

Supporting Statement for Interactive Data

A. JUSTIFICATION

Circumstances Making the Collection of Information Necessary

The Securities Act of 1933 (“Securities Act”) and Securities Exchange Act of 1934 (“Exchange Act”), in general, require companies to file financial information with the Securities and Exchange Commission (“Commission”) in registration statements when they publicly offer securities and in reports when they have securities publicly held, respectively. The “Interactive Data” collection of information requires issuers filing these registration statements and reports to submit specified financial information to the Commission and post it on their corporate websites, if any, in interactive data format using eXtensible Business Reporting Language (XBRL). This collection of information is located primarily in registration statement and report exhibit provisions, which require interactive data, and Rule 405 of Regulation S-T (17 CFR 232.405), which specifies how to submit and post interactive data. The exhibit provisions are in Item 601(b)(101) of Regulation S-K (17 CFR 229.601(b)(101)), Forms F-9 and F-10 under the Securities Act (17 CFR 239.39 and 17 CFR 239.40) and Forms 20-F, 40-F and 6-K under the Exchange Act (17 CFR 249.220f, 17 CFR 249.240f and 17 CFR 249.306).

In interactive data format, financial information could be downloaded into spreadsheets and analyzed in a variety of ways using commercial off-the-shelf software. The specified financial information already is and will continue to be required to be submitted to the Commission in traditional format under existing requirements.

2. Purposes and Use of the Information Collection

The purpose of the interactive data requirement is to make financial information easier for investors to analyze and assist issuers in automating regulatory filings and business information processing. The interactive data can be used by investors and others interested in such information.

3. Consideration Given to Information Technology

Responses under the interactive data requirements are submitted to the Commission electronically on its Electronic Data Gathering, Analysis and Retrieval (“EDGAR”) system and posted on the filer’s corporate Web site, if any, in XBRL format. The public may access submissions on EDGAR through the Commission’s Internet Web site (<http://www.sec.gov>).

4. Duplication of Information

Interactive data format financial information already is and will continue to be required to be submitted to the Commission in traditional format under existing requirements. When the information is in traditional format, it cannot be used as effectively as when in an interactive data format that a variety of software applications can recognize and process. Interactive data format facilitates making financial information easier for investors to analyze and assisting issuers in automating regulatory filings and business information processing.

5. Reducing the Burden on Small Entities

EDGAR is designed to provide all issuers, including small entities, with greater efficiencies in filing information with the Commission. Required electronic submission of interactive data on EDGAR imposes some costs on all issuers that submit interactive data, including those that are small entities. Small entities, however, as all other issuers, have a 30-day grace period to make their initial interactive data submission.

6. Consequences of Not Conducting Collection

If the specified financial information were not required in interactive data format, the information would be available through the Commission only in the traditional format that cannot be used as effectively as interactive data format to facilitate making financial information easier for investors to analyze and assisting issuers in automating regulatory filings and business information processing. If interactive data format information were required less frequently, less information would appear in that format and, as a result, the interactive data requirement would be less likely to facilitate its intended purposes and achieve its expected benefits.

7. Special Circumstances

Not applicable.

8. Consultations with Persons Outside the Agency

The Interactive Data extension request was proposed for public comment. We received a few comment letters. Commenters included a committee of an association of financial executives, large companies and a company that described itself as a “micro cap” (i.e., a company with a small market capitalization or value).

The committee stated that its survey of 40 large companies suggests that actual burdens are substantially higher than our estimate. The committee also stated, in general, that only a fraction of interactive data is used by investors and others and that the volume of information required to be in interactive data form coupled with the complexity of the effort required to place it in that form increase the likelihood of significant errors and inconsistencies in the interactive data. Finally, the committee suggested that the burden would be reduced significantly and the quality of information submitted improved if interactive data were not required for all numbers in footnotes and more time were allowed to submit the interactive data.

The large companies estimated or expect to incur significantly higher burdens than we estimated. One or more of these companies, in general, stated that the interactive data requirement is not necessary, questioned the need for and benefits of the requirement and suggested reducing the information to which the requirement applies, allowing more time to submit the interactive data, providing more guidance, narrowing the choices available in creating the interactive data and extending the modified liability period that has temporarily applied to companies new to the requirements.

The micro-cap commenter did not challenge our burden estimates, but essentially stated that, as to micro caps, the interactive data requirement imposes an unnecessary burden because it leads to information it is doubtful investors or analysts will use and, as a result, serves no business purpose. The commenter concluded, in general, that the application of the interactive data requirement to micro caps should be reconsidered and that it should not apply to companies whose shareholders find no value in it.

We acknowledge the concerns of these commenters regarding cost and usefulness and their related suggestions but believe that our estimates remain appropriate and that interactive data are currently used and have the potential to increase the speed, accuracy and usability of financial disclosure, and eventually reduce costs. Further, we are monitoring the experiences of issuers to assess such concerns and suggestions and will duly consider the comments received in that context.

Based on interactive data filing burdens companies reported in a recently published survey conducted by a research affiliate of the association of financial executives to which approximately 400 companies of varying sizes responded, we believe that our estimates are largely consistent with burdens companies, on average, actually incur.

Interactive data are used both inside and outside the Commission. Individual interactive data filings are available on the EDGAR system and corporate websites and bulk downloads are available from the Commission via RSS feeds.

We believe investors use interactive data directly and indirectly. A number of businesses have created open source software products, which make interactive data format information available for free to investors. Other businesses offer additional investor analysis for a small license fee. Anecdotal evidence suggests that investors are using interactive data to analyze smaller companies that historically have not been covered by data aggregators (i.e., entities that, in general, collect, package and resell data). Preliminary analysis shows that the interactive data filings provide structured financial data for over 2,000 small businesses not previously included in data aggregator data sets. Data aggregators have incorporated interactive data into their products in varying degrees.

The Financial Accounting Standards Board (FASB) uses interactive data for post-implementation review of accounting standards and to support drafting of proposed disclosures in new accounting standards. For example, this data was used in the recent post-implementation review of FASB Interpretation Number 48 regarding accounting for uncertainty in income taxes and reduced the data collection time from months to minutes.

The Commission uses interactive data to support disclosure reviews and analysis of proposed accounting standards. For example, the Commission recently analyzed pension discount rate disclosures for all filers, and identified filers that are using the liquidation basis of accounting. Neither of these analyses would have been feasible using existing commercial data sets.

9. Payment or Gift to Respondents

Not applicable.

10. Confidentiality

Interactive Data information is available to the public for review.

11. Sensitive Questions

Not applicable.

12. Estimate of Respondent Reporting Burden

We estimate that 10,229 respondents per year will each submit an average of 4.5 responses per year for an estimated total of 46,031 responses. We further estimate an internal burden of 59 hours per response for a total annual internal burden of 2,715,829 hours (59 hours per response x 46,031 responses). The estimate of burden hours is made solely for the purpose of the Paperwork Reduction Act. It is not derived from a comprehensive or even a representative survey or study of the cost of Commission rules and forms.

13. Estimate of Total Annualized Cost Burden

We estimate that each of the estimated 46,031 responses per year will require \$6170 in external cost for software and/or filing agent services for a total annual external cost of \$284 million (46,031 responses x \$6170 per response). The cost estimate is made solely for the purposes of the Paperwork Reduction Act.

14. Costs to Federal Government

There is no information readily available to estimate the cost to the federal government. We believe the cost to the federal government, which primarily consists of reviewing relevant filings to make sure the required information is submitted in interactive data format, is minimal.

15. Reason for Change in Burden

The increase in the burden hours of 1,785,181 hours and the increase in the cost burden of \$173,398,872 are due to an adjustment. The increase in burden hours reflects an increase in the number of respondents and detail in the responses. The increase in cost burden reflects an increase in the number of respondents.

16. Information Collection Planned for Statistical Purposes

Not applicable.

17. Approval to Omit OMB Expiration Date

We request authorization to omit the expiration date on the electronic version of this form for design and scheduling reasons. The OMB control number will be displayed.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

Not applicable.

B. STATISTICAL METHODS

Not applicable.