

SEC Adopts Amendments Requiring Inline XBRL Reporting for Fund Risk/Return Summary Information

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On June 28, 2018, the SEC adopted amendments requiring the use of the Inline eXtensible Business Reporting Language (XBRL) format for risk/return summary information of open-end funds (including exchange-traded funds (ETFs) organized as open-end funds). These amendments were adopted substantially as proposed by the SEC on March 1, 2017. However, the SEC's adopting release provides funds with one additional year for compliance with the new requirement, resulting in a two or three year compliance deadline depending on the level of assets under management.

"Inline XBRL" involves embedding risk/return data directly into an HTML document that is filed with the SEC (via EDGAR) and to which the data relates (e.g., a registration statement) so that a single SEC filing is "both human-readable and machine-readable for purposes of validation, aggregation, and analysis," instead of the current practice of making an additional, subsequent filing containing only XBRL data that is filed up to 15 business days after the primary EDGAR filing to which it relates. As a result, the SEC is eliminating the 15 business day period in which funds are currently permitted to file their risk/return data in XBRL. The amendments also eliminate the requirement for funds to post Interactive Data Files on their websites.

Funds will be required to comply with the Inline XBRL requirements by the effective date of the registration statement, post-effective amendment or "form of" prospectus to which the information relates. Specifically, the amendments provide that:

- for post-effective amendments filed pursuant to paragraphs (b)(1)(i), (ii), (v), or (vii) of Rule 485 of the Securities Act of 1933, XBRL data must be filed either concurrently with the filing or in a subsequent post-effective amendment that is filed on or before the date that the post-effective amendment that contains the related information becomes effective;
- for initial registration statements and post-effective amendments filed other than pursuant to paragraphs (b)(1)(i), (ii), (v), or (vii) of Rule 485, XBRL data must be filed in a subsequent amendment on or before the date the registration statement or post-effective amendment that contains the related information becomes effective; and
- for a "form of" prospectus filed pursuant to Rule 497(c) or (e), the XBRL data must be filed concurrently with the filing.

The effective date of the amendments is 30 days after publication of the SEC's adopting release in

the Federal Register. Compliance with the amendments will be required with respect to registration statements and posteffective amendments that are effective:

- two years after the effective date of the amendments for funds that are part of a “group of related investment companies” that has net assets of \$1 billion or more as of the end of the most recent fiscal year (referred to as “large fund groups”); and
- three years after the effective date of the amendments for remaining funds.

The adopting release is available at: <https://www.sec.gov/rules/final/2018/33-10514.pdf>

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