Data Quality Committee
Conference call
April 1, 2020
Meeting Notes

Attendees
<u>Committee Members</u>
Campbell Pryde, Joan Berg, Charles Kessler, Mohini Singh, Heather Krupa, Sophia Sharp

<u>Absent</u>
Pranav Ghai, Emily Huang, Amit Varshney, Adrian Cloutier,

<u>Staff</u>
Ami Beers, David Tauriello

<u>Observers</u>
Louis Matherne, Iza Ruta

Welcome
- Chair welcomed Committee and introduced attendees.

Minutes Approval
- Motion to approve minutes from February 12, 2020 DQC meeting, by Charles Kessler, seconded by Mohini Singh
- Vote (For 6, 0 Against)
- Motion passed. February 12, 2020 DQC meeting minutes approved.

Anchoring
- Louis Matherne explained that the SEC announced that they would permit anchoring. This was aimed at addressing ESEF requirements for foreign private issuers that file with SEC (use of wider-narrower arc role).
- US GAAP filers are not prohibited from using links to anchor concepts in the base taxonomy.
- ESEF requirement stipulates that extension elements must be anchored to wider or narrower element, requirements are only for the face financial statements (most appropriate accounting concept). No requirement for tagging of note disclosures.

- Louis presented Guidance that was published on XBRL Int'l website which provides examples of how anchoring works for the ESEF requirements. Louis explained examples in the guidance.
- Louis stated that there is an expectation that US GAAP filers may begin using this arc role. Therefore, FASB staff has begun reviewing implementation guides to identify where extensions may be good candidates for anchoring (beyond face financial statements) and will discuss with FASB TAG and SEC and expose the proposed approaches to public. FASB is also discussing potential changes to EFM rules for anchoring.
- Iza stated that IASB is considering whether to add elements or add guidance for anchoring and how to support the anchoring.
- DQC will stay informed on this topic.

Review and Approval of Version 12 DQC Rules for Public Review
- Campbell provided explanation of the rules for Version 12:
  - DQC_0015 includes updates for elements in the 2020 US GAAP Taxonomy. Added 146 elements to the rule.
  - 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). 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 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), this rule is the same for IFRS.
    - Iza stated that there should be an identifier to indicate that this rule would apply to IFRS filings.
  - 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 reported in the cover page). The rule flags when the difference is at least 100 times different.
- Public review for these rules are proposed April 15, 2020 – May 31, 2020.

- Motion to approve rules DQC_0091, DQC_0092, DQC_0093, DQC_0094, DQC_0095 and updates to DQC_0015 for public review April 15, 2020 – May 31, 2020, by Heather Krupa, seconded by Charles Kissler
- Vote (For 6, 0 Against)
- Motion passed. Rules DQC_0091, DQC_0092, DQC_0093, DQC_0094, DQC_0095 and updates to DQC_0015 for public review approved.

DQC Errors

- Ami presented updated graphs that showed quarterly errors for rules DQC_0001, DQC_0015, DQC_0080, DQC_0052, DQC_0060, DQC_0067 and DQC_0081.
- The graphs indicate the quarter when the rule was approved. These rules still have over 1,000 errors on a quarterly basis.
- Ami also mentioned that all rules have been analyzed and presented a spreadsheet that showed error counts for all of the rules with the amount of errors for the quarter which the rule was approved vs. errors in Q1 2020 for each rule.

Analysis of DQC rules

- Joan presented analysis of errors for DQC_0001 and discussed the top 10 errors. There is a small amount of filers making the majority of the errors. The top error for this rule is Legal Entity Axis. 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.

- Joan presented analysis of errors of DQC_0015. The typical error was for elements presented in brackets in the filing. The number of companies making the errors is small amount. The top error is interest expense. Joan mentioned that this rule is now included in the US GAAP 2020 taxonomy. There is one element (Short-duration Insurance Contracts, Incurred but Not Reported (IBNR) Claims Liability, Net,) that may have instances where there could be legitimate uses of negative value, so the rule will be adjusted.

Linkbase for DQC Rules

- Campbell provided a demonstration of the DQC rules in the US GAAP 2020 Taxonomy which is available on the FASB website. The Rules taxonomy is a separate taxonomy from the full taxonomy.
- Three rules are included (DQC_0001, DQC_0008 and DQC_0015)
- Rules cannot be run directly from taxonomy, but concepts that are included in the rules are in the taxonomy. Core components of each rule are included.
- DQC will work with FASB to incorporate all DQC rules.

DQC conducted a closed session.

Meeting adjourned 11:30AM.