



The US Securities  
& Exchange Commission

# Interactive data and Internet-based disclosure in the US securities markets

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# Internet-based disclosure at the SEC

- EDGAR – the heart of company disclosure (Electronic Document Gathering, Analysis, and Retrieval)
  - First electronic filing in 1986
  - First electronic dissemination in 1992
  - Web-based public access to filings in 1994
  - Real-time public access in 2003
  - Insider ownership and transaction filings incorporated in 2003
  - Full-text search in 2006
- Today, a critical tool for US investors
  - 700,000 filings annually
  - 528 million online EDGAR searches at [www.sec.gov](http://www.sec.gov)
  - Secondary dissemination via third parties



# Interactive data – the next big thing

- Overall goal is to transition filings from “paper-like” format to computer-readable format – from text/HTML to Extensible Business Reporting Language (XBRL)
- Voluntary XBRL filing program for company financial information initiated in spring 2005 – so far, 31 companies and 97 filings
- USD 54M committed this fall to expand and refine the program
  - EDGAR redesign and modernization
  - Prototype XBRL analysis tools on sec.gov
  - XBRL/ US GAAP “taxonomy” development



# From this...

The screenshot shows a Microsoft Word window titled "Document1 - Microsoft Word". The window contains HTML code for a web page. The code includes a DOCTYPE declaration, an HTML language attribute, a head section with title, keywords, description, and rating meta tags, and several JavaScript script tags. The body section starts with a table border="0" and width="100%".

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government, Federal">
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**PEPSICO, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENT OF INCOME**  
(in millions except per share amounts, unaudited)

	<b>12 Weeks Ended September 9, 2006</b>	<b>12 Weeks Ended September 3, 2005</b>	<b>36 Weeks Ended September 9, 2006</b>	<b>36 Weeks Ended September 3, 2005</b>
<b>Net Revenue</b> .....	\$ 8,950	\$ 8,184	\$ 24,754	\$ 22,466
Cost of sales .....	4,030	3,515	11,018	9,699
Selling, general and administrative expenses .....	3,063	2,952	8,702	8,181
Amortization of intangible assets ..	41	37	108	103
<b>Operating Profit</b> .....	<b>1,816</b>	1,680	<b>4,926</b>	4,483
Bottling equity income .....	225	209	485	430
Interest expense .....	(51)	(58)	(172)	(161)
Interest income .....	39	37	110	88
Income before income taxes .....	<b>2,029</b>	1,868	<b>5,349</b>	4,840
Provision for income taxes .....	548	1,004	1,491	1,870
<b>Net Income</b> .....	<b>\$ 1,481</b>	\$ 864	<b>\$ 3,858</b>	\$ 2,970
<b>Net Income Per Common Share</b>				
Basic .....	\$ 0.90	\$ 0.52	\$ 2.33	\$ 1.77
Diluted .....	\$ 0.88	\$ 0.51	\$ 2.28	\$ 1.74

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## Other internet-enablement initiatives

- Securities Offering Reform (July 2005)
  - Streamlined offering process for “well-known seasoned issuers”
  - Leverage of Internet to distribute prospectus materials and other information
- Electronic proxy statements (proposed December 2005)
  - Internet distribution of proxy materials
  - Potentially reduced costs of proxy contests
- Further enhancements to EDGAR site at [www.sec.gov](http://www.sec.gov)
  - Full-text search of all filings (January 2006)
  - Redesigned search and filtering functions, “Plain English” descriptions of forms, other improvements (mid 2007)



# Overall thoughts

- Internet-based investment decision making is unavoidable
  - 80 percent of US households have internet access
  - Yahoo!, Google, Morningstar, and many others provide very good securities, investment, and financial management tools
- Regulators can democratize and help guarantee the quality of this information
  - Policymaking that harnesses the power of electronic media
  - Support for private sector information providers
  - Judicious oversight of internet-based sales and communications channels, including enforcement