

**Data Quality Committee
Washington D.C.
October 1, 2019
Meeting Notes**

Attendees

Committee Members

Campbell Pryde, Joan Berg, Chase Bongirno, Sophie Sharp

Absent

Adrian Cloutier, Emily Huang, Charles Kessler, Pranav Ghai, Heather Krupa, Mohini Singh, Amit Varshney

Staff

Ami Beers, David Tauriello

Observers

Louis Matherne, Iza Ruta*

**joined by phone*

Welcome

- Campbell Pryde opened the meeting and introduced Joan Berg, ToppanMerrill as new Chair of DQC and new member Sophie Sharp, Bloomberg replacing Andrias Krohn and welcomed them both to the Committee.

Minutes Approval

- Motion to approve minutes from July 15, 2019 DQC meeting, by Chase Bongirno, seconded by Sophie Sharp.
- Vote (For 4, 0 Against)
- Motion passed. July 15, 2019 DQC meeting minutes approved.

Approval of Final Rules Version 10

- Joan explained that the rules for version 10 were exposed for public review.
- Campbell explained that no formal comments were received. Campbell received some informal comments on rules, but no changes were made.
- DQC_0082 – this rule identifies if certain Variable Interest Entity (VIE) related elements have been used in the filing. Filers should be using the *ConsolidatedEntitiesAxis* and

the member *VariableInterestEntityPrimaryBeneficiaryMember* with balance sheet elements. This rule had 5280 errors impacting 249 companies. The 2019 taxonomy allows multiple ways to tag this information. The 2020 taxonomy will be updated for these elements, therefore the effective date for this rule will be March 31, 2020.

- DQC_0083 - This rule identifies those cases where the filer has used the *VariableInterestEntitiesByClassificationOfEntityAxis* with either of the following members on the face financial statements:
VariableInterestEntityPrimaryBeneficiaryAggregatedDisclosureMember and *VariableInterestEntityPrimaryBeneficiaryMember*. This rule had 15,984 errors with 293 companies. The effective date for this rule will be March 31, 2020
- DQC_0084 - This rule identifies where the values of a durational element for a series of periods of time do not aggregate to the value representing the aggregated period in the instance. The rule incorporates a tolerance factor of 2. Feedback was received that the rule did not include the tolerance factor on the aggregate, so the rule was updated. Many errors related to different signs used for the durational elements vs. the aggregate values. Other errors related to scaling or using the wrong elements. This rule had 1,257 errors impacting 500 companies. The effective date for this rule will be December 31, 2019.
- Motion to approve Rule Set 10 which includes DQC_0082 and DQC_0083 with March 31, 2020 effective date and DQC_0084 with effective date of December 31, 2019 by Chase Bongirno, seconded by Sophie Sharp.
- Vote (For 4, 0 Against)
- Motion passed. Rule Set 10 which includes DQC_0082 and DQC_0083 with March 31, 2020 effective date and DQC_0084 with effective date of December 31, 2019 approved.

DQC Errors

- Joan presented error graphs that provide quarterly historical errors for DQC rules.
- There was a question on DQC_0015 Negative Value as to which elements had the most errors.
- There was a suggestion to change the color of the bars on the graphs for the quarter that rules were implemented.

Linkbase for DQC Rules

- Campbell explained that FASB is working to include data from rule DQC_0015 to be implemented into the US GAAP taxonomy. Campbell explained that currently, XBRL US maintains the list of elements included in the rule (and the exclusion members for this rule) as lists in JSON or CSV files on the XBRL US Github site. When changes are made to the taxonomy, the rule needs to be manually updated. The benefit of moving the rule into the taxonomy will be that the data (such as, list of elements and exclusions of members) of the rule is updated along with the taxonomy. All information about the rule will be readable in the taxonomy. Software providers can reference the data directly

from the taxonomy to run rules. Campbell provided a demonstration to the DQC of the linkbase in the US GAAP taxonomy.

- Louis explained that there will be a time lag for rules to be published in the taxonomy. The FASB will wait for all DQC due process to be completed and for all feedback on the rule to be received for the rule to qualify as a candidate to be included in the taxonomy. The frequency of updating the rules in the taxonomy is still to be determined.
- For those rules that are not included in the taxonomy due to timing of updating the taxonomy, XBRL US will maintain additions to rules that are outside of the taxonomy.

SEC Test Filing Warnings

- Joan explained that there has been an increase in volume in warnings that filers are receiving on the SEC test filing system. Many of these warnings received relate to rules that the SEC has implemented for EFM tests and the cover page requirements. XBRL US proposes to publish guidance on its website to inform filers how to deal with these SEC warnings.
- The DQC developed a document that was provided to the SEC staff. The DQC reviewed the document which included the following topics:
 - Warnings related to using elements that are deprecated in a future taxonomy. The warning does not explain that filers can use elements that are deprecated in the 2019 taxonomy if they are still using the 2018 taxonomy.
 - The SEC checks for negative values but the rule does not include exceptions when certain axes and members are used with these elements that allow them to be negative.
 - There is a cover page requirement to tag the exchange that securities are traded on; however, there is only a code for domestic exchanges in the extensible list. Guidance will provide information on how to deal with this situation.
 - Hidden facts may always have to be hidden; however, system generates a warning for all hidden facts.
- These issues cause problems because filers will want to avoid SEC warnings and change their tagging inappropriately.
- DQC will discuss these issues with SEC staff during their meeting. .

Review of Version 11 DQC Rules

- Joan introduced version 11 rules which will be the DQC's 3rd rule set for this year.
- Campbell explained the following proposed rules:
 - DQC_0001 - Inappropriate Axis/Members - DQC proposes update to rule to add BusinessAquisitionAxis to rule to check that no US GAAP members are used on

this axis. Only extension members should be used to identify the name of the acquisition.

- DQC_0080 – Negative Values (IFRS) provides new elements to this rule for new 2019 IFRS taxonomy.
 - Iza explained that IASB has a different approach from DQC in this area, as DQC does not include elements that may be negative, IASB includes rules that are likely only positive so there may be differences in the elements included.
- DQC_0085 – Deferred Tax Assets and Liabilities – Identifies where incorrect deferred tax elements are used between balance sheet and notes to the financial statements. The US GAAP taxonomy defines specific elements that should be used in the notes to the financial statements because the tax liabilities and tax assets cannot be netted across tax jurisdictions. Users are having problems using these elements because filers are tagging incorrectly. Five elements tested in the rule include:
 - DeferredTaxAssetsLiabilitiesNet
 - DeferredTaxAssetsNet
 - DeferredTaxLiabilities
 - DeferredIncomeTaxAssetsNet
 - DeferredIncomeTaxLiabilitiesNet
- DQC_0086 – Transitional Tax Elements – The rule identifies tax elements that are no longer applicable in the 2018 and 2019 taxonomies due to changes in the tax accounting standards. All filers should have moved to new tax reporting. The rule works by identifying all elements that are children of the abstract element *ASU201517TransitionAbstract* in the 2019 taxonomy.
- Campbell stated that additional rules related to operating leases have been discussed with FASB staff and the following rules are being proposed to be added to version 11:
 - Add DQC rule to check if operating lease liability amount is reported but is not included in the Financial statement calculation then the extensible list element *OperatingLeaseLiabilityStatementOfFinancialPositionExtensibleList* must be tagged with a value. (Only applies to a 10-K) (Also applies to current and non current liability)
 - Add DQC rule that identifies if the Operating lease Liability is used with the balance Sheet location axis.
 - Add rule if *OperatingLeaseMember* (Extension) is on Balance Sheet Location Axis
 - Update DQC 0004 (required in 10-Ks only) to include the following:
 - $\text{FinanceLeaseLiabilityPaymentsDue} = \text{FinanceLeaseLiability} + \text{FinanceLeaseLiabilityUndiscountedExcessAmount}$
 - $\text{LesseeOperatingLeaseLiabilityPaymentsDue} = \text{OperatingLeaseLiability} + \text{LesseeOperatingLeaseLiabilityUndiscountedExcessAmount}$

- Filers used minimum and maximum members with the weighted-average (WA) remaining lease terms to tag the range of remaining lease terms, which can be misleading to users. Add rule that the Weighted average remaining lease term cannot use the min and max members. (10-K and 10-Q)
- Add rule that lease discount rate is reported if lease disclosures are made. (Only applies to a 10-K)
- The element FinanceLeaseLiabilityUndiscountedExcessAmount is used with operating leases and LesseeOperatingLeaseLiabilityUndiscountedExcessAmount is used with finance leases. Add rule that the excess amounts cannot have switched calculation parents of FinanceLeaseLiabilityPaymentsDue and LesseeOperatingLeaseLiabilityPaymentsDue (Applies to all filings)
- Operating lease cost is a required disclosure but is not always reported. Add rule that if filer reports OperatingLeaseExpense then they must also report Operating Lease Cost. (Applies 10-K filings)
- Impact analyses have not yet been run for version 11 rules. Campbell will run impact analyses for the DQC to review. A DQC meeting will be scheduled in November to approve version 11 for public review.

Future Rules/Guidance

- Joan explained that the DQC has given some consideration of topics to be covered in the next set of rules (version 12). While stock based compensation has been on the list for some time, the DQC has prioritized other topics due to changes in the taxonomies and user issues. Members of the DQC brainstormed some topics for future consideration.

The DQC members conducted a closed session.

Meeting adjourned 12:00PM.