Data Quality Committee
Joint Meeting with SEC Staff
September 25, 2024
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	***Division of Economic Risk and Analysis***	Ami Beers, AICPA
Pranav Ghai	Julie Marlowe	David Tauriello, XBRL US
Campbell Pryde	Paul Yin	Louis Matherne, FASB
Mohini Singh	Vikas Malik	Mark Ward, XBRL US
Amit Varshney	PJ Hamidi	Michelle Savage, XBRL US
Charles Kessler	Navin Jayaram	
Glad Sully	Audrey Wang	
Kathleen Shelton	Walter Hamscher	
Jennifer Liu	Matthew Slavin	
Brian Bracey	Mike Willis	
Sonny Jablonski	Afsheen Khan	
	Bob Luby	
	Division of Corporation Finance	
	Mark Green	
	Diane Marciano-Fritz	
	Mike Stehlik	
	Office of the Chief Accountant	
	Jill Davis	
	Edgar Business Office	

Mark Elbert

Office of the Investor Advocate
Tonia Tornatore

Office of the Chief Data Officer
Austin Gerig

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

Validation Rules and Guidance Update
- Campbell explained the details of the rules in version 24 and version 25 that have been approved and have become effective in 2024.
    - Version 24 became effective August 31, 2024 (one rule will become effective November 30, 2024) and related to rules primarily covering dividend disclosures. The DQC also issued guidance on this topic.
    - Version 25 was approved and will become effective December 1, 2024. These rules are primarily aimed at addressing errors in form 11-Ks and compliance with FASB guidance. This version also includes a rule to cover scaling errors for an entire statement.
  - Campbell explained that Version 26 rules are under development and will address errors (including negative values) in the statement of shareholders' equity. Current non-neg rules do not run on the statement of shareholders' equity. The rules will also cover the new tax disclosures required in the new accounting standard for updated tax disclosure-related elements in the 2024 US GAAP taxonomy.

DQC Errors
- Shelly presented the results of the errors for the DQC rules starting with a summary of all DQC guidance and rules. 150 rules have been published as of September 2024. This includes 3 deprecated rules and 5 rules that have been approved but not yet effective. (142 rules effective as of September 2024)
- Shelly mentioned that the Data Quality Rules Taxonomy (DQCRT) includes rules that are approved by the FASB Acceptance Program. There are 46 DQC rules in the 2024 DQCRT and 14 additional rules in the 2025 taxonomy. The SEC EDGAR system sends a warning message to issuers if a rule is triggered. This is helpful for filers to alert them to errors. There have been improvements in errors for rules that are included in DQCRT. Shelley

provided graphs that demonstrated the reduction of errors for each year that rules were added to DQCRT.

- Shelly provided results for Q1 and Q2 DQC errors over the past 4 years through the 2nd quarter of 2024. Errors continue to decrease over time.
- DQC is discussing how to measure data quality more precisely. In the future, the DQC rules will be analyzed for errors as well as those filings that have run each rule and passed with no error. Campbell mentioned that analyzing the data with these new metrics will provide better data by using a more precise denominator.
- Shelly presented an analysis of trends for the rules with the highest errors for the first and second quarters of 2024. The top 5 rules represent over 35% of total errors for the first half of the year. The top 5 rules with the most errors included:
  - DQC_0156 Basic and Diluted Extension Element - 3,257 errors
  - DQC_0145 Inappropriate Cash Flow Presentation – 2,542 errors
  - DQC_0181 Sibling Child Relationships – 2,213 errors
  - DQC_0121 Incorrect Transition Elements Used – 1,295 errors
  - DQC_0126 FS Calculation check with Non-Dimensional Data - 1,276 errors
- Shelly presented a listing of 14 issues that have been included in the SEC's published data quality reminders. The analysis showed that there are DQC rules that cover 10 of the 14 issues reported in the reminders. Shelly mentioned that the DQC rules DQC_0156 and DQC_0145 cover incorrect tagging of earnings per share and cashflow statement element presentation which are 2 of the issues that have been addressed in the SEC's reminders issued during 2024 and have been not included in the DQRT. Shelly recommended that the FASB staff consider adding these rules to DQRT to improve results and address the SEC's issues addressed in these reminders. Shelly also mentioned that the SEC's reminder from August 2023 addressed incorrect elements being used for tagging allowance for credit losses. Shelly explained that DQC_0171 addresses this issue by flagging the incorrect use of transition elements after the filer adopts the new accounting standard. This rule will become effective December 31, 2024 and will flag these errors.
  - There was a comment that the taxonomy accommodates tagging information (Boolean tags exist for policy election) about filers adopting new standards. This would be helpful to understand which tags to use when new policies are adopted; however, SEC rules do not require this information to be tagged. It may be appropriate for XBRL US to comment on this topic.
- Shelly presented a graph that showed the number of errors by filing type for the first and second quarters of 2024. The graph broke down errors by 10-K/10-Q, 20-F/40-F/6-K, Proxy, and Transactional filings. The analysis showed the number of filings in each quarter and the number of errors. Shelly noted that the rate of errors for IFRS filings is the highest category

of filings with errors. Shelly noted that the DQCRT does not include rules for IFRS filings, she recommended that the SEC incorporate a validation for IFRS filings similar to how US GAAP filings are checked in EDGAR using the DQCRT. SEC staff meets periodically with the IFRS taxonomy staff and noted they had recommended this topic.

Meta Taxonomy Rule Integration
- Campbell mentioned that the FASB released a Meta Taxonomy in 2024 which assigns attributes to elements and relationships between elements. This is helpful for data quality checks because it helps the development of rules by including types of elements in the rules. DQC is providing input into the process. Campbell mentioned that XBRLUS provided a comment letter to IFRS Taxonomy to recommend the development of a meta taxonomy related to the IFRS taxonomy.

IFRS Taxonomy
- Campbell mentioned that the IFRS taxonomy had used the formula linkbase for validations. The EDGAR system does not accept the formula linkbase. Campbell noted that the ITCG is meeting in October to discuss a new process for developing validations.

Filing Issues
- 11-k filings require Legal Entity Axis on all facts. Campbell mentioned that DEI elements may be problematic for 11-Ks. Campbell noted a useful solution would be to use the LEI.

General question
- There was a question about how the DQC prioritizes issues to determine which rules will be developed. Campbell explained that there is an effort to normalize data and this process generates issues with use of the data. Solutions to these issues are developed by the DQC and rules are created to address both IFRS and US GAAP filings. Campbell mentioned that the DQC also receives feedback from data users on issues as well as from FASB to support guidance issued.