April 26, 2022

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Vanessa A. Countryman, Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Dear Ms. Countryman:

RE: Short Position and Short Activity Reporting by Institutional Investment Managers, File Number S7-08-22

We appreciate the opportunity to comment on the Securities and Exchange Commission (SEC) proposal on Short Position and Short Activity Reporting by Institutional Investment Managers. We agree with the proposal to require short position and short activity to be reported in structured format rather than in HTML or text format. Structured format will enhance the value of the reported data because data users will be able to create applications that allow them to automate the extraction of data from Form SHO.

That said, we urge the Commission to opt for structured XBRL-CSV format, rather than building a custom XML schema designed strictly for Form SHO as currently proposed. 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 government agencies. Choosing XBRL-CSV over XML will reduce costs for the Commission, the reporting institutions, and the users of data reported on Form SHO. It will generate data that is more easily validated and that is interoperable with other data sets.

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 nonprofit consortium responsible for developing and maintaining the technical specification for XBRL. Our comments below respond to these questions from the proposal:

Q 39: XML Requirement
- **Would requiring the proposed short sale disclosures to be filed on EDGAR in Proposed Form SHO-specific XML increase the economic effects of the disclosure requirement by making the reported data more useful to users? Why or why not?**

Data prepared in consistent, structured format is significantly more functional and useful than data prepared in HTML, text, or PDF, because the data can be automatically extracted from the source document and used immediately, eliminating the cost of manual processing.

- **How would the costs and benefits of an Inline XBRL requirement compare to the Proposed Form SHO-specific XML requirement for the proposed short sale disclosures?**

We believe the appropriate standard for Form SHO data is XBRL in CSV format, which is most appropriate for capturing high volume, granular data in a compact format. The Inline XBRL standard is more appropriate for reporting situations which would be better served with files that are both human- *and* machine-readable. The XBRL standard is agnostic as to format and today, can generate documents in CSV, XML, JSON or HTML (Inline XBRL). Given the repetitive, consistent nature of data to be reported on Form SHO, XBRL-CSV would be the most appropriate choice.

Regardless of format, XBRL has a number of important advantages over custom XML. Choosing to build a custom XML schema is simply recreating what XBRL (an open, nonproprietary data standard) already offers. We urge the Commission to consider these advantages which are outlined below:

- Eliminates the cost to the Commission of building a custom XML schema. The XBRL standard already supports the numerous data types required in Form SHO which include date, text (string), identifiers (Legal Entity Identifier, FIGI, CUSIP), share type (e.g., shares purchased, shares sold), monetary, and percent. Building a custom XML schema will require redefining data types (and units) that already exist. Leveraging the XBRL standard would only require creating a single taxonomy which could even leverage concepts used in other reporting domains such as the Legal Entity Identifier (LEI) which is in the DEI (Document Entity Information) Taxonomy. The LEI concept in the DEI Taxonomy already has a data type created to accurately capture a reported LEI.
- Reduces extraction and processing cost for data users. Data aggregators and providers of analytics tools have been extracting XBRL-formatted data for years and are accustomed to processing structured data in XBRL format. They have the systems and processes in place to extract any kind of data in XBRL format because of its consistent format. Custom XML would require data consumers to build a system or process tailored specifically to Short Position data. Such a system could not be re-used for any other type of data. XBRL is designed to allow for re-use of existing preparation, collection and extraction tools that can work with XBRL-formatted data.
- Reduces cost to investment managers preparing their data. Given the widespread use of the XBRL standard, there are numerous tools available, both open source and on the commercial market, that institutional investment managers could use to prepare Form SHO. Vendors of XBRL reporting tools can easily adapt tools used today for US GAAP, or IFRS, or FERC filings to work with Form SHO as well. These same vendors would need to build custom applications to work with a custom schema designed to report Form SHO. The additional work involved in building a tool that only works for one implementation means higher costs to investment managers. The Commission noted in the proposal that

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they intend to make a fillable web form available on EDGAR which could also be used to prepare Form SHO which the SEC would then convert into the custom XML schema proposed. Under an XBRL scenario, the Commission can still make the fillable form available but convert the data to XBRL just as easily as converting it to XML.

- <u>Better validation method with XBRL.</u> A footnote in the proposal states, *"The Commission's XML schema (i.e., the set of technical rules associated with Proposed Form SHO specific XML) for Proposed Form SHO would incorporate validations of each data field on Proposed Form SHO to help ensure consistent formatting and completeness. For example, letters instead of numbers in a field requiring only numbers, would be flagged by EDGAR as a "technical" error that would require correction by the reporting Manager in order to complete its Proposed Form SHO filing. Field validations act as an automated form completeness check when a Manager files Proposed Form SHO through EDGAR; they do not verify the accuracy of the information submitted in Proposed Form SHO filings."* While we strongly support the incorporation of business rules to improve accuracy and consistency, XBRL already has robust validation languages that are used today to check for signage errors, appropriate data types and units, completeness, and correct combinations of elements. Open source XBRL validation languages can also be used to validate identifiers including the LEI, FIGI and CUSIP. Incorrect CUSIP numbers are a key problem in securities data that can be resolved by opting for a data standard that has an easy, built-in method to establish concrete checks to highlight errors so they can be quickly corrected. The consistent, structured nature of XBRL makes these validation languages highly specific so that they can catch many errors that may be difficult to identify with a custom-built XML schema.

- <u>Reduced cost and easier change management.</u> Reporting requirements for Form SHO will inevitably change at some point. XBRL, because it relies on a single data model called the "taxonomy" enables significantly easier changes to reporting requirements. The taxonomy contains all the information about what needs to be reported; and it communicates that information to preparers, data collectors and data consumers through the tools they use that reference the taxonomy. When regulators decide that an additional item needs to be included, deleted, or revised on the form, they make that change once in the taxonomy, and it is then communicated to all stakeholders. The applications that are used to report and to extract/analyze the data do not need to be re-engineered to adapt to the change because they always reference the taxonomy. Furthermore, data reported over time does not "break" because it is always reported in the same fashion, again relying on the single taxonomy.

- <u>Allows commingling of Form SHO data with other datasets from investment managers, a key goal of the Federal Government's Data Strategy.</u> Data reported in XBRL format can be combined and analyzed in the same data store, even if it is different data (financials versus short position information), or from different sources (the FERC, the FDIC, the SEC).

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Q48: Other Alternatives
- **Has the Commission appropriately evaluated the alternative whereby Proposed Form SHO information would be submitted in Inline XBRL? Why or why not?**

We disagree with the Commission statements on page 174 which discusses the pros and cons of XBRL and XML: *… given the fixed and constrained nature of the disclosures to be reported on Proposed Form SHO (e.g., the information would be as of a single reporting date rather than multiple reporting dates, and Managers would not be able to customize the content or presentation of their reported data), the benefits of these additional features would be muted. Compared to the proposal, this alternative would impose greater initial implementation costs (e.g., licensing Inline XBRL filing preparation software) upon reporting persons that have no prior experience structuring data in Inline XBRL. By contrast, because many Managers that would be Proposed Form SHO filers would likely have experience structuring filings in a similar EDGAR Form-specific XML data language, such as in the context of submitting Form 13F, the Proposed Form SHO-specific XML requirement would likely impose lower implementation compliance costs on Proposed Form SHO filers than an Inline XBRL requirement would impose."*

First, XBRL is widely used for data standard implementations that do not require custom concepts. The US GAAP accounting standard tends to be very flexible and therefore, "extensions," which give reporting entities the ability to create their own company-specific line items, are allowed. The Federal Deposit Insurance Corporation (FDIC) however, does not allow extensions because their banking call report standard is very structured and fixed, and yet they require the XBRL standard for over 5,000 bank institutions. Similarly, the Federal Energy Regulatory Commission (FERC) also does not allow extensions and they, too, opted for XBRL. They chose XBRL-XML as Inline XBRL was not needed.

Both regulators opted for XBRL rather than custom XML because it has significant advantages over XML, far beyond the ability to allow custom extensions. In its final rule, the FERC states, "... *the XBRL standard includes all the advantages of the XML format, such as its non-proprietary nature, its efficient sharing of data across different information systems, and its ability to include identified proprietary formats (e.g., PDF, Microsoft Word, etc.), while also structuring the data with tags that utilize standard taxonomies to capture the inherent characteristics of the information as well as the value of the data…. The Commission stated that XBRL is an international standard that enables the reporting of comprehensive, consistent, interoperable data that allows industry and other data users to automate submission, extraction, and analysis. The Commission also stated that the use of XBRL would facilitate the implementation of changes to its reporting requirements by enabling future changes without the need for costly development procedures*." In addition, many non-US regulators that do not allow extensions, have also chosen the XBRL standard rather than building a custom XML schema, because of the reasons outlined above.

Second, the Commission states that they chose XML over XBRL for the reporting of Form SHO because, "...*the information would be as of a single reporting date rather than multiple reporting dates."* Analysis of reported data can take many forms. In some cases, a researcher may wish to compare short position data for two or more reporting entities for a single time period. However,

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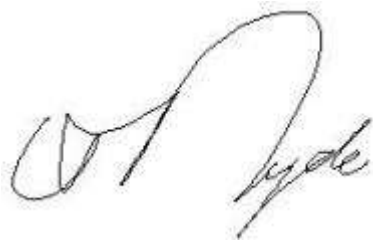
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analysts and others may want to track short position activity over time. The XBRL standard has a consistent means to track the short position of a single or multiple entities over time; XML does not (while the Commission could build this into the custom XML schema, again they would be re-creating what already exists in XBRL). Further, if the data reported in an XML schema does not have an associated date, data users would have to create their own mechanism to add time period, adding more cost into their consumption process.

Third, the proposal states that inline XBRL "...*would impose greater initial implementation costs (e.g., licensing Inline XBRL filing preparation software) upon reporting persons that have no prior experience structuring data in Inline XBRL.* " Adopting XBRL-CSV would be significantly more cost-effective than either Inline XBRL or custom XML, particularly over the long term. XBRL-CSV files, as the name suggests, can be produced from a CSV file, without the need to license Inline XBRL filing preparation software. A number of FERC filers today are using XBRL-CSV to generate their form filing to submit to the FERC without using licensed software.

Furthermore, while there may be an initial learning curve for reporting entities adopting XBRL, this would diminish significantly in the second, third, and future reporting periods. In addition, as noted above, the cost of reporting tools is likely to be higher because they must be custom built for a single form. Application providers that already serve the investment management community may be compelled to provide an application to build the Form SHO but they can only deploy it for a limited number of customers. The cost of the application will be spread across a much smaller pool of customers which guarantees a higher cost to investment managers required to report.

Thank you for the opportunity to provide input to the Commission's proposal on short position and short activity reporting. Please feel free to contact me if you have questions concerning our responses, or would like to discuss further. I can be reached at (917) 582 - 6159 or campbell.pryde@xbrl.us.

Respectfully,

Campbell Pryde,
President and CEO

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