

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

A. JUSTIFICATION

1. CIRCUMSTANCES MAKING THE COLLECTION OF INFORMATION NECESSARY

In Release No. 33-10514,<sup>1</sup> the Commission adopted 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 amendments will 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 amendments also have eliminated the requirement for operating companies to post Interactive Data Files on their websites. In addition, the amendments will make and have made certain other changes that will not affect operating companies.<sup>2</sup>

The Inline XBRL requirements for operating companies will 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 will 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 are permitted to file using Inline XBRL under the amendments prior to their compliance date. Otherwise, filers continue to be required to file the Interactive Data File entirely as an exhibit, as they do currently.

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

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<sup>1</sup> Inline XBRL Filing of Tagged Data, Release No. 33-10514 (June 28, 2018) [83 FR 40846 (Aug. 16, 2018)]. The amendments were proposed in Release No. 33-10323 (Mar. 1, 2017) [82 FR 14282 (Mar. 17, 2017)] (Inline XBRL Proposing Release).

<sup>2</sup> This supporting statement relates only to the amendments that will affect operating companies.

## 2. PURPOSE AND USE OF THE INFORMATION COLLECTION

The primary purpose of requiring the use of Inline XBRL format for the submission of operating company financial statement information is to improve the usefulness and quality of financial statement disclosure, and, over time, to decrease the cost of preparing this information 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 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 (i.e., HyperText Markup Language (HTML)) 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 investor analysis of financial information and assists issuers in automating regulatory filings and business information processing.

## 5. REDUCING THE BURDEN ON SMALL ENTITIES

Requiring the use of the Inline XBRL format will 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 a Final Regulatory Flexibility Act Analysis and estimated that there are approximately 1,163 operating companies that are small entities subject to these requirements.

The amendments include different compliance schedules based on filer size and use of accounting principles. Small entities that are operating companies will not be subject to the requirements until year three of the phase-in. The different compliance timetables will 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, will 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 consolidates and simplifies the compliance and reporting requirements for all filers with respect to their Interactive Data Files.

The Commission did not adopt other alternatives regarding small entities because it believes 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. The elimination of the website posting requirements is expected to decrease burdens on all filers, including small entities.

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 affected by the amendments could frustrate the Commission's intent to improve the usefulness and quality of, and, over time, to decrease the cost of preparing the data for submission to the Commission.

7. SPECIAL CIRCUMSTANCES

There are no special circumstances in connection with these amendments.

8. CONSULTATIONS WITH PERSONS OUTSIDE THE AGENCY

The Commission issued a release soliciting comment on its PRA burden hour and cost estimates and the analysis used to derive these estimates.<sup>3</sup> 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. The Commission did not receive any comments that provided quantitative estimates concerning its PRA analysis and burden estimates of the amendments. A copy of the adopting release is attached.

9. PAYMENT OR GIFT TO RESPONDENTS

None.

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<sup>3</sup> Inline XBRL Proposing Release, *supra* note 1.

## 10. CONFIDENTIALITY

All documents submitted to the Commission under this collection of information are available to the public via the EDGAR system.

## 11. SENSITIVE QUESTIONS

No information of a sensitive nature, including social security numbers, is or will be required under this collection of information. The information collection does not and will 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 amendments include the burdens attributable to collecting, preparing, reviewing and retaining records. The Commission adopted 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 amendments will 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 adopted amendments to eliminate the operating company financial statement information Interactive Data File website posting requirement. These amendments also will affect Interactive Data collection of information requirements. We believe that the actual burdens will likely vary among individual companies based on the size of their organization. For administrative convenience, the paperwork burden hour totals presented have been rounded to the nearest whole number. 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.

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 would 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>4</sup> We further continue to 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. We previously estimated that there would be 38,705 responses per year by 8,601 filers.<sup>5</sup> Based on more recent information on the number of filers, we estimate that there will be 37,418 responses per year by 8,315 filers.<sup>6</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>7</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>8</sup>

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

<sup>5</sup> 8,601 filers x 4.5 responses per filer = 38,705 responses per year.

<sup>6</sup> 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>7</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>8</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.

and increase the aggregate average yearly cost of services of outside professionals by \$106,640.<sup>9</sup>

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 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>10</sup>

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 time<sup>11</sup> and \$238,809,850 in the cost of services of outside professionals.<sup>12</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>13</sup> and \$230,869,060 in the cost of services of outside professionals.<sup>14</sup> We estimate that in the first three years of the Inline XBRL requirements, the aggregate average yearly burden of XBRL requirements for operating

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<sup>9</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.

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>10</sup>  $8,315 \times (-4) = -33,260$  hours.

<sup>11</sup>  $8,601 \times 4.5 = 38,705$  responses.  $38,705$  responses  $\times$  56 hours per response = 2,167,480 hours.

<sup>12</sup>  $8,601 \times 4.5 = 38,705$  responses.  $38,705$  responses  $\times$  \$6,170 per response = \$238,809,850.

<sup>13</sup>  $8,315 \times 4.5 = 37,418$  responses.  $37,418$  responses  $\times$  56 hours per response = 2,095,408 hours.

<sup>14</sup>  $8,315 \times 4.5 = 37,418$  responses.  $37,418$  responses  $\times$  \$6,170 per response = \$230,869,060.

companies will be 2,041,693 hours of in-house personnel time<sup>15</sup> and \$230,975,700 in the cost of services of outside professionals,<sup>16</sup> which represents a decrease of 53,715 hours of in-house personnel time<sup>17</sup> and an increase of \$106,640 in the cost of services of outside professionals<sup>18</sup> or a decrease of 6.46 hours of in-house personnel time per filer<sup>19</sup> and an increase of \$12.83 in the cost of services of outside professionals per filer.<sup>20</sup>

The differences between the estimates in connection with the Inline XBRL Proposing Release and those in connection with the adopting release are due to our updated estimate of the number of filers and an updated estimate of the percentage of filers that will be phased in during each of year one, two and three. We previously estimated that there would be 38,705 responses per year by 8,601 filers. We now estimate that there will be 37,418 responses per year by 8,315 filers. We previously estimated, based on staff analysis of Form 10-K filings during calendar year 2015, that 26% of filers would be phased in during year one, 18% during year two and 56% during year three. In connection with the adopting release, 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, we estimate that 26% of filers will be phased in during year one, 19% during year two and 55% during year three.

The four tables immediately below illustrate, respectively, the changes in

- amounts previously approved by the Office of Management and Budget (OMB) due to the adjustment needed to reflect an updated and lower estimate of the total number of filers and, as a result, responses (Table 1);
- the adjusted estimates presented in Table 1 due to the program change caused by the exercise of agency discretion to adopt the amendments (Table 2);
- previously approved burden hours due to the combination of the adjustment and the program change (Table 3); and
- previously approved professional costs due to the combination of the adjustment and the program change (Table 4).

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<sup>15</sup> 2,095,408 - 53,715 = 2,041,693 hours. See note 13 above and note 17 below.

<sup>16</sup> \$230,869,060 + \$106,640 = \$230,975,700. See notes 9 and 14 above.

<sup>17</sup> -20,455 - 33,260 = -53,715 hours. See notes 8 and 10 above.

<sup>18</sup> See note 9 above.

<sup>19</sup> -53,715 hours / 8,315 filers = -6.46 hours per filer. See note 17 above.

<sup>20</sup> \$106,640 / 8,315 filers = \$12.83 per filer. See note 9 above.

Table 1 - Summary of the Changes to Annual Compliance in Collection of Information Due to Adjustment to Reflect Updated Estimate of Total Number of Filers

	Previously Approved Annual Responses (A)	Adjusted Annual Responses (B)	Previously Approved Burden Hours (C)	Increase in Burden Hours (D)	Adjusted Burden Hours (E) =C+D	Previously Approved Professional Costs (F)	Increase in Professional Costs (G)	Adjusted Professional Costs =F+G
Interactive Data	38,705	37,418	2,167,480	(72,072)	2,095,408	\$238,809,850	\$(7,940,790)	\$230,869,060

Table 2 - Summary of the Changes to Annual Compliance in Collection of Information Due to Program Change Resulting from Agency Discretion

	Adjusted Annual Responses (A)	Requested Annual Responses (B)	Adjusted Burden Hours (C)	Increase in Burden Hours (D)	Requested Burden Hours (E) =C+D	Adjusted Professional Costs (F)	Increase in Professional Costs (G)	Requested Professional Costs =F+G
Interactive Data	37,418	37,418	2,095,408	(53,715)	2,041,693	\$230,869,060	\$106,640	\$230,975,700

Table 3 - Summary of the Changes to Previously Approved Burden Hours Due to Combination of Adjustment to Reflect Updated Estimate and Program Change Resulting from Agency Discretion

	Previously Approved Burden Hours (A)	Increase in Burden Hours Due to Adjustment (B)	Increase in Burden Hours Due to Program Change (C)	Total Net Increase in Burden Hours (D) =B+C	Requested Burden Hours (E) =A+D
Interactive Data	2,167,480	(72,072)	(53,715)	(125,787)	2,041,693

Table 4 - Summary of the Changes to Previously Approved Professional Costs Due to Combination of Adjustment to Reflect Updated Estimate and Program Change Resulting from Agency Discretion

	Previously Approved Professional Costs (A)	Increase in Professional Costs Due to Adjustment (B)	Increase in Professional Costs Due to Program Change (C)	Total Net Increase in Professional Costs (D) =B+C	Requested Professional Costs (E) =A+D
Interactive Data	\$238,809,850	\$(7,940,790)	\$106,640	\$(7,834,150)	\$230,975,700

#### 14. COSTS TO FEDERAL GOVERNMENT

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



15. REASON FOR CHANGE IN BURDEN

As explained in further detail in Items 12 and 13 above, the changes in burden are due to an updated estimate of the number of filers and the amendments adopted in Release No. 33-10514. The amendments implement changes to require the use of the Inline XBRL format in place of the currently required exhibit-only submission of operating company financial statement information in Interactive Data Files and also eliminate the requirement to post the operating company financial statement information Interactive Data File on the company's website, if any.

The resulting changes in burden of Interactive Data due to the updated estimate are lower hourly and professional cost burdens. These lower burdens are due to more recent information indicating a lower number of filers.

The resulting changes in burden of Interactive Data due to the amendments 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 requiring the use of Inline XBRL format for the submission of operating company financial statement information is to improve the usefulness and quality of financial statement disclosure, and, over time, decrease the cost of preparing this information for submission to the Commission.

See attached short statement.

16. INFORMATION COLLECTION PLANNED FOR STATISTICAL PURPOSES

The information collection does not employ statistical methods.

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

There are no exceptions to certification for the Paperwork Reduction Act submission of which this supporting statement is a part.

B. STATISTICAL METHODS

The information collection does not employ statistical methods.

## INTERACTIVE DATA SHORT STATEMENT

The amendments adopted in Release No. 33-10514 will 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 amendments will 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 primary purpose of these amendments is to improve the usefulness and quality of financial statement disclosure, and, over time, to decrease the cost of preparing this information for submission to the Commission. In addition, the amendments eliminated the requirement for operating companies to post Interactive Data Files on their websites. Also, the amendments will make and have made certain other changes not affecting operating companies. For purposes of the PRA's aggregate average yearly burden, we estimate that the amendments affecting the Interactive Data collection of information will result in a decrease of 53,715 burden hours and an increase of \$106,640 in the cost of the services of outside professionals. 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.