

**Data Quality Committee
Joint Meeting with SEC Staff
Conference Call
March 23, 2022**

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 |
|--|--|--|
| Shelly Wavrin, Chair Pranav Ghai Campbell Pryde Jennifer Liu Charles Kessler | <i>Division of Economic Risk and Analysis</i> Mike Willis Julie Marlowe Jim Yu Christine Cheng Matthew Slavin Charles Woodworth Gregory Scopino <i>Division of the Office of the Chief Accountant</i> Paul Munter Melissa Raminpour <i>Division of Corporation Finance</i> Mike Stehlik Jill Davis Chris Windsor <i>Office of the Chief Data Officer</i> Alexandra Ledbetter | Ami Beers, AICPA David Tauriello, XBRL US Louis Matherne, FASB |

Austin Gerig

EDGAR Business Office

Laurita Finch

Office of the Chief Data Officer

Toni Tornatore

Introductions

- Julie Marlow opened the meeting with introductions of the participants. Julie provided an SEC disclaimer for the meeting.

Validation Rules and Guidance Update

- Campbell announced that Version 17 will become effective May 1, 2022. Many of the rules address issues when filers move from traditional XBRL to inline XBRL. Many filers do not check filings by using the SEC renderer, so errors occur. The rules check calculations. In addition, rules were added to check that transition elements were used for new ASUs.
- Campbell introduced the rules for version 18 that cover equity method investments and the investments schedule for amortized cost of investment based on FASB guidance. Additional rules for accrued interest will be added in the future.
- The other area that the rules address are use of extensible enumerations which allow filers to indicate the financial statement caption where disclosures in the notes to the financial statement roll up into. The main cause of the problem is that filers are not using the extensible enumeration. In some cases, filers do not make the disclosures in the financial statements, so this is a GAAP compliance issue.
- Campbell stated that the public exposure for version 18 will be conducted in April 2022.

DQC Errors

- Shelly presented results of the DQC rules. 91 DQC rules have been published to date (68 US GAAP, 14 IFRS, 9 relate to both US GAAP and IFRS).
- Shelly presented the quarterly analysis of the trends of errors for 2020 through 2021 for the DQC rules. There were a total of 17,117 errors in Q4 2021. The rules with the top errors in Q4 2021 included:
 - Axis with Inappropriate Members - DQC_0001
 - This rule became effective in March 2017. It has been updated 6 times (Q1 2021 most recent update).
 - A total of 2,538 errors (from 109 filings) in Q4 2021.
 - Approximately 80 (out of the 109 filings) are non-accelerated filers.

- Large decrease in errors is seen in 2021. Shelly noted that she believes that this is a direct result of the fact that this rule is included in the 2020 DQC Rules Taxonomy.
- Incorrect Calculation Weights in Operating Cash Flows - DQC_0043
 - This rule became effective in June 2018.
 - A total of 1,203 errors (from 297 filings) in Q4 2021.
 - Approximately 20 (out of 297 filings) are accelerated filers.
 - This rule will be included in the 2022 DQC Rules Taxonomy. Shelly noted that the EDGAR system is starting to produce warnings, so she expects to see improvement in the number of errors for this rule.
- Sibling Child Relationships – DQC_0081
 - This rule became effective in September 2019.
 - A total of 2,686 errors in Q4 2021.
- Financial Statements with No associated Calculation – DQC_0099
 - This rule became effective in January 2021.
 - A total of 1,248 errors in Q4 2021.
- Concentration Risk - DQC_0109
 - This rule became effective in September 2021.
 - A total of 1,180 errors in Q4 2021.
 - There is improvement in the error rates. The FASB is considering taxonomy remodeling on this topic; therefore, this rule may require adjustment.
- Incorrect Transition Elements Used – DQC_0121
 - This rule became effective in December 2021. Many filers continue to use elements that should not be issued after adoption of ASUs.
 - Approximately 2,400 errors from December 1, 2021 to March 10, 2022.
 - This rule detects errors when filers use line items that should no longer be used after adoption of:
 - ASU 2016-01 Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities
 - ASU 2016-02 Leases (Topic 842)
 - ASU 2016-18 Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)
 - ASU 2017-12 Derivatives and Hedging Topic 815): Targeted Improvements to Accounting for Hedging Activities
 - ASU 2018-07 Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting
 - Prior DQC rules which detect errors when filers use line items that should no longer be used after adoption of:
 - ASU 2014-09 Revenue (Topic 606) – DQC_0067
 - ASU 2015-17 Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes – DQC_0086

Focus on Disclosures

- Campbell stated that the DQC is focusing on the investment section of filings because there have been issues in that area. There is a large variety in how filers tag disclosures.
- Campbell stated that the DQC will focus on taxes as well.
- The FASB is reviewing the tagging of the Statement of Shareholders Equity and this may be an area of focus in the future.

Tagging of Auditor Information

- There was a question as to how to tag a single audit report signed by two different auditors (joint auditors) covering the same period disclosed in the financial statements. The filing is suspended unless at least one value being tagged at the domain. The EDGAR system will not accept multiple primary auditors. EDGAR requires these tags for all filings Staff recommended to use counterparty axis and there is no requirement for information to be on the cover page.
- When there are two audit reports from different auditors covering different periods disclosed in the financial statements, does the prior period need to be tagged? Staff stated that the requirement is meant to cover primary auditor for current reporting period.
- XBRL US will adjust guidance on the website for these instances.

EDGAR Filer Manual (EFM)/FAQs

- Campbell reminded the group for need for forever period and calculations defined in multiple places in the filing (EFM allows calculation only once in the filing). This has been on previous agendas, it has been put on this agenda as a reminder of these issues.

IFRS/ESEF Alignment

- Campbell stated that there is a concern with quality of reporting for ESEF. DQC issued rules for IFRS taxonomy. XBRL US has posted the software for ESEF filers to run the DQC rules from the website. XBRL US is working with XBRL International to establish a working group to develop rules under the ESEF. Campbell stated that there may be issues where guidance conflicts between jurisdictions.
- Shelly mentioned that the timing of the approval for use of the IFRS taxonomies differs between the SEC and ESEF so filers use different versions.
 - SEC strongly suggests filers use latest taxonomy. Filer population was too small to go back to allow 2020 taxonomy for this instance. This is expected to be a one-time event due to new requirements and late approval of the IFRS taxonomy. This is not expected to occur in the future.

Q&A

- Campbell mentioned that he noticed there has been an increase in use of extensions in filings in Q1 2022. DQC will analyze this.
 - SEC usually analyzes after 10-K season and will conduct an analysis on custom tags.