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November 11, 2004

Mr. Jonathan G. Katz  
Secretary  
Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549-0609

**Re: File No. S7-35-04 and File No. S7-36-04**

**Proposed Rule on XBRL Voluntary Financial Reporting Program on the EDGAR System and Concept Release on Enhancing Commission Filings Through the Use of Tagged Data**

Dear Mr. Katz:

Deloitte & Touche LLP is pleased to respond to the request for comments from the United States Securities and Exchange Commission (the “SEC” or the “Commission”) on the proposed rule on *XBRL Voluntary Financial Reporting Program on the EDGAR System* (the “proposed rule”) and the companion concept release on *Enhancing Commission Filings Through the Use of Tagged Data* (the “concept release”) issued by the Commission on September 27, 2004.

**INTRODUCTION**

On September 27, 2004, the Commission issued a proposed rule to establish a voluntary financial reporting program that would allow registrants to submit supplemental tagged

financial information using the eXtensible Business Reporting Language (XBRL) as exhibits to specified EDGAR filings. A companion concept release providing additional information on tagged data and seeking comment on enhancing Commission filings through the use of tagged data was also issued in connection with the proposed rule. The voluntary program is intended to help the Commission evaluate the usefulness of data tagging in general, and XBRL in particular, to registrants, investors, the Commission and the marketplace. We support the Commission's initiative to improve the filing, information collection and analysis process as well as the Commission's efforts to make the EDGAR system more accessible and useful to the public through this proposed rule.

The intent of the voluntary program, as stated previously, is to help the Commission evaluate the usefulness of data tagging in general, and XBRL in particular. We believe that the specific provisions for the establishment of the voluntary program, included in the proposed rule, are appropriate and will facilitate participation in the program and allow the program to meet the Commission's goals.

Key provisions that will help ensure that the voluntary program's goals are met include:

- Flexibility in how and when volunteers may submit their XBRL Related Documents
- Limited liability protections for participants
- Exclusion of XBRL Related Documents from certification and audit requirements
- Flexibility in the type of financial information that can be submitted under the voluntary program as well as the level of tagging required for that information.

The two sections that follow include our responses to selected questions included in the specific request for comments included in the proposed rule and the concept release, respectively.

**I. Specific Request for Comment - Proposed Rule (File No. S7-35-04)**

**A. Is the proposed rule permitting volunteer filers to furnish financial information in XBRL appropriate? Is there a better way to accomplish testing and analysis of XBRL data? (proposed rule V.1)**

We believe that establishing the voluntary program is the most effective way for the Commission to obtain the experience and information necessary to evaluate the usefulness of data tagging in general, and XBRL in particular. The voluntary program is also likely to encourage further development in critical areas relating to XBRL. Information obtained from the voluntary program's results will allow the Commission to address questions relating to many key areas, including:

**Taxonomies** – Are the current US-GAAP taxonomies and industry extensions sufficiently developed? Do the taxonomies need further detail relating to the notes to the financial statements or other areas?

**Tools** – Do the tools currently available meet the needs of registrants, the Commission and the marketplace or are significant enhancements and new tools needed to allow effective production and consumption of XBRL data?

**Education and Training** – What level of training and education will be needed by market participants to allow effective use of XBRL data?

**B. For purposes of the program, volunteers can furnish in XBRL format, among other types of financial information, a complete set of financial statements. Are there special issues or difficulties raised by providing notes to financial statements in XBRL format? If so, should we permit volunteers to furnish financial statements in XBRL format if they omit the related notes? Should we allow volunteers to furnish in XBRL format some but not all financial statements (e.g., only a balance sheet)? Should we also allow tagging for other items, such as Management's Discussion and Analysis or Management's Discussion of Fund Performance that are part of existing taxonomies? (proposed rule V.2)**

The US-GAAP Taxonomies and industry extensions include tags that allow a company to tag their financial statement footnotes at a high level. For some of the prominent notes, a

more detailed set of tags has been developed. Participants wishing to tag their notes to the financial statements in full detail would be required to create extensive taxonomy extensions to provide all of the necessary tags. This represents a significantly higher level of effort than that required to furnish the basic financial statements. To avoid requirements that may be overly burdensome to participants, we believe that the Commission should permit volunteers to furnish financial statements in XBRL that omit the related notes. While tagging of the notes to the financial statements should not be required, inclusion of this information should be permitted for participants wishing to do so. If the Commission chooses to require tagging of the notes to the financial statements, volunteers should be given the flexibility to determine the level of detail to which the notes are tagged.

The Commission should encourage volunteers to include all of the basic financial statements with their XBRL submissions. This will help ensure that the Commission obtains sufficient experience and data with which to evaluate data tagging and XBRL.

The Commission should permit tagging of Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for volunteers wishing to do so. The current U.S. Financial Reporting Taxonomy Framework includes an MD&A taxonomy with a basic set of tags covering information typically found in the MD&A section of public company filings. This taxonomy could be used by volunteers to provide a high level tagging of the information contained in MD&A.

- C. We have proposed that XBRL data furnished by volunteers must be the same financial information as in the corresponding portion of the HTML or ASCII version. Should we allow volunteers to present less detailed financial information in their XBRL data? (proposed rule V.8)**

The goal of the voluntary program is to provide the Commission with the experience and information necessary to evaluate the usefulness of data tagging, and XBRL. XBRL documents that represent a subset, less detailed or summary version of the information included in the volunteer's official filing may not be adequate for achieving this goal. The program should therefore focus on, and encourage, the submission of XBRL documents that represent the same financial information as the corresponding portion of the official filing. Notwithstanding the above, inclusion of more summarized data could provide useful information on the flexibility and adaptability of XBRL. While not the focus of the program, submission of this data should be permitted.

One additional note relating to this and other specific requests for comment within the proposed rule. An underlying theme of the proposed rule is that the information in the XBRL filing "must be the same" as the existing filing content; this is a potential source of confusion. To take a simple example, a Form 10-K discloses that expenses were \$25.0 (in millions) and the instance document says it was 25045678 US dollars. The information is not "the same", but it is consistent, which should be sufficient. The Commission should consider adjusting the wording of the proposed rule to avoid the use of the term "the same" and instead require that the information be consistent.

- D. We are contemplating allowing volunteers to submit XBRL data as an amendment to their filings or with a Form 8-K or Form 6-K that references the filing that contains the financial information to which the XBRL data relates. Should we require volunteers to submit XBRL data at the same time or within a specified number of days from the time they submit their official filing? Would this present difficulties for volunteers? Should we require volunteers to submit XBRL data only as an exhibit to the filing to which the XBRL data relates (i.e., remove the option to submit the XBRL data as an exhibit to an otherwise unrelated Form 8-K or Form 6-K)? (proposed rule V.11)**

The environment in which potential volunteers will be reporting during early 2005 is broadly recognized as one of the most challenging reporting periods in history. We believe that stipulations requiring that XBRL data be submitted with or shortly after the official filing could have a significant adverse impact on participation in the program.

- E. As to the voluntary program, we propose to exclude XBRL-Related Documents from the certification requirements of Rules 13a-14 and 15d-14 under the Exchange Act and Rule 30a-2 under the Investment Company Act and we state that the XBRL-Related Documents should omit audit opinions and review reports. For purposes of the voluntary program, should officers of the company certify the XBRL data? If so, what should the certification criteria be? Should auditors be required to attest to the data? If so, what should their attestation requirements be? What are the advantages and disadvantages of requiring certification and attestation? What complications would arise if a volunteer presented an audit or review report in its XBRL-Related Documents? (proposed rule V.13)**

We do not believe that certification or auditor attestation should be required for the purposes of the voluntary program. However, we believe that certification and assurance requirements would be appropriate should the Commission consider the use of tagged data on a mandated basis in the future. These requirements would likely be critical in establishing broad marketplace trust in the reliability of XBRL data. We also believe that volunteers wishing to include certification and assurance information in their XBRL documents should be permitted to do so. This would allow registrants, the Commission and auditors to gain experience with the processes required for certification and assurance relating to XBRL documents.

While officer certification should not be required, the proposed rule should make clear that XBRL documents submitted under the voluntary program are the responsibility of management. Participants should be encouraged to communicate to users that decisions

regarding the data tagging, including the depth at which to tag the financial statements and the specific tags to be used, and ensuring that the information contained in the XBRL filing is consistent with that in the corresponding Commission filing, is the responsibility of management.

**F. How should we determine how useful the tagged data is to users of the information? (proposed rule V.16)**

The usefulness of tagged data should be measured by assessing the impact of tagged data on user requirements and Commission needs including the following:

- Does XBRL enhance the ability of users to search the EDGAR database and to extract and analyze specific data
- Can common financial measures, such as industry benchmarking and ratio analysis, be prepared in a faster more efficient manner
- Does tagged data provide Commission staff the ability to review filings on a more comprehensive and efficient basis
- Does the use of tagged data allow for enhanced risk assessment and surveillance procedures
- Is XBRL compatible with the reporting quality, transparency, accounting principles, and other Commission reporting requirements.

In assessing the impact of XBRL, the Commission should consider soliciting direct feedback from the preparers and users of this information. Surveys could be conducted of investors, analysts, registrants, data aggregators, auditors, regulators and others to gauge the effect of XBRL on each of these groups.

We believe that assessing the extent to which XBRL enhances the ability to effectively and efficiently perform the above tasks is an appropriate measure of the usefulness of tagged data.

## **II. Specific Request for Comment – Concept Release (File No. S7-36-04)**

### **A. What effect would tagged data have on the ability to use and analyze registrants' disclosure? Is the provision of tagged data in Commission filings preferable to the current system? (concept release II.C.a)**

Under the current system, EDGAR provides market participants with electronic access to what are essentially paper documents. Analysis of this data generally requires that the user manually re-key or copy the information into spreadsheets or other software applications or rely on data that has been extracted, reformatted and summarized by third-party sources. Locating specific information within a filing is typically a manual process. Tagged data would allow for more accurate and efficient extraction and re-use of the data included in Commission filings. Using tagged data will allow the Commission and other users to potentially automate the analysis of this data.

### **B. Would tagged data have an effect on the quality of disclosure in Commission filings? (concept release II.C.b)**

The short term impact of tagged data on the quality of Commission filings may be limited. In the longer term, tagged data will allow analysts, investors and Commission staff to perform enhanced analysis and reviews of filings. Tagged data will also allow for automation of ratio analysis, peer and industry benchmarking and other risk assessment analyses. Also, refer to section II.C regarding the effect of attestation and assurance on the quality of tagged data.

### **C. If we require or accept tagged data in Commission filings, should accountants attest to the accuracy and completeness of the tagged data? If so, what form should such an attestation take? (concept release III.D.a)**

Requiring auditor attestation as to the accuracy and completeness of the tagged data is likely to enhance the quality of this data. Auditor attestation will also contribute to building

marketplace trust in the reliability of tagged data. Attestation would currently be governed by the requirements of Interpretation No. 5 of SSAE No. 10, “Attest Engagements on Financial Information Included in XBRL Instance Documents”. Under this guidance, the auditor would attest to whether the information contained in an XBRL instance document represents the same information as the related, text based, document and that the taxonomy and individual tags used by the filer are appropriate. The auditor could also attest to the document’s compliance with the XBRL technical specification

While the guidance under SSAE No. 10 is appropriate for tagged data that mirrors current text based filings, future uses of tagged data may require an enhanced approach. Tagged data included in a more dynamic or interactive reporting environment will require a controls based approach with a focus on the reliability of the underlying systems used to generate the tagged data.

- D. What information contained in Commission filings would be appropriate for tagging? Only the financial statements? The financial statements and the notes to the financial statements? Should management's discussion and analysis or management's discussion of fund performance also be included? Should Commission industry guide information be included? Should financial schedules be included? What about other information included in the periodic or current reports or other information collected by the Commission? Please provide an explanation for the information that you believe is appropriate for tagging. (concept release IV.A.a)**

Data tagging adds a machine readable structure to the information being tagged allowing for efficient, systematic access to this data. The benefits of structured data can be applied to the information in all Commission filings. However, data tagging will have a more critical impact on certain types of filings and information. A number of factors should be considered in determining which filings and information should be the initial focus and priority of the Commission’s data tagging efforts. These factors include the availability of taxonomies

covering the specific type of information, the availability of tools for tagging and consuming the information and how the specific type of information is typically used. Based on these considerations, we believe the following to be an appropriate order or priority:

- Basic financial statements at an element or detail level
- Notes to the financial statements at a macro or note level
- Detail level tagging of data contained within certain notes to the financial statements relating to more common or required disclosures
- Management's discussion and analysis
- Commission industry guide information
- Detail level tagging of data in financial schedules and tables included in the notes to the financial statements
- Other information contained in Commission filings.

**E. What are the likely impacts of the provision of tagged data by registrants on financial analysts, institutional investors, or individual investors? (concept release V.A.a)**

As noted throughout our responses, we believe that tagged data will provide users with access to financial information that is easier to use than the information available to them today. These benefits will apply to users of financial data at all levels, providing them with more efficient access to data in a more timely manner.

In addition to providing the technology and framework for easier access to financial information, XBRL may, over time, encourage a shift in the financial reporting practices of registrants. The use of tagged data, XBRL and XBRL taxonomies will provide users with increased comparability and an enhanced ability to perform benchmarking and other comparative analyses. The availability of more effective benchmarking tools is likely to drive market demand for increased comparability in the financial information included in

Commission filings. This market demand will encourage registrants to adopt financial reporting practices that further enhance the transparency and comparability of their financial information.

**F. Would the provision of tagged data by registrants result in time and cost savings to investors, such as through reduced data entry or formatting? (concept release V.A.b)**

The availability of tagged data on the EDGAR system will allow investors to extract and consume financial information in a systematic way. Systematic access to the data in Commission filings will eliminate the need to manually re-key or copy the data into other applications. This access will also eliminate the need to manually search through filings to locate specific financial information. In addition to the time savings that result from the elimination of manual searching and re-keying, tagged data may produce direct cost savings to certain investors. Many investors currently pay for access to filing data that has been extracted, reformatted and summarized by third-party sources. Availability of tagged data will allow many investors to obtain the data they need directly from the EDGAR system, eliminating the cost associated with obtaining this information from third party sources.

**G. Are current accounting or reporting software programs able to tag data? Are the programs able to tag data using XBRL? (concept release V.B.a)**

Many accounting and reporting software programs have the ability to tag data and several leading vendors offer the ability to do this using XBRL. Software programs from Microsoft Business Solutions, Oracle, Hyperion, CaseWare, MYOB and SAP currently offer the capacity to tag data using XBRL. Many of these programs support the ability to tag data based on any valid XBRL taxonomy. Some of these programs are in the process of being

upgraded to export the latest version of XBRL (2.1) with release of these upgrades expected during 2004.

**H. What impact would data tagging have on a registrant's financial reporting process? What additional costs would a registrant incur to tag their financial reporting data? (concept release V.B.b)**

We believe that the primary impact on the registrant's financial reporting process will occur during the process of tagging the company's financial data for the first time. This process will require the registrant's accounting staff to become familiar with basic data tagging concepts and tools. The registrant will then need to map its existing text based financial information to the appropriate set of data tags. After the initial tagging has been completed the impact of subsequent tagging will generally be limited to ensuring that the mapping is updated to reflect any changes in the registrant's financial information or reporting requirements.

Additional costs that may be incurred by registrants in connection with data tagging include the cost of data tagging software and consulting costs, should the registrant choose to engage outside professionals or consultants to assist in the data tagging process. As with the time spent by internal staff, these additional costs would most likely be associated with the initial set up of the registrant's tagging process and would generally be more limited on an ongoing basis.

**I. What effect, if any, would the use of tagged data have on the quality of and the time required to conduct audits and test internal controls? (concept release V.C.a)**

The use of tagged data will affect audits in a number of ways. Tagged data will allow auditors to enhance their risk assessment tools and the analytical review process. The

availability of reliable tagged data may allow for expanded use of automated testing mechanisms allowing unusual transactions or fluctuations to be identified in a more timely, possibly continuous manner. Better risk assessment and analytics coupled with systematic identification of unusual transactions may result in a more effective and efficient audit process. Broad use of data tagging may also assist auditors in processes such as reconciling a company's GAAP-based financial statements to the financial information included in a regulatory filing, such as a bank's Call Report or broker dealer's FOCUS filing. While tagged data and XBRL have the potential to benefit auditors in many ways, their full impact on the audit process is difficult to gauge. These technologies may also raise additional audit issues in areas such as financial statement presentation and ensuring the authenticity of the tagged financial data.

As it relates to the Proposed Rule, we believe that allowing volunteers the option to include attestation on their XBRL documents will provide registrants, auditors and the Commission the opportunity to obtain a better understanding of the likely impact of tagged data and XBRL on the audit process.

## **CONCLUSION**

We support the proposed rule establishing a voluntary financial reporting program that would allow registrants to submit supplemental tagged financial information using XBRL. Data tagging technologies and specialized markup languages such as XBRL can fundamentally improve the way in which financial information filed on the EDGAR system is accessed, retrieved and analyzed. The specific provisions for the establishment of the

program, as detailed in the proposed rule, include appropriate provisions that will facilitate participation in the program and allow the program to meet the Commission's goals. We believe the voluntary program will provide valuable experience and information that will help the Commission assess the usefulness of tagged data in general, and XBRL in particular.

We appreciate the opportunity to comment, and would be pleased to discuss our views with you further. If you have any questions or would like to discuss our views further, please contact Robert J. Kueppers at (203) 761-3579 or John A. Fogarty at (203) 761-3227.

Very truly yours,

/s/ Deloitte & Touche LLP