



Guide to Participating in the SEC Voluntary Filing Program

"What we need is something that will give individuals faster access to better information that they can easily use and understand. We need to make searches for information easier. It should be easy to call up information about any company you choose. You should be able to download it and use it in the personal software of your choice. And you then should be able to easily analyze and compare the data with the same information from other companies. We want to make the numbers derived from financial statements vastly more accurate. And we want to allow companies to communicate with investors on a constant basis."

- Speech by SEC Chairman Christopher Cox: The Interactive Data Revolution: Improved Disclosure, American Enterprise Institute, Washington, DC, May 30, 2006

The Securities & Exchange Commission's (SEC) Voluntary Filing Program (VFP) is designed to test out the promise of interactive data as a means of vastly improving transparency, data quality and efficiency for investors, both institutional and individual. Chairman Christopher Cox sees XBRL as a means to accomplish his goal of giving individuals faster access to better information.

Background

In March 2005, the Securities & Exchange Commission (SEC) adopted rule amendments formally establishing the XBRL Voluntary Filing Program (VFP). The VFP allows public companies to voluntarily submit XBRL documents as exhibits to periodic reports and investment company act filings. For now, this is a voluntary program that creates an environment for:

- the filer community to test the benefits and costs of using XBRL,
- the financial printer and data aggregator community to download XBRL documents and test value added services,
- financial analysts to download XBRL documents to test their use in generating research reports.

In early 2006, the SEC established a test group within the SEC VFP for XBRL, requiring participants to commit to submitting four XBRL-based filings over 12 months and to provide feedback on the level of effort and cost expended in filing. In exchange, the SEC staff will provide accelerated reviews of registration statements or 10-K's to test group participants. The test group continues to remain open to new participants. For information on how to join, contact Jeff Naumann at naumannj@sec.gov.

In the Fall 2007, the SEC earmarked \$50 million to the XBRL effort with a plan to recreate the current EDGAR database into an XBRL-enabled interactive system and separately, contracted with XBRL US, Inc. to build out the US GAAP taxonomies (or dictionaries of terms) to ensure that they are commercial-grade and accommodate a broad audience of public companies.

What is XBRL?

XBRL is an application of XML to business information reporting, that uses tags or structure, that will make data dramatically easier to create, aggregate, distribute and analyze, thereby improving the quality of the information used by companies, analysts and investors to make decisions. XBRL enables the creation of "interactive, intelligent" data that allows information to be automatically processed and analyzed and vastly improves transparency. The core benefits of XBRL adoption include increased productivity, improved information quality and cost reduction through:

- tagging of each item with information that can include description, label, currency, units, etc. so that data is easy to identify
- the ability to reuse and repurpose data – data is created once, used many times
- enhanced comparability of information because XBRL lays out a common set of definitions by which all organizations will tag their data.

How to get started?

1. **Get educated.** A wealth of resources are available at www.xbrl.us including information on the program itself and details on software programs. The SEC has also created a repository of information on XBRL on its Interactive Data spotlight page <http://www.sec.gov/spotlight/xbrl.htm> where webcasts as well as transcripts of its industry roundtables can be found.
2. **Learn about the software tools and programs that are available to help in building instance (XBRL-enabled) documents.** Listing of tools can be found on the Products and Services section of www.xbrl.us – get in touch with the companies providing the tools and find out their process. XBRL software vendors can help you develop your instance documents and provide valuable best practices from their experiences with other filers.
3. **Make your project plan.** Decide which period will be your first XBRL filing. Determine who will be involved and whether you have all the skills within your own organization. Involve your financial publisher in the process and keep your auditor informed as to your plan and progress.
4. **Build your team, select the tools.** Each filer is responsible for ensuring their financial statements are accurately and completely tagged. You can either create the instance documents yourself or work with a service provider to create the tagged version of the financial statements. Select a tagging tool that meets your needs. Identify and educate your internal team (finance, audit, compliance officer, investor relations). Determine your approach and engage the appropriate resources.
5. **Gather your materials.** Make sure you have your filing reports, past filings (in Microsoft Word, Excel, PDF or on paper), software, taxonomies, comparable statements.
6. **Create XBRL documents.** Tag your data using the software tools you have chosen. As a rule of thumb, when converting the printed form of the business report or financial statement into the XBRL tagged version, an individual with appropriate tools, familiarity with the industry and prior experience tagging in XBRL will be able to complete the tagging job in 2 hours per page. Extensive customization (creating “extensions”) of the taxonomy will increase this estimate. Updating an existing XBRL document in subsequent periods takes considerably less time. The time estimate will also depend on the complexity of the financial statement. The more detailed the

content, the longer it takes. If you’re creating a set of XBRL-enabled financials for the first time and without prior experience, this estimate can increase.

7. **Validate your XBRL documents.** Validation is both a technical XBRL concept and a content review. Decide who will perform the technical review. Ensure that XBRL submissions to the SEC conform to the VFP requirements. Involve your financial filer in the process and keep your auditor informed as to your plan and progress.
8. **Submit your documents to EDGAR.** Add your XBRL documents as an attachment to your traditional filing and submit to the EDGAR database.
9. **Document your process.** Thorough documentation will allow you to capitalize on your experience so that each successive filing becomes easier to prepare. This will also help you to integrate the preparation of your XBRL filing, making it a part of your normal filing processes.

More Resources

Securities and Exchange Commission Site:

Spotlight on XBRL: <http://www.sec.gov/spotlight/xbrl.htm>

XBRL Submissions:

<http://www.sec.gov/Archives/edgar/xbrl.html>

XBRL Interactive Viewing tool:

<http://www.sec.gov/spotlight/xbrl/xbrlwebapp.htm>

XBRL - US Site:

<http://www.xbrl.org/us/secvfp/>

Webcasts for the Business Executive

State of the Art Reporting (Four five-minute videos)

<http://www.smartpros.com/xbrldemos/>

XBRL.org Site:

Tools: <http://www.xbrl.org/tools>

Products and Services:

<http://www.xbrl.org/productsandservices/>

Discussion Groups: <http://www.xbrl.org/GroupsPublic/>

Project White Papers: <http://www.xbrl.org/ProjectDetails/>

General Education:

<http://www.xbrl.org/EducationAndTraining/>

For specific questions about XBRL and SEC VFP, please contact Angela Rose at XBRL US, Inc. 925-456-2255.