structured data, including data tagging, and IDEA’s versatile architecture should make disclosure information dynamic, accessible, and easier to use. Initiative staff will analyze whether a company file system would provide investors with improved presentation and access to information; reduce redundancy and complexity for filers, harness the ability of technology to drive down costs and reduce errors; and aid the Commission’s development of more powerful electronic regulatory and enforcement tools. A company file system would also allow for the Commission to consider ways to further integrate disclosure.

The Roundtable on Modernizing the Securities and Exchange Commission’s Disclosure System will be organized into two panels. The first panel will explore the data, technology, and processes that companies and other filers use in satisfying their Commission disclosure obligations. It will also consider the data and technology that investors use in making their investment decisions. The second panel will consider how the Commission could better organize and operate its disclosure system so that companies enjoy efficiencies and investors have better access to high-quality information.

The Commission welcomes feedback regarding any of the topics to be addressed at the roundtable and would be particularly interested in comments on the specific questions set forth below.

I. General Issues

- a. Should the Commission make changes to its current forms-based disclosure system? Please explain why or why not.
- b. What are the key issues to be considered in the review of the Commission's disclosure system? Are particular aspects of the system and process especially useful and well executed, and are particular aspects especially in need of improvement?
- c. What are the purposes of issuer disclosure from the perspective of investors, filers, and regulators?

II. Specific Issues

a. The Market's Use of Disclosure Information

- i. How do operating and investment companies collect, summarize, analyze, file, and disseminate the information that is submitted to the Commission?
- ii. How do operating and investment companies submit disclosure and reporting information to the Commission? How have these methods changed during the last 15 years, particularly after filing via EDGAR was fully implemented? How could the Commission's system be changed to reduce burdens and create efficiencies, consistent with investor protection?

- iii. How do investors retrieve and use the disclosure information that companies submit to the Commission? How could this information be better presented, and more easily retrieved and used through technological improvements?
- iv. What disclosure information that companies submit to the Commission is used by investors to make investment decisions? Is any information that companies submit to the Commission not used? What information that is not required to be filed or furnished with the Commission do investors and others use to make investment decisions or give investment advice?

b. The Commission's Current Disclosure System

Does the Commission's current disclosure system present difficulties? What difficulties can be attributed to technological problems? Which can be attributed to regulatory or statutory problems?

c. Modernizing the Commission's Disclosure System

- i. How should the Commission's disclosure system be modernized?

One possibility is a company file system. What alternative systems should be considered? What different or additional benefits might these alternatives provide?

- ii. How should a modern disclosure system, such as a company file system, be organized, and how could it improve the way disclosure information is submitted and used?

- iii.** What features should any modernized disclosure system provide in order to serve the needs of filers, investors, regulators, and other users of information? Why?
- iv.** Data tagging using XBRL, or eXtensible Business Reporting Language, is one way, but we understand there are other ways to structure data. What alternative ways could be used by companies to submit structured data to the Commission?
- v.** What are the costs and benefits to investors and other market participants of structuring non-financial disclosures, including, for example, data tagging?
- vi.** What time frame would be appropriate for implementing a company file system?
- vii.** What benefits and costs to preparers and users of information would accompany the implementation of modernized disclosure system, such as a company file system, that requires all, or virtually all, data to be filed in a structured format? Would such a system be more useful to some investors, such as small or less sophisticated investors? Would some investors be harmed by such a system? Would larger companies benefit more than smaller companies? Would costs fall disproportionately on one group of companies?

viii. Are any changes to the Commission's disclosure regulations required for a transition to a company file system? How could these changes be identified?

By the Commission.

Florence E. Harmon
Acting Secretary

Dated: September 26, 2008