

SUPPORTING STATEMENT
FOR THE PAPERWORK REDUCTION ACT INFORMATION COLLECTION SUBMISSION
FOR INLINE XBRL FILING OF TAGGED DATA
PROPOSED AMENDMENTS

A. JUSTIFICATION

1. CIRCUMSTANCES MAKING THE COLLECTION OF INFORMATION NECESSARY

In Release No. 33-10323,¹ the Commission proposed amendments to require the use of the Inline XBRL format for the currently required exhibit-only submission of operating company financial statement information using the machine-readable (i.e., interactive) eXtensible Business Reporting Language (XBRL) format in Interactive Data Files. These proposed amendments would require operating companies, 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 proposed amendments would also eliminate the requirement for operating companies to post Interactive Data Files on their websites and make certain other changes that would not affect operating companies.²

The Inline XBRL requirements for operating companies would be phased in through annual increments based on the category of filer status. Large accelerated filers that prepare their financial statements in accordance with U.S. GAAP would be required to comply in the first year of the requirements, followed by accelerated filers that prepare their financial statements in accordance with U.S. GAAP in the second year and all other operating company filers that are required to submit Interactive Data Files in the third year. Operating company filers would be permitted to file using Inline XBRL prior to the compliance date for each category of filers; otherwise, prior to the applicable compliance date, filers that do not file using Inline XBRL would continue to be required to submit the entire Interactive Data File as an exhibit, as they do currently.

The proposed amendments contain “collection of information” requirements within the meaning of the Paperwork Reduction Act of 1995. The title of the collection of information impacted by the amendments relating to operating companies is “Interactive Data” (OMB Control No. 3235-0645).

¹ Inline XBRL Filing of Tagged Data, Release No. 33-10323 (March 1, 2017) [82 FR 14282 (March 17, 2017)].

² This supporting statement relates only to the proposed amendments that would affect operating companies.

2. PUPOSE AND USE OF THE INFORMATION COLLECTION

The purpose of the Commission's proposal to require the use of Inline XBRL format for the submission of operating company financial statement information is to improve the data's 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.

3. CONSIDERATION GIVEN TO INFORMATION TECHNOLOGY

Responses under the Interactive Data File requirements are submitted to the Commission electronically on its Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system and posted on the filer's website, if any, in XBRL format. The public may access submissions on EDGAR through the Commission's Internet website (<http://www.sec.gov>).

4. DUPLICATION OF INFORMATION

Interactive data format operating company financial statement 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

The proposed amendments to require the use of the Inline XBRL format would affect all operating company filers, including small entities, currently subject to the requirement to submit Interactive Data Files in exhibit-only format. The Commission performed an Initial Regulatory Flexibility Act Analysis and estimated that there are approximately 841 operating companies that are small entities subject to these requirements.

The proposed amendments include different compliance schedules based on filer size and use of accounting principles. Small entities that are operating companies would not be subject to the proposed requirements until year three of the phase-in. This different compliance timetable would enable these 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 phase-in. In addition, small entities, as all other filers, would continue to have a 30-day grace period to make their initial Interactive Data File submission. The elimination of the website posting

requirement for all filers would consolidate and simplify the compliance and reporting requirements for all filers with respect to their Interactive Data Files.

The Commission did not propose other alternatives regarding small entities because it believes that long-term uniformity in interactive data submissions facilitates automated analysis across filers and that the use of Inline XBRL may reduce the time and effort required to prepare XBRL filings, simplify the review process for filers, improve the quality of structured data and, by improving data quality, increase the use of XBRL data by investors, other market participants, and other data users.

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. Providing financial information in an interactive data format facilitates investor analysis of financial information. In addition, the use of interactive data format assists 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 File requirement would be less likely to facilitate its intended purposes and achieve its expected benefits. Failure to conduct the collection of information required by the proposed amendments could frustrate the Commission's intent to improve the data's 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.

7. SPECIAL CIRCUMSTANCES

None.

8. CONSULTATIONS WITH PERSONS OUTSIDE THE AGENCY

The Commission issued a release soliciting comment on the new "collection of information" requirements and associated paperwork burdens.³ Comments on the Commission's releases are generally received from filers, investors and other market participants. In addition, the Commission and staff participate in an ongoing dialogue with representatives of various market participants through public conferences, meetings and informal exchanges. The Commission considers all comments received. A copy of the proposing release is attached.

9. PAYMENT OR GIFT TO RESPONDENTS

Not applicable.

³ Id.

10. CONFIDENTIALITY

Not applicable.

11. SENSITIVE QUESTIONS

No information of a sensitive nature, including social security numbers, will be required under this collection of information. The information collection does not collect personally identifiable information (PII). The agency has determined that a system of records notice (SORN) and privacy impact assessment (PIA) are not required in connection with the collection of information.

12/13. ESTIMATES OF HOUR AND COST BURDENS

The paperwork burden estimates associated with the proposed amendments include the burdens attributable to collecting, preparing, reviewing and retaining records. The Commission proposed amendments to require the use of the Inline XBRL format for the currently required exhibit-only submission of operating company financial statement information in Interactive Data Files. These proposed amendments would affect the Interactive Data collection of information requirements by requiring operating companies, 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 Commission also proposed amendments to eliminate the operating company financial statement information Interactive Data File website posting requirement. These amendments also would affect Interactive Data collection of information requirements.

We estimate that the proposed Inline XBRL requirement for financial statement information would 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 would be borne only for the initial response that uses Inline XBRL. We further estimate that reductions in review time would 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.⁴ We also estimate that the average filer would 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. Based on the number of filers that we expect to be phased in during each of the first three years under the requirements,⁵ the number of filings that we expect those filers to make that would

⁴ Thus, for the initial response using Inline XBRL, we estimate that filers would experience a net increase in hour burden of 6 hours (8 hours – 2 hours = 6 hours).

⁵ Based on staff analysis of Form 10-K filings during calendar year 2015, approximately 26% were filed by large accelerated filers and approximately 18% by accelerated filers. For purposes of this estimate, we assume that these percentages are representative of the percentages of filers in different phase-in categories.

require interactive data⁶ 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 would decrease the aggregate average yearly burden of financial statement information XBRL requirements by 20,900 hours of in-house personnel time⁷ and increase the aggregate average yearly cost of services of outside professionals by \$109,663.⁸

⁶ We estimate that in order to comply with the Interactive Data collection requirements, approximately 8,601 respondents per year would each submit an average of approximately 4.5 responses per year for an estimated total of 38,705 responses.

⁷ 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 proposed 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: $8,601 \times 26\%$. 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: $8,601 \times 26\% \times (-6.33 \text{ hours}) = -14,156$ hours.

Filers phased in during year two: $8,601 \times 18\%$. 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: $8,601 \times 18\% \times (-3.33 \text{ hours}) = -5,155$ hours.

Filers phased in during year three: $8,601 \times 56\%$. Average yearly change in internal burden per filer: $[0 + 6 + 3.5 \times (-2)] / 3 = -0.33$ hours. Aggregate average yearly change in internal burden for filers phased in during year three: $8,601 \times 56\% \times (-0.33 \text{ hours}) = -1,589$ hours.

Aggregate average yearly change in internal burden: $-14,156 - 5,155 - 1,589 = -20,900$ hours.

⁸ 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 after the effectiveness of the proposed 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.

Filers phased in during year one: $8,601 \times 26\%$. Average yearly change in external cost per filer: $[\$5 \times 3 \times 4.5] / 3 = \22.5 . Aggregate average yearly change in external cost for filers phased in during year one: $8,601 \times 26\% \times \$22.5 = \$50,316$.

Filers phased in during year two: $8,601 \times 18\%$. Average yearly change in external cost per filer: $[\$0 + \$5 \times 2 \times 4.5] / 3 = \15 . Aggregate average yearly change in external cost for filers phased in during year two: $8,601 \times 18\% \times \$15 = \$23,223$.

Filers phased in during year three: $8,601 \times 56\%$. Average yearly change in external cost per filer: $[\$0 + \$0 + \$5 \times 4.5] / 3 = \7.5 . Aggregate average yearly change in external cost for filers phased in during year three: $8,601 \times 56\% \times \$7.5 = \$36,124$.

Aggregate average yearly change in external cost: $\$50,316 + \$23,223 + \$36,124 = \$109,663$.

The elimination of the operating company financial statement information website posting requirement also is expected to reduce the paperwork burden. We 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 our estimate of 8,601 filers, we estimate that the elimination of the website posting requirement would decrease the aggregate average yearly burden on operating company filers by 34,404 hours.⁹

We previously estimated the aggregate average yearly burden of the existing XBRL requirements for operating companies as 2,167,480 hours of in-house personnel time¹⁰ and \$238,809,850 in the cost of services of outside professionals.¹¹ We estimate that in the first three years under the proposed amendments, the aggregate average yearly burden of XBRL requirements for operating companies would be 2,112,176 hours of in-house personnel time¹² and \$238,919,513 in the cost of services of outside professionals, which represents a decrease of 55,304 hours of in-house personnel time¹³ and an increase of \$109,663 in the cost of services of outside professionals¹⁴ or a decrease of 6.43 hours of in-house personnel time per filer¹⁵ and an increase of \$12.75 in the cost of services of outside professionals per filer.¹⁶

Summary of the Proposed Changes to Annual Compliance in Collection of Information

	Current Annual Responses (A)	Proposed Annual Responses (B)	Current Burden Hours (C)	Increase in Burden Hours (D)	Proposed Burden Hours (E) =C+D	Current Professional Costs (F)	Increase in Professional Costs (G)	Proposed Professional Costs =F+G
Interactive Data	38,705	38,705	2,167,480	(55,304)	2,112,176	\$238,809,850	\$109,663	\$238,919,513

14. COSTS TO FEDERAL GOVERNMENT

We estimate that the cost of preparing the amendments is approximately \$100,000.

⁹ 8,601 x (-4) = -34,404 hours.

¹⁰ 8,601 x 4.5 = 38,705 responses. 38,705 responses x 56 hours per response = 2,167,480 hours.

¹¹ 8,601 x 4.5 = 38,705 responses. 38,705 responses x \$6,170 per response = \$238,809,850.

¹² 2,167,480 – 55,304 = 2,112,176 hours. See note 9 above and note 12 below.

¹³ -20,900 – 34,404 = -55,304 hours. See notes 7 and 8 above.

¹⁴ \$238,809,850 + \$109,663 = \$238,919,513. See notes 7 and 10 above.

¹⁵ -55,304 hours / 8,601 filers = -6.43 hours per filer. See note 12 above.

¹⁶ \$109,663 / 8,601 filers = \$12.75 per filer. See note 7 above.

15. REASON FOR CHANGE IN BURDEN

As explained in further detail in Items 12 and 13 above, the proposed amendments in Release No. 33-10323 implement changes to require the use of the Inline XBRL format for the currently required exhibit-only submission of operating company financial statement information in Interactive Data Files and eliminate the operating company financial statement information Interactive Data File website posting requirement. The resulting changes in burden of Interactive Data are a lower hourly burden and higher professional cost burden. The lower hourly burden is due to less time being needed to prepare an Interactive Data File in Inline XBRL format than in exhibit-only format and the elimination of the website posting requirement. The higher professional cost burden is due to additional assistance or software needed to prepare an Interactive Data File in Inline XBRL format as compared to exhibit-only format.

The purpose of the Commission's proposal to require the use of Inline XBRL format for the submission of operating company financial statement information is to improve the data's 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.

16. INFORMATION COLLECTION PLANNED FOR STATISTICAL PURPOSES

Not applicable.

17. APPROVAL TO OMIT OMB EXPIRATION DATE

The Commission is not seeking approval to omit the expiration date.

18. EXCEPTIONS TO CERTIFICATION FOR PAPERWORK REDUCTION ACT SUBMISSIONS

Not applicable.

B. STATISTICAL METHODS

Not applicable.