

**Contact:**  
[info@rowbotham.com](mailto:info@rowbotham.com)

**Website:**  
[www.rowbotham.com](http://www.rowbotham.com)

**San Francisco Office:**  
tel: (415) 433-1177  
fax: (415) 433-1653

**Santa Clara Office:**  
tel: (408) 850-7295  
fax: (415) 433-1653

## The SEC Releases Final Rule No. 33-9002, on January 30, 2009, Requiring Companies to Submit Financial Statements in XBRL Format with Their SEC Filings.

February 25, 2009

The final rule release requires companies to provide financial statement information in the eXtensible Business Reporting Language ("XBRL") and is the result of an effort the SEC began years ago to make financial reports more useful to investors.

Under the rule, companies are required to submit their regulatory filings to the SEC and post them on their corporate websites in interactive data using XBRL. The interactive data will be provided as an exhibit to periodic and current reports and registration statements, as well as to transition reports for a change in fiscal year.

With XBRL, financial statement information may be downloaded directly into spreadsheets, analyzed in a variety of ways using commercial off-the-shelf software, and used within investment models.

The new rules will require companies to provide financial information using interactive data beginning with their quarterly June 2009 filings for the largest companies, and within three years for all public companies.

The three year phase-in schedule beginning with fiscal periods ending on or after June 15, 2009 is as follows:

- Year 1 - rules apply only to domestic and foreign large accelerated filers that use U.S. GAAP and have a worldwide public float above \$5 billion.
- Year 2 - all other domestic and foreign large accelerated filers using U.S. GAAP would be subject to interactive data reporting.
- Year 3 - all remaining filers using U.S. GAAP, including smaller reporting companies, and all foreign private issuers that prepare their financial statements in accordance with IFRS as issued by the IASB would be subject to the same interactive data reporting requirements.

Rowbotham & Company LLP is helping affected companies to understand what XBRL requirement means for them and to implement measures to get them ready for when the new rules begin to take effect. Please contact [Mark Kelly](#) or [Kenneth Lee](#) at Rowbotham & Company LLP for further questions.

### **PCAOB Registration of Auditors of Non-Public Broker-Dealers Required**

Beginning in August 2003, the Securities and Exchange Commission issued a series of orders granting temporary exemptions to non-public broker-dealers from the obligation to file financial statements under Section 17(e) of the Exchange Act that have been audited by a registered public accounting firm. The latest order, issued on December 12, 2006, extended the exemption to cover financial statements for fiscal years ending before January 1, 2009 (Exchange Act Release No. 54920, <http://www.sec.gov/rules/other/2006/34-54920.pdf>).

As a result of the expiration of the exemption, the audits required under Exchange Act Section 17(e) for fiscal years ending after December 31, 2008 must be performed by an accounting firm that is registered with the PCAOB.

Rowbotham & Company LLP is a PCAOB registered accounting firm and has been assisting many Non-Public Broker-Dealers in their professional services needs. Please contact [Mark Kelly](#) or [Harriet Leung](#) at Rowbotham & Company LLP for further questions.

©2009 Rowbotham & Company LLP. All rights reserved.

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54920]

December 12, 2006

### Extension of Order Regarding Broker-Dealer Financial Statement Requirements under Section 17 of the Exchange Act

The Securities and Exchange Commission (“Commission”) is extending its Order, originally issued on August 4, 2003,<sup>1</sup> and extended on July 14, 2004<sup>2</sup> and on December 7, 2005 (the “2005 Order”)<sup>3</sup> under Section 17(e) of the Securities Exchange Act of 1934 (“Exchange Act”), regarding audits of financial statements of broker-dealers that are not issuers (“non-public broker-dealers”). The 2005 Order provided that non-public broker-dealers may file with the Commission and may send to their customers documents and information required by Section 17(e) certified by an independent public accountant, instead of by a registered public accounting firm, for fiscal years ending before January 1, 2007.

Section 17(e)(1)(A) of the Exchange Act requires that every registered broker-dealer annually file with the Commission a certified balance sheet and income statement, and Section 17(e)(1)(B) requires that the broker-dealer annually send to its customers its “certified balance sheet.”<sup>4</sup> The Sarbanes-Oxley Act of 2002 (“Act”)<sup>5</sup> established the Public Company Accounting Oversight Board (“Board”)<sup>6</sup> and amended Section 17(e) to

---

<sup>1</sup> Exchange Act Release No. 48281, 68 FR 47375 (August 8, 2003).

<sup>2</sup> Exchange Act Release No. 50020, 69 FR 43482 (July 20, 2004).

<sup>3</sup> Exchange Act Release No. 52909, 70 FR 73809 (December 13, 2005).

<sup>4</sup> Exchange Act Rule 17a-5 requires registered broker-dealers to provide to the Commission and to customers of the broker-dealer other specified financial information.

<sup>5</sup> Public Law 107-204.

<sup>6</sup> Section 101 of the Act.

replace the words “an independent public accountant” with “a registered public accounting firm.”<sup>7</sup>

The Act establishes a deadline for registration with the Board of auditors of financial statements of “issuers,” as that term is defined in the Act.<sup>8</sup> The Act does not provide a deadline for registration of auditors of non-public broker-dealers.

The 2005 Order expires January 1, 2007. Application of registration requirements and procedures to auditors of non-public broker-dealers is still being considered. The Commission has therefore determined that extending the Order for two years is consistent with the public interest and the protection of investors.

Accordingly,

IT IS ORDERED, pursuant to Section 17(e) of the Exchange Act, that non-public broker-dealers may file with the Commission a balance sheet and income statement and may send to their customers a balance sheet certified by an independent public accountant, instead of by a registered public accounting firm, for fiscal years ending before January 1, 2009.

By the Commission.

Nancy M. Morris  
Secretary

---

<sup>7</sup> Section 205(c)(2) of the Act.

<sup>8</sup> Section 2 of the Act defines “issuer.” Section 102 of the Act establishes a specific deadline by which auditors of issuers must register with the Board. Based on the statutory deadline of 180 days after the Commission determined the Board was ready to carry out the requirements of the Act, that date was October 22, 2003. See Exchange Act Release No. 48180 (July 16, 2003).