

**SECURITIES AND EXCHANGE COMMISSION**

**17 CFR PARTS 229, 230, 232, 239, 249, 270 and 274**

**Release Nos. 33-10514; 34-83551; IC-33139; File No. S7-03-17**

**RIN 3235-AL59**

**Inline XBRL Filing of Tagged Data**

**AGENCY:** Securities and Exchange Commission.

**ACTION:** Final rule.

**SUMMARY:** We are adopting amendments to require the use of the Inline eXtensible Business Reporting Language (“XBRL”) format for the submission of operating company financial statement information and fund risk/return summary information. We also are adopting the elimination of the 15 business day XBRL filing period for fund risk/return summaries. The amendments are intended to improve the data’s usefulness, timeliness, and quality, benefiting investors, other market participants, and other data users and to decrease, over time, the cost of preparing the data for submission to the Commission. The amendments will also eliminate the requirement for operating companies and funds to post “Interactive Data Files” (*i.e.*, machine-readable computer code that presents information in XBRL format) on their websites and terminate the Commission’s voluntary program for the submission of financial statement information interactive data that is currently available only to investment companies and certain other entities.

**DATES:** Effective on [insert date 30 days after date of publication in the Federal Register]. Filers that are subject to financial statement information Interactive Data File

requirements will become subject to Inline XBRL requirements beginning with fiscal periods ending on or after:

- June 15, 2019—large accelerated filers that prepare their financial statements in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”);
- June 15, 2020—accelerated filers that prepare their financial statements in accordance with U.S. GAAP; and
- June 15, 2021—all other filers.

Form 10-Q filers will not become subject to the Inline XBRL requirements with respect to Form 10-K or any other form, however, until after they have been required to comply with the Inline XBRL requirements for their first Form 10-Q for a fiscal period ending on or after the applicable compliance date for the respective category of filers.

Open-end management investment companies (including exchange-traded funds (“ETFs”) organized as open-end management investment companies) (“funds”) that are subject to risk/return summary XBRL requirements will be required to comply with the Inline XBRL requirements and the elimination of the current 15 business day XBRL filing period for risk/return summary information submitted beginning with any initial registration statement (or post-effective amendment that is an annual update to an effective registration statement) that becomes effective on or after:

- two years after the effective date of the amendments—funds that, together with other investment companies in the same “group of related investment

companies,”<sup>1</sup> have net assets of \$1 billion or more as of the end of their most recent fiscal year (“large fund groups”); and

- three years after the effective date of the amendments—the remaining funds.

Interactive Data File website posting requirements for financial statement information and risk/return summary information and related provisions will be eliminated as of the effective date of the amendments. The Commission’s 2005 voluntary program for financial statement information interactive data will be terminated as of the effective date of the amendments.

**FOR FURTHER INFORMATION CONTACT:** Mark W. Green, Senior Special Counsel, Division of Corporation Finance, at (202) 551-3430; John Foley, Senior Counsel, Division of Investment Management, at (202) 551-6792; Robert M. Willis, Assistant Director, Office of Disclosure Technology, Anzhela Knyazeva, Senior Financial Economist, or Hermine Wong, Special Counsel, Division of Economic and Risk Analysis, at (202) 551-6600.

**SUPPLEMENTARY INFORMATION:** We are adopting amendments to Item 601<sup>2</sup> of Regulation S-K,<sup>3</sup> Rules 11,<sup>4</sup> 201,<sup>5</sup> 202,<sup>6</sup> 305,<sup>7</sup> 401,<sup>8</sup> 402,<sup>9</sup> and 405<sup>10</sup> of Regulation S-T;<sup>11</sup>

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<sup>1</sup> For these purposes, the definition of a “group of related investment companies” is the same as the term defined in Rule 0-10 under the Investment Company Act. Rule 0-10 defines the term as applied to management investment companies as two or more management companies (including series thereof) that (i) hold themselves out to investors as related companies for purposes of investment and investor services; and (ii) either (A) have a common investment adviser or have investment advisers that are affiliated persons of each other, or (B) have a common administrator. 17 CFR 270.0-10(a)(1). We believe that this broad definition would encompass most types of fund complexes and therefore is an appropriate definition for compliance date purposes.

<sup>2</sup> 17 CFR 229.601.

<sup>3</sup> 17 CFR 229.10 *et seq.*

<sup>4</sup> 17 CFR 232.11.

<sup>5</sup> 17 CFR 232.201.

Rules 144,<sup>12</sup> 485,<sup>13</sup> and 497<sup>14</sup> and Forms S-3,<sup>15</sup> S-8,<sup>16</sup> F-3,<sup>17</sup> and F-10<sup>18</sup> under the Securities Act of 1933 (Securities Act);<sup>19</sup> Rules 13a-14<sup>20</sup> and 15d-14<sup>21</sup> and Forms 10-Q,<sup>22</sup> 10-K,<sup>23</sup> 20-F,<sup>24</sup> 40-F,<sup>25</sup> and 6-K<sup>26</sup> under the Securities Exchange Act of 1934 (Exchange Act);<sup>27</sup> Rules 8b-1,<sup>28</sup> 8b-2,<sup>29</sup> 8b-33,<sup>30</sup> and 30a-2<sup>31</sup> under the Investment Company Act of 1940 (Investment Company Act);<sup>32</sup> and Form N-1A<sup>33</sup> under the

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<sup>6</sup> 17 CFR 232.202.  
<sup>7</sup> 17 CFR 232.305.  
<sup>8</sup> 17 CFR 232.401.  
<sup>9</sup> 17 CFR 232.402.  
<sup>10</sup> 17 CFR 232.405.  
<sup>11</sup> 17 CFR 232.10 *et seq.*  
<sup>12</sup> 17 CFR 230.144.  
<sup>13</sup> 17 CFR 230.485.  
<sup>14</sup> 17 CFR 230.497.  
<sup>15</sup> 17 CFR 239.13.  
<sup>16</sup> 17 CFR 239.16b.  
<sup>17</sup> 17 CFR 239.33.  
<sup>18</sup> 17 CFR 239.40.  
<sup>19</sup> 15 U.S.C. 77a *et seq.*  
<sup>20</sup> 17 CFR 240.13a-14.  
<sup>21</sup> 17 CFR 240.15d-14.  
<sup>22</sup> 17 CFR 249.308a.  
<sup>23</sup> 17 CFR 249.310.  
<sup>24</sup> 17 CFR 249.220f.  
<sup>25</sup> 17 CFR 249.240f.  
<sup>26</sup> 17 CFR 249.306.  
<sup>27</sup> 15 U.S.C. 78a *et seq.*  
<sup>28</sup> 17 CFR 270.8b-1.  
<sup>29</sup> 17 CFR 270.8b-2.  
<sup>30</sup> 17 CFR 270.8b-33.  
<sup>31</sup> 17 CFR 270.30a-2.  
<sup>32</sup> 15 U.S.C. 80a.  
<sup>33</sup> 17 CFR 239.15A and 274.11A.

Securities Act and Investment Company Act.

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## I. INTRODUCTION

In 2009 the Commission adopted rules requiring operating companies<sup>34</sup> to provide the information from the financial statements accompanying their registration statements and periodic and current reports in machine-readable format using XBRL by submitting it to the Commission in exhibits to such registration statements and reports and posting it on their websites, if any.<sup>35</sup> That same year, the Commission similarly required funds to provide risk/return summary information from their prospectuses in XBRL format by submitting it to the Commission in exhibits and posting it on their websites, if any.<sup>36</sup>

XBRL requirements currently apply to operating companies that prepare their financial statements in accordance with U.S. GAAP or in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).<sup>37</sup> XBRL requirements also apply to funds pursuant to Form N-1A and related rules under Regulation S-T.<sup>38</sup> Operating companies and funds subject

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<sup>34</sup> For purposes of both the existing XBRL requirements for financial statement information and these amendments, operating companies are filers subject to the financial statement information XBRL requirements of Item 601(b)(101) of Regulation S-K and Forms F-10, 20-F, 40-F and 6-K. Operating companies do not include any investment company that is registered under the Investment Company Act, any business development company (“BDC”), as defined in Section 2(a)(48) of that Act [15 U.S.C. 80a-2(a)(48)], or any entity that reports under the Exchange Act and prepares its financial statements in accordance with Article 6 of Regulation S-X [17 CFR 210.6-01 et seq.], as well as asset-backed issuers. *See* Release No. 33-9002 (Jan. 30, 2009) [74 FR 6776] (“2009 Financial Statement Information Adopting Release”) as corrected by Release No. 33-9002A (Apr. 1, 2009) [74 FR 15666], at 6780-1, nn. 69 and 78 and accompanying text.

<sup>35</sup> 17 CFR 232.405. *See also* 2009 Financial Statement Information Adopting Release.

<sup>36</sup> *See* Release No. 33-9006 (Feb. 11, 2009) [74 FR 7747] (“2009 Risk/Return Summary Adopting Release”) as corrected by Release No. 33-9006A (May 1, 2009) [74 FR 21255]. The risk/return summary is set forth in Items 2, 3, and 4 of Form N-1A under the Securities Act and the Investment Company Act.

<sup>37</sup> As used in this release, the phrase “IFRS as issued by the IASB” refers to the authoritative text of IFRS.

<sup>38</sup> *See* General Instruction C.3.(g) to Form N-1A; Rule 405 of Regulation S-T.

to these XBRL requirements must submit an Interactive Data File,<sup>39</sup> including information tagged in XBRL, as an exhibit to the Related Official Filing, which is filed in the traditional HyperText Markup Language (“HTML”) or, less commonly, American Standard Code for Information Interchange (“ASCII”) format.<sup>40</sup>

The 2009 requirements were intended to make financial information and fund risk/return summaries easier for investors to analyze and to assist in automating regulatory filings and business information processing.<sup>41</sup> Since that time, however, some observers have expressed concerns regarding the quality of, extent of use of, and cost to create XBRL data.<sup>42</sup> In addition, the Commission staff has identified common data quality issues associated with financial statement information XBRL data filed by operating companies.<sup>43</sup>

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<sup>39</sup> 17 CFR 232.11; 17 CFR 232.405. The term “Interactive Data File” means the machine-readable computer code that presents information in XBRL electronic format pursuant to Rule 405 of Regulation S-T. The Interactive Data File currently consists of an instance document and other documents as described in the Electronic Data Gathering, Analysis, and Retrieval system (EDGAR) Filer Manual. The instance document contains the XBRL tags for the information contained in the corresponding data in the Related Official Filing to satisfy the content and format requirements in Rule 405. The other documents in the Interactive Data File contain contextual information about the XBRL tags.

<sup>40</sup> 17 CFR 232.11. The term “Related Official Filing” means the ASCII or HTML format part of the official filing with which an Interactive Data File appears as an exhibit or, in the case of Form N-1A, the ASCII or HTML format part of the official filing that contains the information to which an Interactive Data File corresponds.

<sup>41</sup> See 2009 Financial Statement Information Adopting Release, at 6776; 2009 Risk/Return Summary Adopting Release, at 7748.

<sup>42</sup> See Release No. 33-10323 (Mar. 1, 2017) [82 FR 21487] (“Inline XBRL Proposing Release”), at 14283, nn. 29-30, at 14286, n. 70, at 14287, n. 78, and accompanying text.

<sup>43</sup> See, e.g., Staff Observations of Custom Axis Tags (Mar. 29, 2016), [https://www.sec.gov/structureddata/reportspubs/osd\\_assessment\\_custom-axis-tags.html](https://www.sec.gov/structureddata/reportspubs/osd_assessment_custom-axis-tags.html) (retrieved Jun. 20, 2018); Staff Observations of Custom Tag Rates (July 7, 2014), <https://www.sec.gov/dera/reportspubs/assessment-custom-tag-rates-xbrl.html> (retrieved Jun. 20, 2018); Staff Observations from the Review of Interactive Data Financial Statements (Dec. 13, 2011), <https://www.sec.gov/spotlight/xbrl/staff-review-observations-121311.shtml> (retrieved Jun. 20, 2018).

At the same time, since the adoption of the original XBRL requirements in 2009, other observers have disagreed with the claim that the XBRL requirements impose high costs and emphasized the decrease in costs over time as filers and filing agents have gained experience and widely adopted the XBRL technology.<sup>44</sup> Other observers have discussed the improvement in XBRL data quality over time and examined the benefits of XBRL data.<sup>45</sup> The same observers have associated XBRL data with better availability of information about smaller operating companies from an access to capital standpoint.<sup>46</sup>

We have reviewed and considered all of the comments that we received on the Inline XBRL Proposing Release.<sup>47</sup> The final amendments reflect changes made in response to those comments. We are adopting the Inline XBRL requirements for operating companies and funds substantially as proposed, with modifications to address input from commenters. We are also eliminating the XBRL website posting

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<sup>44</sup> See Inline XBRL Proposing Release, at 14286.

<sup>45</sup> See Inline XBRL Proposing Release, at 14286 and at 14287, n. 81.

<sup>46</sup> *Id.*

<sup>47</sup> See letters from Advanced Computer Innovations, Inc. (Mar. 1, 2017) (“ACI”); Association of International Certified Professional Accountants (May 16, 2017) (“AICPA”); Biotechnology Innovation Organization (May 16, 2017) (“BIO”); CFA Institute (Jun. 12, 2017) (“CFA Institute”); Cigna Corporation (May 16, 2017) (“Cigna”); Data Coalition (May 16, 2017) (“Data Coalition”); Deloitte & Touche LLP (May 5, 2017) (“Deloitte”); Ernst & Young LLP (May 16, 2017) (“EY”); Federated Investors (May 16, 2017) (“Federated I”); Federated Investors (Jun. 1, 2018) (“Federated II”); Financial Executives International (May 16, 2017) (“FEI”); Jack Frei (Mar. 13, 2017) (“Frei”); Gartner, Inc. (May 10, 2017) (“Gartner”); Grant Thornton LLP (May 16, 2017) (“Grant Thornton”); Hindssight 2020, llc (May 15, 2017) (“Hindssight”); Charles S. Hoffman (May 14, 2017) (“Hoffman”); Investment Company Institute (May 16, 2017) (“ICI I”); Investment Company Institute (Jun. 1, 2018) (“ICI II”); IRIS Business Services Limited (Mar. 27, 2017) (“IRIS”); Hemant Khatod (Mar. 27, 2017) (“Khatod 1”); Hemant Khatod (Mar. 27, 2017) (“Khatod 2”); Suresh Kumar (Mar. 21, 2017) (“Kumar”); Paul Lewis (Mar. 10, 2017) (“Lewis”); Reps. Randy Hultgren, Carolyn Maloney, and Darrell Issa, Members of Congress (Apr. 27, 2017) (“Members of Congress”); Merrill Corporation (May 16, 2017) (“Merrill”); Morningstar, Inc. (May 16, 2017) (“Morningstar”); Octachoron Limited (May 15, 2017) (“Octachoron”); Bill Palmer (May 12, 2017) (“Palmer”); Laurie A. Pergamit (May 2, 2017) (“Pergamit”); Somnath Ray (May 17, 2017) (“Ray”); Daniel C. Sweeney (Mar. 27, 2017) (“Sweeney”); TagniFi (Apr. 19, 2017) (“TagniFi”); U.S. Bancorp Fund Services, LLC (May 16, 2017) (“USBFS”); Workiva Inc. (May 23, 2017) (“Workiva I”); Workiva Inc. (Mar. 6, 2018) (“Workiva II”); XBRL International (May 16, 2017) (“XBRL International”); XBRL US (May 16, 2017) (“XBRL US”).

requirements for operating companies and funds and eliminating the Commission’s interactive data voluntary program (“2005 XBRL Voluntary Program”),<sup>48</sup> as proposed. The discussion below begins with a background description of the existing XBRL requirements and current XBRL practices. The discussion of the amendments is found in Section III.A.

We believe that the use of Inline XBRL may reduce the time and effort associated with preparing XBRL filings, simplify the review process for filers, and improve the quality and usability of XBRL data for investors, market participants, and other data users. The Commission will continue to monitor industry practices and market developments in disclosure technologies. Should future developments suggest that a more efficient or less costly reporting standard would provide at least substantively similar benefits as Inline XBRL, we would evaluate whether changes to our reporting format are appropriate, including, without limitation, designating another reporting standard as an alternative to Inline XBRL for some or all aspects of the rule.

## **II. BACKGROUND AND ECONOMIC BASELINE**

### **A. Overview of Existing XBRL Requirements for Operating Companies and Funds**

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<sup>48</sup> See Rule 401 of Regulation S-T. In 2005, the Commission began to allow registrants to voluntarily submit financial information in XBRL form as exhibits to periodic reports and Investment Company Act filings. See Release No. 33-8529 (Feb. 3, 2005) [70 FR 6556]. In 2007, the voluntary program was expanded to permit risk/return summary submissions. See Release No. 33-8823 (Jul. 11, 2007) [72 FR 39289]. As a result of rule amendments adopted by the Commission in 2009, the 2005 XBRL Voluntary Program is now only open for participation by investment companies and other entities that prepare their financial statements in accordance with Article 6 of Regulation S-X. See 2009 Financial Statement Information Adopting Release and 2009 Risk/Return Summary Adopting Release.

The XBRL requirements for the required information are located in the Interactive Data File provisions of Regulation S-K;<sup>49</sup> Forms F-10,<sup>50</sup> 20-F,<sup>51</sup> 40-F,<sup>52</sup> 6-K,<sup>53</sup> and N-1A;<sup>54</sup> Rule 405 of Regulation S-T; and the EDGAR Filer Manual.<sup>55</sup>

Operating companies are required to submit financial statements and any applicable financial statement schedules in XBRL as exhibits to certain Exchange Act reports and Securities Act registration statements.<sup>56</sup> In general, operating companies that prepare their financial statements in accordance with U.S. GAAP or in accordance with IFRS as issued by the IASB must submit their financial statements to the Commission in XBRL. Filers that are required to provide information in XBRL must use the taxonomies specified on the Commission's website.<sup>57</sup>

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<sup>49</sup> See Item 601(b)(101) of Regulation S-K [17 CFR 229.601(b)(101)].

<sup>50</sup> See Paragraph (101) of Part II—Information Not Required to be Delivered to Offerees or Purchasers of Form F-10.

<sup>51</sup> See Paragraph 101 of the Instructions as to Exhibits of Form 20-F.

<sup>52</sup> See Paragraph B.(15) of the General Instructions to Form 40-F.

<sup>53</sup> See Paragraph C.(6) of the General Instructions to Form 6-K.

<sup>54</sup> See General Instruction C.3.(g) to Form N-1A.

<sup>55</sup> The EDGAR Filer Manual sets forth the technical formatting requirements for the presentation and submission of electronic filings through the EDGAR system. EDGAR performs automated collection, validation, indexing, acceptance, and forwarding of submissions by companies and others who are required to file forms with the Commission. See <https://www.sec.gov/edgar/aboutedgar.htm> (retrieved Jun. 20, 2018).

<sup>56</sup> Financial statements in XBRL are required as exhibits to Exchange Act reports on Forms 10-Q, 10-K, 20-F, 40-F, and, in some cases, 8-K and 6-K. Financial statements in XBRL also are required as exhibits to Securities Act registration statements that contain financial statements, such as Form S-1 (except registration statements filed in connection with an initial public offering). Securities Act registration statements that do not contain financial statements, such as a Form S-3 or other form filed by an issuer that incorporates by reference all required financial statement information from its periodic reports, and Exchange Act registration statements are not required to include Interactive Data Files. See 2009 Financial Statement Information Adopting Release.

<sup>57</sup> See Rule 405(c)(1) of Regulation S-T.

Funds are required to submit risk/return summary information in XBRL as exhibits to registration statements and to prospectuses with risk/return summary information that varies from the registration statement.<sup>58</sup>

An operating company generally must submit the Interactive Data File as an exhibit to the relevant Related Official Filing.<sup>59</sup> Funds are required to submit the Interactive Data File within 15 business days of (1) the effective date of the registration statement or post-effective amendment that contains the related information,<sup>60</sup> or (2) the filing of a form of prospectus made pursuant to paragraph (c) or (e) of Rule 497.<sup>61</sup> Operating companies and funds may delay submission and posting to the extent provided under a hardship exemption.<sup>62</sup>

When filers submit XBRL exhibits during EDGAR filing, the XBRL exhibits are validated for compliance with certain EDGAR Filer Manual technical requirements before the attachments are accepted. During EDGAR filing, EDGAR validates XBRL documents that make up an Interactive Data File, producing error and warning messages when issues with the XBRL data are identified. EDGAR also “renders”—creates a human-readable version of—XBRL data that can be viewed on the EDGAR website. EDGAR users can view a rendered version of the tagged information submitted in the

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<sup>58</sup> See General Instruction C.3.(g) to Form N-1A.

<sup>59</sup> See Rule 405(a) of Regulation S-T.

<sup>60</sup> See General Instruction C.3.(g)(i), (iv) to Form N-1A.

<sup>61</sup> See General Instruction C.3.(g)(ii), (iv) to Form N-1A.

<sup>62</sup> An operating company may delay the submission and posting of the Interactive Data File to the extent provided under a temporary or a continuing hardship exemption. See Rules 201 and 202 of Regulation S-T. A fund filer may delay the submission and posting of the Interactive Data File to the extent provided under a continuing hardship exemption. See Rule 202 of Regulation S-T.

XBRL exhibit by clicking on the “Interactive Data” button next to the relevant filing on EDGAR.

For both operating companies and funds, the Interactive Data File submitted to the Commission also must be posted on the filer’s website, if any, on the earlier of the calendar day that the filer submitted or was required to submit it.<sup>63</sup> Operating companies must keep the Interactive Data File posted for at least 12 months.<sup>64</sup> Funds must keep the Interactive Data File posted until the registration statement or post-effective amendment to which the Interactive Data File relates is no longer current.<sup>65</sup>

Currently, the requirement for operating companies to submit and post financial statement information in XBRL applies through the exhibit requirements of Item 601(b)(101) of Regulation S-K<sup>66</sup> and Forms F-10,<sup>67</sup> 20-F,<sup>68</sup> 40-F,<sup>69</sup> and 6-K.<sup>70</sup> Similar requirements for funds to submit and post risk/return summary information in XBRL apply through the exhibit requirements of Form N-1A<sup>71</sup> and Rule 497.<sup>72</sup> These exhibit

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<sup>63</sup> See Rule 405(g).

<sup>64</sup> *Id.*

<sup>65</sup> See Rule 405(g) and General Instruction C.3.(g)(iii) to Form N-1A.

If a fund does not submit or post interactive data as required, its ability to file post-effective amendments to its registration statement under Rule 485(b) under the Securities Act is automatically suspended until it submits and posts the interactive data as required. See Rule 485(c) under the Securities Act. The Interactive Data File also must be submitted in such a manner that will permit the information for each series and, for any information that does not relate to all of the classes in a filing, each class of the fund to be separately identified. See General Instruction C.3.(g)(iv) to Form N-1A.

<sup>66</sup> The exhibit requirements of Item 601(b)(101) relate to Forms S-1, S-3, S-4, S-11, F-1, F-3, F-4, 8-K, 10-Q, and 10-K.

<sup>67</sup> See Paragraph (101) of Part II (Information Not Required to be Delivered to Offerees or Purchasers) of Form F-10.

<sup>68</sup> See Paragraph 101 of the Instructions as to Exhibits of Form 20-F.

<sup>69</sup> See Paragraph B.(15) of the General Instructions to Form 40-F.

<sup>70</sup> See Paragraph C.(6) of the General Instructions to Form 6-K.

<sup>71</sup> See General Instruction C.3.(g) to Form N-1A.

requirements specify when information in the Related Official Filing triggers the requirement to submit and post an Interactive Data File in the manner provided by Rule 405 of Regulation S-T.<sup>73</sup> Rule 405 sets forth the basic content, format, submission, and posting requirements for the Interactive Data File, such as the requirement to submit the Interactive Data File as an exhibit to the Related Official Filing.<sup>74</sup> Rule 405 also requires that an Interactive Data File be submitted in accordance with the EDGAR Filer Manual.<sup>75</sup> The EDGAR Filer Manual contains additional formatting and submission requirements for the Interactive Data File.

On June 13, 2016, the Commission issued an exemptive order under the Exchange Act to permit operating companies that comply with certain conditions listed in the order to file structured financial statement data required in their periodic and current reports using Inline XBRL through March 2020, in lieu of filing all their XBRL data in a separate exhibit.<sup>76</sup>

## **B. Current XBRL Practices and Affected Parties**

### **1. XBRL Preparation**

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<sup>72</sup> See Rule 497(c), (e).

<sup>73</sup> The exhibit provisions that specify when an Interactive Data File is required for financial information also specify when it is optional and when it is prohibited.

<sup>74</sup> See Rule 405(a)(2) for the exhibit requirement.

<sup>75</sup> See Rule 405(a)(3).

<sup>76</sup> See Order Granting Limited and Conditional Exemption under Section 36(a) of the Securities Exchange Act of 1934 from Compliance with Interactive Data File Exhibit Requirement in Forms 6-K, 8-K, 10-Q, 10-K, 20-F, and 40-F to Facilitate Inline Filing of Tagged Financial Data, Release No. 34-78041 (Jun. 13, 2016) [81 FR 39741] (“Exemptive Order”).

There were approximately 8,315 filers of annual and quarterly reports (Forms 10-K, 10-Q, 20-F, and 40-F), including amendments, during calendar year 2017.<sup>77</sup> As of December 2017, there were approximately 11,181 funds registered on Form N-1A.<sup>78</sup> Filers may prepare their Interactive Data to comply with existing XBRL requirements in-house or use an outside service provider.<sup>79</sup> Tagging required disclosures in XBRL may involve either a standalone or integrated approach.<sup>80</sup>

In 2009 the Commission estimated the expected direct cost of compliance with XBRL requirements by operating companies.<sup>81</sup> After the adoption of the 2009 rules, several pre-proposal commenters and studies provided estimates of the cost of

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<sup>77</sup> The figures are based on staff analysis of EDGAR filings. Filers were identified based on Central Index Key (“CIK”) codes. Some filers, including investment companies, asset-backed issuers, and filers who have received a hardship exemption, are not subject to financial statement information interactive data requirements. Interactive data requirements for operating companies also pertain to certain Securities Act registration statements, as well as certain filings on Forms 8-K and 6-K containing specified financial statements.

<sup>78</sup> The figures are based on data obtained from ICI as of December 31, 2017, available at <http://www.ici.org/research/stats>, and staff analysis of EDGAR filings. This count includes 9,360 mutual funds and 1,821 ETFs registered as open-end investment companies. The estimate of ETFs is reduced to exclude approximately eight ETFs registered as unit investment trusts (“UITs”). UITs and closed-end funds are not subject to the proposed amendments and are therefore excluded from this estimate.

<sup>79</sup> See Inline XBRL Proposing Release, at 14285. See also William Sinnett, SEC reporting and the impact of XBRL: 2013 survey, Financial Executives Research Foundation (Nov. 15, 2013) (“FERF Study”), at 15.

<sup>80</sup> See Inline XBRL Proposing Release, at 14285. With a standalone approach, filers or filing agents create an XBRL exhibit by copying the information from the filing document and tagging it in XBRL, which requires them to expend incremental resources to create and tag a copy of the data and verify the consistency of tagged data across documents. With an integrated approach, XBRL tagging of required disclosures is a part of a broader disclosure management process, and integrated disclosure management software is used to generate both the HTML filing and the XBRL exhibit.

<sup>81</sup> See 2009 Financial Statement Information Adopting Release, at 6804 (estimating direct costs of preparing and submitting interactive data-formatted financial statements, excluding the cost of website posting, at \$39,510–\$81,220 (\$12,450–\$20,340) for the first submission (each subsequent submission) with block-text footnotes and schedules and \$29,700–\$59,150 (\$20,075–\$36,940) for the first submission (each subsequent submission) with detailed tagging of footnotes and schedules, and the cost of website posting at \$1,000 per year).

compliance with financial statement information XBRL requirements.<sup>82</sup> According to a 2013 survey, the median operating company filer required 25 hours for the preparation and 15 hours for the review of XBRL and between \$8,000 and \$10,000 for the services of outside professionals for its most recent annual filing.<sup>83</sup> According to another survey, the median small filer paid \$10,000 or less on an annual basis for fully outsourced creation and filing of its XBRL exhibits.<sup>84</sup> Preliminary statistics from a pricing survey being conducted by the AICPA and XBRL US indicate that the cost of XBRL formatting has declined 41% since 2014 and that the average cost of XBRL preparation for small reporting companies in 2017 averaged \$5,850 per year.<sup>85</sup> The 2009 Risk/Return Summary Adopting Release estimated the expected direct cost of compliance with the fund risk/return summary XBRL requirements.<sup>86</sup>

## **2. Voluntary Use of Inline XBRL by Operating Companies under the Exemptive Order**

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<sup>82</sup> See Inline XBRL Proposing Release, at 14285-6, n. 69.

<sup>83</sup> See FERG Study, at 18–19.

<sup>84</sup> See Research shows XBRL filing costs are lower than expected, AICPA, <https://www.aicpa.org/InterestAreas/FRC/AccountingFinancialReporting/XBRL/DownloadableDocuments/XBRL%20Costs%20for%20Small%20Companies.pdf> (retrieved Jun. 20, 2018) (“AICPA Study”); Mohini Singh (2017) The Cost of Structured Data: Myth vs. Reality, CFA Institute, <https://www.cfapubs.org/doi/pdf/10.2469/ccb.v2017.n5.1> (retrieved Jun. 20, 2018).

<sup>85</sup> See <https://xbrl.us/wp-content/uploads/2018/06/XBRL-US-Letter-to-HFSC-RE-HR-5054-6-6-2018.pdf> (retrieved Jun. 20, 2018).

<sup>86</sup> See 2009 Risk/Return Summary Adopting Release, at 7769 (estimating direct costs of preparing and submitting interactive data-formatted risk/return summary information, excluding the cost of website posting, at \$23,200 for the first submission (\$3,100 for each subsequent submission) and the cost of website posting at \$250).

One commenter stated that it uses a third-party vendor for XBRL preparation and estimated the average time the commenter expends to review the approximately 336 risk/return summary XBRL filings per year produced for its funds at approximately 12 hours per month, with a peak of 32 hours per month. See letter from Federated II. This amounts to an average review time of approximately 0.43 hours per filing (12 hours per month x 12 months / 336 filings per year). The cost of outside services for XBRL preparation, which are incurred in addition to the review time, is not stated in this letter.

A small but growing number of operating company filers have relied on the Exemptive Order to voluntarily file in Inline XBRL.<sup>87</sup> Large accelerated, accelerated, and nonaccelerated filers and smaller reporting companies were well represented, with large accelerated filers representing a larger proportion of voluntary operating company filers than their proportionate share of all operating company filers.<sup>88</sup>

Filers that have filed in Inline XBRL under the Exemptive Order used XBRL preparation software or filing agents that already can accommodate Inline XBRL. Based on filing software information, where available in the filing, voluntary Inline XBRL filers used seven different vendors.<sup>89</sup> In conjunction with the Exemptive Order, the Commission also made the open source Inline Viewer available to the public so that filers could test and view their submissions before EDGAR filing and the public could easily view the Inline XBRL document within the context of a web browser.

One commenter—whose vendor members are estimated by the commenter to “provide XBRL creation services for an estimated 80% of U.S. public companies that file in XBRL to the SEC each quarter”—stated that “[m]any vendors today already have Inline XBRL capabilities or have development underway” to incorporate this capability into their tools.<sup>90</sup>

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<sup>87</sup> Based on staff analysis of Inline XBRL filings, as of May 21, 2018, approximately 152 unique operating company filers filed approximately 526 Inline XBRL filings. The number of filers that have voluntarily filed in Inline XBRL so far is modest relative to the overall number of filers (approximately 1.8%).

<sup>88</sup> As of May 21, 2018, staff analysis of voluntary Inline XBRL filings showed that large accelerated filers accounted for approximately 38% and accelerated filers approximately 18% of such filings. By comparison, based on staff analysis of Forms 10-K, 10-Q, 20-F, and 40-F filings and amendments to them filed during calendar year 2017, large accelerated filers accounted for approximately 26% and accelerated filers for approximately 19% of such filings.

<sup>89</sup> This estimate is based on filings information as of May 21, 2018.

<sup>90</sup> See letter from XBRL US. See also letters from Workiva I, IRIS, and ACI.

Based on our understanding of the experience of voluntary Inline XBRL filers and the input from commenters whose XBRL solutions were used in voluntary Inline XBRL filings, filers have not incurred increases in the cost of XBRL software.<sup>91</sup> We recognize, however, that filers that voluntarily elected to file in Inline XBRL under the Exemptive Order may not be representative of all filers affected by the amendments. For example, most voluntary filers already used integrated XBRL preparation software. Thus, their transition to Inline XBRL likely entailed minimal changes to XBRL preparation workflow, with the resulting minor impact on both the cost of XBRL preparation and XBRL data quality.

With regard to data quality of voluntary Inline XBRL filings by operating companies under the Exemptive Order, Commission staff reviewed a random sample of 25 Form 10-Q and Form 10-K Inline XBRL filings submitted pursuant to the Exemptive Order as of November 1, 2017<sup>92</sup> to determine whether Inline XBRL had any effect on a particular issue of data quality: negative values.<sup>93</sup> For each of the 25 filings, Commission staff reviewed the Inline XBRL filing and the latest filing prior to the Inline XBRL filing to determine if amounts were inappropriately entered as negative values in either of the

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Vendors identified as having been used in voluntary Inline XBRL filings and other software vendors and filing agents that reference Inline XBRL capabilities on their websites, and in other public sources, accounted for approximately 87% of financial statement XBRL filings filed during 2017 for which preparation software could be identified. Preparation software could not be identified for approximately 3% of financial statement XBRL filings.

<sup>91</sup> See, e.g., letters from Workiva I and ACI. Both of these commenters were vendors whose XBRL preparation solutions were used by voluntary Inline XBRL filers.

<sup>92</sup> The examined subset of filings was randomly drawn from 252 Inline XBRL filings submitted as of November 1, 2017.

<sup>93</sup> Most XBRL numeric elements are designed to be entered as positive values. Even if the XBRL element is related to a credit balance, the element should still be submitted as a positive number because debit and credit balances represent presentation attributes for the HTML document, not the underlying meaning of the XBRL element.

filings. Commission staff observed one Inline XBRL filing with an inappropriate negative value for a footnote disclosure; the same disclosure in the latest filing prior to the Inline XBRL filing did not have an inappropriate negative value. After the initial Inline XBRL filing, that filer submitted a subsequent Inline XBRL filing and corrected the error.

One commenter stated that XBRL data quality has not improved significantly, based on errors in XBRL data identified during the commenter's review of early voluntary Inline XBRL filings pursuant to the Exemptive Order.<sup>94</sup> However, the example provided by the commenter of an Inline XBRL tagging error was not an error in the Inline XBRL document, but rather a presentation discrepancy when the Inline XBRL document was run through the EDGAR Renderer, which is designed for XBRL format documents and not Inline XBRL format documents. In part of the example provided, the Inline XBRL document had a dimensional axis that does not present in the EDGAR rendered view.

Nevertheless, these observations suggest that some XBRL data quality issues may remain for a minority of filers. The relatively small number of voluntary Inline XBRL filings to date makes it difficult to draw definitive conclusions about the extent to which Inline XBRL may improve data quality going forward. Moreover, we are not able to observe whether the reviewed voluntary filings were prepared with the use of the Inline XBRL Viewer tool, which can facilitate detection of certain types of errors, such as negative values and scaling errors. In addition, the experience of a small number of voluntary filers may not be representative of all filers subject to the amendments.

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<sup>94</sup> See letter from TagniFi.

Since the implementation of the voluntary Inline XBRL program, we have observed that, not only is the public using the Inline XBRL data, but some data users have also made enhancements to the Commission’s open source Inline XBRL Viewer. These enhancements, such as creating instantly human-readable time series charting, may help to make the XBRL data even more useful. For example, using these enhancements, a user can hover over the revenues element of a filing and instantly view the latest two years of reported revenues for that filer, or hover over a narrative element and instantly view the latest two years of text reported for that element by that filer.

### **3. XBRL Data Use**

There is a wide range of XBRL data users, including investors, financial analysts, economic research firms, data aggregators, academic researchers, filers seeking information on their peers for benchmarking purposes, and Commission staff.

During the second quarter of 2017, individual financial statement information XBRL exhibits were accessed on the EDGAR website approximately 53.1 million times (including approximately 13.7 million unique filing views by approximately 149,000 unique IP addresses) and individual risk/return summary XBRL exhibits were accessed approximately 6.8 million times (including approximately 839,000 unique filing views by approximately 8,000 unique IP addresses).<sup>95</sup> This is the approximate equivalent of 287

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<sup>95</sup> The figures are based on staff analysis of EDGAR log file data for the second quarter of 2017. The analysis examined access during the second quarter of 2017 to all financial statement information XBRL exhibits filed with annual and current reports and amendments to them and all risk/return summary XBRL exhibits filed with amendments to registration statements and forms of prospectuses since inception of the XBRL requirements. The analysis did not exclude access by “bots” because machine-readable XBRL data is designed to enable automated aggregation and processing. Due to data availability, these statistics do not capture access to XBRL data through the Public Dissemination Service or the use of the data, tools, and products made available by third-party data aggregators, incorporating XBRL data to varying degrees, which likely account for the largest share of market participants’ access to such data. These statistics also do not capture access to DERA XBRL datasets, which is discussed separately. The data definitions used

exhibit views and 74 unique filing views for each filing with financial statement information XBRL data and 224 exhibit views and 28 unique filing views for each filing with risk/return summary XBRL data during the examined quarter.

The Commission also combines, organizes and posts for bulk download financial statement information and risk/return summary XBRL data extracted from filings.<sup>96</sup> As of June 16, 2018, in the approximately eight months since the Commission began posting risk/return summary datasets, financial statement data sets had approximately 55,327 page views (including approximately 33,130 unique page views); financial statement and notes data sets had approximately 232,398 page views (including 194,623 unique page views), and risk/return summary data sets had approximately 2,089 page views (including approximately 1,791 unique page views).<sup>97</sup>

A number of businesses have created products that provide XBRL data to

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to identify XBRL exhibits excluded access to XBRL data as part of a complete submission file or as part of an Inline XBRL document (for filings pursuant to the Exemptive Order).

Applying the same methodology, individual XBRL files of nonaccelerated filers and smaller reporting companies were accessed on the EDGAR website approximately 23.3 million times (including approximately 6.2 million unique filing views by approximately 46,000 unique IP addresses). This is the approximate equivalent of 239 exhibit views (64 unique filing views) per filing. Filer status was obtained from the XBRL portion of the respective filing. Applying the same methodology, individual XBRL files of biotechnology companies were accessed on the EDGAR website approximately 4.9 million times (including approximately 1.3 million unique filing views by approximately 24,000 unique IP addresses). This is the approximate equivalent of 288 exhibit views (78 unique filing views) per filing. Companies were classified as being in the biotechnology sector based on primary Standard Industry Classification (“SIC”) codes (obtained from the XBRL portion of the respective filing) that correspond to industry groups for pharmaceutical products and medical equipment in the Fama and French 49 industry classification ([http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/Data\\_Library/det\\_49\\_ind\\_port.html](http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/Data_Library/det_49_ind_port.html), retrieved Jun. 20, 2018).

<sup>96</sup> See <https://www.sec.gov/dera/data/financial-statement-data-sets.html>, <https://www.sec.gov/dera/data/financial-statement-and-notes-data-set.html>, and <https://www.sec.gov/dera/data/mutual-fund-prospectus-risk-return-summary-data-sets> (retrieved Jun. 20, 2018).

<sup>97</sup> These statistics do not account for the use of third-party products or websites incorporating these datasets. See, e.g., <https://console.cloud.google.com/launcher/details/sec-public-data-bq/sec-public-dataset> (retrieved Jun. 20, 2018).

investors. Data aggregators (*i.e.*, entities that, in general, collect, package, and resell data) have incorporated XBRL data into their products to varying degrees. Various third-party data providers extract or preview information contained in XBRL exhibits, offering XBRL analytics tools or using XBRL data to supplement other reported data based on filer disclosures.<sup>98</sup>

The Commission staff uses XBRL data to efficiently analyze large quantities of information in support of risk assessment, rulemaking, and enforcement activities, including as part of its internally developed Corporate Issuer Risk Assessment and Financial Statement Query Viewer applications.

Commenters and studies have noted the benefits of XBRL data in providing a wide range of financial reporting data that is not always available elsewhere.<sup>99</sup> Other commenters and studies have indicated that XBRL data use has been limited, in part due to concerns regarding data quality and lack of awareness of XBRL.<sup>100</sup> Several

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<sup>98</sup> See, *e.g.*, a discussion of XBRL analytics tools, <https://xbrl.us/use/howto/> (retrieved Jun. 20, 2018); <https://xbrl.us/home/category/productsservices/service/data-aggregation/> (retrieved Jun. 20, 2018); Mitchell R. Wenger, Rick Elam, and Kelly L. Williams (2013) A tour of five XBRL tools, *Journal of Accountancy* (Apr. 1, 2013), <https://www.journalofaccountancy.com/issues/2013/apr/20126677.html> (retrieved Jun. 20, 2018); Inline XBRL Proposing Release, at 14286, n. 77; letters from Octachoron and TagniFi.

<sup>99</sup> See, *e.g.*, letters from CFA Institute, Data Coalition, Grant Thornton, Members of Congress, Octachoron, TagniFi, XBRL US, and XBRL International.

Various academic studies have examined the benefits of XBRL for the information environment of firms. See Inline XBRL Proposing Release, at 14295, n. 169. See also Yu Cong, Hui Du, and Miklos A. Vasarhelyi (2017) Are XBRL files being accessed? Evidence from the SEC EDGAR log file data set, *Journal of Information Systems* (forthcoming) (examining rates of access to XBRL files and providing some evidence that investors in smaller operating companies access XBRL files and that investors may prefer XBRL files to non-XBRL files when both types of files are included with the filing).

<sup>100</sup> See Inline XBRL Proposing Release, at 14287, n. 78. See also letter from BIO (stating that “XBRL data is little used by biotech investors”). But see note 95 above (discussing XBRL data use for smaller and biotech companies that is generally consistent with the XBRL data use for all operating companies).

commenters stated that risk/return summary XBRL data is little used by investors.<sup>101</sup>

Some commenters stated that the use of risk/return summary XBRL data is limited due to the delay in its availability as compared to the HTML version of the same information.<sup>102</sup>

One of these commenters, a large data aggregator that processes fund information for investors, indicated that it must manually extract information from fund HTML filings because the structured XBRL filing comes too late for investors' preferences.<sup>103</sup>

The 2005 XBRL Voluntary Program for financial statement information has not been used for several years, with no submissions during calendar years 2011–2017.<sup>104</sup>

### **III. FINAL AMENDMENTS AND ANTICIPATED ECONOMIC EFFECTS**

#### **A. Discussion of the Final Amendments**

##### **1. Inline XBRL Requirements**

###### **a. Use of Inline XBRL Format**

On March 1, 2017, the Commission proposed rule and form amendments to facilitate improvements in the quality and usefulness of XBRL data and, over time,

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A December 2016 global survey of members by the CFA Institute, corroborating the results of the prior surveys, found that less than half of the respondents (approximately 45%) were aware of XBRL and, among those aware of XBRL, a minority of respondents (approximately 23%) use financial XBRL data from periodic reports. *See* CFA Institute Member Survey: XBRL, <https://blogs.cfainstitute.org/marketintegrity/2016/12/05/do-you-know-what-xbrl-is-a-majority-of-survey-respondents-do-not-know/> and <https://www.cfainstitute.org/-/media/documents/survey/xbrl-member-survey-report-2016.ashx> (retrieved Jun. 20, 2018).

<sup>101</sup> *See* letters from Federated I and II, Frei, ICI I and II, and USBFS. One of these letters cited limited use of XBRL data posted on the filer's website in connection with the discussion of limited XBRL data use. *See* letter from Federated II.

<sup>102</sup> *See, e.g.*, letters from Morningstar ("we use the HTML filings rather than the XBRL filings because we can process them and share the information with end investors more quickly than if we were to wait for the XBRL filing") and XBRL US ("[r]isk/return data from mutual funds today is not as timely as investors would prefer").

<sup>103</sup> *See* letter from Morningstar.

<sup>104</sup> A few filers submitted Voluntary Program XBRL exhibits (EX100), but those filings seem to have been made in error.

decrease filing costs by decreasing XBRL preparation costs.<sup>105</sup> The proposed amendments would require operating company financial statement information and fund risk/return summary information to be submitted in the Inline XBRL format.<sup>106</sup> Inline XBRL allows filers to embed XBRL data directly into an HTML document, eliminating the need to tag a copy of the information in a separate XBRL exhibit. Inline XBRL is both human-readable and machine-readable for purposes of validation, aggregation, and analysis. The proposed amendments also would eliminate the requirements for filers to post Interactive Data Files on their websites and terminate the 2005 XBRL Voluntary Program with respect to financial statement information.<sup>107</sup>

The majority of commenters generally supported the proposed Inline XBRL requirements.<sup>108</sup> Many of these commenters specifically supported the proposal to replace the XBRL format with the Inline XBRL format for operating company filers,<sup>109</sup> while several commenters supported applying the proposed Inline XBRL requirements to both operating companies and funds.<sup>110</sup> Several commenters opposed the proposed Inline XBRL requirements for some or all filers.<sup>111</sup>

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<sup>105</sup> See Inline XBRL Proposing Release.

<sup>106</sup> Inline XBRL™ and iXBRL™ are trademarks of XBRL International. XBRL® is a registered trademark of XBRL International. The Inline XBRL technology is freely licensed by XBRL International. See <https://specifications.xbrl.org/spec-group-index-inline-xbrl.html> (retrieved Jun. 20, 2018) and <https://specifications.xbrl.org/presentation.html> (retrieved Jun. 20, 2018).

<sup>107</sup> See note 48 above.

<sup>108</sup> See, e.g., letters from ACI, AICPA, CFA Institute, Data Coalition, Deloitte, Grant Thornton, Hoffman, IRIS, Lewis, Kumar, Members of Congress, Merrill, Morningstar, Octachoron, Palmer, TagniFi, Workiva I, XBRL International, and XBRL US.

<sup>109</sup> See, e.g., letters from ACI, AICPA, CFA Institute, Data Coalition, Deloitte, Grant Thornton, Hoffman, IRIS, Members of Congress, Merrill, Morningstar, Octachoron, TagniFi, XBRL International, XBRL US, and Workiva I.

<sup>110</sup> See, e.g., letters from ACI, AICPA, CFA Institute, Data Coalition, Members of Congress, Morningstar, XBRL International, and XBRL US.

After considering these comments, we are adopting, substantially as proposed, amendments to Rule 405 to require the submission of financial statement information and risk/return summary information Interactive Data Files in Inline XBRL.<sup>112</sup> Operating companies and funds, on a phased in basis, will be required to embed a part of the Interactive Data File within an HTML document using Inline XBRL and to include the rest in an exhibit to that document. The portion filed as an exhibit to the form will contain contextual information about the XBRL tags embedded in the filing. The information as tagged will continue to be required to satisfy all other requirements of Rule 405, including the technical requirements in the EDGAR Filer Manual.

The Inline XBRL requirement, similar to the current XBRL requirement, will apply to financial statement information in HTML regardless of whether it appears in the non-exhibit part of a filing and/or in one or more exhibits. Accordingly, under Inline XBRL, tags must be embedded wherever that HTML information appears.

The Commission received a number of comments that addressed data usability, quality, and cost issues. Various commenters stated that Inline XBRL would, over time, (i) increase the efficiency of review and yield savings of XBRL preparation time and cost;<sup>113</sup> (ii) potentially improve the quality of XBRL data (by reducing discrepancies

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Two of these commenters elaborated on their specific support to replace the XBRL format with the Inline XBRL format for risk/return summaries. *See* letters from Morningstar and XBRL US.

<sup>111</sup> *See, e.g.*, letters from Cigna and FEI (opposing the Inline XBRL requirement for financial statement information); letters from Hindssight and Pergamit (expressing general opposition to Inline XBRL); and letters from Federated I and II, Frei, ICI I and II, and USBFS (opposing the Inline XBRL requirement for risk/return summaries).

<sup>112</sup> *See* new Rule 405(a)(3).

<sup>113</sup> *See, e.g.*, letters from ACI, AICPA, CFA Institute, Cigna, Data Coalition, FEI, IRIS, Kumar, Lewis, Members of Congress, Merrill, Workiva I, XBRL International, and XBRL US. *But see* letter from ICI I (stating that funds will not realize a significant increase in the effectiveness and

between HTML and XBRL data);<sup>114</sup> and (iii) increase the data's usability (through greater accessibility and transparency of the data and enhanced capabilities for data users, who would no longer have to view the XBRL data separately from the text of the documents).<sup>115</sup> One commenter stated that while "Inline XBRL will not directly contribute to increased quality . . . indirectly, Inline XBRL will contribute to better decisions related to the meaning conveyed by the machine-readable XBRL format."<sup>116</sup> Another commenter emphasized the benefit of Inline XBRL "in allowing filers greater control over the presentation of financial exhibits."<sup>117</sup>

Several commenters that supported requiring Inline XBRL for financial statement information expressed concern that switching to Inline XBRL would not be sufficient to significantly improve the quality of financial statement information XBRL data without additional measures. Some of these commenters recommended that the Commission implement additional validation rules, including the incorporation of XBRL Data Quality Committee validation rules.<sup>118</sup> Some of these commenters recommended expanding the

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efficiency of XBRL preparation) and letter from Pergamit (stating that Inline XBRL would not yield benefits for filers).

<sup>114</sup> See, e.g., letters from ACI, AICPA, CFA Institute, IRIS, Kumar, Lewis, Members of Congress, Merrill, Morningstar, Octachoron, Palmer, Ray, XBRL International, and XBRL US. *But see, e.g.*, note 135 below (stating that there would not be gains in data quality for risk/return summaries) and letters from EY, TagniFi, and Workiva I (stating that there would not be gains in data quality for financial statement information).

<sup>115</sup> See, e.g., letters from ACI, AICPA, CFA Institute, Deloitte, IRIS, Morningstar, Octachoron, Ray, TagniFi, and XBRL US. *But see* letters from Federated I and II (regarding risk/return summaries) and Pergamit.

<sup>116</sup> See letter from Hoffman.

<sup>117</sup> See letter from Octachoron.

<sup>118</sup> See, e.g., letters from AICPA, CFA Institute, Deloitte, TagniFi, Workiva I, XBRL International, and XBRL US.

scope of auditor assurance to include review of XBRL tags.<sup>119</sup> Some commenters encouraged additional engagement or alignment with other entities such as the Financial Accounting Standards Board (“FASB”), the IASB, and international regulators who are also using the Inline XBRL format.<sup>120</sup>

We continue to analyze the data quality of submissions made in XBRL and Inline XBRL, as well as monitor developments related to the XBRL standard and the Inline XBRL specification. If additional technical rules within the EDGAR environment are deemed necessary, they may be reflected in updates to the EDGAR Filer Manual, but we are not imposing additional XBRL validation requirements at this time. We note that filers, vendors, and filing agents are currently able to voluntarily incorporate validation rules into their software and that the Commission makes available various tools to assist XBRL filers. Moreover, filers remain subject to Rule 405(c) of Regulation S-T, which imposes certain fundamental data quality requirements on Interactive Data File submissions.<sup>121</sup>

Regarding our engagement with other entities such as the FASB, we note that the staff actively engages with the FASB over the development of the U.S. GAAP Taxonomy throughout the year. For example, the staff reviews and consults on the taxonomy development process, taxonomy changes, and comments received from the public. We

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<sup>119</sup> See, e.g., letters from AICPA, CFA Institute, Deloitte, EY, Grant Thornton, Hoffman, XBRL International, and XBRL US.

<sup>120</sup> See, e.g., letters from AICPA, EY, and XBRL International.

<sup>121</sup> 17 CFR 232.405(c)(1). In particular, each data element in the Interactive Data File must reflect the same information in the corresponding data in the Related Official Filing; data elements contained in the corresponding data in the Related Official Filing may not be changed, deleted, or summarized in the Interactive Data File; and each data element contained in the Interactive Data File must be matched with an appropriate tag from the most recent version of the standard list of tags specified by the EDGAR Filer Manual, with a new special element required to be created and used only if an appropriate tag does not exist in the standard list.

continue to encourage all members of the public to submit any comments they may have to improve the U.S. GAAP Taxonomy to the FASB. As we have noted throughout this release, we are aware of various developments that could impact the Commission’s XBRL requirements and will continue to monitor those developments as filers transition to Inline XBRL.

With respect to expanded auditor assurance, one commenter stated that a recent survey of its members found that “77 per cent of respondents wish to have assurance of the tagged data.”<sup>122</sup> Another commenter stated that “audit committees are likely to request that auditors perform a separate attestation engagement to provide an opinion on the accuracy and consistency of the XBRL formatted information, and issue a report” in order “to provide investors additional confidence in the iXBRL formatted information.”<sup>123</sup> However, a different commenter stated that XBRL data cannot be audited because tag selection is subjective and no accounting standards are applicable.<sup>124</sup>

As the Commission stated in the Inline XBRL Proposing Release, the proposed amendments were intended to modernize existing financial statement information XBRL requirements to incorporate developments in the XBRL technology since the 2009 adoption of these requirements. The proposal did not contemplate any changes to the application of officer certifications or auditor assurance requirements to XBRL data.<sup>125</sup> In particular, the Commission noted that, because the proposed amendments related only to the manner of submitting the Interactive Data File and not the data that comprises the

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<sup>122</sup> See letter from CFA Institute.

<sup>123</sup> See letter from AICPA.

<sup>124</sup> See letter from Workiva I.

<sup>125</sup> See Inline XBRL Proposing Release, at 14297, n. 181 and accompanying text.

Interactive Data File, it was not proposing to change the existing positions pertaining to the exclusion of the Interactive Data File from the officer certification and assurance requirements.<sup>126</sup> Consistent with the proposal, we are not making any such changes at this time.

Several commenters recommended clarifying that financial statement information XBRL data under the new Inline XBRL requirement would not be subject to auditor assurance in order to address a potential “expectations gap” that might arise if XBRL data is embedded in a document containing HTML financial statements subject to auditor assurance. Commenters had different suggestions on how to communicate the auditor’s responsibility related to financial statement information XBRL data, such as by including some form of reporting mechanism or disclosure within the filing, or by having the Commission re-affirm its position from the Inline XBRL Proposing Release that there is no change in auditor responsibility.<sup>127</sup>

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<sup>126</sup> *Id.* Currently, the financial statement information Interactive Data File is excluded from the officer certification requirements under Rules 13a-14(f) and 15d-14(f) of the Exchange Act [17 CFR 240.13a-14 and 240.15d-14]. Furthermore, auditors are not required to apply AS 2710 (*Other Information in Documents Containing Audited Financial Statements*), AS 4101 (*Responsibilities Regarding Filings Under Federal Securities Statutes*), or AS 4105 (*Reviews of Interim Financial Information*) (prior to December 31, 2016, AU Sections 550, 711, and 722, respectively) to the Interactive Data File submitted with a company’s reports or registration statements. In addition, filers are not required to obtain assurance on their Interactive Data File or involve third parties, such as auditors or consultants, in the creation of their Interactive Data File. *See* 2009 Financial Statement Information Adopting Release, at 6796–6797. However, the Commission has previously stated that XBRL is part of an issuer’s disclosure controls and procedures. *See* 2009 Financial Statement Information Adopting Release, at 6797.

Risk/return summary information Interactive Data File requirements do not require funds to involve third parties, such as auditors or consultants, in the creation of the interactive data provided as an exhibit to a fund’s Form N-1A filing, including assurance. With respect to registration statements, SAS 37 (currently AS 4101) was issued in April 1981 to address the auditor’s responsibilities in connection with filings under the federal securities statutes. With respect to existing risk/return summary information Interactive Data File requirements, an auditor is not required to apply AS 4101 to the Interactive Data File. *See* 2009 Risk/Return Summary Adopting Release, at 7760–7761 and footnote 183.

<sup>127</sup> *See, e.g.*, letters from AICPA, Deloitte, EY, and Grant Thornton.

Consistent with the suggestions of these commenters, we are reiterating that the change from the XBRL format to the Inline XBRL format does not change the Commission's positions with respect to officer certifications and auditor assurance. Accordingly, we are not requiring additional transparency regarding auditors' responsibilities related to financial statement information XBRL data at this time. However, consistent with the existing XBRL requirements, issuers would not be prohibited from indicating in the financial statements (such as in a footnote) the degree (or lack thereof) of auditor involvement related to the financial statement information XBRL data.<sup>128</sup>

A few commenters cited concerns about the burden of transition to Inline XBRL.<sup>129</sup> The amendments address transition issues through the use of a staggered phase-in period, discussed in greater detail in Section III.A.1.c below. Further, in response to commenter concerns, we are making certain modifications from the proposed compliance dates to help filers address any transition issues. In particular, in response to commenters' suggestions, the amendments include an additional transition accommodation for operating companies whereby Inline XBRL will be required for the first Form 10-Q for a fiscal period ending on or after the applicable compliance date, which is intended to further facilitate the transition to Inline XBRL. The amendments also modify the phase-in period for funds to provide funds and vendors with additional time to transition to Inline XBRL for risk/return summaries and to modify their processes

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<sup>128</sup> See 2009 Financial Statement Information Adopting Release, at 6796.

<sup>129</sup> See, e.g., letters from Cigna and FEI (regarding the burden of transition for operating companies); Hindssight (expressing concern about costs but not specifying whether it pertained to operating companies or funds); Federated I and II, Frei, ICI I and II, and USBFS (regarding the burden of transition for funds).

for preparing and reviewing these filings to accommodate the elimination of the 15 business day filing period. We believe that these aspects of the amendments will help to mitigate the burden of transition to Inline XBRL.

As proposed, the amendments will also require risk/return summary information to be submitted in Inline XBRL.<sup>130</sup> Among commenters that addressed the Inline XBRL requirement for funds, several commenters expressed support for Inline XBRL for risk/return summaries.<sup>131</sup> Some of these commenters cited the potential benefits of increased timeliness and usability of XBRL data to investors and other data users.<sup>132</sup> They also described economies of scale that funds may realize from their vendors providing an XBRL preparation process that is consistent with operating companies under a single standard specification.<sup>133</sup> Several commenters opposed the Inline XBRL requirement for risk/return summaries.<sup>134</sup> These commenters stated that there are few, if any, data quality issues with risk/return summary XBRL data today and concluded that Inline XBRL would not improve the quality of risk/return summary XBRL data.<sup>135</sup> One

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<sup>130</sup> See new Rule 405(a)(3)(ii) of Regulation S-T.

<sup>131</sup> See, e.g., letters from ACI, AICPA, CFA Institute, Data Coalition, Members of Congress, Morningstar, XBRL International, and XBRL US.

<sup>132</sup> See letters from Morningstar and XBRL US.

<sup>133</sup> *Id.*

<sup>134</sup> See, e.g., letters from Federated I and II; Frei; ICI I and II; and USBFS. In addition, two commenters generally opposed Inline XBRL without stating whether their opposition was specific to funds or operating companies. See letters from Pergamit and Hindssight.

<sup>135</sup> See letters from ICI (reiterating the observation in the Inline XBRL Proposing Release that, compared to financial statements of operating companies, mutual fund risk/return summaries have fewer instances in which numeric data is embedded into text and the data is generally more standardized as a reason why, in the commenter's view, data quality is not an issue for mutual fund risk/return summaries) and USBFS (stating that it was not aware of any XBRL filing data quality issues affecting the funds serviced by the commenter or any other funds in the industry).

commenter stated that the proposed Inline XBRL requirements for funds do not have tangible benefits for investors and impose costs that would outweigh any benefits.<sup>136</sup>

Commenters also expressed differing views regarding the extent to which investors, Commission staff, and academics use the fund information submitted in XBRL. Some commenters stated that XBRL data filed by funds is little used by investors<sup>137</sup> or data aggregators.<sup>138</sup> Others stated that it was used by data aggregators and, if more timely provided, its use by data aggregators and, indirectly, by investors, would increase.<sup>139</sup> Two commenters observed that the current 15 business day filing delay decreases the usefulness of this data as a means of providing timely information to investors and stated that they or others would make greater use of this data if we eliminated the delay.<sup>140</sup>

After considering the input of commenters, we continue to believe that it is important for risk/return summary information to be provided in an XBRL format and that this format be as usable for investors and other data users as possible. We

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<sup>136</sup> See letter from Federated II.

<sup>137</sup> See letters from Federated I (stating that it does “not believe that either XBRL, or the proposed iXBRL filing and posting requirements are (or would be) useful to investors.”); Federated II; Frei (“There has been no evidence that the SEC staff, academics, or every day investors uses [sic] this data.”); ICI I (stating that investors generally do not use XBRL tagged risk/return summary information and instead obtain this risk/return information in human-readable form from fund prospectuses, on fund websites, or on third party information provider websites.”); ICI II; USBFS (stating that the XBRL data is generally not used by investors, investment advisers, or broker-dealers in making investment decisions or recommendations).

<sup>138</sup> See letter from ICI (stating that its members provide data directly to many information providers and further noting that these information providers separately extract data from HTML filings).

<sup>139</sup> See letters from Frei and USBFS (referencing XBRL data use by data aggregators) and XBRL US (noting Morningstar’s support of eliminating the 15 day filing period as it would allow them to use the XBRL data to more rapidly disseminate fund data to investors).

<sup>140</sup> See letters from Morningstar (noting that it currently uses the HTML filings rather than the XBRL filings because it can process and share the information with investors more quickly than if it were to wait for the XBRL filing) and XBRL US (stating that the elimination of the 15 business day period would make XBRL data much more valuable to data providers and investors).

understand, based on commenter input, that many investors obtain risk/return summary information through data aggregators but that they may seek it out more quickly than it is currently available in XBRL through fund submissions. To meet this demand for more timely data, one data aggregator manually extracts the risk/return summary information from fund HTML or ASCII filings over a period of days rather than wait up to 15 business days for the XBRL filings. We further understand, based on commenter input, that transitioning to Inline XBRL will allow risk/return summary information to reach investors via aggregators in hours, rather than days, after a Related Official Filing. As a result, we expect that more timely XBRL data will lead to increased use of that data by third-party data aggregators already in the market. We also anticipate that data aggregators with fewer resources or any new entrants to the data aggregation market would be better positioned to compete to provide information products to investors based on fund risk/return summaries if timely delivery does not require the resources necessary to tag the information manually. Investors will also be able to take further advantage of the XBRL data in ways that were not possible before. Because the Inline XBRL format embeds XBRL within the HTML document, investors can use their own web browser to view the embedded XBRL data and metadata within the context of the Related Official Filing, without having to download the information into any separate applications for review and analysis.

Contrary to some commenters' statements that this data is little used, risk/return summary XBRL data is accessed on EDGAR on a regular basis.<sup>141</sup> We also disagree with commenters who suggested that investors do not benefit when data aggregators use

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<sup>141</sup> See Section II.B.3 above.

XBRL data.<sup>142</sup> These aggregators typically use this data to provide information to investors, and funds are primarily held by retail investors, who often look to third party information sites when evaluating various funds for investment.

Preparing Inline XBRL filings involves embedding XBRL tags into the HTML document. This single-document approach should create long-term benefits by removing a separate workflow of checking the numbers and text in the original HTML filing for consistency with the numbers and text in the separate XBRL filing and the related time demands that entails—time demands that currently contribute towards much later filings by funds and less timely information for fund investors.

Several commenters indicated that funds would not realize cost savings from Inline XBRL and that funds would incur significant costs of transition to Inline XBRL, which would be compounded by the elimination of the 15 business day filing period and would outweigh any benefits.<sup>143</sup> One commenter stated that its members do not anticipate a significant increase in the efficiency and effectiveness of their filing processes from the shift to Inline XBRL.<sup>144</sup> Two commenters stated that a number of funds currently use a standalone approach to XBRL preparation and thus may require significant changes in XBRL preparation workflow to transition to Inline XBRL.<sup>145</sup> One of these commenters further indicated that the Commission may have overestimated the

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<sup>142</sup> See, e.g., letters from Federated II, Frei, ICI II, and USBFS.

<sup>143</sup> See letters from Federated I and II, Frei, ICI I and II, and USBFS.

<sup>144</sup> See letter from ICI I.

<sup>145</sup> See letters from USBFS and XBRL US. Another commenter referenced the comment letter by USBFS (stating that “at least one large filing vendor believes that the SEC’s proposal may have significantly underestimated the cost of implementing iXBRL tagging in the mutual fund context, particularly for smaller registrants”). See letter from ICI II.

proportion of funds that use an integrated approach to XBRL preparation.<sup>146</sup> According to this commenter, while funds that use “the largest financial printers” are likely well positioned to comply with the Inline XBRL requirement, funds that instead rely on other service providers for preparing and submitting XBRL filings (*e.g.*, law firms, administrators, in-house advisory firm personnel, and smaller financial printers) will be forced to incur significant costs and potentially change vendors.<sup>147</sup> Thus, the commenter asserted, the Inline XBRL Proposing Release significantly underestimated the costs of transitioning to Inline XBRL for funds, particularly for smaller filers.

We recognize that many funds today prepare and file an HTML or ASCII version of risk/return information in the Related Official Filing and then, up to 15 business days later, prepare and file a separate XBRL exhibit with this same risk/return information. As a result, many funds may incur one-time costs to change their workflow processes as they transition to filing this information in an Inline XBRL format without this extended filing period. We acknowledge that this may cause some funds to change vendors or software products used to create these filings, and that these transition costs will likely be greater than estimated in the Proposing Release.<sup>148</sup> However, we believe that the improved data usability that Inline XBRL offers, particularly when combined with the more efficient Inline XBRL process that reduces the need for the extended filing period, provides benefits to investors that justify these initial costs to funds.

Accordingly, we are adopting Inline XBRL and the related elimination of the 15 business day filing period for fund risk/return summaries. However, in light of the

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<sup>146</sup> See letter from USBFS.

<sup>147</sup> *Id.* We note, however, to the extent funds rely on other service providers to prepare and submit XBRL filings, those service providers in turn may be relying on financial printers.

<sup>148</sup> See letters from Federated I and II, ICI I and II, and USBFS.

comments and to help funds address transition issues, we are extending the proposed phase-in for risk/return summary Inline XBRL requirements, as discussed in greater detail in Section III.A.1.c below. After careful consideration, we continue to believe that the amendments to risk/return summary XBRL requirements to reflect the evolution of XBRL technology will offer benefits to data users and further believe that the modified compliance dates provide sufficient time for filers, software vendors, and filing agents to transition to Inline XBRL.

**b. Timing of Submission of Interactive Data File**

The Commission did not propose any changes to the timing of the required submission of the financial statement information XBRL data, nor are we adopting any, and operating companies will generally continue to be required to submit the Interactive Data File with the filing.

With respect to risk/return summary information, currently an Interactive Data File for a Form N-1A filing, whether the filing is an initial registration statement or a post-effective amendment to it, must be submitted as an amendment to the registration statement to which the Interactive Data File relates.<sup>149</sup> That amendment with the Interactive Data File also must be submitted after the registration statement or post-effective amendment that contains the related information becomes effective but not later than 15 business days after the effective date of that registration statement or post-effective amendment.<sup>150</sup>

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<sup>149</sup> General Instruction C.3.(g)(i) to Form N-1A.

<sup>150</sup> *Id.*

Funds also are required to submit an Interactive Data File for any form of prospectus filed that includes risk/return summary information that varies from the registration statement.<sup>151</sup> In the case of those filings, however, funds are permitted to file the Interactive Data File concurrently with the filing or up to 15 business days subsequent to the filing.<sup>152</sup> As the Commission noted in the 2009 Risk/Return Summary Adopting Release, the period of 15 business days was intended both to provide funds with adequate time to prepare the exhibit and to make the interactive data available promptly.<sup>153</sup>

i. Concurrent Submissions with Certain Post-Effective Amendment Filings

To help facilitate efficiencies in the fund post-effective amendment filing process, the Commission proposed to permit funds to submit Interactive Data Files concurrently with certain post-effective amendments to fund registration statements.<sup>154</sup> The Commission proposed this change in recognition of the fact that, in its experience, post-effective amendments filed pursuant to these paragraphs of Rule 485 generally are not subject to further revision.<sup>155</sup>

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<sup>151</sup> See General Instruction C.3.(g)(ii) to Form N-1A.

<sup>152</sup> *Id.*

<sup>153</sup> See 2009 Risk/Return Summary Adopting Release, at 7754, n. 97 and accompanying and following text.

<sup>154</sup> See proposed General Instruction C.3.(g)(i)(B) to Form N-1A.

<sup>155</sup> With the exception of post-effective amendments filed pursuant to Rule 485(b)(1)(iii), a post-effective amendment filed under Rule 485(b)(1) may become effective immediately upon filing.

Subparagraph (i) of Rule 485(b)(1) permits a post-effective amendment filing for the purpose of bringing the financial statements up to date under Section 10(a)(3) of the Securities Act or Rules 3-12 or 3-18 of Regulation S-X. 17 CFR 210.3-12 and 210.3-18.

Subparagraph (ii) of Rule 485(b)(1) permits a post-effective amendment filing for the purpose of complying with an undertaking to file an amendment containing financial statements, which may be unaudited, within four to six months after the effective date of the registrant's registration statement under the Securities Act.

Subparagraph (v) of Rule 485(b)(1) permits a post-effective amendment filing for the purpose of making any non-material changes which the registrant deems appropriate.

We received one comment letter on this aspect of the proposal. The commenter expressed support for the proposed amendment, believing that administrative costs would be reduced relative to making a separate filing for submitting the XBRL data.<sup>156</sup> After considering commenter input, and to provide funds with flexibility to achieve cost and administrative efficiencies, we are adopting the amendments as proposed.<sup>157</sup>

#### ii. 15 Business Day Filing Period

To improve the timeliness of the availability of risk/return summary XBRL information, the Commission proposed to eliminate the 15 business day filing period for the submission of the Interactive Data File accorded to all fund filings containing risk/return summaries (initial registration statements; post-effective amendments; and forms of prospectuses that include risk/return summary information that varies from the registration statement). At the same time, the Commission sought comment on whether a different length filing period might be more appropriate. In proposing to mandate the use of Inline XBRL, the Commission noted that Inline XBRL involves embedding XBRL data directly into the filing. Inline XBRL thereby reduces the need for this filing delay, which is typically used to prepare and review a separate XBRL-only filing.

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Subparagraph (vii) of Rule 485(b)(1) permits a post-effective amendment filing for any other purpose which the Commission shall approve.

<sup>156</sup> See letter from Federated I (stating that it is “generally in support of allowing mutual funds to submit the interactive data files concurrently with certain post-effective amendments as we believe this would reduce administrative costs associated with filing interactive data separately”).

<sup>157</sup> See new General Instruction C.3.(g) to Form N-1A; see also new Rule 405(a)(3)(ii) of Regulation S-T. The amendments to these two provisions have the result of permitting fund filers to submit XBRL data concurrently with the Related Official Filing.

Two commenters supported the Commission’s proposal to eliminate the 15 business day filing period.<sup>158</sup> These commenters noted that the elimination of the 15 business day filing period would allow data aggregators to process and share the information more quickly with investors, who are the end-users. This is because aggregators would no longer have to either wait 15 business days or manually extract information from the HTML or ASCII version of the risk/return summary in order to provide the information to investors in a more timely manner, which itself takes time.<sup>159</sup> One commenter, while supporting elimination of the current filing period, noted that funds are “accustomed to taking advantage of the 15-day grace period” and so would need to enact major workflow changes if this period is eliminated, likely requiring increased staffing levels and resulting in higher costs for both funds and their vendors.<sup>160</sup> This commenter also acknowledged that funds may encounter greater challenges than operating companies under the proposed amendments, given that many fund complexes must make multiple, simultaneous filings for the funds they sponsor or manage.<sup>161</sup> This commenter asked the Commission to consider giving funds more time to make the transition to Inline XBRL due to these challenges, but nevertheless urged the Commission to adopt the proposal, believing that moving the marketplace to a single standard—Inline XBRL—would be “beneficial to all stakeholders over the long-term.”<sup>162</sup>

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<sup>158</sup> See letters from Morningstar and XBRL US.

<sup>159</sup> *Id.*

<sup>160</sup> See letter from XBRL US.

<sup>161</sup> *Id.* See also letters from Federated II (stating that it submitted 1,291 filings, in addition to 336 XBRL filings, in the past calendar year for its funds) and ICI II (referencing the letter from Federated II).

<sup>162</sup> See letter from XBRL US.

Three commenters expressed concerns about the costs, changes in workflow, and loss of flexibility associated with the elimination of the 15 business day filing period.<sup>163</sup>

Two commenters proposed that the Commission preserve the 15 business day filing period to allow funds time to work through any technical difficulties that may occur with the tagging process and review and approve the tagged filings.<sup>164</sup> These commenters also stated that, for those funds that mail the prospectus and shareholder report together, the shorter timeframe for Inline XBRL review would increase the likelihood of having to mail the prospectus and shareholder report separately, which if it occurred, would increase the mailing costs for fund shareholders.<sup>165</sup>

One commenter did not support eliminating the current XBRL filing period, but stated that funds would not be burdened by shortening this period from 15 business days to 10 business days.<sup>166</sup> Another commenter suggested, as an alternative, shortening the 15 day timeframe to 7 days.<sup>167</sup>

After evaluating comments received on this issue, and in light of our decision to require the use of Inline XBRL for fund filers as proposed, we are eliminating the current 15 business day filing period for risk/return summary XBRL data. As a result:

- For post-effective amendments filed pursuant to paragraphs (b)(1)(i), (ii), (v), or (vii) of Rule 485, Interactive Data Files must be filed either concurrently with the filing or in a subsequent amendment that is filed on or before the date

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<sup>163</sup> See letters from Federated I and II, ICI I and II, and USBFS.

<sup>164</sup> See letters from ICI I and II and Federated I and II.

<sup>165</sup> *Id.* One of these commenters estimated the additional mailing costs of sending the prospectuses separately at approximately \$1.5 million per year. See letter from Federated II.

<sup>166</sup> See letter from USBFS.

<sup>167</sup> See letter from ICI II.

that the post-effective amendment that contains the related information becomes effective;<sup>168</sup>

- For initial registration statements and post-effective amendments filed other than pursuant to paragraphs (b)(1)(i), (ii), (v), or (vii) of Rule 485, Interactive Data Files must be filed in a subsequent amendment on or before the date the registration statement or post-effective amendment that contains the related information becomes effective;<sup>169</sup> and
- For any form of prospectus filed pursuant to Rule 497(c) or (e), funds must submit the Interactive Data File concurrently with the filing.<sup>170</sup>

We recognize that many funds will experience changes in workflow and associated costs once the filing period is eliminated. However, we believe that eliminating the 15 business day filing period will significantly improve the timely availability of risk/return summary XBRL information for investors, other market participants, and other data users, yielding substantial benefits. Two commenters indicated that the benefits of XBRL data are currently not being realized for many potential data users, including data aggregators and (indirectly) investors, due to the filing period.<sup>171</sup> For data aggregators responding to demand for the data earlier than 15 business days after the effective date of the related filing, eliminating this period will remove the need for time-consuming manual extraction of this information from HTML or ASCII filings and allow data aggregators to obtain this data earlier, thereby expediting

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<sup>168</sup> See new General Instruction C.3.(g)(i)(B) to Form N-1A.

<sup>169</sup> See new General Instruction C.3.(g)(i)(A) to Form N-1A.

<sup>170</sup> See new General Instruction C.3.(g)(ii) to Form N-1A.

<sup>171</sup> See letters from Morningstar and XBRL US.

the availability of the data and related analysis to investors.<sup>172</sup> Further, the transition of funds to Inline XBRL will entail embedding XBRL tags into the HTML filing, reducing the need for a separate XBRL filing period.

In addition, eliminating the current 15 day filing period could have other, indirect beneficial effects. We understand some funds currently provide more timely return information to some data aggregators. However, funds do not provide other information contained in the risk/return summary information on a more timely basis, such as fee and risk information, which data aggregators also use to provide information products to investors. Providing more timely XBRL data may enable data aggregators to better compete in providing timely information to investors. Today, only those aggregators with sufficient resources to manually extract this information from the text filings can respond to demands to provide investors with more timely data. Further, in the staff's experience, risk/return summary information is relatively standardized and the list of XBRL data elements that are tagged in the risk/return summary should not vary substantially from period to period, minimizing the impact of workflow changes in this area. Therefore, we do not see a compelling reason to retain even a shortened filing period, such as 10 or 7 days, and note that any delayed filing period would undermine the timeliness and usability benefits.

We also note that, while funds may currently use the 15 business day filing period to review the XBRL data, operating companies prepare, review, and file XBRL data without an additional filing period. Compared to fund filings with risk/return summaries, operating company XBRL filings entail a more complex taxonomy, with more data

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<sup>172</sup> *Id.*

elements, as well as more instances of numeric data being embedded into text. Studies have shown that concurrent submission of the HTML and XBRL data for operating companies began with a standalone approach and over time transitioned to an integrated approach as technology developed to achieve efficiencies.<sup>173</sup> For example, one recent study found that the median small filer paid \$10,000 or less for fully outsourced XBRL preparation.<sup>174</sup> Similarly, preliminary statistics from a pricing survey being conducted by the AICPA and XBRL US indicate that the cost of XBRL formatting has declined 41% since 2014 and that the average cost of XBRL preparation for small reporting companies in 2017 averaged \$5,850 per year.<sup>175</sup> The experience of operating companies leads us to believe that, while many funds may not currently use an integrated approach to XBRL preparation and filing, with the concurrent HTML and XBRL filing, funds will likely transition to an integrated approach to achieve efficiencies. We would expect, after the initial transition, the costs to funds of preparing and reviewing XBRL submissions using an integrated approach similarly to go down over time, as they have for operating companies.

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<sup>173</sup> See Trevor S. Harris and Suzanne Morsfield, “An Evaluation of the Current State and Future of XBRL and Interactive Data for Investors and Analysts”—“White Paper Number Three,” Columbia Business School Center for Excellence in Accounting and Security Analysis (December 2012), <https://www8.gsb.columbia.edu/rfiles/ceasa/An%20Evaluation%20of%20the%20Current%20State%20and%20Future%20of%20XBRL%20and%20Interactive%20Data%20for%20Investors%20and%20Analysts.pdf> (retrieved Jun. 20, 2018), at 38 (stating that filers have transitioned over time to integrated disclosure management solutions). Consistent with this observation, approximately 71% of operating company filers relied on integrated solutions in the 2013 FERF survey, compared to approximately 54% of operating company filers in the 2012 FERF survey. See FERF Study, at 6; William Sinnett, SEC reporting and the impact of XBRL: 2012 survey, Financial Executives Research Foundation (Nov. 15, 2013), at 25-26.

<sup>174</sup> See AICPA Study.

<sup>175</sup> See note 85 above.

We anticipate that the technology and related workflow changes that accompany the transition to Inline XBRL will partly mitigate the concern about certain fund groups having to mail prospectuses separately if the 15 business day filing period is eliminated, because XBRL tags will be embedded in the HTML filing. In addition, based on staff analysis of fund filing data on EDGAR, most fund groups currently mail prospectuses and shareholder reports separately. Finally, recently adopted Rule 30e-3 under the Investment Company Act will provide certain registered investment companies with an optional method to satisfy their obligations to transmit shareholder reports by making such reports and other materials accessible at a website address and mailing investors a short paper notice indicating how to access the reports.<sup>176</sup> This change may reduce the mailing costs associated with shareholder reports, thereby potentially mitigating some of these concerns.

The amendments eliminating the 15 business day filing period do not change the liability provisions related to the Interactive Data File. One commenter recommended a temporary modification to the liability provisions pertaining to the Interactive Data File for risk/return summary filings following the elimination of the 15 business day filing period, similar to the temporary modified liability provision that was put in place when the XBRL requirements were adopted in 2009.<sup>177</sup> Given that we have delayed compliance with the Inline XBRL requirement and the elimination of the 15 business day period until two years after the effective date for large fund groups and three years after

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<sup>176</sup> See Release No. IC-33115 (June 5, 2018) 83 FR 29158.

<sup>177</sup> See letter from Federated II.

the effective date for small fund groups, as discussed in greater detail in Section III.A.1.c below, we do not believe that such a temporary liability modification is necessary.

**c. Phase-In of the Inline XBRL Requirements**

We are adopting phased compliance dates substantially as proposed, with modifications to further mitigate the potential burden of the initial transition on filers and preparers:

<b>Operating Companies</b>	<b>Compliance Date<sup>178</sup></b>
Large accelerated filers that prepare their financial statements in accordance with U.S. GAAP	Fiscal periods ending on or after June 15, 2019
Accelerated filers that prepare their financial statements in accordance with U.S. GAAP	Fiscal periods ending on or after June 15, 2020
All other filers	Fiscal periods ending on or after June 15, 2021

<b>Funds</b>	<b>Compliance Date</b>
	Any initial registration statement (or post-effective amendment that is an annual update to an effective registration statement) that becomes effective on or after:
Large fund groups	two years after the effective date of the amendments
Small fund groups	three years after the effective date of the amendments

Except as noted below, based on the information on vendor readiness provided by commenters and the staff’s observations of developments in the XBRL preparation industry and experience with voluntary Inline XBRL filings pursuant to the Exemptive

<sup>178</sup> Form 10-Q filers will not become subject to the Inline XBRL requirements with respect to Form 10-K or any other form, however, until after they have been required to comply with the Inline XBRL requirements for their first Form 10-Q for a fiscal period ending on or after the applicable compliance date for the respective category of filers.

Order, we are adopting a three-year phase-in for operating companies, as proposed: (i) large accelerated filers that prepare their financial statements in accordance with U.S. GAAP will be required to comply with Inline XBRL for financial statements for fiscal periods ending on or after June 15, 2019; (ii) accelerated filers that prepare their financial statements in accordance with U.S. GAAP will be required to comply with Inline XBRL for financial statements for fiscal periods ending on or after June 15, 2020; and (iii) all other operating company filers that are subject to financial statement information XBRL requirements, including foreign private issuers (“FPIs”)<sup>179</sup> that prepare their financial statements in accordance with IFRS, will be required to comply with Inline XBRL for financial statements for fiscal periods ending on or after June 15, 2021.<sup>180</sup>

In a modification from the proposal, in response to comments,<sup>181</sup> domestic form filers<sup>182</sup> will be required to comply beginning with their first Form 10-Q for a fiscal period ending on or after the applicable compliance date, as opposed to the first filing for a fiscal period ending on or after that date, to enable filers to gain experience with Inline XBRL through less complex filings.<sup>183</sup> This approach is similar to the approach in the 2009 Financial Statement Information Adopting Release, which was intended to facilitate the transition of filers to financial statement information XBRL requirements.

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<sup>179</sup> See Rule 405 under the Securities Act [17 CFR 230.405] and Rule 3b-4(c) under the Exchange Act [17 CFR 240.3b-4(c)].

<sup>180</sup> See new Rule 405(f)(1)(i).

<sup>181</sup> See note 188 below.

<sup>182</sup> Form 20-F and 40-F filers do not have quarterly report filing obligations and are therefore not affected by this provision.

<sup>183</sup> As an example, a Form 10-Q filer in the first phase-in group with a calendar fiscal year end will be required to begin compliance with the Inline XBRL requirement with its Form 10-Q for the period ending June 30, 2019. As a further example, a Form 10-Q filer in the first phase-in group with a June 30 fiscal year end will be required to begin compliance with the requirement with its Form 10-Q for the period ending September 30, 2019.

Most commenters that addressed the proposed phase-in for operating companies supported it.<sup>184</sup> Some commenters supported the general phase-in approach but recommended postponing the compliance dates until after the third quarter of 2018 or creating a fourth early phase-in category for the largest 500 filers.<sup>185</sup> One of these commenters supported the phase-in for smaller filers because of potential cost increases during the transition period and specifically suggested that emerging growth companies (“EGCs”)<sup>186</sup> be added to the third phase-in category.<sup>187</sup> Several commenters proposed adjusting the compliance dates for the Inline XBRL requirement so that they initially apply to quarterly reports on Form 10-Q rather than Form 10-K, due to the lower complexity of Form 10-Q.<sup>188</sup>

Some commenters expressed a concern about the initial transition of operating companies to Inline XBRL because not all software vendors and filing agents are currently Inline-capable.<sup>189</sup> One of those commenters stated that the relative burden of initial transition for filers would depend on vendor readiness and that compliance dates should reflect this.<sup>190</sup> However, two commenters opposed a phase-in, stating that the costs of Inline XBRL transition would be minimal and that the phase-in would lower the

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<sup>184</sup> See, e.g., letters from AICPA, Kumar, Merrill, and XBRL US (also citing a survey of filers among which 71% supported a phase-in and 13% did not, while 52% thought that one year was the right amount of time before the first phase of filers is required to comply).

<sup>185</sup> See, e.g., letters from EY and FEI.

<sup>186</sup> See Rule 405 under the Securities Act and Rule 12b-2 of the Exchange Act [17 CFR 240.12b-2].

<sup>187</sup> See letter from BIO.

<sup>188</sup> See, e.g., letters from AICPA, EY, and Kumar.

<sup>189</sup> See, e.g., letters from Cigna and FEI.

<sup>190</sup> See letter from FEI.

benefits to data users.<sup>191</sup> One of those commenters suggested that compliance should begin with quarterly filings ending on or after June 15, 2019.<sup>192</sup> In addition, a number of commenters stated that the Inline XBRL transition would involve either no burden or only a small burden for filers and preparers because many vendors already include the Inline XBRL capability as part of their software package or could easily incorporate it as they have for their foreign customers that are required to use Inline XBRL for other reporting purposes.<sup>193</sup> Several commenters also stated that the Inline XBRL transition would have little impact on data users' existing processes for analyzing XBRL data and that many of them already use Inline XBRL data from foreign jurisdictions.<sup>194</sup>

After considering commenter input, we are not introducing additional phase-in categories, postponing the compliance date for EGCs, or making further modifications to the phase-in for operating companies. We do not believe that the potential incremental benefits to some filers from such changes would offset the increased complexity and delays of the benefits of Inline XBRL for market participants and other data users. EGCs will be required to comply beginning with fiscal periods ending on or after June 15, 2020, or June 15, 2021, depending on filer status and basis of accounting. Because the relative burden for filers of the fixed costs of initial transition to Inline XBRL, if any, is likely to

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<sup>191</sup> See letters from Workiva I and CFA Institute.

<sup>192</sup> See letter from Workiva I.

<sup>193</sup> See, e.g., letters from ACI; IRIS; Workiva I; Merrill; XBRL US (“At the latest, all XBRL US vendor members will be ready to file using inline XBRL by the second quarter of 2019.”).

<sup>194</sup> See, e.g., letters from Morningstar; Octachoron; TagniFi; XBRL US (“We held informal discussions with several of these organizations ranging from startup companies . . . to large established organizations . . . These organizations, which today use XBRL-formatted US corporate data, indicated that extracting data from Inline XBRL is the same as extracting data from conventional XBRL files. Several indicated that they have already begun to use Inline XBRL given its availability in other non-US markets. Of these, the cost to do so was minimal, requiring zero to little change to their current process.”).

depend on filer size, we believe that this approach provides smaller EGC filers, and other smaller filers, with sufficient time to transition to Inline XBRL.

With respect to funds, the Commission proposed a two-year phase-in based on net asset size. Specifically, for large fund groups, it proposed a compliance date of one year after the effective date to comply with the new requirements. For small fund groups, the Commission proposed a compliance date of two years after the effective date, to provide these filers with an additional year to comply with the new requirements.

Several commenters expressed concerns about the workflow and vendor changes that may be required for funds to transition to Inline XBRL and adjust to the elimination of the 15 business day filing period.<sup>195</sup> In particular, one commenter stated that “to the extent the Commission determines to proceed in adopting the Proposed Rule, we encourage the Commission to provide mutual funds and their filing agents a minimum of two years to plan for and implement the changes needed to comply with the Proposed Rule.”<sup>196</sup> Another commenter stated that one year would not be “a realistic timeframe for implementation of the proposed amendments” and suggested 18 months “as a more achievable compliance date.”<sup>197</sup> Another commenter supported the Inline XBRL requirement for funds and the elimination of their 15 business day filing period but suggested that “the Commission may want to consider giving mutual funds more time to make the transition than operating companies” given the likely workflow changes in instituting these amendments.<sup>198</sup>

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<sup>195</sup> See notes 143-147 above and accompanying text.

<sup>196</sup> See letter from USBFS.

<sup>197</sup> See letters from Federated I and II.

<sup>198</sup> See letter from XBRL US.

After considering commenters' concerns, and consistent with their suggestions, to provide funds and vendors with additional time to implement any necessary workflow changes, we are extending the phase-in with respect to the Inline XBRL and timing requirements for risk/return summary XBRL data and modifying the compliance dates to two years after the effective date of the amendments for large fund groups and three years after the effective date of the amendments for small fund groups.<sup>199</sup>

We believe that these compliance dates will provide sufficient time for filers, filing agents, and software vendors to transition to Inline XBRL and adjust to the elimination of the extended filing period. Given that any fixed cost of initial transition may have a relatively greater impact on smaller filers, this approach will give such filers time to develop related expertise, as well as the opportunity to benefit from the experience of larger filers with Inline XBRL. The phase-in is also expected to provide filing agents and software vendors with additional time to transition to Inline XBRL and develop related expertise.

Similar to the proposal and consistent with a commenter's suggestion,<sup>200</sup> the amendments will permit all filers to file using Inline XBRL prior to the compliance date for each category of filers. Filers will be able to file in Inline XBRL under the amendments once the EDGAR system has been modified to accept submissions in Inline

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<sup>199</sup> When we adopted the risk/return summary information XBRL requirements on February 11, 2009, all filers had approximately two years to comply (until January 1, 2011). After considering commenter feedback, we are providing a similar period for larger filers to comply with the proposed Inline XBRL requirements. Further, after considering commenter feedback, we believe that smaller fund filers may benefit from even more time to comply with these new requirements.

<sup>200</sup> See letter from Workiva II.

XBRL for all forms subject to the amendments, which is anticipated to be March 2019.<sup>201</sup> Notice of EDGAR system readiness to accept filings in Inline XBRL will be provided in a manner similar to notices of taxonomy updates and EDGAR Filer Manual updates. We believe that offering filers the option to file using Inline XBRL before the compliance date will enable filers that are ready to transition to Inline XBRL to begin realizing the benefits of Inline XBRL sooner. It will also enable vendors and filing agents used by early Inline XBRL adopters to gain valuable expertise that may help facilitate the transition to Inline XBRL for filers that transition to Inline XBRL at a later time. Otherwise, prior to the applicable compliance date, filers that do not file using Inline XBRL will continue to be required to submit the entire Interactive Data File as an exhibit, as they do currently.<sup>202</sup>

#### **d. Scope of the Inline XBRL Requirements**

The Inline XBRL requirements for financial statement information will apply to all operating company filers, including smaller reporting companies (“SRCs”),<sup>203</sup> EGCs, and FPIs that are currently required to submit financial statement information in XBRL. Several commenters supported our proposal not to exempt individual categories of operating company filers subject to XBRL requirements from the Inline XBRL requirement, citing data quality and efficiency reasons.<sup>204</sup> One commenter did not

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<sup>201</sup> Operating companies may continue to voluntarily file certain Exchange Act reports in Inline XBRL prior to that time pursuant to the Exemptive Order, which will cease to be operative once voluntary reporting under the amendments is permitted. *See* note 76 above and accompanying text.

<sup>202</sup> *See* new Rule 405(f)(2) and (3).

<sup>203</sup> *See* Rule 405 under the Securities Act, Rule 12b-2 under the Exchange Act and Item 10(f) of Regulation S-K [17 CFR 229.10(f)].

<sup>204</sup> *See, e.g.*, letters from CFA Institute, Merrill, Morningstar, and XBRL US.

specifically address an exemption from the Inline XBRL format requirement but recommended exempting EGCs, SRCs, and nonaccelerated filers from XBRL requirements generally, citing concerns about cost and lack of use of XBRL data.<sup>205</sup>

We do not expect Inline XBRL to significantly affect the overall costs of compliance with XBRL requirements. While filers may incur a small initial transition cost, they also may realize reductions in ongoing costs of compliance with XBRL requirements.<sup>206</sup> Furthermore, filers may realize reductions in ongoing costs due to the elimination of the website posting requirement. We have sought to alleviate the initial transition burden for filers through phased compliance dates. Given the benefits expected from the Inline XBRL requirement, the overall readiness of the Inline XBRL technology, and the input from commenters regarding vendor readiness, we are not exempting any filers that are subject to existing XBRL requirements. Exempting some categories of filers subject to XBRL requirements from Inline XBRL could reduce the aggregate data quality and usability benefits for investors, analysts, and other users and create a need for investors and other data users to maintain indefinitely the support for both sets of technologies, potentially resulting in ongoing inefficiencies.

Some commenters addressed the scope of information subject to XBRL requirements more generally, although no such changes were contemplated as part of the Inline XBRL Proposing Release.<sup>207</sup> Several commenters expressed overall support for

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<sup>205</sup> See letter from BIO. *But see* AICPA Study (discussing XBRL preparation costs for smaller filers) and note 95 above (discussing XBRL data use for smaller filers and biotechnology companies).

<sup>206</sup> See Sections III.B.1.a and V.C below.

<sup>207</sup> See Inline XBRL Proposing Release, at 14291.

XBRL requirements in general<sup>208</sup> or suggested expanding the scope of operating company information that is required to be tagged,<sup>209</sup> or is permitted to be tagged,<sup>210</sup> in XBRL, while other commenters recommended exemptions from XBRL requirements for certain operating companies<sup>211</sup> or funds,<sup>212</sup> citing concerns about cost.

Two commenters recommended that, to the extent that the Commission wishes to modernize structured disclosure requirements for fund filers, it should rescind the existing XBRL requirements for risk/return summary information and replace them with requirements to tag certain risk/return summary information in the XML format on Form N-CEN.<sup>213</sup> Another commenter recommended that risk/return summary XBRL requirements apply only to forms of prospectuses that have been used to sell shares of the fund.<sup>214</sup>

As the Commission stated in the Inline XBRL Proposing Release, these amendments are aimed at modernizing existing XBRL requirements to incorporate

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<sup>208</sup> See, e.g., letters from CFA Institute, Grant Thornton, Members of Congress, Morningstar, TagniFi, XBRL International, and XBRL US.

<sup>209</sup> See, e.g., letters from CFA Institute, Data Coalition, Merrill, XBRL International, and XBRL US.

<sup>210</sup> See letter from Gartner.

<sup>211</sup> See note 205 above.

<sup>212</sup> See letters from Federated I and II (recommending that we exempt funds from XBRL or replace XBRL with XML on Form N-CEN); ICI I and II (recommending that we exempt funds from XBRL); USBFS (recommending that we require funds to submit XBRL data only for forms of their prospectus that have been used to sell shares of the fund).

<sup>213</sup> See letters from Federated (stating that filing tagged data on Form N-CEN would create consistency in data tagging language and allow the Commission and third-party information providers to access important data about a fund in one location) and ICI. See also Release No. IC-32314 (Oct. 13, 2016) [81 FR 81870]. We note that, while funds are currently required to update their registration statements and file new XBRL data every time risk/return summary information changes, there is no requirement to update Form N-CEN (filed annually) for intra-year changes to its information. Therefore, filing risk/return summary tagged data on Form N-CEN could result in investors receiving risk/return summary information in a less timely manner.

<sup>214</sup> See letter from USBFS.

developments in the XBRL technology since the 2009 adoption of these requirements.<sup>215</sup> Therefore, at this time, we are not changing the categories of operating company or fund filers, or the scope of operating company or fund disclosures, that are subject to these XBRL requirements.

## **2. Elimination of the Website Posting Requirements**

We are adopting, as proposed, the elimination of the XBRL website posting requirements for financial statement information and risk/return summaries.<sup>216</sup>

In the 2009 Financial Statement Information Adopting Release and the 2009 Risk/Return Summary Adopting Release, the Commission stated that it thought that the website availability of the interactive data would encourage its widespread dissemination, make it easier and faster for investors to collect information on a particular filer, enable search engines and other data aggregators to more quickly and cheaply aggregate the data and make them available to investors, and potentially increase the reliability of data availability to the public.<sup>217</sup> However, the Commission also noted that this benefit could be limited since investors seeking to aggregate machine-readable XBRL data across companies, manually or through an automated process, may find XBRL exhibits posted on individual filers' websites less useful.<sup>218</sup>

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<sup>215</sup> See Inline XBRL Proposing Release, at 14291.

<sup>216</sup> Website posting is currently required by Rule 405(g) and General Instruction C.3.(g) to Form N-1A.

<sup>217</sup> See 2009 Financial Statement Information Adopting Release, at 6791–6792. Similarly, in adopting the website posting requirement for risk/return summary XBRL information, the Commission stated that website availability of the interactive data will encourage its widespread dissemination, contributing to lower access costs for users. See 2009 Risk/Return Summary Adopting Release at 7755-7756.

<sup>218</sup> See 2009 Financial Statement Information Adopting Release, at 6807. See also 2009 Risk/Return Summary Adopting Release, at 7767, n. 263 (“We believe the benefits will stem primarily from

We believe, based on our experience, that users of XBRL data generally do not seek the information directly from individual filers' websites; rather, they obtain the data from a more central repository of the data, such as the Commission's EDGAR system or third-party aggregators. We believe that access to XBRL data for purposes of aggregation and processing, whether by data aggregators or individual data users, is most efficiently achieved when such machine-readable data is consistently organized (*e.g.*, with respect to directory structure) and made available at a single source. Based on our experience since the Commission adopted the website posting requirements in 2009, we believe that potential data users can obtain sufficiently reliable access to XBRL data through EDGAR and do not need the backup of a website posting on a filer's website to access the XBRL data. Thus, data users should not incur significant costs from the elimination of the requirement to post the XBRL data on filers' websites. Operating companies and funds are expected to recognize a modest benefit from the elimination of this requirement.<sup>219</sup>

All of the commenters that addressed this aspect of the proposal supported eliminating the website posting requirements, citing the lack of utility to data users and/or the potential cost savings to filers.<sup>220</sup> One commenter that is a filer of risk/return summary information noted that an average of only three users per month access XBRL risk/return summary information through that filer's website.<sup>221</sup>

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the requirement to submit interactive data to the Commission and the Commission's disseminating that data.").

<sup>219</sup> See Sections III.B.2 and V.C below.

<sup>220</sup> See, *e.g.*, letters from CFA Institute; Federated I and II; ICI I; Merrill; USBFS (supporting elimination but noting that it will not generate cost savings and may entail a small cost to modify the website to remove XBRL links and pages); and Workiva I.

<sup>221</sup> See letter from Federated II.

After considering the input from commenters, we agree that data users will not benefit from continued application of the website posting requirements, in light of the greater efficiency of retrieving XBRL data from EDGAR or other sources for purposes of aggregation and analysis. We continue to believe that most filers will realize a small benefit from the elimination of the website posting requirements, although the magnitude of the benefit for the average filer is likely to be small.

### **3. Termination of the 2005 XBRL Voluntary Program**

We are adopting, as proposed, the termination of the 2005 XBRL Voluntary Program for financial statement information interactive data.<sup>222</sup> Subsequent to the adoption of the interactive data requirements for financial statement information for operating companies in 2009, the only filers that remain eligible for the program are registered investment companies, BDCs, and other entities that report under the Exchange Act and prepare their financial statements in accordance with Article 6 of Regulation S-X. No commenters objected to the termination of the program and given its very infrequent use, we do not believe that its continued existence will provide significant benefits.

### **4. Technical Amendments**

We are adopting, as proposed, certain technical, conforming changes to the rules for hardship exemptions, current public information under Rule 144(c)(1) of the Securities Act, and form eligibility, consistent with the changes in format to the Interactive Data File and elimination of the website posting requirements. In addition, in

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<sup>222</sup> We are amending Regulation S-T to remove Rule 401 that specifies voluntary program requirements and making related technical and conforming changes.

Regulation S-T, we are deleting the definition of “promptly” from Rule 11 because it was used only in Rule 406T, which has expired, and deleting references to Forms S-2 and F-2 because those forms have been eliminated.

Although not proposed, we are adopting additional technical, conforming changes consistent with the elimination of the 2005 XBRL Voluntary Program and additional technical clarifying changes. In connection with the elimination of the 2005 XBRL Voluntary Program, these changes affect Item 601(b)(100) of Regulation S-K; a heading within and Rules 11, 305(b), and 402 of Regulation S-T; Rules 13a-14(f) and 15d-14(f) under the Exchange Act; paragraph 100 of the Instructions as to Exhibits of Form 20-F; paragraph C.(5) of the General Instructions to Form 6-K; Rules 8b-1, 8b-2, 8b-33, and 30a-2(d) under the Investment Company Act; and General Instruction B.4.(b) of Form N-1A under the Investment Company Act.

We are substituting the term “filing” for “form” in the definition of Interactive Data File in Rule 11 of Regulation S-T and in some instances within Rule 405 of Regulation S-T because the term “filing” better describes the range of documents subject to XBRL requirements. Also, we are altering proposed Rules 201(c)(1) and 202(c)(2) under Regulation S-T to specify that when a hardship exemption is received the document required to set forth a related legend must appear where the Interactive Data File exhibit otherwise would have appeared.

Further, we are amending Rule 201 under Regulation S-T to adopt a temporary hardship exemption for the inability to timely file Interactive Data Files for risk/return summary information.<sup>223</sup> Since 2009, while operating companies could avail themselves

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<sup>223</sup> See Note to Paragraph (c) of Rule 201.

of both the temporary hardship exemption under Rule 201 and continuing hardship exemption under Rule 202, funds were limited to continuing hardship exemptions. The 2009 Risk/Return Summary Adopting Release explained that while the Commission was adopting a continuing hardship exemption with respect to risk/return summary information data, the Commission was not adopting a temporary hardship exemption because the final rules included a 15 business day filing period for submitting the Interactive Data File.<sup>224</sup> Because we are eliminating the 15 business day filing period, we are amending Rule 201 to similarly allow funds to avail themselves of the temporary hardship exemption.

Additionally, we are adopting technical changes to Rule 485 under the Securities Act to account for the elimination of the website posting requirements. We are also adopting technical changes to paragraphs (c) and (e) of Rule 497 under the Securities Act to indicate that a fund that files pursuant to Rule 497 must, if applicable pursuant to General Instruction C.3.(g) of Form N-1A, “submit” an Interactive Data File.<sup>225</sup>

## **B. Potential Economic Effects of the Amendments**

We are mindful of the costs imposed by and the benefits obtained from our rules. Securities Act Section 2(b),<sup>226</sup> Exchange Act Section 3(f),<sup>227</sup> and Investment Company Act Section 2(c)<sup>228</sup> require us, when engaging in rulemaking that requires us to consider or determine whether an action is necessary or appropriate in the public interest, to

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<sup>224</sup> See 2009 Risk/Return Summary Adopting Release, at 7757, n. 129.

<sup>225</sup> This change in terminology makes Rule 497 consistent with Rule 485 under the Securities Act.

<sup>226</sup> 15 U.S.C. 77b(b).

<sup>227</sup> 15 U.S.C. 78c(f).

<sup>228</sup> 15 U.S.C. 80a-2(c).

consider, in addition to the protection of investors, whether the action will promote efficiency, competition, and capital formation. Additionally, Exchange Act Section 23(a)(2) requires us, when adopting rules under the Exchange Act, to consider the impact that any new rule will have on competition and not to adopt any rule that will impose a burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act.<sup>229</sup>

The amendments aim to increase the efficiency and lower the cost of compliance with the existing XBRL requirements through process improvements associated with the Inline XBRL technology and the elimination of the website posting requirements. The discussion below addresses the potential economic effects of the amendments, including their likely costs and benefits, as well as the likely effects of the amendments on efficiency, competition, and capital formation, relative to the economic baseline, which is comprised of XBRL practices in existence today.<sup>230</sup>

At the outset, we note that, where possible, we have attempted to quantify the costs and benefits expected to result from the amendments to the XBRL requirements.<sup>231</sup> However, in some cases we have been unable to quantify the economic effects. For example, it is difficult to quantify the extent to which Inline XBRL will enhance the quality and usability of XBRL data and, if so, how it will affect XBRL data use. We have been able to gain some insight into the potential economic effects of the amendments based on the experience of filers that have used Inline XBRL on a voluntary

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<sup>229</sup> 15 U.S.C. 78w(a)(2).

<sup>230</sup> See Section II.B above.

<sup>231</sup> One comment letter requested that the Commission quantify the benefits of the proposal. See letter from Federated II.

basis pursuant to the Exemptive Order; however, these insights are necessarily limited by the relatively small and self-selected nature of this subset of filers.

We assess the potential impact of the amendments relative to the economic baseline, which includes existing XBRL requirements, information about filers subject to these requirements, and current practices related to XBRL filing and use, described in Section II above.

## **1. Inline XBRL Requirements**

### **a. Use of Inline XBRL**

#### i. Benefits

After considering the input from commenters, as well as the experience of operating companies that voluntarily filed in Inline XBRL,<sup>232</sup> we continue to believe that filing in Inline XBRL has the potential to benefit both filers and users of this information. In particular, we continue to believe that the use of Inline XBRL may reduce the time and effort associated with preparing XBRL filings; simplify the review process for filers; and improve the quality and usability of XBRL data and thus increase the use of XBRL data by investors, other market participants, and other data users.<sup>233</sup>

Embedding XBRL data in an HTML document rather than tagging a copy of the data to create a separate XBRL exhibit should increase the efficiency and effectiveness of the filing preparation process and, by saving time and effort spent on the filing process, over time, reduce the cost of compliance with existing XBRL requirements.<sup>234</sup>

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<sup>232</sup> Funds are not eligible to voluntarily file in Inline XBRL pursuant to the Exemptive Order.

<sup>233</sup> See Inline XBRL Proposing Release, at 14293-4, nn. 154, 155, and 162. See also notes 114-116 above.

<sup>234</sup> See Inline XBRL Proposing Release, at 14293-4, nn. 155, 156. See also note 113 above.

Inline XBRL eliminates the need to create a separate XBRL instance document containing all of the XBRL tags, which can reduce the incidence of those re-keying errors that are associated with producing separate documents for the same information. Inline XBRL also makes it possible for filers or filing agents to view XBRL metadata<sup>235</sup> within the HTML document, which can facilitate the review of XBRL data and better equip filers to detect XBRL errors. Further, filers or filing agents can use tools like the open source Inline XBRL Viewer to review the Interactive Data File and more efficiently filter and identify errors and locate information within the filing (*e.g.*, by using the topic query feature). Thus, by facilitating the preparation and review of XBRL data, Inline XBRL can decrease the overall time and cost required by filers to comply with the existing XBRL requirements.

Various commenters stated that they expect Inline XBRL to result in a lower cost and/or greater efficiency of XBRL preparation.<sup>236</sup> However, other commenters stated that Inline XBRL will not necessarily result in burden savings for filers.<sup>237</sup> As the Commission noted in the Inline XBRL Proposing Release, the benefit of savings in ongoing XBRL preparation and filing costs due to Inline XBRL will be smaller for filers that presently rely on the integrated XBRL preparation approach.<sup>238</sup> Nevertheless, such filers may realize small time savings and/or efficiencies in the filing process from Inline

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<sup>235</sup> Such metadata include, for example, definitions, reporting period information, data type, and related references.

<sup>236</sup> See note 113 above.

<sup>237</sup> See, *e.g.*, letters from ICI I (regarding risk/return summaries) and Pergamit.

<sup>238</sup> See Inline XBRL Proposing Release, at 14294.

XBRL.<sup>239</sup> Additionally, because Inline XBRL gives the preparer full control over the presentation of filer disclosures, those filers that currently choose XBRL tags so that the data looks similar to the HTML document when rendered by software into a human-readable presentation will have less of an incentive to do so because Inline XBRL will embed XBRL tags into the HTML document.<sup>240</sup> It is challenging to quantify potential gains in the effectiveness and efficiency of the filing preparation process and the resulting reductions in the ongoing cost of compliance with the XBRL requirements due to data limitations and variation in filer circumstances. However, for purposes of the Paperwork Reduction Act of 1995 (“PRA”),<sup>241</sup> we continue to estimate that the average burden of XBRL preparation will decrease slightly after the initial transition to Inline XBRL and the average annual external cost of XBRL preparation will increase slightly.<sup>242</sup> We recognize that individual filers’ costs and cost savings from Inline XBRL may vary for a number of reasons, including the filer’s and the filing agent’s experience with Inline XBRL.

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<sup>239</sup> Software vendors and filing agents that currently use the integrated XBRL preparation approach, combining the processes of creating interactive data tags and an HTML document, cannot presently take full advantage of the resulting efficiency because of current requirements. At present, filing agents and/or filers that use integrated XBRL solutions must expend the effort, albeit minimal, to split out the interactive data and save it to a separate instance document for filing.

<sup>240</sup> See also note 117 and accompanying text.

<sup>241</sup> 44 U.S.C. 3501 *et seq.*

<sup>242</sup> See Section V.C.1 below. Compared to the existing XBRL requirements for operating companies, the annual internal burden per filer for Inline XBRL filers is expected to be approximately 1 hour lower in the first year (1 response x (8 – 2) hours + 3.5 responses x (–2) hours) and 9 hours lower after the first year (4.5 responses x (–2) hours); the annual external cost per filer for Inline XBRL filers is expected to be approximately \$22.50 higher, beginning in the first year (4.5 responses x \$5).

Compared to the existing XBRL requirements for funds, the annual internal burden per filer for Inline XBRL filers is expected to be approximately 3.32 hours higher in the first year (1 response x (4 – 0.5) hours + 0.36 responses x (–0.5) hours) and 0.68 hours lower after the first year (1.36 responses x (–0.5) hours); the annual external cost per filer for Inline XBRL filers is expected to be approximately \$10 higher, beginning in the first year.

The use of Inline XBRL may also improve XBRL data quality and thus potentially benefit data users. When XBRL is embedded directly into the HTML document, the filer prepares and reviews a single document, rather than separate documents—as is the case with the current reporting requirement—which should enable a reduction in data errors, particularly for those filers that currently use the standalone XBRL preparation approach.<sup>243</sup> Further, filers or filing agents can use review tools like the open source Inline XBRL Viewer to more readily filter and identify errors. To the extent that Inline XBRL technology can reduce the rate of XBRL errors that are not detected by filers with the current XBRL filing practices and technology, Inline XBRL could incrementally improve XBRL data quality, which could potentially benefit data users.<sup>244</sup> Additionally, since Inline XBRL filers will have less of an incentive to create custom XBRL tags solely to mimic the appearance of an HTML filing, Inline XBRL could increase the ability of investors, other market participants, and other data users to compare information across filers for those filers that currently engage in such tagging practices.<sup>245</sup>

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<sup>243</sup> See Inline XBRL Proposing Release, at 14288, n. 83 and at 14293-4, n. 155. Filers that do not currently use an integrated approach may achieve greater benefits in data quality and efficiency from the more integrated process that Inline XBRL offers. See notes 145-147 above (discussing the use of a standalone approach by fund filers).

<sup>244</sup> Existing format requirements for Interactive Data Files include the element accuracy requirement, which provides that each data element (*i.e.*, all text, line item names, monetary values, percentages, numbers, dates, and other labels) contained in the Interactive Data File must reflect the same information in the corresponding data in the Related Official Filing. See Rule 405(c)(1)(i) of Regulation S-T.

We also note that the incremental effects of Inline XBRL on the reduction in XBRL errors will be smaller if other ongoing initiatives continue to reduce XBRL data errors. For example, the XBRL US Data Quality Committee periodically publishes guidance and validation rules to help public companies detect inconsistencies or errors in their XBRL-formatted financial data, such as incorrect negative values, improper relationships between elements, and incorrect dates associated with certain data. See <https://xbrl.us/data-quality/rules-guidance/> (retrieved Jun. 20, 2018).

<sup>245</sup> See notes 117 and 240 above and accompanying text.

A number of commenters stated that Inline XBRL could result in an improvement in XBRL data quality and a potential decrease in XBRL errors.<sup>246</sup> However, several commenters stated that Inline XBRL by itself will not improve data quality since the change in the format does not affect the nature of tagging or the filer's ability to select inappropriate custom tags.<sup>247</sup> As the Commission stated in the Inline XBRL Proposing Release, because the amendments do not modify the scope and substance of existing XBRL requirements or the categories of filers subject to the requirements, the improvement in data quality and the overall economic benefits incremental to Inline XBRL likely will be smaller than the benefits of the XBRL requirements more generally.<sup>248</sup> The Commission also noted that Inline XBRL filers may continue to use custom tags to represent certain company-specific data after the switch to Inline XBRL.<sup>249</sup> Therefore, while Inline XBRL and tools such as the Inline XBRL Viewer facilitate review and detection of certain re-keying errors, they will not resolve all XBRL data quality issues. A review of a sample of voluntary Inline XBRL filings pursuant to the Exemptive Order suggests that some XBRL data quality issues may remain for a minority of filers. However, the experience of a relatively small number of voluntary filers may not be representative of all filers subject to the amendments, particularly given that the Exemptive Order only extended to operating companies and that most voluntary filers already use integrated software, thus their transition to Inline XBRL likely entailed

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<sup>246</sup> See note 114 above.

<sup>247</sup> See, e.g., letters from EY, TagniFi, and Workiva I (regarding financial statement information).

<sup>248</sup> See Inline XBRL Proposing Release, at 14295.

<sup>249</sup> *Id.*

minimal changes to XBRL preparation workflow and a resulting minor data quality impact.

Several commenters indicated that Inline XBRL would not result in significant improvements in risk/return summary XBRL data quality because there is little evidence of issues with the quality of risk/return summary XBRL data today.<sup>250</sup> We acknowledge that data quality benefits may be more modest for funds than for operating companies, in part due to greater standardization of risk/return summary XBRL data.<sup>251</sup> However, we understand that funds can also experience data quality issues in compiling separate XBRL risk/return summary files.<sup>252</sup>

Overall, we continue to believe that the benefits of potential reduction in certain errors from Inline XBRL, although incremental, may generally contribute to future improvements in XBRL data quality, especially when used in conjunction with tools such as the Inline XBRL Viewer.<sup>253</sup>

Inline XBRL could also enhance how users view XBRL data related to Commission disclosures. Several commenters stated that Inline XBRL will contribute to greater usability and transparency of XBRL data for investors and other data users.<sup>254</sup> With Inline XBRL, the EDGAR system enables users to view information about the reported XBRL data embedded in Inline XBRL filings on the Commission's website,

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<sup>250</sup> See note **Error! Bookmark not defined.** above.

<sup>251</sup> See also Inline XBRL Proposing Release, at 14287.

<sup>252</sup> See Inline XBRL Proposing Release, at 14294-14295. See also note 243 above and accompanying text.

<sup>253</sup> The Inline XBRL Viewer can enable a faster review and detection of certain data quality errors because of its data filter functions, such as sorting amounts entered as negative values in Inline XBRL filings.

<sup>254</sup> See notes 115-116 above.

using any recent standard Internet browser, without the need to access a separate document. With this feature, when a user views a filing submitted in Inline XBRL on EDGAR, the user will be able to see tags and the related metadata while viewing the HTML document. These Inline XBRL features can provide the benefit of greater context and information to investors. The software enabling this feature has been made freely available in an effort to facilitate the creation of cost-effective Inline XBRL viewers and analytical products.<sup>255</sup> Moreover, despite the limited number of Inline XBRL filings so far, we have observed enhancements that the public has made to the Inline XBRL Viewer to improve analysis of Inline XBRL data, which may improve the usability of the data.

With respect to funds, the benefit of increased usability of risk/return summary XBRL data is expected to be further enhanced when combined with the elimination of the 15 business day filing period for risk/return summary XBRL information, which will make XBRL data available to investors and other data users more quickly.

To the extent that the use of Inline XBRL results in an improvement in XBRL data quality and usability, and thus in increased use of XBRL data by investors, market participants, and other data users, we expect the benefits associated with XBRL in general to be enhanced. As the Commission stated in the 2009 Financial Statement Information Adopting Release and 2009 Risk/Return Summary Adopting Release, the availability of information in XBRL enables investors and other data users to capture and analyze that information more quickly and at a lower cost, as well as to search and analyze the information dynamically; facilitates comparison of information across filers and reporting periods; and leads to better-informed investment decisions and potential

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<sup>255</sup> See <https://www.sec.gov/structureddata/edgarvalandrender> (retrieved Jun. 20, 2018).

gains in the efficiency of capital formation and allocation, through a reduction in the information barriers faced by investors or costs of collecting and analyzing disclosures.<sup>256</sup>

We lack the ability to quantify the incremental contribution of Inline XBRL to potential increases in the use of XBRL data and the broader economic benefits of XBRL. We anticipate that the effect will depend on several factors, including the extent of improvements in XBRL data quality and usability following the transition to Inline XBRL; changes in XBRL data use by investors, other market participants, and other data users; and technological innovation in XBRL preparation and analytics solutions.

#### ii. Costs

The Inline XBRL requirement may impose costs on filers, XBRL preparation software vendors, filing agents, and data users.

We expect that the initial transition to Inline XBRL could result in a cost to filers. Filers may switch to Inline XBRL either by using Inline XBRL enabled preparation software that they develop or license or by obtaining Inline XBRL preparation services from a third-party service provider (filing agent). Filers that rely on filing agents for XBRL preparation may incur an incremental cost of Inline XBRL upgrades (to the extent that the cost incurred by filing agents is passed on to filers). Filers that prepare XBRL filings in-house will need to replace or update their XBRL preparation software with versions that include Inline XBRL capabilities. We expect such costs to be lower if there is more competition among filing agents and software vendors that offer Inline XBRL capabilities. Filers also may incur an internal cost to train their personnel to use Inline XBRL and to comply with the Inline XBRL requirements.

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<sup>256</sup> See 2009 Financial Statement Information Adopting Release, at 6777, 6807–6808; 2009 Risk/Return Summary Adopting Release, at 7766–7768.

Filers that use software that is already enabled for Inline XBRL or that can readily be modified to accommodate the Inline XBRL format, as well as filers that use filing agents that use such software, are expected to incur a minimal transition cost. In particular, for filers and filing agents that rely on integrated XBRL filing solutions, filing in Inline XBRL could require only a very minor adjustment to the filing process, similar to choosing the format in which the file will be saved out of several available formats. Conversely, filers and filing agents using a standalone approach will require greater changes to their workflow. Several commenters expressed concerns about a lack of software vendor readiness and a greater than anticipated burden of initial transition.<sup>257</sup>

Some operating company filers have demonstrated the Inline XBRL capability through electing to voluntarily file in Inline XBRL pursuant to the Exemptive Order.<sup>258</sup> In addition, a number of XBRL software vendors and filing agents involved in XBRL preparation for a significant share of the U.S. XBRL market have developed or indicated plans to offer Inline XBRL capabilities.<sup>259</sup> One commenter stated that “[m]any vendors today already have Inline XBRL capabilities or have development underway” to incorporate this capability into their tools.<sup>260</sup> The commenter also stated that, at the latest, all of its vendor members will be ready to file using Inline XBRL by the second quarter of 2019, which is compatible with the compliance date for the first operating company phase-in category.<sup>261</sup> Another commenter stated that “[m]ost providers either

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<sup>257</sup> See notes 129, 143, 145-146, and 189 above.

<sup>258</sup> See Section II.B.2 above. Funds are not eligible to voluntarily file in Inline XBRL under the Exemptive Order.

<sup>259</sup> See note 90 above.

<sup>260</sup> See letter from XBRL US.

<sup>261</sup> *Id.*

have Inline XBRL capabilities or will have it soon” and that “[t]he cost of switching to providing Inline XBRL is not significant enough to cause a competitive change in the marketplace.”<sup>262</sup> Several XBRL vendors indicated in their comment letters that they have Inline XBRL capabilities.<sup>263</sup>

Further, the experience of operating company filers electing to make voluntary Inline XBRL submissions pursuant to the Exemptive Order suggests that filers have not incurred a significant change in external preparation costs. However, this inference is based on a relatively small number of operating company filers, most of which already use integrated XBRL software. Thus their change in costs may not be representative of the overall population of filers subject to the amendments.

Although we recognize the likelihood of relatively greater initial costs being incurred by filers that do not use such software or such filing agents, we believe that, as a general matter, the overall cost of initial transition to Inline XBRL technology will be relatively small. In particular, we expect this to be the case because the amendments do not modify the substance of the XBRL requirements and thus do not affect the process of selecting tags from the taxonomy for the required disclosures (the disclosure mapping process that precedes the creation of the XBRL submission accounts for the overwhelming majority of the XBRL preparation time and cost). The creation of the Inline XBRL document will occur after the mapping of company disclosures to the taxonomy is completed and will consist largely of a software function, which could include a broad range of file formats (*e.g.*, HTML, PDF, XBRL, and Inline XBRL).

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<sup>262</sup> See letter from Merrill.

<sup>263</sup> See, *e.g.*, letters from ACI, IRIS, and Workiva I.

Inline XBRL cannot be used with the ASCII format. Thus, filers that prepare the Related Official Filing in the ASCII format will incur additional costs of switching to HTML, and any fixed costs of such a change will have a relatively greater effect on smaller entities.<sup>264</sup> We continue to believe that such costs will be minimal. First, relatively few filers presently use the ASCII format and therefore only those few filers will need to incur the cost of switching to HTML as a result of the amendments. On March 1, 2017, the Commission adopted amendments to require the use of the HTML format for registration statements and periodic and current reports that are subject to the exhibit requirements under Item 601 of Regulation S-K and for Forms F-10 and 20-F.<sup>265</sup> As of September 1, 2018, all registrants will be required to comply with those amendments.<sup>266</sup> While those amendments excluded some operating company filings that will be subject to Inline XBRL requirements, in particular, Form 6-K and Form 40-F filings, in practice almost no such filings are presently filed in the ASCII format.<sup>267</sup> Similarly, a relatively small proportion of fund filings is filed in the ASCII format.<sup>268</sup> Second, the average costs of switching from ASCII to HTML will be small because the

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<sup>264</sup> See Inline XBRL Proposing Release, at 14288-14289.

<sup>265</sup> See Release No. 33-10322 (Mar. 1, 2017) [82 FR 14130].

On October 11, 2017, the Commission proposed amendments that would similarly require funds to file in HTML format registration statements and reports that include exhibits. See Release No. 33-10425 (Oct. 11, 2017) [82 FR 50988] (“FAST Act Proposing Release”).

<sup>266</sup> The requirements were effective September 1, 2017, although smaller reporting companies and nonaccelerated filers need not comply until September 1, 2018.

<sup>267</sup> We have identified approximately 0.1% of filings in ASCII format among Forms 6-K filed in 2017. We have not identified filings in ASCII format among Forms 40-F filed in 2017.

<sup>268</sup> In 2016, approximately 2.6% of Form N-1A filings, 4.9% of amendments filed under Rule 485(a), 14.1% of amendments filed under Rule 485(b), and 5.5% of filings under Rule 497 were in the ASCII format, as shown by staff analysis of EDGAR filings.

On October 11, 2017, the Commission proposed amendments that would similarly require funds to file in HTML format registration statements and reports that include exhibits. See FAST Act Proposing Release.

software tools to prepare and file documents in HTML are widely used and the incremental cost of HTML features is minimal.<sup>269</sup> Additionally, the phase-in of the Inline XBRL requirements is expected to partly mitigate the impact on smaller ASCII filers by giving them more time to adjust.

While we expect that filers will continue to incur ongoing costs of compliance with the XBRL requirements,<sup>270</sup> we do not expect those ongoing costs to increase appreciably due to Inline XBRL. For most filers, we anticipate that the transition to Inline XBRL will, over time, somewhat reduce the ongoing costs of compliance with the XBRL requirements, as discussed in greater detail in Section V.C below. For purposes of the PRA, we continue to estimate that the average filer will incur a one-time increase in in-house personnel time to transition to Inline XBRL and a slight increase in the annual external cost of XBRL preparation. After the initial transition to Inline XBRL, we estimate that the average filer will experience a small decrease in the in-house personnel time required to comply with XBRL requirements.<sup>271</sup> While the incremental initial and ongoing costs of Inline XBRL are not expected to be significant for the average filer, such costs for individual filers may vary due to filer circumstances, including their familiarity with Inline XBRL and the XBRL preparation solution used by the filer or its filing agent.

Further, the European Securities and Markets Authority has recently adopted a requirement for issuers that are listed on European Union (EU) regulated markets and that prepare their annual financial reports in accordance with IFRS to use the Inline

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<sup>269</sup> See Inline XBRL Proposing Release, at 14289.

<sup>270</sup> See 2009 Financial Statement Information Adopting Release, at 6800–6802, 6804–6806.

<sup>271</sup> See Section V.C below.

XBRL format beginning on January 1, 2020.<sup>272</sup> Under the amendments, FPIs that prepare their financial statements in accordance with IFRS as issued by the IASB will be required to comply with the Inline XBRL requirements for financial statements for periods ending on or after June 15, 2021. Thus, the incremental burden of transition to Inline XBRL under the amendments for FPIs filing IFRS financial reports with the EU market regulators is expected to be minimal.

We note that some filers may incur an increased burden if their filings contain a major technical error in the XBRL data. In particular, currently, when there is a major technical error in the XBRL data submitted in an exhibit, the EDGAR validation system causes the exhibit to be removed from the submission, but the submission as a whole is not suspended.<sup>273</sup> With the Inline XBRL format, the EDGAR validation system will typically suspend a filing that contains any major technical error in the Interactive Data File, which will require the filing to be revised before it can be accepted by EDGAR.<sup>274</sup> Based on staff observations, very few XBRL exhibits are removed by the EDGAR system due to such major technical errors, in part, because filers and filing agents routinely use tools, including ones that the Commission makes available, to help identify and correct technical errors prior to EDGAR filing.<sup>275</sup> Because similar validation tools

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<sup>272</sup> See <https://www.esma.europa.eu/policy-activities/corporate-disclosure/european-single-electronic-format> (retrieved Jun. 20, 2018).

<sup>273</sup> During filing and validation, the EDGAR Renderer creates error and warning messages when issues with the XBRL data are identified. Certain errors will result in the XBRL exhibits being “stripped” from a filing, although the rest of the filing is accepted in EDGAR.

<sup>274</sup> In some cases, a major technical error in the Interactive Data File would instead cause the XBRL content to be removed from the submission, but in that case the submission as a whole would not be suspended.

<sup>275</sup> To assist with XBRL filing, the Commission has made available for download certain tools, such as the Previewer and Interactive Data Test Suite, that filers can use with their own systems to test XBRL submissions prior to EDGAR filing. See

will be available to Inline XBRL filers, we believe that such suspensions should be rare for Inline XBRL filers.

The Commission did not propose and is not making changes with respect to application of officer certifications or auditor assurance requirements to XBRL data.<sup>276</sup> In response to commenters' suggestions, we are reiterating that the change from the XBRL format to the Inline XBRL format does not affect our existing positions with respect to those requirements. Therefore, we do not anticipate changes in audit fees or other filer costs relative to the baseline stemming from officer certifications or auditor assurance. One commenter stated that the use of Inline XBRL might result in an increase in the rate of voluntary use of auditor assurance.<sup>277</sup> While we acknowledge this possibility, we lack the information necessary to quantify the magnitude of such a potential effect.

Changes to the XBRL format may affect XBRL preparation software vendors and filing agents, and some of the transition costs incurred by software vendors and filing agents from Inline XBRL may be passed on to filers. Various commenters stated that the effect of the amendments on software vendors and filing agents will be small,<sup>278</sup> while some commenters expressed concern about vendor readiness.<sup>279</sup> As the Commission stated in the Inline XBRL Proposing Release, we recognize that XBRL preparation

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<https://www.sec.gov/structureddata/edgarvalandrender> and <https://www.sec.gov/structureddata/interactive-data-test-suite> (retrieved Jun. 20, 2018).

<sup>276</sup> See note 126 above.

<sup>277</sup> See AICPA (stating that “going forward, to provide investors additional confidence in the iXBRL formatted information, audit committees are likely to request that auditors perform a separate attestation engagement to provide an opinion on the accuracy and consistency of the XBRL formatted information, and issue a report . . .”). See also note 128 above and accompanying text.

<sup>278</sup> See notes 258-263 above and accompanying text.

<sup>279</sup> See note 257 above.

software vendors and filing agents that do not already use Inline XBRL would have to expend resources to transition to Inline XBRL, including upgrading or replacing software and training staff. Initially, software vendors and filing agents that cannot readily implement Inline XBRL, particularly smaller vendors, will be at a competitive disadvantage. Transition costs could be partly mitigated by the availability of the royalty-free Inline XBRL specification and transformation registry, which defines how the values of facts that appear in HTML documents are converted to the required data types for XBRL.<sup>280</sup> Transition costs may also be lower for software vendors or filing agents that have experience with Inline XBRL in other jurisdictions.<sup>281</sup>

The phase-in incorporated in the amendments is expected to give software vendors and filing agents time to develop and update software in ways that minimize transition costs. It is also possible that the ongoing costs of Inline XBRL preparation solutions will go down over time, including for filers in later phase-in categories, as Inline XBRL solutions become more widespread in the XBRL preparation industry.

Data users may incur a cost to modify their XBRL extraction software or algorithms to accommodate Inline XBRL (*e.g.*, to download files from a different URL, to use different filenames, or to parse XBRL information from a different file format). Although we do not have sufficient information to quantify the costs to data users of a

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<sup>280</sup> See note 106 above.

<sup>281</sup> For example, Inline XBRL is used in the UK (<https://www.gov.uk/government/publications/xbrl-tagging-when-what-and-how-to-tag>); Australia (<https://asic.gov.au/about-asic/media-centre/find-a-media-release/2015-releases/15-104mr-asic-introduces-format-for-improved-communication-of-financial-information/>); Ireland (<https://www.revenue.ie/en/companies-and-charities/submitting-financial-statements/who-must-submit-financial-statements-in-ixbrl.aspx>); South Africa (<https://www.xbrl.org/news/progress-in-the-cipc-implementation-of-xbrl/>); Denmark and Japan (<https://www.xbrl.org/the-standard/why/who-else-uses-xbrl/> (retrieved Jun. 20, 2018)). Specific disclosure requirements differ from those in the United States. See also note 272 above.

change from the XBRL format to the Inline XBRL format, we believe that such costs are likely to be minimal because the amendments do not affect the taxonomy or the scope of the information required to be tagged. Additionally, we have made freely available to the public the software enabling users to view information about the reported XBRL data contained in embedded tags and to extract XBRL data, in an effort to facilitate the creation of cost-effective Inline XBRL viewers and analytical products.<sup>282</sup> For most data users that previously processed either XBRL instance documents or HTML documents, the slight increase in processing times due to the potentially larger size of the Inline XBRL document is unlikely to be a significant limitation in light of the advanced state of existing computing technology and internet connectivity speeds. Several commenters stated that they either already have the capability to use Inline XBRL data or that XBRL data users will incur minimal costs to transition from XBRL to Inline XBRL.<sup>283</sup>

#### **b. Timing of Submission of Interactive Data File**

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<sup>282</sup> See <https://www.sec.gov/structureddata/edgarvalandrender> (retrieved Jun. 20, 2018) and <http://arelle.org/download/> (retrieved Jun. 20, 2018).

<sup>283</sup> See, e.g., letters from XBRL US (stating that it “held informal discussions with several of these organizations ranging from startup companies . . . to large established organizations . . .” and that “[t]hese organizations, which today use XBRL-formatted US corporate data, indicated that extracting data from Inline XBRL is the same as extracting data from conventional XBRL files. Several indicated that they have already begun to use Inline XBRL given its availability in other non-US markets. Of these, the cost to do so was minimal, requiring zero to little change to their current process.”); TagniFi (stating that it has used XBRL to collect and standardize financial statement data for more than 6,000 companies representing over 99% of the U.S. market capitalization, using approximately 140,000 XBRL filings since 2009 and further stating that it has used Inline XBRL financial data since June 2016); Octachoron (stating that “[t]he technologies we have developed to build and manipulate individual company information, compare filings across time and across sectors, and compile market-wide statistical analysis, would in principle be unaffected by a change to Inline XBRL filing.”); and Morningstar (stating that “[i]n our experience, it will be a relatively seamless transition from XBRL to Inline XBRL because the technology is sufficiently developed.”).

The Commission did not propose, and is not adopting, changes to the timing of the required submission of the financial statement information XBRL data. Thus, no economic effects are expected relative to the baseline.

The Commission proposed to permit funds to submit Interactive Data Files concurrently with certain post-effective amendments to registration statements under Rule 485(b), which was supported by one commenter,<sup>284</sup> with no commenters opposing the proposed change. As proposed, we are permitting filers to file risk/return summary information Interactive Data File concurrently with certain post-effective amendments under Rule 485(b). We continue to believe, as the Commission stated in the Inline XBRL Proposing Release, that this change may help facilitate efficiencies in the post-effective amendment filing process and result in small savings in compliance costs for some fund filers, and no commenters disagreed with our analysis.

We are eliminating the current 15 business day filing period for the submission of risk/return summary XBRL data, as proposed. We continue to believe that eliminating the 15 business day filing period will significantly benefit investors, other market participants, and other data users by ensuring timely availability of risk/return summary XBRL information. The more timely availability of risk/return summary XBRL information is expected to reduce the time that investors, other market participants, and other data users require to extract risk/return summary information from filings and to facilitate aggregation, analysis, and comparisons of risk/return summary information across funds. Eliminating this period will remove the need for manual extraction of this information from HTML or ASCII files and make important fund fee, return, and risk

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<sup>284</sup> See note 156 above.

information contained in the risk/return summary freely available to investors more quickly than it is today. As indicated by commenters that supported the proposed change, XBRL data users currently face a delay in the availability of risk/return summary XBRL data relative to risk/return summary information filed in HTML, which for some users has rendered the XBRL data less useful.<sup>285</sup>

To the extent that having risk/return summary information available in the XBRL format in a timely manner enhances the ability of investors, either directly or through third parties such as data aggregators, to perform aggregation, analysis, and comparison of information about funds, the amendments may facilitate better informed investment decisions, increase competition among funds for investor capital, and improve the efficiency of capital allocation. To the extent that more timely information on fund fees, returns, and risks becomes available to investors through these tools, fund complexes may benefit as well if greater investor awareness of risk/return information helps funds attract investors. We understand many fund complexes urge these third parties to provide fund information and analysis to investors as quickly as possible (and well in advance of 15 business days) for these reasons. We acknowledge that these benefits will be limited, to the extent that investors currently can efficiently obtain timely information about fund performance and risks from other sources, such as the Related Official Filing, fund websites, or third parties. Two commenters stated that tagged risk/return summary information would not be valuable because the information is historical and is not as timely as the performance information investors may obtain from other sources.<sup>286</sup>

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<sup>285</sup> See notes 158 and 171 above and accompanying and following text.

<sup>286</sup> See letters from Federated II and ICI II.

However, to the extent that risk/return summary information in a registration statement is generally valuable to investors, timely availability of the same information in XBRL format should enhance its value by enabling more efficient aggregation, analysis, and comparison of that information across funds and time periods.

As the Commission stated in the Inline XBRL Proposing Release, we recognize that eliminating the 15-day period will reduce the flexibility with respect to the timing of preparing and reviewing XBRL data that is presently afforded to fund filers.<sup>287</sup> We also recognize that most fund filers currently rely on this flexibility to submit XBRL data after the post-effective amendment or form of prospectus to which it relates and that its elimination could increase XBRL compliance costs for fund filers and their filing agents (that may pass these costs on to filers) as they adjust their workflows. Consistent with this analysis, several commenters noted that funds currently rely on the flexibility afforded by the XBRL filing period to prepare and review XBRL data and resolve any technical issues with XBRL tagging and that the removal of the filing period would cause funds to incur costs to change current workflows.<sup>288</sup> However, the Inline XBRL format required under the amendments involves embedding tags into the filing itself, which reduces the relevance of preserving the 15 business day filing period.

Based on input from commenters,<sup>289</sup> we also understand that certain funds currently file the Related Official Filing for forms of prospectuses early in order to be able to combine the mailing of annual reports and prospectuses. If these funds wish to continue combining these mailings, the elimination of the 15 business day XBRL filing

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<sup>287</sup> See Inline XBRL Proposing Release, at 14297.

<sup>288</sup> See letters from Federated I and II; ICI I and II; and USBFS.

<sup>289</sup> See note 165 above and accompanying text.

period may require changes to XBRL preparation workflow to ensure that risk/return summary XBRL data is prepared for filing earlier than it is currently prepared, potentially leading to additional costs. Alternatively, funds that do not implement these workflow changes will incur additional mailing costs if they file forms of prospectuses with XBRL data at a later date and, as a result, mail them separately from the annual reports.<sup>290</sup>

Workflow changes to prepare risk/return summary XBRL data at the same time as the Related Official Filing of the form of prospectus will be most pronounced for funds that currently prepare XBRL data separately, after preparing the Related Official Filing.

The Commission stated in the Inline XBRL Proposing Release that timely availability of free risk/return summary information in XBRL might reduce demand for some subscription products and services of fund data aggregators, to the extent that their value added is reduced by the timely availability of free XBRL information. However, as users of the data, data aggregators are likely to benefit from greater timeliness of risk/return summary XBRL data.<sup>291</sup>

### **c. Phase-In of Inline XBRL Requirements**

The amendments include a staggered phase-in of the Inline XBRL requirements for operating companies based on filer size and method of accounting, largely as proposed. In a change from the proposal, as suggested by several commenters,<sup>292</sup> the amendments permit operating company Form 10-Q filers in each phase-in category to

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<sup>290</sup> See letters from ICI I and II and Federated I and II. One of these commenters estimated the additional mailing costs of sending the prospectuses separately at approximately \$1.5 million per year. See letter from Federated II.

<sup>291</sup> See, e.g., letters from Frei, Morningstar, and USBFS (referencing XBRL data use by data aggregators) and notes 158 and 171 above and accompanying and following text (discussing the benefits of greater timeliness to data aggregators).

<sup>292</sup> See note 188 above.

begin compliance with the Inline XBRL requirement with their first Form 10-Q for a fiscal period ending on or after the applicable compliance date for the respective phase-in category. This modification is expected to enable Form 10-Q filers in each phase-in category to accumulate Inline XBRL expertise by starting with a less complex filing and thus potentially facilitate the initial transition to Inline XBRL.

The amendments also include a staggered phase-in of the Inline XBRL requirements for funds based on filer size. In a change from the proposal, based on input from commenters, the compliance dates have been extended by one year to give funds additional time to implement workflow changes necessary to transition to Inline XBRL and elimination of the 15 business day filing period. This modification is expected to facilitate transition, particularly for filers and filing agents that presently lack Inline XBRL capabilities.

The use of a phase-in defers the costs and benefits of Inline XBRL for some categories of filers. To the extent that the initial cost of transition to Inline XBRL has a fixed component that is independent of filer size, it will have a relatively greater effect on smaller filers. In light of this, under the phase-in schedule we are adopting, smaller filers will be given additional time to transition to Inline XBRL, which will defer the initial cost for small filers and partly mitigate the associated competitive effects. We further anticipate that late adopters will incur lower transition costs in absolute terms than early adopters. In particular, as time elapses after the initial group of filers adopts Inline XBRL, we expect filing agents and software vendors to accumulate Inline XBRL expertise and refine technological solutions offered to filers, which also may result in lower costs to filers. Furthermore, to the extent that the market for Inline XBRL

preparation services and software becomes more competitive over time, the switching cost incurred by subsequent filers may be reduced.

Similar to the proposal, the amendments will permit filers to use Inline XBRL before required. A high rate of such early transition to Inline XBRL would accelerate the economic impact of Inline XBRL.

Until all filers adopt Inline XBRL, data users will have to maintain the capability to extract data in both the Inline XBRL format and the XBRL format, which may be incrementally costlier than using a single format (*e.g.*, if all filers were required to use Inline XBRL at the same time and if early switching to Inline XBRL were not allowed). Given the very limited scope of modifications to their XBRL data extraction algorithms that data users are likely to need to switch to Inline XBRL and the public availability of open source tools to facilitate Inline XBRL data use, we expect this potential cost to be minimal. Differences in the timeliness of the availability of risk/return summary XBRL information during the transition period may reduce the efficiency of the use of XBRL data for fund comparisons until the XBRL filing delay is eliminated for all filers.

## **2. Elimination of the Website Posting Requirements for Financial Statement Information and Risk/Return Summaries**

The elimination of the website posting requirements is expected to yield cost savings for filers. For purposes of the PRA, we estimate that the elimination of the website posting requirements will result in an average reduction in the annual internal burden associated with XBRL requirements of approximately four hours per filer per year for operating companies and approximately one hour per filing for funds.<sup>293</sup> All of

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<sup>293</sup> See Section V.C.1 below.

the commenters that addressed the proposed elimination of the website posting requirements supported it.<sup>294</sup>

The elimination of the website posting requirements could impose costs on some data users by reducing their access to XBRL data about individual filers. However, commenters indicated that investors and other users do not generally access XBRL data from operating company or fund websites.<sup>295</sup> Based on our experience and input from commenters, we continue to believe that data users can efficiently and reliably access XBRL filing data through EDGAR and the Commission’s Really Simple Syndication (“RSS”) Feeds for purposes of data aggregation and processing and comparison of information across filers. Accordingly, we continue to believe that data users will incur minimal costs from the elimination of the website posting requirements.

### **3. Termination of the 2005 XBRL Voluntary Program**

The termination of the 2005 XBRL Voluntary Program is expected to have negligible economic effects on filers, filing agents, and software vendors given continued absence of participants in the program in recent years. Similarly, the aggregate economic effects on data users of terminating the 2005 XBRL Voluntary Program will likely be negligible. We did not receive comments on this aspect of the proposal.

### **4. Alternatives**

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<sup>294</sup> See note 220 above.

<sup>295</sup> See, e.g., letters from Federated I (stating that “very few fund shareholders currently access, or have historically accessed, XBRL risk/return summary information via the Funds’ website”); USBFS (stating that it “is not aware of any significant use by investors or analysts of XBRL data posted to mutual fund websites and believes that any firm seeking to aggregate XBRL data would only be able to do so efficiently from a centralized location, such as the Commission’s EDGAR system.”); and Workiva I (stating that “the need to separately post filings on corporate filer websites no longer exists. Investors may locate filings either by searching EDGAR or the Internet. This unnecessary requirement should be removed.”)

We considered several alternatives to the amendments concerning timing, scope, and optionality.

We could require Inline XBRL for all filers without a phase-in.<sup>296</sup> A faster transition to Inline XBRL on a large scale could accelerate the realization of efficiency and data usability and quality gains. However, compared to the amendments, this alternative would accelerate the initial compliance costs for smaller filers, potentially placing them at a disadvantage, as stated by various commenters that supported the use of a phase-in to mitigate the initial transition burden on smaller filers, XBRL preparation software vendors, and filing agents.<sup>297</sup>

As another alternative, we could apply a different phase-in schedule. For example, one commenter recommended using a phase-in with four groups rather than three, starting with the 500 largest registrants, similar to the phase-in at the outset of the financial statement information XBRL requirements.<sup>298</sup> Another commenter recommended moving EGCs to the last year of the phase-in, regardless of accelerated filer status.<sup>299</sup> The tradeoff between the costs and benefits of an alternative phase-in schedule depends on the number of affected filers, the net effect of Inline XBRL on the cost of compliance with XBRL requirements and the usability and quality of XBRL data for different categories of affected filers, the timing of the phase-in, and the number of early adopters. With respect to a later phase-in for all EGCs, the relative burden for filers of the fixed costs of initial transition to Inline XBRL is likely to depend on filer size

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<sup>296</sup> See note 191 above (discussing two commenters that opposed a phase-in).

<sup>297</sup> See notes 184-185 above. Separately, several commenters expressed concerns about the burden of initial transition. See note 257 above.

<sup>298</sup> See letter from EY.

<sup>299</sup> See letter from BIO.

rather than EGC status. Smaller EGC filers, which would have a potentially greater relative burden of initial transition, will not be required to comply until the fourth year after the effective date of the final amendments. More generally, we do not believe that further changes to the phase-in would result in meaningful net benefits relative to the amendments. A greater number of phase-in categories may introduce additional complexity and postpone the realization of benefits by data users. Moreover, the benefit of adding other phase-in categories to filers, XBRL preparation software vendors, and filing agents may be relatively incremental in light of the other steps taken to alleviate the potential burden of transition for those filers that use software or filing agents that do not presently have Inline XBRL capabilities.

Inline XBRL requirements for financial statement information will apply to all operating company filers, including SRCs,<sup>300</sup> EGCs,<sup>301</sup> and FPIs,<sup>302</sup> that currently are required to submit financial statement information in XBRL. As an alternative, as the Commission discussed in the Inline XBRL Proposing Release, we could exempt one or more of these categories of filers from the Inline XBRL requirement or create a new category of exempt filers (based on size or other criteria). One commenter did not specifically address an exemption from the Inline XBRL requirement but recommended

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<sup>300</sup> Based on staff analysis of EDGAR filings of Forms 10-K and 10-Q, we estimate that there were approximately 2,745 filers during calendar year 2017 that identified themselves as SRCs. Forms 20-F and 40-F do not contain a checkbox to indicate SRC status. Concurrent with this release, the Commission is adopting amendments to the SRC definition, which will expand the set of companies eligible for SRC status. *See* Release No. 33-10513 (Jun. 28, 2018).

<sup>301</sup> Based on Ives Group's AuditAnalytics data, as of December 2017, we estimate that there were approximately 1,941 filers of Form 10-K, 20-F, or 40-F during calendar year 2017 that had at some point identified themselves as EGCs.

<sup>302</sup> Based on staff analysis of EDGAR filings, we estimate that there were approximately 745 filers of Forms 20-F and 40-F during calendar year 2017. The estimate excludes foreign filers that filed only domestic forms.

exempting EGCs, SRCs, and nonaccelerated filers from XBRL requirements altogether, citing concerns about cost.<sup>303</sup> Similarly, Inline XBRL requirements for risk/return summary information will apply to all funds that currently are required to submit risk/return summary information in XBRL. As an alternative, to address the concerns about the burden of initial transition to Inline XBRL for smaller filers,<sup>304</sup> we could exempt smaller funds from the Inline XBRL requirement. To the extent that some filers that are currently subject to XBRL requirements would not be required to adopt Inline XBRL under these alternatives, the alternatives would likely result in smaller economic costs and benefits compared to the amendments. To the extent that smaller filers that do not currently have the Inline XBRL capability are more likely to be affected by the initial cost of transition to Inline XBRL, these alternatives would mitigate the competitive disadvantage for smaller filers relative to larger filers. However, compared to the amendments, these alternatives would likely reduce the benefits to data users expected from Inline XBRL. Several commenters indicated that exempting certain XBRL filers from Inline XBRL would diminish the benefits to data users and reduce economies of scale with regard to tools for creation and extraction of XBRL data.<sup>305</sup> Further, to the extent that some filers would use XBRL while other filers would use Inline XBRL under this alternative, data users would have to maintain indefinitely the capabilities to extract both XBRL and Inline XBRL data, although the incremental cost of maintaining both sets of capabilities likely would be minimal.

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<sup>303</sup> See letter from BIO.

<sup>304</sup> See letter from USBFS.

<sup>305</sup> See note 204 above.

As another alternative, we could exempt FPIs from the Inline XBRL requirement. Compared to the final amendments, such an alternative could place FPIs at a competitive advantage relative to domestic filers, particularly smaller domestic filers, to the extent that exempt filers would not incur the cost of switching to Inline XBRL. It also would deprive investors and other XBRL data users of the associated benefits of Inline XBRL.

Under the amendments, the use of Inline XBRL will be mandatory for operating companies and funds. As an alternative, we could allow but not require the use of Inline XBRL for financial statement information and/or for risk/return summaries. Compared to the amendments, a voluntary approach could have lower costs for those filers and filing agents that do not believe Inline XBRL to be cost-efficient and would not transition to Inline XBRL.<sup>306</sup> However, a voluntary approach would also reduce potential benefits to data users, including potential data quality improvements and the ability to view contextual information about XBRL disclosures, compared to mandatory Inline XBRL, to the extent that Inline XBRL use would be more widespread under a mandatory approach than a voluntary one. In this regard, even if Inline XBRL is ultimately more efficient and generates aggregate benefits for filers and data users, individual filers may fail to voluntarily transition to Inline XBRL, resulting in a lower rate of Inline XBRL use under a voluntary approach than under a mandatory approach. This may occur for several reasons. A lack of awareness of new technology and inertia are common hurdles to market-wide adoption in voluntary regimes. In addition, coordination problems, as well as the existence of network externalities related to the majority of filers utilizing a particular technology, may lower the rate of voluntary adoption. Because individual

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<sup>306</sup> See note 257 above.

filers do not internalize the aggregate benefits of Inline XBRL to other filers and data users, from an individual filer's standpoint, it may be optimal to delay the one-time adjustment of workflow processes required to transition to Inline XBRL until other filers transition to Inline XBRL, in order to take advantage of potential future gains in Inline XBRL preparation experience and reductions in Inline XBRL preparation cost due to economies of scale. Because the industry is currently utilizing a non-Inline XBRL specification, until there is an impetus for coordinated transition, the rate of voluntary adoption of Inline XBRL may remain modest.<sup>307</sup> In addition, under a voluntary alternative, to the extent that some filers use the Inline XBRL format while others use the XBRL format, data users would have to maintain indefinitely the capabilities to extract both XBRL and Inline XBRL data, although we expect the incremental costs of maintaining both capabilities would be minimal.

The amendments eliminate the 15 business day filing period for fund risk/return summary XBRL information. As an alternative, we could modify rather than eliminate the 15 business day filing period. For example, one commenter suggested that shortening the filing period to 10 business days would not result in a significant burden to funds while another commenter suggested shortening the filing period to 7 days.<sup>308</sup> These alternatives present a tradeoff between the flexibility that the filing period provides and the timeliness of the availability of risk/return summary XBRL information to data users. Compared to the elimination of the XBRL filing period under the amendments, the alternatives of a 7- or 10-business day filing period would reduce the benefits to investors and other data users from receiving more timely information on fund expenses, risks, and

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<sup>307</sup> See note 87 above.

<sup>308</sup> See notes 166-167 above.

returns in XBRL. Further, because Inline XBRL involves embedding tags into the HTML document, once a filer transitions to Inline XBRL, the relevance of preserving the separate XBRL filing period is reduced and the incremental benefits to the filer of an extended filing period are likely to be attenuated.

The amendments eliminating the 15 business day filing period for funds do not change the liability provisions related to the Interactive Data File. As an alternative, we could temporarily modify the liability provisions pertaining to risk/return summary information XBRL data following the elimination of the 15 business day filing period, as suggested by one commenter.<sup>309</sup> This alternative would temporarily reduce the costs to funds of liability for errors and omissions in risk/return summary information XBRL data, potentially decreasing the initial transition cost. However, given the extended period under the amendments for complying with the Inline XBRL requirement and the elimination of the 15 business day period, the benefit to funds from this alternative may be limited. Further, to the extent that this alternative could potentially weaken the incentives of filers to review XBRL data for accuracy during the temporary modified liability period, it could negatively impact data users.

#### **IV. OTHER MATTERS**

If any of the provisions of these rules, or the application thereof to any person or circumstance, is held to be invalid, such invalidity shall not affect other provisions or application of such provisions to other persons or circumstances that can be given effect without the invalid provision or application.

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<sup>309</sup> See letter from Federated II.

## **V. PAPERWORK REDUCTION ACT**

### **A. Background**

The amendments concern existing XBRL data rules that contain collection of information requirements within the meaning of the PRA. The Commission published a notice requesting comment on changes to these collection of information requirements in the Inline XBRL Proposing Release, and the Commission submitted these changes to the Office of Management and Budget (“OMB”) for review in accordance with the PRA.<sup>310</sup>

The titles for the affected collections of information are:

“Interactive Data” (OMB Control No. 3235-0645); and

“Mutual Fund Interactive Data” (OMB Control No. 3235-0642).

These collections of information require operating company and fund filers to submit specified information to the Commission as an exhibit to their current and periodic reports and registration statements and post it on their websites, if any, in interactive data format. The information required is referred to as an Interactive Data File. The amendments will require operating company and fund filers, on a phased in basis, to embed part of the Interactive Data File within an HTML document using Inline XBRL and include the rest in an exhibit to that document. The amendments also will eliminate the current website posting requirements.

The primary purpose of the amendments is to improve the usefulness and quality of, and, over time, to decrease the cost of preparing for submission, certain information filers are required to submit to the Commission in interactive data form. Compliance with the amendments will be mandatory according to the phase-in schedule. Responses

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<sup>310</sup> 44 U.S.C. 3507(d) and 5 CFR 1320.11.

to the collections of information will not be kept confidential by the Commission and there is no mandatory retention period for the collections of information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information requirement unless it displays a currently valid OMB control number.

## **B. Summary of Comment Letters and Revisions to Proposals**

In the Inline XBRL Proposing Release, the Commission requested comment on our PRA burden hour and cost estimates and the analysis used to derive such estimates. We did not receive any comments that provided quantitative estimates concerning our PRA analysis and burden estimates of the amendments. However, several commenters that specifically addressed risk/return summary Inline XBRL requirements stated that the Commission may have underestimated the burden of initial transition to Inline XBRL.<sup>311</sup> Therefore, we are revising upward our estimate of the burden of initial transition to Inline XBRL for funds, as described in greater detail below. Further, in response to commenter concerns, we are modifying the compliance dates for funds and providing funds an additional year after the effective date of the amendments to comply with the Inline XBRL requirements. Therefore, we are revising the calculation of the average aggregate change in burden during the three-year period after the effective date of the amendments to reflect the modified phase-in. The other modifications to the proposal are not expected to affect burden estimates for the purposes of the PRA. We also are revising the estimate of the number of operating company and fund filers to reflect more recent information.

## **C. Reporting and Cost Burden Estimates**

### **1. Registration Statement and Periodic Reporting**

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<sup>311</sup> See letters from Federated I and II, ICI I and II, and USBFS.

Form S-1 (OMB Control No. 3235-0065), Form S-3 (OMB Control No. 3235-0073), Form S-4 (OMB Control No. 3235-0324), and Form S-11 (OMB Control No. 3235-0067) prescribe information that a filer must disclose to register certain offers and sales of securities under the Securities Act. Form F-1 (OMB Control No. 3235-0258), Form F-3 (OMB Control No. 3235-0256), Form F-4 (OMB Control No. 3235-0325), and Form F-10 (OMB Control No. 3235-0380) prescribe information that an FPI must disclose to register certain offers and sales of securities under the Securities Act. Form 10-K (OMB Control No. 3235-0063) prescribes information that a filer must disclose annually to the market about its business. Form 10-Q (OMB Control No. 3235-0070) prescribes information that a filer must disclose quarterly to the market about its business. Form 10 (OMB No. 3235-0064) prescribes information that a filer must disclose when registering a class of securities pursuant to the Exchange Act. Form 8-K (OMB No. 3235-0060) prescribes information an issuer must disclose to the market upon the occurrence of certain specified events and enables an issuer to disclose other information voluntarily. Form 20-F (OMB Control No. 3235-0288) and Form 40-F (OMB No. 3235-0381) are used by an FPI both to register a class of securities under the Exchange Act as well as to provide its annual report required under the Exchange Act. Form 6-K (OMB No. 3235-0116) prescribes information that an FPI must disclose regarding certain specified changes to its business and securities pursuant to the Exchange Act and enables an issuer to disclose other information voluntarily. The information required by the Interactive Data collection of information corresponds to specified financial information required by these forms.

Form N-1A (OMB Control No. 3235-0307) is used by funds to register under the Investment Company Act and to offer their securities under the Securities Act. The information required by the Mutual Fund Interactive Data collection of information corresponds to specified risk/return summary information now required by Form N-1A and is required to appear in exhibits to registration statements on Form N-1A and Rule 497 submissions and on fund websites. Although the Mutual Fund Interactive Data filing requirements are included in Form N-1A, the Commission has separately reflected the burden for these requirements in the burden estimate for Mutual Fund Interactive Data and not in the burden for Form N-1A.

We continue to estimate that the Inline XBRL requirement for financial statement information will result in an initial increase in the existing internal burden of XBRL requirements (56 hours per response) by eight hours to switch to Inline XBRL. This increase in burden will be borne only for the initial response that uses Inline XBRL. We also continue to estimate that reductions in review time will result in a decrease of two hours per response in the existing internal burden, beginning with the initial response and continuing on an ongoing basis.<sup>312</sup> We further estimate that the average filer will incur a small increase in external cost of \$5 per response (from \$6,170 to \$6,175) on an ongoing basis, beginning in the first year of compliance for its phase-in category. In the Inline XBRL Proposing Release we estimated that there would be 38,705 responses per year by 8,601 filers.<sup>313</sup> Based on more recent information on the number of filers, we estimate

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<sup>312</sup> Thus, for the initial response using Inline XBRL, we estimate that filers will experience a net increase in internal burden of 6 hours (8 hours - 2 hours = 6 hours).

<sup>313</sup> See Inline XBRL Proposing Release, at 14301, n. 200. 8,601 filers x 4.5 responses per filer = 38,705 responses per year.

that there will be 37,418 responses per year by 8,315 filers.<sup>314</sup> Based on the number of filers that we expect to be phased in during each of the first three years under the requirements,<sup>315</sup> the number of filings that we expect those filers to make that will require interactive data, and the internal burden hour and external cost estimates per response discussed above, we estimate that, over the first three years of the Inline XBRL requirements, switching to the Inline XBRL format will decrease the aggregate average yearly burden of financial statement information XBRL requirements by 20,455 hours of in-house personnel time<sup>316</sup> and increase the aggregate average yearly cost of services of outside professionals by \$106,640.<sup>317</sup>

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<sup>314</sup> See note 77 above. We continue to estimate that there will be 4.5 responses per filer per year. 8,315 filers x 4.5 responses per filer = 37,418 responses.

<sup>315</sup> Based on staff analysis of Form 10-K, 10-Q, 20-F, and 40-F filings and amendments to them filed during calendar year 2017, approximately 26% of filers were large accelerated filers and approximately 19% of filers were accelerated filers. For purposes of this estimate, we assume that these percentages are representative of the percentages of filers in different phase-in categories.

<sup>316</sup> The first response is estimated to incur a net additional burden of six hours per response and the remaining responses are estimated to incur a net decrease in burden of two hours per response. The calculation below considers the aggregate average yearly change in internal burden incurred by each of the three categories of filers during the first three years of the Inline XBRL requirements. Filers that are phased in during year two are assumed to incur no change in burden during year one. Filers that are phased in during year three are assumed to incur no change in burden during years one and two.

Filers phased in during year one: 8,315 x 26%. Average yearly change in internal burden per filer:  $[6 + (3.5 + 4.5 + 4.5) \times (-2)] / 3 = -6.33$  hours. Aggregate average yearly change in internal burden for filers phased in during year one:  $8,315 \times 26\% \times (-6.33 \text{ hours}) = -13,685$  hours.

Filers phased in during year two: 8,315 x 19%. Average yearly change in internal burden per filer:  $[0 + 6 + (3.5 + 4.5) \times (-2)] / 3 = -3.33$  hours. Aggregate average yearly change in internal burden for filers phased in during year two:  $8,315 \times 19\% \times (-3.33 \text{ hours}) = -5,261$  hours.

Filers phased in during year three: 8,315 x 55%. Average yearly change in internal burden per filer:  $[0 + 0 + 6 + 3.5 \times (-2)] / 3 = -0.33$  hours. Aggregate average yearly change in internal burden for filers phased in during year three:  $8,315 \times 55\% \times (-0.33 \text{ hours}) = -1,509$  hours.

Aggregate average yearly change in internal burden:  $-13,685 - 5,261 - 1,509 = -20,455$  hours.

<sup>317</sup> Filers are estimated to incur an additional \$5 per response beginning with the first year of compliance for their phase-in category. The calculation below considers the aggregate average yearly change in external cost incurred by each of the three categories of filers during the first three years of the Inline XBRL requirements. Filers that are phased in during year two are assumed to incur no change in external cost during year one. Filers that are phased in during year three are assumed to incur no change in external cost during years one and two.

The elimination of the website posting requirement also is expected to reduce the paperwork burden of the financial statement information XBRL requirements. The Commission previously estimated that operating companies would incur an average of approximately four burden hours per filer per year to post interactive data to their websites. Based on the updated estimate of 8,315 filers, we estimate that the elimination of the website posting requirement will decrease the aggregate average yearly burden on operating company filers by 33,260 hours.<sup>318</sup>

The Commission previously estimated the aggregate average yearly burden of the existing XBRL requirements for operating companies as 2,167,480 hours of in-house personnel time<sup>319</sup> and \$238,809,850 in the cost of services of outside professionals.<sup>320</sup> Using more recent information on the number of filers, the aggregate average yearly burden of the existing XBRL requirements for operating companies would be 2,095,408 hours of in-house personnel time<sup>321</sup> and \$230,869,060 in the cost of services of outside professionals.<sup>322</sup> We estimate that in the first three years of the Inline XBRL

Filers phased in during year one:  $8,315 \times 26\%$ . Average yearly change in external cost per filer:  $[\$5 \times 3 \times 4.5] / 3 = \$22.50$ . Aggregate average yearly change in external cost for filers phased in during year one:  $8,315 \times 26\% \times \$22.50 = \$48,643$ .

Filers phased in during year two:  $8,315 \times 19\%$ . Average yearly change in external cost per filer:  $[\$0 + \$5 \times 2 \times 4.5] / 3 = \$15.00$ . Aggregate average yearly change in external cost for filers phased in during year two:  $8,315 \times 19\% \times \$15.00 = \$23,698$ .

Filers phased in during year three:  $8,315 \times 55\%$ . Average yearly change in external cost per filer:  $[\$0 + \$0 + \$5 \times 4.5] / 3 = \$7.50$ . Aggregate average yearly change in external cost for filers phased in during year three:  $8,315 \times 55\% \times \$7.50 = \$34,299$ .

Aggregate average yearly change in external cost:  $\$48,643 + \$23,698 + \$34,299 = \$106,640$ .

<sup>318</sup>  $8,315 \times (-4) = -33,260$  hours.

<sup>319</sup>  $8,601 \times 4.5 = 38,705$  responses.  $38,705$  responses  $\times 56$  hours per response = 2,167,480 hours.

<sup>320</sup>  $8,601 \times 4.5 = 38,705$  responses.  $38,705$  responses  $\times \$6,170$  per response = \$238,809,850.

<sup>321</sup>  $8,315 \times 4.5 = 37,418$  responses.  $37,418$  responses  $\times 56$  hours per response = 2,095,408 hours.

<sup>322</sup>  $8,315 \times 4.5 = 37,418$  responses.  $37,418$  responses  $\times \$6,170$  per response = \$230,869,060.

requirements, the aggregate average yearly burden of XBRL requirements for operating companies will be 2,041,693 hours of in-house personnel time<sup>323</sup> and \$230,975,700 in the cost of services of outside professionals,<sup>324</sup> which represents a decrease of 53,715 hours of in-house personnel time<sup>325</sup> and an increase of \$106,640 in the cost of services of outside professionals,<sup>326</sup> or a decrease of 6.46 hours of in-house personnel time per filer<sup>327</sup> and an increase of \$12.83 in the cost of services of outside professionals per filer.<sup>328</sup>

With respect to fund risk/return summaries, the Commission previously estimated that each fund will submit one Interactive Data File as an exhibit to a registration statement or a post-effective amendment thereto, and that 36% of funds will submit an additional Interactive Data File as an exhibit to a filing pursuant to Rule 485(b) or Rule 497. The Commission also previously estimated that (1) tagging and submitting fund risk/return data in XBRL format requires 11 hours per response, and (2) posting interactive data to the fund website requires one additional hour per response. In addition, the Commission previously estimated an external cost burden of \$890 for the cost of goods and services purchased to comply with the current Interactive Data requirements, such as for software and/or the services of consultants and filing agents. The cost burden does not include the cost of the hour burden described above.

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<sup>323</sup> 2,095,408 - 53,715 = 2,041,693 hours. See note 321 above and note 325 below.

<sup>324</sup> \$230,869,060 + \$106,640 = \$230,975,700. See notes 317 and 322 above.

<sup>325</sup> -20,455 - 33,260 = -53,715 hours. See notes 316 and 318 above.

<sup>326</sup> See note 317 above.

<sup>327</sup> -53,715 hours / 8,315 filers = -6.46 hours per filer. See notes 77 and 325 above.

<sup>328</sup> \$106,640 / 8,315 filers = \$12.83 per filer. See notes 77 and 317 above.

In the Inline XBRL Proposing Release, the Commission estimated that there would be 15,104 responses per year by 11,106 funds.<sup>329</sup> Based on updated industry figures on the number of funds, we estimate that there will be 15,206 responses per year by 11,181 funds.<sup>330</sup>

The Inline XBRL Proposing Release also estimated that the Inline XBRL requirement for risk/return summary information would result in an initial increase in internal burden by two hours to switch to Inline XBRL. Commenters did not provide quantitative estimates of the impact of Inline XBRL on the burden of XBRL preparation for risk/return summaries. However, after considering qualitative input from some commenters that indicated the Commission may have underestimated the cost of transition to Inline XBRL for funds,<sup>331</sup> we are revising the estimate of the increase in internal burden for funds from two hours to four hours for the initial response. We continue to estimate that this increase in burden will be borne only for the initial response that uses Inline XBRL. Further, we continue to estimate that there will be a reduction in review time that will result in a decrease in internal burden of approximately 0.5 hours per response, beginning with the initial response and continuing on an ongoing basis.<sup>332</sup>

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<sup>329</sup> See Inline XBRL Proposing Release, at 14302, n. 217.

<sup>330</sup> See note 78 above. We continue to estimate that there will be 1.36 responses per fund per year. 11,181 funds x 1.36 responses = 15,206 responses.

One commenter estimated that it prepared approximately 336 XBRL filings during the past calendar year. See letter from Federated II. In its 2017 letter, the commenter stated that it had 123 mutual funds. See letter from Federated I. This results in an estimate of approximately 2.73 (336 / 123) filings per fund per year. However, we are not able to determine whether this commenter's estimate of the average number of filings per fund is representative of other fund complexes. A comparable estimate for other filers is not readily obtainable from XBRL filings data since a number of XBRL filings report risk/return summary information for more than one fund.

<sup>331</sup> See letters from Federated I and II; ICI I and II; and USBFS.

<sup>332</sup> Thus, for the initial response using Inline XBRL, we estimate that funds will experience a net increase in hour burden of 3.5 hours (4.0 hours - 0.5 hours = 3.5 hours).

We are postponing the phase-in for funds by one additional year after the effective date of the amendments. Based on the estimate of 11,181 funds,<sup>333</sup> and accounting for the modifications to the phase-in of different filer categories, we estimate that the aggregate average yearly internal burden of risk/return summary information XBRL requirements will increase by 11,537 hours of in-house personnel time.<sup>334</sup> We also continue to estimate that the average fund will incur an increase in software costs of \$10 per year on an ongoing basis, beginning in the first year of compliance for its phase-in category with the Inline XBRL requirement. Based on the estimate of 11,181 funds,<sup>335</sup> we estimate that the Inline XBRL requirement will result in an increase of \$49,557 in the aggregate average yearly cost of services of outside professionals.<sup>336</sup>

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<sup>333</sup> See note 78 above and accompanying text.

<sup>334</sup> The calculation below considers the aggregate average yearly change in burden incurred by each of the two categories of funds during the first three years under the amendments. Based on staff analysis of data obtained from Morningstar Direct, as of May 2018, we estimate that a \$1 billion asset threshold for groups of related investment companies will provide an extended compliance period to approximately two-thirds, or approximately 67%, of all mutual funds affected by the Inline XBRL requirements. See note 1 and accompanying text.

Funds that are phased in during year two are assumed to incur no change in burden in year one. Funds that are phased in during year three are assumed to incur no change in burden in years one and two.

Funds phased in during year two:  $33\% \times 11,181 \text{ funds} = 3,690 \text{ funds}$ . Aggregate average yearly change in internal burden for funds phased in during year one:  $3,690 \text{ funds} \times \{[0 + 3.5 + (0.36 + 1.36) \times (-0.5)] / 3\} \text{ hours per fund} = 3,247 \text{ hours}$ .

Funds phased in during year three:  $67\% \times 11,181 \text{ funds} = 7,491 \text{ funds}$ . Aggregate average yearly change in internal burden for funds phased in during year two:  $7,491 \text{ funds} \times \{[0 + 0 + 3.5 + (0.36) \times (-0.5)] / 3\} \text{ hours per fund} = 8,290 \text{ hours}$ .

Aggregate average yearly change in burden:  $3,247 + 8,290 = 11,537 \text{ hours}$ .

<sup>335</sup> See note 78 above and accompanying text.

<sup>336</sup> Funds are estimated to incur an additional \$10 per year beginning with the first year of compliance for their phase-in category. The calculation below considers the aggregate average yearly change in external cost incurred by each of the two categories of funds during the first three years under the amendments. See note 334 above.

Funds phased in during year two:  $33\% \times 11,181 \text{ funds} = 3,690 \text{ funds}$ . Average yearly change in external cost per fund:  $[\$0 + \$10 + \$10] / 3 = \$6.67 \text{ per fund}$ . Aggregate average yearly change in external cost for all funds phased in during year one:  $3,690 \text{ funds} \times \$6.67 \text{ per fund} = \$24,612$ .

The elimination of the website posting requirements is expected to reduce the paperwork burden for funds by one hour per response. We therefore estimate that the elimination of the website posting requirements will decrease the aggregate average yearly burden on funds by 15,206 hours of in-house personnel time or 1.36 hours per fund.<sup>337</sup>

The Commission previously estimated that the existing risk/return summary information XBRL requirements require funds to expend 181,248 hours of in-house personnel time and \$9,884,340 in the cost of services of outside professionals per year, based on an estimate of 11,106 funds.<sup>338</sup> Based on updated industry figures, the existing XBRL requirements for funds will require 182,472 hours of in-house personnel time and \$9,951,090 in the cost of services of outside professionals.<sup>339</sup> We estimate that in the first three years under the amendments, the aggregate average yearly burden of XBRL requirements for funds will decrease to 178,803 hours of in-house personnel time<sup>340</sup> and the aggregate average yearly cost of services of outside professionals will increase to \$10,000,647,<sup>341</sup> which represents a decrease of 3,669 hours of in-house personnel time<sup>342</sup>

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Funds phased in during year three:  $67\% \times 11,181 \text{ funds} = 7,491 \text{ funds}$ . Average yearly change in external cost per fund:  $[\$0 + \$0 + \$10] / 3 = \$3.33 \text{ per fund}$ . Aggregate average yearly change in external cost for all funds phased in during year two:  $7,491 \text{ funds} \times \$3.33 \text{ per fund} = \$24,945$ .

Aggregate average yearly change in external cost:  $\$24,612 + \$24,945 = \$49,557$ .

<sup>337</sup>  $15,206 \text{ responses} \times (-1) \text{ hour per response} = -15,206 \text{ hours}$ .

$1.36 \text{ responses per fund} \times (-1) \text{ hour per response} = -1.36 \text{ hours per fund}$ .

<sup>338</sup> See Inline XBRL Proposing Release, nn. 219-220.

$15,104 \text{ responses} \times (11 + 1) \text{ hours per response} = 181,248 \text{ hours}$ .

$11,106 \text{ funds} \times \$890 \text{ per fund} = \$9,884,340$ .

<sup>339</sup> See note 330 above.  $15,206 \text{ responses} \times (11 + 1) \text{ hours per response} = 182,472 \text{ hours}$ .

$11,181 \text{ funds} \times \$890 \text{ per fund} = \$9,951,090$ .

<sup>340</sup>  $182,472 - 15,206 + 11,537 = 178,803 \text{ hours}$ . See notes 334, 337, and 339 above.

<sup>341</sup>  $\$9,951,090 + \$49,557 = \$10,000,647$ . See notes 336 and 339 above.

and an increase of \$49,557 in the cost of services of outside professionals,<sup>343</sup> or a decrease of 0.33 hours of in-house personnel time per filer<sup>344</sup> and an increase of \$4.43 in the cost of services of outside professionals per filer.<sup>345</sup>

We are submitting these revised burden estimates to OMB for review in accordance with the PRA and its implementing regulations.<sup>346</sup>

## **2. Regulation S-K and Regulation S-T**

Regulation S-K (OMB Control No. 3235-0071) specifies information that must be provided in filings under both the Securities Act and the Exchange Act. Regulation S-T (OMB Control No. 3235-0424) specifies the requirements that govern the electronic submission of documents. The amendments will revise rules under Regulations S-K and S-T. Any changes in the paperwork burden arising from these amendments, however, will be reflected in the Interactive Data collection of information and the Mutual Fund Interactive Data collection of information. The rules in Regulations S-K and S-T do not impose any separate burden. We assign one burden hour each to Regulations S-K and S-T for administrative convenience to reflect the fact that these regulations do not impose any direct burden on filers.<sup>347</sup>

## **VI. FINAL REGULATORY FLEXIBILITY ACT ANALYSIS**

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<sup>342</sup> -15,206 + 11,537 = -3,669 hours. *See* notes 334 and 337 above.

<sup>343</sup> *See* note 336 above.

<sup>344</sup> -3,669 hours / 11,181 filers = -0.33 hours per filer. *See* notes 78 and 342 above.

<sup>345</sup> \$49,557 / 11,181 filers = \$4.43 per filer. *See* notes 78 and 336 above.

<sup>346</sup> 44 U.S.C. 3507(d); 5 CFR 1320.11.

<sup>347</sup> For purposes of the PRA, we estimate that no funds participate in the 2005 XBRL Voluntary Program each year. This information collection, therefore, imposes no paperwork burden. The proposed termination of the program will therefore not result in changes in burden, except the elimination of one hour associated with this information collection for administrative purposes.

This Final Regulatory Flexibility Analysis (“FRFA”) has been prepared in accordance with the Regulatory Flexibility Act (“RFA”).<sup>348</sup> This FRFA relates to amendments that will require operating companies to provide financial statement information and funds to provide risk/return summary information to the Commission in the Inline XBRL format.

#### **A. Need for, and Objectives of, the Final Amendments**

The primary reason for, and objective of, these amendments is to improve the usefulness and quality of, and, over time, to decrease the cost of preparing for submission, certain information that filers are required to submit to the Commission in interactive data form. The need for, and objectives of, the final amendments are discussed in more detail in Section III.A above.

#### **B. Significant Issues Raised by Public Comments**

In the Inline XBRL Proposing Release, the Commission requested comment on any aspect of the Initial Regulatory Flexibility Analysis (“IRFA”), including the number of small entities that would be affected by the proposed rules, the nature of the impact, and how to quantify the impact of the amendments. We did not receive comments specifically addressing the IRFA. Several commenters, however, addressed aspects of the proposed amendments that could potentially affect small entities. In particular, several commenters expressed concern that the proposed transition to Inline XBRL will have a relatively greater impact on smaller filers. To facilitate transition for smaller filers, the majority of the commenters that addressed this issue supported a phase-in period.<sup>349</sup>

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<sup>348</sup> 5 U.S.C. 601 *et seq.*

<sup>349</sup> *See* notes 184-185 above.

Several commenters also recommended that Form 10-Q filers not be required to file Form 10-K in Inline XBRL until after they have filed Form 10-Q in Inline XBRL.<sup>350</sup> Several commenters opposed requiring Inline XBRL for some or all filers.<sup>351</sup> A few commenters that specifically discussed risk/return summaries expressed concern about the burden to filers of the initial transition to Inline XBRL and the elimination of the 15 business day filing period.<sup>352</sup>

To alleviate the potential impact of transition to Inline XBRL on smaller operating company filers, we are adopting, as proposed, the phased compliance dates that defer the Inline XBRL requirement until the fourth year after the effective date for non-accelerated filers that prepare their financial statements in accordance with U.S. GAAP. In a modification from the proposal, in response to comments, and to further alleviate the potential impact of transition for all domestic form filers, including small entities, domestic form filers will be required to comply beginning with their first Form 10-Q for a fiscal period ending on or after the applicable compliance date, as opposed to the first filing for a fiscal period ending on or after that date, to enable filers to gain experience with Inline XBRL through less complex filings.

Further, to alleviate the potential impact of transition to Inline XBRL on smaller fund filers, we are postponing the proposed phased compliance dates to defer the Inline XBRL requirement by an additional year. To facilitate XBRL submissions, as proposed, and consistent with commenter input, we are permitting concurrent submission of

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<sup>350</sup> See note 188 above.

<sup>351</sup> See note 111 above.

<sup>352</sup> See note 143 above. One of these commenters specifically mentioned the concern that the requirement would impose costs on smaller registrants. See letter from USBFS.

risk/return summary XBRL data with certain post-effective amendments under Rule 485(b).

### **C. Small Entities Subject to the Amendments**

The amendments will affect some small entities. The RFA defines “small entity” to mean “small business”, “small organization”, or “small governmental jurisdiction”.<sup>353</sup> For purposes of the RFA, under our rules, an entity, other than an investment company, is a “small business” or “small organization” if it had total assets of \$5 million or less on the last day of its most recent fiscal year.<sup>354</sup> We estimate that there are approximately 1,163 filers, other than investment companies, that may be considered small entities and are subject to the amendments.<sup>355</sup> All of these filers will be required to comply with the amendments by the end of the phase-in.

In addition, for purposes of the RFA, an investment company, including a BDC, is a small entity if it, together with other investment companies in the same group of related investment companies, has net assets of \$50 million or less as of the end of its most recent fiscal year.<sup>356</sup> We estimate that, as of December 31, 2017, there were 54 open-end investment companies that would be considered small entities, including open-end ETFs.<sup>357</sup>

### **D. Projected Reporting, Recordkeeping and Other Compliance Requirements**

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<sup>353</sup> 5 U.S.C. 601(6).

<sup>354</sup> 17 CFR 240.0-10(a).

<sup>355</sup> This estimate is based on staff analysis of XBRL data submitted by filers, other than co-registrants, with EDGAR filings of Forms 10-K, 20-F, and 40-F and amendments filed during the calendar year 2017.

<sup>356</sup> 17 CFR 270.0-10(a).

<sup>357</sup> This estimate is derived from an analysis of data obtained from Morningstar Direct as well as data reported on Form N-SAR filed with the Commission for the period ending December 31, 2017.

All filers subject to the amendments currently are required to file an Interactive Data File entirely as an exhibit to their Commission filings. Under the amendments, filers will be required to embed part of the Interactive Data File within an HTML document using Inline XBRL and include the rest in an exhibit to that document. The requirement to use Inline XBRL will result in a small initial switching cost for filers but, as discussed in Sections III.B.1.a and V.C above, overall, for most filers, we anticipate that the use of Inline XBRL will, over time, reduce the ongoing internal burden of compliance with the XBRL requirements due to the removal of the requirement to include the entire Interactive Data File within an exhibit and slightly increase the external cost burden of compliance with the XBRL requirements due to modifications to XBRL preparation software.<sup>358</sup> We also expect that the adopted elimination of the requirements to post the Interactive Data File on filers' websites will reduce their compliance costs.<sup>359</sup>

The Inline XBRL requirement is expected to result in an initial cost of transition for filers when the requirement is implemented. The professional skills necessary for this requirement may be developed internally by filers or outsourced to third-party vendors. To that end, filer costs may include obtaining Inline XBRL preparation software or service capabilities from their own or third-party sources. Filers that already use their own or third-party Inline XBRL enabled filing solutions or filing solutions that can readily be modified to accommodate the Inline XBRL format are expected to incur a minimal initial cost.<sup>360</sup> Although we recognize the likelihood of somewhat greater initial costs being incurred by filers that do not use such filing solutions, we believe that the

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<sup>358</sup> See notes 327, 328, 344, and 345 above.

<sup>359</sup> See notes 318 and 337 above.

<sup>360</sup> See notes 89-90 above.

initial cost of transition to Inline XBRL for those filers will still be small. In particular, we expect the cost to be small because the amendments consist primarily of an electronic format change. The amendments do not modify the substance of the XBRL requirements and thus do not affect the disclosure mapping process, which precedes the creation of the XBRL submission and accounts for the overwhelming majority of the XBRL preparation burden.

Inline XBRL cannot be used with the ASCII format. Thus, filers that prepare the Related Official Filing in ASCII will incur additional costs of switching to HTML, and any fixed costs of such a change will have a relatively greater effect on smaller entities. We continue to believe that such costs will be minimal. First, a relatively small proportion of filers will have to switch to HTML as a result of the amendments.<sup>361</sup> Second, the average costs of switching from ASCII to HTML are expected to be small because the software tools to prepare and file documents in HTML are widely used and the incremental cost of HTML features is minimal.<sup>362</sup> We continue to believe that the remaining impact on smaller ASCII filers, if any, will be alleviated by the phase-in.

The amendments are discussed in detail in Section III.A above. We discuss the economic impact, including the estimated compliance costs and burdens, of the amendments in Section III.B and Section V above.

#### **E. Agency Action to Minimize Effect on Small Entities**

The RFA directs us to consider alternatives that would accomplish the stated objectives of our amendments, while minimizing any significant adverse impact on small

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<sup>361</sup> See notes 265-268 above and accompanying text.

<sup>362</sup> See note 269 above.

entities. Specifically, we considered the following alternatives: (1) establishing different compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) clarifying, consolidating, or simplifying compliance and reporting requirements for small entities under the amendments; (3) using performance rather than design standards; and (4) exempting small entities from coverage of all or part of these amendments.

The amendments include different compliance schedules for operating companies, with a three-year phase-in based on filer size and use of accounting principles. Operating company small entities will not be subject to the Inline XBRL requirements until the final year of the phase-in. This different compliance timetable will enable smaller filers to defer the burden of any additional cost, learn from filers that comply earlier, and take advantage of any increases in the quality or decreases in the price of Inline XBRL preparation services or software that arise from expertise or competition that develops prior to their compliance date. Commenters generally supported the proposed phased approach to compliance. Additionally, in response to comments, we are changing the phase-in for operating company filers to start with a Form 10-Q filing, which will simplify the initial compliance and reporting requirement for all domestic form filers, including small entities.

With respect to fund filers, the amendments similarly include different compliance schedules for funds based on filer size. The amendments extend the phase-in by an additional year relative to the proposal in response to commenter suggestions and concerns about the burden of transition for smaller funds. Thus, fund small entities will

not be subject to the Inline XBRL requirements or the elimination of the 15 business day filing period until three years after the effective date of the amendments.

The elimination of the website posting requirements also will consolidate and simplify the compliance and reporting requirements for all operating companies and funds with respect to their interactive data. We do not believe that further clarification, consolidation, or simplification for small entities is appropriate because we believe that phased mandatory conversion of all filers to Inline XBRL is necessary to realize the benefits of Inline XBRL to data users.

We are not adopting a partial or complete exemption from the Inline XBRL requirements or the use of performance rather than design standards for filers that are small entities because we believe that the long-term, consistent use of Inline XBRL may reduce the time and effort required to prepare XBRL filings, simplify the review process for filers, and improve the usefulness and quality of XBRL data, thereby benefiting investors, other market participants, and other data users and potentially increasing the use of XBRL data. We also note that the elimination of the website posting requirements is expected to decrease the burden on all filers, including small entities.

## **VII. STATUTORY BASIS AND TEXT OF THE FINAL RULE AND FORM AMENDMENTS**

The amendments contained in this document are being adopted under the authority set forth in Sections 7, 10, and 19(a) of the Securities Act;<sup>363</sup> Sections 3, 12, 13,

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<sup>363</sup> 15 U.S.C. 77g, 77j and 77s(a).

15(d), 23(a), and 35A of the Exchange Act;<sup>364</sup> Sections 8, 24, 30, and 38 of the Investment Company Act;<sup>365</sup> and Section 3(a) of the Sarbanes-Oxley Act.<sup>366</sup>

## **List of Subjects**

### **17 CFR Part 229**

Reporting and recordkeeping requirements, Securities.

### **17 CFR Part 230**

Investment companies, Reporting and recordkeeping requirements, Securities.

### **17 CFR Part 232**

Administrative practice and procedure, Reporting and recordkeeping requirements, Securities.

### **17 CFR Parts 239 and 249**

Reporting and recordkeeping requirements, Securities.

### **17 CFR Parts 270 and 274**

Investment companies, Reporting and recordkeeping requirements, Securities.

For the reasons stated in the preamble, the Commission is amending title 17, chapter II of the Code of the Federal Regulations as follows:

## **PART 229 – STANDARD INSTRUCTIONS FOR FILING FORMS UNDER SECURITIES ACT OF 1933, SECURITIES EXCHANGE ACT OF 1934 AND ENERGY POLICY AND CONSERVATION ACT OF 1975—REGULATION S-K**

1. The authority citation for part 229 continues to read as follows:

**Authority:** 15 U.S.C. 77e, 77f, 77g, 77h, 77j, 77k, 77s, 77z-2, 77z-3, 77aa(25), 77aa(26), 77ddd, 77eee, 77ggg, 77hhh, 77iii, 77jjj, 77nnn, 77sss, 78c, 78i, 78j, 78j-3, 78l, 78m,

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<sup>364</sup> 15 U.S.C. 78c, 78l, 78m, 78o(d), 78w(a) and 78ll.

<sup>365</sup> 15 U.S.C. 80a-8, 80a-24, 80a-29 and 80a-37.

<sup>366</sup> P.L. No. 107-204, 116 Stat. 745.

78n, 78n-1, 78o, 78u-5, 78w, 78ll, 78 mm, 80a-8, 80a-9, 80a-20, 80a-29, 80a-30, 80a-31(c), 80a-37, 80a-38(a), 80a-39, 80b-11, and 7201 *et seq.*; 18 U.S.C. 1350; Sec. 953(b) Pub. L. 111-203, 124 Stat. 1904 (2010); and Sec. 102, Pub. L. 112-106, 126 Stat. 310 (2012).

2. Amend §229.601 by

- a. Removing and reserving entry (100) from the exhibit table in paragraph (a);
- b. Removing and reserving paragraph (b)(100); and
- c. Revising paragraph (b)(101).

The revision reads as follows:

**§229.601 (Item 601) Exhibits.**

\* \* \* \* \*

(b) \* \* \*

(100) [Reserved]

(101) *Interactive Data File.* Where a registrant prepares its financial statements in accordance with either generally accepted accounting principles as used in the United States or International Financial Reporting Standards as issued by the International Accounting Standards Board, an Interactive Data File (§232.11 of this chapter) is:

(i) *Required to be submitted.* Required to be submitted to the Commission in the manner provided by §232.405 of this chapter if the registrant does not prepare its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*), except that an Interactive Data File:

(A) First is required for a periodic report on Form 10-Q (§249.308a of this chapter), Form 20-F (§249.220f of this chapter), or Form 40-F (§249.240f of this chapter), as applicable;

(B) Is required for a registration statement under the Securities Act only if the registration statement contains a price or price range; and

(C) Is required for a Form 8-K (§249.308 of this chapter) only when the Form 8-K contains audited annual financial statements that are a revised version of financial statements that previously were filed with the Commission and that have been revised pursuant to applicable accounting standards to reflect the effects of certain subsequent events, including a discontinued operation, a change in reportable segments or a change in accounting principle. In such case, the Interactive Data File will be required only as to such revised financial statements regardless of whether the Form 8-K contains other financial statements.

(ii) *Permitted to be submitted.* Permitted to be submitted to the Commission in the manner provided by §232.405 of this chapter if the:

(A) Registrant does not prepare its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*); and

(B) Interactive Data File is not required to be submitted to the Commission under paragraph (b)(101)(i) of this section.

*Instruction to paragraphs (b)(101)(i) and (ii):* When an Interactive Data File is submitted as provided by §232.405(a)(3)(i) of this chapter, the exhibit index must include the word “Inline” within the title description for any eXtensible Business Reporting Language (XBRL)-related exhibit.

(iii) *Not permitted to be submitted.* Not permitted to be submitted to the Commission if the registrant prepares its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*).

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**PART 230 - GENERAL RULES AND REGULATIONS, SECURITIES ACT OF 1933**

3. The authority citation for Part 230 continues to read in part as follows:

**Authority:** 15 U.S.C. 77b, 77b note, 77c, 77d, 77f, 77g, 77h, 77j, 77r, 77s, 77z-3, 77sss, 78c, 78d, 78j, 78l, 78m, 78n, 78o, 78o-7 note, 78t, 78w, 78ll(d), 78mm, 80a-8, 80a-24, 80a-28, 80a-29, 80a-30, and 80a-37, and Pub. L. 112-106, sec. 201(a), sec. 401, 126 Stat. 313 (2012), unless otherwise noted.

\* \* \* \* \*

4. Amend §230.144 by revising paragraph (c)(1)(ii) and paragraphs 1.b and 2 of Note to §230.144(c) to read as follows:

**§230.144 Persons deemed not to be engaged in a distribution and therefore not underwriters.**

\* \* \* \* \*

(c) \* \* \*

(1) \* \* \*

(ii) Submitted electronically every Interactive Data File (§232.11 of this chapter) required to be submitted pursuant to §232.405 of this chapter, during the 12 months preceding such sale (or for such shorter period that the issuer was required to submit such files); or

\* \* \* \* \*

NOTE TO §230.144(c): \* \* \*

1. \* \* \*

b. Submitted electronically every Interactive Data File (§232.11 of this chapter) required to be submitted pursuant to §232.405 of this chapter, during the preceding 12 months (or for such shorter period that the issuer was required to submit such files); or

2. A written statement from the issuer that it has complied with such reporting or submission requirements.

\* \* \* \* \*

5. Amend §230.485 by revising paragraph (c)(3) to read as follows:

**§230.485 Effective date of post-effective amendments filed by certain registered investment companies.**

\* \* \* \* \*

(c) \* \* \*

(3) A registrant's ability to file a post-effective amendment, other than an amendment filed solely for purposes of submitting an Interactive Data File, under paragraph (b) of this section is automatically suspended if a registrant fails to submit any Interactive Data File as required by General Instruction C.3.(g) of Form N-1A (§§239.15A and 274.11A of this chapter). A suspension under this paragraph (c)(3) shall become effective at such time as the registrant fails to submit an Interactive Data File as required by General Instruction C.3.(g) of Form N-1A. Any such suspension, so long as it is in effect, shall apply to any post-effective amendment that is filed after the suspension becomes effective, but shall not apply to any post-effective amendment that was filed before the suspension became effective. Any suspension

shall apply only to the ability to file a post-effective amendment pursuant to paragraph (b) of this section and shall not otherwise affect any post-effective amendment. Any suspension under this paragraph (c)(3) shall terminate as soon as a registrant has submitted the Interactive Data File as required by General Instruction C.3.(g) of Form N-1A.

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6. Amend §230.497 by revising the last sentence of paragraphs (c) and (e) to read as follows:

**§230.497 Filing of investment company prospectuses – number of copies.**

\* \* \* \* \*

(c) \* \* \* Investment companies filing on Form N-1A must, if applicable pursuant to General Instruction C.3.(g) of Form N-1A, submit an Interactive Data File (§232.11 of this chapter).

\* \* \* \* \*

(e) \* \* \* Investment companies filing on Form N-1A must, if applicable pursuant to General Instruction C.3.(g) of Form N-1A, submit an Interactive Data File (§232.11 of this chapter).

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**PART 232—REGULATION S-T—GENERAL RULES AND REGULATIONS FOR ELECTRONIC FILINGS**

7. The authority citation for Part 232 continues to read in part as follows:

**Authority:** 15 U.S.C. 77c, 77f, 77g, 77h, 77j, 77s(a), 77z-3, 77sss(a), 78c(b), 78l, 78m, 78n, 78o(d), 78w(a), 78ll, 80a-6(c), 80a-8, 80a-29, 80a-30, 80a-37, 7201 *et seq.*; and 18 U.S.C. 1350, unless otherwise noted.

\* \* \* \* \*

8. Amend §232.11 by revising the definition of “Interactive Data File”, removing the definitions of “Promptly” and “XBRL-Related Documents” and revising the definition of “Related Official Filing” to read as follows:

**§232.11 Definition of terms used in part 232.**

\* \* \* \* \*

*Interactive Data File.* The term *Interactive Data File* means the machine-readable computer code that presents information in eXtensible Business Reporting Language (XBRL) electronic format pursuant to §232.405 and as specified by the EDGAR Filer Manual. When a filing is submitted using Inline XBRL as provided by §232.405(a)(3), a portion of the Interactive Data File is embedded into a filing with the remainder submitted as an exhibit to the filing.

\* \* \* \* \*

*Related Official Filing.* The term *Related Official Filing* means the ASCII or HTML format part of the official filing with which all or part of an Interactive Data File appears as an exhibit or, in the case of a filing on Form N-1A (§§239.15A and 274.11A of this chapter), the ASCII or HTML format part of an official filing that contains the information to which an Interactive Data File corresponds.

\* \* \* \* \*

9. Amend §232.201 by revising Note 1 to paragraph (b), paragraph (c), and Note to paragraph (c) to read as follows:

**§232.201 Temporary hardship exemption.**

\* \* \* \* \*

NOTE 1 TO PARAGRAPH (b): Failure to submit the confirming electronic copy of a paper filing made in reliance on the temporary hardship exemption, as required in paragraph (b) of this section, will result in ineligibility to use Forms S-3, S-8, F-3, and SF-3 (*see* §§239.13, 239.16b, 239.33 and 239.45 of this chapter, respectively), restrict incorporation by reference into an electronic filing of the document submitted in paper (*see* §232.303), and toll certain time periods associated with tender offers (*see* §§240.13e-4(f)(12) and 240.14e-1(e) of this chapter).

\* \* \* \* \*

(c) If an electronic filer experiences unanticipated technical difficulties preventing the timely preparation and submission of an Interactive Data File (§232.11) as required pursuant to §232.405, the electronic filer still can timely satisfy the requirement to submit the Interactive Data File in the following manner:

(1) Substitute for the Interactive Data File exhibit a document that sets forth the following legend:

IN ACCORDANCE WITH THE TEMPORARY HARDSHIP EXEMPTION PROVIDED BY RULE 201 OF REGULATION S-T, THE DATE BY WHICH THE INTERACTIVE DATA FILE IS REQUIRED TO BE SUBMITTED HAS BEEN EXTENDED BY SIX BUSINESS DAYS; and

(2) Submit the required Interactive Data File no later than six business days after the Interactive Data File originally was required to be submitted.

NOTE TO PARAGRAPH (c): Electronic filers unable to submit the Interactive Data File under the circumstances specified by paragraph (c) of this section, must comply with the provisions of this section and cannot use Form 12b-25 (§249.322 of this chapter) as a notification of late filing. Failure to submit the Interactive Data File as required by the end of the six-business-day period specified by paragraph (c) of this section will result in ineligibility to use Forms S-3, S-8, and F-3 (§§239.13, 239.16b, and 239.33 of this chapter, respectively), constitute a failure to have filed all required reports for purposes of the current public information requirements of §230.144(c)(1) of this chapter, and, pursuant to §230.485(c)(3) of this chapter, suspend the ability to file post-effective amendments under §230.485(b) of this chapter.

\* \* \* \* \*

10. Amend §232.202 by:

- a. Revising the introductory text of paragraph (a);
- b. Revising paragraphs (a)(2), (b)(2), (b)(3), (c)(1), and (c)(2);
- c. Removing paragraph (c)(3); and
- d. Revising paragraphs (d)(1) and (d)(2) and Notes 3 and 4 to §232.202.

The revisions read as follows:

**§232.202 Continuing hardship exemption.**

(a) An electronic filer may apply in writing for a continuing hardship exemption if all or part of a filing, group of filings or submission, other than a Form ID (§§239.63,

249.446, 269.7, and 274.402 of this chapter), a Form D (§239.500 of this chapter), or an Asset Data File (§232.11), otherwise to be filed or submitted in electronic format cannot be so filed or submitted, as applicable, without undue burden or expense. Such written application shall be made at least ten business days before the required due date of the filing(s) or submission(s) or the proposed filing or submission date, as appropriate, or within such shorter period as may be permitted. The written application shall contain the information set forth in paragraph (b) of this section.

\* \* \* \* \*

(2) If the Commission, or the staff acting pursuant to delegated authority, denies the application for a continuing hardship exemption, the electronic filer shall file or submit the required document or Interactive Data File in electronic format, as applicable, on the required due date or the proposed filing or submission date, or such other date as may be permitted.

\* \* \* \* \*

(b) \* \* \*

(2) The burden and expense involved to employ alternative means to make the electronic submission; and/or

(3) The reasons for not submitting electronically the document, group of documents or Interactive Data File, as well as the justification for the requested time period.

(c) \* \* \*

(1) Electronic filing of a document or group of documents, not electronic submission of an Interactive Data File, then the electronic filer shall submit the

document or group of documents for which the continuing hardship exemption is granted in paper format on the required due date specified in the applicable form, rule or regulation, or the proposed filing date, as appropriate and the following legend shall be placed in capital letters at the top of the cover page of the paper format document(s):

IN ACCORDANCE WITH RULE 202 OF REGULATION S-T, THIS (specify document) IS BEING FILED IN PAPER PURSUANT TO A CONTINUING HARDSHIP EXEMPTION.

(2) Electronic submission of an Interactive Data File, then the electronic filer shall substitute for the Interactive Data File exhibit a document that sets forth one of the following legends, as appropriate:

\* \* \* \* \*

(d) \* \* \*

(1) Electronic filing of a document or group of documents, not electronic submission of an Interactive Data File, then the grant may be conditioned upon the filing of the document or group of documents that is the subject of the exemption in electronic format upon the expiration of the period for which the exemption is granted. The electronic format version shall contain the following statement in capital letters at the top of the first page of the document:

THIS DOCUMENT IS A COPY OF THE (specify document) FILED ON (date) PURSUANT TO A RULE 202(d) CONTINUING HARDSHIP EXEMPTION.

(2) Electronic submission of an Interactive Data File, then the grant may be conditioned upon the electronic submission of the Interactive Data File that is the

subject of the exemption upon the expiration of the period for which the exemption is granted.

\* \* \* \* \*

NOTE 3 TO §232.202: Failure to submit a required confirming electronic copy of a paper filing made in reliance on a continuing hardship exemption granted pursuant to paragraph (d) of this section will result in ineligibility to use Forms S-3, S-8, and F-3 (*see*, §§239.13, 239.16b, and 239.33 of this chapter, respectively), restrict incorporation by reference into an electronic filing of the document submitted in paper (*see* §232.303), and toll certain time periods associated with tender offers (*see* §§240.13e-4(f)(12) and 240.14e-1(e) of this chapter).

NOTE 4 TO §232.202: Failure to submit the Interactive Data File as required by §232.405 by the end of the continuing hardship exemption if granted for a limited period of time, will result in ineligibility to use Forms S-3, S-8, and F-3 (§§239.13, 239.16b, and 239.33 of this chapter, respectively), constitute a failure to have filed all required reports for purposes of the current public information requirements of §230.144(c)(1) of this chapter, and, pursuant to §230.485(c)(3) of this chapter, suspend the ability to file post-effective amendments under §230.485(b) of this chapter.

11. Amend §232.305 by revising paragraph (b) to read as follows:

**§232.305 Number of characters per line; tabular and columnar information.**

\* \* \* \* \*

(b) Paragraph (a) of this section does not apply to HTML documents, Interactive Data Files (§232.11) or Interactive Data Financial Reports (§232.11).

12. Amend Part 232 by revising the undesignated heading “XBRL-Related Documents” between §§232.314 and 232.401 to read as follows:

Interactive Data

13. Remove and reserve §§232.401 and 232.402.

14. Amend §232.405 by:

- a. Revising the section heading;
- b. Removing the headings “Preliminary Note 1” and “Preliminary Note 2”

and revising the newly undesignated text;

- c. Removing Preliminary Note 3;
- d. Revising the heading of paragraph (a);
- e. Revising paragraphs (a)(1) and (a)(2);
- f. Removing current paragraph (a)(4) and redesignating paragraph (a)(3) as

paragraph (a)(4);

- g. Adding new paragraph (a)(3);
- h. Revising newly redesignated paragraph (a)(4);
- i. Revising the introductory text of paragraphs (d) and (e);
- j. Revising paragraph (f);
- k. Removing paragraph (g); and
- l. Revising Note to §232.405.

The revisions and addition read as follows:

**§232.405 Interactive Data File submissions.**

Section 405 of Regulation S-T (§232.405) applies to electronic filers that submit Interactive Data Files. Item 601(b)(101) of Regulation S-K (§229.601(b)(101) of this chapter), paragraph (101) of Part II—Information Not Required to be Delivered to Offerees or Purchasers of Form F-10 (§239.40 of this chapter), paragraph 101 of the Instructions as to Exhibits of Form 20-F (§249.220f of this chapter), paragraph B.(15) of the General Instructions to Form 40-F (§249.240f of this chapter), paragraph C.(6) of the General Instructions to Form 6-K (§249.306 of this chapter), and General Instruction C.3.(g) of Form N-1A (§§239.15A and 274.11A of this chapter) specify when electronic filers are required or permitted to submit an Interactive Data File (§232.11), as further described in the Note to §232.405. Section 405 imposes content, format and submission requirements for an Interactive Data File, but does not change the substantive content requirements for the financial and other disclosures in the Related Official Filing (§232.11).

(a) *Content, format, and submission requirements-General.* \* \* \*

(1) Comply with the content, format, and submission requirements of this section;

(2) Be submitted only by an electronic filer either required or permitted to submit an Interactive Data File as specified by Item 601(b)(101) of Regulation S-K (§229.601(b)(101) of this chapter), paragraph (101) of Part II—Information Not Required to be Delivered to Offerees or Purchasers of Form F-10 (§239.40 of this chapter), paragraph 101 of the Instructions as to Exhibits of Form 20-F (§249.220f of

this chapter), paragraph B.(15) of the General Instructions to Form 40-F (§249.240f of this chapter), paragraph C.(6) of the General Instructions to Form 6-K (§249.306 of this chapter), or General Instruction C.3.(g) of Form N-1A (§§239.15A and 274.11A of this chapter), as applicable;

(3) Be submitted using Inline XBRL,

(i) If the electronic filer is not an open-end management investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a *et seq.*) and is not within one of the categories specified in paragraph (f)(1)(i) of this section, as partly embedded into a filing with the remainder simultaneously submitted as an exhibit to:

(A) A filing that contains the disclosure this section requires to be tagged; or

(B) An amendment to a filing that contains the disclosure this section requires to be tagged if the amendment is filed no more than 30 days after the earlier of the due date or filing date of the filing and the Interactive Data File is the first Interactive Data File the electronic filer submits; or

(ii) If the electronic filer is an open-end management investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a *et seq.*) and is not within one of the categories specified in paragraph (f)(1)(ii) of this section, as partly embedded into a filing with the remainder simultaneously submitted as an exhibit to a filing that contains the disclosure this section requires to be tagged; and

(4) Be submitted in accordance with the EDGAR Filer Manual and, as applicable, either Item 601(b)(101) of Regulation S-K (§229.601(b)(101) of this chapter), paragraph (101) of Part II—Information Not Required to be Delivered to

Offerees or Purchasers of Form F-10 (§239.40 of this chapter), paragraph 101 of the Instructions as to Exhibits of Form 20-F (§249.220f of this chapter), paragraph B.(15) of the General Instructions to Form 40-F (§249.240f of this chapter), paragraph C.(6) of the General Instructions to Form 6-K (§249.306 of this chapter), or General Instruction C.3.(g) of Form N-1A (§§239.15A and 274.11A of this chapter).

\* \* \* \* \*

(d) *Format—Footnotes—Generally.* The part of the Interactive Data File for which the corresponding data in the Related Official Filing consists of footnotes to financial statements must comply with the requirements of paragraphs (c)(1) and (c)(2) of this section, as modified by this paragraph (d). Footnotes to financial statements must be tagged as follows:

\* \* \* \* \*

(e) *Format—Schedules—Generally.* The part of the Interactive Data File for which the corresponding data in the Related Official Filing consists of financial statement schedules as set forth in Article 12 of Regulation S-X (17 CFR 210.12-01 *et seq.*) must comply with the requirements of paragraphs (c)(1) and (c)(2) of this section, as modified by this paragraph (e). Financial statement schedules as set forth in Article 12 of Regulation S-X (17 CFR 210.12-01 *et seq.*) must be tagged as follows:

\* \* \* \* \*

(f) *Format—Phase-in for Inline XBRL submissions.*

(1) The following electronic filers may choose to submit an Interactive Data File:

(i) In the manner specified in paragraph (f)(2) of this section rather than as specified by paragraph (a)(3)(i) of this section: any electronic filer that is not an open-end management investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a *et seq.*) if it is within one of the following categories, provided, however, that an Interactive Data File first is required to be submitted in the manner specified by paragraph (a)(3)(i) of this section for a periodic report on Form 10-Q (§249.308a of this chapter) if the filer reports on Form 10-Q:

(A) A large accelerated filer (§240.12b-2 of this chapter) that prepares its financial statements in accordance with generally accepted accounting principles as used in the United States and none of the financial statements for which an Interactive Data File is required is for a fiscal period that ends on or after June 15, 2019;

(B) An accelerated filer (§240.12b-2 of this chapter) that prepares its financial statements in accordance with generally accepted accounting principles as used in the United States and none of the financial statements for which an Interactive Data File is required is for a fiscal period that ends on or after June 15, 2020; and

(C) A filer not specified in paragraph (f)(1)(i)(A) or (f)(1)(i)(B) of this section that prepares its financial statements in accordance with either generally accepted accounting principles as used in the United States or International Financial Reporting Standards as issued by the International Accounting Standards Board and

none of the financial statements for which an Interactive Data File is required is for a fiscal period that ends on or after June 15, 2021.

(ii) In the manner specified in paragraph (f)(3) of this section rather than as specified by paragraph (a)(3)(ii) of this section: any electronic filer that is an open-end management investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a *et seq.*) that, together with other investment companies in the same “group of related investment companies,” as such term is defined in §270.0-10 of this chapter, has assets of:

(A) \$1 billion or more as of the end of the most recent fiscal year until it files an initial registration statement (or post-effective amendment that is an annual update to an effective registration statement) that becomes effective [Insert date two years from effective date]; and

(B) Less than \$1 billion as of the end of the most recent fiscal year until it files an initial registration statement (or post-effective amendment that is an annual update to an effective registration statement) that becomes effective [Insert date three years from effective date].

(2) The electronic filers specified in paragraph (f)(1)(i) of this section may submit the Interactive Data File solely as an exhibit to:

(i) A filing that contains the disclosure this section requires to be tagged; or

(ii) an amendment to a filing that contains the disclosure this section requires to be tagged if the amendment is filed no more than 30 days after the earlier of the due date or filing date of the filing and the Interactive Data File is the first Interactive Data File the electronic filer submits.

(3) The electronic filers specified in paragraph (f)(1)(ii) of this section may submit the Interactive Data File solely as an exhibit to a filing that contains the disclosure this section requires to be tagged, up to 15 business days after the effective date of the registration statement or post-effective amendment that contains the related information, or the filing of a form of prospectus made pursuant to paragraph (c) or (e) of Rule 497.

NOTE TO §232.405: Item 601(b)(101) of Regulation S-K (§229.601(b)(101) of this chapter) specifies the circumstances under which an Interactive Data File must be submitted and the circumstances under which it is permitted to be submitted, with respect to Forms S-1 (§239.11 of this chapter), S-3 (§239.13 of this chapter), S-4 (§239.25 of this chapter), S-11 (§239.18 of this chapter), F-1 (§239.31 of this chapter), F-3 (§239.33 of this chapter), F-4 (§239.34 of this chapter), 10-K (§249.310 of this chapter), 10-Q (§249.308a of this chapter), and 8-K (§249.308 of this chapter). Paragraph (101) of Part II—Information not Required to be Delivered to Offerees or Purchasers of Form F-10 (§239.40 of this chapter) specifies the circumstances under which an Interactive Data File must be submitted and the circumstances under which it is permitted to be submitted, with respect to Form F-10. Paragraph 101 of the Instructions as to Exhibits of Form 20-F (§249.220f of this chapter) specifies the circumstances under which an Interactive Data File must be submitted and the circumstances under which it is permitted to be submitted, with respect to Form 20-F. Paragraph B.(15) of the General Instructions to Form 40-F (§249.240f of this chapter) and Paragraph C.(6) of the General Instructions to Form 6-K (§249.306 of this chapter) specify the circumstances under which an Interactive Data File must be

submitted and the circumstances under which it is permitted to be submitted, with respect to Form 40-F and Form 6-K (§249.240f of this chapter and §249.306 of this chapter), respectively. Item 601(b)(101) of Regulation S-K, paragraph (101) of Part II—Information not Required to be Delivered to Offerees or Purchasers of Form F-10, paragraph 101 of the Instructions as to Exhibits of Form 20-F, paragraph B.(15) of the General Instructions to Form 40-F, and paragraph C.(6) of the General Instructions to Form 6-K all prohibit submission of an Interactive Data File by an issuer that prepares its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*). For an issuer that is an open-end management investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a *et seq.*), General Instruction C.3.(g) of Form N-1A (§§239.15A and 274.11A of this chapter) specifies the circumstances under which an Interactive Data File must be submitted.

### **PART 239 – FORMS PRESCRIBED UNDER THE SECURITIES ACT OF 1933**

15. The authority citation for part 239 continues to read in part as follows:

**Authority:** 15 U.S.C. 77c, 77f, 77g, 77h, 77j, 77s, 77z-2, 77z-3, 77sss, 78c, 78l, 78m, 78n, 78o(d), 78o-7 note, 78u-5, 78w(a), 78ll, 78mm, 80a-2(a), 80a-3, 80a-8, 80a-9, 80a-10, 80a-13, 80a-24, 80a-26, 80a-29, 80a-30, 80a-37; and 107 Pub. L. 112-106, 126 Stat. 312, unless otherwise noted.

\* \* \* \* \*

16. Amend §239.13 by revising paragraph (a)(7)(ii) to read as follows:

**§239.13 Form S-3, for registration under the Securities Act of 1933 of securities of certain issuers offered pursuant to certain types of transactions.**

\* \* \* \* \*

(a) \* \* \*

(7) \* \* \*

(ii) Submitted electronically to the Commission all Interactive Data Files required to be submitted pursuant to §232.405 of this chapter during the twelve calendar months and any portion of a month immediately preceding the filing of the registration statement on this Form (or for such shorter period of time that the registrant was required to submit such files).

\* \* \* \* \*

17. Amend Form S-3 (referenced in §239.13) by revising General Instruction I.A.7.(b) to read as follows:

**Note: The text of Form S-3 does not, and this amendment will not, appear in the Code of Federal Regulations.**

### FORM S-3

## REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

\* \* \* \* \*

### GENERAL INSTRUCTIONS

#### I. Eligibility Requirements for Use of Form S-3

\* \* \* \* \*

A. \* \* \*

7. \* \* \*

(b) Submitted electronically to the Commission all Interactive Data Files required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the twelve calendar months and any portion of a month immediately preceding the filing

of the registration statement on this Form (or for such shorter period of time that the registrant was required to submit such files).

\* \* \* \* \*

18. Amend §239.16b by revising paragraph (b)(2) to read as follows:

**§239.16b Form S-8, for registration under the Securities Act of 1933 of securities to be offered to employees pursuant to employee benefit plans.**

\* \* \* \* \*

(b) \* \* \*

(2) Submitted electronically to the Commission all Interactive Data Files required to be submitted pursuant to §232.405 of this chapter during the twelve calendar months and any portion of a month immediately preceding the filing of the registration statement on this Form (or for such shorter period of time that the registrant was required to submit such files).

19. Amend Form S-8 (referenced in §239.16b) by revising General Instruction A.3.(b) to read as follows:

**Note: The text of Form S-8 does not, and this amendment will not, appear in the Code of Federal Regulations.**

**FORM S-8**

**REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

\* \* \* \* \*

**GENERAL INSTRUCTIONS**

**A. Rule as to Use of Form S-8**

\* \* \* \* \*

3. \* \* \*

(b) Submitted electronically to the Commission all Interactive Data Files required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the twelve calendar months and any portion of a month immediately preceding the filing of the registration statement on this Form (or for such shorter period of time that the registrant was required to submit such files).

\* \* \* \* \*

20. Amend §239.33 by revising paragraph (a)(6)(ii) to read as follows:

**§239.33 Form F-3, for registration under the Securities Act of 1933 of securities of certain foreign private issuers offered pursuant to certain types of transactions.**

\* \* \* \* \*

(a) \* \* \*

(6) \* \* \*

(ii) Submitted electronically to the Commission all Interactive Data Files required to be submitted pursuant to §232.405 of this chapter during the twelve calendar months and any portion of a month immediately preceding the filing of the registration statement on this Form (or for such shorter period of time that the registrant was required to submit such files).

\* \* \* \* \*

21. Amend Form F-3 (referenced in §239.33) by revising General Instruction

I.A.6.(ii) to read as follows:

**Note: The text of Form F-3 does not, and this amendment will not, appear in the Code of Federal Regulations.**

**FORM F-3**

**REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

\* \* \* \* \*

## GENERAL INSTRUCTIONS

### I. Eligibility Requirements for Use of Form F-3

\* \* \* \* \*

#### A. Registrant Requirements

\* \* \* \* \*

##### 6. Electronic filings. \* \* \*

\* \* \* \* \*

(ii) Submitted electronically to the Commission all Interactive Data Files required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the twelve calendar months and any portion of a month immediately preceding the filing of the registration statement on this Form (or for such shorter period of time that the registrant was required to submit such files).

\* \* \* \* \*

22. Amend Form F-10 (referenced in §239.40) by revising paragraph (101) of Part II – Information Not Required to be Delivered to Offerees or Purchasers to read as follows:

**Note: The text of Form F-10 does not, and this amendment will not, appear in the Code of Federal Regulations.**

## FORM F-10

### REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

\* \* \* \* \*

#### PART II – INFORMATION NOT REQUIRED TO BE DELIVERED TO OFFEREES OR PURCHASERS

\* \* \* \* \*

(101) Where a registrant prepares its financial statements in accordance with either generally accepted accounting principles as used in the United States or International Financial Reporting Standards as issued by the International Accounting Standards Board, an Interactive Data File (§232.11 of this chapter) is:

(a) Required to be submitted. Required to be submitted to the Commission in the manner provided by Rule 405 of Regulation S-T (§232.405 of this chapter) if the registrant does not prepare its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*), except that an Interactive Data File:

(i) First is required for a periodic report on Form 10-Q (§249.308a of this chapter), Form 20-F (§249.220f of this chapter), or Form 40-F (§249.240f of this chapter), as applicable; and

(ii) Is required for a registration statement under the Securities Act only if the registration statement contains a price or price range.

(b) Permitted to be submitted. Permitted to be submitted to the Commission in the manner provided by Rule 405 of Regulation S-T (§232.405 of this chapter) if the:

(i) Registrant does not prepare its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*); and

(ii) Interactive Data File is not required to be submitted to the Commission under subparagraph (a) of this paragraph (101).

(c) Not permitted to be submitted. Not permitted to be submitted to the Commission if the registrant prepares its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*).

*Instruction to paragraphs (101)(a) and (b):* When an Interactive Data File is submitted as provided by Rule 405(a)(3)(i) of Regulation S-T (§232.405(a)(3)(i) of this chapter), the exhibit index must include the word “Inline” within the title description for any eXtensible Business Reporting Language (XBRL)-related exhibit.

\* \* \* \* \*

**PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934**

23. The authority citation for part 240 continues to read in part as follows:

AUTHORITY: 15 U.S.C. 77c, 77d, 77g, 77j, 77s, 77z-2, 77z-3, 77eee, 77ggg, 77nnn, 77sss, 77ttt, 78c, 78c-3, 78c-5, 78d, 78e, 78f, 78g, 78i, 78j, 78j-1, 78k, 78k-1, 78l, 78m, 78n, 78n-1, 78o, 78o-4, 78o-10, 78p, 78q, 78q-1, 78s, 78u-5, 78w, 78x, 78ll, 78mm, 80a-20, 80a-23, 80a-29, 80a-37, 80b-3, 80b-4, 80b-11, 7201 *et seq.*; and 8302; 7 U.S.C. 2(c)(2)(E); 12 U.S.C. 5221(e)(3); 18 U.S.C. 1350; and Pub. L. 111-203, 939A, 124 Stat. 1887 (2010); and secs. 503 and 602, Pub. L. 112-106, 126 Stat. 326 (2012), unless otherwise noted.

24. Amend §240.13a-14 by redesignating paragraph (f)(1) as paragraph (f), removing the semicolon and word “or” immediately preceding paragraph (f)(2) and removing paragraph (f)(2).

25. Amend §240.15d-14 by redesignating paragraph (f)(1) as paragraph (f), removing the semicolon and word “or” immediately preceding paragraph (f)(2) and removing paragraph (f)(2).

**PART 249 – FORMS, SECURITIES EXCHANGE ACT OF 1934**

26. The authority citation for part 249 continues to read in part as follows:

**Authority:** 15 U.S.C. 78a *et seq.* and 7201 *et seq.*; 12 U.S.C. 5461 *et seq.*; 18 U.S.C. 1350; Sec. 953(b), Pub. L. 111-203, 124 Stat. 1904; Sec. 102(a)(3), Pub. L. 112-106, 126 Stat. 309 (2012); Sec. 107, Pub. L. 112-106, 126 Stat. 313 (2012), and Sec. 72001, Pub. L. 114-94, 129 Stat. 1312 (2015), unless otherwise noted.

\* \* \* \* \*

27. Amend Form 20-F (referenced in §249.220f) by:
- a. Revising the undesignated paragraph on the cover that begins “Indicate by check mark whether the registrant has submitted electronically”;
  - b. Removing and reserving paragraph 100 of the Instructions as to Exhibits; and
  - c. Revising paragraph 101 of the Instructions as to Exhibits.

The revisions read as follows:

**Note: The text of Form 20-F does not, and this amendment will not, appear in the Code of Federal Regulations.**

**FORM 20-F**

**REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

**OR**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

\* \* \* \* \*

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

\* \* \* \* \*

## INSTRUCTIONS AS TO EXHIBITS

\* \* \* \* \*

100. [Reserved]

101. Interactive Data File. Where a registrant prepares its financial statements in accordance with either generally accepted accounting principles as used in the United States or International Financial Reporting Standards as issued by the International Accounting Standards Board, an Interactive Data File (§232.11 of this chapter) is:

(a) Required to be submitted. Required to be submitted to the Commission in the manner provided by Rule 405 of Regulation S-T (§232.405 of this chapter) if the Form 20-F is an annual report and the registrant does not prepare its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*).

(b) Permitted to be submitted. Permitted to be submitted to the Commission in the manner provided by Rule 405 of Regulation S-T (§232.405 of this chapter) if the:

(i) Registrant does not prepare its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*); and

(ii) Interactive Data File is not required to be submitted to the Commission under subparagraph (a) of this paragraph 101.

(c) Not permitted to be submitted. Not permitted to be submitted to the Commission if the registrant prepares its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*).

*Instruction to paragraphs 101.(a) and (b):* When an Interactive Data File is submitted as provided by Rule 405(a)(3)(i) of Regulation S-T (§232.405(a)(3)(i) of this

chapter), the exhibit index must include the word “Inline” within the title description for any eXtensible Business Reporting Language (XBRL)-related exhibit.

28. Amend Form 40-F (referenced in §249.240f) by:

- a. Revising the undesignated paragraph on the cover that begins “Indicate by check mark whether the registrant has submitted electronically”; and
- b. Revising paragraph B.(15) of the General Instructions.

The revisions read as follows:

**Note: The text of Form 40-F does not, and this amendment will not, appear in the Code of Federal Regulations.**

**FORM 40-F**

**REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

**OR**

**ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

\* \* \* \* \*

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

\* \* \* \* \*

**GENERAL INSTRUCTIONS**

\* \* \* \* \*

**B. Information To Be Filed on this Form**

\* \* \* \* \*

(15) Where a registrant prepares its financial statements in accordance with either generally accepted accounting principles as used in the United States or International Financial Reporting Standards as issued by the International Accounting Standards Board, an Interactive Data File (§232.11 of this chapter) is:

(a) Required to be submitted. Required to be submitted to the Commission in the manner provided by Rule 405 of Regulation S-T (§232.405 of this chapter) and, to the extent submitted as an exhibit, listed as exhibit 101, if the Form 40-F is an annual report and the registrant does not prepare its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*).

(b) Permitted to be submitted. Permitted to be submitted to the Commission in the manner provided by Rule 405 of Regulation S-T (§232.405 of this chapter) if the:

(i) Registrant does not prepare its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*); and

(ii) Interactive Data File is not required to be submitted to the Commission under subparagraph (a) of this paragraph B.(15).

(c) Not permitted to be submitted. Not permitted to be submitted to the Commission if the registrant prepares its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*).

*Instruction to paragraphs B.(15)(a) and (b):* When an Interactive Data File is submitted as provided by Rule 405(a)(3)(i) of Regulation S-T (§232.405(a)(3)(i) of this chapter), the exhibit index must include the word “Inline” within the title description for any eXtensible Business Reporting Language (XBRL)-related exhibit.

\* \* \* \* \*

29. Amend Form 6-K (referenced in §249.306) by:
- a. Removing and reserving paragraph (5) to General Instruction C; and
  - b. Revising paragraph (6) to General Instruction C.

The revisions read as follows:

**Note: The text of Form 6-K does not, and this amendment will not, appear in the Code of Federal Regulations.**

## FORM 6-K

### REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 OF THE SECURITIES EXCHANGE ACT OF 1934

\* \* \* \* \*

#### GENERAL INSTRUCTIONS

\* \* \* \* \*

#### C. Preparation and Filing of Report.

\* \* \* \* \*

(5) [Reserved]

(6) *Interactive Data File.* Where a registrant prepares its financial statements in accordance with either generally accepted accounting principles as used in the United States or International Financial Reporting Standards as issued by the International Accounting Standards Board, an Interactive Data File (§232.11 of this chapter) is:

(a) *Required to be submitted.* Required to be submitted to the Commission in the manner provided by Rule 405 of Regulation S-T (§232.405 of this chapter) and, to the extent submitted as an exhibit, listed as exhibit 101, if the registrant does not prepare its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*), except that an Interactive Data File:

(i) First is required for a periodic report on Form 10-Q (§249.308a of this chapter), Form 20-F (§249.220f of this chapter), or Form 40-F (§249.240f of this chapter), as applicable; and

(ii) Is required for a Form 6-K (§249.306 of this chapter) only when the Form 6-K contains either of the following: audited annual financial statements that are a revised version of financial statements that previously were filed with the Commission and that have been revised pursuant to applicable accounting standards to reflect the effects of certain subsequent events, including a discontinued operation, a change in reportable segments or a change in accounting principle; or current interim financial statements included pursuant to the nine-month updating requirement of Item 8.A.5 of Form 20-F. In either such case, the Interactive Data File will be required only as to such revised financial statements or current interim financial statements regardless of whether the Form 6-K contains other financial statements.

(b) *Permitted to be submitted.* Permitted to be submitted to the Commission in the manner provided by Rule 405 of Regulation S-T (§232.405 of this chapter) if the:

(i) Registrant does not prepare its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*); and

(ii) Interactive Data File is not required to be submitted to the Commission under subparagraph (a) of this paragraph C.(6).

(c) *Not permitted to be submitted.* Not permitted to be submitted to the Commission if the registrant prepares its financial statements in accordance with Article 6 of Regulation S-X (17 CFR 210.6-01 *et seq.*).

*Instruction to paragraphs C.(6)(a) and (b):* When an Interactive Data File is submitted as provided by Rule 405(a)(3)(i) of Regulation S-T (§232.405(a)(3)(i) of this chapter), the exhibit index must include the word “Inline” within the title description for any eXtensible Business Reporting Language (XBRL)-related exhibit.

\* \* \* \* \*

30. Amend Form 10-Q (referenced in §249.308a) by revising the undesignated paragraph on the cover that begins “Indicate by check mark whether the registrant has submitted electronically” to read as follows:

**Note: The text of Form 10-Q does not, and this amendment will not, appear in the Code of Federal Regulations.**

**FORM 10-Q**

\* \* \* \* \*

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

\* \* \* \* \*

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

\* \* \* \* \*

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

\* \* \* \* \*

31. Amend Form 10-K (referenced in §249.310) by revising the undesignated paragraph on the cover that begins “Indicate by check mark whether the registrant has submitted electronically” to read as follows:

**Note: The text of Form 10-K does not, and this amendment will not, appear in the Code of Federal Regulations.**

**FORM 10-K**

\* \* \* \* \*

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

\* \* \* \* \*

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

\* \* \* \* \*

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

\* \* \* \* \*

**PART 270 – RULES AND REGULATIONS, INVESTMENT COMPANY ACT OF 1940**

32. The authority citation for part 270 continues to read in part as follows:

**Authority:** 15 U.S.C. 80a-1 *et seq.*, 80a-34(d), 80a-37, 80a-39, and Pub. L. 111-203, sec. 939A, 124 Stat. 1376 (2010), unless otherwise noted.

33. Amend §270.8b-1 by revising the heading and text to read as follows:

**§270.8b-1 Scope of §§270.8b-1 to 270.8b-32.**

The rules contained in §§270.8b-1 to 270.8b-32 shall govern all registration statements pursuant to section 8 of the Act (15 U.S.C. 80a-8), including notifications of registration pursuant to section 8(a), and all reports pursuant to section 30(a) or (b) of the Act (15 U.S.C. 80a-29(a) or (b)), including all amendments to such statements and reports, except that any provision in a form covering the same subject matter as any such rule shall be controlling.

34. Amend §270.8b-2 by revising the undesignated introductory text to read as follows:

**§270.8b-2 Definitions.**

Unless the context otherwise requires, the terms in paragraphs (a) through (m) of this section, when used in the rules contained in §§270.8b-1 through 270.8b-32, in the rules under section 30(a) or (b) of the Act or in the forms for registration statements and reports pursuant to section 8 or 30(a) or (b) of the Act, shall have the respective meanings indicated in this section. The terms “EDGAR,” “EDGAR Filer Manual,” “electronic filer,” “electronic filing,” “electronic format,” “electronic submission,” “paper format,” and “signature” shall have the meanings assigned to such terms in Regulation S-T— General Rules for Electronic Filings (Part 232 of this chapter).

\* \* \* \* \*

35. Remove §270.8b-33.

36. Amend §270.30a-2 by removing paragraph (d).

**PART 274 – FORMS PRESCRIBED UNDER THE INVESTMENT COMPANY ACT OF 1940**

37. The authority citation for part 274 continues to read in part as follows:

**Authority:** 15 U.S.C. 77f, 77g, 77h, 77j, 77s, 78c(b),78l, 78m, 78n, 78o(d), 80a-8, 80a-24, 80a-26, 80a-29, and Pub. L. 111-203, sec. 939A, 124 Stat. 1376 (2010), unless otherwise noted.

\* \* \* \* \*

38. Amend Form N-1A (referenced in §§239.15A and 274.11A) by revising General Instructions B.4.(b) and C.3.(g) to read as follows:

**Note: The text of Form N-1A does not, and this amendment will not, appear in the Code of Federal Regulations.**

### FORM N-1A

\* \* \* \* \*

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

\* \* \* \* \*

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940

\* \* \* \* \*

### GENERAL INSTRUCTIONS

\* \* \* \* \*

**B.** \* \* \*

**4.** \* \* \*

(b) For registration statements and amendments filed only under the Investment Company Act, the general provisions in rules 8b-1 – 8b-32 [17 CFR 270.8b-1 – 270.8b-32] apply to the filing of Form N-1A.

\* \* \* \* \*

**C.** \* \* \*

**3.** \* \* \*

(g) Interactive Data File

(i) An Interactive Data File (§232.11 of this chapter) is required to be submitted to the Commission in the manner provided by rule 405 of Regulation S-T (§232.405 of this chapter) for any registration statement or post-effective amendment thereto on Form N-1A that includes or amends information provided in response to Items 2, 3, or 4.

(A) Except as required by paragraph (g)(i)(B), the Interactive Data File must be submitted as an amendment to the registration statement to which the Interactive Data File relates. The amendment must be submitted on or before the date the registration statement or post-effective amendment that contains the related information becomes effective.

(B) In the case of a post-effective amendment to a registration statement filed pursuant to paragraphs (b)(1)(i), (ii), (v), or (vii) of rule 485 under the Securities Act [17 CFR 230.485(b)], the Interactive Data File must be submitted either with the filing, or as an amendment to the registration statement to which the Interactive Data Filing relates that is submitted on or before the date the post-effective amendment that contains the related information becomes effective.

(ii) An Interactive Data File is required to be submitted to the Commission in the manner provided by rule 405 of Regulation S-T for any form of prospectus filed pursuant to paragraphs (c) or (e) of rule 497 under the Securities Act [17 CFR 230.497(c) or (e)] that includes information provided in response to Items 2, 3, or 4 that varies from the registration statement. The Interactive Data File must be submitted with the filing made pursuant to rule 497.

(iii) The Interactive Data File must be submitted in accordance with the specifications in the EDGAR Filer Manual, and in such a manner that will permit the information for each Series and, for any information that does not relate to all of the Classes in a filing, each Class of the Fund to be separately identified.

\* \* \* \* \*

By the Commission.

Date: June 28, 2018

Brent J. Fields  
Secretary