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September 14, 2014

To Members of the U.S. House of Representatives

I am writing in opposition to Title VII of House bill HR 5405 (Promoting Job Creation and Reducing Small Business Burdens Act). XBRL US is a not for profit consortium that focuses on improving the availability, comparability and transparency of business information in the capital markets to all stakeholders, including stock and bond holders, regulators and other interested parties.

We share the goals of the authors of the bill to promote job creation, and to reduce the regulatory burden on smaller companies. However, the bill as currently drafted will exclude over 60 percent of public companies from filing in an XBRL format and eliminates one of the major benefits of XBRL, that of making investments in smaller companies more economical. We believe that requiring small companies to report in a paper based format (even with the option of filing in an electronic format) versus an electronic format like XBRL, will not reduce the regulatory burden. We believe it will increase the burden over the longer term, as electronic filings are becoming easier for companies to prepare and check than paper based filings, in the same way that electronic filing of tax returns has reduced the burden for individual taxpayers.

The exemption as proposed in Title VII will result in two classes of companies from an investment standpoint, to the detriment of small companies that badly need investment dollars to grow and prosper. Collecting data from the XBRL version of a filing is inexpensive and significantly faster because the data is computer-readable. If small company filings are paper-based and large company filings are XBRL-formatted, it is more cost effective for large investors to spend their analysis budget on large to mid-cap stocks. This equation is changed if the cost of analysis is the same for all companies and can only be achieved through the use of standards like XBRL.

Ultimately, eliminating the XBRL requirement for small filers will hinder their ability to gain access to the capital markets. These small companies have chosen to go public and anything that impedes their ability to raise funds to invest in new products, infrastructure, R&D, etc., through public offerings, is not doing a service to small companies that must compete with larger, better-known companies in the capital markets.

The legislation seeks to reduce the regulatory burden on small public companies which we agree is important. The "burden" of a company's investment in XBRL filing however, is insignificant compared to the benefit of equal access to the capital markets. The current cost for small companies to outsource the XBRL filing process can vary from \$2,000/year to \$25,000/year depending on the complexity of the filing. However, once structured data production is integrated into company accounting systems, the cost declines significantly as the company relies on the standardization of past XBRL filings as a template for future submissions to the SEC. In the UK, for

example, the cost of filing in XBRL to Her Majesty's Revenue & Customs (HMRC) per company can be as low as £100 per filing.

Title X of the same bill requests the Securities and Exchange Commission to evaluate methods of information delivery and presentation, and to explore methods for discouraging repetition and the disclosure of immaterial information, which is essential to improve competitiveness and is one of the reasons XBRL was developed. The proposal in Title VII however runs counter to this objective. Analysis of the current XBRL data set shows that at least 31% of the information reported in a 10-Q or a 10-K has already been reported to the Commission in an earlier filing. Filing data to the Commission in an electronic format like XBRL as opposed to paper-based formats eliminates that duplication and opens the door to significant savings.

We agree with the goals of the bill to reduce regulatory burden and promote jobs. But the proposal laid out in Title VII has significant unintended consequences that will harm small-cap and even many mid-cap companies, given the high cutoff of \$250 million. We know these negative outcomes are not what Congress intended with Title VII, but they are inevitable.

XBRL US would be happy to work with the bill's sponsors to more fully address the concerns we've raised in this letter. If we can assist in your efforts in any way, I can be reached at 917-582-6159, Campbell.Pryde@xbrl.us.

Sincerely,

A handwritten signature in black ink, appearing to read "Campbell Pryde". The signature is fluid and cursive, with a large initial "C" and "P".

Campbell Pryde
President and CEO, XBRL US, Inc.