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## Are you ready for XBRL?

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You may be saying to yourself... Xbox? X Games? X what? XBRL is something altogether different: eXtensible Business Reporting Language, which is the SEC's new language contained in a proposed rule that would require public companies to provide financial statements, financial statement footnotes and schedules in interactive data format using such language. The proposed rule was released on May 30. The question is: Are you ready?

### How does the data get filed?

XBRL data will be filed with the SEC in the form of an XBRL-formatted exhibit. The new exhibit will be Exhibit 101 under Item 601(b) of Regulation S-K and it will be required to accompany all Exchange Act periodic reports and all Securities Act registration statements that contain financial statements, including Form S-1 used in connection with an IPO. Current financial statement filing requirements via EDGAR in HTML or ASCII formats will be unchanged.

### When do you need to comply?

The rule proposes a three-year phase-in period for fiscal periods ending on or after Dec. 15, 2008, 2009 and 2010. In year one, all U.S. and foreign large accelerated filers that file in U.S. GAAP and have a public float of at least \$5 billion (as of the end of their most recently completed second fiscal quarter) will be required to comply. In year two, all remaining large accelerated filers reporting in U.S. GAAP will be required to comply. Finally, in year three, all remaining filers (including IFRS filers) will be required to comply.

### Do you get a grace period to file if you need more time?

In general, XBRL data will be deemed late if not provided to the SEC and posted on the company's Web site by the deadline for the related report. There are two exceptions: first-time

filers will receive a 30-day grace period (XBRL data must be filed within 30 days of the earlier of the due date or the filing date of the related report or registration statement) and first-time filers of notes and schedules tagged in detail will also receive a 30-day grace period.

### Will XBRL data be considered "furnished" or "filed" for liability purposes?

Both. Two standards have been proposed: (i) the machine readable "raw data" will be considered "furnished" and (ii) the viewable XBRL data will be considered "filed." The raw data would be excluded from the certification requirements under Rules 13a-14 and 15d-14 of the Exchange Act and would be protected from liability for failure to comply with the tagging requirements if the XBRL files failed to meet the requirements but the failure occurred despite the issuer's good faith effort to comply and the issuer corrects the problem after becoming aware of it.

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