



The Willard Office Building
1455 Pennsylvania Avenue, NW
10th Floor
Washington, DC 20004
Phone: (202) 448-1985
Fax: (866) 516-6923

September 24, 2019

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

RE: CONCEPT RELEASE ON HARMONIZATION OF SECURITIES OFFERING
EXEMPTIONS - File Number S7-08-19

Dear Secretary:

On behalf of XBRL US and its members, I am writing to respond to the SEC Concept Release on Harmonization of Securities Offering Exemptions. XBRL US is a non-profit 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 non-profit 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, as well as government agencies. XBRL US members include accounting firms, public companies, software companies, data and service providers, other nonprofits, and standards organizations.

We agree with the Commission's statement in the concept release that "... *issuers and investors could benefit from a framework that is more consistent and addresses gaps and complexities*"; and we support the goals noted in the concept release to identify "... *ways to simplify, harmonize, and improve the exempt offering framework to promote capital formation and expand investment opportunities while maintaining appropriate investor protections.*"

Standardization of reporting is an effective method to first, provide regulators, investors, academics, and other data users, with a more efficient means to collect consistent, clearly defined data reported by multiple types of entities. Second, standardizing the method by which data is prepared and received, can help reporting entities that may wish to transition from one type of issuer to another, for example Reg A filers who may eventually opt to trade up to a full listing on a national stock market.

This letter explains how a greater level of standardization in disclosure reporting by exempt offerings, could help the Commission simplify requirements and give small companies a path to expanding investment opportunities.

Today's process

Exempt offerings using forms C, 1-A, or D, can either submit an XML datafile using a custom XML schema, or key data into an online form provided by the SEC. Regulation A permits “draft offering statements” for nonpublic SEC staff review, which must be prepared and submitted through the online form. The diagram below depicts the online forms used for submissions of the 1-A and C.

1-A Online Input

Balance Sheet Information

Cash and Cash Equivalents: *	\$	<input type="text"/>
Investment Securities:	\$	<input type="text"/>
Total Investments:	\$	<input type="text"/>
Accounts and Notes Receivables:	\$	<input type="text"/>
Loans:	\$	<input type="text"/>
Property, Plant and Equipment (PP&E):	\$	<input type="text"/>
Property and Equipment:	\$	<input type="text"/>
Total Assets: *	\$	<input type="text"/>
Accounts Payable and Accrued Liabilities: *	\$	<input type="text"/>
Policy Liabilities and Accruals:	\$	<input type="text"/>
Deposits:	\$	<input type="text"/>
Long Term Debt: *	\$	<input type="text"/>
Total Liabilities: *	\$	<input type="text"/>
Total Stockholders' Equity: *	\$	<input type="text"/>
Total Liabilities and Equity: *	\$	<input type="text"/>

Form C Online Input

C: Disclosure Requirements

Current number of employees: *	<input type="text"/>
Total Assets	
Most Recent Fiscal Year-end: *	\$ <input type="text"/>
Prior Fiscal Year-end: *	\$ <input type="text"/>
Cash and Cash Equivalents	
Most Recent Fiscal Year-end: *	\$ <input type="text"/>
Prior Fiscal Year-end: *	\$ <input type="text"/>
Accounts Receivable	
Most Recent Fiscal Year-end: *	\$ <input type="text"/>
Prior Fiscal Year-end: *	\$ <input type="text"/>
Short-term Debt	
Most Recent Fiscal Year-end: *	\$ <input type="text"/>
Prior Fiscal Year-end: *	\$ <input type="text"/>
Long-term Debt	
Most Recent Fiscal Year-end: *	\$ <input type="text"/>
Prior Fiscal Year-end: *	\$ <input type="text"/>

There is a significant amount of overlap in the type of data collected on forms C and 1-A. Yet, labels, definitions, and the treatment of period type, differ. For example, concepts used to report by crowd-funded entities are designated as being for the “most recent fiscal year” and the “prior fiscal year”. Concepts used by Reg A companies do not have a time period associated with the data element.

The machine-readable names of these terms, and in many cases, the underlying definitions, are also different, as shown in the table below which depicts a sample of data reported by exempt offerings and compares them to elements used by public companies.

Data Reported	Machine-readable Concept Name		
	Reg A	Reg Crowdfunding	Public Company (US GAAP)
Assets	TOTALASSETS	totalAssetMostRecentFiscalYear, totalAssetPriorFiscalYear	Assets
Cash and Cash Equivalents	CASHEQUIVALENTS	cashEquiMostRecentFiscalYear, cashEquiPriorFiscalYear	CashAndCashEquivalentsAtCarryingValue
Net Income	NETINCOME	netIncomeMostRecentFiscalYear, netIncomePriorFiscalYear	NetIncome
Costs	COSTANDEXPENSES APPLTOREVENUES	costGoodsSoldMostRecentFiscalYear, costGoodsSoldPriorFiscalYear	CostOfGoodsAndServicesSold
Revenues	TOTALREVENUES	revenueMostRecentFiscalYear, revenuePriorFiscalYear	Revenues
Accounts Payable	ACCOUNTSPAYABLE	Not required to be reported	AccountsPayableCurrentAndNoncurrent
Accounts Receivable	ACCOUNTSRECEIVABLE	actReceivedMostRecentFiscalYear, actReceivedPriorFiscalYear	AccountsReceivableGross

When the data is received through the online form, the inputs are converted into the custom XML schema created for each reporting entity type. The Commission then makes the data available to data consumers, who can search by form type or company through EDGAR, or access downloadable quarterly datasets. Below is an example of crowd-funded data provided in zip files. Data can be unzipped and accessed through spreadsheets or from a JSON file.

Data Downloads

File	Format	Size
2019 Q2 CF	ZIP	271.04 KB
2019 Q1 CF	ZIP	222.01 KB
2018 Q4 CF	ZIP	231.62 KB
2018 Q3 CF	ZIP	234.8 KB
2018 Q2 CF	ZIP	297.4 KB
2018 Q1 CF	ZIP	194.73 KB
2017 Q4 CF	ZIP	205.33 KB
2017 Q3 CF	ZIP	164.71 KB
2017 Q2 CF	ZIP	165.49 KB
2017 Q1 CF	ZIP	105.14 KB
2016 Q4 CF	ZIP	99.83 KB
2016 Q3 CF	ZIP	87 KB
2016 Q2 CF	ZIP	52.78 KB

Recommendation

The Commission could more effectively meet its goal of simplifying and harmonizing the exempt offering framework by requiring all reporting entities to use the same consistent method to report the same disclosures. We strongly recommend that commonly reported items such as financial fundamentals as well as company identifiers and addresses, be reported using a single consistent standard.

The Commission could implement this with minimal disruption to reporting entities by revising the online forms to establish consistent requirements for data that is common to each reporting entity. The US GAAP Financial Reporting Taxonomy, used by 6,000 public companies, should serve as the base for exempt offering reporting concepts, because these data standards are in widespread use and actively maintained by the Financial Accounting Standards Board (FASB).

Reg A and Reg CF companies could easily transition to reporting concepts such as “NetIncome”, “Revenues”, and “Assets”. The Commission could then convert data submitted through the online forms into a single XBRL schema, rather than separate custom XML schemas. Reporting entities that prepare the XML file themselves, instead of using the online form, would transition to using elements from the US GAAP Financial Reporting Taxonomy. Many of these entities report through filing agents who are well-equipped to handle XBRL and the US GAAP Taxonomy already.

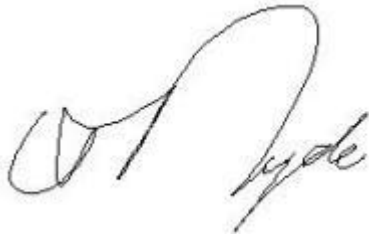
This approach would benefit the entire reporting supply chain:

- **Analytical tool and database providers** could leverage the same data collection methods to extract and use data from different reporting entities, which effectively reduces the cost of analysis for analysts and investment professionals. The availability of consistent data from exempt offerings, that can be extracted in the same manner as public company data, may encourage more tool providers to begin collecting and providing this data to **investors**, improving their services and expanding the options available to investors.
- The **SEC** could reduce the cost of data collection because there would only be one, rather than multiple, data collection methods; and there would be one, rather than multiple, taxonomies to be maintained. This would reduce the cost of revising and ongoing maintenance of the online forms and taxonomies.
- **Reporting entities** would face minimal disruption from their current process, and they would benefit because their financial data would be more accessible, timely, and functional to the investment community. For those entities that opt to transition from an exempt offering to a regular listing, for example, a Regulation A company to a NASDAQ listed company, they will already be reporting using the public company data standard, the US GAAP Financial Reporting Taxonomy. Exempt offerings could also benefit because their data becomes less expensive to process, which could encourage more data providers to offer up their information to investors.

Greater standardization can improve access to the capital markets for exempt offerings, and reduce costs of data maintenance and acquisition. We encourage the Commission to consider this approach.

Please contact me if you have questions about our feedback or would like to discuss this further. I can be contacted at (917) 582-6159 or email Campbell.Pryde@xbrl.us.

Sincerely,

A handwritten signature in black ink, appearing to read "Campbell Pryde". The signature is fluid and cursive, with a large initial "C" and "P".

Campbell Pryde
President and CEO