

# **XBRL: Lessons Learned from Tier One Filers**

## **Presenters:**

**David Anderman, RR Donnelley**

**John Bernhardt, RR Donnelley**

**Tony Sine, Allergan**

## SEC Moves into the 21st Century

- On 8/19/08, SEC announced IDEA (new name pending) as successor to EDGAR
- Stated goal: To give investors faster and easier access to key financial information about public companies and mutual funds
  - Will first supplement, then replace EDGAR
  - EDGAR will become archive for pre-XBRL filings
- Marks a shift from submission of documents to submission of data
- Consistent with Interactive Data Initiative and previously announced \$50M investment in EDGAR replacement
- Gradual phase-in of five years

**“By tapping the power of interactive data to tear down barriers to quick and meaningful investment information, markets can become fairer and more efficient while investors can possess far better quality data than was ever possible before.”**

**- David Blaszkowsky, Director of the SEC's OID**



## Key XBRL Terms

- **Tag**
  - Machine-readable “barcode” that gives a standard definition for each line item in an income statement, SCF, or balance sheet
- **Taxonomy**
  - A “dictionary” of tags for:
    - Specific accounting standards (US GAAP, IFRS)
    - Industry segments
      - Commercial & Industrial
      - Banking
      - Brokers & Dealers
      - Real Estate
    - Company-specific tags
- **Instance document**
  - Collection of tags that is the building block to viewing and analyzing data

COMPANY A		
	2007	2006
REVENUES AND OTHER INCOME		
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
COSTS AND OTHER DEDUCTIONS		
*****	*****	*****
*****	*****	*****
Depreciation, depletion and amortization	5,913	4,935
Taxes other than on income	20,782	19,818
TOTAL COSTS AND OTHER DEDUCTIONS	43,714	39,142
NET INCOME	154,486	116,158

COMPANY B		
	2007	2006
EARNINGS		
*****	*****	*****
*****	*****	*****
*****	*****	*****
*****	*****	*****
INCOME FROM CONTINUING OPERATIONS		
*****	*****	*****
Extraordinary gain	436	818
Accounting change	72	42
Net income	28,839	25,078

## All Public Companies are Impacted

- Phase in over three years, starting with periods ending after 6/15/09

### Year One

- Domestic and foreign LAFS using US GAAP
- Public float >\$5B (as of end of Q2 of most recently completed FY)
- ~400 companies

### Year Two

- All other domestic and foreign LAFs using US GAAP
- ~ 1800 companies

### Year Three

- All remaining filers using US GAAP
- All foreign issuers that prepare in IFRS
- ~ 8500 companies

## Choices for Tagging Your Data in XBRL

### Self Tagging Software Solution

Integrate the XBRL mapping into your financial reporting system



- Purchase XBRL tagging software
- Output your financial statements
- Train staff on XBRL mapping
- Select taxonomy, then map each line item to the correct XBRL element
- Prepare documents for SEC submission

### Full Service Solution

Integrate the XBRL mapping into your financial reporting system



- Select full service provider
- Provide financial statements
- Review and verify XBRL tags
- Sign off for submission of documents to SEC

### Enterprise Solution

Integrate the XBRL mapping into your financial reporting system

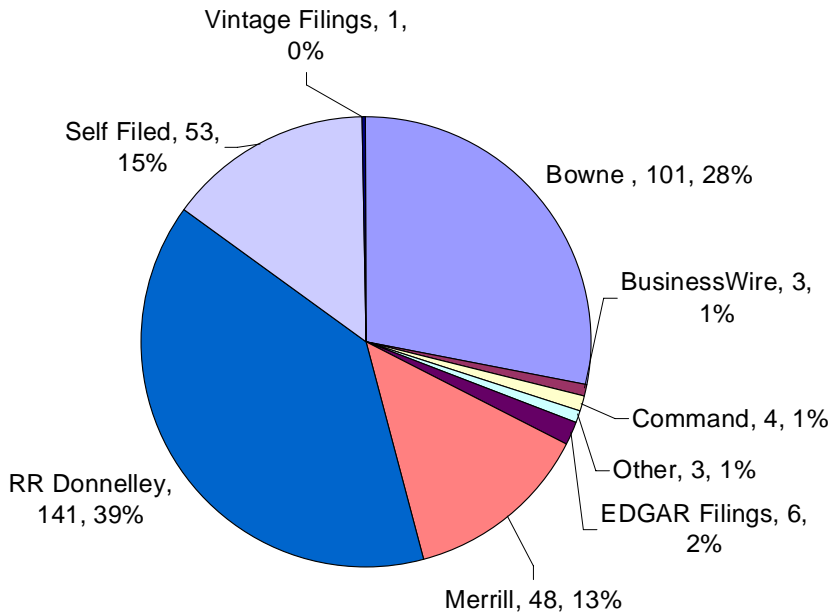


- Identify XBRL software compatible with your enterprise GL system
- Hire firm for enterprise implementation
- Train staff on XBRL mapping
- Map data at the GL level
- Export data for creation of XBRL submission documents

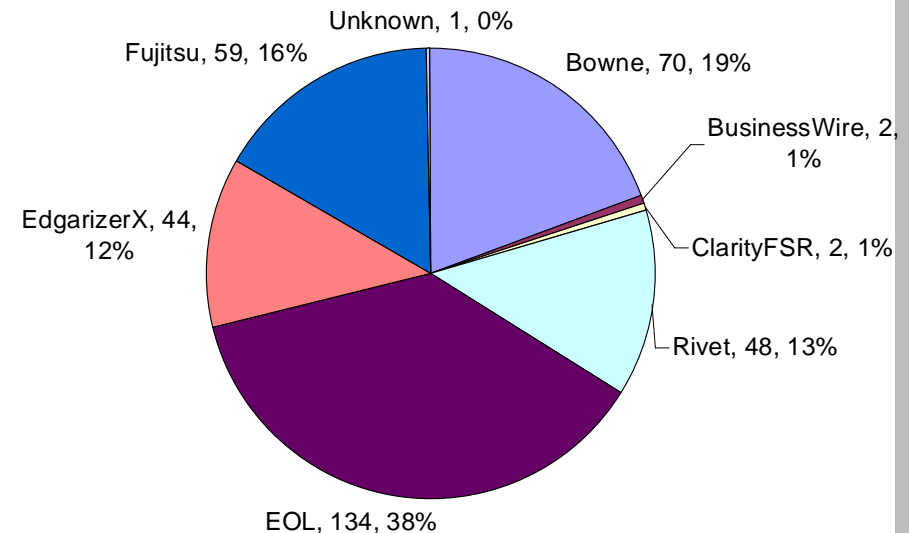
## Tier One Market Share

- Graphs reflect 360 filings between July 15 and August 11
- 15% of companies self filed and 85% used a filing agent

**Filing Market Share**



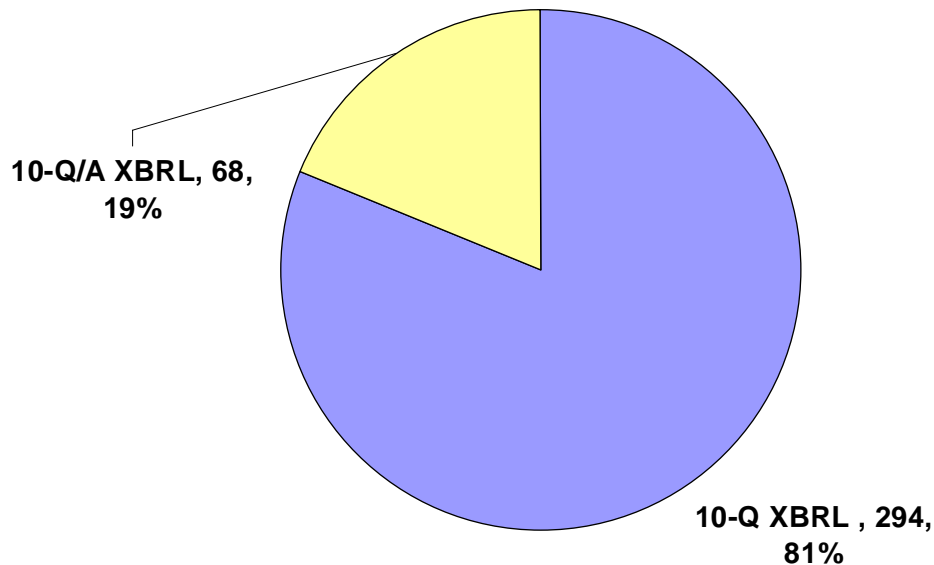
**Translation Market Share**



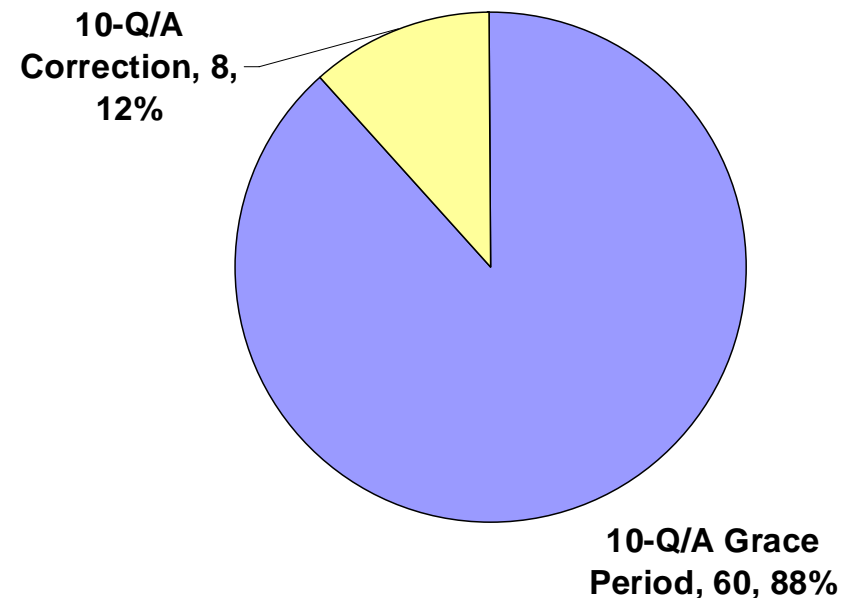
## Use of the Grace Period by Tier One Filers

- Approximately 20% of Tier One filers took advantage of the grace period
- For those using the Grace Period, 12% of the submissions were to correct an error with the original filing

XBRL filings submitted between 7/31 and 9/8



10-Q/A filings submitted between 7/31 and 9/8



## Grace Period – Perceived Stigma of the 10-Q/A

- Many issuers file concurrently due to concern that market will negatively perceive the 10-Q/A submission
- Random sample of 10-Q/A's submitted solely for the purpose of XBRL indicate no market reaction to the filing
  - Sample of 10 companies ranges from -2% to +3% change in stock price the day after the submission of 10-Q/A

Issuer	File Date	Stock Price		Change
		Day of Filing	Day After Filing	
Akamai	4-Sep	17.47	17.32	-0.9%
Entergy	4-Sep	79.58	79.53	-0.1%
CME Group	4-Sep	270.5	272.63	0.8%
Stryker	3-Sep	42.47	43.47	2.4%
American Express	2-Sep	31.95	32.84	2.8%
Kellogg	2-Sep	46.66	46.89	0.5%
Progress Energy	2-Sep	39.03	39.05	0.1%
Cablevision	31-Aug	22.34	22.37	0.1%
Paccar Inc.	28-Aug	36.71	36.17	-1.5%
Motorola	26-Aug	7.48	7.34	-1.9%

## Reasons for Amended Filings

- **XBRL didn't pass validation, so it didn't go through during filing process**
- **Typos within XBRL that didn't match HTML filing**
- **Didn't attach exhibit to filing before transmission**
- **Didn't include all of the financial tables in initial filing**
- **Filed as Exhibit 100 instead of Exhibit 101**



### Explanatory Note Language

The sole purpose of this Amendment No. 1 to the Quarterly Report of "\_\_\_\_\_, Inc." on Form 10-Q for the quarterly period ended June 30, 2009 (the "Form 10-Q") is to correct an error by the financial printer that filed the Form 10-Q without furnishing the interactive data files as Exhibit 101. Exhibit 101, which is furnished as part of Item 6 of Part II to this Amendment No. 1

### Explanatory Note Language

...is solely to furnish a corrected Exhibit 101 (XBRL formatted data) to the Form 10-Q. The Exhibit 101 furnished on August 3, 2009 included typographical financial printing errors in certain line item descriptions in the exhibit. There have been no changes to the reported amounts in the exhibit.

## Most Common Comments From Tier One Filers

- I want to make last minute changes to our XBRL tags, like I do in HTML
- Why doesn't my XBRL filing look like my HTML filing?
- I don't like how my document looks in the Viewer
- I don't understand tagging related to dimensions
- I'm glad I started early on this
- I'm concerned about the detailed footnote requirement
- I'd like to involve my auditor in the final review and validation