

SUPPORTING STATEMENT  
FOR THE PAPERWORK REDUCTION ACT INFORMATION COLLECTION SUBMISSION  
FOR INTERACTIVE DATA

A. JUSTIFICATION

1. 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 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 interactive data.

The exhibit provisions are in Item 601(b)(101) of Regulation S-K (17 CFR 229.601(b)(101)), Form F-10 under the Securities Act (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 can be downloaded directly 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 (i.e., HyperText Markup Language (HTML)) under existing requirements.

2. Purpose 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 in XBRL format.

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 human-readable 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 investor analysis of financial information and assists 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 with 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. 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 requirement would be less likely to facilitate its intended purposes and achieve its expected benefits.

7. Special Circumstances

There are no special circumstances.

8. Consultations with Persons Outside the Agency

The interactive data extension request was proposed for public comment. We received one comment from the U.S. jurisdiction of the non-profit consortium responsible for developing and maintaining the technical specifications for XBRL. We also received a comment from a digital insurance services firm.

- Whether this proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility

Both commenters addressed the practical utility of interactive data format information. The consortium stated that “corporate disclosures . . . prepared in XBRL format, [produce] structured data that is more useful, accessible, granular, and more consistent than data in

unstructured format for regulators, investors, researchers, and other data consumers.” It cited, among other things, ease of error checking, timely availability, authoritativeness, and suitability as a source for artificial intelligence platforms. The firm stated that “[t]he practical utility of XBRL over any other digital option is data capture commences early, can encompass all counterparties and supply chain and remains throughout the lifecycle of assets being reported.”

- The accuracy of the agency’s estimate of the burden imposed by the collection of information

Similarly, both commenters addressed the accuracy of the Commission’s internal reporting burden estimate of 53.11111 hours per response.

The consortium expressed its belief that the internal burden estimate is too high. It stated that, historically, companies used bolt-on tools to convert data into XBRL without changing any other aspect of their workflow but that, over time, companies have replaced this process with disclosure management tools that streamline creating, managing, and delivering information. The consortium further stated, however, that “[b]ecause disclosure management tools have a wide range of features, streamlining [that] process . . . , it is impossible to accurately pinpoint the cost of a single component such as XBRL preparation.” Consequently, “[t]o better assess the burden on issuers, [the consortium] conducted a survey about the XBRL preparation process and gathered information from 26 issuers.” The surveyed issuers prepared their XBRL as follows (with rounding):

- 20% totally in-house;
- 40% partly in-house with vendor assistance; and
- 40% totally outsourced to vendors.

Based on the survey, the consortium estimated the average issuer internal burden is about 22 hours per response.

The firm stated that “[t]he accuracy of the time burden for data sent to [the] SEC is wrong” and that “[i]t does not properly reflect the internal time saving of implementing XBRL because it fails to recognize the time saved by importing XBRL data.” The firm did not, however, provide a specific estimate.

We acknowledge these comments asserting a lower internal burden than our estimate. We do not find them to be reason to adjust our internal burden estimate at this time, however, because they may not be representative of the average respondent to which our estimate is directed. Further, as noted below, although we estimate that that the Interactive Data collection takes approximately 53.11111 hours per response to comply with annually, this estimate is made solely for purposes of the Paperwork Reduction Act (“PRA”), and we believe that the actual burdens will likely vary among individual companies based on the size and complexity of their organization and the nature of their operations. Nonetheless, we intend to consider these

comments further in light of any additional comments we receive on our internal burden estimate.

- Ways to enhance the quality, utility, and clarity of the information collected

Both commenters also addressed enhancing the information collected. The consortium asserted that the “SEC can improve the quality and usefulness of reported data by continuing to incorporate . . . into the EDGAR submission process” all validation rules issued by the Center for Data Quality’s Data Quality Committee composed of “filing agents, data aggregators, and investors” and supplemented by permanent observers from the Financial Accounting Standards Board and the International Accounting Standards Board. The firm suggested that the Commission “[e]ncourage public and private entities to continue implementing XBRL for engaging in digital ecosystems so that data generated by importing aligns with the data exported to [the Commission].”

- Ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

In addition, both commenters addressed ways to minimize the burden of the information collection. The consortium noted that its survey also asked “about the ongoing challenges with XBRL preparation and how regulators and vendors could better support the process.” The consortium reported that “[r]espondents cited challenges in formatting new disclosures correctly when there appear to be multiple options, and in understanding SEC requirements correctly” and the respondents “noted that regulators could improve the process through

- Offer[ring] more training and education with ‘plain English’ explanations.
- Provid[ing] a consolidated listing of requirements that would be easy for accountants to navigate and understand.
- Reduc[ing] the number of changes year to year.
- Provid[ing] more examples of proper tagging and ways to clear data quality errors.”

The firm stated that “[t]he acceleration to digital platforms that can engage in digital ecosystems enabled by XBRL will provide system developers the ability to innovate next generation platforms for a next generation economy.”

We acknowledge these comments regarding ways to minimize burdens. We note that the Commission makes available various tools to assist XBRL filers. With respect to filing fees, for example, the Commission provides on its website the following to help filers structure filing fee information in XBRL:

- the option to use the Fee Exhibit Preparation Tool (“FEPT”), which includes features such as prompts, explanations, and automated calculations, to help filers calculate, disclose, and construct structured filing fee information and produce a filing fee exhibit in submission-ready format;
- an EDGAR Filing Fee Interface Courtesy Guide which provides information on how to use the FEPT; and
- an EDGAR Filing Fee Modernization: Topics of Frequent Inquiry page.

9. Payment or Gift to Respondents

No payment or gift has been provided to any respondents.

10. Confidentiality

Interactive Data information is available to the public for review.

11. Sensitive Questions

The information collection does not collect personally identifiable information. A system of records notice and a privacy impact assessment are not required in connection with the collection of information.

12. Estimate of Respondent Reporting Burden

**Estimated Reporting Burden**

| Information Collection Title | OMB Control Number | Number of Responses | Burden Hours |
|------------------------------|--------------------|---------------------|--------------|
| Interactive Data             | 3235-0645          | 36,981              | 1,964,102    |

For purposes of the PRA, we estimate that in order to comply with the “Interactive Data” collection requirements, approximately 8,218 respondents per year would each submit an average of approximately 4.5 responses per year for an estimated total of 36,981 responses annually (calculated for period 2022 through 2024). We further estimate that the Interactive Data collection takes approximately 53.11111 hours per response to comply. Based on our estimates, we calculate the total internal reporting burden to be 1,964,102 hours (53.11111 hours per response x 36,981 responses).

We derived our burden hour estimates by estimating the average number of hours it would take an issuer to compile the necessary information and data, prepare and review disclosure, file documents and retain records. In connection with amendments to the Interactive Data collection, we occasionally receive PRA estimates from public commenters about incremental burdens that are used in our burden estimates. We believe that the actual burdens will likely vary among individual companies based on the size and complexity of their organization and the nature of their operations. For administrative convenience, the paperwork burden hours have been rounded to the nearest whole number. The burden estimate for the hours is made solely for the purpose of the PRA.

13. Estimate of Total Annualized Cost Burden

**Estimated Cost Burden**

| Information Collection Title | OMB Control Number | Number of Responses | Cost Burden   |
|------------------------------|--------------------|---------------------|---------------|
| Interactive Data             | 3235-0645          | 36,981              | \$228,357,675 |

We estimate that approximately 8,218 respondents per year will each submit an average of approximately 4.5 responses per year for an estimated total of 36,981 responses at an estimated external cost of \$6,175 per response for software and/or filing agent services for an estimated total external cost of \$228,357,675 (36,981 responses x \$6,175 per response).

Our estimates reflect average burdens, and therefore, some companies may experience costs in excess of our estimates and some companies may experience costs that are lower than our estimates. For administrative convenience, the cost totals have been rounded to the nearest dollar. The cost estimate is made solely for the purpose of the PRA.

14. Costs to Federal Government

The annual cost of reviewing and processing disclosure documents, including registration statements, post-effective amendments, proxy statements, annual reports, and other filings of operating companies amounted to approximately \$131,724,880 in fiscal year 2023, based on the Commission's computation of the value of staff time devoted to this activity and related overhead.

15. Reason for Change in Burden

**Summary of the Change in Burden Hours and Cost Burden**

| IC Title         | Annual No. of Responses |           |                       | Annual Time Burden (Hours) |           |                    | Annual Cost Burden (\$) |             |                         |
|------------------|-------------------------|-----------|-----------------------|----------------------------|-----------|--------------------|-------------------------|-------------|-------------------------|
|                  | Previously Approved     | Requested | Increase In Responses | Previously Approved        | Requested | Increase In Burden | Previously Approved     | Requested   | Increase In Cost Burden |
| Interactive Data | 34,173                  | 36,981    | 2,808                 | 1,814,966                  | 1,964,102 | 149,136            | 211,018,275             | 228,357,675 | 17,339,400              |

The increases in time burden of 149,136 hours and cost burden of \$17,339,400 are due to an updated higher estimate of the number of respondents based on more recent information.

16. Information Collection Planned for Statistical Purposes

The information collection is not planned for statistical purposes.

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 PRA submissions.

B. STATISTICAL METHODS

The information collection does not employ statistical methods.