
Japan FSA's XBRL Project

*- Launch of New Public Disclosure System
with Mandatory XBRL -*

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Outline of EDINET

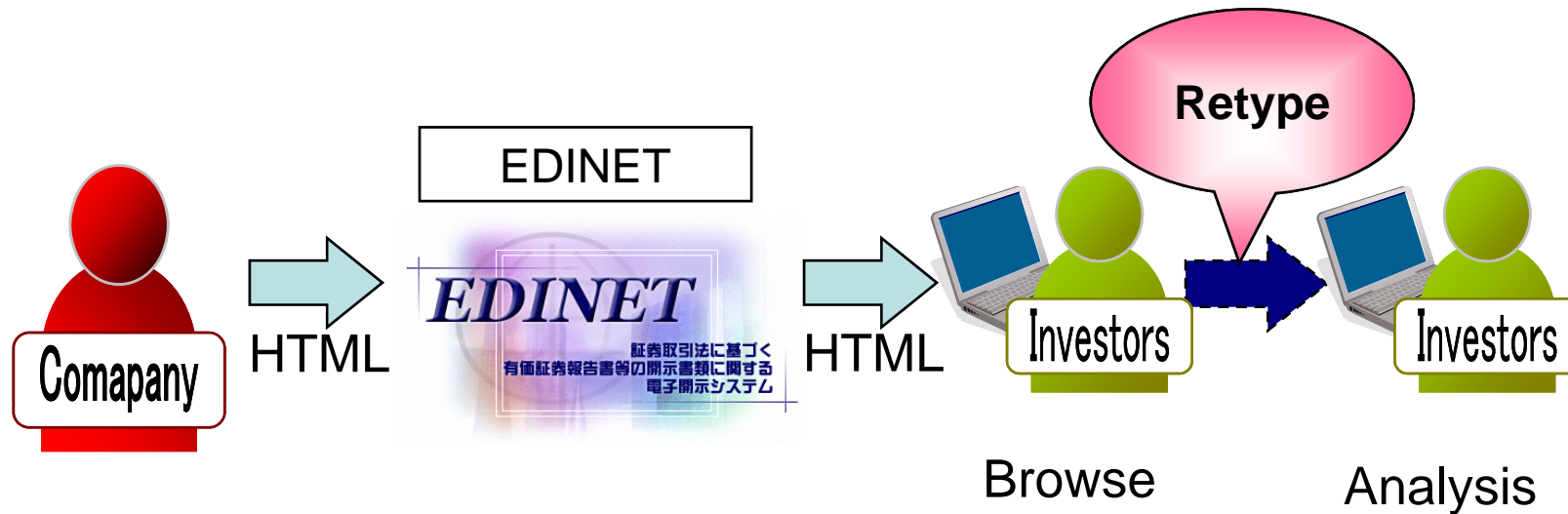
Electronic Disclosure for Investors' NETwork

- Electronic disclosure system under the Financial Instruments and Exchange Act
 - Used for Annual Reports, Semi-annual Reports, Quarterly Reports, Securities Registration Statements, etc.
- Launched in June 2001
- Number of issuers (Annual Report):
 - About 5,000 companies (mainly listed companies)
 - About 3,000 investment funds

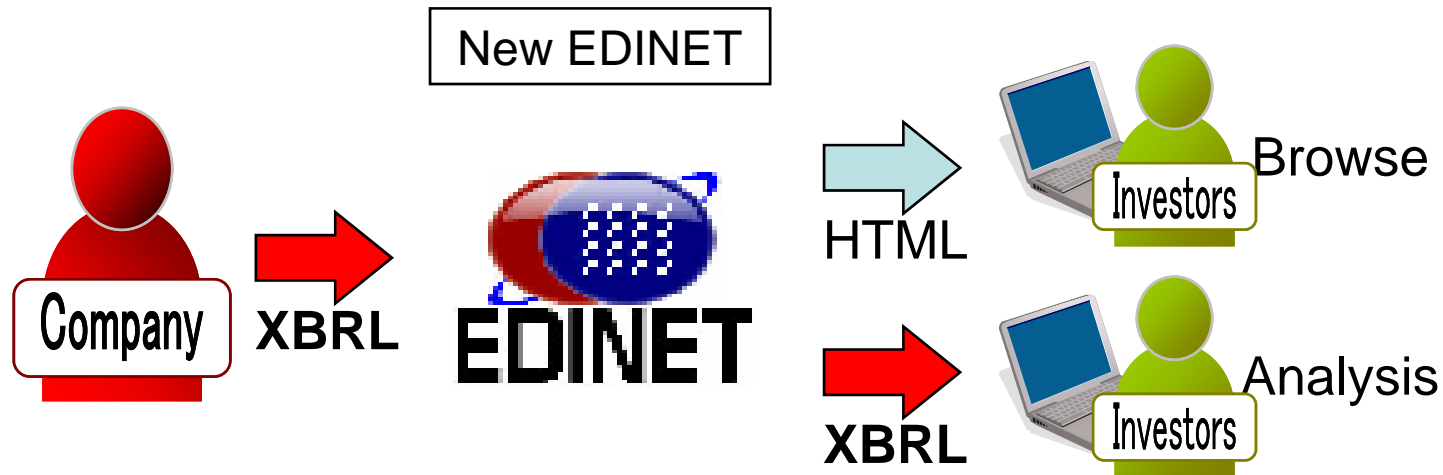
Issues of previous EDINET

HTML format

- No function for downloading reusable data
- Investors can browse information on Web browsers but need to retype data when conducting analysis thereof.



- By introducing the XBRL download function, investors can analyze the financial information efficiently.



EDINET Renovation Project

- Timeline

Aug 2006	Start System & Taxonomy development
Jan-Feb 2007	1 st Pilot Program <div style="border: 1px dashed black; padding: 5px; margin-left: 20px;">Taxonomy test (Offline test) 50 companies participated</div>
Jul-Aug 2007	2 nd Pilot Program <div style="border: 1px dashed black; padding: 5px; margin-left: 20px;">System & Taxonomy test (Online test) 1,200 companies participated</div>
Feb 8th, 2008	Release Taxonomy (Final version) <div style="border: 1px dashed black; padding: 5px; margin-left: 20px;">http://www.fsa.go.jp/singi/edinet/20080208.html</div>
<u>Mar 17th, 2008</u>	<u>Launch new EDINET system</u> - XBRL filing will be mandated from the first quarterly report in FY 2008

EDINET Renovation Project

– Scope of XBRL

- Consolidated and Non-consolidated financial statements
 - contained in Annual report, Semi-annual report, Quarterly report and Securities registration statement
 - excluding notes and non-financial information
- Japanese GAAP filers
 - excluding US GAAP filers, IFRS filers, etc.

EDINET Renovation Project

- XBRL filing of financial statements is **mandated** in principle.
- XBRL data is **open** to all investors and analysts.
- The financial information of **5,000 companies and 3,000 investment funds** is XBRLized

One of the most advanced XBRL systems
in the world

EDINET Renovation Project – Impact of XBRL

- *From “Readable Information”
To “Usable Information”*

XBRL provides the strategic solution to Investors.

- *Providing “Global infrastructure”
with “Global Technical Standard”*

XBRL encourages companies and investors to active more globally.



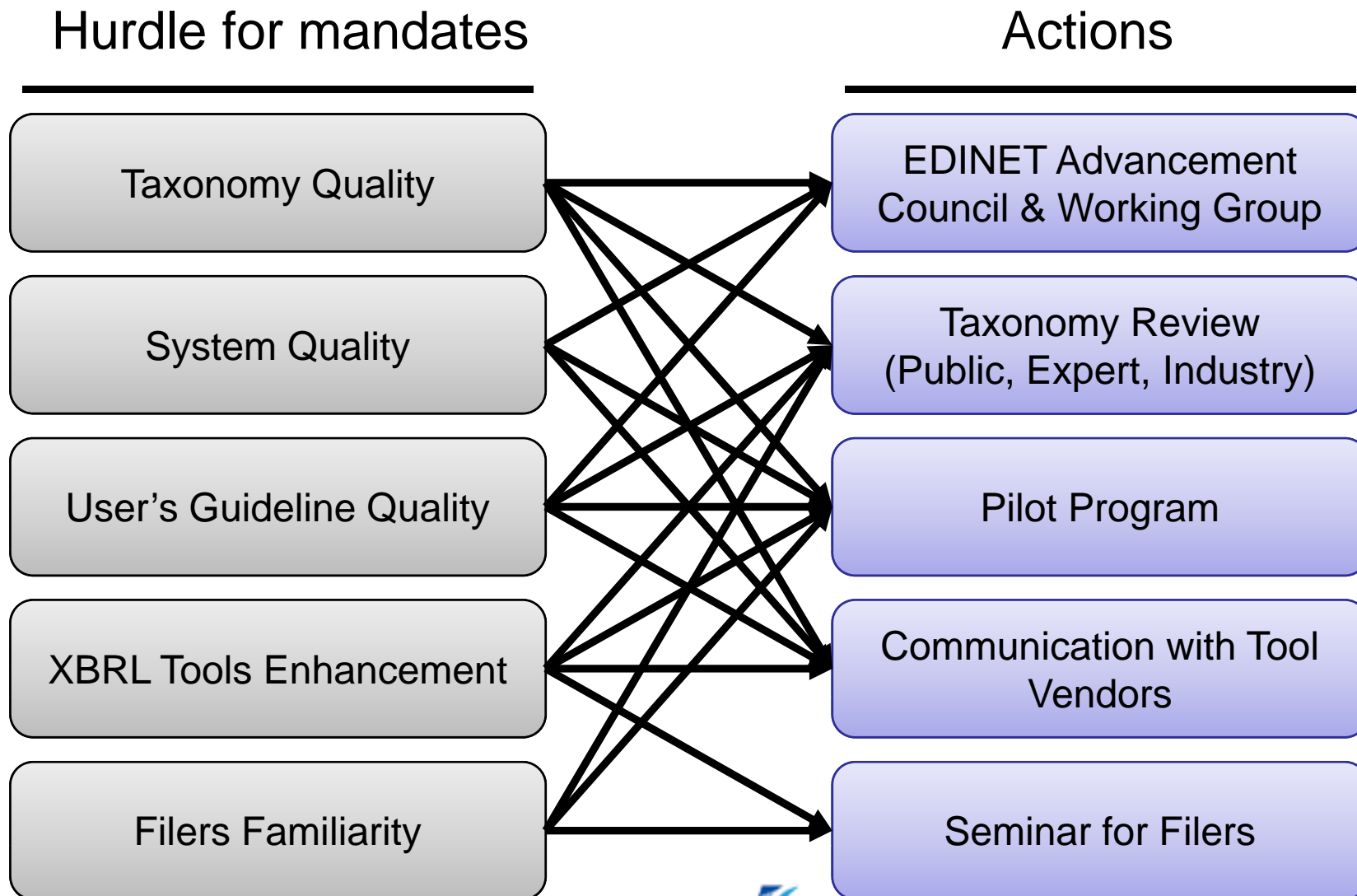
Global, transparent and vibrant market

Feedback from EDINET Renovation Project

Topics

- Road to Mandatory XBRL
- Extraction of Account Items
- Time & Difficult Point to Prepare

Feedback from EDINET Renovation Project – Road to Mandatory XBRL



Feedback from EDINET Renovation Project – Road to Mandatory XBRL

EDINET Advancement Council & WG	<ul style="list-style-type: none">➤ This council has been established to make collaborative efforts with EDINET stakeholders.➤ Members: industry, analysts, CPA, stock exchanges and others
Taxonomy Review	<ul style="list-style-type: none">➤ 1st review by industries & experts, 2nd review by public➤ Several thousand comments were generated.➤ To modify the taxonomy took 3 months per review
Pilot Program	<ul style="list-style-type: none">➤ Two pilot programs were held in January and July 2007.
Communication with Tool Vendors	<ul style="list-style-type: none">➤ Many collaboration to enhance XBRL preparing environment.
Seminar for Filers	<ul style="list-style-type: none">➤ 30 seminars were held and attended by 4,000 companies.

Feedback from EDINET Renovation Project

– Extraction of Account Items

1. Concept of account items coverage

Coverage ↑

Coverage - 90%
Num. Items - 4,700

Cover all account items used in the practice

Cover only account items based on accounting standards

Number of Items →

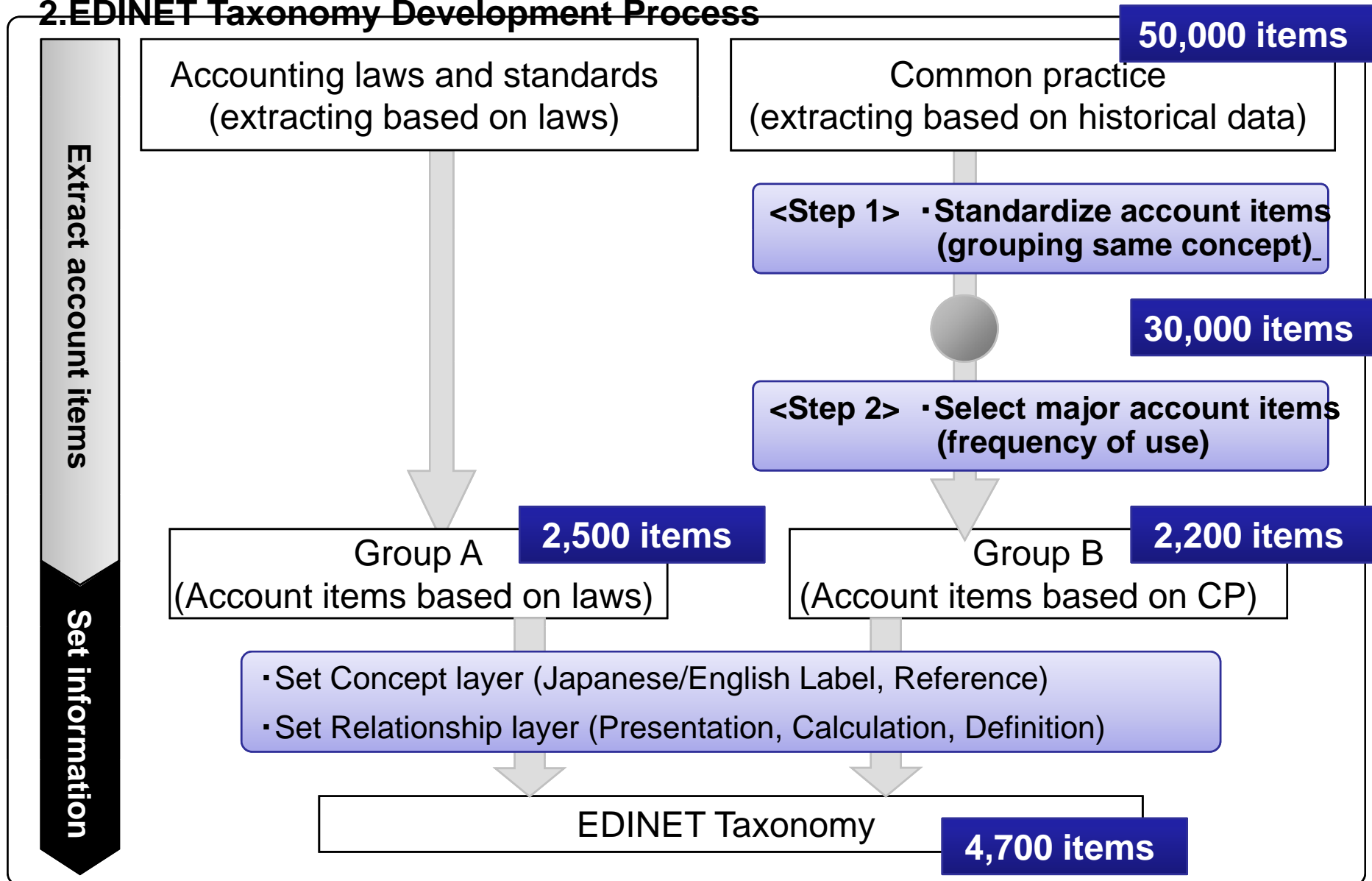
Less items,
- More operable for preparer
- Better performance for all users

More coverage,
- Less onerous for preparer

Feedback from EDINET Renovation Project

– Extraction of Account Items

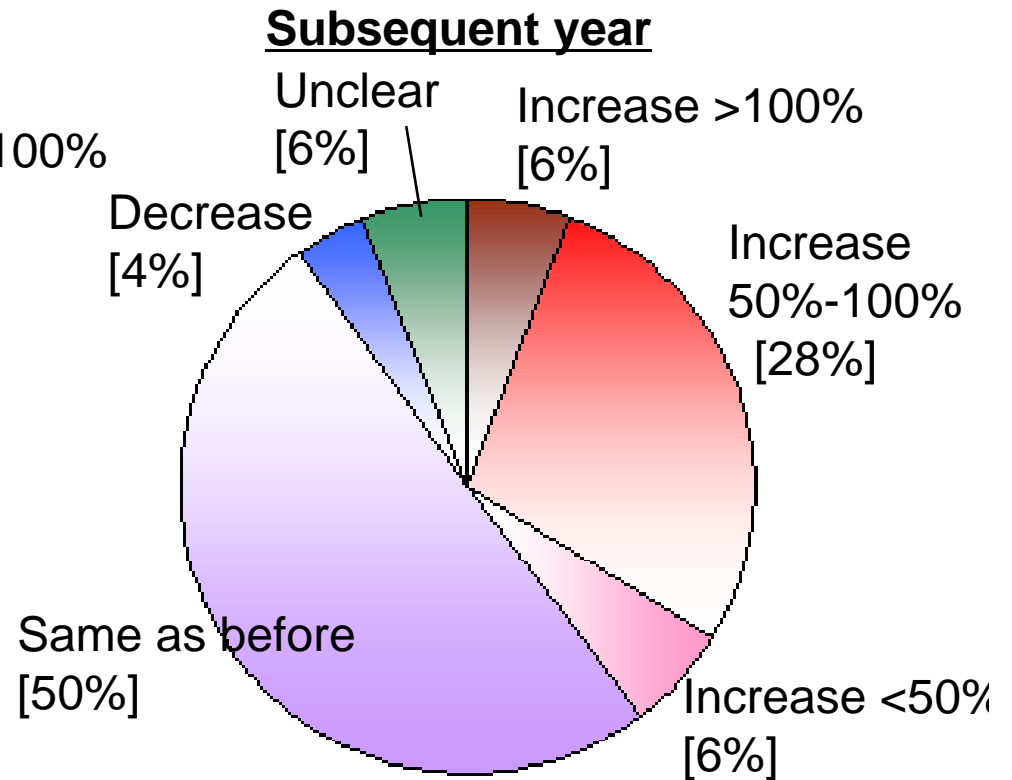
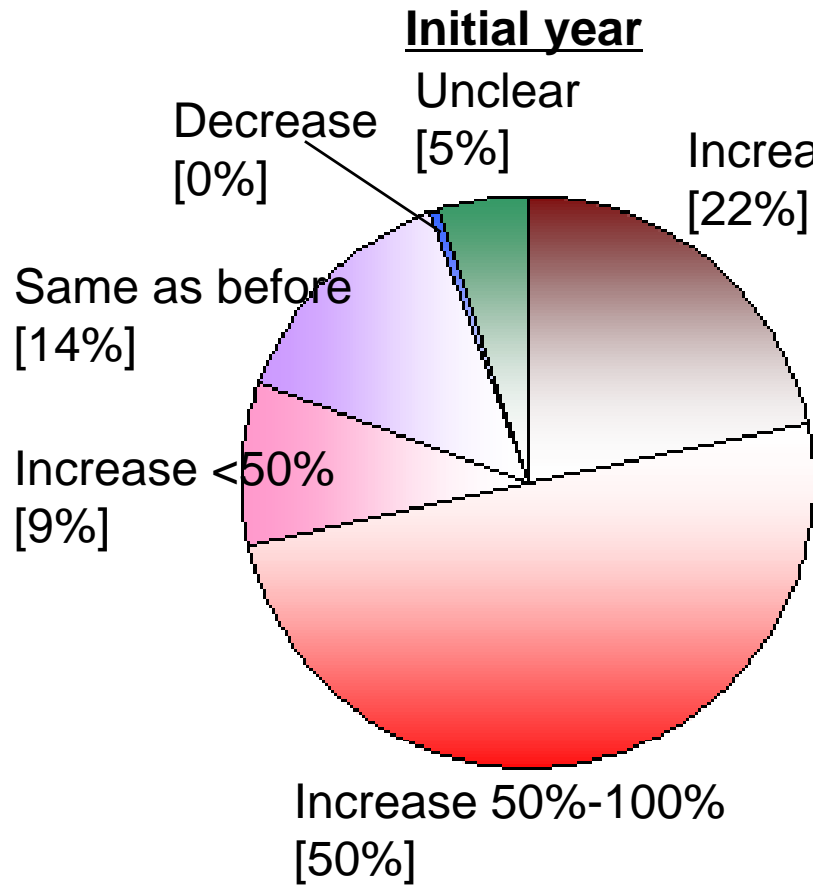
2. EDINET Taxonomy Development Process



Feedback from EDINET Renovation Project

– Time & Difficult Point to Prepare

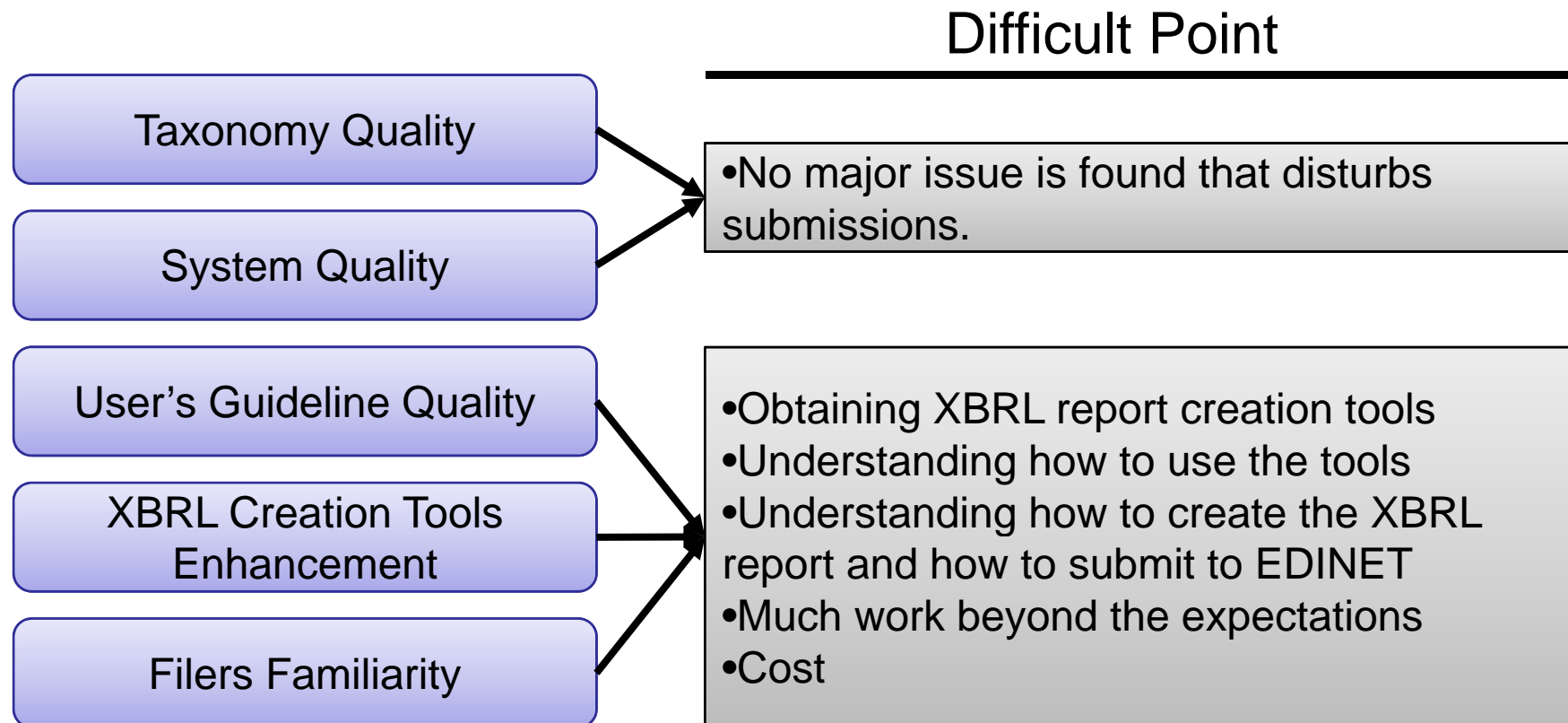
- Estimated time spent on preparing XBRL compared to previous EDINET
 - Analysis of questionnaire data (2nd Pilot Program)



Feedback from EDINET Renovation Project

– Time & Difficult Point to Prepare

- Difficult point to submit
 - Analysis of questionnaire data (2nd Pilot Program)



Feedback from EDINET Renovation Project

– Time & Difficult Point to Prepare

- Other Difficult point to submit
 - Analysis of questionnaire data (2nd Pilot Program)

- Identifying the cause of error
- Setting of the English label
- Choice of the proper items from the taxonomy

Feedback from EDINET Renovation Project

– Time & Difficult Point to Prepare

- Preparation for Mandatory Filing
 - Analysis of questionnaire data (2nd Pilot Program)

<Technical Issues>

- Selecting and familiarizing with an XBRL tool
- Early commencement of creating XBRL report

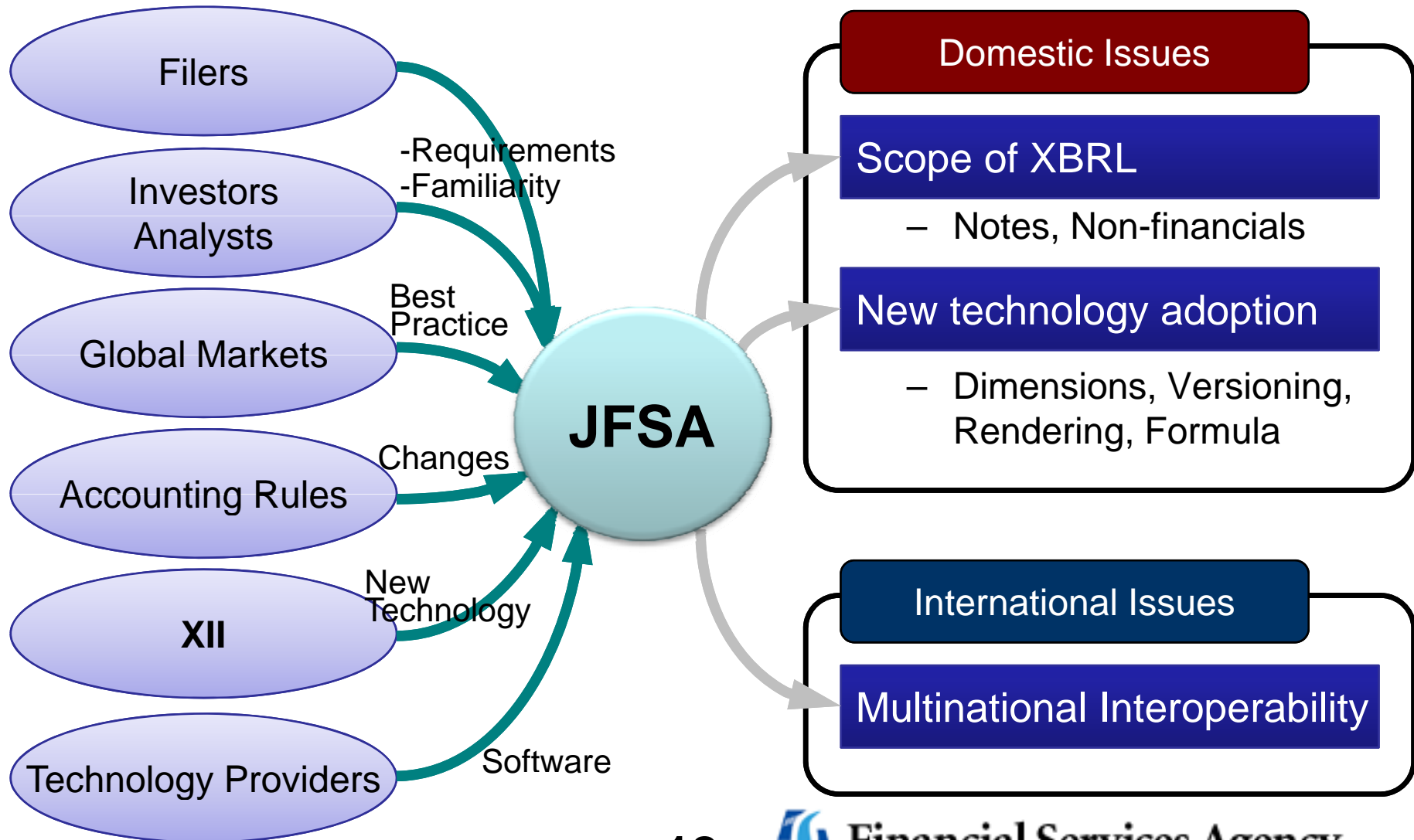
<Accounting Issues>

- Selection of items from EDINET Taxonomy
- Consensus-building with auditor

<Other Issue>

- Securing human resources and budget

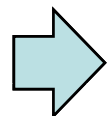
Future Issues



Future Issues

- Multinational Interoperability

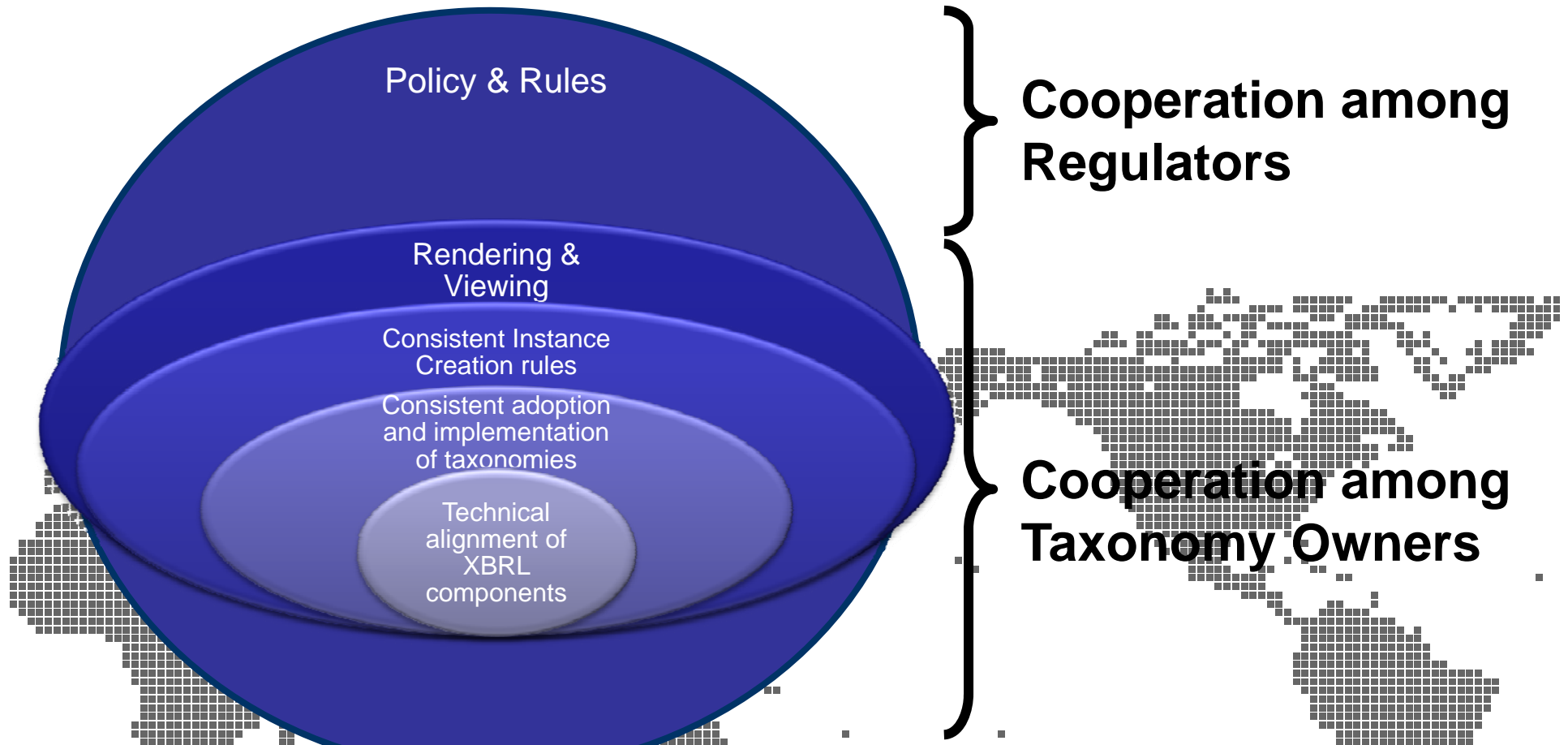
- To establish a global market, corporate financial information in all countries should be used in a cross-border fashion
- Differences in data formats for financial information among countries may interfere with global usage.



To maximize the benefits of XBRL as global infrastructure,
It is necessary to ensure multinational interoperability and comparability of XBRL through global cooperation.

Future Issues

- Multinational Interoperability



JFSA, IASCF, EC and SEC has been discussing towards "Multinational Interoperable Architecture".

Future Issues

- Multinational Interoperability

<Process Overview>

- ❑ Identify comparison points
- ❑ Compare 3 taxonomies
- ❑ Evaluate differences and their impacts
- ❑ Prioritize the points to be “interoperable”
- ❑ Decide action items for each point



Thank You !

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