

December 1, 2021

Vanessa A. Countryman, Secretary  
Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549



1211 Avenue of the Americas  
19<sup>th</sup> Floor  
New York, NY 10036  
Phone: (202) 448-1985  
Fax: (866) 516-6923

Dear Ms. Countryman:

RE: Potential Technical Changes to EDGAR Filer Access and Filer Account Management Processes, File Number S7-12-21

Thank you for the opportunity to comment on the potential changes to the EDGAR System through EDGAR Next. XBRL US is a nonprofit 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 nonprofit consortium responsible for developing and maintaining the technical specification for eXtensible Business Reporting Language (XBRL). XBRL is a free and open data standard widely used in the United States, and around the world, for reporting by public and private companies, as well as banks and government agencies.

This letter was prepared by the XBRL US Regulatory Modernization Working Group which is a member group composed of 14 filing agents and applications providers<sup>1</sup>, who serve the majority of SEC registrants. The filing community supports and stands behind the success of EDGAR Next, and is committed to be a partner in the modernization process, offering our collaboration, ideas, and expertise. To provide added feedback to the Commission, our working group conducted a survey among 129 issuers to solicit input to the proposed EDGAR Next process. The findings from that survey closely mirror the findings from a separate survey conducted by Workiva which is referenced in their submitted comment letter. We will share findings from our survey throughout this letter as it pertains to specific questions raised.

## **EDGAR, the SEC, and Filing Community**

One of the SEC's primary missions is to facilitate capital formation for public companies. For companies submitting a transaction-based filing to register securities, timing is critical, or it can impede their ability to raise capital. EDGAR Next user provisioning and filing authorization must work seamlessly or the capital markets will be negatively affected.

Filing agent systems are an integral part of the filers' reporting process, and filers rely on them for high-quality, efficient, and timely EDGAR submissions. Based on an analysis of public company

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<sup>1</sup> Advanced Computer Innovations; Broadridge Financial Solutions; Certent, an insightsoftware company; CompSci Resources; DataTracks; Donnelley Financial Solutions (DFIN); Ez-XBRL; Exxon Mobil (public company representative); GlobalOne Filings, Inc.; Mark V Systems; Novaworks, LLC; P3 Data Systems; RDG Filings; Toppan Merrill, Workiva Inc.

filings from January 1, 2020, to September 30, 2021, we estimate that approximately 81-90% of all filings are submitted through Filing Agent applications, directly from server to server. This widely followed issuer practice should have a significant bearing on the SEC's EDGAR modernization process. Rulemaking and modernization programs like EDGAR Next, that are designed to support an efficient and effective ecosystem, will have a direct impact on issuers' ability to efficiently implement existing and new rules.

## **Key Concerns**

While we support the Commission's efforts to upgrade and modernize the EDGAR process, both issuers and filing agents have concerns about the impact of what is currently proposed. 88% of issuers who responded to our survey said that they were Not At All or only Slightly Prepared to successfully manage EDGAR Next as currently proposed. In fact, most respondents indicated that they had limited awareness of the EDGAR Next program (31% were extremely or moderately aware). This is likely because most filers rely on their filing agents to manage the EDGAR process. Only three out of 129 respondents had participated in the EDGAR Next Beta.

Our first concern relates to the use of Login.gov with Multi-factor authentication. This approach is not appropriate for system-to-system authentication, the most common submission method used by the majority of filers today. We recognize the Commission's goal of providing additional security, however the proposed access through Login.gov will pose an added burden on filers. Many users will need to maintain dual credentials. The elimination of server-to-server authentication will preclude filers from direct submission of documents through the filing agent system. That will result in increased submission time; will introduce risks associated with manual processing; and will remove the ability to pre-schedule submissions.

Instead, we recommend that the Commission adopt a public private key infrastructure which can provide the same level of security but is better suited to facilitate EDGAR submissions.

Second, requiring administrators and users to re-confirm annually will increase the number of confirmations required to be conducted, again adding burden to the administration process. Third, we do not have the ability to adequately test the proposed system because the current Beta does not provide the capability to develop and test submission software.

Finally, the proposed Spring 2022 introduction date is too soon. It does not give issuers sufficient preparation time, and falls during an extremely busy annual filing and annual stakeholder meeting period. We strongly encourage the SEC to consider our suggestions for server-to-server authentication and other measures to minimize the transition and ongoing burden.

Below are responses to specific questions raised in the Request for Comment.

## **Response to Questions**

*1. Does the filing community have experience with obtaining account credentials from third-party service providers including or similar to Login.gov that the Commission should consider? If so, which third-party service party service providers, and what experience? Would the use of third-party service providers give rise to any security concerns for individual or entity filers?*

We believe that the filing community does have experience with third-party authentication services, and we do not believe that using third-party service providers gives rise to security concerns. The Commission should consider other login systems however, that would be more appropriate than the Login.gov system proposed. Login.gov is best applied to individual login, not to system-to-system login which is the current process for most filers. As proposed, Login.gov is not scalable at the level necessary to support the high volume of EDGAR filings.

79% of respondents in our issuer survey stated that they were Not At All or Slightly Prepared for Multi-factor authentication as proposed. Concerns raised in open text comments included the 30-day re-authentication, added labor and complexity.

We urge the Commission to consider alternatives that provide the same level of security but are better suited to adapt to the current EDGAR process. For example, the Commission could opt for certificate-based authentication. A public private key infrastructure, with the Commission in the role of certificate authority, would allow server-to-server authentication, and would provide the same level of security as the proposed Login.gov with multi-factor authentication process. Key certificates could be supplied to bulk filers that perform hundreds of filings per year.

*2. Under the potential access changes, there would need to be at least two filer administrators for filing entities and one filer administrator for individual filers; filers could designate as many filer administrators as they would like. Is this appropriate? If not, why? Should filing entities be required to have more than two filer administrators? For filing entities, would one filer administrator be adequate? Should individual filers be required to have more than one filer administrator? If so, why? Should there be a limit on the number of filer administrators?*

Our issuer survey found that 42% of respondents expect to have two administrators; 52%, three to four administrators; and 6%, five to eight administrators. 69% of survey respondents stated that they were Not At All or Slightly Prepared to handle setting up administration assignments. Coordinating multiple administrators may increase the burden on filers.

The Commission may wish to consider establishing a different permissioning structure for individual filers. Individual filers should be required to have more than one administrator to guard against absences, employee turnover, and other situations that could arise.

Many individuals, and companies as well, will be managing permissions and delegations for the first time. For example, an individual who sits on three company boards, must file Section 16 Forms 3, 4, and 5. Today, submissions are prepared on the individual's behalf by the company itself. With the transition to EDGAR Next, that individual will need to set up permissions for each

company as administrator and then manage that going forward. Section 16 filings can have tight deadlines, for example, Form 4 has a 48-hour deadline.

Senior level individuals who may have limited technical expertise may be completely unfamiliar with the mechanics of the EDGAR System, and challenged in handling permissioning directly. Any issues in the permissioning process could result in noncompliance. The 30-day multi-factor authentication requirements of Login.gov were cited by many issuers in the survey as cause for concern. One individual noted, "It will be impossible to implement this and keep track of individual information. My board members will NOT do this on their own."

*3. With the filer management tool, the filer administrator could view, add, remove, and confirm users and other filer administrators as well as change the permissions of a user to administrator and vice-versa. Users could similarly use the tool to view and remove their own permissions. In addition, both filer administrators and users would use the filer management tool to confirm current permissions on an annual basis. Are there other functions that should be incorporated into the filer management tool or any other information that administrators or users should be able to view? Should any of these functions not be included on the filer management tool?*

Our issuer survey found that 76% of respondents expect to have one to four users; 14%, five to eight; 9%, nine to 15 users. One respondent indicated that they would have 16 to 25 users; and another said they would have more than 25 users. One respondent noted, "We manage over 400 CIKs; I need to better understand how this will impact a filing where we have many co-registrants."

When asked about user assignment and annual verification requirements, 74% of respondents stated that they were Not At All or Slightly prepared to handle the assignment of users.

*4. With the filer management tool, the filer administrator could delegate filing authority to third parties such as filing agents and remove such delegations. Should filer administrators be able to delegate filing authority to third parties and remove such delegations? Do commenters have any concerns with this function or any suggested modifications? Should "filing agents" be limited to entities listed in EDGAR as "filing agents" based on their Form ID filing or should it also include entities that function as filing agents but who identified themselves on their Form ID filing as "filer?"*

Filer administrators should be able to delegate to third parties such as Filing Agents. As noted earlier, a significant percentage of filings are submitted through Filing Agents on behalf of issuers who rely on their filing agent as partners.

We urge the Commission to revise the authentication process for EDGAR Next to allow server-to-server authentication from EDGAR to Filing Agent. Eliminating this capability will result in the need to manually process filings, and will eliminate the ability to pre-schedule and perform bulk filings. It will result in earlier cutoff times for filing preparation, introduce the potential for error due to manual processing, increase the risk of missing deadlines, and increase the cost of compliance.

88% of those surveyed indicated that they were Not At All or Slightly Prepared to handle the new EDGAR Next submission process. Points raised by issuers in open ended comments included concerns that the EDGAR system would crash because of simultaneous file uploads, potential for human error, lengthy processing times, missed deadlines, problems especially for smaller filers, and added complexity. The two biggest features of EDGAR Next raising concerns were the need to download a package to a local computer environment, and the inability to pre-schedule filings.

*5. Are there alternatives to the filer management tool that the Commission should consider? For example, are there alternative methods that would enable filers to take the same actions as they would using the filer management tool that would be easier to implement or more user-friendly? Do commenters have experience with alternatives to the filer management tool, whether positive or negative, that the Commission should consider?*

As noted earlier in response to Question 1, we support a move to a public private key infrastructure, or some other approach that allows server-to-server authentication, rather than Login.gov with multi-factor authentication.

*6. Filer administrators and users would confirm their access permissions annually. The annual confirmation of permissions would help the filer remain aware of who makes submissions on EDGAR on its behalf. Should the confirmation be annual or at more or less frequent intervals? Are there concerns that the Commission should be aware of for filers that only make submissions annually or less frequently? Should both filer administrators and users confirm permissions annually, or only filer administrators?*

We recognize the Commission's objective of this aspect of EDGAR Next, however it will add burden to filers to perform the reconfirmation each year. 71% of survey respondents indicated that they were Not At All or Slightly Prepared to implement annual verification of Administrators. 74% said they were Not At All or Slightly Prepared to implement annual verification of Users.

We recommend, therefore, that reconfirmation be limited to Administrators. The Commission could establish a designation of "Active Users" for example, a User who has used the system for that company within the last 3-6 months (for quarterly filings) should be rolled over automatically. Only users that have not been active within the past 3 months would be required to re-register. Annual filings may need to be managed differently.

*Should the requirement to apply for access again occur automatically upon failure by a filer to confirm the access permissions or should there be a grace period if the filer administrator fails to confirm the access permissions within a specified time period? If there should be a grace period, how long should it be?*

A grace period of a minimum of 10 days should be allowed which mirrors the grace period in place today. For those Users or Administrators that do not meet the deadline (plus the 10-day grace period), we suggest locking the EDGAR System rather than eliminating the EDGAR account

altogether. Once the Administrator has reconfirmed, the account could be unlocked which would be less burdensome than setting up a new account.

*Would the annual confirmation create any additional burden on filers or filing agents compared to the current annual EDGAR password update requirement? If so, are there any improvements to the annual confirmation as currently described that would reduce the burden for filers or filing agents?*

We support allowing a grace period and establishing “Active Users” which would reduce the burden on filers.

*7. Would the potential access changes facilitate the responsible management of EDGAR filer credentials? Are there additional changes to the access process that we should make to encourage such responsible management? For example, should administrators be required to update their account permissions within a reasonable period of time following the separation of employment of a user from the filer or a change in the user’s filing responsibilities? Would the potential access changes create any undue burdens for filers or filing agents? If so, how could the potential access changes be modified to ease such burdens? Are there any other concerns that the Commission should be aware of with the transition to the potential access changes?*

Historically, filing agents have adapted to the EDGAR System and to issuer needs by implementing robust security data management. Most filing agents have stringent tracking and monitoring systems in place that are relied upon by issuers. The proposed approach for EDGAR Next imposes a new security system that bypasses the filing agent system, eliminating controls and processes that have been in use for decades.

The goals of EDGAR Next modernization can be met by adjusting the proposed process change in EDGAR Next by considering our recommendations. The filing agent community stands ready to support the Commission in making appropriate changes to increase security while minimizing the burden on issuers.

*8. Are there any issues specific to certain types of filers that should be considered with regard to the potential access changes? For example, asset-backed securities (ABS) issuers often create one or more serial companies each year, each of which is a separate legal entity with its own CIK, even though it generally has the same contact information as the ABS issuer. If the potential technical changes are implemented, should new serial companies have their user and filer administrator information automatically copied from the ABS issuer’s user and filer administrator information? If so, in order to ensure that the ABS issuer has user and filer administrator information that could be copied to the new serial company, would there be any issues associated with requiring ABS issuers to have transitioned to Login.gov before the ABS issuer can create new serial companies? Separately, should we allow the annual confirmations of users and filer administrators for an ABS issuer to also apply to the serial companies associated with that ABS issuer, if the same users and filer administrators were associated with each serial company?*

Companies that manage multiple CIKs are a unique group that should be taken into account. Of survey respondents that manage more than one CIK, 88% indicated that they were Not At All or Slightly Prepared to successfully implement the program. One respondent noted “I manage 17 CIK credentials. I can only imagine the work this will create for people who manage dozens or even hundreds.”

*9. How long would it take existing filers to adjust to the potential access changes? Should we transition existing active accounts to the potential access changes on a gradual basis over a several month period, possibly beginning in spring 2022? If so, how? For example, should the transition period be tiered based on the volume of filings made by a filer or a filing agent on an annual basis? Should another method be used? What is an appropriate length of time for the transition period?*

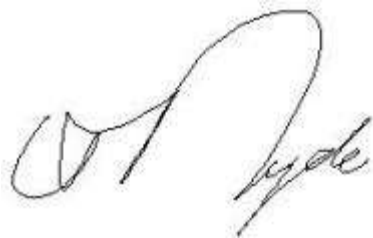
We agree with a gradual transition approach, and we strongly recommend delaying until after the Spring peak activity period. Spring is arguably the busiest time of the year for compliance activity with many issuers preparing and distributing their annual results as well as preparing for their annual stakeholder meetings. In addition, as noted earlier, most filers are not aware of the proposed changes and, when made aware, many indicated that they are not prepared for the change.

We believe the transition should begin no sooner than June 2022 with an 18–24-month transition period with longer lead times for smaller filers, based on SEC category. Filers will need to establish new internal processes for administration and for annual renewal confirmations.

We also urge the Commission to provide a robust education and training program for filers about the mechanics and implications of EDGAR Next so that they can provide more informed input, and begin to prepare the needed internal changes.

Thank you again for the opportunity to provide input to the EDGAR Next program. We are happy to respond to any questions you may have. Contact me by emailing [campbell.pryde@xbrl.us](mailto:campbell.pryde@xbrl.us) or at (917) 582-6159.

Respectfully,

A handwritten signature in black ink, appearing to read 'Campbell Pryde', is positioned above the typed name and title.

Campbell Pryde,  
President and CEO