

November 1, 2004

Mr. Jonathan G. Katz
Secretary
U.S. Securities and Exchange Commission
450 5th Street, N.W.
Mail Stop 6-9
Washington, D.C. 20549-0609

Re: S7-35-04
Proposed Rule: XBRL Voluntary Financial Reporting Program on the EDGAR System

Dear Mr. Katz,

The Institute of Management Accountants (IMA) is pleased to submit comments on the XBRL voluntary financial reporting program utilizing XBRL. Our specific comments are below. The IMA has been an active support of XBRL since the organization's first meeting in 2000. Our support for XBRL begins at the board level, and extends to several very active members on XBRL work groups, consistent support in our flagship magazine, Strategic Finance, and workshops and hands-on training at our national conferences.

IMA supports XBRL filing on only a voluntary basis at this time because software vendors are not yet ready for a more comprehensive application and significant training is required for filers..

Larry R. White, CMA, CFM, CPA Chair, Board of Directors IMA

Comments on SEC Proposed Rule – 33-8496

***XBRL VOLUNTARY FINANCIAL REPORTING PROGRAM
ON THE EDGAR SYSTEM***

About the IMA

The Institute of Management Accountants (IMA) is the world's leading organization devoted exclusively to advancing the managerial finance and accounting professions. In addition to gaining access to a worldwide network of 69,000 colleagues in 265 national and international chapters, members benefit from IMA's commitment to provide a dynamic forum for professionals to develop and advance their careers through certification, thought leadership, communication, networking and the advocacy of the highest ethical and professional practices. For more information about IMA, visit us at www.imanet.org

V. SPECIFIC REQUEST FOR COMMENTS

1. (a) Is the proposed rule permitting volunteer filers to furnish financial information in XBRL appropriate?

We strongly support the initiative by the Securities and Exchange Commission to allow volunteer filers to furnish financial information in the XBRL format. As an early supporter of XBRL, our members have served in leadership positions supporting the growth and adoption of XBRL. Our focus is to assist our members to add value to an organization through better business communications. We see XBRL as a step in the right direction.

With XBRL, business information—regardless of its format—can be identified, extracted, re-presented, and utilized in whatever way the user requires. XBRL offers the opportunity to enhance fundamentally the way financial and business reporting is done and opens up countless of opportunities for exchange of information to feed sophisticated and intelligent analytical applications.

1. (b) Is there a better way to accomplish testing and analysis of XBRL data?

XBRL represents a significant achievement: establishing a consensus on how accounting standards from around the world will be employed using XML and the Internet. As potential users begin to use it, XBRL taxonomies will further evolve. A voluntary program represents a test bed for the SEC, the preparers and the consumers of reported information. Each sector will gain immeasurably from this program.

We would like to see a more clearly defined set of optional filings. By defining a few specific EX-100 attachments, it would allow software vendors on both the production and consumption sides to more easily provide software tailored to elements in those parts of the taxonomy relevant to those disclosures. It would also help filers to understand when they have satisfied the requirement that their voluntary submission contains “the same” information as another filing. This is a useful interim step and need not be seen as a permanent feature of the program.

We support the drive for enhanced business reporting (EBR). The IMA is firmly behind any movement that clarifies business reporting for external users. A more structured form of Management Discussion and Analysis could facilitate this desired outcome. : (see <http://www.aicpa.org/innovation/scebr.htm> and <http://www.ebrconsortium.org/>).

- 2. (a) 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?**
- 2. (b) 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)?**

In this early stage of adoption of XBRL, we strongly recommend that filers be able to submit information at a variety of different levels of complexity. Given that taxonomies for financial reporting in the United States are much less developed in respect of the footnotes and also that the complexity of preparing footnotes is considerably greater than the body of the financial statements, some filers may wish to submit only the body of their financial statements. We believe that the commission should encourage wide participation in this voluntary program. The information contained in footnotes is vital to a reader's understanding of the financial condition of a firm. We encourage all filers to submit footnotes in their voluntary submission.

- 2. (c) 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?**

We strongly support the tagging of items such as Management's Disclosure and Analysis or Management's Discussion of Fund Performance. Although taxonomy development in respect of such items is still relatively undeveloped, we believe that filers should be encouraged to tag these elements of their reports. This would be desirable if only to allow automated information retrieval and discovery software to categorize efficiently all parts of the financial statements and ancillary reports.

- 3. (a) Are the standard taxonomies in the voluntary program sufficiently developed? If not, explain what further development would be necessary. Please address taxonomies with respect to specific industries or types of companies if you have information or views on these.**

The taxonomy development processes of the XBRL-US organization are highly developed. Mirrored from the process used by the World Wide Web Consortium (W3C), the taxonomies have been developed by a wide range of participants from the financial community. The SEC initiative provides an opportunity to determine how well the taxonomy process is working.

Although we certainly would like to see additional taxonomies built for specific groups of companies, we feel the taxonomies in existence today will cover 85-90% of the needs of companies likely to take advantage of the voluntary program.

3. (b) Is the taxonomy builder software sufficiently developed that volunteers would be able to create extensions as needed?

Most preparers of XBRL instance documents will need to create an extension taxonomy to meet the particular reporting requirements of that corporation. Creating valid extensions to core XBRL taxonomies is a vital part of the process of producing financial information that truly reflects the condition of the reporting entity. Although the software tools available for creating taxonomy extensions today lack user friendly interfaces, we feel confident that they are sufficient for the voluntary program. Additionally, since the SEC's announcement of the intent to consider XBRL as a reporting format, many companies have stepped up their software tool development efforts.

4. What specific criteria should be applied to determine the adequacy of the standard taxonomies?

Some of the criteria that should be applied to determine the adequacy of standard taxonomies are:

- **Technical:** Compliance with XBRL International's *XBRL Specification 2.1*.
- **Employ taxonomy construction best practice:** Technical compliance with XBRL International's *Financial Reporting Taxonomy Architecture*.
- **Usability:** The taxonomies can be matched to two or three digit Standard Industrial Codes (SICs). A high proportion of companies within those SICs should be able to use the matched taxonomy without extension or with minimal extensions.
- **Completeness:** The collection of standard taxonomies should be tagging over 90% of the information received by the SEC.
- **Accessibility:** The goal of developers of instance documents should always be to link to standard taxonomies from any Internet accessible location.

- **Consistency:** Reference to standard taxonomies must not degrade over time. If the taxonomies change, the change must be backwardly compatible or the taxonomies must accommodate versioning.
- **Information Use:** Enhance information use to enable analysis without re-entering data.
- **Comparability:** Facilitate comparability across firms and industries.
- **Continuous Reporting:** Provide technological basis for near continuous financial reporting. This criteria, although forward looking, is not required for a successful voluntary program taxonomy.
- **Understandability:** Support human readability and understandability.
- **Authority:** Must be derived from financial reporting standards and general practice.

5 Should we include other standard taxonomies in the voluntary program? If so, specify which ones and explain why you believe such taxonomies are sufficiently developed.

We know of no other standard taxonomy beyond XBRL that is sufficiently developed enough to support SEC filings.

6 Should we allow foreign private issuers or foreign governments who use non-U.S. GAAP standard taxonomies to participate in the voluntary program? If so, how should this be implemented? What adaptations, if any, would be needed? How would U.S. GAAP reconciliations be handled in a voluntary XBRL submission?

Yes. This would be implemented in the same manner as the US GAAP Taxonomies. The SEC would have to permit the company or the XBRL organization to publish the foreign taxonomy on the SEC website, or provide a reference to the foreign taxonomy at a permanent unmovable location. The company would need to provide the reconciliation to US-GAAP as a company extension. Foreign based companies should be encouraged to use the highly developed taxonomies for International Financial Reporting Standards (IFRS), available at <http://www.iasb.org/>

- 7. We plan to permit all filers to furnish XBRL data as an exhibit to Exchange Act and Investment Company Act filings so long as they use one of the specified standard taxonomies and form types. Should we further limit participation, such as by size or specific industry? Should we allow volunteers to furnish XBRL data with Securities Act filings?**

We do not feel that the voluntary program should have any restrictions placed on it with regard to company size or specific industry. While not all SEC filing companies will find a taxonomy that will provide a good fit to their data, extensions to XBRL should be permitted to fill this gap. Firms and industries that volunteer should be strongly encouraged to have their extension taxonomies comply with XBRL International's FRTA.

- 8. 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?**

Measuring success of the voluntary program will be measured not only by the technical nature of the filings, but also by the level of information the XBRL tagged data will give to the SEC and the financial community. If companies file a small sub-set of their financial data, the value of the data to the financial community will be diminished. We encourage the commission to support full and robust XBRL filings.

- 9 In order for the XBRL version of the financial statements to have the same level of detail as the HTML or ASCII version, we expect most companies would file extensions to the standard taxonomy. If you expect that companies would file extensions to the standard taxonomy, explain why extensions would be necessary. Would there be some companies that do not expect to file extensions? If not, explain why. Would the use of extensions harm the comparability that otherwise would exist among volunteers that use the same standard taxonomy?**

Although there may be a few filers who do not use extensions, we expect a vast majority of companies will use them. Extensions will be needed now and in the future. XBRL taxonomies, even after additional years of development, will never fully capture the diversity of corporate financial reporting. This does not harm comparability, however, if the extensions are correctly prepared and reported.

The XBRL International Financial Reporting Taxonomy Architecture (FRTA) provides a set of quality standards that govern the preparation of taxonomies. All participants in the voluntary program should follow the rules of FRTA when preparing taxonomy extensions.

10 Are there any confidentiality concerns regarding submitting extensions? If so, what are they?

No. There are no confidentiality concerns regarding extensions made to public domain taxonomies for reports intended for public distribution. The function of a company's XBRL Taxonomy extension is to provide an XBRL "tag" for concepts and disclosures that are already included in the filers official EDGAR filing.

11. 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)?

The first quarter of 2005 will be a very challenging period with respect to new requirements for complying with the Sarbanes-Oxley act of 2002. The voluntary XBRL filing program also falls within this reporting window. It is expected that most companies will have their external financial reporting resources squarely focused on legal requirements and may have little time for voluntary programs. Therefore, we recommend that the voluntary XBRL filings be sent to the SEC within a reasonable time after the official submissions are completed. A 90 day window after official filings to submit XBRL data should provide a sufficient time.

12. We plan to develop and provide via our website an application for a standard template to render the XBRL information in human readable form. What are the advantages and disadvantages of our requiring the use of such a standard template? For example, could a standard template prevent a volunteer from presenting its XBRL data in as much detail as, and in a manner substantially similar to, the financial statements in its official filing? Should we only develop standard templates for certain industries? Instead, should we allow each volunteer to submit its own template for rendering the XBRL data?

We do not believe a standard template, developed and maintained by the SEC, is feasible. XBRL is primarily concerned with the content and the context of financial information. As such, the diversity of financial reporting today dictates that any attempt to provide a standard means of presentation for XBRL filings will not work unless all the filings are extremely similar. We doubt this will happen.

Companies should be encouraged to submit a presentation application with their submission. Software companies are quickly moving to fill this void.

- 13. 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?**

Filers use EDGAR as a channel to communicate more effectively with the markets. The Commission should neither require nor forbid certification, audit opinions, or other attest reports during the voluntary filing program. Looking into the future, we see a time when certification / attest will be demanded by the market.

- 14. (a) Should the XBRL data be considered filed or furnished for purposes of the voluntary program? Why? Would filers be more or less likely to participate in the voluntary program if the information were deemed filed?**

We feel that at this stage filers should present the traditional information as the usual and present XBRL information as additional. We also feel that planning for a second stage should be started now to progressively extend the submission to a filed status. Additional data fields of a non-financial nature as well as some standardization of footnotes should be included.

- 14. (b) To encourage participation in the voluntary program, should liability protections be increased beyond that proposed? For the protection of investors, should liability protection be decreased from that proposed? Is there any reason to provide liability protections under the Securities Act if, as proposed, volunteers cannot submit XBRL data with Securities Act filings and XBRL data is deemed not incorporated by reference?**

A safe harbor provision should be created for all voluntary program XBRL filings. However, as we move beyond the initial phase of the voluntary program, companies will need to look at their XBRL filings with the same scrutiny as they do with any SEC filed documents.

- 15. As proposed, the liability protection provisions require that information in the XBRL-Related Documents be the same as the corresponding information in the official filing and that information in the official filing not be materially false or misleading. Also as proposed, to the extent information in the XBRL-Related Documents differs, it would be deemed the same if the volunteer had made a good faith and reasonable attempt to make it the same**

and, as soon as reasonably practicable after the volunteer becomes aware of the difference, the volunteer amends the XBRL-Related Documents to make the information the same. Is it appropriate to deem the information the same under these conditions? Under what, if any, conditions should the information be deemed the same?

All filings with the SEC should be free from misstatements regardless the format. As unofficial attachments, giving the XBRL “documents” limited liability might be a necessity to encourage active participation during this experimental period. However, while the information content will be the same, we would like to see that the level of detail be the same. If the non-official path is taken for XBRL filings, appropriate disclaimers and warnings must be prominently displayed on all XBRL documents making it clear that these do not represent official SEC filings.

16 How should we determine how useful the tagged data is to users of the information?

Several members of the financial information supply chain can be used as measurement points for the effectiveness of the voluntary program. Internally at the Commission, a measurement concerning time to process financial data can be taken. For financial analysts, the number of firms using XBRL data to assist their judgments on capital market decisions is a good benchmark for program effectiveness. For the SEC filing company, the effort to tag financial information should have the effect of increasing the accuracy of the official filing. This could happen if the precision of the XBRL filing points to flaws in preparation of data for the official filing. Finally, the effort required by filers should be reasonable in relation to the benefit received by them.

17 What specific steps can we take to encourage registrants to participate in the voluntary program?

The SEC should work with leadership in the corporate sector to argue the benefits case. Open, transparent financial reporting will bring rewards in the capital markets. This message must be presented clearly to potential voluntary program filers.

VIII. COST-BENEFIT ANALYSIS

C. Request for Comments

We request comment on all aspects of this cost-benefit analysis, including identification of any additional costs or benefits of, or suggested alternatives, to the proposed rules. Commenters are

requested to provide empirical data and other factual support for their views to the extent possible.

Costs. Prior to the actual launch of the program, the process of identifying costs of the program will be the best estimates of participants. Areas of potential cost are clear. Financial systems do not routinely generate XBRL as a normal system output. Although many software vendors recently indicated they have plans to incorporate XBRL in their products, to date, most have not done so. XBRL prepared for the voluntary programs will need to be tagged using existing XBRL markup software. Potential filers will need to do one of the following:

- Hire a consulting company who can assist in preparing the XBRL portion of their SEC filing.
- Develop in-house expertise in XBRL, purchase XBRL software, and produce the voluntary filing internally.
- Hire an SEC filing company that has XBRL expertise and have that company file for them.

Obviously, some level of training about XBRL must take place in all of the above situations. Training is currently available from several XBRL member organizations and from XBRL-US.

Benefits. The benefits from filing in the voluntary program will be many. First, the companies who participate will be looked upon as supporting a more transparent financial disclosure system. Studies have shown that if more information is available to capital markets, the risk associated with the company securities will be reduced. Second, the process of preparing a marked up filing using XBRL tags requires a deep level of understanding about how the company puts financial information together. The benefit to the filing company will come from additional discovery that will happen during the filing process. This in turn will increase the quality of both the official and the voluntary filing to the SEC. Third, the creation of financial data in an XML-based language will prepare the filing companies for the re-use of this data for internal reporting activities. These activities might help a company improve their internal controls, which would benefit compliance with Sarbanes-Oxley requirements.