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May 27, 2025

Austin Gerig
Director/Chief Data Officer
Securities and Exchange Commission
c/o Tanya Ruttenberg
100 F Street NE
Washington, DC 20549

Dear Mr. Gerig:

RE: Proposed Collection; Comment Request; Extension: Interactive Data

We appreciate the opportunity to provide input to the Securities and Exchange Commission (SEC) Proposed Collection; Comment Request; Extension: Interactive Data. 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 XBRL, which is a free and open data standard widely used around the world for reporting by public and private companies, as well as government agencies. Our members include accounting firms, public companies, software, data, and service providers, as well as other nonprofits and standards organizations.

This letter responds to the questions posed in the Comment Request.

(a) Is the proposed collection of information necessary for the proper performance of the functions of the agency, including whether the information will have practical utility?

Requiring corporate disclosures to be prepared in XBRL format, produces structured data that is more useful, accessible, granular, and more consistent than data in unstructured format for regulators, investors, researchers, and other data consumers.

Structured (XBRL) data can be easily checked for inconsistencies and accounting-related errors. Today, most issuers use freely available validation rules[1] to check and resolve consistency, accounting-related, and reasonableness errors in their filings prior to SEC submission which has resulted in an increase in the quality of data submitted to the SEC.

The validation rules are provided by the Center for Data Quality, an industry-led consortium of filing agents and tool providers that represents the majority of public companies filing to the SEC.

[1] XBRL US DQC Approved Validation Rules: https://xbrl.us/home/priorities/data-quality/rules-guidance/

The Center's Data Quality Committee (DQC)[2] is composed of filing agents, data aggregators, and investors; the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) are permanent observers to the DQC. In 2020, the FASB began incorporating DQC rules into their DQC Rules Taxonomy (DQCRT) which is used in conjunction with the US GAAP Taxonomy.

Analysis shows that data quality errors have declined since the rules were first put in place in 2015 (see Aggregated Real-Time Filing Errors). The Commission and the markets gain from the availability of higher quality structured data that can be automatically checked for common errors.

The Commission also gains by leveraging the structured nature of XBRL data for greater efficiency in calculating filing fees as outlined in the final rule, Filing Fee Disclosure and Payment Methods Modernization. The SEC could further benefit by leveraging structured XBRL data for more activities including querying and searching on corporate and investment management company filings as many investors and academic researchers already do today.

For example, a study conducted by Penn State[3] comparing commercially available data to XBRL as-reported data found that XBRL data is more timely, granular, and authoritative, and that it has better predictive qualities for analysis. The study evaluated the impact of using commercially prepared normalized data against XBRL as-filed data to analyze the performance of stocks for which reported earnings contain a large accrual component versus stocks that contain a small accrual component. They found significant discrepancies between the as-filed data and the commercial normalized data for several accounting items involved in calculating operating accruals. One effect of these discrepancies is that stocks selected for the high- and low-accruals portfolios differ markedly depending on the data source used. XBRL data produced more useful results than commercially prepared normalized data.

Separately, in the European Union (EU), companies began reporting financial statement data in XBRL format in 2020 although the phase-in for various companies continued over several years. The CFA Institute and CFA Society France conducted a survey[4] in early 2023 in which 84% of respondents said that digitalization of source data from issuers (XBRL preparation) would help in their work. 50% said it would save time in downloading data, 19% indicated that it would allow them to expand coverage and accomplish more analysis, 17% said it would enhance the quality of their work through access to more granular data, and 10% noted that it would reduce costs.

The survey concluded with a request for additional data in digital (XBRL) format, "*Current regulatory requirements in the EU concern only annual reports, while our survey highlights the importance of intermediary reports and investor presentations…we believe there are obvious options for expanding the scope of coverage, including intermediary reports*. "

[2] XBRL US Data Quality Committee: https://xbrl.us/home/priorities/data-quality/center/committee/
[3] Are XBRL data better at predicting stock price returns?, Penn State: https://xbrl.us/xbrl-better-at-predicting/
[4] Report on the Use and Digitalisation of Issuer Data: CFA Society France Member Survey: https://rpc.cfainstitute.org/sites/default/files/-/media/documents/survey/xbrl-report_english_2023.pdf

An earlier paper,[5] also prepared by CFA Institute, noted, "*XBRL has democratized financial data. It drives transparency and improves efficiency by helping analysts and other users of financial and business information find relevant facts within a few mouse clicks. Analysts can use company-specific financial data from the regulator or providers to model cash flows and returns on capital based on those ideas. They use the data to understand a company's worth and determine what the market is discounting for revenues and profits. They can also create what-if scenarios to test a company's sensitivities. More time can be spent on developing hypotheses, analyzing models, and thinking about results rather than on data gathering*."

The value of digital (XBRL) data for analysts and investors is further supported by statements from data aggregators[6] that serve the investment community:

Adrien Cloutier, Global Director of Equity Data, Morningstar:
"Extracting data from an HTML document takes at least 20 minutes, from a good quality PDF, takes around 30 minutes, from an image around 50 minutes. Data pulled from an XBRL file, though, can be extracted in 1 to 2 seconds... let's us focus on better analytics rather than scraping data from documents."

Pranav Ghai, CEO, Calcbench:"We can make data available to investors much faster if it's in XBRL format, because we can eliminate manual data entry and a lot of the checking and manual review needed with non-structured data."

"... [with XBRL] there's no difference in the availability of data between large and small companies."

"[accessing data in the footnotes to the financials] is not that easy to do unless you have access to structured data, in this case XBRL...with data available in the XBRL format, we can extract data from the footnotes in seconds. From one company, from thousands of companies."

Diana Serbu, Head of Company Data Strategy and Management, London Stock Exchange Group:
"We've been doing this now for over 8 years across multiple geographies where XBRL filings are available."

"...the use of XBRL... has benefited … clients and the investment communities we serve by enabling us to make significant strides in how quickly we can deliver our fundamental data to the markets. In many instances that time has reduced from days to minutes."

Digital, semantically structured (XBRL) data is also an optimal source for artificial intelligence platforms which need high-quality, consistently created data to generate accurate results at the lowest cost. Structured, standardized data is easier to analyze, more searchable and retrievable,

[5] CFA Institute, Data and Techology: How Information is Consumed in the New Age: https://rpc.cfainstitute.org/sites/default/files/-/media/documents/article/position-paper/data-and-technology-how-information-is-consumed.pdf
[6] From video: XBRL for Analysts and Investors: https://xbrl.us/news/analyst-video/

and better for statistical analysis and modeling. Labeled data can train algorithms to recognize patterns and make accurate predictions and recommendations.

The ability to perform AI-driven analysis on structured, granular data made available through XBRL preparation, ensures more accurate and cost-effective results.

(b) Comment on the accuracy of the agency's estimate of the burden imposed by the collection of information.

We believe that the Commission estimate of 53.1111 burden hours per response is high.

Historically, companies followed the practice of using "bolt-on" tools, which help a company convert their corporate reports into Inline XBRL format without changing any other aspect of their reporting arrangements or workflow. This process was common when the first interactive data rule was put in place but has increasingly been replaced by disclosure management tools.

The standardization of data has facilitated the advent and rapid adoption of disclosure management tools. These tools provide significant benefits, for example, they allow reporting entities to review prior period reported facts and narrative disclosures, so that they can revise facts with updated information efficiently. The disclosure management market is projected to grow at a CAGR of 16.5% by 2029, as noted in the report, Disclosure Management Market Size & Share Analysis - Growth Trends & Forecasts (2024-2029)[7].

Because disclosure management tools have a wide range of features, streamlining the process of creating, managing, and delivering financial reports and regulatory filings, it is impossible to accurately pinpoint the cost of a single component such as XBRL preparation.

To better assess the burden on issuers, we conducted a survey about the XBRL preparation process and gathered information from 26 issuers with the following findings:

- Most prepare their XBRL data themselves. While 37% outsource to a vendor, 44% prepare their data in-house with some assistance from a vendor and 18% said they prepare in-house with no vendor assistance.
    - Of those who prepare their XBRL in-house, 13% spend between 0 and 5 hours on XBRL preparation; 31% spend between 6 and 20 hours; 31% between 21 and 40 hours; 19% between 41 to 60 hours; and 6% said they spend more than 60 hours.
    - Of those who outsource their filing, 60% spend between 6 and 20 hours; 10% spend between 21 and 40 hours; and 30% between zero and 5 hours.
    - Based on hours spent by all respondents, we estimate[8] that the average time spent by an issuer (not including time spent by their service provider) on XBRL preparation is around 22 hours.

[7] Mordor Intelligence, DISCLOSURE MANAGEMENT MARKET SIZE & SHARE ANALYSIS-GROWTH TRENDS & FORECASTS (2024-2029): https://www.mordorintelligence.com/industry-reports/disclosure-management-market

[8] Based on the average of each hourly range (with 70 hours for the "60 or more hours" range) multiplied by the percent of respondents in that range.

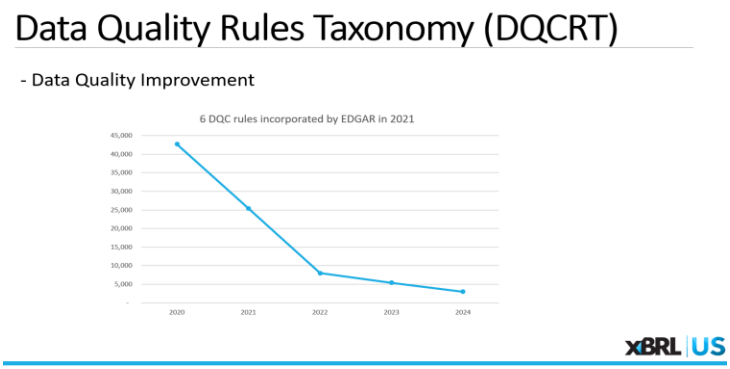
- When asked who within the company prepares the XBRL portion of the filing, 96% said financial reporting professionals, e.g., controller, manager of financial reporting, financial analyst, with some indicating that consultants are also involved.
- Internal review of the XBRL prepared report is also performed primarily (88%) by the financial reporting staff, with a few indicating that vendors, senior management and external auditors/legal may also review.
- Most said it takes less or the same amount of time for XBRL preparation as it did five years ago. 61% of respondents indicated that XBRL preparation takes less time today than it did 5 years ago, with most citing software applications that are easier to use and more internal company experience as the primary reasons. 8% said it takes more time because the scope of disclosures has increased. 27% said it takes about the same amount of time.

Furthermore, access to data in structured, XBRL format benefits issuers, for example, some disclosure management tools are able to provide access to disclosure data for benchmarking because this data is available in XBRL format.

(c) Comment on ways to enhance the quality, utility, and clarity of the information collected

As noted above, most issuers use DQC rules to check their filings. In 2021, the SEC began supporting the DQC rules that were incorporated in the Financial Accounting Standards Board (FASB) DQCRT (DQC Rules Taxonomy). At the time the SEC noted in release notes, "*EDGAR will support new data quality-enhancing checks included by FASB in the US-GAAP 2021 taxonomy. …EDGAR will inform filers of certain quality defects via warning messages, in much the same way that EDGAR informs filers of inconsistencies between the submission header and the content of cover pages.*"

While analysis shows that data quality errors have declined since the rules were first put in place in 2015, we see an even steeper decline in errors when they are incorporated into the SEC EDGAR system as shown on the chart below depicting errors identified by six rules that have been incorporated into EDGAR.



Based on this analysis, the SEC can improve the quality and usefulness of reported data by continuing to incorporate all DQC rules into the EDGAR submission process.

(d) Comment on ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

In the issuer survey noted above, we also asked respondents about the ongoing challenges with XBRL preparation and how regulators and vendors could better support the process. Respondents cited challenges in formatting new disclosures correctly when there appear to be multiple options, and in understanding SEC requirements correctly. They noted that regulators could improve the process through:

- Offer more training and education with “plain English” explanations.
- Provide a consolidated listing of requirements that would be easy for accountants to navigate and understand.
- Reduce the number of changes year to year.
- Provide more examples of proper tagging and ways to clear data quality errors.

Vendors were asked to make software more intuitive, to identify ways to simplify the review process and applications that allow for the automatic extraction of data from internal databases. Other general suggestions noted that there is no formal training for XBRL offered in accounting or CPA programs.

Separately, because of the competitive nature of XBRL preparation and the large number of reporting software providers, vendors continuously work to improve their applications. For example, many are now adopting new technologies like artificial intelligence to make it easier for issuers to identify the appropriate XBRL concept. With AI, tools can rapidly evaluate an XBRL taxonomy which contains the data model for any reporting requirements in a highly structured, consistent fashion.

Software applications can, 1) use the taxonomy to quickly train an AI algorithm to identify the appropriate elements that an issuer should use to XBRL-tag their report; 2) run validation rules for further quality checking. The issuer can then, 3) perform a manual double-check to make sure

the XBRL preparation is correct. Steps 1 and 2 are automated and therefore timelier and require no manual labor from the issuer or vendor. Step 3 takes less time because so much of the identification and checking is already complete.

Please contact me if you have any questions or to schedule a call or meeting to discuss how the XBRL community can be of assistance. I can be reached at (917) 582-6159 or Campbell.Pryde@XBRL.US.

Sincerely,

Campbell Pryde
President and CEO, XBRL US