

SEC Requires Active Hyperlinks in Exhibit Indexes Beginning September 2017; Proposes Inline XBRL

March 7, 2017

Hyperlinks to Exhibits

On March 1, the SEC **adopted rules** requiring hyperlinks to filed exhibits listed in the exhibit indexes of most SEC current and periodic reports and registration statements. The rules cover Forms 10-K, 10-Q and 8-K, all Securities Act registration statements of U.S. corporate issuers and all other forms subject to Item 601 of Regulation S-K. For foreign private issuers, the rules apply to Forms 20-F, F-10 and Securities Act registration statements subject to Item 601 of Regulation S-K, but exclude all Form 6-Ks. Other than with respect to Form F-10, the SEC decided to not require exhibit hyperlinks in other forms under the multi-jurisdictional disclosure system used by certain Canadian issuers. The SEC believes hyperlinks will make it easier to find and access exhibits in registration statements and periodic reports.

The requirement to include hyperlinks in registration statements filed with the SEC includes the initial registration statement and pre-effective amendments. A company will be required to correct a nonfunctioning or inaccurate exhibit hyperlink, in the case of a pre-effective registration statement, by the filing of a pre-effective amendment, and for an effective registration statement, either in a post-effective amendment or in the next Exchange Act periodic report that requires or includes an exhibit. Likewise, a nonfunctioning or inaccurate exhibit hyperlink in an Exchange Act report must be corrected in the next Exchange Act periodic report that requires or includes an exhibit, or in the case of a foreign private issuer, in a Form 20-F or Form F-10. The SEC noted that inaccurate exhibit hyperlinks alone would not render a filing materially deficient or affect a company's eligibility to use shelf registration statements.

The rules will be effective for filings submitted on or after September 1, 2017. Smaller reporting companies and non-accelerated filers that currently file in ASCII format will have until September 1, 2018 to comply with the rule, which requires filings to be submitted in HTML.

Inline XBRL Proposal

Also on March 1, the SEC proposed to change XBRL data formatting to Inline XBRL. Inline XBRL allows tagging information within an HTML document rather than in a separate document file. Under the proposed rules, the taxonomy and substantive content requirements of information to be submitted in XBRL would not change. The proposal is intended to decrease XBRL preparation costs and improve the quality and usefulness of XBRL data.

The **proposed rules** would also eliminate the requirement to post separate XBRL data files on a company's public website.

The SEC already allows companies to use Inline XBRL on a voluntary basis through March 2020 under conditions outlined in a June 2016 **exemptive order**. The technical requirements for Inline XBRL can be found in the EDGAR Filer Manual.

The SEC is soliciting comment on the proposal until early May 2017 (60 days after the proposal appears in the Federal Register).

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