

# CLIENT ALERTS

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## SEC Offers Incentives for Companies to File Financial Reports with Interactive Data

The Securities and Exchange Commission (SEC or Commission) has announced that it will offer expedited reviews of certain filings made with the SEC to companies that volunteer to participate as members of a test group in the Commission's interactive data initiative. Companies that elect to participate in the test group must provide financial data contained in their periodic and investment company reports in the eXtensible Business Reporting Language (XBRL) for at least one year and provide feedback on their experiences, including the costs and benefits associated with reporting in the interactive format. The Commission staff is seeking test group participants that will use the commercial and industrial, banking, insurance or investment management industry classifications in XBRL. The interactive data initiative promises to transform the static, text-only documents that companies file with the SEC into financial reports that can be quickly and easily accessed and analyzed.

To encourage participation in the test group, the Commission will offer volunteers expedited reviews of registration statements under the Securities Act of 1933 that the staff has selected for review. For well-

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known seasoned issuers (WKSIs)<sup>1</sup>, the staff of the SEC's Division of Corporation Finance will offer to inform volunteers whether or not the staff will select their annual reports on Form 10-K for review. The staff will notify each WSKI volunteer whether it will select the volunteer's Form 10-K for review within 30 days after filing and will undertake to provide any comments on that filing within 45-60 days of filing.

Companies interested in participating in the test group should contact Jeffrey Naumann in the Office of the Chief Accountant ([naumannj@sec.gov](mailto:naumannj@sec.gov)) or Brigitte Lippmann in the Division of Corporation Finance ([lippmannb@sec.gov](mailto:lippmannb@sec.gov)) by **February 10, 2006** for more information. The Commission expects to have the group set by some time in February. The Commission's release regarding the interactive data initiative and related incentives may be found on the SEC website at <http://www.sec.gov/news/press/2006-7.htm>.

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If you have any questions regarding the interactive data initiative or securities compliance and regulation matters in general please contact **Scott M. Dubowsky**, 212/351-4816, [sdubowsky@ebglaw.com](mailto:sdubowsky@ebglaw.com), **Sharon L. Ferko**, 212/351-3701, [sferko@ebglaw.com](mailto:sferko@ebglaw.com), or **Theodore L. Polin**, 212/351-4522, [tpolin@ebglaw.com](mailto:tpolin@ebglaw.com).

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<sup>1</sup> A well-known seasoned issuer is, generally, an issuer that is eligible to register a primary offering on Form S-3 or Form F-3 (and thus must be current and timely on its Exchange Act filings during the prior 12 months) and, as of a date within 60 days of the eligibility determination, either (i) has a \$700 million public float in common equity or (ii) in the case of other issuers, has issued at least \$1 billion in non-convertible debt or preferred stock in primary registered public offerings for cash in the preceding three years. The rules regarding WSKI status are complicated, so an interested issuer needs to review the rules carefully. (See Rule 405 under the Securities Act of 1933, as amended.)

