

Data Quality Committee
Webcall
December 5, 2018 3PM (ET)
Meeting Notes

Attendees

Committee Members

Pranav Ghai, Campbell Pryde, Lou Rohman, Chase Bongirno, Andreas Krohn, Adrian Cloutier

Absent

Craig Lewis, Emily Huang, Charles Kessler, Mohini Singh, Amit Varshney

Staff

Ami Beers, David Tauriello

Observers

Louis Matherne, Iza Ruta

Welcome

- Chair welcomed Committee. Lou mentioned that Jo Guo will have different responsibilities going forward and Adrian Cloutier, global Director of Equity, will replace Jo from Morningstar.

Minutes Approval

- Motion to approve minutes from October 10, 2018 DQC meeting, by Chase Bongirno, seconded by Campbell Pryde.
- Vote (For 6, 0 Against)
- Motion passed. October 10, 2018 DQC meeting minutes approved.

Approval of Rules Version 8 for Public Review

- Campbell explained the two rules that are being proposed for release for public review.
 - DQC_0079 Extension Members
 - This rule applies to both IFRS and US GAAP filings. This rule checks if the filer has used an extension member that has a known taxonomy member in the Country or State and Province taxonomies. Many companies had created extensions for state or country members and have not adjusted their filings since the SEC has released the Country and State and Province taxonomies. The rule compares a standard list of

known extension members seen across historical filings and identifies the correct member from the base taxonomy to use. There are exceptions to the rule:

- For the US-GAAP taxonomies this rule will not flag an error if the extension member is used on either the IncomeTaxAuthorityNameAxis or the StatementBusinessSegmentsAxis.
- For the IFRS taxonomies this rule will not flag an error if the extension member is used on the SegmentsAxis.
- There are approximately 2,000 member errors for this rule within the past year.
- Chase questioned if we should expect pushback from the filer community on this rule related use of proper nouns. Some companies use countries in the names of subsidiaries. Campbell explained that in order for the rule to fire, the string of the member would have to exactly match the extension list so we don't expect this to be a problem.
- The rule does not apply to regions (e.g., Africa, North America).
- DQC_0080 Negative Values (IFRS)
 - This rule is similar to the US GAAP rule DQC_0015 Negative Values but this is a separate rule that will run on only IFRS filings. This has been developed as a separate rule so that only IFRS elements are included.
 - There is an exclusion members list (similar to US GAAP) specific to the IFRS Taxonomy. Exclusion members list includes text string matching. When using the following text in a member, rule will not flag:
 - Change
 - Increase/decrease
 - IFRS taxonomy has elements in Formula linkbase for elements not to be reported as negative. This was used as the starting point for the working group. Elements were removed from rule if they cannot be negative in the default but could be negative when used with members (e.g., derivative assets that may be broken up by security classes). These were removed from the list and a separate rule will be developed for these elements in the future.
 - Working group will continue to review and add elements to the list during public review period. Currently list includes approximately 750 items.
 - Iza mentioned that the original objective of including the elements in the formula linkbase was to develop a list to be used as a warning (elements generally will not be negative with the knowledge that it can be negative when used with members). DQC is taking a different approach in this rule.
 - Iza noted that DQC_0080 includes "(IFRS)" in the name of the rule, while DQC_0079 applies to IFRS but does not include the term in the name of the rule. Campbell explained that the IFRS applicable rules state "IFRS

Ready” on the XBRL US website when they apply to IFRS taxonomy. Rule messages state which taxonomy is being used. We should consider a way to distinguish those rules that apply to IFRS and those that apply to US GAAP and those applicable to both.

- Campbell mentioned that for US GAAP, elements used on the Statement of Stockholders Equity were excluded from the list of elements for nonnegative rules. A separate rule is being developed for these elements.
 - The rules are proposed to be exposed December 17, 2018-January 31, 2019. We do not want to go any later, so that filers can use the rules for their yearend filings.
 - Campbell mentioned that nonnegative value rule is updated when a new taxonomy is released. Iza mentioned that she expects that the final taxonomy should be available in March 2019.
- Motion to approve Rule Set 8 DQC_0079 and DQC_0080 for public review, by Chase Bongirno, seconded by Andreas Krohn.
- Vote (For 6, 0 Against)
- Motion passed. Approved Rule Set 8 DQC_0079 and DQC_0080 for public review.

Comment Letter to SEC

- DQC sent a letter sent to Chia Becker at the SEC on November 15, 2018. The letter stated that the DQC welcomed SEC communications to filers to improve awareness of the availability of DQC guidance and rules. The DQC is supportive of SEC adding rules to EDGAR filing engine (On October 1, 2018 SEC added rules into the filing process). DQC pointed out that the rules flagged false positives where filers had tag correctly. DQC provided an example of the nonnegative rules. The results from running EDGAR’s rules showed that 13% of the errors were false as compared to the DQC’s errors. The letter stated that this causes extra work for preparers during an already time constrained period as they are working to submit their filings. DQC recommended that the SEC address these issues in the EDGAR system in a timely. SEC does not usually provide feedback or comments on letters unless related to a rule.
- Campbell stated that he does not expect to receive a response on the letter. However, these letters are used as reference points for any new rules and it is good to provide comments to the SEC.
- Chase mentioned that this is a pain point for filers and it was important to state this in the meeting with the staff and in comment letter to the SEC.

Future Meeting

- Next meeting will be held February 13, 2019 (phone meeting). Next in person meeting will be in April/May in Washington D.C.

Other Business

- Campbell mentioned that the Legal Entity Guidance that has been approved and on the website has received some comments after the public review closed. There is some ambiguity related to business acquisitions and how they are consolidated and which elements are to be used. Guidance should be adjusted to address reporting financial line items related to acquisitions in a consolidated entity. In addition, there needs to be more guidance on variable interest entities. Add a section into guidance document to address this topic. Need a consistent approach to tagging. Will discuss with FASB and then will bring to DQC.
- Feedback from people running the rules. The Arelle processor will be updated to run in C++ which will be published early 2019 and will speed up running times of the rules. Interface points will remain.
- XBRL US published an API that supports requests of past DQC errors. API runs both approved and proposed rules.

Meeting adjourned 4:00PM (ET).