

NYSE Corporate Forum Series

GEARING UP FOR XBRL



XBRL is used by issuers, tax authorities and financial banking regulators around the world.

XBRL benefits both issuers and investors, as it offers near real-time access to financial reports.

NYSE Euronext hosted a webinar on how public companies can gear up for XBRL, a new business reporting language that all public companies will soon be required to use when filing financial statements. The participants on the panel were:

- Michael Becker, Vice President, Global Disclosure and Financial Reporting Services, Business Wire
- David Blaszakowsky, Director, Office of Interactive Disclosure, Securities and Exchange Commission
- Michelle Savage, Vice President, Communication, XBRL U.S.
- Gary Stein, Senior Vice President, NYSE Euronext

Background

The Securities and Exchange Commission has approved a rule proposal that if enacted in its current form will mandate the use of XBRL (Extensible Business Reporting Language) for public company reporting. Business Wire's Mr. Becker described XBRL as the "bar code" for the financial reporting system, defining it as "a standards-based, market-driven, collaborative approach to more trustworthy business reporting."

XBRL is used by issuers, tax authorities and financial banking regulators around the world. XBRL benefits both issuers and investors, as XBRL offers near real-time access to financial reports. For issuers, it eliminates the re-keying of information, lowers the chance of data errors, makes compliance easier and faster, and allows for better, instantaneous communication with investors. Investors, meanwhile, benefit from immediate, interactive data that they can use and analyze more easily.

XBRL Filing Requirements: Who, What and When

If the SEC proposal is approved, issuers will be required to file all primary financial statements, such as balance sheets and income statements, in it. They will also be required to use XBRL when filing footnotes and schedules to financial statements; company identifier information; periodic reports, such as 10-Ks and 10-Qs; transition reports; and registrations.

The SEC is proposing a two-year phase-in period with XBRL filings of primary financials and block tagging of footnotes and schedules in the first year. Detailed tagging of footnotes and supplemental schedules will be required in the second year. The proposed timeline for implementation is as follows:

	Phase 1	Phase 2
Companies with market caps greater than \$5 billion	Start filing primary financials for the period ending on 15 December 2008	Start filing "detail tagged" footnotes and schedules for the period ending on 15 December 2009
All other large/accelerated filers	Start filing primary financials for the period ending on 15 December 2009	Start filing "detail tagged" footnotes and schedules for the period ending on 15 December 2010
All other filers in U.S. GAAP (including smaller reporting companies)	Start filing primary financials for the period ending on 15 December 2010	Start filing "detail tagged" footnotes and schedules for the period ending on 15 December 2011
All issuers using IFRS as published by the IASB	Start filing primary financials for the period ending on 15 December 2010	Start filing "detail tagged" footnotes and schedules for the period ending on 15 December 2011

Case Study of a Voluntary Filer: NYSE Euronext

NYSE Euronext, a participant in the SEC's Voluntary Filer Program, has been submitting XBRL-formatted financials since the second quarter of 2007, a period when the company closed the transformational merger of NYSE Group and Euronext. Despite the complexity of the merger and the company's diverse businesses, the filing went smoothly, said NYSE Euronext's Mr. Stein. He described the process of preparing for XBRL as "simple and straightforward," adding that it took approximately 4 hours of the company's time to do the first XBRL filing. Mr. Stein noted that the company used an external service provider to take the first cut at doing the XBRL tagging, a process by which all items in financial statements are mapped to a tag in the XBRL "list of taxonomies."

Mr. Stein noted that as more companies begin reporting in XBRL it will become easier to do peer comparisons. "We're barely scratching the surface of what we can do with this," he said.

What Issuers Can Do to Prepare

Though mandatory filing doesn't start until the first quarter of 2009, the SEC's Mr. Blaskowsky reminded issuers that they could begin filing XBRL-formatted financials early and encouraged them to start preparing for the new filing requirement. To gear up for XBRL, Mr. Blaskowsky recommended that issuers:

- Use available resources to get up-to-date on XBRL, citing two Web sites:
 - <http://www.sec.gov/spotlight/xbrl.shtml>
 - <http://www.xbrl.us>
- Brief financial, legal and technical staff internally
- Consult software and service providers
- Tag and submit financial information in XBRL by using the following Web site: <http://www.sec.gov/idsubmit.html>
- Comment on the proposed rule. The comment period will last for 60 days after its publication in the Federal Register.

Ms. Savage of XBRL US encouraged issuers to read XBRL's "Preparers Guide," a 120-page document providing comprehensive information about XBRL taxonomies, and to listen to webcasts and attend training programs. She also urged issuers to:

- Explore alternatives in XBRL creation
- Talk to other voluntary filer participants
- Review other filers' XBRL documents on www.sec.gov
- Use one of the free or trial tools to test out XBRL creation
- Read the PCAOB's "Staff Answers and Questions" on XBRL

Ms. Savage noted that issuers can either outsource the work or they can do it themselves, using a variety of "DIY" tools, such as DataXchanger, Hitachi XiRute, Fujitsu, Rivet Software, SimpleX Technologies, and UB Matrix. XBRL service providers include:

- Bowne Financial Printers
- CoreFilings
- EDGAR Filings
- Merrill Printers
- RR Donnelley/EDGAR - Online