



July 7, 2017

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Secretary  
Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549-1090

RE: Possible Changes to Industry Guide 3, File Number S7-02-17

Dear Secretary:

On behalf of XBRL US and its members, I am writing to respond to the SEC proposal: *Request for Comment on Possible Changes to Industry Guide 3 (Statistical Disclosure by Bank Holding Companies), File No. S7-02-17*. XBRL US is a nonprofit 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 nonprofit 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, and government agencies. XBRL US members include accounting firms, public companies, software companies, data and service providers, as well as other nonprofits and standards organizations.

In this proposal, the SEC seeks to modernize the nature, timing, scope and applicability of disclosure requirements in Industry Guide 3 for bank holding companies (BHC). We strongly support the use of structured data in these modernization efforts. Expanding the use of standards for the reporting of financial disclosures that are not yet required in structured, standardized format will vastly improve the usability and value of this information.

This letter provides responses to specific questions posed by the Commission as noted below.

## **On Adopting XBRL for Industry Guide 3 Disclosures**

*Proposal question [related to disclosures for Distribution of Assets, Liabilities and Stockholders' Equity: Interest Rate and Interest Differential (Average Balance, Interest and Yield/Rate, Analysis and Rate/Volume Analysis), Investment Portfolio, Loan Portfolio, Summary of Loan Loss Experience, Deposits, Return on Equity and Assets and Short-term Borrowings]:*

*Should we consider requiring that... disclosures called for by Guide 3 be presented in a structured data format, such as XBRL, to facilitate investor comparison of data across BHC registrants and usability of the disclosures? Why or why not? If so, what elements of these disclosures should be tagged so that they can be extracted in a structured data format?*

*If we require the Guide 3 disclosures to be submitted in XBRL, are the current requirements for the format and elements of the tables suitable for tagging? If not, how should they be revised?*

*Proposal question 97. Should we expand the scope of our XBRL requirements to apply to the Guide 3 statistical tabular disclosures to facilitate investor comparison of data across BHC registrants? Why or why not?*

Bank holding companies today are required to report Industry Guide 3 disclosures, but they are allowed to report this data *anywhere* within their filings. If they choose to report these disclosures in the financial statements, they must make them available in XBRL format. If they choose to report them outside of the financial statements, they do not have to report them in XBRL format and they are likely reported only in HTML. This lack of consistency makes it difficult for data consumers to easily collect and compare Industry Guide 3 data for multiple bank holding companies.

Any information that bank holding companies are required to report, per Industry Guide 3, should be provided in XBRL format, regardless of where the data resides in the financial statement. This inconsistency could be corrected by simply requiring that all Industry Guide 3 data be provided in XBRL format. If the data is important to investors and other data users, it should be provided in a more useable (computer-readable) format, which has significant advantages over HTML.

### **Advantages of Standards for Investors and Other Data Users**

These advantages are explained in a paper<sup>1</sup> published in June 2016 by the CFA Institute, the global association for investment professionals, which notes that the availability of XBRL data:

- 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.

The CFA Institute paper goes on to note that structured data should be considered for other types of reported data:

“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

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<sup>1</sup> CFA Institute paper Data and Technology: Transforming the Information Landscape, June 2016, <http://www.cfapubs.org/doi/pdf/10.2469/ccb.v2016.n7.1>

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.”

The CFA Institute paper continues, stating:

“.. 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”.

These comments about the usefulness of structured data can also be applied to Industry Guide 3 reported data.

Other data users also find structured data to be more useful than HTML. Examples can be seen in case studies outlined in this infographic: <https://xbrl.us/infographic/whos-using-structured-data-and-why/>. Individual case studies articulate how standards are used by:

- Small companies conducting peer analysis to help in making decisions on funding options such as going public, being acquired or merging. (<https://xbrl.us/research/how-little-companies-got-big/>)
- Students relying on inexpensively obtained structured data to manage investment portfolios. (<https://xbrl.us/research/timely-affordable-data-analysis/>)
- Audit firm able to produce more robust analysis in less time. (<https://xbrl.us/research/audit-analysis-save-data-collection-time/>)
- Research analyst saving 72 hours off multi-company analysis. (<https://xbrl.us/research/save-time-data-collection/>)
- Commercial data provider reducing processing time (and cost) by 90%. (<https://xbrl.us/research/reduce-processing-time/>)

*Proposal question 98. If we require the Guide 3 tabular disclosures to be submitted in XBRL, are the current requirements for the format and elements of the tables suitable for tagging? If not, how should they be revised?*

The XBRL standard can consistently and unambiguously accommodate the tabular disclosures currently required in Industry Guide 3, which calls for information to be reported at specific points in time and for daily averages.

## On Alignment with Call Report Data

*Proposal question 99. Should we require disclosure of any of the information provided in Call Reports or other regulatory filings? If so, what information and why? How should the information be presented or included in a Commission filing? Should we require hyperlinks directly to the Call Reports or other regulatory filings that are available on third-party government Web sites? Should it be incorporated by reference?*

Consolidating identical elements that are required for both SEC and FDIC (Call Report) disclosures would be beneficial for stakeholders. For investors and data users, it would facilitate ease of search for data of interest, eliminate ambiguities in reported data, and make all Industry Guide 3 data uniformly accessible because XBRL will render it computer-readable and available in the same format.

For bank holding companies, it would eliminate separate and potentially different reporting requirements from two different regulators, thereby reducing company workload and ambiguity; and it also can improve the accuracy of reporting.

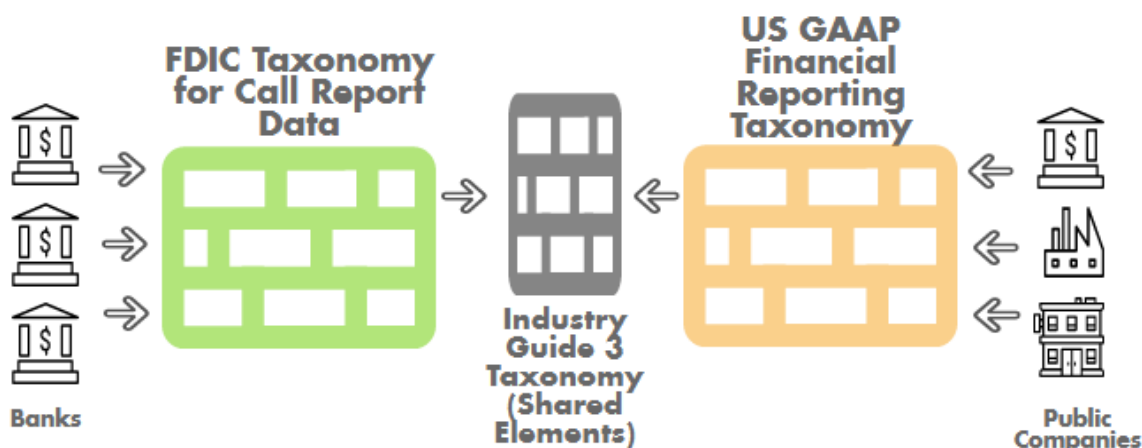
We suggest that the Commission research the requirements of Industry Guide 3 data to determine if the data fields are already in the US GAAP Financial Reporting Taxonomy, which all public companies use to prepare their financials in XBRL format. This taxonomy currently contains some of the Industry Guide 3 disclosure requirements. The screen shot below shows several Industry Guide 3 data fields which are included in the US GAAP Financial Reporting Taxonomy. This screen shot of the FASB viewer shows that these data fields have been flagged to show that they represent Industry Guide 3 information.

ContractualMaturitiesTimeDeposits100000OrMoreSixMonthsThrough12Months	Contractual Maturities, Time Deposits, \$100,000 or Mo...	SEC Industry Guide 3 V D-E
ContractualMaturitiesTimeDeposits100000OrMoreAfter12Months	Contractual Maturities, Time Deposits, \$100,000 or Mo...	SEC Industry Guide 3 V D-E
ContractualMaturitiesTimeDeposits100000OrMoreThreeMonthsOrLess	Contractual Maturities, Time Deposits, \$100,000 or Mo...	SEC Industry Guide 3 V D-E
ContractualMaturitiesTimeDeposits100000OrMoreThreeMonthsThroughSixMonths	Contractual Maturities, Time Deposits, \$100,000 or Mo...	SEC Industry Guide 3 V D-E
ContractualMaturitiesOfTimeDeposits100000OrMoreDescription	Contractual Maturities of Time Deposits, \$100,000 or M...	SEC Industry Guide 3 V D-E
MaturitiesOfTimeDepositsDescription	Maturities of Time Deposits, Description	SEC Industry Guide 3 V D-E
MaturityOfTimeDeposits	Maturity of Time Deposits	SEC Industry Guide 3 V D-E
TimeDepositsTable	Time Deposits [Table]	SEC Industry Guide 3 V D-E
TimeDepositsGreaterThan100000Statement	Time Deposits, Greater than \$100,000, Statement	SEC Industry Guide 3 V E
TimeDepositsLessThan100000	Time Deposits, Less than \$100,000	SEC Industry Guide 3 V D-E
TimeDeposits100000OrMore	Time Deposits, \$100,000 or More	SEC Industry Guide 3 V D-E
TimeDeposits	Time Deposits	SEC Industry Guide 3 V D-E
TimeDepositMaturitiesYearOne	Time Deposit Maturities, Next Twelve Months	SEC Industry Guide 3 V D-E

All Industry Guide 3 requirements should be added to the US GAAP Financial Reporting Taxonomy if they are not already; and flagged in this fashion to facilitate ease of identification for issuers and for data consumers.

### Shared Taxonomy Elements for Industry Guide 3

To further facilitate the consolidation, the SEC and FDIC could collaborate on developing a separate taxonomy containing Industry Guide 3 data fields as depicted in the diagram below. This taxonomy could be referenced (and the data elements used) by BHCs using both the FDIC and SEC taxonomies. This would facilitate XBRL tagging by BHCs as they could easily identify needed elements. A single referenceable taxonomy for these jointly used elements would ensure that updates to reporting requirements are coordinated between both agencies, and that bank holding companies would have a single source taxonomy with which to reference.

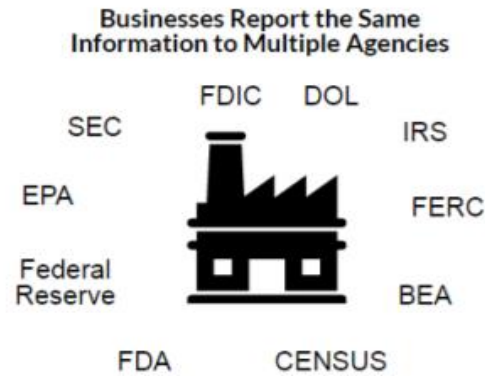


Mark Montoya, Senior Business Analyst at the FDIC noted: “Maintaining a single taxonomy for those elements that are shared between SEC and FDIC reports would reduce ambiguity and likely lead to better quality, more consistent data for users.”

### Government-wide Collaboration on Standards

An alignment of FDIC and SEC reporting requirements for bank holding companies is an initial step towards much greater efficiency and streamlining for U.S. regulators and the reporting entities they oversee: **an agency-wide, collaborative implementation of data standards to reduce costs and enable automation.** Streamlining regulatory reporting in this fashion would reduce the burden on all reporting entities and would allow government agencies to significantly cut the costs of data collection.

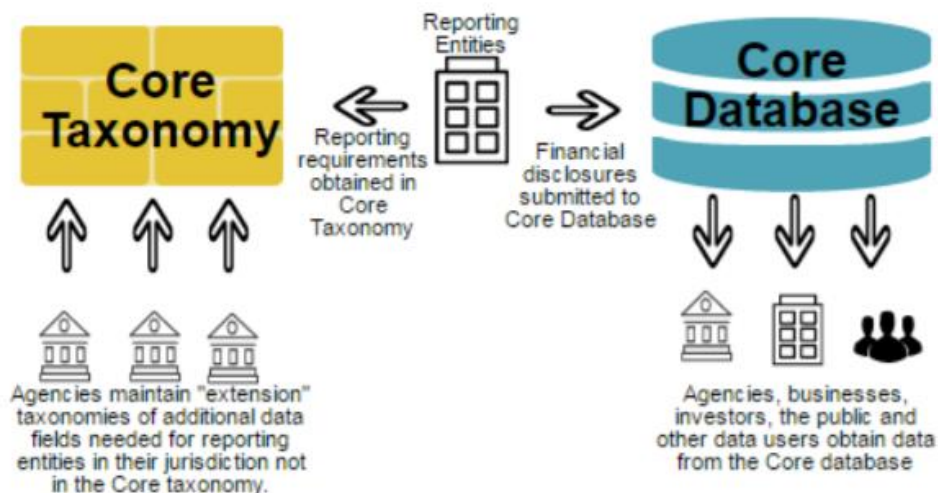
Today, businesses report to multiple agencies, often submitting the same information, at different points in time and at different frequencies as shown in the diagram below.



Developing a government-wide approach that incorporates the data collection needs of all government agencies, would require agencies to collaborate on a single core taxonomy and database as shown in the illustration below. While this would not be an insignificant task and would require upfront planning, the benefits would be significant and would accrue to all stakeholders:

- Significant savings in data collection and processing costs for business, government and the American taxpayer
- Reduced burden on US businesses in preparing disclosures
- Consistent, comparable, timely information for investors, businesses and policymakers

### Core Taxonomy and Database maintained by single Agency



Similar programs have been adopted in other countries including the Netherlands<sup>2</sup> and Australia<sup>3</sup> and have resulted in substantial savings across the economy. In Australia, after seven years into the implementation, the estimated savings per year is \$1.1 billion<sup>4</sup>. A proposal for how such a program could work in the United States is outlined in an XBRL US position paper. (<https://xbrl.us/wp-content/uploads/2016/12/Financial-Data-Standards-to-Reduce-Cost-Reduce-Burden.pdf>)

## Conclusion

Clear, consistent disclosures by bank holding companies will benefit the banks themselves as well as the organizations that need this data. Greater collaboration among government agencies will result in better data for users and will reduce the burden on organizations required to report. Such a program will also save the government and American taxpayers the unnecessary cost of multiple, redundant data collection systems.

We appreciate the opportunity to provide our feedback and are available to respond to any questions the Commission may have. Please contact me at (917) 582 – 6159 or [Campbell.pryde@xbrl.us](mailto:Campbell.pryde@xbrl.us).

Sincerely,



Campbell Pryde  
President and CEO, XBRL US

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<sup>2</sup> Standard Business Reporting program in the Netherlands: <https://www.sbr-nl.nl/english-site/>

<sup>3</sup> Standard Business Reporting program in Australia: <http://www.sbr.gov.au/>

<sup>4</sup> Australian Tax Office Says Savings from SBR Total Over \$1.1 Billion: <http://ca.xbrl.org/news/australian-tax-office-says-savings-from-sbr-total-over-1-1-billion/>