Data Quality Committee
Webcall
February 15, 2017
Meeting Notes

Attendees

Committee Members

Mike Starr, Chase Bongirno, Pranav Ghai, Minu Palani, Campbell Pryde, Lou Rohman, Mohini Singh, Steve Soter, Amit Varshney

Absent

Emil Efthimides, Emily Huang, Craig Lewis,

Staff

Ami Beers, David Tauriello, Susan Yount, Marc Ward

Observers

Louis Matherne, Andie Wood

Welcome

- Chair welcomed Committee members.

Minutes Approval

- Motion to approve minutes from November 29, 2016 DQC meeting, by Campbell Pryde, seconded by Chase Bongirno.
- Vote (For 9, 0 Against)
- Motion passed November 29, 2016 DQC meeting minutes approved.

Proposed Framework to Ensure Consistency and Comparability of XBRL Data

- Mike presented an updated document and discussed edits and changes that were made to the document based on comments received.
  - The title of the document was edited to change the word "ensure" to "enable"
  - Proposed Framework
    - A footnote was added which includes excerpts from Statement of Financial Accounting Concepts No. 8 that provides the basis for the use of the terms consistency and comparability in the Framework. The term consistency in the Framework refers to the use of the same standard elements and modeling for the same required disclosures either from

period to period within a public company or in a single period across public companies.

- Guiding Principles acknowledge that U.S. GAAP requires uniform disclosures for similar events and transactions in general or by industry. A footnote was added to provide more context for what is meant by uniform disclosures. The footnote states that US GAAP prescribes uniform information to be disclosed for similar events or transactions or for uniform types of more granular entity specific information for similar events or transactions, and there will frequently, but not always, be commonly-used descriptions for such entity specific information for which there will be standard elements. Where there is not a standard element for the entity specific information, guiding principle 3 will allow the use of an extension and guiding principle 4 will require that it be linked to the standard element.
- Mike emphasized that these concepts are fundamental to the DQC's approach to guidance being developed and requested that if there are any concerns with these concepts in the Framework to provide examples of the basis for the concern so that the concerns can be addressed.

  o Basis for Framework
  - Removed language related to the initial development of XBRL because it was determined to irrelevant.
  - Added examples for how the taxonomy provides different tagging options based on where a required disclosure is presented.
  - Repeated footnote on uniform disclosures.
  - Added language under Materiality Judgments to make clear that the intent is to use same materiality levels when selecting tags that are used in making the determination on what information is required to be disclosed.

- Steve Soter has sent a draft of the document to the Committee of the SEC Professionals Group for feedback. (Group includes 18 members representing large and small companies in the following industries: oil and gas, financial service, retail, healthcare, technology. Some companies represented include: Aflac, Twitter, EBay, GE, Discover Financial, Zions Bank). Specific questions sent the group include:
  o Confirm whether they agree that US GAAP provides uniform disclosure requirements for similar events and transactions.
  o Confirm whether they agree or not that there should be an explicit link between each of those disclosure requirements and a standard element in the taxonomy.
  o Obtain feedback on whether or not they agree that:

- decisions on what to disclose are diverse and complex, and as a result, it is unlikely that different companies would ever be able to consistently tag similar events or transactions.
- while judgments related to recognition, measurement, classification (e.g., debt vs equity, gross vs net, etc.) and materiality are complex, the required disclosures for similar events or transactions are not complex because such required disclosures are uniform for all companies.

- Plan to distribute document outside of Committee to others – former regulators and standard setters, and data consumers not represented on the Committee.

Action Item – Distribute updated document (marked with changes resulting from comments received) to Committee for review (subsequently distributed, comments due March 2nd)

Process to Develop Guidance for Topical Areas
- A separate document has been developed to document the process that the DQC will undertake when developing guidance for FASB Codification Topics.
- Process will look at the accuracy and completeness of the elements and references in the current taxonomy.
- Verify that the disclosure requirements are covered in the taxonomy and recommend standard elements where no elements exist for requirement.
- Working group of service providers for the DQC will review the proposed guidance and apply guidance to examples to test the application.
- Prepare validation rules.
- Service providers will test proposed guidance and rules on a broader basis before sent to committee.
- Process will ensure that the approach to develop guidance is consistent by topic area and will include documentation of conclusions.
- Discussed collaboration with FASB staff in the past. FASB staff will review document.
- Andie stated that a document was developed that provides criteria to determine whether common practice elements should be added to the IFRS Taxonomy. This document could be leveraged.
- Open question - How can the DQC collaborate with the FASB Staff?

Rules for Development
Rules DQC_0043 – DQC_0046 are contributed rules related to cash flows statement. These rules are being requested to be approved for development but will not be released for public comment until topical review of cash flows statement is complete.

- DQC_0043 - Incorrect Calculation Weights in Operating Cash Flows
  - Companies often change signs or calculation weights in the cash flows statement. Many elements are two way elements that cannot be checked by the Negative Value rule. Rule identified approximately 8,400 facts in 2016.
  - Motion to approve development of rule DQC_0043 by Chase Bongirno, seconded by Mike Starr.
  - Vote (For 9, 0 Against)
  - Motion passed, development of rule DQC_0043 approved.

- DQC_0044 - Accrual Items used in Investing/Financing Cash flow Reconciliation
  - The taxonomy has specifc elements to be used in the investing and financing sections of the cash flow statements. Companies have used other elements from the statement of shareholder equity or income statement sections of the taxonomy. This rules tests whether those elements that are presentation children of either Net Income or Statement of Shareholders Equity are used in the investing or financing sections of the cash flows statement. The impact in 2016 was approximately 1,200 errors.
  - Motion to approve development of rule DQC_0044 by Chase Bongirno, seconded by Mike Starr
  - Vote (For 9, 0 Against)
  - Motion passed, development of rule DQC_0044 approved.

- DQC_045 - Movement of Concepts between Calculation Trees
  - Companies move elements from one section of the cash flows statement to other sections (e.g., investing activities to financing activities, operating activities to investing activities). This causes companies to use the wrong the elements. Impact in 2016, approximately 1,200 errors.
  - Remove language from the rule function of the rules submission form that states "mistakes in taxonomy".
  - Interest Capitalized element is an issue in the taxonomy, DQC will formally provide comments to FASB on this element, currently an exception in the rule.
  - Remove language from the rule function of the rules submission that refers to "ambiguity in US GAAP".
  - The rule includes an exception for ProceedsFromFederalHomeLoanBankAdvances. The element is used for companies giving and receiving advances (presented in investing or financing, accordingly). It is ambiguous as to which side of the transaction

the element represents. Adding a reference to this element would clarify whether the elements should be used in investing or financing.

- o Motion to approve development of rule DQC_0045 subject to removing language that states "mistakes in taxonomy", and "ambiguity in GAAP" in the rule function of the rules submission, by Chase Bongirno, seconded by Pranav Ghai
- o Vote (For 9, 0 Against)
- o Motion passed, development of rule DQC_0045 approved subject to removing language that states "mistakes in taxonomy", and "ambiguity in GAAP" in the rule function of the form

Action item - Remove language that states "mistakes in taxonomy" and "ambiguity in GAAP" in the rule function of the form. Provide FASB comments on the elements: Interest Capitalized and Proceeds From Federal Home Loan Bank Advances.

- DQC_0046 - Inappropriate Calculation Child
  - o This is a general rule that tests whether certain child elements in the calculation linkbase are descendants of a parent element. Additional items can be added to the rule in the future.
  - o Rule addresses issue with the element EffectOfExchangeRateOnCashAndCashEquivalentsContinuingOperations. Companies include the element in continuing operations when they should not.
  - o The impact in dollars on this is large for many companies. The impact analysis of the rule identified 700 errors.
  - o Motion to approve development of rule DQC_0046 by Pranav Ghai, seconded by Chase Bongirno
  - o Vote (For 9 0 Against)
  - o Motion passed development of rule DQC_0046 approved.

Rules DQC_0051 – DQC_0056 are rules to be approved for development. These rules have been discussed with FASB staff and the rules support new FASB implementation guides.

- DQC_0051 – Before Tax Items
  - o Identify cases where companies are using tax items in a calculation of nontax parent. There were approximately 120 errors.

- o Motion to approve development of rule DQC_0051 by Chase Bongirno, seconded by Mike Starr
  - o Vote (For 9, 0 Against)
  - o Motion passed development of rule DQC_0051 approved.

- DQC_0052 – Member Values
  - o This rule supports new modeling under the FASB implementation guide for retirement benefits published in 2017 and applies to the 2017 taxonomy.
  - o Rule tests if an element has a certain member, then it should not have a value.
  - o The Domestic Plan Member is used on the Retirement Plan Sponsor Location Axis to act as a parent member for specific countries. The rule checks that this header member is not used to tag values.
  - o Motion to approve development of rule DQC_0052 by Chase Bongirno, seconded by Pranav Ghai
  - o Vote (For 9, 0 Against)
  - o Motion passed development of rule DQC_0052 approved.

- DQC_0053 – Excluded Members From Axis
  - o This rule supports new modeling under the FASB implementation guide for retirement benefits published in 2017 and applies to the 2017 taxonomy.
  - o Defines members that cannot be used on an axis (similar to DQC_0001 which checks allowable members on an axis).
  - o Rule checks that NonUSMember is not used with Retirement Plan Sponsor Location Axis.
  - o Motion to approve development of rule DQC_0053 by Chase Bongirno, seconded by Mike Starr
  - o Vote (For 9, 0 Against)
  - o Motion passed, development of rule DQC_0053 approved.

- DQC_0054 - Excluded Dimensions From a Table
  - o This rule supports new modeling under the FASB implementation guide for retirement benefits published in 2017 and applies to the 2017 taxonomy.
  - o Certain axes should not be used with tables.
  - o Motion to approve development of rule DQC_0054 by Mike Starr, seconded by Chase Bongirno
  - o Vote (For 9, 0 Against)
  - o Motion passed, development of rule DQC_0054 approved.

- DQC_0055 – Required Member on an Axis
    - This rule supports new modeling under the FASB implementation guide for retirement benefits published in 2017 and applies to the 2017 taxonomy.
    - The rule will report a single error when either the DomesticPlanMember OR ForeignPlanMember is not used with the Retirement Plan Sponsor Axis. If either one of the elements is present then no error will be reported.
    - Motion to approve development of rule DQC_0055 by Chase Bongirno, seconded by Mike Starr
    - Vote (For 9, 0 Against)
    - Motion passed, development of rule DQC_0055 approved.

- DQC_0056 - Check Extensible List
    - This rule supports new modeling under the FASB implementation guide for retirement benefits published in 2017 and applies to the 2017 taxonomy.
    - The FASB has introduced a restriction on values to be used for certain text items in the taxonomy. This rule provides validation for extensible list items. Value for the element must be the name of an element that exists in the base taxonomy or extension taxonomy.
    - The expectation is that when the SEC embraces the new specification for extensible enumerations, FASB will change the data types for these elements that were created in the 2017 taxonomy to the new specification.
    - Remove language in the problem solved by the rule that states "temporary solution".
    - Remove "Unit" from example rule message.
    - Motion to approve development of rule DQC_0056, subject to wording changes in problem solved by rule to remove "temporary solution" and remove units from example rule message, by Mike Starr, seconded by Chase Bongirno
    - Vote (For 9, 0 Against)
    - Motion passed, development of rule DQC_0056 approved, subject to wording changes in problem solved by rule to remove "temporary solution" and remove units from example rule message.

        Action item – revise rule form for changes in problem solved by rule to remove "temporary solution" and remove units from example rule message.

Wrap up

Next meeting will be in person in Washington DC to meet with SEC staff. Tentative dates are April 18th/19th or April 19th/20th.

Meeting adjourned 4:45.