

XBRL and Corporate Actions – Conference Highlights, December 10, 2012

When a public company takes an action that impacts the holdings of its owners, it has an obligation to report this information in a timely, accurate and unambiguous manner. But over the years, with new players and a more complex financial marketplace, the process to communicate this information has become increasingly convoluted and inefficient. A single company-issued corporate actions message travels a tortured and painful route, through multiple intermediaries, each one reviewing and scrubbing the original message, before it reaches the investor.

On December 10, 2012, XBRL US, SIFMA's Asset Managers Forum and Citi sponsored a ½ day program to discuss the challenges and complexities and talk about a possible solution. eXtensible Business Reporting Language (XBRL) was featured as a technology standard that could make corporate actions data computer-readable and therefore more accurate, consistent, functional and actionable.

XBRL US has made significant strides in creating an XBRL taxonomy to communicate the impact of corporate actions to the owners of the company. The intention of this initiative is to both reduce the need for intermediaries between the company and its ultimate investors and owners, but also to improve the effectiveness and transparency of the communication.

The first panel at the conference featured an issuer from United Technologies Corp and representatives on the regulatory and consumption side from the Securities and Exchange Commission, Thomson Reuters and BlueMatrix, discussing the positive results of the SEC program for XBRL in corporate reporting. Every public company reports their financial statements in XBRL format, making a vast amount of data available for regulators and investors who are already benefitting from working with much more usable data that doesn't require rekeying. Panelists pointed out that while it was a steep learning curve for issuers, every public company is now accustomed to working with XBRL tools and has incorporated XBRL into their filing process. Panelists noted however, that the departments at public companies that manage corporate actions messages, may differ from those in external reporting who today manage the SEC filings in XBRL.

A second panel featured speakers from BNY Mellon, Citi, JP Morgan, DTCC, and GlobeTax, who described a pilot program which today successfully allows for the processing of XBRL-formatted dividend announcements from most American Depositary Receipts (ADR) programs. Results from the pilot show that using structured data like XBRL means more accurate, consistent corporate actions data and reduces systemic costs dramatically. The implications for a full roll-out of XBRL in corporate actions processing are significant.

That was the topic of the final session of the conference which featured speakers from PIMCO, FINRA, DTCC and Computershare. On the investor and regulator side, clear support was stated for XBRL and the benefits that could be derived from implementing it. But concerns were also stated about the additional work implementing XBRL would mean for issuers.

The conference generated a lively conversation about the many benefits of XBRL and the issuer concerns that will need to be addressed. For more information and to get on the mailing list for future events and communications about XBRL for Corporate Actions, email us at corporateactions@xbrl.us.