Data Quality Committee
Joint Meeting with SEC Staff
Conference Call
April 1, 2020

Highlights

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In addition, these highlights are not authoritative positions or interpretations issued by the SEC or its staff. The highlights were not transcribed by the SEC and have not been considered or acted upon by the SEC or its staff. Accordingly, these highlights do not constitute an official statement of the views of the Commission or of the staff of the Commission.

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Attendance

Data Quality Committee	Securities and Exchange Commission	Observers and Guests
Joan Berg Chair	***Division of Economic Risk and Analysis***	Ami Beers, AICPA
Mohini Singh	Mike Willis	David Tauriello, XBRL US
Campbell Pryde	Julie Marlowe	Louis Matherne, FASB
Sophia Sharp	Josh Caust-Ellenbogen	Iza Ruta, IASB
Pranav Ghai	Vikas Malik	
Heather Krupa	Robert Luby	
	Liju Fan	
	Dana Hollie	
	PJ Hamidi	
	Walter Hamscher	
	Steve Yang	
	Matthew Slavin	
	Division of the Office of the Chief Accountant	
	Jane Poulin	
	Division of Corporation Finance	
	Jill Davis	
	Mark Green	
	Mike Stehlik	

Division of Enforcement
Howard Kaplan

EDGAR Business Office
Mark Elbert

Office of the Chief Operating Officer
Austin Gerig

Office of the Investor Advocate
Alexandra Ledbetter

Introductions

- Mike Willis opened the meeting with introductions of the participants. Mike provided an SEC disclaimer for the meeting. Joan Berg introduced the agenda.

Validation Rules and Guidance Update

- Joan Berg informed the group that the DQC approved version 11 rules at its February 12, 2020 meeting. Version 11 rules include 5 new rules and updates to existing rules which are effective May 15, 2020. Rules are available on the XBRL US website for filers to run the rules. The DQC also exposed guidance for Variable Interest Entities for public review March 16 - May 1, 2020.
- Joan explained that the new rules for Version 11 include:
  - o Deferred Tax Assets & Liabilities (DQC_0085) – this rule identifies where the incorrect deferred tax elements have been used between the balance sheet and the notes to the financial statements. This was necessitated by an accounting standard change.
  - o Transition Tax Elements (DQC_0086) – this rule identifies where filers have used tax elements that are no longer applicable because of changes in the accounting standards (e.g., only one element to be used for deferred tax assets).
  - o Breakdown of Operating Lease liabilities across Financial Statement Lines Items (DQC_0087) – this rule identifies 10-K, 10-K/A and 20-F filings where the filer has operating lease liabilities but has not included those operating lease liabilities in the financial statements. There is a requirement to disclose where operating lease liability is disclosed in financial statements.
  - o Invalid Elements Used On Range Axis (DQC_0089) – this rule identifies where filers have used either OperatingLeaseWeightedAverageRemainingLeaseTerm1 or FinanceLeaseWeightedAverageRemainingLeaseTerm1 with the Range Axis. Weighted average members should not be used on the Range Axis.
  - o Incorrect Calculation of Lease Liability Payments Due (DQC_0090) – this rule identifies 10-K, 10-K/A and 20-F filings where the concept FinanceLeaseLiabilityPaymentsDue is not equal to the sum of FinanceLeaseLiability and FinanceLeaseLiabilityUndiscountedExcessAmount. There seems to be confusion related to operating lease liabilities, so disclosures

related to operating leases are excluded from the rule. DQC will monitor disclosures in annual filings to determine if operating leases should be included in the rule.

- Joan explained that Version 11 included updates to existing rules:
  - Update Axis with Inappropriate Member (DQC_0001) - added BusinessAcquisitionAxis to the list of axes that must use an extension except for members already defined on the Axis
  - Update IFRS Negative Value (DQC_0080) - added 62 concepts to the rule from the 2019 IFRS taxonomy
- Joan explained that the DQC issued guidance for properly tagging information of Variable Interest Entities that is available on the XBRL US website for public comment March 16 – May 1, 2020. The 2020 US GAAP Taxonomy introduces the *ConsolidatedEntitiesAxis* to be used when the details of variable interest entities are reported.

DQC Errors

- Ami Beers presented updated graphs that showed quarterly errors for rules DQC_0001 Axis Member Combinations, DQC_0015 Negative Values (US GAAP), DQC_0080 (Negative Values (IFRS)), DQC_0067 Mutually Exclusive Element (related to use of transitional elements for revenue recognition standard) and DQC_0081 Sibling/Child Relationships).These graphs are available on the XBRL US website https://xbrl.us/data-quality/filing-results/dqc-results/.
- The graphs provide quarterly counts of errors and indicate which quarter the rule was approved. The rules that were presented still have at least 1,000 errors on a quarterly basis.
- Joan mentioned that all of the DQC rules are analyzed and presented a spreadsheet that showed error counts for all of the DQC rules. The analysis showed the total errors for the quarter in which each rule was approved vs. errors in Q1 2020.
- Joan presented an analysis of rule DQC_0001 and explained the top 10 errors. The highest error was for the Legal Entity Axis in which 21 companies had errors. The 9 remaining axes causing the most errors for this rule were Equity Components Axis, Range Axis, Fair Value Hierarch Axis, Consolidation Items Axis (this rule will be adjusted and may reduce errors), Measurement Basis Axis, Business Acquisition Axis (rule not yet effective, rule will flag this amount of errors once effective), Currency Axis, Subsequent Event Axis, and Scenario Axis.
  - There was a question regarding what is the distribution of vendors supporting the filers making errors. DQC did not analyze the vendors; however, it seems to be smaller providers. It is important to raise awareness of rules; smaller providers

may not have support getting rules into software. Rules are available on XBRL US website to be run by all companies. Large portion of the community is running rules because they are incorporated into tools.

- Joan provided analysis on DQC_0015 Negative Values and noted that the majority of errors related to values that were presented in brackets on the financial statements; however, they should have been entered as positive values. One company, which had the largest amount of errors, had 195 errors for the quarter. Joan explained that the rule tests approximately 7,000 elements. The analysis showed the top 10 errors which included the following elements: Interest Expense, Deferred Tax Asset Valuation Allowance, Payment to Acquire Real Estate, Available-for-sale Securities, Share-based Compensation Arrangement by Share-based Payment Award, Options, Forfeitures and Expirations in Period, Share-based Compensation Arrangement by Share-based Payment Award, Options, Forfeitures in Period, Payments for Restructuring, Share-based Compensation Arrangement by Share-based Payment Award, Options, Exercises in Period, Short-duration Insurance Contracts, Incurred but Not Reported (IBNR) Claims Liability, Net, Unrecognized Tax Benefits, Decrease Resulting from Prior Period Tax Positions. Joan stated that it would be helpful for the SEC to remind filers that amounts in brackets should be reviewed. Joan mentioned that the element Short-duration Insurance Contracts, Incurred but Not Reported (IBNR) Claims Liability, Net, may have occasional instances when the amount could be negative, so the rule will be adjusted to permit this. The analysis also showed the top companies that had the most amount of errors.

- There was a question about the companies that have errors; it is expected that companies should be running rules so why would there still be errors. Some companies may not know how to fix errors and sometimes they may not have enough time to fix errors during close process. Campbell mentioned that he had contacted some companies that had staffing turnover and they were not aware of those errors. Joan mentioned that the XBRL US website provides a listing of all errors by company.

Linkbase for DQC Rules in US GAAP Taxonomy
- Joan explained that FASB incorporated 3 of the DQC rules into the 2020 Taxonomy.
- Campbell demonstrated the US GAAP taxonomy which has an entry point for the US DQC Rules Taxonomy. The information about DQC_0001, DQC_0008 and DQC_0015 are maintained in the taxonomy. Campbell provided a walkthrough of each rule. Developers can use information in the taxonomy to implement the rules.
- New rules will be added in the 2021 taxonomy, it has not been determined which rules will be added.

- There was a question as to whether feedback has been provided from filing community. No feedback has been received to date.
- There was a question as to whether there is interest to use references beyond FASB codification. There has not been activity in this area to date.

Version 12 Rules for Public Review
- Campbell provided explanation of the rules for Version 12 which will be exposed for public review April 15 – May 31, 2020. These rules address issues that have been seen in filings as well as new FASB guidance.
    - DQC_0091 Invalid Scale for Percentages – The intent of the rule is to identify those percentage items that have a scaling issue associated with them. The rule identifies where filers have used a percentage item type with a value that is greater than the value of 10 (percentage value should be equal or less than 1). Common errors are where filers tag basis points. There is one exception for effective income tax rates.
    - DQC_0092 Non Positive Amounts - The intent of the rule is to identify those facts that have been entered with a positive value when the value should have been a negative amount. All exceptions from negative value rule (DQC_0080) are included in this rule.
    - DQC_0093 Durational Aggregation – This rule addresses inconsistencies in tagging the same element from period to period for IFRS filings. 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. This rule already exists for US GAAP (DQC_0084), and is being implemented for IFRS.
    - DQC_0094 Fiscal Maturities – This rule is intended to check that the changes in the 2020 taxonomy (the definition of the maturity schedule elements has been clarified) are applied to the instance documents using the 2020 (and subsequent) taxonomy. The rule includes two parts:
        - In annual filings, flag an error if "remainder of the year" amount is reported.
        - In quarterly filings, if "remainder of year" and "year 2" are reported, the rule flags an error if a value for "year 1" is not reported.
    - DQC_0095 Scale Common Stock Outstanding - The intent of the rule is to identify where filers have used an incorrect scale when reporting Common Stock Shares Outstanding (identifies large differences between values in the financial statements vs. the value for shares of stock reported on the cover page). The rule flags when the difference is at least 100 times different.

- o DQC_0015 includes updates for elements in the 2020 US GAAP Taxonomy. Added 146 elements to the rule, many are new elements that have been added to the taxonomy (most of the elements have not yet been used in filings).

Q&A

- There was a question as to whether any rules are being contemplated for anchors for IFRS filings. The SEC is now allowing anchoring. The DQC can look into this to develop rules in this area. This may be difficult due to the fact that IFRS taxonomy is structured based on the accounting standard rather than by topic. If there are EFM rules, DQC will not duplicate.
- There was a question as to whether there has been any updated changes to membership in the DQC. There has been some changes over the past year. The only vacant position that XBRL US is looking to fill is in the academic community.
- There was a comment from Pranav that usage of XBRL data has increased 20% since COVID virus crisis. Pranav referenced a Wall Street Journal article that used XBRL data for the article https://www.wsj.com/articles/coronavirus-puts-a-premium-on-cash-even-for-biggest-u-s-companies-11585153040?mod=searchresults&page=1&pos=3. Mohini mentioned that because of market turmoil, CFA members have increased use of structured data in their analytical models..