Data Quality Committee
Washington D.C.
October 10, 2018
Meeting Notes

Attendees

<u>Committee Members</u>

Pranav Ghai, Campbell Pryde, Lou Rohman, Mohini Singh*, Chase Bongirno, Andreas Krohn, Amit Varshney*

<u>Absent</u>

Craig Lewis, Emily Huang, Jo Guo, Charles Kessler

<u>Staff</u>

Ami Beers, David Tauriello

<u>Observers</u>

Louis Matherne, Iza Ruta*

joined by phone

Welcome

- Chair welcomed Committee and members introduced themselves.

Minutes Approval

- Motion to approve minutes from June 27, 2018 DQC meeting, by Chase Bongirno, seconded by Andreas Krohn.
- Vote (For 7, 0 Against)
- Motion passed. June 27, 2018 DQC meeting minutes approved.

Approval of Rules/Guidance Version 7

- Campbell explained the updated rules from the public review.
  - DQC_0067 – The rule identifies if element associated with new revenue recognition standards are used when elements from old revenue recognition standard are also used. Rule has been updated to exclude elements that can be used for both standards (leases and deferred revenue). Approximately 60,000 errors were flagged for filings over 2 years (approximately 40,000 errors related to deferred revenue elements which will be removed from rule). Elements removed include:

- OperatingLeasesIncomeStatementLeaseRevenue
- OperatingLeasesIncomeStatementMinimumLeaseRevenue
- OperatingLeasesIncomeStatementContingentRevenue
- PercentageRent
- OperatingLeasesIncomeStatementSubleaseRevenue
- GrossTransactionVolume
- RevenueFromRelatedParties
- DeferredRevenue
- DeferredRevenueCurrent
- DeferredRevenueNoncurrent

- DQC_0068 - Geographical Axis Used with Pension Line Items – No comments received through public review.

- DQC_0069 - Plan Asset Categories Component Members – No comments received through public review.

- DQC_0070 - Plan Asset Dimensional Aggregation - No comments received through public review.

- DQC_0071 - Revenue/Cost Single Member - This rule is for revenue recognition. If only one product is reported, the expectation is to use an extensible enumeration (do not disaggregate with dimensions). This rule identifies if the revenue/cost elements:
  - RevenueFromContractWithCustomerIncludingAssessedTax,
  - RevenueFromContractWithCustomerExcludingAssessedTax and
  - CostOfGoodsAndServicesSold

  have been used with the ProductOrServiceAxis for only one product or service represented by a single member on the product or service axis. There were a lot of comments received on this rule, especially where information is reported in the notes to the financial statements for separate legal entities. Approximately 2,680 errors have been flagged on the impact analysis. Rule updated to flag an error for every fact used in a table where a single member has been used as a domain-member child for the element ProductsAndServicesDomain in that table. Error message updated accordingly.

- DQC_0072 - Plan Asset Categories Percentage - No comments received through public review. No errors flagged for this rule.

- DQC_0073 - Plan Asset Categories Permissible Line Items - This rule identifies when inappropriate line items are used with the Plan Asset Categories Axis. FASB provided a list of elements that should be used with this axis. Rule will flag those line items that are used with this axis that are not on the list. Rule

flagged approximately 8,000 errors. Rule updated to add the following allowable elements to the list:

- DefinedBenefitPlanPlanAssetsForeighCurrencyTranslationGainLoss
- DefinedBenefitPlanTargetPlanAssetAllocationsRangeMinimum (Up to 2016)
- DefinedBenefitPlanTargetPlanAssetAllocationsRangeMaximum (Up to 2016)
- DefinedBenefitPlanTargetPlanAssetAllocations (Up to 2016)
- AlternateInvestmentsFairValueDisclosure (Up to 2017)

- o DQC_0074 - Nil Values on Typed Axis - No comments received through public review. Rule flags approximately 694 errors.

- o DQC_0075 - Revenue Tax Policy – No errors were flagged. Rule was not helpful, so rule is to be removed.

- o DQC_0076 - Performance Obligations With No Durations - No comments received through public review. Approximately 1,500 errors have been flagged.

- o DQC_077 - Satisfaction Period With No Satisfaction Start Date Axis - No comments received through public review. Approximately 1,000 errors flagged.

- o DQC_0078 - Ownership Interest With No Ownership Axis - This rule identifies those cases where the ownership interest elements are not used with the ownership axis. Rule does not apply to investments or equity method investments. Rule flags approximately 4,500 errors. Rule updated to add the following two ownership interest elements to be checked by the rule:
    - SusidiaryOfLimitedLiabilityCompanyOrLimitedPartnershipOwnershipInterest
    - LimitedLiabilityComanyLLCOrLimitedPartnershipLPMembersOLimitedPartnersOwnershipInterest

- There was a comment that there were a large amount of comments received on this version of the rules. Most comments are received from the filing agents as they run the rules for their clients and they get errors.

- Campbell presented the revised Revenue Guidance document. Many comments have been received on Revenue Guidance and has been rewritten multiple times during the public review to address comments. The document has been reviewed by the FASB and the Tuesday DQC working group. The topics included:
    - o Comparative Line Items on Face Financials - when reporting income statement or balance sheet, the same ASC 606 revenue elements should be used for all periods reported.

- o Disaggregated Revenue – many issues and questions came up with this topic so the document now provides more examples. Campbell walked through the various scenarios.
  - o Revenue for Financial Institutions – aggregate revenues cannot be cleanly disaggregated into revenue from contracts with customers, example provided in guidance.
  - o Assessed Taxes – if no assessed taxes, use Revenues from Contracts with Customers element that excludes assessed taxes.
  - o Revenue Remaining Performance Obligation – guidance covers DQC rules and references FASB template for default on typed dimensions.
  - o Selection of Elements - guidance states no mixing elements from old and new standards, DQC_0067 covers this.
  - o Subtotals by Product – covers information in DQC rules
  - o Revenue before topic 606 - provides examples of current period values as measured under previous guidance to the revenues measured under ASC 606.

- Chase indicated that his firm had reviewed the document and will not have a major impact on their clients.

- Motion to approve Rule Set 7 DQC_0067-DQC_0074, DQC_0076-DQC_0078 and Revenue Guidance, by Chase Bongirno, seconded by Pranav Ghai.
- Vote (For 7, 0 Against)
- Motion passed. DQC_0067-DQC_0074, DQC_0076-DQC_0078 and Revenue Guidance approved.

Nonconsolidated Legal Entity Guidance Update
- Guidance document is under review and we are still obtaining comments and awaiting FASB review.
- Document provides guidance on how axes should be used related to legal entities. Topics include:
  - o Legal Entity Axis – allows filers to report values for legal entities. Table in guidance provides examples of legal entities that might be used to tag revenue, table provides meaning when reported in the registrant's filing.
  - o Consolidated Company Reporting – report the aggregate sales of subsidiary in the holding company. The guidance provides example of how the holding company reports consolidated revenues of the subsidiaries.   Table shows how Consolidated Entities Axis and Consolidation Items Axis should be used. DCQ_0001 addresses much of this guidance; however, more rules may be written in the future.
  - o Transactions with Customers – typically use the Major Customers Axis for sales to customer (revenue breakdown by customer). Revenues for a subsidiary, from a customer, use customer name in conjunction with Legal Entity Axis.
  - o Transactions with Related Parties – use Legal Entity Axis with Related Party Axis.

- o Ownership Axis – identifies when the Ownership Axis should be used. Rule DQC_0078 addresses when a list of element is used w/o ownership axis.
    1. ManagingMemberOrGeneralPartnerOwnershipInterest
    2. MinorityInterestOwnershipPercentageByParent
    3. MinorityInterestOwnershipPercentageByNoncontrollingOwners
    4. LimitedLiabilityCompanyLLCOrLimitedPartnershipLPMembersOrLimitedPartnersOwnershipInterest
    5. SubsidiaryOfLimitedLiabilityCompanyOrLimitedPartnershipOwnershipInterest
        - ▪ Guidance provides an example. Ownership axis should not be used to represent the ownership structure of the consolidated group due to circular nature of the disclosure.

Action Item - Will post revised version on website for further comment. XBRL US will communicate to members that revised document is available. Email vote for approval once all comments received.

Future Rules Version 8
- Campbell discussed that we are focused on nonnegative items from IFRS taxonomy. Elements in the Formula Linkbase rules used as a starting point. The working group is reviewing the list and have made changes or exceptions to reduce false positive errors.
- Lou mentioned that this rule set version 8 will not replace rules in the IFRS Taxonomy Formula Linkbase, filers can run both sets of rules.
- Campbell mentioned that we will look at developing guidance on reporting dates in filings.
- We will look to conduct public review so that filers can test rules for yearend filings. We would like to approve rules before filing deadlines.
- Inline XBRL – We are collecting data on hidden tags. There are a lot of hidden tags in filings. Campbell asked whether we should have rules for this and whether this is an issue for users. Hidden tags are used in the filings in the following ways:
    - o Data is reported in html but hidden so no data will be shown when rolling over in SEC viewer. This is an example of incorrect tagging.
    - o When data is not reported in html, then it will be tagged as hidden.
    - o Data reported with link when transformed.
    - o Some facts reported need 2 tags and should be reported through a mechanism called "nesting". Some software does not support this. Software needs to support nesting and transformations.
    - o It is estimated that filings should have less than 20 hidden facts, but we have seen some filings with over 300 hidden facts. These are not necessarily errors, but software needs to be improved.
    - o DQC will discuss with SEC need for FAQ on inline reporting.

The DQC members conducted a closed session.

Meeting adjourned 12:00PM.