

**SECURITIES AND EXCHANGE COMMISSION**

**17 CFR PARTS 229, 230, 232, 239, 249 and 274**

**Release Nos. 33-10323; 34-80133; IC-32518; File No. S7-03-17**

**RIN 3235-AL59**

**Inline XBRL Filing of Tagged Data**

**AGENCY:** Securities and Exchange Commission.

**ACTION:** Proposed rule.

**SUMMARY:** We are proposing to require the use of the Inline XBRL format for the submission of operating company financial statement information and mutual fund risk/return summaries. The proposed amendments are intended to improve the data's quality, benefiting investors, other market participants, and other data users, and to decrease, over time, the cost of preparing the data for submission to the Commission. The proposed amendments would also eliminate the requirement for filers to post Interactive Data Files on their websites and terminate the Commission's voluntary program for the submission of financial statement information interactive data that is currently available only to investment companies and certain other entities.

**DATES:** Comments should be received by May 16, 2017.

**ADDRESSES:** Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form  
(<http://www.sec.gov/rules/proposed.shtml>);
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number S7-

03-17 on the subject line; or

- Use the Federal eRulemaking Portal (<http://www.regulations.gov>). Follow the instructions for submitting comments.

Paper comments:

- Send paper comments to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number S7-03-17. This file number should be included on the subject line if e-mail is used. To help us process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/proposed.shtml>). Comments are also available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Room 1580, Washington, DC 20549 on all official business days between the hours of 10:00 a.m. and 3:00 p.m. All comments received will be posted without change; we do not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. Studies, memoranda, or other substantive items may be added by the Commission or staff to the comment file during this rulemaking. A notification of the inclusion in the comment file of any such materials will be made available on the Commission's website. To ensure direct electronic receipt of such notifications, sign up through the "Stay Connected" option at [www.sec.gov](http://www.sec.gov) to receive notifications by e-mail.

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**SUPPLEMENTARY INFORMATION:** We are proposing amendments to Item 601<sup>1</sup> of Regulation S-K,<sup>2</sup> Rules 11,<sup>3</sup> 201,<sup>4</sup> 202,<sup>5</sup> 401<sup>6</sup> and 405<sup>7</sup> of Regulation S-T,<sup>8</sup> Rules 144,<sup>9</sup> 485<sup>10</sup> and 497<sup>11</sup> and Form F-10<sup>12</sup> under the Securities Act of 1933 (Securities Act),<sup>13</sup> Forms 10-Q,<sup>14</sup> 10-K,<sup>15</sup> 20-F,<sup>16</sup> 40-F<sup>17</sup> and 6-K<sup>18</sup> under the Securities Exchange Act of 1934 (Exchange Act),<sup>19</sup> and Form N-1A<sup>20</sup> under the Securities Act and Investment

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<sup>1</sup> 17 CFR 229.601.

<sup>2</sup> 17 CFR 229.10 *et seq.*

<sup>3</sup> 17 CFR 232.11.

<sup>4</sup> 17 CFR 232.201.

<sup>5</sup> 17 CFR 232.202.

<sup>6</sup> 17 CFR 232.401.

<sup>7</sup> 17 CFR 232.405.

<sup>8</sup> 17 CFR 232.10 *et seq.*

<sup>9</sup> 17 CFR 230.144.

<sup>10</sup> 17 CFR 230.485.

<sup>11</sup> 17 CFR 230.497.

<sup>12</sup> 17 CFR 239.40.

<sup>13</sup> 15 U.S.C. 77a *et seq.*

<sup>14</sup> 17 CFR 249.308a.

<sup>15</sup> 17 CFR 249.310.

<sup>16</sup> 17 CFR 249.220f.

<sup>17</sup> 17 CFR 249.240f.

<sup>18</sup> 17 CFR 249.306.

<sup>19</sup> 15 U.S.C. 78a *et seq.*

Company Act of 1940 (Investment Company Act).<sup>21</sup>

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<sup>20</sup> 17 CFR 239.15A and 274.11A.

<sup>21</sup> 15 U.S.C. 80a.

## I. INTRODUCTION

In 2009 the Commission adopted rules requiring operating companies to provide the information from the financial statements accompanying their registration statements and periodic and current reports in machine-readable format using eXtensible Business Reporting Language (XBRL) by submitting it to the Commission in exhibits to such reports and posting it on their websites, if any.<sup>22</sup> That same year, the Commission similarly required open-end management investment companies (“mutual funds”) to provide risk/return summary information from their prospectuses in XBRL format by submitting it to the Commission in exhibits and posting it on their websites, if any.<sup>23</sup>

XBRL requirements currently apply to operating companies that prepare their financial statements in accordance with U.S. generally accepted accounting principles (U.S. GAAP) or in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).<sup>24</sup> XBRL requirements also apply to mutual funds pursuant to Form N-1A and related rules under Regulation S-T.<sup>25</sup> Filers subject to these XBRL requirements must submit an Interactive Data File,<sup>26</sup> including information tagged in XBRL, as an exhibit to the Related Official

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<sup>22</sup> 17 CFR 232.405. *See also* Release No. 33-9002 (Jan. 30, 2009) [74 FR 6776] (“2009 Financial Statement Information Adopting Release”) as corrected by Release No. 33-9002A (Apr. 1, 2009) [74 FR 15666].

<sup>23</sup> *See* Release No. 33-9006 (Feb. 11, 2009) [74 FR 7747] (“2009 Risk/Return Summary Adopting Release”) as corrected by Release No. 33-9006A (May 1, 2009) [74 FR 21255]. The risk/return summary is set forth in Items 2, 3, and 4 of Form N-1A.

<sup>24</sup> As used in this release, the phrase “IFRS as issued by the IASB” refers to the authoritative text of IFRS.

<sup>25</sup> *See* General Instruction C.3(g) to Form N-1A; Rule 405 of Regulation S-T.

<sup>26</sup> 17 CFR 232.11; 17 CFR 232.405. The term Interactive Data File means the machine-readable computer code that presents information in XBRL electronic format pursuant to Rule 405 of Regulation S-T. The Interactive Data File currently consists of an “instance document” and other

Filing, which is filed in the traditional HyperText Markup Language (HTML) or, less commonly, American Standard Code for Information Interchange (ASCII) format.<sup>27</sup> The 2009 requirements were intended to make financial information and mutual fund risk/return summaries easier for investors to analyze and to assist in automating regulatory filings and business information processing.<sup>28</sup> Since that time, some commenters have expressed concerns regarding the quality of, extent of use of, and cost to create XBRL data,<sup>29</sup> while other commenters have recognized the benefits of XBRL data.<sup>30</sup> In addition, the Commission staff has identified a number of data quality issues associated with financial statement information XBRL data filed by operating companies.<sup>31</sup> The amendments we are proposing today are intended to address some of these issues and concerns by facilitating improvements in the quality and usefulness of XBRL data and, over time, decreasing filing costs by decreasing XBRL preparation costs.

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documents as described in the Electronic Data Gathering, Analysis, and Retrieval system (EDGAR) Filer Manual. The instance document contains the XBRL tags for the information contained in the corresponding data in the Related Official Filing to satisfy the content and format requirements in Rule 405. The other documents in the Interactive Data File contain contextual information about the XBRL tags.

<sup>27</sup> 17 CFR 232.11. The term Related Official Filing means the ASCII or HTML format part of the official filing with which an Interactive Data File appears as an exhibit or, in the case of Form N-1A, the ASCII or HTML format part of the official filing that contains the information to which an Interactive Data File corresponds.

<sup>28</sup> See 2009 Financial Statement Information Adopting Release, at 6776; 2009 Risk/Return Summary Adopting Release, at 7748.

<sup>29</sup> See notes 70 and 78 below.

<sup>30</sup> See note 169 below.

<sup>31</sup> See, e.g., Staff Observations of Custom Axis Tags (Mar. 29, 2016), available at [http://www.sec.gov/structureddata/reportspubs/osd\\_assessment\\_custom-axis-tags.html](http://www.sec.gov/structureddata/reportspubs/osd_assessment_custom-axis-tags.html); Staff Observations of Custom Tag Rates (Jul. 7, 2014), available at <http://www.sec.gov/dera/reportspubs/assessment-custom-tag-rates-xbrl.html> (“Staff XBRL Observations 2014”); Staff Observations from the Review of Interactive Data Financial Statements (Dec. 13, 2011), available at <http://www.sec.gov/spotlight/xbrl/staff-review-observations-121311.shtml> (“Staff XBRL Observations 2011”).

The proposed amendments would require financial statement information and mutual fund risk/return summary information to be provided in the Inline XBRL format.<sup>32</sup> Inline XBRL allows filers to embed XBRL data directly into an HTML document, eliminating the need to tag a copy of the information in a separate XBRL exhibit. Inline XBRL would be both human-readable and machine-readable for purposes of validation, aggregation and analysis. The proposed amendments also would eliminate the requirement for filers to post Interactive Data Files on their websites.

## II. BACKGROUND AND ECONOMIC BASELINE

The XBRL requirements were adopted in 2009 to provide financial statement and risk/return summary data in a form that was intended to improve its usefulness to investors.<sup>33</sup> Since the XBRL requirements were adopted, the XBRL technology has continued to evolve.<sup>34</sup> In particular, the Inline XBRL format has seen increased use for

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<sup>32</sup> Inline XBRL™ and iXBRL™ are trademarks of XBRL International. XBRL® is a registered trademark of XBRL International.

<sup>33</sup> The Commission has recently implemented requirements for the structuring of other types of information using the XBRL format, including swap-based security data repository financial statements and credit rating history information maintained by nationally recognized statistical rating organizations, and proposed requirements for the structuring of certain compensation disclosures, including the disclosure of the relationship between executive compensation and the financial performance of the registrant and the compensation recovery policies of listed registrants. *See, e.g.*, Release No. 34-74244 (Feb. 11, 2015) [80 FR 14563]; Release No. 34-72936 (Aug. 27, 2014) [79 FR 55077]; Release No. 34-74835 (Apr. 29, 2015) [80 FR 26329]; Release No. 33-9861 (Jul. 1, 2015) [80 FR 41143].

The Commission also has implemented requirements for the structuring of information in certain forms using XML, including Form N-CEN (annual report for registered investment companies), Form N-PORT (monthly schedule of portfolio investments), Form N-MFP (monthly schedule of portfolio holdings of money market funds), Form PF (investment advisers to private funds), Form D (Regulation D offerings), Form 1-A (Regulation A offering statement), and Form C (securities-based crowdfunding offerings). *See* Release No. 33-10231 (Oct. 13, 2016) [81 FR 81870], Release No. IC-29132 (Feb. 23, 2010) [75 FR 10059]; Release No. IA-3308 (Oct. 31, 2011) [76 FR 71127]; Release No. 33-8891 (Feb. 6, 2008) [73 FR 10591]; Release No. 33-9974 (Oct. 30, 2015) [80 FR 71387]; Release No. 33-9741 (Mar. 25, 2015) [80 FR 21805].

<sup>34</sup> The XBRL preparation industry has gained significant technological expertise and efficiency. *See, e.g.*, William Sennett, SEC reporting and the impact of XBRL: 2013 survey, Financial Executives Research Foundation (Nov. 15, 2013) (“FERF Study”); Research shows XBRL filing costs lower

various regulatory purposes in several foreign jurisdictions.<sup>35</sup>

In assessing the potential impact of the proposed amendments, we consider as a point of reference the interactive data requirements and XBRL practices as they exist today. This economic baseline includes the current XBRL requirements, information about filers subject to these requirements and current practices related to XBRL filing and use.

### **A. Overview of Existing XBRL Requirements for Operating Companies and Mutual Funds**

Structured information is currently required to be submitted in an Interactive Data File exhibit to certain forms. These forms are prepared in either HTML or ASCII<sup>36</sup> electronic formats.<sup>37</sup> The XBRL requirements for the required information are located in the Interactive Data File provisions of Regulation S-K,<sup>38</sup> Forms F-10,<sup>39</sup> 20-F,<sup>40</sup> 40-F,<sup>41</sup> 6-K<sup>42</sup> and N-1A,<sup>43</sup> Rule 405 of Regulation S-T, and the EDGAR<sup>44</sup> Filer Manual.

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than expected, American Institute of CPAs, *available at* <http://www.aicpa.org/InterestAreas/FRC/AccountingFinancialReporting/XBRL/DownloadableDocuments/XBRL%20Costs%20for%20Small%20Companies.pdf> (retrieved Aug. 30, 2016) (“AICPA Study”). *See also* Section II.B.1 below.

<sup>35</sup> Inline XBRL has been adopted in several foreign jurisdictions and proposed for required use in another. It has also gained support among several XBRL preparation software vendors in the U.S. *See* notes 94 and 95 below. Separately, the EDGAR system has been modified to accept voluntary Inline XBRL submissions. *See* note 58 below and accompanying text.

<sup>36</sup> Based on staff review of Form 10-K filings filed during calendar year 2015, fewer than 1% were filed in the ASCII format. The majority of those were filed by smaller reporting companies and non-accelerated filers. Based on staff review of data on Rule 485(b) and Rule 497 filings filed during calendar year 2015, approximately 15% were filed in the ASCII format.

<sup>37</sup> In a companion release we are issuing today, the Commission is adopting amendments to eliminate the ASCII format for registration statements and periodic and current reports that are subject to the exhibit requirements under Item 601 of Regulation S-K and for Forms F-10 and 20-F. *See* Release No. 33-10322 (Mar. 1, 2017) (“Hyperlinks Adopting Release”). The amendments were proposed in 2016. *See* Release No. 33-10201 (Aug. 31, 2016) [81 FR 62689] (“Hyperlinks Proposing Release”).

<sup>38</sup> *See* Item 601(b)(101) of Regulation S-K [17 CFR 229.601(b)(101)].



Operating companies are required to submit financial statements and any applicable financial statement schedules in XBRL as exhibits to certain Exchange Act reports and Securities Act registration statements.<sup>45</sup> In general, operating companies that prepare their financial statements in accordance with U.S. GAAP or in accordance with IFRS as issued by the IASB must submit their financial statements to the Commission in

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<sup>39</sup> See Paragraph (101) of Part II—Information Not Required to be Delivered to Offerees or Purchasers of Form F-10.

<sup>40</sup> See Paragraph 101 of the Instructions as to Exhibits of Form 20-F.

<sup>41</sup> See Paragraph B.(15) of the General Instructions to Form 40-F.

<sup>42</sup> See Paragraph C.(6) of the General Instructions to Form 6-K.

<sup>43</sup> See General Instruction C.3(g) to Form N-1A.

<sup>44</sup> EDGAR performs automated collection, validation, indexing, acceptance, and forwarding of submissions by companies and others who are required to file forms with the Commission. See <http://www.sec.gov/edgar/aboutedgar.htm>.

<sup>45</sup> Financial statements in XBRL are required as exhibits to Exchange Act reports on Forms 10-Q, 10-K, 20-F, 40-F and, in some cases, 8-K and 6-K. Item 601(b)(101) of Regulation S-K requires an Interactive Data File to be submitted with a Form 8-K only when the Form 8-K contains audited annual financial statements that previously were filed with the Commission but have been revised pursuant to applicable accounting standards to reflect the effects of certain subsequent events, including a discontinued operation, a change in reportable segments or a change in accounting principle. Item 601(b)(101) further specifies that, in such case, the Interactive Data File is required only as to such revised financial statements regardless of whether the Form 8-K contains other financial statements. Paragraph C.(6) of the General Instructions to Form 6-K requires an Interactive Data File to be submitted with a Form 6-K only when the Form 6-K contains either of the following: audited annual financial statements that are a revised version of financial statements that previously were filed with the Commission that have been revised pursuant to applicable accounting standards to reflect the effects of certain subsequent events, including a discontinued operation, a change in reportable segments or a change in accounting principle; or current interim financial statements included pursuant to the nine-month updating requirement of Item 8.A.5 of Form 20-F. Paragraph C.(6) further specifies that, in either such case, the Interactive Data File would be required only as to such revised financial statements or current interim financial statements regardless of whether the Form 6-K contains other financial statements. Financial statements in XBRL also are required as exhibits to Securities Act registration statements that contain financial statements, such as Form S-1 (except registration statements filed in connection with an initial public offering). Securities Act registration statements that do not contain financial statements, such as a Form S-3 or other form filed by an issuer that incorporates by reference all required financial statement information from its periodic reports, and Exchange Act registration statements are not required to include Interactive Data Files. See 2009 Financial Statement Information Adopting Release.

XBRL. Filers that are required to provide information in XBRL must use the taxonomies specified on the Commission’s website.<sup>46</sup>

Mutual funds are required to submit risk/return summary information in XBRL as exhibits to registration statements and to prospectuses with risk/return summary information that varies from the registration statement.<sup>47</sup> In addition, mutual funds, as well as other investment companies registered under the Investment Company Act, business development companies (“BDCs”),<sup>48</sup> and other entities that report under the Exchange Act and prepare their financial statements in accordance with Article 6 of Regulation S-X<sup>49</sup> are currently allowed to participate in the Commission’s Interactive Data Voluntary Program (the “2005 XBRL Voluntary Program”) with respect to financial statement information.<sup>50</sup>

An operating company generally must submit the Interactive Data File as an exhibit to the Related Official Filing to which it relates.<sup>51</sup> Mutual funds are required to

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<sup>46</sup> See Rule 405(c)(1) of Regulation S-T.

On March 1, 2017, in a companion release, the Commission issued a notice that, for the first time, an IFRS taxonomy had been specified on its website for use by foreign private issuers (FPIs) to submit their financial statement information to the Commission in XBRL. See Release No. 33-10320 (Mar. 1, 2017).

<sup>47</sup> See General Instruction C.3(g) to Form N-1A.

<sup>48</sup> Business development companies are a category of closed-end investment companies that are not required to register under the Investment Company Act. See Section 2(a)(48) of the Investment Company Act [15 U.S.C. 80a-2(a)(48)].

<sup>49</sup> 17 CFR 210.6-01 *et seq.*

<sup>50</sup> See Rule 401 of Regulation S-T. In 2005, the Commission began to allow public companies, and later mutual funds, to voluntarily submit XBRL-formatted files as exhibits to periodic reports and Investment Company Act filings. See Release No. 33-8529 (Feb. 3, 2005) [70 FR 6556]; Release No. 33-8823 (Jul. 11, 2007) [72 FR 39289]. As a result of rule amendments adopted by the Commission in 2009, the 2005 XBRL Voluntary Program is now only open for participation by investment companies and entities that prepare their financial statements in accordance with Article 6 of Regulation S-X. See 2009 Financial Statement Information Adopting Release *and* 2009 Risk/Return Summary Adopting Release.

<sup>51</sup> See Rule 405(a) of Regulation S-T.

submit the Interactive Data File within 15 business days after (1) the effective date of the registration statement or post-effective amendment that contains the related information,<sup>52</sup> or (2) the filing of a form of prospectus made pursuant to paragraph (c) or (e) of Rule 497.<sup>53</sup> Operating companies and mutual funds may delay submission and posting to the extent provided under a hardship exemption.<sup>54</sup>

For both operating companies and mutual funds, the Interactive Data File submitted to the Commission also must be posted on the filer's website, if any, on the earlier of the calendar day that the filer submitted or was required to submit it.<sup>55</sup> Operating companies must keep the Interactive Data File posted for at least 12 months.<sup>56</sup> For mutual funds, the Interactive Data File is required to be posted on the fund's website for as long as the registration statement or post-effective amendment to which the Interactive Data File relates remains current.<sup>57</sup>

On June 13, 2016, the Commission issued an exemptive order under the Exchange Act to permit operating companies that comply with certain conditions listed in the order

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<sup>52</sup> See General Instruction C.3g(i), (iv) to Form N-1A.

<sup>53</sup> See General Instruction C.3g(ii), (iv) to Form N-1A.

<sup>54</sup> An operating company may delay the submission and posting of the Interactive Data File to the extent provided under a temporary or a continuing hardship exemption. See Rules 201 and 202 of Regulation S-T. A mutual fund filer may delay the submission and posting of the Interactive Data File to the extent provided under a continuing hardship exemption. See Rule 202 of Regulation S-T.

<sup>55</sup> See Rule 405(g).

<sup>56</sup> *Id.*

<sup>57</sup> See Rule 405(g) and General Instruction C.3(g)(iii) to Form N-1A.

If a mutual fund does not submit or post interactive data as required, its ability to file post-effective amendments to its registration statement under Rule 485(b) under the Securities Act is automatically suspended until it submits and posts the interactive data as required. See Rule 485(c) under the Securities Act. The Interactive Data File also must be submitted in such a manner that will permit the information for each series and, for any information that does not relate to all of the classes in a filing, each class of the mutual fund to be separately identified. See General Instruction C.3(g)(iv) to Form N-1A.

to file structured financial statement data required in their periodic and current reports using Inline XBRL through March 2020.<sup>58</sup> When it issued the order, the Commission stated that permitting companies to use Inline XBRL on a voluntary, time-limited basis could facilitate the development of Inline XBRL preparation and analysis tools, provide investors and companies with the opportunity to evaluate its usefulness and help inform any future Commission rulemaking in this area. As of February 27, 2017, the Commission has received 55 Inline XBRL filings by 35 filers.

## **B. Current XBRL Practices**

### **1. XBRL Preparation**

XBRL preparation to comply with financial statement information and risk/return summary XBRL requirements affects operating company and mutual fund filers. There were approximately 9,200 filers of annual and quarterly reports (Forms 10-K, 10-Q, 20-F and 40-F), including amendments, during calendar year 2015.<sup>59</sup> As of December 2015, there were approximately 11,106 mutual funds that are registered on Form N-1A.<sup>60</sup>

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<sup>58</sup> See Order Granting Limited and Conditional Exemption under Section 36(a) of the Securities Exchange Act of 1934 from Compliance with Interactive Data File Exhibit Requirement in Forms 6-K, 8-K, 10-Q, 10-K, 20-F and 40-F to Facilitate Inline Filing of Tagged Financial Data, Release No. 34-78041 (Jun. 13, 2016) [81 FR 39741] (“Exemptive Order”). The Exemptive Order does not exempt voluntary filers from the website posting requirement.

<sup>59</sup> Based on staff analysis of EDGAR filings. Some filers, including investment companies, asset-backed issuers, and filers who have received a hardship exemption, are not subject to financial statement information interactive data requirements. Interactive data requirements for operating companies also pertain to certain registration statements, as well as certain filings on Forms 8-K and 6-K containing specified financial statements. See note 45 above.

<sup>60</sup> Based on data obtained from the Investment Company Institute (“ICI”) and reports filed by registrants on Form N-SAR. See ICI, 2016 INVESTMENT COMPANY FACT BOOK (56th ed., 2016), at 22, available at [http://www.ici.org/pdf/2016\\_factbook.pdf](http://www.ici.org/pdf/2016_factbook.pdf) (retrieved Aug. 30, 2016). This count of 11,106 “mutual funds” includes 9,520 traditional open-end mutual funds (including funds of funds and money market funds) and 1,586 exchange-traded funds (“ETFs”) registered as open-end investment companies. Unit investment trusts (“UITs”) (including ETFs registered as UITs) and closed-end funds are not subject to the proposed amendments and are therefore excluded from this count.

Structured disclosure facilitates the analysis of information by investors, their financial advisors, professional analysts and the Commission and its staff. Structured disclosures include both numeric and narrative-based disclosures that are made machine-readable by having reported disclosure items labeled (tagged) using a markup language, such as XBRL, that can be processed by software for analysis. Structured information can be stored, shared and presented in different systems or platforms. Standardized markup languages, such as XBRL, use sets of data element tags for each required reporting element, referred to as taxonomies. Taxonomies provide common definitions that represent agreed-upon information or reporting standards, such as U.S. GAAP for accounting-based disclosures and, in the case of mutual funds, the risk/return summary information. The resulting standardization allows for aggregation, comparison and large-scale statistical analysis of reported information through significantly more automated means than is possible with HTML. All filers must assign appropriate tags to their reported disclosures based on the taxonomy of the required disclosures as part of the process to create their Interactive Data File.

Currently, filers can prepare their Interactive Data Files to comply with the existing XBRL requirements in several ways. Filers may either tag required disclosures in-house or use an outside service provider. Based on data in a 2013 study, the staff estimates that approximately 63% of operating company filers outsourced at least some part of XBRL preparation for their most recent annual filing, with the remainder preparing XBRL in-house.<sup>61</sup> From the process standpoint, the tagging of required disclosures may involve either standalone or integrated XBRL preparation software.

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<sup>61</sup> See FERG Study, at 15.

With the standalone approach,<sup>62</sup> filers or filing agents use information initially prepared in word processing software to create a filing document in the traditional HTML or ASCII format. Filers or filing agents then create an XBRL exhibit by copying the information from the filing document and tagging it in XBRL, which requires them to expend incremental resources to create and tag a copy of the data and verify the consistency of tagged data across documents.<sup>63</sup> With the integrated approach, XBRL tagging of required disclosures is a part of the disclosure management process, and integrated disclosure management software<sup>64</sup> is used to generate both the HTML filing and the XBRL exhibit. According to the same study, 71% of operating company filers relied on integrated disclosure management software, as opposed to a standalone XBRL preparation solution.<sup>65</sup> The integrated approach also is prevalent among mutual fund filers. During 2015 and the first half of 2016, at least 80% of mutual fund risk/return summary XBRL submissions were created using integrated solutions.<sup>66</sup>

When filers submit XBRL exhibits during EDGAR filing, the XBRL exhibits are validated and rendered before the attachments are accepted. During EDGAR filing, EDGAR validates XBRL documents that make up an Interactive Data File, producing error and warning messages when issues with the XBRL data are identified, and

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<sup>62</sup> See FERG Study, at 6. Standalone XBRL software typically creates XBRL filings using financial statements and footnotes which have been prepared using other software.

<sup>63</sup> As noted by some industry observers, the creation of two documents that contain the same financial statement information may be unnecessarily costly and/or inefficient. See note 155 below.

<sup>64</sup> Disclosure management software typically integrates document drafting and XBRL tagging. It may also integrate conversion into the HTML format compatible with EDGAR and direct filing of both traditional and XBRL reports with the Commission. See FERG Study, at 6.

<sup>65</sup> See FERG Study, at 6.

<sup>66</sup> Based on indications of the vendor software used to produce the EDGAR filing attachments, when available.

“renders” or creates a human-readable version of XBRL data that can be viewed on the EDGAR website.<sup>67</sup> Thus, EDGAR website users can view the information in HTML format or they can view a rendered version of the tagged information submitted in the XBRL exhibit by clicking on the “Interactive Data” button next to the relevant filing on EDGAR.

In 2009 the Commission estimated the expected direct cost of compliance with XBRL requirements by operating companies.<sup>68</sup> After the adoption of the XBRL rules, several studies and commenters have also provided estimates of the cost of compliance with XBRL requirements.<sup>69</sup> While some observers have expressed concern about the

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<sup>67</sup> See also <http://www.sec.gov/structureddata/edgarvalandrender>.

<sup>68</sup> See 2009 Financial Statement Information Adopting Release, at 6804 (estimating direct costs of preparing and submitting interactive data-formatted financial statements, excluding the cost of website posting, at \$39,510–\$81,220 (\$12,450–\$20,340) for the first submission (each subsequent submission) with block-text footnotes and schedules and \$29,700–\$59,150 (\$20,075–\$36,940) for the first submission (each subsequent submission) with detailed tagging of footnotes and schedules, and the cost of website posting at \$1,000 per year).

<sup>69</sup> See FERG Study, at 17 and 19 (estimating the cost of outside services to prepare and review the most recent annual XBRL filing as approximately \$21,000 (\$10,000) for the average (median) large accelerated filer, \$15,000 (\$10,000) for the average (median) accelerated filer, \$19,000 (\$10,000) for the average (median) non-accelerated filer, and \$10,000 (\$2,000) for the average (median) smaller reporting company and estimating the number of hours to prepare and review XBRL reports as 49 (32) preparation hours and 16 (28) review hours for the average (median) large accelerated filer, 42 (20) preparation hours and 10 (23) review hours for the average (median) accelerated filer, 44 (24) preparation hours and 16 (22) review hours for the average (median) non-accelerated filer, and 23 (24) preparation hours and 8 (11) review hours for the average (median) smaller reporting company filer).

See also AICPA Study. XBRL US and the AICPA surveyed 14 XBRL filing agents providing XBRL tagging and filing services to 1,299 small public companies (32% of small publicly listed companies). According to this survey, 69% of small public companies, defined for purposes of the survey as having up to \$75 million in market capitalization, paid \$10,000 or less on an annual basis for fully outsourced creation and filing of their XBRL exhibits; 18% had annual costs of between \$10,000 and \$20,000 for full-service outsourced solutions; and 8% paid more than \$25,000 per year. Higher fees tended to be associated with complexities in financial statements and with rush charges imposed in the event of last-minute changes to the filings. The exact time frame of the survey is not specified.

See also Letter from Data Transparency Coalition (Oct. 29, 2015), available at <http://www.sec.gov/comments/disclosure-effectiveness/disclosureeffectiveness-55.pdf> (“Data Coalition Letter 1”) (estimating a median small filer’s costs of XBRL compliance to be \$8,000 based on the AICPA Study); Letter from Committee on Securities Law of the Business Law

costs associated with XBRL requirements generally, particularly for smaller filers,<sup>70</sup> other observers have disagreed with the claim that the XBRL requirements impose high costs and emphasized the decrease in costs over time as filers and filing agents have gained experience and widely adopted the XBRL technology, the variety of filing agents that assist with XBRL preparation, and the potential benefits associated with better availability of information about smaller companies from the standpoint of access to capital.<sup>71</sup> According to a 2013 survey, the median filer required 25 hours for the

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Section of the Maryland State Bar Association (Jul. 21, 2016), *available at* <http://www.sec.gov/comments/s7-06-16/s70616-257.pdf> (“Maryland State Bar Letter”) (citing one registrant’s cost of XBRL exhibits for fiscal year 2014 as \$27,000).

<sup>70</sup> See FERG Study, at 1 (finding, in a 2013 survey of executives and SEC reporting professionals from 442 unique companies, including members of FEI and other reporting companies, that “the cost/benefit proposition of the XBRL mandate” was among companies’ top concerns about XBRL compliance). See also Letter from the ABA Business Law Section (Feb. 15, 2016), *available at* <http://www.sec.gov/comments/disclosure-effectiveness/disclosureeffectiveness-69.pdf> (“ABA Letter”); Advisory Committee on Small and Emerging Companies (ACSEC) Recommendations Regarding Disclosure and Other Requirements for Smaller Public Companies (Mar. 21, 2013), *available at* <http://www.sec.gov/info/smallbus/acsec/acsec-recommendation-032113-smaller-public-co-ltr.pdf> (“ACSEC Recommendations 2013”) (recommending that “the Commission revise its rules to provide an exemption for smaller reporting companies from the requirement to submit financial information in XBRL format for periodic reports and other public filings” in light of the disproportionate cost and time burden that compliance with financial statement information XBRL requirements imposes on smaller filers); ACSEC Recommendations about Expanding Simplified Disclosure for Smaller Issuers (Sep. 23, 2015), *available at* <http://www.sec.gov/info/smallbus/acsec/acsec-recommendations-expanding-simplified-disclosure-for-smaller-issuers.pdf> (“ACSEC Recommendations 2015”) (recommending that “the Commission exempt smaller reporting companies from XBRL tagging”); Recommendations of the Investor Advisory Committee Regarding the SEC and the Need for the Cost Effective Retrieval of Information by Investors (Jul. 25, 2013), *available at* <http://www.sec.gov/spotlight/investor-advisory-committee-2012/data-tagging-resolution-72513.pdf> (“IAC Recommendations”) (recommending that “the SEC take steps designed to reduce the costs of providing tagged data, particularly for smaller issuers and investors”); Letter from Center for Capital Markets Competitiveness (Jul. 20, 2016), *available at* <http://www.sec.gov/comments/s7-06-16/s70616-173.pdf> (recommending that smaller reporting companies be exempted from XBRL tagging); Maryland State Bar Letter (stating that XBRL imposes a burden on small registrants); Letter from Prologis (Jul. 21, 2016), *available at* <http://www.sec.gov/comments/s7-06-16/s70616-303.pdf> (stating that XBRL preparation imposes an internal time burden of approximately one week per quarter in addition to the cost of services of an outside firm).

<sup>71</sup> See AICPA Study; Data Coalition Letter 1. See also Trevor S. Harris and Suzanne Morsfield, “An Evaluation of the Current State and Future of XBRL and Interactive Data for Investors and Analysts” – “White Paper Number Three,” Columbia Business School Center for Excellence in Accounting and Security Analysis (December 2012), *available at* [http://www4.gsb.columbia.edu/filemgr?&file\\_id=7313146](http://www4.gsb.columbia.edu/filemgr?&file_id=7313146) (“Columbia White Paper”), footnote 34



preparation and 15 hours for the review of XBRL and between \$8,000 and \$10,000 for the services of outside professionals for its most recent annual filing.<sup>72</sup> According to another survey, the median small filer paid \$10,000 or less on an annual basis for fully outsourced creation and filing of its XBRL exhibits.<sup>73</sup>

The 2009 Risk/Return Summary Adopting Release estimated the expected direct cost of compliance with the mutual fund risk/return summary XBRL requirements.<sup>74</sup> We have not received comments or further data that would lead us to update cost estimates for XBRL requirements pertaining to risk/return summary information.

To facilitate compliance with XBRL requirements, the staff has taken steps to provide guidance and tools to assist with XBRL filing.<sup>75</sup>

## 2. XBRL Data Use

There is a wide range of users of XBRL data, including investors, financial

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(finding that, based on FEI's FERF survey data for 2011 and 2012, XBRL implementation was either not as costly as anticipated, or had become significantly less costly over time for most filers). *See also* Mohini Singh and Sandra Peters (2016) *Data and Technology: Transforming the Financial Information Landscape*, CFA Institute, Codes, Standards and Position Papers, Vol. 2016, Issue 7 (June 2016), *available at* <http://www.cfainstitute.org/learning/products/publications/ccb/Pages/ccb.v2016.n7.1.aspx> ("Singh") (retrieved Sep. 20, 2016), at 48 (stating that "SMEs [small and medium-sized enterprises] should balance the cost of tagging against the cost of capital" and that "XBRL filings make the financial information of SMEs more accessible to investors and lead to a reduction in the cost of capital").

<sup>72</sup> *See* FERF Study, at 18–19.

<sup>73</sup> *See* AICPA Study.

<sup>74</sup> *See* 2009 Risk/Return Summary Adopting Release, at 7769 (estimating direct costs of preparing and submitting interactive data-formatted risk/return summary information, excluding the cost of website posting, at \$23,200 (\$3,100) for the first submission (each subsequent submission) and the cost of website posting at \$250).

<sup>75</sup> *See, e.g.*, Office of Structured Disclosure Staff Interpretations and FAQs Related to Interactive Data Disclosure, *available at* <http://www.sec.gov/structureddata/FAQs> ("OSD FAQs"). The Commission also makes available to the public certain tools to assist with filing. For example, the Previewer can be used by a filer to see how XBRL submissions would appear on the SEC's website before submission via EDGAR and rendering by the EDGAR Renderer. The Previewer displays any error and warning messages that EDGAR would display. *See* <http://www.sec.gov/structureddata/edgarvalandrender>. *See also* <http://www.sec.gov/structureddata/interactive-data-test-suite>.

analysts, economic research firms, data aggregators, academic researchers, and Commission staff. Investors, other market participants, and other data users access XBRL data in various ways. XBRL data for individual filings is available on EDGAR and on each filer’s respective website. Downloads of XBRL data also are available from the Commission through Really Simple Syndication (RSS) feeds. The Commission combines, organizes and posts for bulk download XBRL data extracted from operating company submissions to facilitate investor analysis and comparisons of public company information.<sup>76</sup> A number of businesses have created open-source software products, which freely provide XBRL data to investors. Other businesses offer investors additional analytical software and data feeds for a small license fee. Data aggregators (*i.e.*, entities that, in general, collect, package and resell data) have incorporated XBRL data into their products to varying degrees. Various third-party data providers extract or preview information contained in XBRL exhibits, offering XBRL analytics tools or using XBRL data to supplement other reported data based on filer disclosures.<sup>77</sup>

The Commission staff uses XBRL data to support risk assessment, rulemaking and enforcement activities. Machine-readable financial market data, including XBRL-formatted data, enhances the Commission’s rulemaking and market monitoring activities

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<sup>76</sup> See <http://www.sec.gov/dera/data/financial-statement-data-sets.html>.

<sup>77</sup> See, e.g., a discussion of XBRL analytics tools, available at <http://xbrl.us/use/howto/>, <http://xbrl.us/home/category/productsservices/service/data-aggregation/>. See also Mitchell R. Wenger, Rick Elam, and Kelly L. Williams (2013) A tour of five XBRL tools, *Journal of Accountancy* (Apr. 1, 2013), available at <http://www.journalofaccountancy.com/issues/2013/apr/20126677.html>; Letter from XBRL US (Nov. 30, 2015), available at <http://www.sec.gov/comments/s7-20-15/s72015-29.pdf> (“XBRL US Letter 1”) (suggesting that investment firms often obtain their data through third-party providers, many of which use the XBRL version of public company data); Letter from XBRL US (Oct. 6, 2016), available at <http://www.sec.gov/comments/s7-15-16/s71516-16.pdf> (stating that XBRL improves productivity by allowing analysts to spend less time on data collection and enabling deeper analysis); Letter from Data Coalition (Jul. 21, 2016), available at <http://www.sec.gov/comments/s7-06-16/s70616-299.pdf> (“Data Coalition Letter 2”) (discussing the availability of tools for XBRL data users). See also note 33.

by allowing staff to efficiently analyze large quantities of information. For example, the Commission staff uses financial statement information XBRL data in the Corporate Issuer Risk Assessment (CIRA) program, which provides a comprehensive overview of the financial reporting environment of filers and assists the staff in detecting anomalous patterns in financial statements that may warrant additional inquiry.

However, some commenters have indicated that XBRL data use has been limited, in part due to concerns regarding data quality for operating companies.<sup>78</sup> Errors may appear in information submitted in XBRL that affect the quality of the data and its potential use by the public and the Commission staff. For example, Commission staff has identified several recurring issues with financial statement information XBRL data, including errors related to the characterization of a number as negative when it is positive, incorrect scaling of a number (*e.g.*, in billions rather than in millions), unnecessary taxonomy extensions (“custom tags”), incomplete tagging (*e.g.*, a failure to tag numbers in parentheses) and missing calculations that show relationships between

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<sup>78</sup> See, *e.g.*, Data Coalition Letter 1; Letter from Center for Capital Markets Competitiveness (Nov. 30, 2015), *available at* <http://www.sec.gov/comments/s7-20-15/s72015-14.pdf>; CFA Institute Member Survey: XBRL (December 2011), *available at* [http://www.cfainstitute.org/ethics/Documents/Research%20Topics%20and%20Positions%20Documents/xbrl\\_member\\_survey\\_report\\_2011.pdf](http://www.cfainstitute.org/ethics/Documents/Research%20Topics%20and%20Positions%20Documents/xbrl_member_survey_report_2011.pdf) (retrieved Aug. 30, 2016) (“CFA Survey”) (finding that, among respondents aware of XBRL, fewer than 20% used information through an XBRL instance document reader/viewer and fewer than 10% extracted or imported XBRL data directly into financial analysis models); Columbia White Paper; ACSEC Recommendations 2013; Final Report of the 2012 SEC Government-Business Forum on Small Business Capital Formation, *available at* <http://www.sec.gov/info/smallbus/gbfor31.pdf>; Letter from Corporate Governance Coalition for Investor Value (Jul. 20, 2016), *available at* <http://www.sec.gov/comments/s7-06-16/s70616-188.pdf>; Letter from Lark Research, Inc. (Jul. 24, 2016), *available at* <http://www.sec.gov/comments/s7-06-16/s70616-317.pdf>; Letter from Investor Advisory Committee (Jun. 15, 2016), *available at* <http://www.sec.gov/comments/s7-06-16/s70616-22.pdf> (“IAC Letter”) (stating that, as part of the staff’s Disclosure Effectiveness Initiative, the Commission should take steps to increase the quality of the data that is filed with the Commission).

data (e.g., how subtracting cost of revenue from revenue equals gross profit).<sup>79</sup> Staff has provided guidance<sup>80</sup> to improve the quality of XBRL data. Some of these data quality issues seem to have been mitigated over time<sup>81</sup> while others are recurring.

Compared to financial statements of operating companies, mutual fund risk/return summaries have fewer instances in which numeric data is embedded into text, and data is generally more standardized. As discussed above,<sup>82</sup> risk/return summary filers also rely to a considerable degree on the integrated approach to XBRL preparation. These factors may suggest that there are fewer data quality issues with risk/return summary XBRL data. However, we presently lack sufficient data or other information to assess the quality of risk/return summary XBRL data.

While these data quality issues may have multiple potential causes, we believe that some of these errors may result from the submission of XBRL tagged information as an exhibit separate from the Related Official Filing. This requirement creates an

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<sup>79</sup> See note 31 above.

<sup>80</sup> See Sample Letter Sent to Public Companies Regarding XBRL Requirement to Include Calculation Relationships (July 2014), available at <http://www.sec.gov/divisions/corpfin/guidance/xbrl-calculation-0714.htm> (“CFO Letter”). See also OSD FAQs.

<sup>81</sup> See, e.g., Staff XBRL Observations 2014 (observing a steady decline in custom tag use by large accelerated filers during the phase-in period and thereafter, based on an assessment of XBRL exhibits submitted from 2009 through October 2013). See also Hui Du, Miklos A. Vasarhelyi, and Xiaochuan Zheng (2013) XBRL mandate: thousands of filing errors and so what? *Journal of Information Systems*, Volume 27, Issue 1, pp. 61–78 (suggesting that filers and software vendors have learned over time, which resulted in a reduced rate of XBRL errors); Ariel J. Markelevich, 2016, The quality and usability of XBRL filings in the US, working paper (Jun. 21, 2016), available at [http://ssrn.com/abstract\\_id=2798732](http://ssrn.com/abstract_id=2798732) (retrieved Aug. 30, 2016) (“Markelevich”) (finding declines in several types of XBRL errors other than incorrect signs and declines in custom tag rates during 2012–2015 and also finding a higher incidence of errors among smaller filers); SEC Filers Decreased Errors by 64 Percent by Using Data Quality Committee Validation Rules (May 31, 2016), available at <http://xbrl.us/news/dqc-20160531/> (retrieved Aug. 30, 2016) (analyzing the effects on XBRL data quality of guidance and validation rules of XBRL US Data Quality Committee that took effect January 1, 2016 and finding that several types of errors, including incorrect signs, improper value relationships between elements, and incorrect dates, declined during the first quarter of 2016).

<sup>82</sup> See Section II.B.1 above.

additional opportunity for reporting errors for those companies that first prepare their required disclosures in the HTML or ASCII format before creating a separate XBRL exhibit, often via an incremental set of reporting processes and controls. In particular, tagging information from the Related Official Filing in a separate XBRL exhibit increases the likelihood of inconsistently entering the information.<sup>83</sup> Furthermore, since the separate XBRL exhibit is subsequently rendered for viewing by readers, although filers are not required to make the rendered version of XBRL data look exactly the same as the Related Official Filing,<sup>84</sup> filers commonly add unnecessary tags aimed at managing the appearance of the rendered XBRL data that may contribute to data quality issues.<sup>85</sup>

The 2005 XBRL Voluntary Program for financial statement information interactive data is currently only available to investment companies and entities that prepare their financial statements in accordance with Article 6 of Regulation S-X. Based on an analysis of EDGAR filings, we estimate that six mutual funds and other permitted

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<sup>83</sup> See, e.g., XBRL US Letter 1; Letter from XBRL US (Apr. 14, 2016), *available at* <http://www.sec.gov/comments/s7-27-15/s72715-34.pdf> (“XBRL US Letter 2”); Letter from XBRL US (Jul. 21, 2016), *available at* <http://www.sec.gov/comments/s7-06-16/s70616-278.pdf> (“XBRL US Letter 3”) (referencing the translation risk associated with the preparation of two documents); Data Coalition Letter 2 (stating that Inline XBRL “reduces the danger that the registrant will file a correct number in a document but misplace a decimal point or flip a negative sign in the corresponding structured data”). See also note 155 below.

<sup>84</sup> See Regulation S-T Compliance and Disclosure Interpretations, Question 130.08 (May 29, 2009), *available at* <http://www.sec.gov/divisions/corpfin/guidance/regs-tinterp.htm> (indicating that an Interactive Data File need not appear identical to the traditional format financial statements when displayed by a viewer on the Commission’s website).

<sup>85</sup> See Staff XBRL Observations 2014; Staff XBRL Observations 2011. See also Inline XBRL – saving cost and effort for company reporting, XBRL UK White Paper, *available at* <http://www.xbrl.org.uk/resources/whitepapers/inlineXBRL-benefits-v1.pdf> (retrieved Aug. 30, 2016) (“XBRL White Paper”), at 5; Company reporting in the UK – an XBRL success story, XBRL UK White Paper, *available at* <http://www.xbrl.org.uk/resources/whitepapers/UKcompanyReporting-XBRL-v1.pdf> (retrieved Aug. 30, 2016) (“XBRL UK Success Story White Paper”), at 2 and 7.

participants made such submissions during calendar years 2008–2010, with no submissions in 2011–2015.<sup>86</sup>

### **III. PROPOSED AMENDMENTS AND ANTICIPATED ECONOMIC EFFECTS**

#### **A. Overview of Inline XBRL**

In the 2009 Financial Statement Information Adopting Release, the Commission stated that it “may consider proposing rules to require a filing format that integrates HTML with XBRL or eliminate financial statement reporting in ASCII or HTML format.”<sup>87</sup> The 2009 Risk/Return Summary Adopting Release stated, in the context of the possibility of embedding interactive data in HTML filings, that it was necessary to monitor interactive data reporting before attempting further integration of the interactive data format.<sup>88</sup> We believe that current XBRL embedding technology now is sufficiently developed to propose requiring its use in Commission filings. In particular, the Inline XBRL technology<sup>89</sup> contains a standardized set of requirements for embedding XBRL data into an HTML version of a filing, which eliminates the need to copy and tag the required information with XBRL in a separate exhibit.<sup>90</sup> The Inline XBRL technology is freely licensed and made available by XBRL International, a consortium of over 600

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<sup>86</sup> Two filers submitted Voluntary Program XBRL exhibits (EX100) in 2015, but those filings seem to have been made in error.

<sup>87</sup> See 2009 Financial Statement Information Adopting Release, at 6783. When the Commission proposed the XBRL requirements for financial statement information, it similarly stated that “we may consider proposing rules to require a filing format that integrates ASCII or HTML with XBRL.” See Release No. 33-8924 (May 30, 2008) [73 FR 32793], at 32800.

<sup>88</sup> See 2009 Risk/Return Summary Adopting Release, at 7755. When the Commission proposed the XBRL requirements for risk/return summary information, it similarly stated that “we may consider proposing rules to require a filing format that integrates ASCII or HTML with XBRL.” See Release No. 33-8929 (Jun. 10, 2008) [73 FR 35441], at 35447.

<sup>89</sup> See <http://specifications.xbrl.org/spec-group-index-inline-xbrl.html> (retrieved Aug. 30, 2016).

<sup>90</sup> See <http://specifications.xbrl.org/presentation.html> (retrieved Aug. 30, 2016).

organizations representing many aspects of the financial reporting supply chain community worldwide.<sup>91</sup>

With Inline XBRL, similar to existing practices, filers or filing agents would need to tag the required disclosures using the applicable taxonomy. However, the tagging of information would be performed within the HTML document instead of a separate XBRL exhibit.<sup>92</sup> Inline XBRL also would give the preparer full control over the presentation of filer disclosures because the XBRL data would be displayed within the HTML filing in a browser.<sup>93</sup> Inline XBRL thus yields a single document that is both human-readable and enables the automated extraction and analysis of embedded XBRL data by the user's XBRL extraction software.

The Inline XBRL technology is currently used in several other jurisdictions for a variety of regulatory purposes and has been proposed for required use in another.<sup>94</sup> As a

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<sup>91</sup> See <http://www.xbrl.org/the-consortium/about/> (retrieved Aug. 30, 2016).

<sup>92</sup> See note 159 below.

<sup>93</sup> In an Inline XBRL document, data values are nested within Inline XBRL elements which are themselves nested within HTML or XHTML elements ("Markup Elements"). The browser ignores the Inline XBRL elements and displays the data values as though they were textual content of the Markup Elements, enabling presentation in a human-readable format. See Inline XBRL Part 0: Primer 1.1, available at <http://www.xbrl.org/WGN/inlineXBRL-part0/WGN-2015-12-09/inlineXBRL-part0-WGN-2015-12-09.html> (retrieved Aug. 30, 2016).

<sup>94</sup> For example, in the United Kingdom, the "accounts and computations" part of a "Company Tax Return" must be submitted to HM Revenue and Customs using Inline XBRL (<http://www.gov.uk/government/publications/xbrl-tagging-when-what-and-how-to-tag>, retrieved Aug. 30, 2016). See also XBRL UK Success Story White Paper. Other examples can be found in regulations permitting or requiring the use of Inline XBRL in Australia (<http://asic.gov.au/about-asic/media-centre/find-a-media-release/2015-releases/15-104mr-asic-introduces-format-for-improved-communication-of-financial-information/>, retrieved Aug. 30, 2016); Ireland (<http://www.revenue.ie/en/online/ros/ixbrl/index.html>, retrieved Aug. 30, 2016); Denmark and Japan (<http://www.xbrl.org/the-standard/why/who-else-uses-xbrl/>, retrieved Aug. 30, 2016). We note that the specific disclosure regimes in these countries may differ from that in the United States.

According to one commenter, Inline XBRL is used in the UK by approximately 2 million companies for reporting tax information to HMRC Tax Service Online. The commenter notes that "[a]ccording to the HMRC's former Strategy Architect for the Company Tax online service, an estimated 90% of filings are at zero cost to the issuer because most companies (continue to) use

result, some filers that are subject to Inline XBRL reporting requirements in other countries, as well as vendors with customers in these same countries, may already have Inline XBRL capabilities,<sup>95</sup> although their experience with Inline XBRL may be based on information unrelated to financial statements or mutual fund risk/return summaries. We request comment and input from filing agents, software vendors, investors, other market participants, and other data users about their current ability to accommodate Inline XBRL.<sup>96</sup>

## **B. Proposed Amendments**

### **1. Inline XBRL Requirements**

#### **a. Use of Inline XBRL Format**

We propose to require the use of Inline XBRL for operating company financial information and mutual fund risk/return summaries by amending the rules that specify certain content and format requirements for the Interactive Data File. Currently, the requirement to submit and post information in XBRL applies through the exhibit

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packaged tax and accounting software to which the vendors added inline XBRL production capability as an alternative to printed output” while “[t]he remaining 10% of companies outsource their inline XBRL conversion to accounting firms with estimated annual costs ranging from as low as \$135 to as high as \$4200.” *See* XBRL US Letter 2.

The European Securities and Markets Authority recently proposed to require issuers in the European Union to prepare their annual financial reports containing IFRS financial statements in the Inline XBRL format using the IFRS taxonomy from January 1, 2020. *See* ESMA proposes new digital format for issuers’ financial reporting, *available at* <http://www.esma.europa.eu/press-news/esma-news/esma-proposes-new-digital-format-issuers%E2%80%99-financial-reporting> (retrieved Jan. 31, 2017); ESMA Feedback Statement on the Consultation Paper on the Regulatory Technical Standard on the European Single Electronic Format (ESEF), Dec. 21, 2016, *available at* [http://www.esma.europa.eu/sites/default/files/library/2016-1668\\_esma\\_feedback\\_statement\\_on\\_the\\_rts\\_on\\_esef\\_0.pdf](http://www.esma.europa.eu/sites/default/files/library/2016-1668_esma_feedback_statement_on_the_rts_on_esef_0.pdf) (retrieved Jan. 31, 2017).

<sup>95</sup> In the United States, some XBRL filing agents and software vendors have stated on their websites, in press releases or in user documentation that they have or will have in the future the capability to generate Inline XBRL filings.

<sup>96</sup> *See* Section III.B.5 below.



requirements of Item 601(b)(101) of Regulation S-K<sup>97</sup> and Forms F-10,<sup>98</sup> 20-F,<sup>99</sup> 40-F<sup>100</sup> and 6-K<sup>101</sup> with regard to financial statement information. Similar requirements for mutual funds to submit and post risk/return summary information in XBRL apply through the exhibit requirements of Form N-1A<sup>102</sup> and Rule 497.<sup>103</sup> These exhibit requirements specify when information in the Related Official Filing triggers the requirement to submit and post an Interactive Data File in the manner provided by Rule 405 of Regulation S-T.<sup>104</sup> Rule 405 sets forth the basic content, format, submission and posting requirements for the Interactive Data File, such as the requirement to submit the Interactive Data File as an exhibit to the Related Official Filing.<sup>105</sup> Rule 405 also requires that an Interactive Data File be submitted in accordance with the EDGAR Filer Manual.<sup>106</sup> The EDGAR Filer Manual contains additional formatting and submission requirements for the Interactive Data File.

The amendments we are proposing today would revise Rule 405 to require filers to submit the Interactive Data File using Inline XBRL. The proposed amendments would require filers, on a phased in basis, to embed a part of the Interactive Data File within an

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<sup>97</sup> The exhibit requirements of Item 601(b)(101) relate to Forms S-1, S-3, S-4, S-11, F-1, F-3, F-4, 8-K, 10-Q and 10-K.

<sup>98</sup> Paragraph (101) of Part II—Information Not Required to be Delivered to Offerees or Purchasers of Form F-10.

<sup>99</sup> Paragraph 101 of the Instructions as to Exhibits of Form 20-F.

<sup>100</sup> Paragraph B.(15) of the General Instructions to Form 40-F.

<sup>101</sup> Paragraph C.(6) of the General Instructions to Form 6-K.

<sup>102</sup> *See* General Instruction C.3(g) to Form N-1A.

<sup>103</sup> *See* Rule 497(c) and (e).

<sup>104</sup> The exhibit provisions that specify when an Interactive Data File is required for financial information also specify when it is optional and when it is prohibited.

<sup>105</sup> *See* Rule 405(a)(2) for the exhibit requirement.

<sup>106</sup> *See* Rule 405(a)(3).

HTML document using Inline XBRL and to include the rest in an exhibit to that document. The portion filed as an exhibit to the form would contain contextual information about the XBRL tags embedded in the filing. The information as tagged would continue to be required to satisfy all other requirements of Rule 405, including the technical requirements in the EDGAR Filer Manual.<sup>107</sup>

We note that Inline XBRL is not compatible with the ASCII format. Thus, filers that currently prepare the Related Official Filing in the ASCII format would need to switch to HTML unless they already have done so to comply with the amendments adopted in the Hyperlinks Adopting Release. We do not expect this to affect many filers, as the vast majority currently file in HTML.<sup>108</sup> While the filers that use ASCII that would be affected by the proposal to require HTML are primarily small entities and may incur a disproportionately greater burden,<sup>109</sup> we expect the impact on smaller filers to be partly mitigated by the proposed phase-in. We further expect that the average costs of switching to HTML would not be large because the cost of software with built-in HTML features is minimal. Overall, given the modest costs involved, we do not expect that the proposed amendments would have significant competitive effects for filers. We also note the advantages of HTML for the presentation of information from the standpoint of filers and users. Unlike ASCII documents, HTML documents can include graphics, varied

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<sup>107</sup> Information presented in multiple locations within the financial statements must be tagged in all those locations.

<sup>108</sup> See note 36 above.

<sup>109</sup> Some commenters on the Hyperlinks Proposing Release expressed concern about the cost of switching from ASCII to HTML but have not provided specific estimates. See, e.g., Letter from Corporate Governance Coalition for Investor Value (Oct. 27, 2016), available at <http://www.sec.gov/comments/s7-15-16/s71516-34.pdf>; Letter from Center for Capital Markets Competitiveness (Oct. 27, 2016), available at <http://www.sec.gov/comments/s7-15-16/s71516-33.pdf>.

fonts and other visual displays that filers use when they create Internet presentations or material for distribution to shareholders and other investors.<sup>110</sup> In prior rulemakings, the Commission has noted the possibility of HTML eventually replacing ASCII.<sup>111</sup> Furthermore, as discussed above, the Commission has adopted amendments to eliminate the ASCII format for registration statements and periodic and current reports that are subject to the exhibit requirements under Item 601 of Regulation S-K and for Forms F-10 and 20-F.<sup>112</sup> These amendments should further reduce the portion of the cost of operating company ASCII filers switching to HTML that is incremental to the proposed rule.

#### **b. Timing of Submission of Interactive Data File**

We are not proposing changes to the timing of the submission of the Interactive Data File for operating company financial statement information. Operating company filers would continue to be generally required to submit the Interactive Data File with the filing.<sup>113</sup>

In contrast, for mutual funds, we are proposing changes to the General Instructions to Form N-1A that would change the timing requirements for the submission

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<sup>110</sup> Plain text submissions may not include certain characters that are not in the standard ASCII character set, such as certain foreign characters and special characters for currencies, as well as characters associated with document style and format that may be introduced by standard word processing software. Submissions must not exceed 80 characters per line. Additionally, the conversion of tabular, columnar or footnote material created in standard word processing software into ASCII may pose formatting challenges and require some information to be formatted manually. See EDGAR Filer Manual, Volume II, Section 5.2.1.2, available at <http://www.sec.gov/info/edgar/edmanuals.htm>. See also <http://www.sec.gov/info/edgar/quick-reference/create-ascii-files.pdf>.

<sup>111</sup> See Release No. 33-7855 (Apr. 24, 2000) [65 FR 24787], at 24789 and Release No. 33-7684 (May 17, 1999) [64 FR 27888], at 27889 (stating that “we expect that HTML will eventually replace ASCII for most filings”).

<sup>112</sup> See Hyperlinks Adopting Release.

<sup>113</sup> An operating company may submit its first Interactive Data File as an amendment to the filing. See Rule 405(a) of Regulation S-T.

of the Interactive Data File. First, we are proposing to permit mutual funds to submit Interactive Data Files concurrently with certain post-effective amendments filed pursuant to paragraph (b) of Rule 485 under the Securities Act.<sup>114</sup> Second, we are proposing to eliminate the current 15 business day filing period accorded to all mutual fund filings containing risk/return summaries, including initial registration statements, post-effective amendments, and forms of prospectuses filed pursuant to paragraphs (c) and (e) of Rule 497. In the case of initial registration statements and post-effective amendments, the Interactive Data File would be required to be submitted no later than the effective date of those filings. In the case of forms of prospectuses filed pursuant to Rule 497, the Interactive Data File would be required to be submitted concurrently with the filing.

Currently, an Interactive Data File for a Form N-1A filing, whether the filing is an initial registration statement or a post-effective amendment thereto, must be submitted as an amendment to the registration statement to which the Interactive Data File relates.<sup>115</sup> That amendment with the Interactive Data File also must be submitted after the registration statement or post-effective amendment that contains the related information becomes effective but not later than 15 business days after the effective date of that registration statement or post-effective amendment.<sup>116</sup> As we noted in the 2009

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<sup>114</sup> A post-effective amendment filed under Rule 485(b) may become effective immediately upon filing, or at a later date designated on the facing sheet of the amendment of generally up to 30 days after the date on which the amendment is filed. A post-effective amendment may only be filed under Rule 485(b) if it is filed for one or more specified purposes, including to make non-material changes to the registration statement.

<sup>115</sup> General Instruction C.3(g)(i) to Form N-1A.

<sup>116</sup> *Id.* Filings on Form N-1A, which contain mutual fund registration statements (or amendments thereto), are often subject to revision prior to effectiveness. For example, initial registration statements and post-effective amendments filed under Rule 485(a) are subject to Commission staff review, and revisions to the registration statement may be made in connection with the staff review process.

Risk/Return Summary Adopting Release, the period of 15 business days was intended both to provide funds with adequate time to prepare the exhibit and to make the interactive data available promptly.<sup>117</sup> We understand that questions have been raised as to whether this 15 business day filing period remains necessary in light of the development of, and resulting efficiencies from, integrated solutions in the XBRL preparation process in use today and the proposed implementation of Inline XBRL.

Mutual funds also are required to submit an Interactive Data File for any form of prospectus filed pursuant to Rule 497(c) or (e) under the Securities Act that includes information provided in response to Items 2, 3, or 4 of Form N-1A that varies from the registration statement.<sup>118</sup> In the case of those filings, however, mutual funds are permitted to file the Interactive Data File concurrently with the filing or up to 15 business days subsequent to the filing.<sup>119</sup>

To help facilitate efficiencies in the mutual fund post-effective amendment filing process, we are proposing to amend the General Instructions to Form N-1A to permit mutual funds to submit Interactive Data Files concurrently with post-effective amendments filed pursuant to paragraphs (b)(1)(i),<sup>120</sup> (ii),<sup>121</sup> (v),<sup>122</sup> or (vii)<sup>123</sup> of Rule 485

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<sup>117</sup> See 2009 Risk/Return Summary Adopting Release, footnote 97 and accompanying and following text. For example, mutual funds may require additional time after making the related filing to prepare and file in a subsequent amendment the Interactive Data File due to the staff comment process or otherwise.

<sup>118</sup> See General Instruction C.3(g)(ii) to Form N-1A.

<sup>119</sup> *Id.*

<sup>120</sup> Subparagraph (i) of Rule 485(b)(1) permits a post-effective amendment filing for the purpose of bringing the financial statements up to date under Section 10(a)(3) of the Securities Act or Rules 3-12 or 3-18 of Regulation S-X. 17 CFR 210.3-12 and 210.3-18.

<sup>121</sup> Subparagraph (ii) of Rule 485(b)(1) permits a post-effective amendment filing for the purpose of complying with an undertaking to file an amendment containing financial statements, which may be unaudited, within four to six months after the effective date of the registrant's registration statement under the Securities Act.

under the Securities Act.<sup>124</sup> We are proposing this change in recognition of the fact that, in our experience, post-effective amendments filed pursuant to these paragraphs of Rule 485 generally are not subject to further revision.<sup>125</sup>

With respect to all filings by mutual funds containing risk/return summaries (initial registration statements, post-effective amendments, and forms of prospectuses pursuant to Rule 497), we are proposing to eliminate the current 15 business day period during which mutual funds must submit Interactive Data Files. Inline XBRL involves embedding XBRL data directly into the filing. We believe that most mutual fund risk/return summary XBRL submissions today are created using integrated solutions.<sup>126</sup> Therefore, in order to improve the timeliness of the availability of risk/return summary XBRL information, we are proposing that Interactive Data Files be submitted to the Commission as follows:

- For post-effective amendments filed pursuant to paragraphs (b)(1)(i), (ii), (v), or (vii) of Rule 485, Interactive Data Files must be filed either concurrently with the filing or in a subsequent amendment that is filed on or before the date

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<sup>122</sup> Subparagraph (v) of Rule 485(b)(1) permits a post-effective amendment filing for the purpose of making any non-material changes which the registrant deems appropriate.

<sup>123</sup> Subparagraph (vii) of Rule 485(b)(1) permits a post-effective amendment filing for any other purpose which the Commission shall approve.

<sup>124</sup> See proposed General Instruction C.3(g)(i)(B) to Form N-1A.

<sup>125</sup> With the exception of post-effective amendments filed pursuant to Rule 485(b)(1)(iii), a post-effective amendment filed under Rule 485(b)(1) may become effective immediately upon filing.

<sup>126</sup> See note 66 above and accompanying text (noting that during 2015 and the first half of 2016, at least 80% of mutual fund risk/return summary XBRL submissions were created using integrated solutions).

that the post-effective amendment that contains the related information becomes effective;<sup>127</sup>

- For initial registration statements and post-effective amendments filed other than pursuant to paragraphs (b)(1)(i), (ii), (v), or (vii) of Rule 485, Interactive Data Files must be filed in a subsequent amendment filed on or before the date the registration statement or post-effective amendment that contains the related information becomes effective;<sup>128</sup> and
- For any form of prospectus filed pursuant to Rule 497(c) or (e), mutual funds would be required to submit the Interactive Data File concurrently with the filing.<sup>129</sup>

### **c. Phase-in of Inline XBRL Requirements**

We propose to phase in the Inline XBRL requirements for operating companies in annual increments based on the category of filer status. Large accelerated filers that prepare their financial statements in accordance with U.S. GAAP would be required to comply with Inline XBRL requirements for financial statement information in the second year after the rule is effective, followed by accelerated filers that prepare their financial statements in accordance with U.S. GAAP in the third year and all other operating company filers that are required to submit Interactive Data Files in the fourth year.<sup>130</sup>

This phase-in approach is broadly consistent with the approach in the 2009 Financial Statement Information Adopting Release and is intended to ease the cost of transition for

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<sup>127</sup> See proposed General Instruction C.3(g)(i)(B) to Form N-1A.

<sup>128</sup> See proposed General Instruction C.3(g)(i)(A) to Form N-1A.

<sup>129</sup> See proposed General Instruction C.3(g)(ii) to Form N-1A.

<sup>130</sup> See proposed Rule 405(f)(1)(i).

smaller filers and those filers that use IFRS as issued by the IASB. Given that any fixed cost of initial transition would disproportionately burden smaller filers, this approach would give such filers time to develop related expertise, as well as the opportunity to benefit from the experience of larger filers with Inline XBRL. The proposed phase-in might also provide filing agents and software vendors whose main customers are smaller filers with additional time to adopt the Inline XBRL technology and develop related expertise. Filers would be permitted to file using Inline XBRL prior to the compliance date for each category of filers; otherwise, prior to the applicable compliance date, filers that do not file using Inline XBRL would continue to be required to submit the entire Interactive Data File as an exhibit, as they do currently.<sup>131</sup>

Similarly, we propose a phase-in for mutual funds based on net asset size. Specifically, for larger entities (*i.e.*, mutual funds that together with other investment companies in the same “group of related investment companies”<sup>132</sup> have net assets of \$1 billion or more as of the end of the most recent fiscal year) we are proposing a compliance date of one year after the effective date to comply with the new reporting requirements. For smaller entities (*i.e.*, mutual funds that together with other investment companies in the same “group of related investment companies” have net assets of less than \$1 billion as of the end of the most recent fiscal year), we are proposing to provide

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<sup>131</sup> See proposed Rule 405(f)(2).

<sup>132</sup> For these purposes, we expect that the threshold would be based on the definition of a “group of related investment companies,” as such term is defined in Rule 0-10 under the Investment Company Act. Rule 0-10 defines the term as applied to management investment companies as two or more management companies (including series thereof) that: (i) hold themselves out to investors as related companies for purposes of investment and investor services; and (ii) either: (A) have a common investment adviser or have investment advisers that are affiliated persons of each other; or (B) have a common administrator. 17 CFR 270.0-10(a)(1). We believe that this broad definition would encompass most types of fund complexes and therefore is an appropriate definition for compliance date purposes.



for an additional year to comply with the new reporting requirements.<sup>133</sup> Mutual funds would be permitted to file using Inline XBRL prior to the compliance date for each category of filers; otherwise, prior to their applicable compliance date, filers that do not file using Inline XBRL would continue to be required to submit their Interactive Data File as an exhibit to their filing, as they do currently and under the current timing requirements.

#### **d. Categories of Filers Subject to Inline XBRL Requirements**

The proposed Inline XBRL requirements for financial statement information would apply to all operating company filers, including smaller reporting companies (SRCs),<sup>134</sup> emerging growth companies (EGCs)<sup>135</sup> and FPIs,<sup>136</sup> that currently are required to submit financial statement information in XBRL. Similarly, the proposed Inline XBRL requirements for risk/return summary information would apply to all mutual fund filers that currently are required to submit risk/return summary information in XBRL. At this time, we are not proposing changes to the categories of filers subject to XBRL requirements or the scope of information that is subject to XBRL requirements.<sup>137</sup>

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<sup>133</sup> When the risk/return summary information XBRL requirements were adopted on February 11, 2009, all filers had approximately two years to comply (until January 1, 2011). We do not believe that a similarly extended period would be necessary for larger filers to comply with the proposed Inline XBRL requirements due to the incremental nature of the changes required for the transition to Inline XBRL compared to the initial introduction of XBRL. However, we believe that smaller mutual fund filers may on the margin benefit from the additional time to comply with the Inline XBRL requirements.

<sup>134</sup> Rule 405 under the Securities Act [17 CFR 230.405], Rule 12b-2 of the Exchange Act [17 CFR 240.12b-2] and Item 10(f) of the Regulation S-K [17 CFR 229.10(f)].

<sup>135</sup> Section 2(a)(19) of the Securities Act [15 U.S.C. 77b(a)(19)] and Section 3(a)(80) of the Exchange Act [15 U.S.C. 78c(a)(80)].

<sup>136</sup> Rule 3b-4(c) [17 CFR 240.3b-4(c)].

<sup>137</sup> When the Commission adopted the financial statement information XBRL requirements in 2009, after considering public comments, the Commission stated that a partial or complete exemption would detract from the long-term completeness and uniformity of XBRL financial information and would be inconsistent with the Commission's goal of making financial information easier for

In formulating the current proposals, we considered exempting SRCs from the Inline XBRL requirements.<sup>138</sup> As discussed below,<sup>139</sup> we do not expect Inline XBRL to significantly affect the overall costs of compliance with XBRL requirements. We expect that while filers may incur a small initial transition cost, filers also may realize reductions in ongoing costs of compliance with XBRL requirements due to the elimination of the effort associated with the creation of a separate exhibit. In addition, exempting smaller filers could result in a reduction of the aggregate data quality benefits, which would affect the usefulness of the information for investors, analysts, other users and the Commission.<sup>140</sup>

## 2. Elimination of Website Posting Requirement

The amendments we are proposing also would eliminate the existing requirement to post the Interactive Data File on the filer's website for both operating companies and mutual funds.<sup>141</sup> In the 2009 Financial Statement Information Adopting Release, the Commission stated that it thought that the website availability of the interactive data would encourage its widespread dissemination, make it easier and faster for investors to

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investors to analyze while assisting in automating regulatory filings and business information processing. We continue to believe that to be the case. *See* note 169 below. We recognize, however, that some commenters have expressed concerns about the cost of XBRL for smaller filers. *See* note 70 above. As part of our recent concept release on modernizing certain business and financial disclosure requirements in Regulation S-K, we solicited comment about whether we should eliminate or reduce any of the XBRL tagging requirements for SRCs. *See* Release No. 33-10064 (Apr. 13, 2016) [81 FR 23915] (“Regulation S-K Concept Release”).

<sup>138</sup> The Commission has recently proposed to amend the SRC definition. Under the proposed amendments, registrants with a public float of less than \$250 million and registrants with a public float of zero and annual revenues of less than \$100 million would qualify as SRCs. *See* Release No. 33-10107 (Jun. 27, 2016) [81 FR 43130], at 43134 and 43139.

<sup>139</sup> *See* Section III.C.2 below.

<sup>140</sup> *See* Section III.C.1 below. Inline XBRL may offer greater benefits to smaller filers since they tend to have more XBRL data errors. *See* Markelevich.

<sup>141</sup> *See* Rule 405(g) and General Instruction C.3(g) to Form N-1A.

collect information on a particular filer, enable search engines and other data aggregators to more quickly and cheaply aggregate the data and make them available to investors and potentially increase the reliability of data availability to the public.<sup>142</sup> However, the Commission also noted that this benefit could be limited since investors seeking to aggregate machine-readable XBRL data across companies, manually or through an automated process, may find XBRL exhibits posted on filers' websites less useful.<sup>143</sup>

Since the adoption of the website posting requirement, industry commenters have observed very limited use of XBRL data from corporate websites.<sup>144</sup> Based on our experience, we do not believe that users of XBRL data generally seek the information directly from filers' websites; rather, they obtain the data from the Commission's EDGAR system or third-party aggregators. We believe that access to XBRL data for purposes of aggregation and processing, whether by data aggregators or individual users, is most efficiently achieved when such machine-readable data is consistently organized

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<sup>142</sup> See 2009 Financial Statement Information Adopting Release, at 6791–6792. Similarly, in adopting the website posting requirement for risk/return summary information, the Commission stated that website availability of the interactive data would encourage its widespread dissemination, contributing to lower access costs for users. See 2009 Risk/Return Summary Adopting Release, footnote 263.

<sup>143</sup> See 2009 Financial Statement Information Adopting Release, at 6807. See also 2009 Risk/Return Summary Adopting Release, footnote 263 (“We believe the benefits will stem primarily from the requirement to submit interactive data to the Commission and the Commission’s disseminating that data.”).

<sup>144</sup> See, e.g., Columbia White Paper, at 21 (suggesting that none of the data users the authors surveyed reported accessing XBRL files from filers' websites).

We have not received comments or information about the extent of use by investors of XBRL risk/return summary information on mutual fund websites after the adoption of the risk/return summary information XBRL requirements. Some of the commenters on the 2008 proposal stated that the website posting requirement for risk/return summary XBRL data was unnecessary. See, e.g., Letter from T. Rowe Price Associates, Inc. (Aug. 1, 2008), available at <http://www.sec.gov/comments/s7-12-08/s71208-15.pdf>; Letter from Investment Company Institute (Aug. 1, 2008), available at <http://www.sec.gov/comments/s7-12-08/s71208-13.pdf>; Letter from L. A. Schnase (Jul. 25, 2008), available at <http://www.sec.gov/comments/s7-12-08/s71208-7.pdf> (Schnase Letter). See also 2009 Risk/Return Summary Adopting Release, at 7755.

(e.g., with respect to directory structure) and made available at a single source. We further believe that, based on our experience since we adopted the website posting requirement in 2009, potential data users can obtain sufficiently reliable access to XBRL data through EDGAR and do not need the backup of a website posting on a filer's website to access the XBRL data. Thus, we do not expect data users to incur significant costs from the elimination of the requirement to post the XBRL data on filers' websites. We expect filers to recognize a modest benefit from the elimination of this requirement, as discussed in greater detail below.<sup>145</sup>

### **3. Termination of the 2005 XBRL Voluntary Program**

Finally, we propose to terminate the 2005 XBRL Voluntary Program for financial statement information interactive data.<sup>146</sup> Subsequent to the adoption of the interactive data requirements for financial statement information for operating companies in 2009, the only filers that remain eligible for the program are registered investment companies, business development companies, and entities that report under the Exchange Act and prepare their financial statements in accordance with Article 6 of Regulation S-X. The 2005 XBRL Voluntary Program is used very infrequently and thus, we do not believe that its continued existence would provide significant benefits.

### **4. Proposed Technical Amendments**

We are proposing to make certain technical, conforming changes to the rules for hardship exemptions, current public information under Rule 144(c)(1) of the Securities Act and form eligibility, consistent with the proposed changes in format to the Interactive

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<sup>145</sup> See Section III.C.1 below.

<sup>146</sup> See Rule 401 of Regulation S-T.

Data File and elimination of the website posting requirement. We propose to delete the definition of “promptly” from Rule 11 because it was only used in Rule 406T, which has expired, and references to Forms S-2 and F-2 because the forms have been eliminated.

## **5. Request for Comment**

We request and encourage any interested person to submit comments regarding the proposed amendments, specific issues discussed in this release and other matters that may have an effect on the proposed amendments. We request comment from the point of view of filers, filing agents, and software vendors as well as investors, other market participants, data aggregators, and other data users. With regard to any comments, we note that such comments are of particular assistance to us if accompanied by supporting data and analysis of the issues addressed in those comments. Commenters are urged to be as specific as possible.

1. Should operating companies be required to submit financial statement information using Inline XBRL, as proposed? Why or why not?
2. Should mutual funds be required to submit risk/return summary information using Inline XBRL, as proposed? Why or why not? In this regard, do mutual funds present different issues and considerations from operating companies? If so, how?
3. The Inline XBRL Viewer is now freely available as an open source application.<sup>147</sup> What future enhancements to the Inline Viewer would help to improve data quality or facilitate the implementation of Inline XBRL?

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<sup>147</sup> See <http://arelle.org/2016/03/08/edgar-update/> (retrieved Sep. 20, 2016).

4. Would requiring the submission of information in Inline XBRL affect the quality and use of XBRL interactive data? If so, in what way?
5. Is the Inline XBRL technology sufficiently developed to require its use in Commission filings?
6. To what extent can filing agents and software vendors currently provide filers with the Inline XBRL functionality? For those filing agents and vendors that cannot currently provide this functionality, can it be readily developed in the future?
7. Are vendors likely to develop and make commercially available software applications or Internet products that would extract and/or analyze XBRL data from submissions in Inline XBRL?
8. Should any category of filers that is presently subject to financial statement information XBRL requirements, such as SRCs or EGCs, be exempt from the Inline XBRL requirements? Why or why not? If we were to exempt any such filers from the Inline XBRL requirements, should they be permitted to voluntarily submit their interactive data in the Inline XBRL format? What are the costs to investors, other market participants, and other data users, for instance, due to lower data quality, associated with exempting such filers from the Inline XBRL requirements?
9. Should we adopt a phase-in schedule for the implementation of Inline XBRL for operating company financial statement information, as proposed? Why or why not? Would the proposed phase-in schedule for the submission of financial statement information in Inline XBRL allow sufficient time for

vendors and filers to develop and efficiently apply the Inline XBRL technology? If not, what schedule would better provide for this? Are there other factors, besides filer size and accounting principles used, that we should consider for purposes of a phase-in schedule for operating companies?

10. Would the proposed Inline XBRL requirements impose significant costs on ASCII filers? Why or why not?
11. In the case of post-effective amendment filings made pursuant to paragraphs (b)(1)(i), (ii), (v), or (vii) of Rule 485 under the Securities Act, should we, as proposed, permit mutual funds to submit interactive data information concurrently with the related filing? Why or why not? For example, is there a risk that investors may be confused by interactive data information that is filed before effectiveness of the related filing? Should we permit concurrent submission with filings made pursuant to other paragraphs of Rule 485? Conversely, should we not permit concurrent submission with filings made pursuant to one or more of paragraphs (b)(1)(i), (ii), (v), or (vii)? Should we also permit mutual funds to submit interactive data information concurrently with the related filing in the case of initial registration statements and post-effective amendments made pursuant to other paragraphs of Rule 485? Why or why not? Should we instead maintain the current requirement that Interactive Data Files be submitted in a subsequent amendment to the initial registration statement or any post-effective amendment? Why or why not?
12. We are proposing to eliminate the 15 business day filing period currently accorded to all mutual fund filings containing risk/return summaries,

including initial registration statements, post-effective amendments, and forms of prospectuses filed pursuant to paragraphs (c) and (e) of Rule 497. Should we instead maintain some filing period after the related filing is made? Why or why not? If we maintain a filing period after the related filing is made, is the current period of 15 business days an appropriate time period for mutual funds to submit the interactive data, or should the time period be shorter or longer (*e.g.*, 1 day, 5 days, 10 days, 20 days, 30 days)? Are there costs or other burdens that may be incurred by filers if the current 15 business day filing period is eliminated?

13. We are proposing that for post-effective amendments filed pursuant to paragraphs (b)(1)(i), (ii), (v), or (vii) of Rule 485, Interactive Data Files must be submitted either concurrently with the filing or in a subsequent amendment that is filed on or before the date that the post-effective amendment that contains the related information becomes effective. Should we instead require that the Interactive Data Files be filed concurrently with the filing? Why or why not? Are there instances in which mutual fund filers would prefer to submit the Interactive Data File in a subsequent amendment? For example, in post-effective amendment filings designating a future effective date, would filers be more likely to submit the Interactive Data File concurrently with the filing or in a subsequent amendment? Should we extend the proposed filing requirements described above to filings made pursuant to other paragraphs of Rule 485? Instead, should different filing requirements extend to filings made pursuant to one or more of paragraphs (b)(1)(i), (ii), (v), or (vii)?



14. Would the proposed phase-in schedule for the submission of risk/return summary information in Inline XBRL allow sufficient time for vendors and filers to develop and efficiently apply the Inline XBRL technology? Is a threshold of \$1 billion based on the net assets of mutual funds together with other investment companies in the same “group of related investment companies” as of the end of the most recent fiscal year appropriate? Should the threshold include aggregation of net assets with other investment companies in the same “group of related investment companies”? Why or why not? In lieu of “group of related investment companies,” should aggregation be based on a different set of related companies? For example, should aggregate assets be based on “family of investment companies,” as such term defined in instruction 1(a) to Item 17 of Form N-1A or “fund complex” as defined in instruction 1(b) to Item 17 of Form N-1A? Should we require administrator-sponsored funds to aggregate assets for purposes of this threshold regardless of whether the individual funds (or series thereof) do not hold themselves out to investors as related companies for purposes of investment and investor services? Why or why not?
15. Does the proposed phase-in schedule provide sufficient time for compliance for larger mutual fund filers? If not, what length of time would be appropriate for compliance? Is our 12-month extension of the compliance period for smaller entities appropriate? If not, what length of time would be appropriate for the extension of the compliance period for smaller entities?

16. To what extent do investors and other users of risk/return summary information find tagged risk/return summary information useful for analytical purposes? Is tagged risk/return summary information that is narrative, rather than numerical, useful as an analytical tool?
17. Are any other amendments necessary or appropriate to require the submission of financial statement and risk/return summary information in Inline XBRL? If so, what are they?
18. Should we eliminate the requirement to post financial statement information in XBRL on corporate filer websites, as proposed? Would operating company filers benefit from the elimination of the XBRL website posting requirement? To what extent do operating company investors access financial statement information XBRL data on filer websites? Would eliminating the requirement impede their efforts to access the information? Why or why not?
19. Should we eliminate the XBRL website posting requirement for risk/return summary information, as proposed? Would mutual fund filers benefit from the elimination of the XBRL website posting requirement? To what extent do mutual fund investors access risk/return summary XBRL data on mutual fund websites? Please provide any related data. Would eliminating the website posting requirement impede mutual fund investor efforts to access the information? Why or why not?
20. In what ways might the Commission enhance the access to Inline XBRL data submitted by filers?

21. Should the Commission terminate the 2005 XBRL Voluntary Program, as proposed? Why or why not?
22. Should the Commission consider rulemaking to require other types of information to be submitted in the Inline XBRL format? If so, what other types of information would be suitable for the Inline XBRL format and why? Are there other means of embedding structured data into the human-readable format of filings that we should consider?

### **C. Potential Economic Effects of the Proposed Amendments**

We are mindful of the costs imposed by and the benefits obtained from our rules. Securities Act Section 2(b),<sup>148</sup> Exchange Act Section 3(f)<sup>149</sup> and Investment Company Act Section 2(c)<sup>150</sup> require us, when engaging in rulemaking that requires us to consider or determine whether an action is necessary or appropriate in the public interest, to consider, in addition to the protection of investors, whether the action will promote efficiency, competition and capital formation. Additionally, Exchange Act Section 23(a)(2) requires us, when adopting rules under the Exchange Act, to consider the impact that any new rule would have on competition and not to adopt any rule that would impose a burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act.<sup>151</sup>

The proposed amendments aim to increase the efficiency and lower the cost of compliance with the existing XBRL requirements applicable to operating companies and

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<sup>148</sup> 15 U.S.C. 77b(b).

<sup>149</sup> 15 U.S.C. 78c(f).

<sup>150</sup> 15 U.S.C. 80a-2(c).

<sup>151</sup> 15 U.S.C. 78w(a)(2).

mutual funds through process improvements associated with Inline XBRL, thereby potentially improving the quality of XBRL data available to users. The discussion below addresses the potential economic effects of the proposed amendments, including their likely costs and benefits as well as the likely effects of the proposed amendments on efficiency, competition and capital formation, relative to the economic baseline, which is comprised of XBRL practices in existence today.<sup>152</sup>

At the outset, we note that, where possible, we have attempted to quantify the costs and benefits expected to result from the proposed amendments to the XBRL requirements. However, in some cases we have been unable to quantify the economic effects because we lack the information necessary to provide a reasonable estimate. For example, it is difficult to assess the extent to which the transition to Inline XBRL would result in an initial cost of switching, future savings of XBRL preparation cost and time or potential decreases in the incidence of XBRL data errors. Similarly, it is difficult to quantify the extent to which Inline XBRL would enhance the quality of XBRL data and, if so, whether it would increase XBRL data use. We encourage commenters to provide data that may be relevant for quantifying these impacts.

As operating company filers begin to use Inline XBRL on a voluntary basis pursuant to our recently issued Exemptive Order,<sup>153</sup> we expect to be able to obtain additional information about the effects of Inline XBRL on the quality of XBRL data submitted by filers as well as any reduction in preparation time or costs. We encourage such voluntary filers to provide us information and data from their experiences.

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<sup>152</sup> See Section II.B above.

<sup>153</sup> See note 58 above.

Voluntary transition to Inline XBRL could accelerate the economic effects of Inline XBRL and allow filers that are able to file in Inline XBRL or that rely on service providers that already have or are close to developing Inline XBRL capability to realize the benefits of Inline XBRL sooner. The expertise gained by software vendors and filing agents from a voluntary transition to Inline XBRL may facilitate the transition to Inline XBRL by subsequent adopters. Filer demand for Inline XBRL filing under the voluntary program pursuant to the Exemptive Order may also lead filing agents and software vendors to accelerate the development of Inline XBRL filing solutions and accumulate associated expertise, which could potentially lower initial costs per filer should the proposal for mandatory Inline XBRL filing be adopted.

## **1. Benefits**

We believe that filing information with Inline XBRL has the potential to provide a number of benefits to both filers and users of this information. In particular, we believe that the use of Inline XBRL may reduce the time and effort associated with preparing XBRL filings, simplify the review process for filers, and improve the quality of structured data and, by improving data quality, increase the use of XBRL data by investors, other market participants, and other data users.<sup>154</sup>

Embedding XBRL data in an HTML document rather than tagging a copy of the data to create a separate XBRL exhibit should increase the efficiency and effectiveness

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<sup>154</sup> See Letter from CFA Institute (Oct. 6, 2016), *available at* <http://www.sec.gov/comments/s7-06-16/s70616-375.pdf>; IAC Recommendations (recommending consideration of the use of Inline XBRL to promote standardization and facilitate recovery of data filed with the Commission); IAC Letter (recommending accelerated development and implementation of Inline XBRL); Letter from California State Teachers' Retirement System (Jul. 21, 2016), *available at* <http://www.sec.gov/comments/s7-06-16/s70616-226.pdf> (stating that the development and implementation of technology such as Inline XBRL should be accelerated "to provide needed information in a format where investors can drill-down and contrast peer information through robust technology"). See also notes 155 and 162 below.

of the filing preparation process and, by saving time and effort spent on the filing process, may, over time, reduce the cost of compliance with existing XBRL requirements. Commenters and other sources have noted these potential benefits of Inline XBRL both in the operating company context<sup>155</sup> and in the mutual fund context.<sup>156</sup>

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<sup>155</sup> See XBRL US Letter 1 (stating that “In-line XBRL would reduce filing costs for US companies because they would be required to file only one document—not two...[and] would also eliminate the translation risk companies bear preparing two documents reporting the same information”); XBRL US Letter 2 (stating that the current process of submitting both an HTML and XBRL version of financial statement information results in companies filing duplicated data and that the burden on reporting entities can be further reduced by leveraging Inline XBRL technology, which combines an HTML and an XBRL file into a single document); XBRL US Letter 3 (stating that “the disclosure process overall will be further streamlined now that the SEC allows the use of inline XBRL, which eliminates the need to create duplicate versions of the filing”); Letter from XBRL US to Members of the U.S. House of Representatives (Feb. 3, 2016), *available at* <http://xbrl.us/wp-content/uploads/2016/02/XBRL-US-Letter-to-U-S-House-of-Representatives-2-3-16.pdf> (stating that “[I]nline XBRL will enable companies to streamline their current process significantly, further reducing the cost of disclosure...and would also improve the efficiency and effectiveness of the current SEC reporting program”); Data Coalition Letter 2 (stating that Inline XBRL “reduces the danger that the registrant will file a correct number in a document but misplace a decimal point or flip a negative sign in the corresponding structured data” and that Inline XBRL is a “significant step toward better quality and predictability”); Letter from Pfizer (Dec. 7, 2015), *available at* <http://www.sec.gov/comments/s7-20-15/s72015-44.pdf> (observing that duplication due to the current requirement that both the HTML and XBRL document be filed is not beneficial to investors or registrants and recommending that the Commission avoid imposing certain of the existing machine-readable filing requirements that result in unnecessary duplication); ABA Letter (referencing “unnecessary duplication” in the current data tagging framework). See also XBRL White Paper, at 4 (discussing the ease of assessing XBRL tags in an Inline XBRL document); Kamile Asli Basoglu, Clinton E. (Skip) White, Jr. (2015) Inline XBRL versus XBRL for SEC Reporting, *Journal of Emerging Technologies in Accounting*, Volume 12, Issue 1, pp. 189–199 (discussing the technical advantages of Inline XBRL).

<sup>156</sup> While we are not aware of comment letters or data from other sources specifically addressing Inline XBRL in the context of mutual fund risk/return summary information after the adoption of the risk/return summary information XBRL requirements in 2009, we note that, in the context of the 2008 risk/return summary information proposal, one commenter stated that “XBRL tags can be embedded seamlessly in the body of the official traditional filing—or the entire filing can be formatted in XBRL—so that funds will not have to create and bear potential liability for stand-alone submissions containing only XBRL data taken out of context, or have to grapple with portions of their information being required in 2 or 3 different formats” and that many of the added costs of the XBRL requirement for risk/return summary information “stem from the fact that the tagged data will appear in a separately created document, rather than embedded seamlessly into the traditional Related Official Filing.” The commenter also acknowledged that, at the time, “there may be technological obstacles to embedded tagging.” See Schnase Letter. Another commenter stated that “[w]ith respect to the integration of XBRL tagging with HTML, this technology has not yet been fully developed and it would be premature to propose such.” See Letter from Data Communiqué (Jul. 31, 2008), *available at* <http://www.sec.gov/comments/s7-12-08/s71208-11.pdf>. As discussed above, we believe that current XBRL embedding technology now is sufficiently developed to propose requiring its use in submitting information to the Commission.

Inline XBRL eliminates the need to create a separate XBRL instance document, which can reduce the incidence of those re-keying errors that are associated with the presence of separate documents.<sup>157</sup> Inline XBRL also makes it possible for filers or filing agents to view XBRL meta data<sup>158</sup> within the HTML document, which can facilitate the review of XBRL data and better equip filers to detect XBRL errors. Further, filers or filing agents can use tools like the open source Inline XBRL Viewer to review the Interactive Data File and more efficiently filter and identify errors. Thus, by facilitating the preparation and review of XBRL data, Inline XBRL can decrease the overall time and cost required by filers to comply with the existing XBRL requirements.

We expect the benefit of savings in ongoing XBRL preparation and filing costs due to Inline XBRL to be smaller for filers that presently rely on the integrated XBRL preparation approach, which generally involves fewer re-keying issues. To the extent that the integrated XBRL preparation approach is more prevalent among mutual fund filers than operating companies, such filers may realize smaller benefits. However, filers that use the integrated XBRL preparation approach may nonetheless realize incremental time savings and/or efficiencies in the filing process from Inline XBRL.<sup>159</sup> Additionally, those filers that currently choose XBRL tags so that the data looks similar to the HTML document when rendered by software into a human-readable presentation would have

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<sup>157</sup> See Section III.A above.

<sup>158</sup> Such meta data include, for example, definitions, reporting period information, data type and related references.

<sup>159</sup> Software vendors and filing agents that currently use the integrated XBRL preparation approach, combining the processes of creating interactive data tags and an HTML document, cannot presently take full advantage of the resulting efficiency because of current requirements. At present, filing agents and/or filers that use integrated XBRL solutions must expend the effort, albeit minimal, to split out the interactive data and save it to a separate instance document for filing.

less of an incentive to do so because Inline XBRL would embed XBRL tags into the HTML document. This may result in higher-quality tagged data at a lower cost.

While we are currently unable to quantify these potential gains in the effectiveness and efficiency of the filing preparation process and the resulting reductions in the ongoing cost of compliance with the XBRL requirements, we believe that the experience of operating company filers using Inline XBRL under the voluntary program pursuant to the Exemptive Order may help provide useful information and data that will help inform any final decision on the proposed rules.<sup>160</sup> We are also requesting comment on the anticipated effects of adopting Inline XBRL on the efficiency of the XBRL filing process.<sup>161</sup>

The use of Inline XBRL may also improve XBRL data quality.<sup>162</sup> When XBRL is embedded directly into the HTML document, the filer prepares and reviews a single document, rather than separate documents—as is the case with the current reporting requirement—which should enable a reduction in data errors, particularly for those filers that currently use the standalone XBRL preparation approach.<sup>163</sup> Further, filers or filing agents can use review tools like the open source Inline XBRL Viewer to more readily filter and identify errors. To the extent that Inline XBRL technology can reduce the rate

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<sup>160</sup> We recognize that the experience of operating companies that elect to file in Inline XBRL pursuant to the Exemptive Order may not be fully representative of all operating company filers or of mutual fund filers.

<sup>161</sup> See Section III.C.5 below.

<sup>162</sup> See Columbia White Paper, at 42 and footnote 48 (arguing that one way to help improve the quality of XBRL data, as well as to make the data more useful and accessible to users, is "for issuers to move to 'Inline XBRL' which ensures that XBRL and HTML data are the same, and which can ease the preparation burden for filers"). See also IAC Recommendations (suggesting that the use of Inline XBRL be considered as one of the means to promote standardization and facilitate recovery of data by investors).

<sup>163</sup> See note 83 above.



of XBRL errors that are not detected by filers with the current XBRL filing practices and technology, Inline XBRL could incrementally improve XBRL data quality and thus potentially benefit data users.<sup>164</sup> Additionally, since Inline XBRL filers would have less of an incentive to create custom XBRL tags solely to mimic the appearance of an HTML filing, Inline XBRL could increase the ability of investors, other market participants, and other data users to compare information across filers for those filers that currently engage in such tagging practices.<sup>165</sup> Due to greater standardization of presentation of mutual fund risk/return summary XBRL information, we do not expect the latter benefit of Inline XBRL to extend to mutual fund risk/return summaries.

To the extent that Inline XBRL might improve data quality, it may contribute to wider use of XBRL data by investors, other market participants, and other data users and may enhance the benefits that are associated with XBRL more generally for filers that presently submit interactive data using the XBRL format. In the 2009 Financial Statement Information Adopting Release, the Commission stated that requiring filers to submit their financial statement information in XBRL would enable investors, analysts

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<sup>164</sup> Existing format requirements for Interactive Data Files include the element accuracy requirement, which provides that each data element (*i.e.*, all text, line item names, monetary values, percentages, numbers, dates and other labels) contained in the Interactive Data File must reflect the same information in the corresponding data in the Related Official Filing. *See* Rule 405(c)(1)(i) of Regulation S-T.

We also note that the incremental effects of Inline XBRL on the reduction in XBRL errors would be smaller if other initiatives result in a reduction in XBRL data errors. For example, the XBRL US Data Quality Committee has published validation rules to help public companies detect inconsistencies or errors in their XBRL-formatted financial data, such as incorrect negative values, improper relationships between elements and incorrect dates associated with certain data. *See* <http://xbrl.us/data-quality/rules-guidance/>. *See also* XBRL US Letter 3 (stating that the “XBRL US Data Quality Committee is developing a Framework for Element Selection and Extension Use to help issuers make decisions that will improve the consistency of reported data”). *See also* note 80 above.

<sup>165</sup> *See* notes 84, 85 and 93 and accompanying text above. Inline XBRL filers may still use custom tags to represent certain company-specific data.

and the Commission staff to capture and analyze that information more quickly and at a lower cost; enable investors and others to search and analyze the financial information dynamically; and facilitate comparison of financial and business performance across filers, reporting periods and industries.<sup>166</sup> The 2009 Financial Statement Information Adopting Release also referenced potential gains in the efficiency of capital formation and allocation, suggesting that, if interactive data, through increased availability or reduced cost of collecting and analyzing corporate financial data, were to reduce the information barriers faced by investors, which make it costly for companies to find appropriate sources of finance, it would lower the cost of capital and increase the efficiency of capital formation, particularly for smaller public companies.<sup>167</sup> Similarly, in the 2009 Risk/Return Summary Adopting Release, we noted that requiring mutual funds to file their risk/return summary information using the interactive data format would enable investors, third-party information providers and the Commission staff to capture and analyze that information more quickly and at a lower cost than is possible using the same information provided in a static format, facilitate comparisons of mutual fund costs, performance and other information across classes of securities and across funds and help investors make more well-informed investment decisions.<sup>168</sup> Thus, to the extent that Inline XBRL contributes to an increase in XBRL data quality and XBRL data use by investors, other market participants, and other data users, it could potentially increase the informational efficiency of prices and the efficiency of capital formation and allocation and potentially decrease the cost of capital.

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<sup>166</sup> See 2009 Financial Statement Information Adopting Release, at 6777.

<sup>167</sup> See 2009 Financial Statement Information Adopting Release, at 6807–6808.

<sup>168</sup> See 2009 Risk/Return Summary Adopting Release, at 7766–7768.

Based on our experience with XBRL so far, we believe that the XBRL requirements are providing these benefits,<sup>169</sup> including to smaller filers. The realization

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<sup>169</sup> For academic research on the benefits of XBRL, *see, e.g.*, Yi Dong, Oliver Zhen Li, Yupeng Lin, and Chenkai Ni (2016) Does information processing cost affect firm-specific information acquisition? Evidence from XBRL adoption, *Journal of Financial and Quantitative Analysis*, Volume 51, Issue 2, pp. 435–462; Chunhui Liu, Tawei Wang, and Lee J. Yao (2014) XBRL’s impact on analyst forecast behavior: An empirical study, *Journal of Accounting and Public Policy*, Volume 33, Issue 1, pp. 69–82; Kosal Ly (2012) Extensible Business Reporting Language for Financial Reporting (XBRL-FR) and financial analysts’ activity: early evidence, *Academy of Accounting and Financial Studies Journal*, Volume 16, Issue 2, pp. 25–44; Yu Cong, Jia Hao, and Lin Zou (2014) The impact of XBRL reporting on market efficiency, *Journal of Information Systems*, Volume 28, Issue 2, pp. 181–207; Lizhong Hao and Mark J. Kohlbeck (2013) The market impact of mandatory interactive data: Evidence from bank regulatory XBRL filings, *Journal of Emerging Technologies in Accounting*, Volume 10, Issue 1, pp. 41–62; Ariel Markelevich, Tracey Riley, and Lewis Shaw (2015) Towards harmonizing reporting standards and communication of international financial information: The status and the role of IFRS and XBRL, *Journal of Knowledge Globalization* Volume 8, Issue 2; Elizabeth Blankespoor (2012) The impact of investor information processing costs on firm disclosure choice: evidence from the XBRL mandate, working paper, available at [http://fisher.osu.edu/supplements/10/11702/Job%20Market%20Paper\\_Blakespoor\\_12-4-11\(2\).pdf](http://fisher.osu.edu/supplements/10/11702/Job%20Market%20Paper_Blakespoor_12-4-11(2).pdf) (retrieved Aug. 30, 2016); Jeff Zeyun Chen, Hyun A. Hong, Jeong-Bon Kim, and Ji Woo Ryou (2016) Information processing costs and corporate tax aggressiveness: Evidence from the SEC’s XBRL mandate, working paper, available at [http://ssrn.com/abstract\\_id=2754427](http://ssrn.com/abstract_id=2754427) (retrieved Aug. 30, 2016) (relating the reduction in information processing costs associated with XBRL to a decrease in tax avoidance). *But see* Elizabeth Blankespoor, Brian P. Miller, and Hal White (2014) Initial evidence on the market impact of the XBRL mandate, *Review of Accounting Studies*, Volume 19, Issue 4, pp. 1468–1503. *See also* Singh (discussing the benefits of structured disclosure for filers, investors, and other data users; stating that “costs (or savings) and benefits realized are largely dependent on how financial executives view XBRL mandates: narrowly, as a simple compliance requirement, or more broadly, as a business reporting supply chain standardization opportunity to streamline and cost effectively enhance a broad range of compliance processes...SMEs [small and medium-sized enterprises] should balance the cost of tagging against the cost of capital. XBRL filings make the financial information of SMEs more accessible to investors and lead to a reduction in the cost of capital”) and Arif Perdana, Alastair Robb, and Fiona Rohde (2015) An integrative review and synthesis of XBRL research in academic journals, *Journal of Information Systems*, Volume 29, Issue 1, pp. 115–153 (surveying academic research on XBRL).

Several commenters also have addressed the benefits of XBRL. *See, e.g.*, XBRL US Letter 3 (stating that “[t]he benefits of standardized financials for companies—regardless of size—are significant in terms of faster delivery of comparable data to market and greater usability,” and “[d]ata providers can process XBRL-formatted data much more quickly and inexpensively than traditional data types”); Data Coalition Letter 2 (stating that “[f]or structured data to be most effective for regulators and investors, it is important to have a complete data set for all reporting entities”); Letter from Merrill Corporation (Jul. 19, 2016), available at <http://www.sec.gov/comments/s7-06-16/s70616-153.pdf> (stating that the tagging requirement should be the same for all registrants); Letter from New York State Society of CPAs (Jul. 19, 2016), available at <http://www.sec.gov/comments/s7-06-16/s70616-150.pdf> (stating that, if any companies are exempt from using XBRL, their reports would not be readily comparable to other reports, thereby leading investors to assign a greater risk profile to these companies); Letter from Morningstar (Jul. 20, 2016), available at <http://www.sec.gov/comments/s7-06-16/s70616-179.pdf>; Letter from CFA Institute (Mar. 2, 2016), available at <http://www.sec.gov/comments/s7-20->

of these benefits of XBRL is conditional on the quality and use of interactive data. Thus, to the extent that Inline XBRL results in an improvement in XBRL data quality and in increased use of XBRL data, we expect that these benefits would be enhanced. We note, however, that because the proposed Inline XBRL requirements would not modify the scope and substance of existing XBRL requirements or the categories of filers subject to the requirements, both the improvement in data quality due to Inline XBRL and the associated economic benefits that are incremental to Inline XBRL likely would be smaller than the benefits of the XBRL requirements more generally. To the extent that risk/return summary XBRL data might be associated with fewer data quality issues, the data quality benefits incremental to Inline XBRL might be smaller for risk/return summary information than for financial statement information.

While we lack the ability to quantify the incremental contribution of Inline XBRL to potential increases in the use of XBRL data and the broader benefits of XBRL, we anticipate that the contribution would depend on several factors, including the extent of XBRL data quality improvements following the transition to Inline XBRL, changes in the extent of reliance by investors, other market participants, and other data users on XBRL data and technological innovation in XBRL preparation and analytics solutions.

Inline XBRL also could enhance how users view XBRL data related to Commission disclosures. With Inline XBRL, the EDGAR system would enable users to view information about the reported XBRL data embedded in Inline XBRL filings on the

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[15/s72015-50.pdf](#) (stating that the expanded use of XBRL is an opportunity to leverage data, enhance analysis, and facilitate company comparisons); Letter from AFSCME (Jul. 21, 2016), available at <http://www.sec.gov/comments/s7-06-16/s70616-269.pdf> (stating that “data-tagging facilitates more accurate, less costly extraction and use of information, creating more usable disclosure”).

Commission's website, using any recent standard Internet browser, without the need to access a separate document. With this feature, when a user views a filing submitted with Inline XBRL on EDGAR, the user would be able to see tags and the related meta data while viewing the HTML filing. The software enabling this feature has been made freely available in an effort to facilitate the creation of cost effective Inline XBRL viewers and analytical products.<sup>170</sup> The aggregate benefit to data users associated with Inline XBRL would depend on the current level of XBRL data use,<sup>171</sup> the potential increase in XBRL data use following the transition to Inline XBRL and the data quality gains associated with Inline XBRL.

The proposed elimination of the website posting requirement is expected to yield cost savings. For purposes of the Paperwork Reduction Act, we estimate that the elimination of the website posting requirement would result in the average reduction in the annual internal burden of approximately four hours per filer for operating companies and approximately one hour per filing for mutual funds.<sup>172</sup>

## **2. Costs**

The proposed requirement to adopt Inline XBRL would result in costs for filers, XBRL preparation software vendors, filing agents and data users.

### **a. Filers**

We expect that changes to the XBRL requirements would affect filers.<sup>173</sup> The proposed Inline XBRL requirements could result in an initial increase in compliance

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<sup>170</sup> See <http://www.sec.gov/structureddata/edgarvalandrender>.

<sup>171</sup> See note 78 above.

<sup>172</sup> See Section V.B.1 below.

<sup>173</sup> See Section II.B.1 above for estimates of the number of filers.

costs for filers associated with the transition to Inline XBRL technology. Filers could switch to Inline XBRL either by using Inline XBRL enabled preparation software that they develop or license or by obtaining Inline XBRL preparation services from a third-party service provider (filing agent). Filers that prepare XBRL filings in-house would need to replace or update their XBRL preparation software with versions that include Inline XBRL features and capabilities. Filers that rely on filing agents for XBRL preparation may also incur an incremental cost of Inline XBRL upgrades (to the extent that the cost incurred by filing agents is passed on to filers).<sup>174</sup> Filers also may incur an internal cost to train their personnel to use Inline XBRL and to comply with the Inline XBRL requirements.

Filers that use software that is already enabled for Inline XBRL or that can readily be modified to accommodate the Inline XBRL format and filers that use filing agents that use such software, are expected to incur a minimal initial cost.<sup>175</sup> We expect the cost to be lower for filers and filing agents that presently rely on integrated XBRL filing solutions, which can more easily accommodate the use of Inline XBRL. With such software solutions, filing in Inline XBRL could require only a very minor adjustment to the filing process, similar to choosing the format in which the file would be saved out of several available formats. Due to greater reliance of mutual fund filers on integrated XBRL filing solutions and a higher level of automation of the XBRL preparation process, we expect the majority of mutual fund filers to incur a minimal initial economic cost of

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<sup>174</sup> We expect this cost to be lower if there is more competition among filing agents and software vendors that offer Inline XBRL capabilities.

<sup>175</sup> See note 95 above.

adopting Inline XBRL.<sup>176</sup> Although we recognize the likelihood of somewhat greater initial costs being incurred by filers that do not use such software or such filing agents, we believe that, as a general matter, the initial economic cost due to the transition to Inline XBRL technology would be small. In particular, we expect this to be the case because the rules we are proposing today do not modify the substance of the XBRL requirements, and thus, do not affect the process of selecting tags from the taxonomy for the required disclosures (the disclosure mapping process that precedes the creation of the XBRL submission and accounts for the overwhelming majority of the XBRL preparation time and cost). The creation of the Inline XBRL document would occur after the mapping of company disclosures to the taxonomy is completed and would consist largely of a software function, which could include a broad range of file formats (*e.g.*, HTML, PDF, XBRL, Inline XBRL, etc.).

Filers that currently prepare the Related Official Filing in the ASCII format may incur additional costs unless they already have switched to HTML to comply with the amendments adopted in the Hyperlinks Adopting Release. In particular, those filers would need to switch to the HTML format because Inline XBRL cannot be used with ASCII filings. We expect that the majority of filers would not be affected by this change.<sup>177</sup> We do not expect the costs of switching to HTML to be significant given that the cost of software with built-in HTML features is minimal, although we recognize that any fixed costs would have a greater effect on smaller entities. Overall, given the

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<sup>176</sup> See Section II.B.1 above.

<sup>177</sup> See note 36 above. Smaller filers are more likely to file in ASCII, based on staff analysis of EDGAR filings by operating company filers.

minimal costs involved, we expect that this requirement would not have significant competitive effects for filers.

While we expect that filers would continue to incur ongoing costs of compliance with the XBRL requirements,<sup>178</sup> we do not expect these ongoing costs to increase due to Inline XBRL. Overall, for most filers, we anticipate that the transition to Inline XBRL might, over time, somewhat reduce the ongoing cost of compliance with the XBRL requirements due to the removal of the requirement to create a separate instance document.

We note that some filers may incur an increased burden if their filings contain a major technical error in the XBRL data. In particular, currently, when there is a major technical error with XBRL data submitted in an exhibit, the EDGAR validation system causes the exhibit to be removed from the submission, but the submission as a whole is not suspended.<sup>179</sup> With Inline XBRL, the EDGAR validation system would suspend an Inline XBRL filing that contains a major technical error in embedded XBRL data, which would require the filing to be revised before it could be accepted by EDGAR. Based on staff observations, very few XBRL exhibits are suspended, in part, because filers and filing agents routinely use tools the Commission makes available to submit test filings to help identify and correct technical errors prior to EDGAR filing. Similar tools to submit test filings would be available to Inline XBRL filers. Because we expect that Inline

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<sup>178</sup> See 2009 Financial Statement Information Adopting Release, at 6800–6802, 6804–6806; 2009 Risk/Return Summary Adopting Release, at 7763–7766, 7768–7770.

<sup>179</sup> During filing and validation, the EDGAR Renderer creates error and warning messages when issues with the XBRL data are identified. Certain errors would result in the XBRL exhibits being “stripped” from a filing, although the rest of the filing is accepted in EDGAR. For information about the effect of error and warning messages displayed during EDGAR filing, see Question A.3 of OSD FAQs.



XBRL filers would utilize available tools to submit test filings to identify and correct any technical errors prior to EDGAR filing, we believe that such suspensions should be similarly rare for Inline XBRL filers.

Since Inline XBRL would involve embedding tags into the filing itself and since most funds already use integrated XBRL preparation solutions, as discussed above, we propose to eliminate the 15 business day filing period and require that risk/return summary information in XBRL be submitted on or before the date the registration statement or post-effective amendment to it under Rule 485 containing the related information becomes effective. We also propose to eliminate the 15 business day filing period currently provided to mutual funds to file the required XBRL exhibit after the filing of the related form of prospectus under Rule 497(c) or (e). The increased timeliness of the availability of risk/return summary information from such filings in the XBRL format is expected to benefit investors, other market participants, and other data users by reducing the time required to obtain risk/return summary information in a structured format that can facilitate analysis and comparisons across funds.

At the same time, we recognize that more timely availability of free risk/return summary information in XBRL may reduce demand for some subscription products and services of mutual fund data aggregators, to the extent that their value added is reduced by the timely availability of free XBRL information. We further recognize that eliminating the 15-day period would eliminate the flexibility with respect to the timing of the preparation and review of XBRL data that is presently afforded to mutual fund filers, most of which currently submit XBRL data after the post-effective amendment or form of prospectus to which it relates, and potentially increase ongoing XBRL compliance costs

for mutual fund filers and their filing agents (that may pass these costs on to filers). We lack data to quantify the anticipated cost increase, but expect that any such increase would be partially mitigated by the relatively high degree of integration and automation in mutual fund XBRL preparation, the technological improvements in XBRL preparation since the effectiveness of the 2009 requirements, and the efficiencies due to embedding tags into the filing. However, we solicit comment from filers, filing agents, and data users on the anticipated economic costs and benefits of this proposed change.

For post-effective amendments to registration statements under Rule 485(b)(1)(i), (ii), (v), or (vii),<sup>180</sup> we propose to permit filers to submit XBRL concurrently with the filing. The proposed change would eliminate the requirement to make a second filing that solely contains the required XBRL exhibit for such post-effective amendments. The proposed change would enable filers to fully realize efficiency gains in XBRL preparation due to embedding XBRL into the filing and potentially decrease overall preparation and filing costs associated with the submission of a second post-effective amendment.

We do not anticipate any change in filer costs relative to the baseline with respect to officer certifications or auditor assurance.<sup>181</sup>

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<sup>180</sup> As discussed above, in our experience, filings under Rule 485(b)(1)(i), (ii),(v), or (vii) and Rule 497(c) or (e) generally are not subject to revision after filing. The remaining filings containing risk/return summary information, including registration statements on Form N-1A and post-effective amendments under Rule 485(a) and other paragraphs of Rule 485(b) may be subject to revision after filing and prior to effectiveness.

<sup>181</sup> Currently, the financial statement information Interactive Data File is excluded from the officer certification requirements under Rules 13a-14(f) and 15d-14(f) of the Exchange Act [17 CFR 240.13a-14 and 240.15d-14]. Furthermore, auditors are not required to apply AS 2710 (*Other Information in Documents Containing Audited Financial Statements*), AS 4101 (*Responsibilities Regarding Filings Under Federal Securities Statutes*), or AS 4105 (*Reviews of Interim Financial Information*) (prior to December 31, 2016, AU Sections 550, 711 and 722, respectively) to the Interactive Data File submitted with a company's reports or registration statements. In addition, filers are not required to obtain assurance on their Interactive Data File or involve third parties,

The termination of the 2005 XBRL Voluntary Program could potentially adversely affect participating filers, to the extent that they presently benefit from the availability of their financial statement information in XBRL. The effects on participating filers would likely be mitigated by the cost savings from no longer preparing and submitting interactive data. Given close to zero participation in the program, we expect the aggregate economic effects of terminating the program on filers to be negligible.

#### **b. XBRL Preparation Software Vendors and Filing Agents**

Changes to the XBRL format may affect XBRL preparation software vendors and filing agents.<sup>182</sup> XBRL preparation software vendors and filing agents that adopt Inline XBRL technology may have to expend resources to upgrade or replace software to accommodate the Inline XBRL format and may also have to train staff in the Inline XBRL technology and compliance requirements. These additional costs may be relatively greater for software vendors and filing agents that do not already use Inline XBRL enabled software or software that can be readily upgraded to enable Inline XBRL

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such as auditors or consultants, in the creation of their Interactive Data File. *See* 2009 Financial Statement Information Adopting Release, at 6796–6797. However, the Commission has previously stated that XBRL is part of an issuer’s disclosure controls and procedures. *See* 2009 Financial Statement Information Adopting Release, at 6797. As our proposal to require the submission of interactive data in the Inline XBRL format relates only to the manner of submitting the Interactive Data File and not the data that comprises the file, at this time we do not propose to change these positions pertaining to the exclusion of the Interactive Data File from the officer certification and assurance requirements.

Risk/return summary information Interactive Data File requirements do not require mutual funds to involve third parties, such as auditors or consultants, in the creation of the interactive data provided as an exhibit to a mutual fund’s Form N-1A filing, including assurance. With respect to registration statements, SAS 37 (currently AS 4101) was issued in April 1981 to address the auditor’s responsibilities in connection with filings under the federal securities statutes. With respect to existing risk/return summary information Interactive Data File requirements, an auditor is not required to apply AS 4101 to the Interactive Data File. *See* 2009 Risk/Return Summary Adopting Release, at 7760–7761 and footnote 183.

<sup>182</sup> *See, e.g.*, FERG Study for a discussion of XBRL preparation vendors.

submissions or processing.<sup>183</sup> Some of the initial cost of switching to Inline XBRL could be mitigated by the availability of the royalty-free Inline XBRL specification and transformation registry, which defines how the values of facts that appear in HTML documents are converted to the required data types for XBRL.<sup>184</sup> Because Inline XBRL already is used in several other countries for various regulatory purposes, it is also possible that the transition costs associated with adopting Inline XBRL for Commission filings may be lower for some software vendors or filing agents to the extent that the expertise gained from Inline XBRL filings in other jurisdictions can be used to facilitate the transition of Commission filings to Inline XBRL.<sup>185</sup> We note that some of these costs may be passed on to filers.

Requiring the use of Inline XBRL may also have effects on competition in the market for XBRL preparation and filing services. Initially, XBRL preparation software vendors and filing agents that do not currently have or cannot readily implement Inline XBRL capabilities would be at a competitive disadvantage relative to XBRL preparation software vendors and filing agents that currently have these capabilities. The fixed component of the initial cost of any software upgrades and training could contribute to a relative competitive disadvantage for smaller software vendors and filing agents with fewer customers compared to larger software vendors and filing agents. Additionally, to the extent that software vendors and filing agents that have experience with Inline XBRL

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<sup>183</sup> See note 95 above.

<sup>184</sup> See note 89 above.

<sup>185</sup> See, e.g., XBRL White Paper at 9 (indicating that, in the UK context, Inline XBRL is an established and growing means of reporting in XBRL, with a large number of software vendors providing applications for preparing or processing Inline XBRL reports and a range of accounting firms having strong experience in its use). See also note 94 above.

in other jurisdictions can implement the Inline XBRL capability for Commission filings at a lower cost, these vendors and filing agents would be at a relative competitive advantage to software vendors and filing agents without such experience. We note that the phase-in periods associated with the rule could give software vendors and filing agents additional time to develop and update software, which could potentially mitigate some of these competitive effects. Ultimately, the net effect on competition is unclear but is expected to evolve over time, depending on the speed and cost of switching to Inline XBRL by XBRL preparation software vendors and filing agents and the rate of entry, if any, of new software vendors and filing agents that can readily implement Inline XBRL.

The termination of the 2005 XBRL Voluntary Program could potentially adversely affect filing agents and software vendors, to the extent that participating filers use their XBRL preparation services or products. Given close to zero participation in the program, however, we expect the aggregate economic effects of terminating the program on filing agents and software vendors to be negligible.

### **c. Data Users**

With the transition to Inline XBRL, data users, such as investors, analysts, other market participants, filers, data aggregators, and others, may incur costs to modify their software or algorithms to be able to extract the XBRL data.<sup>186</sup> We believe, however, that such costs would be minimal because the proposed amendments do not affect the taxonomy or the scope of the information required to be tagged. Additionally, the

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<sup>186</sup> For example, XBRL extraction algorithms may need to be adjusted to download files from a different URL, to use different filenames, and to parse XBRL information from a different file format.

software enabling users to view information about the reported XBRL data contained in embedded tags and to extract XBRL data has been made freely available to the public in an effort to facilitate the creation of cost effective Inline XBRL viewers and analytical products.<sup>187</sup> The availability of this open-source software should decrease potential costs for data users.

While the Inline XBRL document may be smaller than the combined size of the separate XBRL instance and HTML documents, the Inline XBRL document may be larger than a standalone XBRL instance document or HTML document, which may slightly increase processing times for some data users that previously only processed either HTML documents or XBRL instance documents. Thus, depending on how data users currently access XBRL data,<sup>188</sup> some users may be affected by the increase in the size of files with XBRL data, such as through increased processing times, after the transition to Inline XBRL. However, in light of the advanced state of existing computing technology and internet connectivity speeds, we do not expect this effect to be a significant limitation for most users.

The elimination of the website posting requirement could impose costs on some data users by reducing their access to XBRL data about individual filers. However, industry commenters have observed very limited use of financial statement information XBRL data from corporate websites.<sup>189</sup> Based on our experience, we believe that data

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<sup>187</sup> See <http://www.sec.gov/structureddata/edgarvalandrender> and <http://arelle.org/download/>.

<sup>188</sup> Currently, EDGAR users may extract machine-readable XBRL information from the ZIP archive with the XBRL exhibits submitted by the filer, from a separate XML document with XBRL data, or from the combined “complete submission file” (which contains the contents of the EDGAR header, all HTML and XBRL data submitted by the filer, and HTML and other files produced by EDGAR Rendering). See also note 67 above.

<sup>189</sup> See note 144 above.

users can efficiently and reliably access XBRL data through EDGAR for purposes of aggregation and processing. Thus, we do not expect data users to incur significant costs from the elimination of the requirement to post the XBRL data on the website. We have not received comments or data from other sources regarding the incidence of use of XBRL data posted on mutual fund websites. We solicit comment below on this issue.<sup>190</sup>

The termination of the 2005 XBRL Voluntary Program could potentially adversely affect data users, to the extent that they presently benefit from the availability of participating filers' financial statement information in XBRL. The aggregate economic effects on data users, however, would likely be negligible given close to zero participation in the program.

### **3. Compliance Dates**

The proposed amendments include a phase-in schedule for the mandatory use of Inline XBRL for financial statement information and risk/return summary information. Thus, the costs and benefits of Inline XBRL would be deferred for some categories of filers.

To the extent that the initial cost of adopting Inline XBRL has a fixed component that is independent of filer size, it would have a relatively greater effect on smaller filers. In light of this, under the phase-in schedules we are proposing, smaller filers would be given additional time to adopt Inline XBRL, which would defer the initial cost for small filers and partly mitigate the associated competitive effects. We further anticipate that late adopters would incur a lower switching cost in absolute terms than early adopters.<sup>191</sup>

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<sup>190</sup> See Sections III.B.5 and III.C.5.

<sup>191</sup> See also 2009 Financial Statement Information Adopting Release, at 6785 (discussing the effects on early versus late adopters).

In particular, as time elapses after the initial group of filers adopts Inline XBRL, we expect XBRL filing agents and XBRL preparation software vendors to accumulate Inline XBRL expertise and refine technological solutions offered to filers. Furthermore, if the market for Inline XBRL preparation services and software becomes more competitive over time, the switching cost incurred by subsequent filers may be reduced.

As discussed above, the proposed amendments would permit filers to use Inline XBRL prior to the compliance date for their respective category. A high rate of such early transition to Inline XBRL would accelerate the economic impact of Inline XBRL.

Until all filers adopt Inline XBRL, data users would have to maintain the capability to extract data in both the Inline XBRL and the traditional XBRL formats, which may be incrementally costlier than using a single format (*e.g.*, if all filers were required to use Inline XBRL at the same time and if early switching to Inline XBRL were not allowed). Given the very limited scope of modifications to the XBRL data extraction algorithm that data users are likely to incur from switching to Inline XBRL and the public availability of open-source tools to facilitate Inline XBRL data use, we expect this potential cost to be minimal.

#### **4. Alternatives**

One alternative would be to require Inline XBRL for all filers as of the same date. Faster transition to Inline XBRL on a wide scale could accelerate the realization of efficiency and data quality gains and shorten the time period during which data users would need to maintain the capability to process XBRL data in both formats. However, compared to the proposed amendments, this alternative would accelerate initial compliance costs for smaller filers.



As another alternative, we could apply a different phase-in schedule for operating company or mutual fund filers, based on filer status, size<sup>192</sup> or other criteria. The tradeoff between the costs and benefits of an alternative phase-in schedule would depend on the number of affected filers, the net effect of Inline XBRL on the cost of compliance with XBRL requirements and on the quality of XBRL data for different categories of affected filers, the timing of the phase-in and the number of early adopters.

Inline XBRL requirements for financial statement information would apply to all operating company filers, including SRCs,<sup>193</sup> EGCs,<sup>194</sup> and FPIs,<sup>195</sup> that currently are required to submit financial statement information in XBRL. Similarly, Inline XBRL requirements for risk/return summary information would apply to all mutual fund filers that currently are required to submit risk/return summary information in XBRL.

As an alternative, we could exempt one or more of these categories of filers from the Inline XBRL requirement or create a new category of exempt filers (based on assets, revenues or other criteria). To the extent that some filers that are currently subject to XBRL requirements would not be required to adopt Inline XBRL under these

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<sup>192</sup> For example, the XBRL requirements for financial statement information adopted in 2009 initially applied to domestic and foreign large accelerated U.S. GAAP filers with a worldwide public common equity float above \$5 billion as of the end of the second fiscal quarter of their most recently completed fiscal year, beginning with their first quarterly report on Form 10-Q, or annual report on Form 20-F or Form 40-F, that contained financial statements for fiscal periods ending on or after June 15, 2009. *See* 2009 Financial Statement Information Adopting Release, at 6781–6782 and Rule 405(f)(1).

<sup>193</sup> Based on staff analysis of EDGAR filings, we estimate that SRCs filed approximately 3,000 Forms 10-K, excluding amendments and co-registrants, during calendar year 2015. *See* note 59 above.

<sup>194</sup> Based on staff analysis of EDGAR filings, we estimate that approximately 1,600 filers have identified themselves as EGCs in filings with the Commission during calendar year 2015. The estimate excludes EGCs that did not identify themselves as EGCs in filings made during that year. *See* note 59 above.

<sup>195</sup> Based on staff analysis of EDGAR filings, we estimate that there were approximately 800 filers of Forms 20-F and 40-F during calendar year 2015. The estimate excludes FPIs that filed only domestic forms. *See* note 59 above.

alternatives, the alternatives would likely result in smaller economic costs and benefits compared to the amendments we are proposing today.

Compared to the proposed amendments, the alternative of exempting smaller filers from the Inline XBRL requirements rather than deferring their compliance date would place those smaller filers that do not have the Inline XBRL capability at a smaller competitive disadvantage to larger filers, to the extent that smaller filers are more likely to be affected by the initial fixed cost of switching to Inline XBRL. However, compared to the proposed amendments, the alternative of exempting such filers from submitting their financial information in Inline XBRL could undermine the data quality benefits expected from Inline XBRL and diminish the ability of investors, analysts and the Commission to evaluate the information submitted by the exempted filers.<sup>196</sup>

Additionally, compared to the proposed amendments, the alternative of exempting FPIs from the Inline XBRL requirements could place those filers at a relative competitive advantage to domestic filers, particularly, smaller domestic filers, to the extent that exempt filers would not incur the cost of switching to Inline XBRL. It also would deprive investors and users of structured data of the associated benefits of Inline XBRL.

The proposed amendments would eliminate the existing 15 business day filing period for mutual funds to submit risk/return summary information in XBRL after the effectiveness of the registration statement or post-effective amendment or the filing of a form of prospectus pursuant to Rule 497(c) or (e). The proposed amendments also would permit mutual fund filers to submit Interactive Data Files concurrently with post-effective amendments to registration statements filed pursuant to paragraphs (b)(1)(i), (ii), (v), or

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<sup>196</sup> See note 140 above.

(vii) of Rule 485. As an alternative, we could preserve the 15 business day filing period after the effective date of the post-effective amendments but allow filers to submit XBRL concurrently with the filing of these post-effective amendments. Under such an alternative, some funds could avail themselves of the efficiencies in XBRL preparation afforded by the embedding of XBRL data directly into the filing and eliminate an additional post-effective amendment containing only the XBRL exhibit, while other funds that benefit from the flexibility and the additional time to prepare and review XBRL data would continue to be able to take advantage of the 15 business day filing period. However, given the high degree of automation and integration in existing mutual fund XBRL preparation practices, the cost savings for filers (and filing agents, which may pass these cost savings onto filers) under this alternative compared to the proposed amendments would likely be small. Importantly, under this alternative, data users would not be able to derive the same benefit of improved timeliness of the availability of XBRL data that they would under the proposed amendments.

As another alternative, we could adopt a different filing period after the effective date of the registration statement or post-effective amendment to it under Rule 485 or the filing date of the form of prospectus under Rule 497, such as 1 day, 5 days, 10 days, 20 days, or 30 days. Similar to the discussion above, such alternatives would present a tradeoff between the flexibility accorded to filers by way of a longer filing period and the timeliness of the availability of risk/return summary information in XBRL to data users.

As another alternative, we could require filers to submit Interactive Data Files concurrently with any mutual fund filing containing a risk/return summary, including initial registration statements or post-effective amendments under other paragraphs of

Rule 485. Under such an alternative, in the event of revisions to the registration statement or post-effective amendment prior to effectiveness, filers would need to revise and review the associated XBRL data multiple times, resulting in potentially higher XBRL preparation costs. Such an alternative may also result in the availability of XBRL information for registration statements and post-effective amendments that have not been declared effective, which may introduce investor confusion.

The proposed Inline XBRL amendments would be mandatory. An alternative would be to allow but not require the use of Inline XBRL. Compared to the proposed amendments, a fully voluntary Inline XBRL program would lower costs for those filers and filing agents that do not find Inline XBRL to be cost efficient. However, a voluntary program would also reduce potential data quality benefits compared to mandatory Inline XBRL to the extent that Inline XBRL use would be more widespread under a mandatory rule than a voluntary one. It also would potentially impose an incremental cost on data users associated with maintaining indefinitely the capability to process data in the XBRL and Inline XBRL formats.

## **5. Request for Comment**

We request comment on all aspects of our economic analysis, including the potential costs and benefits of the proposed amendments and whether the rules, if adopted, would promote efficiency, competition and capital formation or have an impact on investor protection. In particular, we invite filers, software vendors, filing agents, data users, government agencies and other commenters that have experience with Inline XBRL to provide information on the costs and benefits of adopting and implementing Inline XBRL for different categories of XBRL filers and data users. Commenters are

requested to provide empirical data, estimation methodologies and other factual support for their views, in particular, on the estimates of costs and benefits. Our specific questions follow below.

23. Would Inline XBRL requirements affect data quality and the use of XBRL data by investors, other market participants, and other data users? Please explain.
24. What are the likely effects of changes to XBRL data quality due to Inline XBRL on the availability of information about filers and informational efficiency? What are the likely effects of Inline XBRL, if any, on capital formation?
25. How would Inline XBRL affect the efficiency of the XBRL filing process for different categories of filers, relative to the current XBRL requirements?
26. What are the likely effects of the proposed Inline XBRL requirements on the cost of compliance with XBRL requirements for different categories of filers, relative to the current XBRL requirements? What would be the initial cost to filers, if any, to switch to using Inline XBRL? Would this cost be likely to affect competition among filers? What would be the ongoing cost, if any, of using Inline XBRL as compared to the ongoing cost of the current XBRL requirements?
27. What cost, if any, would ASCII filers incur from switching to HTML?
28. What are the likely cost savings for filers from the elimination of the website posting requirement?

29. For filing agents and software vendors that do not currently have the Inline XBRL capability, what would be the cost to switch to Inline XBRL and how would it affect the price of XBRL preparation services or software? How would the proposed Inline XBRL requirements affect competition in the market for XBRL preparation services and XBRL preparation and analysis software?
30. Does XBRL preparation for mutual funds differ from the XBRL preparation practices of operating companies? Are most funds using integrated XBRL preparation solutions? Does the use of risk/return summary XBRL data differ from the use of financial statement information XBRL data?
31. How would the economic effects of the proposed Inline XBRL requirements for mutual fund risk/return summary information differ from the economic effects of the Inline XBRL requirements for financial statement information?
32. What would the impact of the proposed elimination of the 15 business day period for the submission of risk/return summary information in XBRL be on filers, filing agents, and data users?
33. What other economic effects are likely to be associated with the proposed Inline XBRL requirements?

## **V. PAPERWORK REDUCTION ACT**

### **A. Background**

The proposed amendments contain “collection of information” requirements within the meaning of the Paperwork Reduction Act of 1995 (“PRA”).<sup>197</sup> They would amend the collections of information “Interactive Data” (OMB Control No. 3235-0645) and “Mutual Fund Interactive Data” (OMB Control No. 3235-0642). These collections of information require filers to submit specified information to the Commission as an exhibit to their current and periodic reports and registration statements and post it on their websites, if any, in interactive data format. The information required is referred to as an “Interactive Data File.” The proposed amendments would require filers, on a phased in basis, to embed part of the Interactive Data File within an HTML document using Inline XBRL and include the rest in an exhibit to that document. The amendments also would eliminate the website posting requirement. Compliance with the amendments would be mandatory according to the phase-in schedule but filers that have not yet been phased in could comply voluntarily. Responses to the collections of information would not be kept confidential by the Commission and there is no mandatory retention period for the collections of information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information requirement unless it displays a currently valid Office of Management and Budget (“OMB”) control number.

## **B. Reporting and Cost Burden Estimates**

### **1. Registration Statement and Periodic Reporting**

Form S-1 (OMB Control No. 3235-0065), Form S-3 (OMB Control No. 3235-0073), Form S-4 (OMB Control No. 3235-0324) and Form S-11 (OMB Control No. 3235-0067) prescribe information that a filer must disclose to register certain offers and

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<sup>197</sup> 44 U.S.C. 3501 *et seq.*

sales of securities under the Securities Act. Form F-1 (OMB Control No. 3235-0258), Form F-3 (OMB Control No. 3235-0256), Form F-4 (OMB Control No. 3235-0325) and Form F-10 (OMB Control No. 3235-0380) prescribe information that a foreign private issuer must disclose to register certain offers and sales of securities under the Securities Act. Form 10-K (OMB Control No. 3235-0063) prescribes information that a filer must disclose annually to the market about its business. Form 10-Q (OMB Control No. 3235-0070) prescribes information that a filer must disclose quarterly to the market about its business. Form 10 (OMB No. 3235-0064) prescribes information that a filer must disclose when registering a class of securities pursuant to the Exchange Act. Form 8-K (OMB No. 3235-0060) prescribes information an issuer must disclose to the market upon the occurrence of certain specified events and enables an issuer to disclose other information voluntarily. Form 20-F (OMB Control No. 3235-0288) and Form 40-F (OMB No. 3235-0381) are used by a foreign private issuer both to register a class of securities under the Exchange Act as well as to provide its annual report required under the Exchange Act. Form 6-K (OMB No. 3235-0116) prescribes information that a foreign private issuer must disclose regarding certain specified changes to its business and securities pursuant to the Exchange Act and enables an issuer to disclose other information voluntarily. The information required by the Interactive Data collection of information corresponds to specified financial information required by these forms.

Form N-1A (OMB Control No. 3235-0307) is used by mutual funds to register under the Investment Company Act and to offer their securities under the Securities Act. The information required by the Mutual Fund Interactive Data collection of information corresponds to specified risk/return summary information now required by Form N-1A



and is required to appear in exhibits to registration statements on Form N-1A and Rule 497 submissions and on fund websites. Although the Mutual Fund Interactive Data filing requirements are included in Form N-1A, the Commission has separately reflected the burden for these requirements in the burden estimate for Mutual Fund Interactive Data and not in the burden for Form N-1A.

We estimate that the proposed Inline XBRL requirement for financial statement information would result in an initial increase in the existing internal burden of XBRL requirements (56 hours per response) by eight hours to switch to Inline XBRL. This increase in burden would be borne only for the initial response that uses Inline XBRL. We further estimate that reductions in review time would result in a decrease of two hours per response in the existing internal burden, beginning with the initial response and continuing on an ongoing basis.<sup>198</sup> We also estimate that the average filer would incur a small increase in external cost of \$5 per response (from \$6,170 to \$6,175) on an ongoing basis, beginning in the first year of compliance for its phase-in category. Based on the number of filers that we expect to be phased in during each of the first three years under the requirements,<sup>199</sup> the number of filings that we expect those filers to make that would require interactive data<sup>200</sup> and the internal burden hour and external cost estimates per response discussed above, we estimate that, over the first three years of the Inline XBRL

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<sup>198</sup> Thus, for the initial response using Inline XBRL, we estimate that filers would experience a net increase in hour burden of 6 hours (8 hours – 2 hours = 6 hours).

<sup>199</sup> Based on staff analysis of Form 10-K filings during calendar year 2015, approximately 26% were filed by large accelerated filers and approximately 18% by accelerated filers. For purposes of this estimate, we assume that these percentages are representative of the percentages of filers in different phase-in categories.

<sup>200</sup> We estimate that in order to comply with the Interactive Data collection requirements, approximately 8,601 respondents per year would each submit an average of approximately 4.5 responses per year for an estimated total of 38,705 responses.

requirements, switching to the Inline XBRL format would decrease the aggregate average yearly burden of financial statement information XBRL requirements by 20,900 hours of in-house personnel time<sup>201</sup> and increase the aggregate average yearly cost of services of outside professionals by \$109,663.<sup>202</sup>

The elimination of the website posting requirement also is expected to reduce the paperwork burden. We previously estimated that operating companies would incur an average of approximately four burden hours per filer per year to post interactive data to

<sup>201</sup> The first response is estimated to incur a net additional burden of six hours per response and the remaining responses are estimated to incur a net decrease in burden of two hours per response. The calculation below considers the aggregate average yearly change in internal burden incurred by each of the three categories of filers during the first three years of the proposed Inline XBRL requirements. Filers that are phased in during year two are assumed to incur no change in burden during year one. Filers that are phased in during year three are assumed to incur no change in burden during years one and two.

Filers phased in during year one: 8,601 x 26%. Average yearly change in internal burden per filer:  $[6 + (3.5 + 4.5 + 4.5) \times (-2)] / 3 = -6.33$  hours. Aggregate average yearly change in internal burden for filers phased in during year one:  $8,601 \times 26\% \times (-6.33 \text{ hours}) = -14,156$  hours.

Filers phased in during year two: 8,601 x 18%. Average yearly change in internal burden per filer:  $[0 + 6 + (3.5 + 4.5) \times (-2)] / 3 = -3.33$  hours. Aggregate average yearly change in internal burden for filers phased in during year two:  $8,601 \times 18\% \times (-3.33 \text{ hours}) = -5,155$  hours.

Filers phased in during year three: 8,601 x 56%. Average yearly change in internal burden per filer:  $[0 + 0 + 6 + 3.5 \times (-2)] / 3 = -0.33$  hours. Aggregate average yearly change in internal burden for filers phased in during year three:  $8,601 \times 56\% \times (-0.33 \text{ hours}) = -1,589$  hours.

Aggregate average yearly change in internal burden:  $-14,156 - 5,155 - 1,589 = -20,900$  hours.

<sup>202</sup> Filers are estimated to incur an additional \$5 per response beginning with the first year of compliance for their phase-in category. The calculation below considers the aggregate average yearly change in external cost incurred by each of the three categories of filers during the first three years after the effectiveness of the proposed Inline XBRL requirements. Filers that are phased in during year two are assumed to incur no change in external cost during year one. Filers that are phased in during year three are assumed to incur no change in external cost during years one and two.

Filers phased in during year one: 8,601 x 26%. Average yearly change in external cost per filer:  $[\$5 \times 3 \times 4.5] / 3 = \$22.5$ . Aggregate average yearly change in external cost for filers phased in during year one:  $8,601 \times 26\% \times \$22.5 = \$50,316$ .

Filers phased in during year two: 8,601 x 18%. Average yearly change in external cost per filer:  $[\$0 + \$5 \times 2 \times 4.5] / 3 = \$15$ . Aggregate average yearly change in external cost for filers phased in during year two:  $8,601 \times 18\% \times \$15 = \$23,223$ .

Filers phased in during year three: 8,601 x 56%. Average yearly change in external cost per filer:  $[\$0 + \$0 + \$5 \times 4.5] / 3 = \$7.5$ . Aggregate average yearly change in external cost for filers phased in during year three:  $8,601 \times 56\% \times \$7.5 = \$36,124$ .

Aggregate average yearly change in external cost:  $\$50,316 + \$23,223 + \$36,124 = \$109,663$ .

their websites. Based on our estimate of 8,601 filers, we estimate that the elimination of the website posting requirement would decrease the aggregate average yearly burden on operating company filers by 34,404 hours.<sup>203</sup>

We previously estimated the aggregate average yearly burden of the existing XBRL requirements for operating companies as 2,167,480 hours of in-house personnel time<sup>204</sup> and \$238,809,850 in the cost of services of outside professionals.<sup>205</sup> We estimate that in the first three years under the proposed amendments, the aggregate average yearly burden of XBRL requirements for operating companies would be 2,112,176 hours of in-house personnel time<sup>206</sup> and \$238,919,513 in the cost of services of outside professionals, which represents a decrease of 55,304 hours of in-house personnel time<sup>207</sup> and an increase of \$109,663 in the cost of services of outside professionals<sup>208</sup> or a decrease of 6.43 hours of in-house personnel time per filer<sup>209</sup> and an increase of \$12.75 in the cost of services of outside professionals per filer.<sup>210</sup>

With respect to mutual fund risk/return summaries, we previously estimated that each mutual fund would submit one Interactive Data File as an exhibit to a registration statement or a post-effective amendment thereto, and that 36% of mutual funds would submit an additional Interactive Data File as an exhibit to a filing pursuant to Rule 485(b)

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<sup>203</sup>  $8,601 \times (-4) = -34,404$  hours.

<sup>204</sup>  $8,601 \times 4.5 = 38,705$  responses.  $38,705$  responses  $\times$  56 hours per response = 2,167,480 hours.

<sup>205</sup>  $8,601 \times 4.5 = 38,705$  responses.  $38,705$  responses  $\times$  \$6,170 per response = \$238,809,850.

<sup>206</sup>  $2,167,480 - 55,304 = 2,112,176$  hours. *See* note 204 above and note 207 below.

<sup>207</sup>  $-20,900 - 34,404 = -55,304$  hours. *See* notes 201 and 203 above.

<sup>208</sup>  $\$238,809,850 + \$109,663 = \$238,919,513$ . *See* notes 202 and 205 above.

<sup>209</sup>  $-55,304$  hours / 8,601 filers = -6.43 hours per filer. *See* note 207 above.

<sup>210</sup>  $\$109,663 / 8,601$  filers = \$12.75 per filer. *See* note 202 above.

or Rule 497. We also previously estimated that tagging and submitting mutual fund risk/return data in XBRL format requires 11 hours per response and posting interactive data to the fund website requires one additional hour per response. In addition, we previously estimated an external cost burden of \$890 for the cost of goods and services purchased to comply with the current Interactive Data requirements, such as for software and/or the services of consultants and filing agents. The cost burden does not include the cost of the hour burden described above.

We estimate that the proposed Inline XBRL requirement for mutual fund risk/return summary information would result in an initial increase in internal burden by two hours to switch to Inline XBRL. This increase in burden would be borne only for the initial response that uses Inline XBRL. We further estimate that there would be a reduction in review time that would result in a decrease in internal burden of approximately 0.5 hours per response, beginning with the initial response and continuing on an ongoing basis.<sup>211</sup> Considering the phase-in of the requirement would occur over a two-year period and examining the impact on the aggregate average yearly burden of different filer categories,<sup>212</sup> we estimate that the aggregate average yearly internal burden of risk/return summary information XBRL requirements would increase by 1,538 hours of in-house personnel time,<sup>213</sup> based on the estimate of 11,106 mutual funds.<sup>214</sup> We also

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<sup>211</sup> Thus, for the initial response using Inline XBRL, we estimate that mutual funds would experience a net increase in hour burden of 1.5 hours (2.0 hours – 0.5 hours = 1.5 hours).

<sup>212</sup> See note 132 above and accompanying text. Based on staff analysis of data obtained from Morningstar Direct, as of June 2016, we estimate that a \$1 billion asset threshold for groups of related investment companies would provide an extended compliance period to approximately 2/3, or approximately 67%, of all mutual funds affected by the proposed Inline XBRL requirement (*i.e.*, approximately 7,441 of 11,106 affected mutual funds).

<sup>213</sup> See *id*; see also note 60 above and accompanying text. The calculation below considers the aggregate average yearly change in burden incurred by each of the two categories of funds during

estimate that the average mutual fund would incur an increase in software costs of \$10 per mutual fund on an ongoing annual basis, beginning in the first year of compliance for its phase-in category with the proposed Inline XBRL requirement. Based on the estimate of 11,106 mutual funds,<sup>215</sup> we estimate that the proposed Inline XBRL requirement would result in an increase of \$86,281 in the aggregate average yearly cost of services of outside professionals.<sup>216</sup>

In addition, the elimination of the website posting requirement is expected to reduce the paperwork burden. We previously estimated that mutual funds incur an average of approximately one burden hour per response to post interactive data to their websites, in addition to the burden of tagging and submitting interactive data to the Commission. Based on our estimate of 15,104 responses, we estimate that the

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the first three years of the proposed Inline XBRL requirements. Funds that are phased in during year two are assumed to incur no change in burden in year one.

Funds phased in during year one:  $33\% \times 11,106 \text{ funds} = 3,665 \text{ funds}$ . Aggregate average yearly change in internal burden for funds phased in during year one:  $3,665 \text{ funds} \times \{[1.5 + (0.36 + 1.36 + 1.36) \times (-0.5)] / 3\} \text{ hours per fund} = -49 \text{ hours}$ .

Funds phased in during year two:  $67\% \times 11,106 \text{ funds} = 7,441 \text{ funds}$ . Aggregate average yearly change in internal burden for funds phased in during year two:  $7,441 \text{ funds} \times \{[0 + 1.5 + (0.36 + 1.36) \times (-0.5)] / 3\} \text{ hours per fund} = 1,587 \text{ hours}$ .

Aggregate average yearly change in burden:  $-49 + 1,587 = 1,538 \text{ hours}$ .

<sup>214</sup> See note 60 above and accompanying text.

<sup>215</sup> *Id.*

<sup>216</sup> Funds are estimated to incur an additional \$10 per year beginning with the first year of compliance for their phase-in category. The calculation below considers the aggregate average yearly change in external cost incurred by each of the two categories of funds during the first three years of the proposed Inline XBRL requirements. Funds that are phased in during the second year are assumed to incur no change in external cost in the first year after the effectiveness of the proposed Inline XBRL requirements.

Funds phased in during year one:  $33\% \times 11,106 \text{ funds} = 3,665 \text{ funds}$ . Average yearly change in external cost per fund:  $[\$10 + \$10 + \$10] / 3 = \$10 \text{ per fund}$ . Aggregate average yearly change in external cost for all funds phased in during year one:  $3,665 \text{ funds} \times \$10 \text{ per fund} = \$36,650$ .

Funds phased in during year two:  $67\% \times 11,106 \text{ funds} = 7,441 \text{ funds}$ . Average yearly change in external cost per fund:  $[\$0 + \$10 + \$10] / 3 = \$6.67 \text{ per fund}$ . Aggregate average yearly change in external cost for all funds phased in during year two:  $7,441 \text{ funds} \times \$6.67 \text{ per fund} = \$49,631$ .

Aggregate average yearly change in external cost:  $\$36,650 + \$49,631 = \$86,281$ .

elimination of the web posting requirement would decrease the aggregate average yearly burden on mutual funds by 15,104 hours of in-house personnel time.<sup>217</sup>

We previously estimated that the existing XBRL requirements require mutual funds to expend 172,320 hours of in-house personnel time and \$9,397,510 in the cost of services of outside professionals, based on the estimate of 10,559 funds.<sup>218</sup> Based on the estimate of 11,106 funds, the existing XBRL requirements for mutual funds would require 181,248 hours of in-house personnel time<sup>219</sup> and \$9,884,340 in the cost of services of outside professionals.<sup>220</sup> We estimate that in the first three years of the Inline XBRL requirements, based on the estimate of 11,106 funds, the use of Inline XBRL and the elimination of the website posting requirement would change the aggregate average yearly burden of XBRL requirements for mutual funds to 167,682 hours of in-house personnel time<sup>221</sup> and \$9,970,621 in the cost of services of outside professionals,<sup>222</sup> which would represent a decrease of 13,566 hours of in-house personnel time<sup>223</sup> and an increase of \$86,281 in the cost of services of outside professionals<sup>224</sup> or a decrease of

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<sup>217</sup> 11,106 funds x 1.36 responses = 15,104 responses. 15,104 responses x (-1) hour = -15,104 hours.

<sup>218</sup> Currently, approved burden estimates include 11 hours per response to comply with the tagging and submission of XBRL data, one hour per response to comply with the website posting requirement, and \$890 per fund in the cost of services of outside professionals.  
10,559 funds x 1.36 responses per fund = 14,360 responses. 14,360 responses x (11 + 1) hours per response = 172,320 hours.  
10,559 funds x \$890 per fund = \$9,397,510.

<sup>219</sup> 11,106 funds x 1.36 responses per fund = 15,104 responses. 15,104 responses x (11 + 1) hours per response = 181,248 hours.

<sup>220</sup> 11,106 funds x \$890 per fund = \$9,884,340.

<sup>221</sup> 181,248 – 13,566 = 167,682 hours. *See notes 219 above and 223 below.*

<sup>222</sup> \$9,884,340 + \$86,281 = \$9,970,621. *See notes 216 and 220 above.*

<sup>223</sup> 1,538 – 15,104 = -13,566 hours. *See notes 213 and 217 above.*

<sup>224</sup> *See note 216 above.*

1.22 hours of in-house personnel time per fund<sup>225</sup> and an increase of \$7.77 in the cost of services of outside professionals per fund.<sup>226</sup>

We are submitting these revised burden estimates to OMB for review in accordance with the PRA and its implementing regulations at this time.<sup>227</sup>

## **2. Regulation S-K and Regulation S-T**

Regulation S-K (OMB Control No. 3235-0071) specifies information that must be provided in filings under both the Securities Act and the Exchange Act. Regulation S-T (OMB Control No. 3235-0424) specifies the requirements that govern the electronic submission of documents. The proposed amendments to these items would revise rules under Regulations S-K and S-T. Any changes in the paperwork burden arising from these amendments, however, would be reflected in the Interactive Data collection of information and the Mutual Fund Interactive Data collection of information. The rules in Regulations S-K and S-T do not impose any separate burden. We assign one burden hour each to Regulations S-K and S-T for administrative convenience to reflect the fact that these regulations do not impose any direct burden on filers.<sup>228</sup>

## **C. Request for Comment**

Pursuant to 44 U.S.C. 3506(c)(2)(A), the Commission solicits comments to: (1) evaluate whether the collections of information are necessary for the proper performance of the functions of the agency, including whether the information will have practical

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<sup>225</sup> -13,566 hours / 11,106 funds = -1.22 hours per fund. *See* note 223 above.

<sup>226</sup> \$86,281 / 11,106 funds = \$7.77 per fund. *See* note 216 above.

<sup>227</sup> 44 U.S.C. 3507(d); 5 CFR 1320.11.

<sup>228</sup> For purposes of the PRA, we estimate that no funds participate in the 2005 XBRL Voluntary Program each year. This information collection, therefore, imposes no hour burden. The proposed termination of the program would therefore not result in changes in burden, except the elimination of one hour associated with this information collection for administrative purposes.

utility; (2) evaluate the accuracy of the Commission's estimate of the burden of the collection of information; (3) determine whether there are ways to enhance the quality, utility and clarity of the information to be collected; and (4) evaluate whether there are ways to minimize the burden of the collection of information on those who are required to respond, including through the use of automated collection techniques or other forms of information technology.

Persons submitting comments on the collection of information requirements should direct the comments to the Office of Management and Budget, Attention: Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Washington, DC 20503, and send a copy to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090, with reference to File No. S7-03-17. Requests for materials submitted to OMB by the Commission with regard to these collections of information should be in writing, refer to File No. S7-03-17, and be submitted to the Securities and Exchange Commission, Office of FOIA Services, 100 F Street, NE, Washington, DC 20549-2736. OMB is required to make a decision concerning the collection of information between 30 and 60 days after publication of this release. Consequently, a comment to OMB is assured of having its full effect if OMB receives it within 30 days of publication.

## **V. INITIAL REGULATORY FLEXIBILITY ACT ANALYSIS**

The Regulatory Flexibility Act ("RFA")<sup>229</sup> requires the Commission, in promulgating rules under Section 553 of the Administrative Procedure Act,<sup>230</sup> to

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<sup>229</sup> 5 U.S.C. 601 *et seq.*

<sup>230</sup> 5 U.S.C. 553.



consider the impact of those rules on small entities. The Commission has prepared this Initial Regulatory Flexibility Analysis ("IRFA") in accordance with Section 603 of the RFA.<sup>231</sup> This IRFA relates to the proposed amendments to Item 601 of Regulation S-K, Rules 11, 201, 202, 401 and 405 of Regulation S-T, Rules 144, 485 and 497 under the Securities Act, Forms S-3, S-8, F-3 and F-10 under the Securities Act, Forms 10-Q, 10-K, 20-F, 40-F and 6-K under the Exchange Act and Form N-1A under the Investment Company Act.

### **A. Reasons for, and Objectives of, the Action**

The primary reason for, and objective of, the proposed amendments is to improve the usefulness and quality of, and, over time, to decrease the cost of preparing for submission, certain information filers are required to submit to the Commission in interactive data form.

### **B. Legal Basis**

We are proposing the amendments under Sections 7, 10, and 19(a) of the Securities Act,<sup>232</sup> Sections 3, 12, 13, 15(d), 23(a), and 35A of the Exchange Act,<sup>233</sup> and Sections 8, 24, 30, and 38 of the Investment Company Act.<sup>234</sup>

### **C. Small Entities Subject to the Proposed Amendments**

For purposes of the RFA, under our rules, an entity, other than an investment company, is a "small business" or "small organization" if it had total assets of \$5 million

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<sup>231</sup> 5 U.S.C. 603.

<sup>232</sup> 15 U.S.C. 77g, 77j, and 77s(a).

<sup>233</sup> 15 U.S.C. 78c, 78l, 78m, 78o(d), 78w(a), and 78ll.

<sup>234</sup> 15 U.S.C. 80a-8, 80a-24, 80a-29, and 80a-37.

or less on the last day of its most recent fiscal year.<sup>235</sup> We estimate that there are approximately 841<sup>236</sup> filers other than investment companies that may be considered small entities and are required to file reports with the Commission under the Exchange Act. All of these filers would become subject to the proposed rules by the end of the phase-in.

In addition, for purposes of the RFA, an investment company is a small entity if it, together with other investment companies in the same group of related investment companies, has net assets of \$50 million or less as of the end of its most recent fiscal year.<sup>237</sup> We estimate that approximately 78 mutual funds registered on Form N-1A meet this definition.<sup>238</sup>

#### **D. Projected Reporting, Recordkeeping and Other Compliance Requirements**

All filers subject to the proposed amendments currently are required to file an Interactive Data File entirely as an exhibit to their Commission filings. Under the proposed amendments, these filers would be required to embed part of the Interactive Data File within an HTML document using Inline XBRL and include the rest in an exhibit to that document. The proposed requirement to adopt Inline XBRL might result in a minimal initial switching cost for filers but, as discussed in Section III.C.1 above, overall, for most filers, we anticipate that the use of Inline XBRL might, over time, reduce the ongoing cost of compliance with the XBRL requirements due to the removal of the requirement to include the entire Interactive Data File within an exhibit. We also

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<sup>235</sup> 17 CFR 240.0-10(a).

<sup>236</sup> The estimate is based on staff analysis of XBRL data submitted with EDGAR filings of Forms 10-K, 20-F and 40-F with fiscal periods ending between January 31, 2015 – January 31, 2016.

<sup>237</sup> 17 CFR 270.0-10.

<sup>238</sup> This estimate is based on staff analysis of publicly available data as of December 2015.

expect that the proposed elimination of the requirement to post the Interactive Data File on filers' websites would reduce their compliance costs.

The proposed Inline XBRL requirement is expected to result in an initial cost of transition for filers when the requirement is implemented. Filer costs may include obtaining Inline XBRL preparation software or service capabilities from their own or third-party sources. Filers that already use their own or third-party Inline XBRL enabled filing solutions or filing solutions that can readily be modified to accommodate the Inline XBRL format are expected to incur a minimal initial cost.<sup>239</sup> Although we recognize the likelihood of somewhat greater initial costs being incurred by filers that do not use such filing solutions, we believe that the initial cost to transition to Inline XBRL for those filers would still be small. In particular, we expect the cost to be minimal because the rules we are proposing today consist primarily of an electronic format change. The proposed amendments do not modify the substance of the XBRL requirements, and thus, do not affect the disclosure mapping process that precedes the creation of the XBRL submission and accounts for the overwhelming majority of the XBRL preparation burden.

Filers that currently prepare the Related Official Filing in the ASCII format would incur additional costs unless they already have switched to HTML to comply with the amendments adopted in the Hyperlinks Adopting Release. In particular, those filers would need to switch to the HTML format because Inline XBRL cannot be used with ASCII filings. Although this may impose a cost on some filers, we expect that the

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<sup>239</sup> See note 95 above.

majority of filers would not be affected by this change.<sup>240</sup> We acknowledge that the burden may be disproportionate for smaller entities. However, even if there is a disproportionate impact, we do not expect the costs of switching to HTML to be significant because the software tools to prepare and file documents in HTML are widely used and available at a minimal cost.

#### **E. Duplicative, Overlapping or Conflicting Federal Rules**

The Commission believes that there are no federal rules that duplicate, overlap or conflict with the proposed amendments.

#### **F. Significant Alternatives**

The RFA directs us to consider significant alternatives that would accomplish the stated objectives of our amendments, while minimizing any significant adverse impact on small entities. Specifically, we considered the following alternatives: (1) establishing different compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) clarifying, consolidating or simplifying compliance and reporting requirements for small entities under the rule; (3) using performance rather than design standards; and (4) exempting small entities from coverage of all or part of the proposed amendments.

The proposed amendments include different compliance schedules based on filer size and use of accounting principles. Small entities would not be subject to the proposed requirements until year three of the phase-in (for operating companies) and until year two (for mutual funds). This different compliance timetable would enable these filers to defer the burden of any additional cost, learn from filers that comply earlier and take advantage

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<sup>240</sup> See note 36 above.

of any increases in the quality or decreases in the price of Inline XBRL preparation services or software that arise from expertise or competition that develops prior to their phase-in.

The elimination of the website posting requirement would consolidate and simplify the compliance and reporting requirements for all companies with respect to their interactive data. We do not believe that further clarification, consolidation, or simplification for small entities would be appropriate because we believe a phased in mandatory conversion to Inline XBRL is necessary to realize the data quality benefits of Inline XBRL.

We are not proposing a partial or complete exemption from the proposed requirements or the use of performance rather than design standards because we believe that long-term uniformity in interactive data submissions facilitates automated analysis across filers and that the use of Inline XBRL may reduce the time and effort required to prepare XBRL filings, simplify the review process for filers, improve the quality of structured data and, by improving data quality, increase the use of XBRL data by investors, other market participants, and other data users. We also note that the proposed amendments to eliminate the website posting requirement are expected to decrease the burden on all filers, including small entities.

We solicit comment, however, on whether additional differing compliance, reporting or timetable requirements; further clarification, consolidation, or simplification; a partial or complete exemption; or the use of performance rather than design standards would be consistent with our stated objective to improve the usefulness and quality of,

and to decrease the cost of preparing for submission, the information that filers are required to submit to the Commission in interactive data form.

### **G. General Request for Comment**

We encourage comments with respect to any aspect of this initial regulatory flexibility analysis. In particular, we request comments regarding:

- The number of small entities that may be affected by the proposed amendments;
- The existence or nature of the potential impact of the proposed amendments on small entities discussed in the analysis; and
- How to quantify the impact of the proposed amendments.

Commenters are asked to describe the nature of any impact and provide empirical data supporting the extent of the impact. Such comments will be considered in the preparation of the Final Regulatory Flexibility Analysis, if the proposals are adopted, and will be placed in the same public file as comments on the proposed amendments themselves.

## **VI. SMALL BUSINESS REGULATORY ENFORCEMENT FAIRNESS ACT**

For purposes of the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA)<sup>241</sup> the Commission must advise the OMB as to whether a proposed regulation constitutes a “major” rule. Under SBREFA, a rule is considered “major” where, if adopted, it results or is likely to result in:

- An annual effect on the economy of \$100 million or more (either in the form of an increase or a decrease);
- A major increase in costs or prices for consumers or individual industries; or
- Significant adverse effects on competition, investment or innovation.

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<sup>241</sup> 5 U.S.C. 801 *et seq.*

If a rule is “major”, its effectiveness will generally be delayed for 60 days pending Congressional review.

We request comment on whether our proposed amendments would be a “major rule” for purposes of SBREFA. We solicit comment and empirical data on

- The potential annual effect on the economy;
- Any potential increase in costs or prices for consumers or individual industries;  
and
- Any potential effect on competition, investment, or innovation.

We request those submitting comments to provide empirical data and other factual support for their views to the extent possible.

## **VII. STATUTORY BASIS AND TEXT OF PROPOSED RULE AND FORM AMENDMENTS**

The amendments contained in this document are being proposed under the authority set forth in Sections 7, 10, and 19(a) of the Securities Act, Sections 3, 12, 13, 15(d), 23(a), and 35A of the Exchange Act and Sections 8, 24, 30, and 38 of the Investment Company Act.

### **List of Subjects**

#### **17 CFR Part 229**

Reporting and recordkeeping requirements, Securities.

#### **17 CFR Part 230**

Investment companies, Reporting and recordkeeping requirements, Securities.

#### **17 CFR Part 232**

Administrative practice and procedure, Reporting and recordkeeping requirements, Securities.

**17 CFR Parts 239 and 249**

Reporting and recordkeeping requirements, Securities.

**17 CFR Part 274**

Investment companies, Reporting and recordkeeping requirements, Securities.

For the reasons stated in the preamble, the Commission is proposing to amend title 17, chapter II of the Code of the Federal Regulations as follows:

**PART 229 – STANDARD INSTRUCTIONS FOR FILING FORMS UNDER SECURITIES ACT OF 1933, SECURITIES EXCHANGE ACT OF 1934 AND ENERGY POLICY AND CONSERVATION ACT OF 1975—REGULATION S-K**

1. The authority citation for part 229 continues to read as follows:

**Authority:** 15 U.S.C. 77e, 77f, 77g, 77h, 77j, 77k, 77s, 77z-2, 77z-3, 77aa(25), 77aa(26), 77ddd, 77eee, 77ggg, 77hhh, 77iii, 77jjj, 77nnn, 77sss, 78c, 78i, 78j, 78j-3, 78l, 78m, 78n, 78n-1, 78o, 78u-5, 78w, 78ll, 78 mm, 80a-8, 80a-9, 80a-20, 80a-29, 80a-30, 80a-31(c), 80a-37, 80a-38(a), 80a-39, 80b-11 and 7201 *et seq.*; 18 U.S.C. 1350; Sec. 953(b) Pub. L. 111-203, 124 Stat. 1904; Sec. 102(a)(3) Pub. L. 112-106, 126 Stat. 309; and Sec. 84001, Pub. L. 114-94, 129 Stat.1312.

2. Amend §229.601 by revising paragraph (b)(101) to read as follows:

**§229.601 (Item 601) Exhibits.**

\* \* \* \* \*

(b) \* \* \*

(101) *Interactive Data File*. Where a registrant prepares its financial statements in accordance with either generally accepted accounting principles as used in the United



States or International Financial Reporting Standards as issued by the International Accounting Standards Board, an Interactive Data File (§232.11 of this chapter) is:

(i) *Required to be submitted.* Required to be submitted to the Commission in the manner provided by §232.405 of this chapter if the registrant does not prepare its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*), except that an Interactive Data File:

(A) First is required for a periodic report on Form 10-Q (§249.308a of this chapter), Form 20-F (§249.220f of this chapter) or Form 40-F (§249.240f of this chapter), as applicable;

(B) Is required for a registration statement under the Securities Act only if the registration statement contains a price or price range; and

(C) Is required for a Form 8-K (§249.308 of this chapter) only when the Form 8-K contains audited annual financial statements that are a revised version of financial statements that previously were filed with the Commission that have been revised pursuant to applicable accounting standards to reflect the effects of certain subsequent events, including a discontinued operation, a change in reportable segments or a change in accounting principle, and, in such case, the Interactive Data File would be required only as to such revised financial statements regardless whether the Form 8-K contains other financial statements.

(ii) *Permitted to be submitted.* Permitted to be submitted to the Commission in the manner provided by §232.405 of this chapter if the:

(A) Registrant does not prepare its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*); and

(B) Interactive Data File is not required to be submitted to the Commission under paragraph (b)(101)(i) of this section.

*Instruction to paragraphs (b)(101)(i) and (ii):* When an Interactive Data File is submitted as provided by §232.405(a)(3)(i) of this chapter, the exhibit index must include the word “Inline” within the title description for any eXtensible Business Reporting Language (XBRL)-related exhibit.

(iii) *Not permitted to be submitted.* Not permitted to be submitted to the Commission if the registrant prepares its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*).

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**PART 230 - GENERAL RULES AND REGULATIONS, SECURITIES ACT OF 1933**

3. The authority citation for Part 230 continues to read in part as follows:

**Authority:** 15 U.S.C. 77b, 77b note, 77c, 77d, 77f, 77g, 77h, 77j, 77r, 77s, 77z-3, 77sss, 78c, 78d, 78j, 78l, 78m, 78n, 78o, 78o-7 note, 78t, 78w, 78ll(d), 78mm, 80a-8, 80a-24, 80a-28, 80a-29, 80a-30, and 80a-37, and Pub. L. 112-106, sec. 201(a), sec. 401, 126 Stat. 313 (2012), unless otherwise noted.

\* \* \* \* \*

4. Amend §230.144 by revising paragraph (c)(1)(ii) and paragraphs 1.b and 2 of Note to §230.144(c) to read as follows:

**§230.144 Persons deemed not to be engaged in a distribution and therefore not underwriters.**

\* \* \* \* \*

(c) \* \* \*

(1) \* \* \*

(ii) Submitted electronically every Interactive Data File (§232.11 of this chapter) required to be submitted pursuant to §232.405 of this chapter, during the 12 months preceding such sale (or for such shorter period that the issuer was required to submit such files); or

\* \* \* \* \*

NOTE TO §230.144(c): \* \* \*

1. \* \* \*

b. Submitted electronically every Interactive Data File (§232.11 of this chapter) required to be submitted pursuant to §232.405 of this chapter, during the preceding 12 months (or for such shorter period that the issuer was required to submit such files); or

2. A written statement from the issuer that it has complied with such reporting or submission requirements.

\* \* \* \* \*

5. Amend §230.485 by revising paragraph (c)(3) to read as follows:

**§230.485 Effective date of post-effective amendments filed by certain registered investment companies.**

\* \* \* \* \*

(c) \* \* \*

(3) A registrant's ability to file a post-effective amendment, other than an amendment filed solely for purposes of submitting an Interactive Data File, under paragraph (b) of this section is automatically suspended if a registrant fails to submit any Interactive Data File as required by General Instruction C.3.(g) of Form N-1A

(§§239.15A and 274.11A of this chapter). A suspension under this paragraph (c)(3) shall become effective at such time as the registrant fails to submit an Interactive Data File as required by General Instruction C.3.(g) of Form N-1A. Any such suspension, so long as it is in effect, shall apply to any post-effective amendment that is filed after the suspension becomes effective, but shall not apply to any post-effective amendment that was filed before the suspension became effective. Any suspension shall apply only to the ability to file a post-effective amendment pursuant to paragraph (b) of this section and shall not otherwise affect any post-effective amendment. Any suspension under this paragraph (c)(3) shall terminate as soon as a registrant has submitted the Interactive Data File as required by General Instruction C.3.(g) of Form N-1A.

\* \* \* \* \*

6. Amend §230.497 by revising the last sentence of paragraphs (c) and (e) to read as follows:

**§230.497 Filing of investment company prospectuses – number of copies.**

\* \* \* \* \*

(c) \* \* \* Investment companies filing on Form N-1A must, if applicable pursuant to General Instruction C.3.(g) of Form N-1A, submit an Interactive Data File (§232.11 of this chapter).

\* \* \* \* \*

(e) \* \* \* Investment companies filing on Form N-1A must, if applicable pursuant to General Instruction C.3.(g) of Form N-1A, submit an Interactive Data File (§232.11 of this chapter).

\* \* \* \* \*

**PART 232—REGULATION S-T—GENERAL RULES AND REGULATIONS FOR ELECTRONIC FILINGS**

7. The authority citation for Part 232 continues to read in part as follows:

**Authority:** 15 U.S.C. 77c, 77f, 77g, 77h, 77j, 77s(a), 77z-3, 77sss(a), 78c(b), 78l, 78m, 78n, 78o(d), 78w(a), 78ll, 80a-6(c), 80a-8, 80a-29, 80a-30, 80a-37, 7201 *et seq.*; and 18 U.S.C. 1350, unless otherwise noted.

\* \* \* \* \*

8. Amend §232.11 by revising the definition of “Interactive Data File”, removing the definition of “Promptly” and revising the definition of “Related Official Filing” to read as follows:

**§232.11 Definition of terms used in part 232.**

\* \* \* \* \*

*Interactive Data File.* The term *Interactive Data File* means the machine-readable computer code that presents information in eXtensible Business Reporting Language (XBRL) electronic format pursuant to §232.405 and as specified by the EDGAR Filer Manual. When a filing is submitted using Inline XBRL as provided by §232.405(a)(3), a portion of the Interactive Data File is embedded into a form with the remainder submitted as an exhibit to the form.

\* \* \* \* \*

*Related Official Filing.* The term *Related Official Filing* means the ASCII or HTML format part of the official filing with which all or part of an Interactive Data File appears as an exhibit or, in the case of a filing on Form N-1A (§§239.15A and

274.11A of this chapter), the ASCII or HTML format part of an official filing that contains the information to which an Interactive Data File corresponds.

\* \* \* \* \*

9. Amend §232.201 by revising Note 1 to paragraph (b), paragraph (c) and Note to paragraph (c) to read as follows:

**§232.201 Temporary hardship exemption.**

\* \* \* \* \*

NOTE 1 TO PARAGRAPH (b): Failure to submit the confirming electronic copy of a paper filing made in reliance on the temporary hardship exemption, as required in paragraph (b) of this section, will result in ineligibility to use Forms S-3, S-8, F-3 and SF-3 (*see* §§239.13, 239.16b 239.33 and 239.45 of this chapter, respectively), restrict incorporation by reference into an electronic filing of the document submitted in paper (*see* §232.303), and toll certain time periods associated with tender offers (*see* §240.13e-4(f)(12) of this chapter and §240.14e-1(e) of this chapter).

\* \* \* \* \*

(c) If an electronic filer experiences unanticipated technical difficulties preventing the timely preparation and submission of an Interactive Data File (§232.11) as required pursuant to §232.405, the electronic filer still can timely satisfy the requirement to submit the Interactive Data File in the following manner:

(1) Substitute for the Interactive Data File a document that sets forth the following legend:

IN ACCORDANCE WITH THE TEMPORARY HARDSHIP EXEMPTION  
PROVIDED BY RULE 201 OF REGULATION S-T, THE DATE BY WHICH THE

INTERACTIVE DATA FILE IS REQUIRED TO BE SUBMITTED HAS BEEN EXTENDED BY SIX BUSINESS DAYS; and

(2) Submit the required Interactive Data File no later than six business days after the Interactive Data File originally was required to be submitted.

NOTE TO PARAGRAPH (c): Electronic filers unable to submit the Interactive Data File under the circumstances specified by paragraph (c) of this section, must comply with the provisions of this section and cannot use Form 12b-25 (§249.322 of this chapter) as a notification of late filing. Failure to submit the Interactive Data File as required by the end of the six-business-day period specified by paragraph (c) of this section will result in ineligibility to use Forms S-3, S-8 and F-3 (§§239.13, 239.16b, and 239.33 of this chapter, respectively) and constitute a failure to have filed all required reports for purposes of the current public information requirements of §230.144(c)(1) of this chapter.

\* \* \* \* \*

10. Amend §232.202 by:

- a. Revising the introductory text of paragraph (a);
- b. Revising paragraphs (a)(2), (b)(2), (b)(3), (c)(1) and (c)(2);
- c. Removing paragraph (c)(3); and
- d. Revising paragraphs (d)(1) and (d)(2) and Notes 3 and 4 to §232.202.

The revisions read as follows:

**§232.202 Continuing hardship exemption.**

(a) An electronic filer may apply in writing for a continuing hardship exemption if all or part of a filing, group of filings or submission, other than a Form ID (§§239.63,

249.446, 269.7, and 274.402 of this chapter), a Form D (§239.500 of this chapter), or an Asset Data File (§232.11), otherwise to be filed or submitted in electronic format cannot be so filed or submitted, as applicable, without undue burden or expense. Such written application shall be made at least ten business days before the required due date of the filing(s) or submission(s) or the proposed filing or submission date, as appropriate, or within such shorter period as may be permitted. The written application shall contain the information set forth in paragraph (b) of this section.

\* \* \* \* \*

(2) If the Commission, or the staff acting pursuant to delegated authority, denies the application for a continuing hardship exemption, the electronic filer shall file or submit the required document or Interactive Data File in electronic format, as applicable, on the required due date or the proposed filing or submission date, or such other date as may be permitted.

\* \* \* \* \*

(b) \* \* \*

(2) The burden and expense involved to employ alternative means to make the electronic submission; and/or

(3) The reasons for not submitting electronically the document, group of documents or Interactive Data File, as well as the justification for the requested time period.

(c) \* \* \*

(1) Electronic filing of a document or group of documents, not electronic submission of an Interactive Data File, then the electronic filer shall submit the



document or group of documents for which the continuing hardship exemption is granted in paper format on the required due date specified in the applicable form, rule or regulation, or the proposed filing date, as appropriate and the following legend shall be placed in capital letters at the top of the cover page of the paper format document(s):

IN ACCORDANCE WITH RULE 202 OF REGULATION S-T, THIS (specify document) IS BEING FILED IN PAPER PURSUANT TO A CONTINUING HARDSHIP EXEMPTION.

(2) Electronic submission of an Interactive Data File, then the electronic filer shall substitute for the Interactive Data File a document that sets forth one of the following legends, as appropriate:

\* \* \* \* \*

(d) \* \* \*

(1) Electronic filing of a document or group of documents, not electronic submission of an Interactive Data File, then the grant may be conditioned upon the filing of the document or group of documents that is the subject of the exemption in electronic format upon the expiration of the period for which the exemption is granted. The electronic format version shall contain the following statement in capital letters at the top of the first page of the document:

THIS DOCUMENT IS A COPY OF THE (specify document) FILED ON (date) PURSUANT TO A RULE 202(d) CONTINUING HARDSHIP EXEMPTION.

(2) Electronic submission of an Interactive Data File, then the grant may be conditioned upon the electronic submission of the Interactive Data File that is the

subject of the exemption upon the expiration of the period for which the exemption is granted.

\* \* \* \* \*

NOTE 3 TO §232.202: Failure to submit a required confirming electronic copy of a paper filing made in reliance on a continuing hardship exemption granted pursuant to paragraph (d) of this section will result in ineligibility to use Forms S-3, S-8 and F-3 (*see*, §§239.13, 239.16b and 239.33 of this chapter, respectively), restrict incorporation by reference into an electronic filing of the document submitted in paper (*see* §232.303), and toll certain time periods associated with tender offers (*see* §240.13e-4(f)(12) of this chapter and §240.14e-1(e) of this chapter).

NOTE 4 TO §232.202: Failure to submit the Interactive Data File as required by §232.405 by the end of the continuing hardship exemption if granted for a limited period of time, will result in ineligibility to use Forms S-3, S-8, and F-3 (§§239.13, 239.16b and 239.33 of this chapter, respectively), constitute a failure to have filed all required reports for purposes of the current public information requirements of §230.144(c)(1) of this chapter, and, pursuant to §230.485(c)(3) of this chapter, suspend the ability to file post-effective amendments under §230.485 of this chapter.

11. Remove and reserve §232.401.
12. Amend §232.405 by:
  - a. Revising the section heading;
  - b. Removing the headings “Preliminary Note 1” and “Preliminary Note 2” and revising the newly undesignated text;
  - c. Removing Preliminary Note 3;

- d. Revising the heading of paragraph (a);
- e. Revising paragraphs (a)(1) and (a)(2);
- f. Removing current paragraph (a)(4) and redesignating paragraph (a)(3) as paragraph (a)(4);
- g. Adding new paragraph (a)(3);
- h. Revising newly redesignated paragraph (a)(4);
- i. Revising the introductory text of paragraphs (d) and (e);
- j. Revising paragraph (f);
- k. Removing paragraph (g); and
- l. Revising Note to §232.405.

The revisions and addition read as follows:

**§232.405 Interactive Data File submissions.**

Section 405 of Regulation S-T (§232.405) applies to electronic filers that submit Interactive Data Files. Item 601(b)(101) of Regulation S-K (§229.601(b)(101) of this chapter), paragraph (101) of Part II—Information Not Required to be Delivered to Offerees or Purchasers of Form F-10 (§239.40 of this chapter), paragraph 101 of the Instructions as to Exhibits of Form 20-F (§249.220f of this chapter), paragraph B.(15) of the General Instructions to Form 40-F (§249.240f of this chapter), and paragraph C.(6) of the General Instructions to Form 6-K (§249.306 of this chapter), and General Instruction C.3.(g) of Form N-1A (§§239.15A and 274.11A of this chapter) specify when electronic filers are required to submit an Interactive Data File (§232.11), as further described in the Note to §232.405. Section 405 imposes content, format and submission requirements for an Interactive Data File, but does not change the substantive content requirements for the financial and other disclosures in the Related Official Filing (§232.11).

*(a) Content, format and submission requirements-General. \* \* \**

(1) Comply with the content, format and submission requirements of this section;

(2) Be submitted only by an electronic filer either required or permitted to submit an Interactive Data File as specified by Item 601(b)(101) of Regulation S-K (§229.601(b)(101) of this chapter), paragraph (101) of Part II—Information Not Required to be Delivered to Offerees or Purchasers of Form F-10 (§239.40 of this chapter), paragraph 101 of the Instructions as to Exhibits of Form 20-F (§249.220f of

this chapter), paragraph B.(15) of the General Instructions to Form 40-F (§249.240f of this chapter), paragraph C.(6) of the General Instructions to Form 6-K (§249.306 of this chapter), or General Instruction C.3.(g) of Form N-1A (§§239.15A and 274.11A of this chapter), as applicable;

(3) Be submitted using Inline XBRL,

(i) If the electronic filer is not an open-end management investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a *et seq.*) and is not within one of the categories specified in paragraph (f) of this section, as partly embedded into a form with the remainder simultaneously submitted as an exhibit to:

(A) A form that contains the disclosure required by this section; or

(B) An amendment to a form that contains the disclosure required by this section if the amendment is filed no more than 30 days after the earlier of the due date or filing date of the form and the Interactive Data File is the first Interactive Data File the electronic filer submits; or

(ii) If the electronic filer is an open-end management investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a *et seq.*) and is not within one of the categories specified in paragraph (f) of this section, as partly embedded into a form with the remainder simultaneously submitted as an exhibit to a form that contains the disclosure required by this section; and

(4) Be submitted in accordance with the EDGAR Filer Manual and, as applicable, either Item 601(b)(101) of Regulation S-K (§229.601(b)(101) of this chapter), paragraph (101) of Part II—Information Not Required to be Delivered to Offerees or Purchasers of Form F-10 (§239.40 of this chapter), paragraph 101 of the

Instructions as to Exhibits of Form 20-F (§249.220f of this chapter), paragraph B.(15) of the General Instructions to Form 40-F (§249.240f of this chapter), paragraph C.(6) of the General Instructions to Form 6-K (§249.306 of this chapter), or General Instruction C.3.(g) of Form N-1A (§§239.15A and 274.11A of this chapter).

\* \* \* \* \*

(d) *Format—Footnotes—Generally.* The part of the Interactive Data File for which the corresponding data in the Related Official Filing consists of footnotes to financial statements must comply with the requirements of paragraphs (c)(1) and (c)(2) of this section, as modified by this paragraph (d). Footnotes to financial statements must be tagged as follows:

\* \* \* \* \*

(e) *Format—Schedules—Generally.* The part of the Interactive Data File for which the corresponding data in the Related Official Filing consists of financial statement schedules as set forth in Article 12 of Regulation S-X (17 CFR 210.12-01 *et seq.*) must comply with the requirements of paragraphs (c)(1) and (c)(2) of this section, as modified by this paragraph (e). Financial statement schedules as set forth in Article 12 of Regulation S-X (17 CFR 210.12-01 *et seq.*) must be tagged as follows:

\* \* \* \* \*

(f) *Format—Phase-in for Inline XBRL submissions.*

(1) The following electronic filers may choose to submit an Interactive Data File:

(i) In the manner specified in paragraph (f)(2)(i) or (ii) of this section rather than as specified by paragraph (a)(3)(i) of this section: any electronic filer that is not an open-end management investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a *et seq.*) if it is:

(A) A large accelerated filer (§240.12b-2 of this chapter) that prepares its financial statements in accordance with generally accepted accounting principles as used in the United States and none of the financial statements for which an Interactive Data File is required is for a fiscal period that ends on or after [one year after the final rule is effective];

(B) An accelerated filer (§240.12b-2 of this chapter) that prepares its financial statements in accordance with generally accepted accounting principles as used in the United States and none of the financial statements for which an Interactive Data File is required is for a fiscal period that ends on or after [two years after the final rule is effective]; and

(C) A filer not specified in paragraph (f)(1)(i)(A) or (f)(1)(i)(B) of this section that prepares its financial statements in accordance with either generally accepted accounting principles as used in the United States or International Financial Reporting Standards as issued by the International Accounting Standards Board and none of the financial statements for which an Interactive Data File is required is for a fiscal period that ends on or after [three years after the final rule is effective];

(ii) In the manner specified in paragraph (f)(2)(i) of this section rather than as specified by paragraph (a)(3)(ii) of this section: any electronic filer that is an open-end management investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a *et seq.*) that, together with other investment companies in the same “group of related investment companies,” as such term is defined in §270.0-10 of this chapter, has assets of:

(A) \$1 billion or more as of the end of the most recent fiscal year until it files an initial registration statement (or post-effective amendment that is an annual update to an effective registration statement) that becomes effective on or after [one year after the final rule is effective]; and

(B) Less than \$1 billion as of the end of the most recent fiscal year until it files an initial registration statement (or post-effective amendment that is an annual update to an effective registration statement) that becomes effective on or after [two years after the final rule is effective].

(2) The electronic filers specified in paragraph (f)(1) of this section may submit the Interactive Data File solely as an exhibit to:

(i) A form that contains the disclosure required by this section; or

(ii) If the electronic filer is not an open-end management investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a *et seq.*), an amendment to a form that contains the disclosure required by this section if the amendment is filed no more than 30 days after the earlier of the due date or filing date of the form and the Interactive Data File is the first Interactive Data File the electronic filer submits.



NOTE TO §232.405: Item 601(b)(101) of Regulation S-K (§229.601(b)(101) of this chapter) specifies the circumstances under which an Interactive Data File must be submitted and the circumstances under which it is permitted to be submitted, with respect to Forms S-1 (§239.11 of this chapter), S-3 (§239.13 of this chapter), S-4 (§239.25 of this chapter), S-11 (§239.18 of this chapter), F-1 (§239.31 of this chapter), F-3 (§239.33 of this chapter), F-4 (§239.34 of this chapter), 10-K (§249.310 of this chapter), 10-Q (§249.308a of this chapter) and 8-K (§249.308 of this chapter). Paragraph (101) of Part II—Information not Required to be Delivered to Offerees or Purchasers of Form F-10 (§239.40 of this chapter) specifies the circumstances under which an Interactive Data File must be submitted and the circumstances under which it is permitted to be submitted, with respect to Form F-10. Paragraph 101 of the Instructions as to Exhibits of Form 20-F (§249.220f of this chapter) specifies the circumstances under which an Interactive Data File must be submitted and the circumstances under which it is permitted to be submitted, with respect to Form 20-F. Paragraph B.(15) of the General Instructions to Form 40-F (§249.240f of this chapter) and Paragraph C.(6) of the General Instructions to Form 6-K (§249.306 of this chapter) specify the circumstances under which an Interactive Data File must be submitted and the circumstances under which it is permitted to be submitted, with respect to Form 40-F and Form 6-K (§249.240f of this chapter and §249.306 of this chapter), respectively. Item 601(b)(101) of Regulation S-K, paragraph (101) of Part II—Information not Required to be Delivered to Offerees or Purchasers of Form F-10, paragraph 101 of the Instructions as to Exhibits of Form 20-F, paragraph B.(15) of the General Instructions to Form 40-F and paragraph C.(6) of the General

Instructions to Form 6-K all prohibit submission of an Interactive Data File by an issuer that prepares its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*). For an issuer that is an open-end management investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a *et seq.*), General Instruction C.3.(g) of Form N-1A (§§239.15A and 274.11A of this chapter) specifies the circumstances under which an Interactive Data File must be submitted.

**PART 239 – FORMS PRESCRIBED UNDER THE SECURITIES ACT OF 1933**

13. The authority citation for part 239 continues to read in part as follows:

**Authority:** 15 U.S.C. 77c, 77f, 77g, 77h, 77j, 77s, 77z-2, 77z-3, 77sss, 78c, 78l, 78m, 78n, 78o(d), 78o-7 note, 78u-5, 78w(a), 78ll, 78mm, 80a-2(a), 80a-3, 80a-8, 80a-9, 80a-10, 80a-13, 80a-24, 80a-26, 80a-29, 80a-30, 80a-37, and Sec. 71003 and Sec. 84001, Pub. L. 114-94, 129 Stat. 1312, unless otherwise noted.

\* \* \* \* \*

14. Amend §239.13 by revising paragraph (a)(7)(ii) to read as follows:

**§239.13 Form S-3, for registration under the Securities Act of 1933 of securities of certain issuers offered pursuant to certain types of transactions.**

\* \* \* \* \*

(a) \* \* \*

(7) \* \* \*

(ii) Submitted electronically to the Commission all Interactive Data Files required to be submitted pursuant to §232.405 of this chapter during the twelve calendar months and any portion of a month immediately preceding the filing of the registration statement

on this Form (or for such shorter period of time that the registrant was required to submit such files).

\* \* \* \* \*

15. Amend Form S-3 (referenced in §239.13) by revising General Instruction

I.A.7.(b) to read as follows:

**Note: The text of Form S-3 does not, and this amendment will not, appear in the Code of Federal Regulations.**

### FORM S-3

#### REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

\* \* \* \* \*

#### GENERAL INSTRUCTIONS

##### I. Eligibility Requirements for Use of Form S-3

\* \* \* \* \*

A. \* \* \*

7. \* \* \*

(b) Submitted electronically to the Commission all Interactive Data Files required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the twelve calendar months and any portion of a month immediately preceding the filing of the registration statement on this Form (or for such shorter period of time that the registrant was required to submit such files).

\* \* \* \* \*

16. Amend §239.16b by revising paragraph (b)(2) to read as follows:

**§239.16b Form S-8, for registration under the Securities Act of 1933 of securities to be offered to employees pursuant to employee benefit plans.**

\* \* \* \* \*

(b) \* \* \*

(2) Submitted electronically to the Commission all Interactive Data Files required to be submitted pursuant to §232.405 of this chapter during the twelve calendar months and any portion of a month immediately preceding the filing of the registration statement on this Form (or for such shorter period of time that the registrant was required to submit such files).

17. Amend Form S-8 (referenced in §239.16b) by revising General Instruction A.3.(b) to read as follows:

**Note: The text of Form S-8 does not, and this amendment will not, appear in the Code of Federal Regulations.**

## FORM S-8

### REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

\* \* \* \* \*

#### GENERAL INSTRUCTIONS

##### A. Rule as to Use of Form S-8

\* \* \* \* \*

3. \* \* \*

(b) Submitted electronically to the Commission all Interactive Data Files required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the twelve calendar months and any portion of a month immediately preceding the filing of the registration statement on this Form (or for such shorter period of time that the registrant was required to submit such files).

\* \* \* \* \*

18. Amend §239.33 by revising paragraph (a)(6)(ii) to read as follows:

**§239.33 Form F-3, for registration under the Securities Act of 1933 of securities of certain foreign private issuers offered pursuant to certain types of transactions.**

\* \* \* \* \*

(a) \* \* \*

(6) \* \* \*

(ii) Submitted electronically to the Commission all Interactive Data Files required to be submitted pursuant to §232.405 of this chapter during the twelve calendar months and any portion of a month immediately preceding the filing of the registration statement on this Form (or for such shorter period of time that the registrant was required to submit such files).

\* \* \* \* \*

19. Amend Form F-3 (referenced in §239.33) by revising paragraph I.A.6.(ii) to read as follows:

**Note: The text of Form F-3 does not, and this amendment will not, appear in the Code of Federal Regulations.**

**FORM F-3**

**REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

\* \* \* \* \*

**GENERAL INSTRUCTIONS**

I. Eligibility Requirements for Use of Form F-3

\* \* \* \* \*

A. Registrant Requirements

\* \* \* \* \*

6. Electronic filings. \* \* \*

\* \* \* \* \*

(ii) Submitted electronically to the Commission all Interactive Data Files required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the twelve calendar months and any portion of a month immediately preceding the filing of the registration statement on this Form (or for such shorter period of time that the registrant was required to submit such files).

\* \* \* \* \*

20. Amend Form F-10 (referenced in §239.40) by revising paragraph (101) of Part II – Information Not Required to be Delivered to Offerees or Purchasers to read as follows:

**Note: The text of Form F-10 does not, and this amendment will not, appear in the Code of Federal Regulations.**

**FORM F-10**

**REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

\* \* \* \* \*

**PART II – INFORMATION NOT REQUIRED TO BE DELIVERED TO OFFEREEES OR PURCHASERS**

\* \* \* \* \*

(101) Where a registrant prepares its financial statements in accordance with either generally accepted accounting principles as used in the United States or International Financial Reporting Standards as issued by the International Accounting Standards Board, an Interactive Data File (§232.11 of this chapter) is:

(a) Required to be submitted. Required to be submitted to the Commission in the manner provided by Rule 405 of Regulation S-T (§232.405 of this chapter) if the

registrant does not prepare its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*), except that an Interactive Data File:

(i) First is required for a periodic report on Form 10-Q (§249.308a of this chapter), Form 20-F (§249.220f of this chapter) or Form 40-F (§249.240f of this chapter), as applicable; and

(ii) Is required for a registration statement under the Securities Act only if the registration statement contains a price or price range.

(b) Permitted to be submitted. Permitted to be submitted to the Commission in the manner provided by Rule 405 of Regulation S-T (§232.405 of this chapter) if the:

(i) Registrant does not prepare its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*); and

(ii) Interactive Data File is not required to be submitted to the Commission under subparagraph (a) of this paragraph (101).

(c) Not permitted to be submitted. Not permitted to be submitted to the Commission if the registrant prepares its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*).

*Instruction to paragraphs (101)(a) and (b):* When an Interactive Data File is submitted as provided by Rule 405(a)(3)(i) of Regulation S-T (§232.405(a)(3)(i) of this chapter), the exhibit index must include the word “Inline” within the title description for any eXtensible Business Reporting Language (XBRL)-related exhibit.

#### **PART 249 – FORMS, SECURITIES EXCHANGE ACT OF 1934**

21. The authority citation for part 249 continues to read in part as follows:

**Authority:** 15 U.S.C. 78a *et seq.* and 7201 *et seq.*; 12 U.S.C. 5461 *et seq.*; 18 U.S.C. 1350; Sec. 953(b), Pub. L. 111-203, 124 Stat. 1904; and Sec. 102(a)(3), Pub. L. 112-106, 126 Stat. 309 (2012); Sec. 107, Pub. L. 112-106, 126 Stat. 313 (2012), and Sec. 72001, Pub. L. 114-94, 129 Stat. 1312 (2015), unless otherwise noted.

\* \* \* \* \*

22. Amend Form 20-F (referenced in §249.220f) by:
- a. Revising the undesignated paragraph on the cover that begins “Indicate by check mark whether the registrant has submitted electronically”; and
  - b. Revising paragraph 101 of the Instructions as to Exhibits.

The revisions read as follows:

**Note: The text of Form 20-F does not, and this amendment will not, appear in the Code of Federal Regulations.**

#### **FORM 20-F**

**REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

**OR**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

\* \* \* \* \*

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

\* \* \* \* \*

#### **INSTRUCTIONS AS TO EXHIBITS**



\* \* \* \* \*

101. Interactive Data File. Where a registrant prepares its financial statements in accordance with either generally accepted accounting principles as used in the United States or International Financial Reporting Standards as issued by the International Accounting Standards Board, an Interactive Data File (§232.11 of this chapter) is:

(a) Required to be submitted. Required to be submitted to the Commission in the manner provided by Rule 405 of Regulation S-T (§232.405 of this chapter) if the Form 20-F is an annual report and the registrant does not prepare its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*).

(b) Permitted to be submitted. Permitted to be submitted to the Commission in the manner provided by Rule 405 of Regulation S-T (§232.405 of this chapter) if the:

(i) Registrant does not prepare its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*); and

(ii) Interactive Data File is not required to be submitted to the Commission under subparagraph (a) of this paragraph 101.

(c) Not permitted to be submitted. Not permitted to be submitted to the Commission if the registrant prepares its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*).

*Instruction to paragraphs 101.(a) and (b):* When an Interactive Data File is submitted as provided by Rule 405(a)(3)(i) of Regulation S-T (§232.405(a)(3)(i) of this chapter), the exhibit index must include the word “Inline” within the title description for any eXtensible Business Reporting Language (XBRL)-related exhibit.

23. Amend Form 40-F (referenced in §249.240f) by:

a. Revising the undesignated paragraph on the cover that begins “Indicate by check mark whether the registrant has submitted electronically”; and

b. Revising paragraph B.(15) of the General Instructions.

The revisions read as follows:

**Note: The text of Form 40-F does not, and this amendment will not, appear in the Code of Federal Regulations.**

### FORM 40-F

**REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

**OR**

**ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

\* \* \* \* \*

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

\* \* \* \* \*

### GENERAL INSTRUCTIONS

\* \* \* \* \*

#### **B. Information To Be Filed on this Form**

\* \* \* \* \*

(15) Where a registrant prepares its financial statements in accordance with either generally accepted accounting principles as used in the United States or International

Financial Reporting Standards as issued by the International Accounting Standards Board, an Interactive Data File (§232.11 of this chapter) is:

(a) Required to be submitted. Required to be submitted to the Commission in the manner provided by Rule 405 of Regulation S-T (§232.405 of this chapter) and, to the extent submitted as an exhibit, listed as exhibit 101, if the Form 40-F is an annual report and the registrant does not prepare its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*).

(b) Permitted to be submitted. Permitted to be submitted to the Commission in the manner provided by Rule 405 of Regulation S-T (§232.405 of this chapter) if the:

(i) Registrant does not prepare its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*); and

(ii) Interactive Data File is not required to be submitted to the Commission under subparagraph (a) of this paragraph B.(15).

(c) Not permitted to be submitted. Not permitted to be submitted to the Commission if the registrant prepares its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*).

*Instruction to paragraphs B.(15)(a) and (b):* When an Interactive Data File is submitted as provided by Rule 405(a)(3)(i) of Regulation S-T (§232.405(a)(3)(i) of this chapter), the exhibit index must include the word “Inline” within the title description for any eXtensible Business Reporting Language (XBRL)-related exhibit.

\* \* \* \* \*

24. Amend Form 6-K (referenced in §249.306) by revising paragraph (6) to General Instruction C to read as follows:

**Note: The text of Form 6-K does not, and this amendment will not, appear in the Code of Federal Regulations.**

**FORM 6-K**

**REPORT FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 OF THE SECURITIES EXCHANGE ACT OF 1934**

\* \* \* \* \*

**GENERAL INSTRUCTIONS**

\* \* \* \* \*

**C. Preparation and Filing of Report**

\* \* \* \* \*

(6) *Interactive Data File*. Where a registrant prepares its financial statements in accordance with either generally accepted accounting principles as used in the United States or International Financial Reporting Standards as issued by the International Accounting Standards Board, an Interactive Data File (§232.11 of this chapter) is:

(a) *Required to be submitted*. Required to be submitted to the Commission in the manner provided by Rule 405 of Regulation S-T (§232.405 of this chapter) and, to the extent submitted as an exhibit, listed as exhibit 101, if the registrant does not prepare its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*), except that an Interactive Data File:

(i) First is required for a periodic report on Form 10-Q (§249.308a of this chapter), Form 20-F (§249.220f of this chapter) or Form 40-F (§249.240f of this chapter), as applicable; and

(ii) Is required for a Form 6-K (§249.306 of this chapter) only when the Form 6-K contains either of the following: audited annual financial statements that are a revised

version of financial statements that previously were filed with the Commission that have been revised pursuant to applicable accounting standards to reflect the effects of certain subsequent events, including a discontinued operation, a change in reportable segments or a change in accounting principle; or current interim financial statements included pursuant to the nine-month updating requirement of Item 8.A.5 of Form 20-F, and, in either such case, the Interactive Data File would be required only as to such revised financial statements or current interim financial statements regardless whether the Form 6-K contains other financial statements.

(b) *Permitted to be submitted.* Permitted to be submitted to the Commission in the manner provided by Rule 405 of Regulation S-T (§232.405 of this chapter) if the:

(i) Registrant does not prepare its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*); and

(ii) Interactive Data File is not required to be submitted to the Commission under subparagraph (a) of this paragraph C.(6).

(c) *Not permitted to be submitted.* Not permitted to be submitted to the Commission if the registrant prepares its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*).

*Instruction to paragraphs C.(6)(a) and (b):* When an Interactive Data File is submitted as provided by Rule 405(a)(3)(i) of Regulation S-T (§232.405(a)(3)(i) of this chapter), the exhibit index must include the word “Inline” within the title description for any eXtensible Business Reporting Language (XBRL)-related exhibit.

\* \* \* \* \*

25. Amend Form 10-Q (referenced in §249.308a) by revising the undesignated paragraph on the cover that begins “Indicate by check mark whether the registrant has submitted electronically” to read as follows:

**Note: The text of Form 10-Q does not, and this amendment will not, appear in the Code of Federal Regulations.**

**FORM 10-Q**

\* \* \* \* \*

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

\* \* \* \* \*

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

\* \* \* \* \*

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

\* \* \* \* \*

26. Amend Form 10-K (referenced in §249.310) by revising the undesignated paragraph on the cover that begins “Indicate by check mark whether the registrant has submitted electronically” to read as follows:

**Note: The text of Form 10-K does not, and this amendment will not, appear in the Code of Federal Regulations.**

**FORM 10-K**

\* \* \* \* \*

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

\* \* \* \* \*

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

\* \* \* \* \*

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

\* \* \* \* \*

**PART 274 – FORMS PRESCRIBED UNDER THE INVESTMENT COMPANY  
ACT OF 1940**

27. The authority citation for part 274 continues to read in part as follows:

**Authority:** 15 U.S.C. 77f, 77g, 77h, 77j, 77s, 78c(b), 78l, 78m, 78n, 78o(d), 80a-8, 80a-24, 80a-26, 80a-29, and Pub. L. 111-203, sec. 939A, 124 Stat. 1376 (2010), unless otherwise noted.

\* \* \* \* \*

28. Amend Form N-1A (referenced in §§239.15A and 274.11A) by revising General Instruction C.3.(g) to read as follows:

**Note: The text of Form N-1A does not, and this amendment will not, appear in the Code of Federal Regulations.**

**FORM N-1A**

\* \* \* \* \*

**REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

\* \* \* \* \*

□ REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY

ACT OF 1940

\* \* \* \* \*

**GENERAL INSTRUCTIONS**

\* \* \* \* \*

**C.** \* \* \*

**3.** \* \* \*

(g) Interactive Data File

(i) An Interactive Data File (§232.11 of this chapter) is required to be submitted to the Commission in the manner provided by Rule 405 of Regulation S-T (§232.405 of this chapter) for any registration statement or post-effective amendment thereto on Form N-1A that includes or amends information provided in response to Items 2, 3, or 4.

(A) Except as required by paragraph (g)(i)(B), the Interactive Data File must be submitted as an amendment to the registration statement to which the Interactive Data File relates. The amendment must be submitted on or before the date the registration statement or post-effective amendment that contains the related information becomes effective.

(B) In the case of a post-effective amendment to a registration statement filed pursuant to paragraphs (b)(1)(i), (ii), (v), or (vii) of rule 485 under the Securities Act [17 CFR 230.485(b)], the Interactive Data File must be submitted either with the filing, or as an amendment to the registration statement to which the Interactive Data Filing relates



that is submitted on or before the date the post-effective amendment that contains the related information becomes effective.

(ii) An Interactive Data File is required to be submitted to the Commission in the manner provided by Rule 405 of Regulation S-T for any form of prospectus filed pursuant to paragraphs (c) or (e) of rule 497 under the Securities Act [17 CFR 230.497(c) or (e)] that includes information provided in response to Items 2, 3, or 4 that varies from the registration statement. The Interactive Data File must be submitted with the filing made pursuant to rule 497.

(iii) The Interactive Data File must be submitted in such a manner that will permit the information for each Series and, for any information that does not relate to all of the Classes in a filing, each Class of the Fund to be separately identified.

\* \* \* \* \*

By the Commission.

Date: March 1, 2017

Brent J. Fields  
Secretary