

## Transcript – Webinar Inline XBRL: Understanding the Final Rule, August 8, 2018

This document is a transcription of the XBRL US webinar. It excludes sections covering the administration of CPE poll questions and closing remarks.

Michelle Savage (MS): Good afternoon, thanks for joining us today. This is Michelle Savage from XBRL US and we are here for the webinar Inline XBRL. We're happy to have some terrific speakers with us today. We have with us three individuals from the SEC, Mark Green – Division of Corporation Finance, Securities and Exchange Commission, John Foley – Division of Investment Management, Securities and Exchange Commission, Mike Willis – Division of Economic and Risk Analysis, Securities and Exchange Commission. We also have Campbell Pryde, President and CEO, XBRL US, and we're very happy to have the program moderated today by Bryan Castrantas, who is the Manager, Richey May & Co, Bryan has been involved with XBRL for some time. He is formerly with PwC and so we're very happy to have him.

If you have any technical issues, email at [info@XBRL.us](mailto:info@XBRL.us) and we'll do our best to get you back up and online. We do offer CPE credit for today and if you've opted to get CPE, be sure to respond to the polls which will be covered at two points during the webinar today.

We do have a lot of questions to cover, and if attendees have additional questions not covered, they can refer to the rule which is release 33-10514, which includes contact information for all our speakers and questions can be sent in to them directly.

I'm going to move to the first slide which is the SEC disclaimer and I'm going to turn this over to Mark Green who may want to say a few words.

Mark Green (MG): On behalf of myself, Mike, and John, I want to give our disclaimer. The Securities and Exchange Commission, as a matter of policy, disclaims responsibility for any private publication or statement by any of its employees. The views each member of its staff presents today are those of that person and do not necessarily reflect the views of the Commission or of other members of the staff.

MS: Thanks very much Mark. And I wanted to mention that we've received a few questions about the slides and we will make the replay and the slides available after the event takes place. So, with that I'm going to turn it over to Bryan Castrantas.

Bryan Castrantas (BC): Thanks Michelle, before we get started I wanted to say thanks to XBRL US for hosting and organizing this webinar, as well as the SEC for their hard work in getting this rule finalized. We've been hearing about Inline XBRL and its potential benefits for quite some time. The adoption of this rule signifies a major step in simplifying the XBRL preparation process. Thanks to everyone who is attending this webinar today.

For the agenda, briefly. We're going to talk about the rule for operating companies, the rationale and the impact on filers and users, then we'll get into some CPE questions, then we'll get the rule for mutual funds and the impact on filers and users of fund data, a couple more CPE questions, then some upcoming events from XBRL US.

So, without further ado, we'll get started on questions about operating companies. Mark, this first question is for you. What is the timing of the phase in for operating companies?

MG: The phase in for operating companies will occur in annual increments. There are three of them. First, large accelerated filers that prepare their financial statements in accordance with US GAAP, will be required to comply beginning with fiscal periods ending on or after June 15, 2019. Accelerated filers that prepare their financial statements in accordance with US GAAP will be required to comply beginning with fiscal periods ending on or after June 15, 2020. Finally, all other operating company filers, subject to the interactive data filing requirements will be required to comply beginning with fiscal periods ending on or after June 15, 2021.

In a modification from the proposal and in response to comments, domestic form providers will not become subject to the Inline XBRL requirement until their first form 10Q filed for a fiscal period ending on or after the first fiscal compliance date, as opposed to their first filing ending on or after the compliance date. This will give those filers time to gain experience. Two examples. A form 10Q filer in the first phase-in group with a calendar year end will be required to begin for the period ending June 30, 2019. In contrast, a form 10Q filer in the first phase-in group with a June 30 year end, will be required to begin compliance for the first period ending September 30, 2019. And that is a summary of the phase in.

BC: The next question we have for you is, are there different requirements or deadlines for US-GAAP versus IFRS filers?

MG: US GAAP filers are spread throughout the phase in based on size, while IFRS filers are not required to comply until the last of the three groups, regardless of size.

BC: What is the status of the voluntary filing program for Inline XBRL? Can companies continue to file Inline XBRL documents using the voluntary program?

MG: A bit of back ground. In 2016, the Commission issued an exemptive order under the Exchange Act, that permits operating companies that comply with conditions listed in the order to file interactive data files required in their periodic and current reports using Inline XBRL through March 2020 in lieu of filing all their XBRL data in a separate exhibit. Operating companies may continue to voluntarily file Exchange Act reports in Inline XBRL before that time, pursuant to the exemptive order, which will cease to be operative once voluntary reporting under the amendments is permitted.

BC: Moving on to the next question, can companies file under the new rule in Inline XBRL before the deadline?

MG: Operating companies will be permitted to file using Inline XBRL under the amendments before their compliance date, once the EDGAR system has been modified to accept submissions in Inline XBRL for all forms under the amendments. That is anticipated to occur in March 2019. Otherwise, filers will continue to be required to file the interactive data file entirely as an exhibit as they do currently unless they comply with the conditions of the exemptive order.

BC: What are the differences filing under the exemptive order versus filing under the new rule?

MG: The main differences between filing under the exemptive order and under the amendments, are first, only exchange act filings can be made in Inline under the exemptive order, while Exchange Act and Securities Act filings can be made in Inline under the amendments and second, hardship exemptions are not available under the exemptive order.

BC: Next couple of questions are going to go to Mike. Continuing with questions on the rule for operating companies, ESMA (European Securities Markets Authority) has mandated that public companies submit Inline XBRL for Annual Financial Reports prepared under IFRS for periods starting on or after January 1, 2020. What are the differences in the proposed program compared to ESMA?

Mike Willis (MW): Some of the differences there, and we have been talking with the ESMA staff, our counterparts over there. Up until a few months ago, there was the whole Inline versus XBRL difference but now that's been handled through the rule. The primary differences are, number one, SEC-specific reporting requirements, which of course aren't going to occur in European markets, those are included in the SEC reporting taxonomies. The IFRS filers do not use the US GAAP taxonomy going forward, they use the IFRS Taxonomy and the SEC Reporting Taxonomy. That approach is very consistent with the guidance provided by the IASB in terms of the implementation for their taxonomy, and frankly it's just a best practice using a base taxonomy with a supplemental jurisdictional taxonomy, rather than creating a whole new idea every time the standards change.

One is the SEC Reporting Taxonomy is for SEC-specific reporting requirements. Number two, ESMA has announced they're going to use anchoring for any extensions. That is not currently required by the Commission. That idea can be addressed at the filer, agent or software level. It's not an SEC requirement. While it's required by ESMA, reports can simply be included in SEC EDGAR filings if the filers would like to do that when they get ready to do that. Third difference is in the architecture between the IFRS and US GAAP taxonomies for extensions specifically with the application of segment and scenario containers. The plan there is to migrate the IFRS architecture towards a more common approach, have the IFRS guidance and the filer manual be published and updated by ESMA to document the options as part of the discussions with the IASB. And the fourth difference that is significant is the assurance plans that ESMA has and I think that's probably the subject of the next question so I'm going to pass it back to you.

BC: Has the staff considered how this might impact the reporting burden for foreign private issuers?

MW: We have, that's why we've been talking with the ESMA staff and the differences that I've just highlighted would have de minimus if any burden on the filers because those differences can either be handled by the software or just accepted into all systems like in the example of the anchoring. If you want to file it in EDGAR, you'll be able to do that. If you don't, your software should be able to strip it out and not include it. It's going to be up to the filers, for that purpose.

BC: And the burning question that I think has been on a lot of people's minds related to assurance, has there been any consideration of an audit requirement for Inline XBRL data versus traditional XBRL data? This one goes to you Mark.

MG: To answer this, I want to do a little bit of history. When the Commission adopted the traditional or current XBRL data requirements for financial statement information in 2009, it stated its position that first, auditors are not required to perform any audit or review procedures with reference to the interactive data files, and second, filers are not required to obtain assurance on their interactive data files, or involve third parties such as auditors or consultants in the creation of their interactive data files. The path forward, the amendments imposing Inline XBRL filings relate only to the manner of submitting the interactive data file and not the data that comprise the file. Consistent with the amendments, only requiring a change in format, the Commission reiterated this 2009 position in connection with the amendments.

BC: A question that came in from the Internet here just want to back up a little bit. This goes to you Mike can you explain what Inline XBRL is for those who aren't aware of what Inline is in comparison to traditional XBRL.

MW: Sure. The current program where you have an HTML document separately filed from the XBRL exhibit. Those are two separate filings. One is the XBRL structured filing, one is the HTML human readable. Two different filings, one is largely human-readable, HTML. The XBRL is machine readable. Inline XBRL basically converges those two into a single filing that is both human-readable and machine-readable as one idea. I think in a few minutes I can give some examples of what that enables from a features and capabilities perspective. Simply put, Inline XBRL is simply a file format that combines both human-readable HTML and machine-readable xml into a single idea.

BC: Will companies have to report their earnings releases using Inline XBRL?

MG: The Inline XBRL requirements will require operating companies' financial statement interactive data to be embedded into the filing rather than appear in an exhibit. The legal framework for operating company interactive data otherwise stays the same. So, as a result, because earnings releases are not currently required to be tagged in traditional XBRL, neither would they need to be tagged in Inline XBRL.

BC: Next we'll move on to some of the rationale for the rule, Mike, can you tell us what does the SEC see as the primary benefits of the move to Inline XBRL for operating companies?

MW: Sure, at the core of this is the idea of reducing burden while at the same time, making the information more transparent. Let me be a little more specific, so I just mentioned that there are currently two filings – the HTML and the XBRL so moving to Inline will remove that duplication and any of the risk and time associated with trying to manage those different filings. A single filing will have the implication of lowering filer cost by going to the single filing but also through the features and filters that are available in the open source Inline XBRL viewer, we hope that filers and frankly investors will use those tools to more effectively assess the quality, comparisons, numeric, do benchmarking and other types of features that are part of their report assembly and analytical process. We think that will be very useful to them.

Another item is basically giving the preparer full control over the presentation of XBRL disclosures within the HTML filing. In the past, there was an inordinate amount of time that might have been spent on the machine readable to have it render in a correct way. In an Inline document, the rendering is done by the HTML layer, so filers can focus on that and not spend any time worrying about the rendering of the machine readable because it's no longer relevant. That will reduce the incentive to spend any time on that unnecessary presentation related tagging activity.

Another feature is we're eliminating the web site posting requirements. Hopefully that will reduce compliance burden. I realize it's not a lot, but it will reduce that requirement.

For the funds, and John may talk about this more later, the amendments will also facilitate efficiencies in the filing process, by permitting concurrent submission of the XBRL data file with certain post-effective amendment filings.

BC: The next questions is to address If mapping the taxonomy to the individual entity's financial statements is 80% of the effort and the same process is followed for instance creation, how is it justified to say that Inline will be more cost effective for preparers?

MW: First of all, let's talk a little bit about the mapping of the taxonomy to the filer's financial statements. I personally think that's well over 80% of the effort but if you want to presume for sake of discussion today that its 80%, that's fine with me. During the voluntary filing program, we did not observe that any vendors increased their fees or prices related to their adoption of the Inline XBRL publishing capabilities for the companies that participated in that program.

To get to how does this reduce cost, if you look at many of the report review and assembly processes, they tend to be highly manual with some automation outcoming on play by some of the vendors. We think that the Inline XBRL viewer, and its capabilities, begin to enable filers to more quickly assess their filings, whether it's to assess all the common disclosures, and all the required disclosures, to look at benchmarking, to do redline changing on narratives, to assess reference links to their authoritative content, maybe to their permanent file memos, to their risk models. All those kinds of things, pull up negative values, pull up all the extensions, all of that can

now be available through a mouse click, right in the face of the report. Just think about that if you're a filer and you're trying to figure out the risk associated with a disclosure and trying to benchmark that against other filings, that is something that the Inline viewer can enable with a mouse click directly on top of the draft report.

That capability and feature provides a lot of cost savings and time savings and maybe some incremental risk assessment to the filer as well as to the analyst community. I think more broadly, and much the same way that HTML, and frankly any other supply chain standardization in history works to enhance processes and reduce cost, Inline XBRL is in that same boat. The application of the Inline XBRL, as Mark mentioned earlier, it's really just a file format. If you prepare a 300-page word document and you save it as a word document, then turn around and save it as a pdf document, that's sort of the incremental cost of creating the incremental format document. Inline XBRL should be that same kind of incremental cost.

File Save as HTML, File Save as Inline XBRL. You're done. We don't see that file save as activity having a significant burden on anyone. And the cost savings come from all the enhanced processes that are enabled by that combined machine readable and human readable format, and the features that the software brings to bear directly on the draft report.

BC: Does the SEC perceive risk to data quality associated with Inline XBRL given that preparers will be more apt to tag the presentation rather than the underlying substance of the reported assertions?

MW: Not at all. I think it's the other way around. We saw a lot of companies spending time inappropriately trying to structure the report, so they could get a rendering outcome. Now they can just focus on the presentation via the Inline structure, with the data in the background. I will also emphasize again with the Inline XBRL viewer filters, filers and investors should be able to more readily identify data quality issues, and thereby more efficiently identify and correct them than they may have done in the past. With the increasing use of the open source rules that are available from the XBRL US Data Quality Committee, we should also see the data quality continue to improve. I guess, a plug for the XBRL US Data Quality Committee, if filers aren't aware of those rules, they should take a look at them. That's a good thing also to see as a way to reduce some of the data quality issues.

And finally, Bryan, with Inline XBRL and the viewer, we think that's going to facilitate the review of the XBRL data, so that filers can more easily identify any inconsistencies. That said, Inline XBRL cannot ensure the accuracy of the underlying data. However, we do expect that data errors will be more visible to reporting professionals. For instance, if they use the Inline XBRL viewer and some of the filters that are now available to identify all the common errors that we see, those will be just a mouse click away.

BC: Now moving on to discuss the impact on filers and users. This is a question for Campbell. What additional tools or training should companies consider, to comply with the new requirement?

Are vendors ready to support it and will this have an impact on users of data?

Campbell Pryde (CP): We had done a survey of our members who represent the majority of the XBRL preparing community and they've indicated to us that by the enactment of the rule they will all be ready to support Inline filings. A number of companies are already filing in Inline XBRL, so a number of vendors are already supporting the standards. From what we've seen, everyone has indicated that they are already able to, or will be able to soon. If you want more information, if you have a service provider or are using a software tool, you should check with your vendor and see what the earliest date is that you can file. No one seems to have any concerns about meeting the timeline.

In terms of additional tools or training companies should consider, most people using software, have indicated to us that you won't need any other tools, in some software there may be no difference whatsoever. That's really going to be on a on a case by case basis. if you prepare it yourself using a software there may be an impact, you really need to talk to your software vendors. In terms of users of the data, we've talked to a number of folks and companies who are using the data. Inline XBRL can just be turned into a regular XBRL document automatically so this is not representing a challenge to them. In our case, we use the data, and we've been taking the filings and we've really had no change in our process. From a data perspective, there will no additional work that will be required. However Inline XBRL gives you a lot of opportunities to use the data in new ways. Now that the XBRL data and the HTML filing are the same, you can start to overlay a lot of information on it.

As Mike mentioned earlier, one of the things that folks are starting to do is comparison analysis on the filing, so you can compare to peers, do time series analysis or see data quality problems in the filing. There are lots of opportunities to do more with the information.

Some people who are using the data will be doing updates to their software to get additional information into the databases that they have. Inline gives you more information. What you didn't have with XBRL in the past, was the actual number reported but now you can see that. That's more like the formatting, it may be helpful to see that the actual figure that was reported. That can be useful if you want to trace data back to the actual filing.

BC: That sounds like good news between your response and Mike's earlier comments. Sounds like for most filers, there won't be a lot of new rules or technologies that filers have to implement. Will Inline XBRL have any impact on the processing of data quality rules for US GAAP and IFRS filers?

CP: No, the rules still operate fine and we've been running those rules already on the Inline filings that have been coming in so there really is no impact. The only possible thing that will change is we may implement more rules specific to Inline filings. The only example is that in Inline XBRL there is some data that may not appear in the filing – that data can be hidden - but the data is still in the filing. There's a need for that, such as "what's the financial year end date" and that kind of information, so we'll probably be implementing some rules just to look at that to make sure that

data that shouldn't be hidden, isn't being hidden. It will allow us to do more accurate data checking of what's been reported and tie that closer to the actual financial report.

BC: This next question is for Mike. Is information submitted in Inline XBRL comparable to existing information submitted in the traditional XBRL format? Will Inline XBRL data be relatable to traditional XBRL data?

MW: Yes. The underlying disclosures are structured substantively the same way as within the XBRL files, only the format changes. We're embedding the XBRL document into an html document. The structured disclosures shouldn't materially change between XBRL traditional and Inline XBRL going forward.

BC: Let's turn to a question from our listeners and this goes to Mark. Will the web site posting requirement no longer be necessary if a company early adopts the rule once the EDGAR system is ready?

MG: The web site posting requirement elimination, and the submission of Inline XBRL are completely independent. When the rule goes effective, which is 30 days after Federal Register publication, which we are aware has not happened yet. But when it does, at that point, the web site posting ends. Again, it is separate and apart from the voluntary filing in the Inline XBRL format.

BC: Can you comment on the differences or improvements the Commission has seen as it relates to XBRL data quality / compliance based on the voluntary Inline XBRL program?

MW: Let me first say generally we've observed some data quality improvements that have been relatively significant, specifically on the data quality targets of the XBRL US Data Quality Committee ruleset. We think about 70% of operating companies appear to be applying these open source freely available data quality rules, and again, as I said earlier, if you're not using those, please take a look at them.

We do continue to observe data quality errors in filer creation of inappropriate extensions, and inappropriate tagging of disclosures with the wrong tag, and also with scaling errors. Just earlier this week I saw a filing with a discount rate in excess of 400%. So, it was clearly a scaling error. I also saw a discount rate that had a number in excess of 28 million. We're still missing things that are clearly errors. The Inline viewer will help us identify those more quickly just by simply using the filters. The program was designed to introduce the format and also the open source Inline viewing code. If you haven't used the Inline viewer, I encourage you to try it. There's a video available on the web site explaining how that works and about the data quality features and capabilities. We do think it will have an impact on data quality going forward but through the features and capabilities of the Inline viewer, not just necessarily a native format.

BC: While talking about the Inline viewer, will the SEC continue to maintain the code for the Inline XBRL viewer? What enhancements to review processes does the Inline viewer enable for staff and others?



MW: We do plan to maintain and even enhance the Inline viewer code. We hope to draw upon some of the enhancements made to the open source code and other enhancements based upon feedback from market participants. Please let us know what you think. You can send us an email at [structureddata@sec.gov](mailto:structureddata@sec.gov).

Just to dig into some of the review processes that we see are ineffective as filers may not be able to readily see the structured data, the viewer will give them the ability to do that. Some of those filters with a mouse click you can see all the negative values in the documents. All the calculations. You can isolate company extensions. You can identify potential scaling errors. You can review any balances that are out of context. You can isolate disclosures by period and thereby have a better understanding of their status. There are lots of features that will help you zero in on common data quality topics.

We also see non-tagging process steps that can be positively impacted with the Inline viewer. Let's give you a checklist, the first is an automated assessment of disclosure checklist items, so to the extent that you're using the US GAAP or IFRS taxonomy, some of the uses of the viewer are enabling an automated assessment or checklist like where's waldo, do I have them all? And be able to go through that in an automated fashion. Clearly not 100% but if you can automate 60% or 80% that would be a step in the right direction. I mentioned earlier benchmarking against peers and time series charting. That's something we have up and running inside the commission. We see it out in the marketplace so that would be a very nice benefit for any filer or investor.

Redlining of narrative changes from period to period. That's also something you would expect. And then any reference links to related authoritative content. That could be FASB, but we would also anticipate that some of the vendors may also make that available to connect between disclosure types and topics to risk models and other things that would be relevant to the filer. And all those kinds of activities would be available with a mouse click. One of the questions filers might want to consider is: does their service provider or software vendor offer these types of features and capabilities? And if so great, if not, they may want to consider some sort of adoption of the Inline viewer.

BC: What is the future of SEC "Rendering" – will the SEC rendering engine and rendering be discontinued after all filers have implemented Inline XBRL? so we're talking about the old traditional XBRL viewer, not the new Inline viewer.

MW: From a practical perspective, the SEC renderer will not be discontinued mainly because investors may want to go back and compare the filings between 2009 and the current period. You can see it now, we've continued to include the rendering alongside the Inline filing. Whether or not we continue to do that, I don't know. The rendering application will stay in place if for no other reason than to enable viewing of the filings between 2009 and the current period.

## CPE QUESTIONS

BC: next we're going to talk about the rule for funds. So, these questions will go to you John. What is the timing of the phase in for funds?

John Foley (JF): The timing for the phase in for funds is a little bit simpler than the phase in for operating companies. Really just in two stages, one for large fund complexes, defined as those with 1 billion or more in assets under management, have two years from the effective date of the rule to switch to Inline. The effective date of the rule is 30 days from publishing in the FR. We expect that to happen soon.

And then there's a two-year period to comply so we're looking at about 25 months. Smaller fund complexes, defined with less than \$4 Billion, have 3 years to comply with the switch. Similar to operating companies, the elimination of the web site posting requirement goes live immediately upon the effective date of the rule, in about 30 days which is one of the more popular parts of the rule. It's important to note that we didn't come up with these phase ins out of thin air. We recognize that funds have a lot on their plates, a lot of challenges, and after the proposal came out, we talked to commenters about how much time they would need. Originally as you may know, we had proposed one year for large complexes, two years for small complexes.

We spoke with some of the commenters who were most vocal in their opposition. They talked about some of the operational issues they would have in making the switch to Inline. In the end we simply asked folks how much time would you need. The longest time frame we heard back was 18 months, so we took that, added in some more cushion for large complexes, added in even more cushions for small complexes. We came out in a place that we think is entirely reasonable.

BC: What are the unique challenges that funds might have in making the transition?

JF: As far as why do something different for funds versus operating companies, the simple answer is that Investment Management is being responsive to its own set of commenters, fund filers, who have expressed different concerns about the transition to Inline than those expressed by operating companies. Those concerns touched on a number of different areas. But they centered less on the transition to Inline XBRL but more on the elimination of the 15-day grace period that funds currently enjoy between the time of the filing of a 485 or 497 filing and the subsequent corresponding filing of the standalone XBRL data.

That has, candidly, never been a great process either for funds, which need to file their registration statement or annual update without XBRL data, then separately generate these standalone XBRL files, then review all those files against the actual 485 or 497, then make an entirely separate filing. It has also not been particularly great for investors who don't get immediate access to structured risk/return summary information; or for third party data aggregators, that help deliver that info to investors, and who we learned during the rulemaking process, simply can't wait 15 business days in a business environment that expects publicly available data to be delivered to investors almost instantaneously. What these data aggregators are doing, in many cases, is simply disregarding the XBRL data and employing folks to manually cull risk/return information from the direct filing, 485 or the supplement.

It's important to note that not all data aggregators have these capabilities, so by eliminating the 15 day delay we are democratizing the timely availability of this information and letting smaller aggregators or new market entrants that may not have the capability to employ people to manually cull this information. We let smaller aggregators or new market entrants to have access to this information in a matter of hours or possibly days, instead of weeks.

All that said, we do recognize that funds will experience changes in workflow once the 15-day waiting period is eliminated. They've become accustomed to this flexibility and they've used that flexibility to hammer out last minute comments with SEC staff minutes before filing deadline, or to sync up the mailing of prospectus and shareholder reports. That's not what the 15-day period was intended for, but we do understand that these processes are in place and it's a challenge to change them. Funds also use the 15-days to compare their instance document filing, 485 or 497, to the stand-alone XBRL filing generated after the filing. This review can be a time-consuming process. But this is where the real advantage of Inline XBRL comes in. You don't have the separate after the fact process of generating XBRL, reviewing it, or sending it to an administrator for review.

Instead, the entire time, you are working on the core, human readable filing. The XBRL tagging is taking place in the background, meaning the time needed to review the structured data tags is drastically reduced. Funds will still have to build in a bit of time for the review of tags within the document but nothing even close to the type of review that's conducted today. You may have to wrap up disagreements with the SEC reviewer slightly earlier, but once you hit submit on that that core filing, you're done. No separate process for generating five unreadable files per fund. No extra filing to worry about.

Our overall understanding is that Inline XBRL, after an initial transition period, can make life easier, simpler, less costly.

BC: Was there any consideration of establishing a voluntary filing program for funds?

JF: Bryan, this is a great question. The short answer is yes, we gave this a lot of thought. The idea being, if this is all so great, why mandate it? Why not just let funds come to the realization on their own that it's beneficial? After a significant amount of discussion however, we learned that there are several strong reasons why a voluntary approach was not ideal. We felt that a voluntary approach would reduce potential benefits to data users including potential data quality improvements. If not everyone's on board right away, it could reduce the ability to view contextual information about XBRL disclosures. Compared to a mandatory Inline XBRL approach, to the extent that Inline XBRL use would be more widespread under a mandatory approach than a voluntary one. Our understanding is that it could be a lack of awareness of new technology. It could be inertia. We feel these are common hurdles to market wide adoption in voluntary regimes. In addition, coordination problems, as well as the existence of network externalities related to the majority of filers using a particular technology – here, the more traditional XBRL - may lower the rate of voluntary adoption. Because individual filers do not internalize the aggregate benefits of

Inline XBRL to other filers and data users. From an individual filer standpoint, it may be optimal to delay the one-time adjustment of workflow processes required to transition to Inline XBRL until other filers transition to Inline XBRL, in order to take advantage of potential future gains in Inline XBRL preparation experience, and reductions in preparation costs due to economies of scale.

In other words, you might end up in a situation where everyone's waiting for everyone else. In addition, under a voluntary alternative, to the extent that some filers use the Inline XBRL format while others use the traditional XBRL format, data users would have to maintain, indefinitely, capabilities to extract both traditional XBRL and Inline XBRL data. Again, not ideal.

This remains true for some of the suggested alternatives we received from commenters, such as shortening the 15-day period to 10 day or 7 days. Any delay negates the benefit of Inline XBRL for fund filers which should really end up putting this in the hands of data users, hopefully in a matter of mere hours, which, if you're talking 15 days, 10 days, 7 days, the huge benefit is getting it out to investors or to aggregators that provide the information to investors, really, really quickly.

BC: How should filers handle performance charts? will the numeric information in charts (plot points) be expected to be hidden facts?

JF: I think these questions are a good opportunity to make a broader point which was discussed in the context of operating company filers earlier, is that we are not making any substantive changes to the info that is required to be XBRL tagged. it's still the same old risk return summary information for funds. And again, this is a formatting issue. This is moving from XBRL as we know it today to Inline XBRL. As far as what needs to be tagged, we're still talking about the same risk return summary information, to the extent there are questions about "how should this be handled, how should that be handled", on any of those substantive changes. Not just these two questions in particular, but any question like this, not just this one, the short answer is, no change.

BC: what are the primary benefits of Inline XBRL for funds and users of fund data?

JF: We discussed the simplified processes for funds earlier, as well as the estimated lower ongoing costs on the transition period. For users of fund data, the main benefit is getting this info in a structured format in a matter of hours instead of weeks. In 2018 there's no reason for folks to be manually culling risk return summary info and possibly making mistakes. The future in this space is really more structured information, and faster structured data, not this 15-day delay that was deemed necessary all the way back in 2009. On the last question, I think we've pretty much covered the implications of eliminating the 15-day grace period, so I think we can move on.

BC: Thank you very much, before I turn it back to Michelle, the key takeaway from what I've heard: at the risk of oversimplifying this, while yes, *some* things have changed, but not *much* has changed. The content requirements haven't changed. This is really just a different format for the XBRL files that companies have been submitting for some time now. That's good news for filers. You still want to be working with your vendors and contacting them to see if there are any

implications to your processes. You want to be addressing this and getting out ahead of that that before the rules are official.

## Additional Questions

During the webinar, several questions were asked which we were unable to address due to time constraints. Bryan Castrantas, the moderator of the program, responded to those questions as noted in the Q&A below. Please note that these responses were not reviewed with, nor do they necessarily reflect the opinion of, the other speakers in the program.

### **About Bryan Castrantas**

Bryan is a Certified Public Accountant at Richey May & Co LLP with over 9 years of public accounting experience. Bryan has been assisting public companies with their XBRL reporting compliance efforts since 2011, with a focus on improving data quality and applying reporting taxonomies to company disclosures. Bryan has developed and implemented both automated and manual review processes to help streamline compliance efforts and reduce risks associated with an XBRL submission. Contact Info: [bryan@richeymay.com](mailto:bryan@richeymay.com)

Question	Response
<p>Question regarding quality. In the final rule, the SEC discusses review of several voluntary Inline filings for quality. It is a small pool of filings but the SEC found no significant difference in custom tag use, for example. There has been some discussion of iXBRL improving tagging quality. Does the SEC envision potential validation changes to potentially improve quality and enforce consistency?</p>	<p>The SEC commented during the webinar that they have seen an increase in data quality as measured by an increase in compliance with DQC rules. XBRL US commented that additional validation rules will be developed by the XBRL US DQC as well as software vendors that will continue to improve data quality.</p>
<p>When will the rule hit the Federal Register?</p>	<p>The final rule was published to the Federal Register on August 16, 2018.</p>
<p>If the SEC staff has determined that XBRL information submissions are so important, then why doesn't it make sense to require auditors to at least review the tagging to help improve data quality?</p>	<p>From the SEC's Interactive Data Q&amp;A (<a href="https://www.sec.gov/divisions/corpfin/guidance/interactivedatainterp.htm">https://www.sec.gov/divisions/corpfin/guidance/interactivedatainterp.htm</a>): Question: The interactive data adopting release provides that controls and procedures with respect to interactive data fall within the scope of "disclosure controls and procedures." See Securities Act Release No. 9002 (Jan. 30, 2009). Exchange Act Rules 13a-15 and 15d-15 require certain officers to evaluate the effectiveness of the filer's disclosure controls and procedures, and Item 307 of Regulation S-K requires the filer to disclose the officers' conclusions regarding the effectiveness of those disclosure controls and procedures. However, the adopting release also adopts amendments to Exchange Act Rules 13a-14 and 15d-14 that exclude interactive data from officer certifications, which, among other things, describe the officers' responsibility for establishing and maintaining disclosure controls and procedures and require statements regarding their design and evaluation. Is a filer that submits interactive data in an exhibit to a Form 10-K or 10-Q required to consider controls and procedures with respect to interactive data in complying with Exchange Act Rules 13a-15 and 15d-15 and Item 307?</p> <p>Answer: Yes. Controls and procedures with respect to interactive data fall within the scope of "disclosure controls and procedures." That the principal executive and financial officers do not need to consider such controls in making their individual certifications about their responsibility for establishing and maintaining the filer's disclosure controls and procedures does not mean that the filer can exclude such controls in complying with Rules 13a-15 and 15d-15 and Item 307 of Regulation S-K. [May 29, 2009]</p>
<p>Will Inline XBRL make presentation and calculation files no longer required?</p>	<p>The requirements have not changed as it relates to the presentation and calculation linkbases. Filers are still required to submit these two documents.</p>
<p>Will the website posting requirement not longer be necessary if a company early adopts the rule (once Edgar is rule ready)?</p>	<p>The elimination of website posting requirement is independent of the Inline XBRL requirements. The elimination of the website posting requirement is effective 30 days after posting in the Federal Register regardless of the timing of a filer's decision to transition to iXBRL.</p>
<p>Thank you for the phase-in details. One other clarification: what group will FPIs who file on domestic form types 10-Q and 10-K (voluntarily, for example) reporting in US GAAP fall into? Does their FPI or Filer status (i.e. Accelerated) prevail?</p>	<p>A domestic US-GAAP filer who is required to submit a form 10Q is classified based on their filer status. In the example provided, this filer would be required to file their first 10Q after 6/15/2020.</p>
<p>Under the new rule, are filers required to submit the Schema Definition together with the presentation, definition and calculation linkbases? It doesn't quite make sense to prepare the presentation and definition linkbases for iXBRL filings?</p>	<p>Requirements have not changed as it relates to the presentation, calculation, and definition linkbases. Filers are still required to submit these documents as part of a well-formed XBRL file.</p>
<p>Linkbases are currently required, will they still be required under the new rules? Will there still be a requirements for facts to appear on a presentation?</p>	<p>The requirements have not changed as it relates to the presentation and calculation linkbases. Filers are still required to submit these two documents.</p>
<p>Is there risk associated with filing XBRL incorrectly? Would you say tagging a number with an inappropriate definition is equivalent or similar to filing a wrong number in your 10-Q?</p>	<p>The risk associated with submitting incorrect or incomplete financial data to regulators, regardless of the format.</p>
<p>So, should we use hidden facts to represent data points that are presented in a bar chart then?</p>	<p>Data points in a bar chart should be handled in the same manner as they are using traditional XBRL. The SEC stated that there are no substantive changes the what is and is not required to be tagged.</p>