Data Quality Committee
Conference call
September 21, 2022
Meeting Notes

Attendees

<u>Committee Members</u>

Campbell Pryde, Shelly Wavrin, Jenifer Liu, Charles Kessler, Pranav Ghai, Glad Sully, Amit Varshney

<u>Absent</u>

Adrian Cloutier, Heather Krupa, Mohini Singh,

<u>Staff</u>

Ami Beers, David Tauriello, Marc Ward, Michelle Savage

<u>Observers</u>

Iza Ruta, Louis Matherne

Welcome

- Shelly welcomed attendees and introduced the agenda.

Minutes Approval

- Motion to approve minutes from June 29, 2022 DQC meeting, by Campbell Pryde, seconded by Pranav Ghai
- Vote (For 7, 0 Against)
- Motion passed. June 29, 2022 DQC meeting minutes approved.

Review and Approval of Version 19 DQC Rules

- Campbell introduced the rules for Version 19 and stated that the public review period ended August 31, 2022. Changes and updated were made to the following rules due to feedback received.
    - DQC_0139 – Bank Ratios – Scale Issues – updated the rule message to indicate a 2.5% buffer amount incorporated in capital adequacy ratios reported in the percentage and monetary elements, also updated the message to report 100% rather than the integer 1.
    - DQC_0140 – Investment Schedule Cross Calc – no change from public review

- o DQC_0141 – Inconsistent Accrued Interest Elements – updated to handle a reconciliation between interest and non interest items. The rule will not flag an error if an element including interest accrued is used when it is part of a reconciliation to elements excluding accrued interest.
- o Updates to previously issued/approved rules include:
  - DQC_0011 - removed duplicate rule 6823 which checked that AccumulatedOtherComprehensiveIncomeLossNetOfTax matched its dimensional equivalent
  - DQC_0118 - updated to consistently handle cases where a fact had 2 or more dimensions on the face of the financial statements and updated to handle default dimensions correctly. The rule did not apply the default unless it was explicitly defined in the cube. The update determines the default on the axis by looking at all the axes defined in the submission.
  - DQC_0080 - removed the element PostemploymentBenefitExpenseDefinedBenefitPlans from non negs for IFRS filings
  - DQC_0047 – updated to handle the reporting of cash flow statements for a BDC (business development company). The element InvestmentCompanyNetAssetsFromOperationsIncreaseDecrease is used as the starting point for the cash flow items for income for a BDC. This was added to the list of income statement items. Shelly mentioned that this item will be deprecated so will need to address once deprecated.
  - DQC_0081 - updated to improve performance.
  - DQC_0131 - updated to have a tolerance for decimals when comparing the values for leases.
  - DQC_0108 - updated to take into account dimensions that allow values to go negative.
  - DQC_0055 - updated rule for Foreign Plan member guidance that has been updated by the FASB.
  - DQC_0015 - added an exception axis for the newly defined axis us-gaap-supplement:InvestmentIdentifierAxis that applies to BDC's.
    - Removed the following non neg elements as the invest taxonomy has been discontinued:
      - o 1427, invest:DerivativeNonmonetaryNotionalAmount
      - o 1428, invest:DerivativeNotionalAmount
      - o 1430,invest:InvestmentForeignCurrencyContractForeignCurrencyAmount

- o 1431,invest:InvestmentForeignCurrencyContractReportingCurrencyAmountAtDateOfOrigin
- o 1432, invest:InvestmentInterestRate
- o 1433, invest:InvestmentInterestRateRangeEnd
- o 1434, invest:InvestmentInterestRateRangeStart
- o 1435, invest:InvestmentOptionsExercisePrice
- o 1436, invest:InvestmentRepurchaseAgreementAmountToBeReceived
- o 4502, invest:InvestmentContractVolume
- o 4503, invest:InvestmentContractWeight
- o 4504, invest:InvestmentForeignCurrencyContractAmountPurchased
- o 4505, invest:InvestmentForeignCurrencyContractAmountSold
- o 4511, invest:InvestmentWarrantsExercisePrice
- Removed the following items from the non neg list (DQC_0015) as they can go negative in certain situations related to ceded insurance contracts and negative interest rates
  - o AssumedPremiumsEarned
  - o InterestExpense
  - o InterestExpenseFederalFundsPurchased
  - o InterestExpenseShortTermBorrowings
  - o InterestIncomeFederalFundsSoldAndSecuritiesPurchasedUnderAgreementsToResell
  - o PolicyholderBenefitsAndClaimsIncurredGross
  - o PremiumsWrittenGrossFinancingReceivableAllowanceForCreditLosses
  - o DebtSecuritiesAvailableForSaleExcludingAccruedInterestAllowanceForCreditLossNotToSellBeforeRecoveryCreditLossPreviouslyRecordedExpenseReversal

- Motion to approve rules DQC_0139, DQC_0140, DQC_0141, and updates to previously approved rules DQC_0011, DQC_0118, DQC_0080, DQC_0047, DQC_0081, DQC_0131, DQC_0108, DQC_0055, DQC_0015 effective December 1, 2022, by Campbell Pryde, seconded by Charles Kessler
- Vote (For 7, 0 Against)

- Motion passed. DQC_0139, DQC_0140, DQC_0141, and updates to previously approved rules DQC_0011, DQC_0118, DQC_0080, DQC_0047, DQC_0081, DQC_0131, DQC_0108, DQC_0055, DQC_0015 approved effective December 1, 2022.

Introduction of Version 20 DQC Rules
- Campbell introduced new version 20 rules to the DQC.
- FASB has introduced new axes and elements for BDCs, version 20 will address these.
- Rule DQC_0142 - This proposed rule checks that the new typed dimensions to support BDC filings are defined correctly. The rule checks that each fact is associated with 1 typed dimension. The only exception to the rule is the use of the axis InvestmentCompanyNonconsolidatedSubsidiaryAxis, which was added as part of the BDC taxonomy upgrade.
- Rule DQC_0143 - This rule checks that the extensible enumeration element DerivativePositionExtensibleEnumeration can only use two values. The two allowed values are:
    - CallOptionMember,
    - PutOptionMember
- Rule DQC_0144 - This rule checks that monetary extension elements included in the balance sheet, income statement, cash flow statements and shareholders equity statements include a balance attribute.
- Rule DQC_0145 – This rule checks the presentation linkbase of the cash flow statement and income statement to determine that elements have been presented correctly. The rule has three parts. The first two parts check the abstracts for financing and investing to determine that incorrect elements are not included. The third part checks that the increase/decrease in operating capital abstract does not include any concepts that are used in the income statement.
- Rule DQC_0146 - This rule identifies incorrect period durations used in the income statement of the 10-K. The rule identifies where a company has reported a 10-K but the majority of the values reported on the income statement are for a period other than a year.
- Campbell mentioned that there will also be an amendment to an DQC_0118 (existing rule).
- There may be additional updates to version 20 based on analysis of further errors.
- Rules will be distributed to DQC and will be approved for public review in November meeting.

DQC Errors
- Shelly presented results of the DQC rules. Shelly mentioned that there are 96 rules approved (73 US GAAP, 14 IFRS, 9 for both).

- Shelly explained that errors increased in Q1 and Q2 of 2022 as compared to Q4 2021. This was due to more annual filings submitted during these periods. There was a question as to how many errors there were versus the prior year. Shelly reported that there were approximately 21k and 27k errors for Q1 and Q2 2021, respectively.
- Pranav recommended analysis to include data on the total facts checked by rules.
- Shelly presented errors for rules included in DQCRT taxonomy and reported significant decreases in errors since inclusion in the EDGAR system. Filers see errors in test filings results prior to filing.
- Shelly presented the rules with the highest errors and noted decreases.
- Shelly presented errors for DQC_0080 which test IFRS negative values. Shelly noted that there has been a decrease in number of errors since the first year of XBRL mandate on IFRS filings. However, Shelly noted that there was a slight increase in errors in 2022. It was found that 15 filers had more than 100 errors in 2022. There were 2 filers that had over 350 errors. The DQC discussed possible next steps to address these errors:
  - XBRL US/SEC staff contact filers
  - Develop a separate DQCRT for IFRS elements. Comparable negative value rule for US GAAP is included in DQCRT which has resulted in reductions to errors.
  - Ask SEC staff how to get IFRS rules into EDGAR.
- Shelly presented errors for DQC_0121 which test incorrect transition elements used which became effective December 2021. Errors have increased in Q1 and Q2 of 2022 over the month of December 2021. However, this rule is similar to other DQC rules which test line items that should no longer be used after adoption of new standards. We have seen reductions in errors over time as these rules have been implemented.

Tagging of BDCs
- Shelly introduced the topic of tagging for BDCs and noted that filers have tagging questions. The SEC has developed the Closed-End Fund (CEF) taxonomy, the DQC working group has published temporary guidance on using the CEF taxonomy on the XBRL US website. There are questions that have been sent to the SEC Staff which will be discussed during DQC meeting with staff.
  - The CEF taxonomy includes only duration elements. However, this is inconsistent with tagging for US GAAP and would be problematic for consumptions.
  - For the prospectus items such as fee example and effect of leverage, filers sometimes present information based on different assumptions (scenarios). The CEF taxonomy currently does not have structures to tag multiple sets of such data based on different assumptions (scenarios), filers could tag only one set of data that is resulted from the basic assumption. Does the SEC plan to add more elements to the CEF taxonomy, so filers can tag all the information presented?

- For the Share Price table, the CEF taxonomy provides elements for Lowest and Highest price or bid of NAV (Net asset value per share), how do filers tag the NAV, if they present the NAV as of the last day in the relevant quarter (instead of Lowest and Highest price). Does the SEC plan to add more elements to the CEF taxonomy, so filers can tag this information presented?
- Do filers tag the preliminary 424B filing or just the final 424B filing?

Executive Compensation

- The SEC has approved a rule on Executive Compensation that should be reported which requires tagged information. However, there has been no taxonomy published. XBRL US would like to understand the plan for development of the taxonomy and whether XBRL US could assist with this effort. If the SEC has any information to share it would be helpful for the market to understand the future expectations.

Meeting adjourned 10:30AM, after which the DQC held a closed session.