



January 25, 2019

Charles Riddle  
Acting Director/Chief Information Officer  
Securities and Exchange Commission  
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RE: Proposed Collection; Comment Request on Interactive Data, SEC File No. 270-330, OMB Control No. 3235-0645

Dear Mr. Riddle:

We appreciate the opportunity to provide feedback on the Commission's Proposed Collection of Interactive Data (XBRL) from issuers filing registration statements and reports. 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 (a free and open data standard widely used around the world for reporting by public and private companies, as well as government agencies). XBRL US members include accounting firms, public companies, software, data and service providers, as well as other nonprofits and standards organizations.

The Commission has been collecting interactive (XBRL) data since 2009 and today, there are multiple years of historical financial data available in XBRL format, representing thousands of public companies. XBRL US relies on an RSS feed from the Commission to collect XBRL data to populate its own database, which today contains both US GAAP and IFRS data. In the coming weeks, we will collect XBRL-formatted data from public companies in Mexico, Japan, and Taiwan to add to our database. Going forward we will continue adding content as more and more standards programs around the world adopt XBRL as the financial data standard of choice.

This letter responds to the specific questions raised in the SEC Request for Comment as noted below.

*Request for Comment: (a) Whether this proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility.*

***Enhances the Commission's ability to monitor companies and perform analysis***

The availability of structured (XBRL) data has improved the Commission's ability to perform analysis for rulemaking and other activities, and to monitor the financial health of public companies. A review of proposed and final rules published by the Commission in 2018, identifies

two proposed and four final rules where XBRL data is explicitly named as the source for data used in analysis to develop the rule. For example, the final rule Disclosure of Hedging by Employees, Officers and Directors, contains a footnote on page 94 stating: *“This estimate is based on staff analysis of XBRL data submitted by filers, excluding co-registrants, with EDGAR filings of Forms 10-K filed during the calendar year of January 1, 2017 to December 31, 2017.”*

Proposed and final rules published in 2018 referencing the use of XBRL for analysis include:

- Financial Disclosures about Guarantors and Issuers of Guaranteed Securities and Affiliates Whose Securities Collateralize a Registrant’s Securities<sup>1</sup>
- AUDITOR INDEPENDENCE WITH RESPECT TO CERTAIN LOANS OR DEBTOR CREDITOR RELATIONSHIPS<sup>2</sup>
- Disclosure of Hedging by Employees, Officers and Directors<sup>3</sup>
- Disclosure Update and Simplification<sup>4</sup>
- Inline XBRL Filing of Tagged Data<sup>5</sup>
- Smaller Reporting Company Definition<sup>6</sup>

The SEC’s Division of Enforcement also uses structured data. In an XBRL US webinar from January 2017, an analyst from the Division of Enforcement at the SEC stated that they have been using XBRL-formatted data since 2009 when the first XBRL filings were submitted. He noted the machine-readable nature of XBRL data, and said that XBRL is baked into a lot of the tools that they use, both tools developed internally, as well as commercially available tools. <sup>7</sup>

### ***Reduces the cost of analysis for investors and analysts***

Today, structured XBRL data is made available to the public through individual filings, RSS feeds, and data downloads. Structured XBRL data is also available through Google BigQuery.

Investors and analysts have also come to rely on the XBRL data available. Since introduction, more and more commercial data providers have transitioned to XBRL formatted public company data as a source for their data and analytics offerings. The ability to automate data collection reduces the cost of processing and enables better decision-making, because data providers can process data from thousands of companies faster and with significantly less effort, than the manual extraction process required when extracting data from HTML or text files. Analysts can perform more robust, timely, and better quality analysis.

Historically, because of the laborious nature of data collection, large company data was processed much faster than small company data. Today, the availability of structured data means that small company data can be made available in the same timeframe as large company data.

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<sup>1</sup> SEC proposed rule: <https://www.sec.gov/rules/proposed/2018/33-10526.pdf>

<sup>2</sup> SEC proposed rule: <https://www.sec.gov/rules/proposed/2018/33-10491.pdf>

<sup>3</sup> SEC final rule: <https://www.sec.gov/rules/final/2018/33-10593.pdf>

<sup>4</sup> SEC final rule: <https://www.sec.gov/rules/final/2018/33-10532.pdf>

<sup>5</sup> SEC final rule: <https://www.sec.gov/rules/final/2018/33-10514.pdf>

<sup>6</sup> SEC final rule: <https://www.sec.gov/rules/final/2018/33-10513.pdf>

<sup>7</sup> XBRL US webinar, January 25, 2017: <https://xbrl.us/events/conversation-sec-enforcement/>

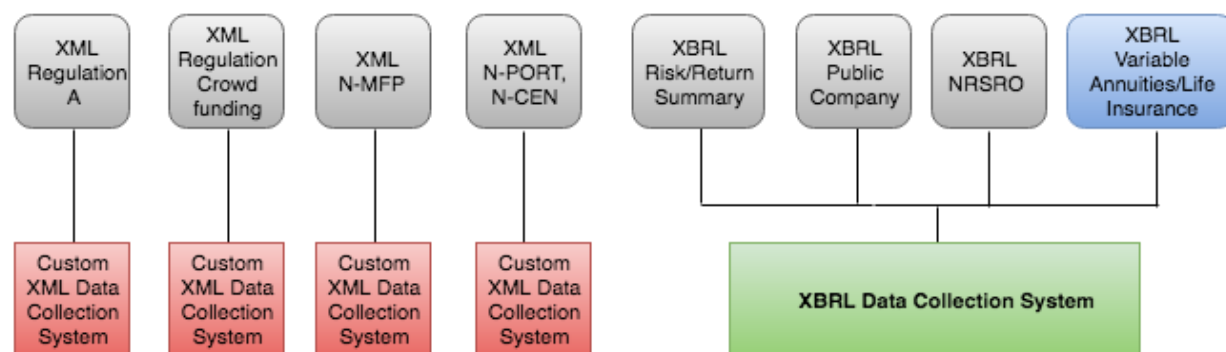
Organizations using XBRL data to serve investment clients today, include Bloomberg, Calcbench, idaciti, Intrinio, Morningstar, Refinitiv (formerly Thomson Reuters Financial & Risk), Seatig, and TagniFi, among others. Commercial data providers like these are typically the key source of information for the investment community, therefore most investors today are using XBRL-formatted data although they may be unaware that the data they access is extracted from the XBRL version of an SEC submission.

The value of structured data to commercial entities and to regulators is clear. The Commission continues to propose the use of XBRL for more reporting entities. For example, in October 2018, the SEC published a proposal on Updated Disclosure Requirements and Summary Prospectus for Variable Annuity and Variable Life Insurance Contracts<sup>8</sup> which would require the use of Inline XBRL for certain annuity and life insurance disclosures. Transitioning reporting entities to the use of conventional or Inline XBRL will not only generate data that is machine-readable and therefore more timely and accessible, but it also reduces data collection costs for the Commission.

### *Streamlines and improves efficiencies (reduces cost) in data processing*

Data consumers like the SEC, as well as data and analytics providers, can use the same data collection system for multiple XBRL programs. This is a significant savings versus creating new processes and systems for each type of reporting entity. Custom XML schemas, which have been built for disclosures submitted by certain reporting entities, require the creation of a custom data collection system.

The diagram below illustrates how custom XML has been used for reporting by Reg A and Reg Crowdfunding companies, reporting of funds in form N-PORT and N-CEN and reporting by money market funds on form N-MFP. Each one of these programs requires the Commission to build a separate data collection system as shown in the red boxes on the left side of the diagram. Data reported by entities in XBRL can all be collected by leveraging a single XBRL collection system as shown by the green box on the right side of the diagram. Today, public companies, funds, and NRSROs all report in XBRL. And if the SEC's proposal for XBRL from variable annuities (shown in blue) is passed, that program can leverage the same data collection system.



<sup>8</sup> SEC proposal: <https://www.sec.gov/rules/proposed/2018/33-10569.pdf>

We strongly believe that not only does the reported data have great utility to meet the needs of the Commission, but its use can reduce the cost of data processing for the agency.

*Request for Comment: (b) the accuracy of the agency's estimate of the burden imposed by the collection of information.*

The cost of XBRL preparation has declined since the program was first established. Today over 6,000 public companies that file to the SEC every quarter have established processes to create and submit XBRL-formatted financials to the SEC. When the program was first initiated in 2009, most companies first, prepared their financials, and second, associated the XBRL concepts to the values reported in their financials (this process is called tagging).

Today, more and more companies have transitioned to disclosure management solutions that allow them to manage regulatory filings on a single platform. These tools improve the efficiency of the filing process by allowing filers to conduct the XBRL tagging at the same time they are preparing their financials. Disclosure management solutions do much more than just XBRL preparation, and today are offered by many providers.

Separately, a comprehensive study<sup>9</sup> conducted by the American Institute of CPAs (AICPA) and XBRL US found that the cost of XBRL preparation declined 45% from 2014 to 2017. The study captured data from 1,032 smaller public companies, working with 13 different vendors. Findings show that the average annual cost of XBRL preparation (preparing four filings in XBRL format) was \$5,476, down 45% from 2014.

*Request for Comment: (c) ways to enhance the quality, utility, and clarity of the information collected.*

The complexity and flexibility of US GAAP reporting, which allows companies to create their own custom line items, has resulted in quality issues in the data reported. To address these issues, a group of XBRL providers, led by XBRL US, started a program to establish freely available, standardized validation rules that SEC filers can use to identify and resolve errors in their XBRL filings, prior to SEC submission. The XBRL US Center for Data Quality<sup>10</sup> funds the work of a Data Quality Committee (DQC)<sup>11</sup> which develops these rules through a rigorous multistep process.

Filer use of these validation checks has increased since the first ruleset was introduced in 2015, with a corresponding positive impact on the quality of filings. For a detailed analysis on the value of these rules, and on the Center for Data Quality, see the XBRL US white paper "XBRL US

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<sup>9</sup> AICPA-XBRL US Study, 2018:

<https://www.aicpa.org/content/dam/aicpa/interestareas/frc/accountingfinancialreporting/xbrl/downloadabledocuments/xbrlcosts-for-small-companies.pdf>

<sup>10</sup> XBRL US Center for Data Quality: <https://xbrl.us/data-quality/center/>

<sup>11</sup> XBRL US Data Quality Committee: <https://xbrl.us/data-quality/committee/>

Center for Data Quality: an industry initiative for the common good”<sup>12</sup>. Today, rules are developed for companies reporting in US GAAP and IFRS. While use of the rules has increased, we recommend that the SEC encourage public companies to use the Data Quality rules, to improve the consistency and quality of all corporate filings.

*Request for Comment: (d) 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.*

As noted earlier, the cost of data collection can be minimized by requiring all reporting entities to report using the same consistent standard. If all reporting entities reported in XBRL format, a single data collection system could be leveraged. This would reduce costs not only for the Commission, but for all the data aggregators and analytical tool providers, which, in turn, would reduce the cost to end consumers of the data.

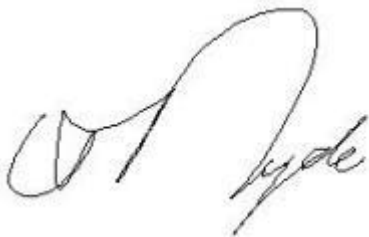
The burden on all stakeholders can also be reduced by the use of Inline XBRL. We encourage the SEC to transition to Inline XBRL rather than conventional XBRL because it has several advantages:

1. Combines an HTML and an XBRL document, which reduces the preparation burden on reporting entities because a single document, rather than two, must be prepared.
2. Reduces the introduction of errors into a filing as data is prepared once.
3. Improves the review process as the selected XBRL “tags” and associated metadata can be easily viewed embedded in the HTML report.

We appreciate the opportunity to provide input to the Commission’s review of the collection of interactive data. The availability of machine-readable (XBRL) data allows the SEC to successfully monitor public companies and perform analysis, in a streamlined, cost-effective manner.

Please feel free to contact me if you have any follow up questions or would like to discuss. I can be reached at (917) 582 - 6159 or [campbell.pryde@xbrl.us](mailto:campbell.pryde@xbrl.us).

Sincerely,



Campbell Pryde,  
President and CEO, XBRL US, Inc.

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<sup>12</sup> XBRL US Center for Data Quality white paper: <https://xbrl.us/wp-content/uploads/2018/11/XBRL-US-Center-for-Data-Quality-White-Paper-December-3-2018.pdf>