Data Quality Committee
Joint Meeting with SEC Staff
SEC Offices, Washington D.C.
September 28, 2015

Highlights

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Attendance

<table>
<thead>
<tr>
<th>Data Quality Committee</th>
<th>Securities and Exchange Commission</th>
<th>Observers and Guests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mike Starr, Chair</td>
<td>Division of Corporation Finance</td>
<td>Louis Matherne, FASB</td>
</tr>
<tr>
<td>Will Allen*</td>
<td>Shelley Parratt, Deputy Director</td>
<td>Amy Pawlicki, AICPA</td>
</tr>
<tr>
<td>Emil Efthimides</td>
<td>Mike Stehlik, Disclosure Standards Office</td>
<td>Gordon Ruckdeschel, Vintage</td>
</tr>
<tr>
<td>Pranav Ghai</td>
<td></td>
<td>John Truzzolino, RR Donnelley</td>
</tr>
<tr>
<td>Jeffery Naumann</td>
<td>Division of Economic Risk and Analysis</td>
<td>Ami Beers, AICPA</td>
</tr>
<tr>
<td>Minu Palani</td>
<td>Mark Flannery, Director/Chief Economist</td>
<td>Susan Yount, Workiva</td>
</tr>
<tr>
<td>Dean Prinsloo</td>
<td>Scott Bauguess, Deputy Director</td>
<td>David Tauriello, XBRL US</td>
</tr>
<tr>
<td>Campbell Pryde</td>
<td>Chris Meeks, Office of Chief Counsel</td>
<td></td>
</tr>
<tr>
<td>Mohini Singh</td>
<td>Hermine Wong, Office of Chief Counsel</td>
<td></td>
</tr>
<tr>
<td>Chase Bongirno*</td>
<td>Mike Willis, Office of Structured Disclosure</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Kimberly Earle, Office of Structured Disclosure</td>
<td></td>
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<tr>
<td></td>
<td>Matthew Slavin, Office of Structured Disclosure</td>
<td></td>
</tr>
</tbody>
</table>

*joined by phone

SEC Overview

Mr. Flannery and Ms. Parratt opened the meeting and discussed the Commission’s and Staff’s commitment of and interest in using high quality structured data. It was noted that there are
challenges with data that is currently collected in an unstructured manner and there is a strong interest in removing problems that inhibit automated analysis. Recent rules that the Commission has adopted have required data to be submitted in a structured format. The Staff strongly encouraged the members of the XBRL US Data Quality Committee (“Committee”) to participate in the public comment process for proposed rules.

The Staff is interested in learning about the activities of the Committee. In addition, they mentioned that they are looking for ways to understand how XBRL data is being used. As such, they have launched an Outside Perspectives Series in which outside organizations meet with the staff to provide insight on how structured, machine-readable data is used. As part of this series, members of the FASB met on September 28, 2015 with the staff to discuss their use of the data.

The staff noted that they are looking to find opportunities to communicate with filers about concerns about or issues with XBRL data. They indicated that broad communication about these concerns or issues has been more successful than communication to individual companies. The Staff recognized that the Dear CFO Letter, issued by the Division of Corporation Finance, made a tremendous impact in the market and, as a result, was viewed as successful in communicating to filers about the specific topics covered by the letter and in emphasizing the Staff’s focus on the quality of XBRL data.

Data Quality Committee Mission
The Committee Chair explained that the Committee was formed because errors and inconsistencies that exist in the XBRL data submitted to the SEC inhibit widespread use of the data. The Committee consists of five service providers, XBRL US and the remainder of members are data consumers. In addition, FASB staff serves as a permanent observer. It is important to understand the user issues so that changes can be made to improve the usability of the data. The Committee’s initial priority is developing guidelines to eliminate multiple ways to tag the same information and validation rules to detect or prevent input errors and non-compliance with the Committee’s guidance.

Views of Data Consumers
Some members of the Committee shared their experiences with use of the XBRL data. Users successfully consume XBRL data from several markets outside of the US. They are able to do so because other markets have restricted information that is required to be reported using XBRL (e.g., face financial statements only) or data is tagged using standard sets of accounts enabling XBRL elements to be mapped directly to users’ databases. In the US, the use of extensions makes automated analysis more difficult and, in the view of some users, impracticable. Users made the point, if extensions are appropriate, they need to reflect the nature of the extensions in relationship to USGT elements so as to enable more effective automated data parsing and consumption processes. Many users have found that it is necessary to maintain a parallel system (HTML and XBRL) to use the data. Other issues that hinder the automatic use of the data include: lack of consistency with prior periods and input errors (e.g., signage, scale).
Views of Preparers
Members of the Committee representing companies that provide software tools and services for the preparation and filing of SEC reports shared experiences with preparation of the XBRL data. It was noted that use of XBRL has improved the financial statement preparation process because automatic calculation checks have helped companies find errors in their files. Although extension rates have reduced somewhat as the US GAAP Taxonomy has improved over the years, it would be helpful to have more guidance on when it is appropriate to use extensions.

The members requested that the staff provide a public review period for technical modifications to the EDGAR system in order to test the implementation code and provide comments to the staff. In addition, communication of timelines for any updates to the EDGAR Filer Manual would be helpful to better prepare the market for such updates.

Priorities/Proposed Rules
Member organizations of the Committee have contributed intellectual property which consists of validation rules that can be used to detect input errors and incorrect tagging. Some of the functions of the contributed rules include:

- checking values of elements within a filing in relation to values of other elements within the filing
- checking dates on Document and Entity Information and block text elements
- checking the signage of certain elements that should not include a negative value

The first set of rules have been made available for public review. The rules include a plain English version of the rule function and error message. Test cases and code are available on the open source Arelle XBRL platform so that software providers can incorporate the rules into their tools and filers can test the rules either by using their current software or the Arelle platform. The XBRL US Center for Data Quality will offer a certification process where software providers who incorporate the rules can have their software tested and certified as compliant with the Committee's rules.

Because users on the Committee have indicated that better guidance for extensions should be a priority, the Committee is in the process of analyzing filings to catalogue the reason that extensions are used and developing guidance (and eventually rules to test conformance with the guidance) to help filers determine when it is acceptable and not acceptable to create extensions.

SEC Update
The Commission has increased requirements to provide data in a structured manner (e.g., seven recently released rules include submission requirements for structured data). The staff is looking at ways to use XBRL data in the most cost effective manner.
The staff asked members of the Committee for their observations on how the data is being used. Members stated that XBRL data submitted to the SEC is used; however, use is not widespread because of inconsistencies and errors in the data.

The Staff also asked members of the Committee what SEC actions they believe have been effective for improving usability of the data and what can be done in the future. Members shared that the Dear CFO Letter issued by the Division of Corporation Finance was helpful in getting filers to focus on improving data quality. The Staff questioned whether the use of inline XBRL would improve data quality. Some members responded that inline XBRL was a step in the right direction, and while it could lead to some improvement in data quality, there was still a need for guidance to eliminate inconsistencies and validation rules to test for compliance with that guidance and to prevent or detect input errors.

The staff asked members of the Committee what lessons were learned from other markets. Some members responded that collaborative efforts (i.e., EU Solvency II Directive, UK HMRC tax reporting) of different stakeholders have resulted in successful implementations of requirements to file XBRL data in other markets.

The staff suggested that they would like to obtain more feedback from XBRL data users on how they are using the data.

The staff asked members of the Committee what they believed the priorities should be for structuring disclosure going forward. It was noted that the first priority should be improving the usability of the XBRL data currently filed with the SEC. In addition, some members responded that investors and other data consumers have expressed an interest in collecting data in Proxy Statements and Earning Releases using XBRL.