

IRIS Business Services Limited welcomes the U.S. SEC's move to adopt In-Line XBRL. We have been working in the UK and Ireland markets for close to 7 years in the preparation of In-Line XBRL documents and the SEC's move to adopt the specification for the US market is a very encouraging step.

The existing XBRL mandate requires all public companies and mutual fund entities to file both EDGAR HTML and XBRL documents as a '**mandatory requirement**'.

This is a compliance burden for filers who often follow different processes for preparing both documents and spend additional time and cost to review them separately.

### **THE BIG MOVE TO SMART DATA**

The SEC's announcement in June 2016 allowing companies to voluntarily file structured financial data in In-Line XBRL is a big move. This is a clear step towards simplifying compliance for the filer, making it easy to prepare documents in a single format and reducing time spent in review. Having one integrated document also enables filers to see both the content and XBRL data in one place rather than having to refer to two documents. The In-Line Previewer that the SEC has introduced is an excellent tool that helps actual consumption of data in a 'smart and user friendly' manner.

### **ADVANTAGES OF IN-LINE**

- One single document for filing compared to dual formats
- Time and cost efficiencies in both preparation and review
- Easy to use for investors and other parties who need access to company filed data
- Reduced errors while tagging information. Use of negative signs and incorrect scales are the most common errors that are expected to reduce with an In-line document

### **HOW DO COMPANIES LOOK AT IN-LINE?**

IRIS has introduced the concept of In-line XBRL and demonstrated the outputs and review features of the In-Line Previewer to several companies. Most of them instantly relate to the fact that it is a single output format. That combined with the smart search options in the In-Line Previewer, make the review process much more efficient.

Another big advantage to the investor and financial analyst community is that with In-line XBRL, they know exactly what to look for in the document and where to look for it. Company filers are also enthusiastic about this as it gives investors instant access to their information.

## ADOPTION OF IN-LINE

Numbers say it all. There are approximately 65 companies that have filed in In-line in a span of 9 months.

And while this is a good start, there are a few reasons why these numbers look low in comparison to the thousands of companies who are currently filing with the SEC in dual formats. The SEC needs to play a much bigger role, particularly around the points mentioned below to create a bigger impact on the filer community.

- **Awareness:**

The idea of a new format called 'In-Line' and its many advantages have not yet percolated down to the filing community. Companies are not yet aware of what In-Line is and how it can impact them positively. Also, because filing in In-line is voluntary right now, companies may not be motivated to really make the shift. This is possibly the biggest area that the SEC needs to focus on to get more and more companies to file using In-line XBRL.

- **Availability of software solutions that support In-line:**

Most company filers are either associated with traditional financial printers (who follow separate processes for XBRL and EDGAR) or use self-filing software solutions.

Both financial printers as well as software vendors will need to update their processes and software solutions to adapt to this change. They have an active role to play in educating their clients to go In-Line.

Our compliance reporting solution IRIS CARBON™ has been supporting In-Line for regulator revenues for Her Majesty's Revenues and Customs in UK and Ireland.

It was therefore easy to update IRIS CARBON™ to meet In-Line requirements of the U.S. SEC, and exercise the option to file inline XBRL with the U.S. SEC using our platform.

## SUGGESTION FOR THE U.S. SEC'S CONSIDERATION

- **Remove incorrect warning errors in the filing email notification**

There are two specific warnings errors which come while filing an In-Line document:

- a) **Hidden-Fact-Eligible-For-Transform**

*Eg: These options were scheduled to vest over a three-year period, with 1/3 vesting on the first anniversary of the grant date and 1/6 vesting every six months thereafter until the three year anniversary of the grant date.*

In the above example, companies are supposed to tag the value 1/3 as 0.33 and 1/6 as 0.17 respectively in XBRL.

The companies tag these numbers correctly with the appropriate tag, dates and context and also **'refer'** the XBRL fact to the value reported as per the In-line requirement. Yet they receive this warning during test/live filing.

**b) 'Hidden-Fact-Not-Referenced'**

Eg: Commitment and Contingencies is tagged in XBRL as 'Nil' value and there are many companies which do not report this line item with a 'hyphen or dash'.

In this case, the company has no way to 'refer' the 'Nil' fact value.

In both the examples above, companies are doing everything in the right manner, so when they see warnings such as these, they are likely discouraged to file using In-Line XBRL and prefer to use it only for smart review instead.

In our experience, companies do not like to see warnings, especially if they are doing everything right. Moreover, it is cumbersome for us to explain to them that these warnings will not impact their filing.

IRIS urges the SEC to understand the anxiety of companies in such a situation and look at suppressing such warnings (which do not affect the filing) in the test filing e-mail notification.

With this, we hope to see many more companies embrace and transition to inline XBRL as soon as possible, and reap the benefits that the early adopters have!