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October 3, 2016

Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

RE: Business and Financial Disclosures Required by Regulation S-K, Release No. 33–10110; 34–78310; IC–32175; File No. S7–15–16

Dear Mr. Fields:

On behalf of XBRL US and its members, I am writing to respond to the SEC proposal on Disclosure Update and Simplification, File No. S7–15–16. XBRL US is a non-profit, standards organization with a mission to improve the efficiency and quality of reporting in the U.S. by promoting the adoption of business reporting standards. XBRL US is a jurisdiction of XBRL International, the not for profit consortium responsible for developing and maintaining the technical specification for XBRL, a free and open data standard widely used around the world for reporting by public and private companies as well as government agencies. XBRL US members include accounting firms, public companies, software, data and service providers, other nonprofits and standards organizations.

We support the goals of this proposal to eliminate information that may be redundant, duplicative, overlapping, outdated, or superseded, which will help to reduce the burden on filers and to facilitate improved disclosure for investors. This letter provides input to specific questions raised in the release and proposes other recommendations that will help the Commission meet its goal of increasing disclosure effectiveness. In summary, we encourage the Commission to:

- Ensure that all facts that companies are required to report to investors be provided in a computer-readable format to facilitate greater ease of analysis,
- Require the use of standardized identifiers to give investors a consistent method to identify traded securities as well as legal entities,
- Support, acknowledge and adopt the work of the industry-led XBRL US Data Quality Committee, which provides freely available rules and guidance for issuers to improve the quality of financial data,
- Require the use of standard data identifiers for facts reported by all entities in disclosures to the Commission, and

- Lead an effort to standardize the way public companies are required to report to multiple government agencies.

Response to Questions Raised in the SEC Proposal

Public companies today are required to submit some data in computer-readable XBRL format (in addition to HTML) and some data *only* in HTML or Text, which is not computer-readable. HTML or Text-based data cannot be automatically and efficiently consumed by investors, regulators and other data users. Content that is XBRL-tagged however, can be efficiently and automatically extracted and therefore made available more quickly than data that is not tagged.

Today, only data contained in the financial statements must be reported in XBRL format. This data must be block-tagged, which requires associating a concept such as "Accounting Policy" with a block of text and/or financial tables; and detail-tagged, which requires associating a concept such as "Earnings per Share" with an individual reported fact, such as $1.20.

Benefits of Structured Data

The SEC proposal poses the question:
"… what are the benefits and costs of the inclusion/exclusion of these disclosures in the financial statements for investors and issuers? How important are these benefits and costs to investors and issuers? Please quantify the benefits and costs, to the extent practicable."

A paper published in June 2016 by the CFA Institute[1], the global association for investment professionals, states that "standard setters need to include technological advancements in their decision-making process when setting accounting and disclosure requirements" and focuses on structured data, specifically XBRL, as one of these technology advancements that can improve disclosure for investors. The paper enumerates the benefits of structured data[2] for investors as follows:

- Improves financial statement accuracy - eliminating errors from keying information incorrectly and avoiding misinterpretation errors,
- Improves productivity - allowing analysts to spend less time on data collection, and enabling deeper analysis,
- Increases opportunity for higher returns - allows for faster and better analysis; and more in-depth analysis of individual companies,
- Allows for better risk management, and
- Empowers the analyst by allowing easier analysis of disclosures.

Benefits for investors are further supported by statements made by Jo Guo, Head of Fundamentals, Equity Data Operations, at Morningstar: "Using XBRL has increased our productivity and efficiency… We are able to process each [XBRL] filing within 1-2 minutes, and provide our clients with more timely data. This stands in contrast to other document types where it takes at least 20 minutes to process an HTML filing, 30

[1] Source: CFA Institute *Data and Technology, Transforming the Financial Information Landscape*, June 2016, page 40. http://www.cfapubs.org/doi/pdf/10.2469/ccb.v2016.n7.1?_ga=1.23623866.1817188536.1474298966.
[2] Ibid, page 31.

minutes for a good quality PDF and 50 minutes for an image document". [3] The ability to read XBRL data into financial systems automatically means that data providers can process it more quickly and less expensively than traditional data types, providing greater value to investment clients.

Analysis can be performed by investors, journalists and other stakeholders much more efficiently with structured, than with unstructured data. An example can be seen by considering a typical analysis performed by *The Analyst's Accounting Observer*, a research service dedicated to making investors and analysts aware of the investment impact of accounting issues. Each year, the Accounting Observer evaluates unremitted foreign earnings for the S&P 500 companies[4]. Unremitted foreign earnings can have significant implications for corporate earnings and is reported by public companies embedded in the footnotes to the financials. Before XBRL data was available, this analysis took approximately 80 hours to manually review 500 filings, searching for data points buried in the footnotes. Today with XBRL, the same analysis takes approximately 8 hours, a 90% time savings. Efficiencies in data processing mean analysis can be conducted in a shorter timeframe. This often means that more data (and more companies) can be included in an analysis which makes findings more useful - a significant benefit for investors.

The SEC proposal recommends changes that will result in the elimination of XBRL tagging for these areas:

- Issuer status as a REIT. REITs are not subject to entity-level taxation on the amounts distributed to their investors as long as their status as a REIT is maintained. Currently this must be disclosed in the notes to financials but the proposal suggests eliminating this information in the notes but retaining it in non-financial portions of the filing.
- Disclosure of unusual or infrequent events or changes which include the nature and effect of material nonrecurring reinsurance transactions.
- Material changes in issuers financial condition and results of operations; unusual or infrequent events that have material impact; and known trends.
- Triggering events that accelerate or decelerate direct financial obligations

If information is important enough for issuers to be required to disclose it, then that information should be tagged to make it more accessible and timely to data consumers. Eliminating the tagging of the data noted above will make it significantly more difficult for investors and other stakeholders to quickly identify and extract the information, and to perform timely, efficient analysis.

Cost of Structured Data

The cost of submitting data in XBRL format is estimated at an average of $10,000 per year for small companies, based on a study conducted by the AICPA and XBRL US[5]. The possible savings that a company may recognize if they were able to eliminate tagging of a handful of disclosures is negligible; once the fixed cost of establishing the XBRL process for reporting is in place, additional disclosures add little to the cost. Therefore, the changes proposed by the SEC which would eliminate tagging for selected items will result in virtually no cost savings for issuers and will likely have a negative impact for the investors and other users who need timely data to make decisions on investments and policy.

[3] Morningstar discusses the value of financial data and structured data in October 8, 2015 video: The Importance of Financial Data for Stock Research, October 8, 2015: https://youtu.be/TkuQguC1qNU

[4] Analyst's Accounting Observer case study: https://xbrl.us/wp-content/uploads/2014/10/Accounting-Observer-Case-Study.pdf

[5] AICPA/XBRL US Cost survey: https://www.aicpa.org/interestareas/frc/accountingfinancialreporting/xbrl/pages/xbrlcostsstudy.aspx

Recommendations

Require All Disclosures in Computer-readable Format

MD&A

We strongly recommend that all data, beyond just the financial statements, be provided in tagged format. Data embedded in the MD&A is currently *not tagged*. If all data of interest to investors, including that in the MD&A, were tagged, it would be significantly more useful to investors, regulators and other data consumers. In addition, disclosures reported in both the MD&A and financial statements can be consolidated without the risk of losing data tagged in a computer-readable format.

Other Financial Data

Other content such as earnings releases, corporate actions and proxy statements, is also not available in tagged, computer-readable format. This data is of great interest to investors and would be more valuable if also available in a tagged format. If companies also use standard identifiers in their filings information can be linked to data reported in proxies and corporate actions disclosures, alleviating the need to re-report security reference and pricing data in quarterly and yearly financial reports.

The CFA Institute paper of June 2016 notes:

"Earnings releases and supplemental reporting packages are the documents that most often move markets. But data from earnings releases remain unstructured, and XBRL versions are voluntary. We believe that requiring companies to tag their earnings releases, as well as requiring them to submit earnings releases to the SEC for dissemination before issuing press releases, will be beneficial for investors ... Some very rich data exist in the management's discussion and analysis (MD&A) section of filings. Unfortunately, the MD&A section falls outside the scope of the XBRL mandate. Requiring this section and other numeric data to be tagged would open up a trove of valuable data for all investors."[6]

The CFA Institute paper goes on to note:

"Structured reporting is most effective when it is broadly applied to all aspects of reporting—that is, to earnings releases and all regulatory filings, such as Form 8-K, proxy statements, tax reporting, and so forth. … Consistent use of structured data for all reporting will help make the data consistent within the company over time and comparable between companies".[7]

Standardization of Identifiers

The SEC's disclosure effectiveness initiative could reach its goals more efficiently by embracing standards. This section addresses several recommendations related to the use of standards in disclosure that will benefit both issuers and investors.

[6] CFA Institute *Data and Technology, Transforming the Financial Information Landscape*, June 2016, page 35.

[7] Ibid, page 47.

Require the Use of the Legal Entity Identifier (LEI)

The LEI is a global identifier being adopted by regulators worldwide that is freely available for investors and regulators to use. We recommend that the SEC goes beyond merely replacing the CIK with the LEI but require that the LEI be used in additional areas throughout the filing to aid investors. For example, when a company refers to another legal entity, they should be required to refer to that entity using the appropriate LEI.

Use of the LEI would significantly improve the functionality of the filings as it would uniquely and unambiguously identify participants in financial transactions and bring clarity to the interrelationships between these entities. In addition, it will allow information collected by the SEC to be easily compared with data collected by other federal agencies that have made a commitment to using the LEI. The LEI is ideal for this purpose as it is an international identifier that can be used for companies worldwide.

The Commission should note that a joint working group of XBRL International and the GLEIF (Global Legal Entity Identifier Foundation) has been formed to determine the best ways to ensure that LEIs are reported inside XBRL documents in a consistent fashion, as primary or secondary identifiers, and to show the relationship between an entity and its subsidiaries.

Security Identifier

The SEC proposal poses the following questions:
"..Is disclosure of trading symbols an adequate substitute for the current required disclosures in Item 201(a)(1) of Regulation S-K and Item 9.A.4 of Form 20-F? Why or why not?"

"Should foreign issuers be required to disclose the trading symbol(s) for both the principal U.S. market and the principal established foreign public trading market(s), as applicable? Why or why not?"

Requiring filers to report market data in their filings that is freely and easily available via data feeds, mobile applications and websites is unnecessary. When these rules were originally written this was not the case, but now this data is easily obtained from alternative sources.

The filing however, must have clear identification of the type of security and the market on which it is traded. We recommend that the filer identifies the tickers for the primary markets where all their issued instruments are traded including common stock, warrants, rights, convertible securities and preferred securities. In addition, the SEC should define clear standards for the ticker notation to be used so all filers use the same notation. For example, the notation for different classes of securities is often reported differently. For example the same class A preferred security is often referred to with either a dot, hyphen or space notation, e.g. *ticker.A* vs. *ticker-A vs ticker A.*

For foreign issuers, both the principal U.S. market and the principal established foreign public trading market(s) should be disclosed. Because many of these securities are traded as American Depository Receipts (ADR), it is not always easy to identify the underlying security which represents the ADR. In addition, if a security is traded in a U.S. market as an ADR, the ADR ratio[8] should be required to be reported by the company as this data is not always easily available to investors.

[8] Defined as the number of foreign shares represented by one ADR. The ratio is typically depicted as, for example, "1 : 3", meaning that one ADR represents 3 foreign shares.

The ticker symbol may be reliable for pricing data but not for other types of information for a variety of reasons: 1) it is only associated with securities that are traded on a market; 2) companies often change ticker symbols; 3) the market on which a security is trading may also change. Most investors however, are concerned with data related directly to the security, such as dividend amounts, payment dates and outstanding corporate action information. All of this data needs to be compiled by the investor to inform investment decisions and expected cash flows from a security, or actions they need to take as an owner of the security.

For this reason, we believe it would be beneficial that, in addition to the ticker symbols related to a security, the underlying security identifier should also be reported. Money market funds reporting to the SEC do not report the tickers of the securities they hold. Instead they report the CUSIP. It is inconsistent that these funds use the CUSIP as the security identifier and the companies issuing the security only report the ticker. We recommend that when companies report details of the securities they have issued they also report the CUSIP associated with that security. This will allow investors to reliably obtain additional data about that security from alternative locations and eliminate the need for companies to repeatedly report reference data in their filings.

Support and Acknowledge the Work of the XBRL US Data Quality Committee

XBRL US established the Data Quality Committee (DQC)[9] to address concerns about, and to improve the utility of, XBRL financial data filed with the SEC. The DQC is responsible for developing freely available guidance and validation rules that can prevent or detect inconsistencies or errors in XBRL SEC data. The DQC prioritizes issues based on trend analysis and input from users; and provides an open collaborative process with stakeholders through exposure of its proposed guidance and validation rules for public comment.

Members of the DQC include representatives from public companies, software providers, data aggregators, institutional investors, the accounting profession and academia. The work of the DQC has already been proven to reduce errors in XBRL filings. A study[10] conducted by the DQC found that by using its first set of validation rules, filers reduced the number of errors in their filings for the data covered by those rules by 64% in the first quarter of 2016 as compared to the first quarter of 2015. Large accelerated filers had a 70% decrease in the number of errors, while smaller companies had a 60% decrease.

The CFA Institute paper noted earlier, favorably references the rules established by the DQC, stating that they are “intended to clean up reporting practices on a range of straightforward topics, such as the tagging of dates, and inappropriate use of negative values. Although these rules pertain specifically to filings with the SEC, it is our hope that other jurisdictions will develop comparable rules.”[11]

We encourage the SEC to acknowledge, support, and adopt the guidance developed by the industry-driven DQC.

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[9] XBRL US Data Quality Committee: https://xbrl.us/data-quality/committee/

[10] XBRL US DQC Rule Results, Q1 2015 – Q1 2016, https://xbrl.us/data-quality/dqc-results/

[11] CFA Institute *Data and Technology, Transforming the Financial Information Landscape*, June 2016, page 25.

Require the Use of Standard Identifiers for All Data Reported to the SEC

Standard concepts should be used for all financial reporting required by the Commission and should be considered whenever a new disclosure requirement is put in place. Inconsistent disclosure requirements result in inconsistent data reported which is not helpful to stakeholders.

For example, a recent review of Form C documents submitted by small businesses under Regulation Crowdfunding showed that definitions used for data reported do not match definitions in the US GAAP Taxonomy for line items such as Revenues and Assets.

Investors should be able to review data from both public companies and from small businesses that are consistently defined. The difficult work of establishing standard line items has already been done and is available in the US GAAP Financial Reporting Taxonomy; it's a logical step to employ the same standards for other financial statement reporting needs such as Regulation Crowdfunding.

Review corporate reporting to other government agencies and adapt SEC requirements to reduce the burden on filers

The Commission should lead an effort to establish consistent standards reported by public companies to government agencies. This effort will reduce the burden on registrants and agencies, improve data quality and generate savings across the corporate/regulatory reporting chain.

By way of example, the Australian government instituted a program called Standard Business Reporting (SBR)[12] which established standards in the way information was reported from corporations to regulators. In 2010, the Australian Tax Authority provided software companies a standard set of templates and tools that software companies could build into their offerings which converted reported data into structured (XBRL) format. The program was originally estimated to save $800 million a year across government and industry. Recent findings however, show that savings are now estimated at $1.1 billion for 2015/2016.[13] Given that Australian GDP constitutes about 6.8% of US GDP[14], the savings across government and business from implementing a similar program in the US would be substantially greater.

To undertake this project, the Commission should review what data is required and how it is reported to other agencies that is duplicative of SEC requirements; and then work to adapt SEC requirements to match what is required by these agencies. Public companies report to multiple agencies, e.g., Bureau of Economic Analysis (BEA), the IRS, the Department of Labor, the FDIC, the Federal Reserve, etc., often reporting the same information, at different frequencies, in different formats. Consistent reporting requirements would increase efficiencies and reduce labor costs both for reporting entities and for the agencies collecting the data; and it would improve the accuracy and usefulness of the data generated.

A case study conducted by XBRL US that focused on United Technologies[15], analyzed that organization's reporting to multiple agencies: the BEA, Equal Employment Opportunity Commission (EEOC), the Department of Labor (DOL), the Federal Reserve Bank and the SEC, (a subset of the total reporting

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[12] SBR, an Australian Government Inititiative: http://www.sbr.gov.au/

[13] itNews "Tax Office claims $1 billion in savings from SBR", Aug 3, 2016: http://www.itnews.com.au/news/tax-office-claims-1-billion-in-savings-from-sbr-432460

[14] Based on Wikipedia figures for 2015: https://en.wikipedia.org/wiki/Comparison_between_U.S._states_and_countries_by_GDP_(nominal)

[15] Better Reporting for Better Decisions, Oct 2011: https://xbrl.us/xusnews/case-studies-white-papers/xbrlus-utc-2011/

conducted each year by United Technologies). The study found that reporting to these agencies alone required the equivalent of 12,000 man-hours per year (6.8 FTEs) and resulted in a significant duplication of effort throughout the company.

We recognize that this program would require significant research and effort to put in place; but the expected payoff based on real-world experience, shows that it is well worth the effort.

Conclusion

Clear, consistent disclosures by public companies are critical to maintaining efficient capital markets and we applaud the Commission's work to review and refine current practice. The Commission's evaluation comes at an opportune time given technology advances and the availability of widely-used standards today which can dramatically improve the information available to issuers, investors, analysts and the public.

We appreciate the opportunity to provide our recommendations and are available to respond to any questions the Commission may have.

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