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Mr. Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

16 May 2017

Re: Inline XBRL Filing of Tagged Data (Release Nos. 33-10323, 34-80133; File No. S7-03-17)

Dear Mr. Fields:

Ernst & Young LLP is pleased to respond to the Securities and Exchange Commission (SEC or Commission) request for comment on its proposed rule, *Inline XBRL Filing of Tagged Data*.

We support the objective of requiring structured data and data tagging to improve disclosure analysis and help investors and other market participants make more-informed decisions. However, it's not clear to us whether the quality and reliability of financial statement data tagging would be improved by requiring operating companies to use Inline XBRL (iXBRL) and embed tags in their financial statements.

We believe that other actions should be considered to improve the usability of the US GAAP Financial Reporting Taxonomy, decrease the use of custom tags and reduce tagging errors. In addition, embedding tags in a registrant's financial statements and having them viewable on the SEC website could cause investors to incorrectly assume the tagging has been reviewed or audited by the registrant's outside auditor. This letter includes potential courses of action to address these issues.

Utility of XBRL

To further increase the use of XBRL data by investors and other market participants, we believe that the accuracy, consistency and comparability of XBRL tagging should be improved. We do not believe that solely changing the location of the XBRL data would accomplish this goal.

Since the SEC began requiring the use of XBRL in 2009, XBRL-tagged information has been fraught with errors and comparability challenges.[1] The SEC staff, meanwhile, has observed that the high rate of custom tagging inhibits comparability of data and must be reduced.[2] In an analysis last year, the staff found that 74% of financial statements filed by large accelerated filers in 2015 contained custom tags.

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[1] According to information from XBRL-US, which can be found at https://xbrl.us/.

[2] The SEC staff issued observations on the use of custom tags (https://www.sec.gov/page/osdstaffobsandguide).

We question whether iXBRL would significantly reduce tagging errors or increase the likelihood of preparers selecting the appropriate tag. Many companies, particularly smaller filers, outsource XBRL tagging and have limited in-house expertise to effectively review and approve the tags created by a service provider. We do not believe that these companies would be any more likely to catch errors than they are today. In addition, requiring iXBRL likely would not significantly curtail the use of custom tags.

In order to achieve the desired outcome of improved XBRL data quality for the benefit of investors, we believe the SEC and other relevant bodies should consider taking certain actions before requiring iXBRL in financial statements.

- *Simplification of US GAAP taxonomy*: In our view, the size and complexity of the US GAAP taxonomy contributes to the high rate of custom tagging. We encourage the SEC to consider how to support the development and implementation of a simpler, streamlined US GAAP taxonomy prior to requiring iXBRL. We note that the recently approved IFRS Taxonomy contains far fewer tags than the US GAAP taxonomy.

- *Linkage between custom and standard tags*: We also encourage the SEC and the Financial Accounting Standards Board (FASB) to explore changes that would require preparers to relate their custom tags to existing standard tags, which we believe would help financial statement users better analyze and compare tagged information. Accordingly, we endorse the FASB's decision to request comments on possible changes to improve the US GAAP taxonomy.

- *Enhanced monitoring of tagging to improve quality*: We also believe the SEC, FASB and XBRL-US should continue to monitor tagging errors and the use of custom tags. Unless there is a dramatic improvement in the quality and reliability of data tagging, we do not believe the potential benefits of tagging will be fully realized. Unless it concludes to suspend mandatory tagging, the SEC should consider taking other actions to enhance the reliability of tagging.

Auditor assurance and investor expectations

In our 2008 comment letter on the Commission's initial proposal to require XBRL tagging (Release Nos. 33-8924; 34-57896), we stated that independent assurance over XBRL tags could add value by increasing the reliability of XBRL information and public confidence in such information. The SEC decided at the time not to require auditor involvement with the XBRL data but said companies could voluntarily involve their auditors. In our experience, few companies have requested that we provide such assurance.

Investors may view XBRL tags embedded in financial statements differently than they view data provided in a separate XBRL exhibit. We are concerned that embedding tags in the financial statements and having the SEC provide an iXBRL viewer to highlight them and display aspects of the tag could lead investors to assume that the tagging has been audited or reviewed by the registrant's independent, registered public accounting firm. Investors and other financial statement users also might assume that iXBRL tags were subject to the registrant's internal control over financial reporting (ICFR) on which the auditor issued an attestation report.

This "expectation gap" could lead investors to place undue reliance on the iXBRL tags. To address these concerns, the SEC could acknowledge that it would be appropriate for registrants and their auditors to clarify that, unless the auditor performs an examination under the attestation standards, the auditor would not be providing any form of assurance with respect to iXBRL tagging. However, inconsistent use of such clarifying disclosures among registrants or auditors could possibly exacerbate the expectation gap.

While the proposed rule would not require auditor involvement with XBRL tagging, we encourage the SEC to restate and clarify its views on auditor responsibility, association and liability in any adopting release, as well as within the text of any final rule and related explanatory notes.

We believe that any or all of the following actions could be taken to address the potential expectation gap:

- The SEC release adopting a final iXBRL rule could clearly state the SEC's views on auditor responsibility, association and liability, and the text of the rule and any related explanatory notes could clearly state that iXBRL is outside the scope of the auditor's assurance on the financial statements and the registrant's ICFR and the scope of officer certifications.

- The SEC could acknowledge that registrants may include disclosures in each filing explaining that the iXBRL tags are not in the scope of the auditor's reports on the financial statements or ICFR. Such disclosures could be included in the notes to the financial statements (and be subject to block tagging) so they would appear with any rendering of the iXBRL-tagged financial statements.

- The SEC, FASB and XBRL-US could explore options to embed information in each iXBRL tag about the lack of auditor involvement (e.g., using what are known as XBRL scenarios).

- Auditor's reports could include an explanatory paragraph indicating that the iXBRL tags are not in the scope of the audit and are not covered by the auditor's opinion.

- The SEC could issue guidance discouraging third parties from including, incorporating or linking auditor's reports to any financial information compiled from iXBRL included in SEC filings.

We continue to believe the quality and reliability of iXBRL tagging could be enhanced by auditors providing assurance at a registrant's request. The Commission's 2009 XBRL adopting release indicates that issuers may voluntarily obtain some form of auditor attestation on interactive data and refer to that auditor involvement in an SEC filing. For instance, a company can separately engage an auditor to issue an examination report on the XBRL data (e.g., in accordance with the *Principles and Criteria for XBRL-Formatted Information* of the American Institute of Certified Public Accountants) in addition to reports on the audit of the financial statements and ICFR.

While it might be more efficient for the auditor to perform procedures over the XBRL tags in conjunction with the financial statement audit, we believe auditor assurance would need to be limited to a separate attestation report unless the Public Company Accounting Oversight Board develops standards or interpretative guidance on XBRL procedures and how to report on them.

Phase-in under the proposed rule

We agree that there should be a phase-in period based on filer status. However, we recommend that the SEC consider splitting registrants into four groups, rather than the three it proposed, with the initial phase-in group comprising the 500 largest registrants. This approach would be similar to the one the SEC used when it began requiring XBRL tagging. The largest 500 registrants account for approximately 85% of total public float and should have the necessary resources to work through any issues that may arise when adopting iXBRL. The experience of such issuers and their service providers could pave the way for a smoother adoption by the remaining phase-in groups.

We also recommend that the SEC require registrants to begin using iXBRL in Form 10-Q reports rather than in annual reports on Form 10-K. We note that the SEC said in the 2009 adopting release that it required companies to use XBRL first in Form 10-Q because of the shorter length of the interim financial statements. We also note that most participants in the voluntary iXBRL program first used iXBRL in a Form 10-Q. For these reasons, we believe it would be easier for a company's first iXBRL-tagged filing to be a quarterly report on Form 10-Q.

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We would be pleased to discuss our comments with the Commission or its staff at your convenience.

Yours sincerely,

Ernst + Young LLP

Copy to: Wesley Bricker, Chief Accountant, Office of Chief Accountant
Mark Kronforst, Chief Accountant, Division of Corporation Finance
Russell Golden, Chair, Financial Accounting Standards Board