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Global Implementation Track

SEC Interactive Data Implementation:
The relationship of Rule-Making, EDGAR legacy constraints,
and reporting goals in a multi year transformation

Walter Hamscher, 27 October 2011

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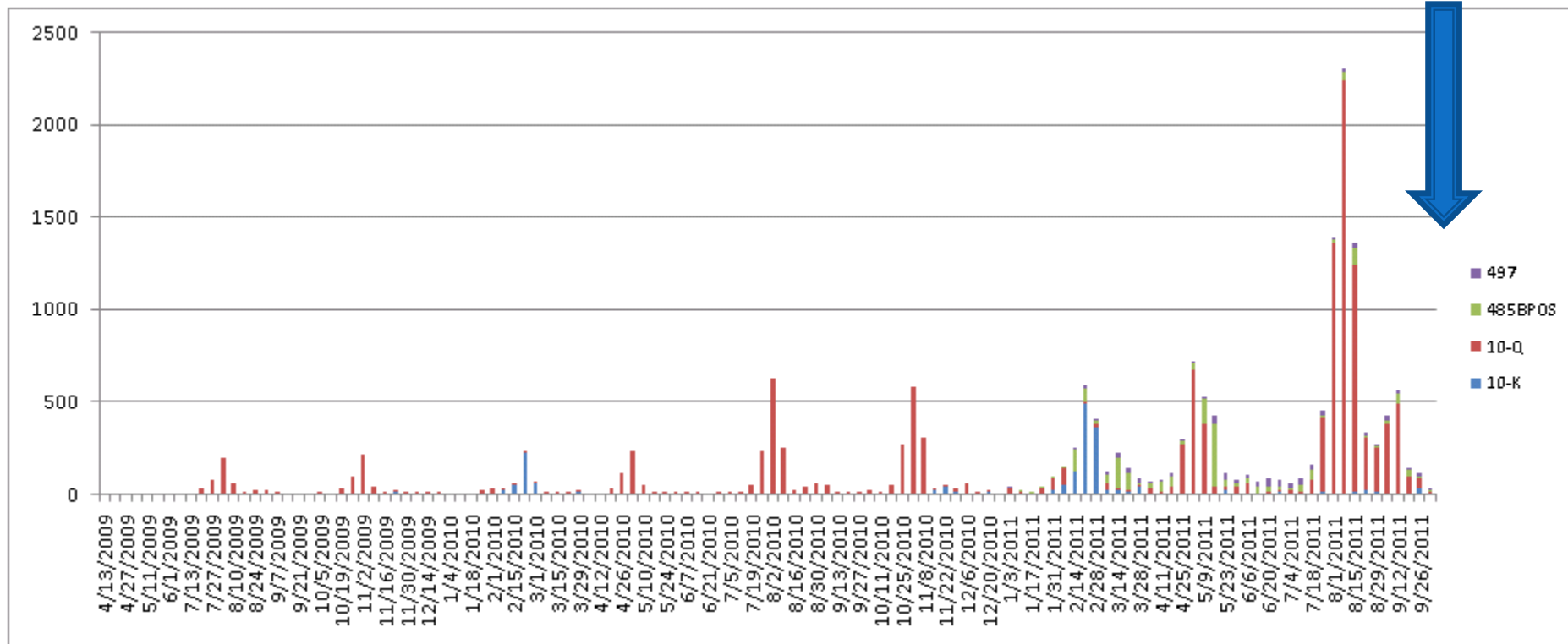
SEC Interactive Data Implementation

- ▶ Implementation Timeline
- ▶ Rule Making
- ▶ Legacy System
- ▶ Recommendations

SEC Interactive Data Filing Volume by Week

Timeline

Now

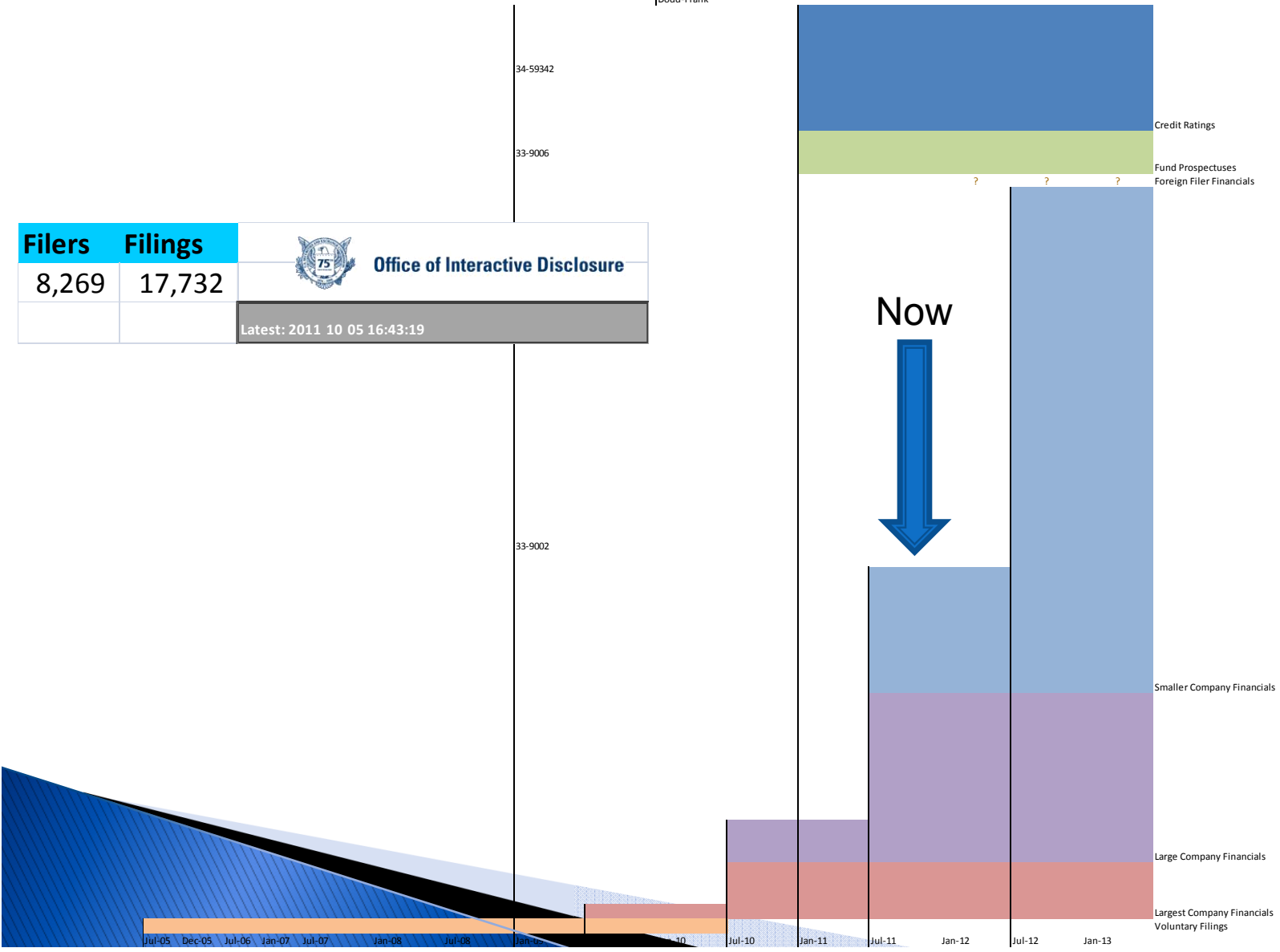


DRAFT - DO NOT DISTRIBUTE!

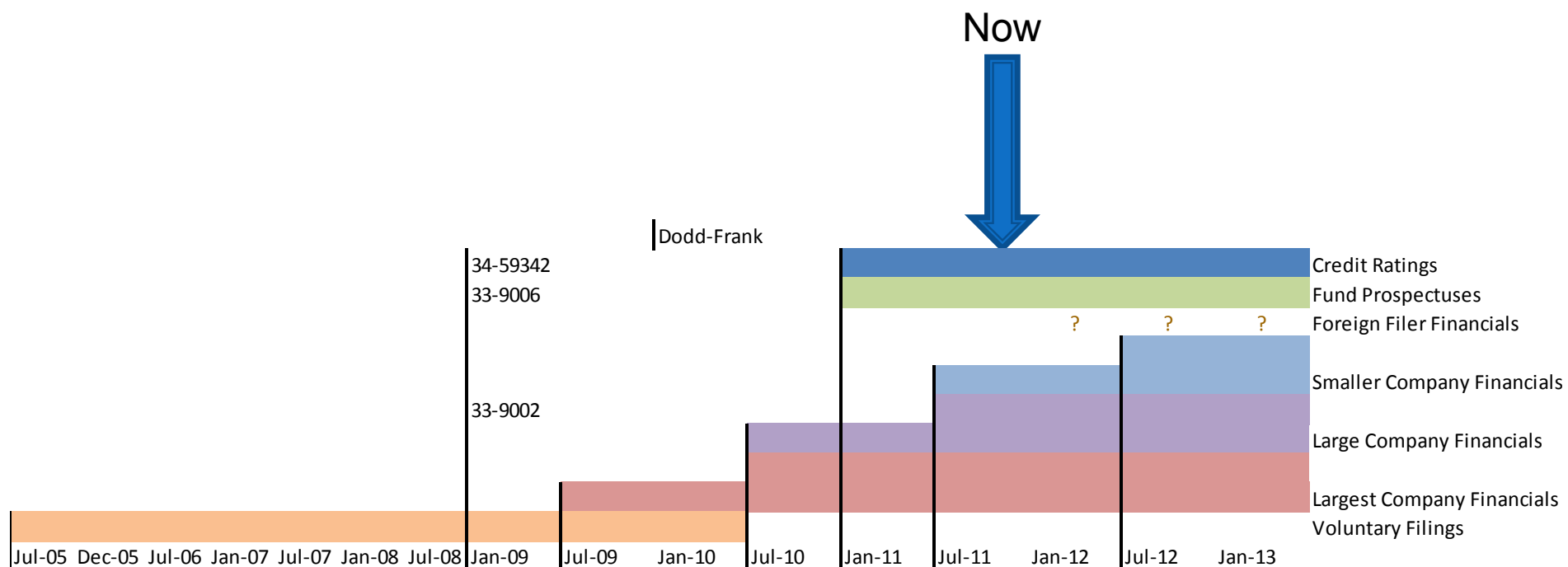
SEC Interactive Data Volume

Dodd-Frank

Filers	Filings	 Office of Interactive Disclosure
8,269	17,732	
		Latest: 2011 10 05 16:43:19



SEC Interactive Data Timeline



This was a real transformation.

Stages of Rule Making

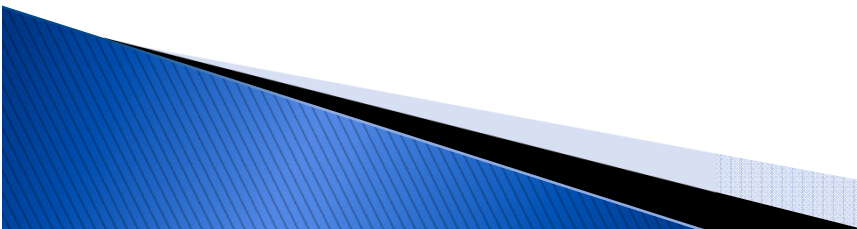
*not all stages in all cases

1. Legislation, directives, other motivators
2. Studies
3. Voluntary Disclosure
4. Draft Proposals with Economic Impact Analysis
5. Public Comments
6. Vote on Final Rules
7. Effective Date
8. Implementation Date for Electronic Filing
9. Compliance Monitoring
10. Enforcement
11. Court Cases

*The process is never
dominated by data
collection
considerations.*

Implementation Platform

- ▶ Public Distribution System (PDS)
 - Real-time and Nightly feeds of all submitted documents that are not confidential
- ▶ EDGAR Acceptance Subsystem
 - Registration of Securities offerings, Prospectuses, Financial statements, Ownership disclosures, etc.
 - Well over 200 Forms – Growing and Changing
 - Heterogeneous formats – Scanned PDF, Plain Text, CSV, Images, HTML, Form-specific XML, and XBRL
 - Multi-year Modernization Horizon



*Changes must be carefully planned
and scheduled well in advance.*

Interactive Data Success Factors

- ▶ Long-Term, Persistent Engagement
 - ✓ 1. Legislation, directives, other motivators
 - ✓ 2. Studies
 - ✓ 3. Voluntary Disclosure
 - ✓ 4. Draft Proposals with Economic Impact Analysis
 - ✓ 5. Public Comments
 - ✓ 6. ...
- ▶ Working with the Legacy Platform
 - 1. Already handled many document formats ✓
 - 2. Predictable modernization schedule ✓
 - 3. Rendering as Distribution, not Acceptance ✓

Rule Writing Engagement Example

Proposed Rule

- ▶ ...identify by name of obligor, security, or money market instrument and, as applicable, CIK number, CUSIP, or ISIN each outstanding credit rating...

Final Rule

- ▶ ...identify by name of obligor, security, or money market instrument and, if applicable, CIK number, CUSIP, or ISIN each outstanding credit rating...

Good

Better

Show that data is useful, and explain the impact of rules on the data.

Legacy Platform Example

- ▶ The manager of a critical system needs
 1. Defect report or feature requests
 2. Functional requirements
 3. Test cases
 4. An implementation
 5. Feature and regression testing
- ▶ Create (or at least anticipate) as much of this as possible
 - If ten forms need to change the way five fields are treated, check your own logic in a table first.

Learn the process and work within it.

SEC Interactive Data Implementation

- ▶ Implementation Timeline
 - Anticipate years for change to happen
- ▶ Rule Making
 - Make data useful throughout the process
 - Illustrate the impact of the rule on data use
- ▶ Legacy System
 - Be realistic about engineering change difficulties