



May 23, 2017

Mr. Brent Fields
Secretary
U.S. Securities & Exchange Commission
100 F Street N.E. Washington, DC 20549

File Reference No. S7-03-17

Re: SEC Release No. 33-10323, 34-80133, Inline XBRL Filing of Tagged Data

Dear Mr. Fields:

Workiva is pleased to respond to the request for public comment from the Securities and Exchange Commission (the “SEC” or the “Commission”) on the proposed rule regarding Inline XBRL Filing of Tagged Data referenced above (the “proposed rule”). Our customers include more than 42 percent of the domestic registrants of the SEC. In addition, our customers have submitted more than 70 percent of the filings that have used the Inline eXtensible Business Reporting Language (iXBRL).

We support the proposed rule because it eliminates a duplicative filing requirement, thereby reducing filer burden for many registrants. For that reason, we believe that the transition to iXBRL is an important step in the evolution of XBRL use by the SEC and, as stated below, should be implemented on a timetable that requires all registrants to move to iXBRL sooner than contemplated by the proposed rule.

However, the move to iXBRL does not address the fundamental cause of data quality issues that adversely impact usability: inconsistent tagging of the same type of information for similar events or transactions across companies in general or by industry. Addressing such inconsistent tagging would not only improve data quality and usability, but it would also simplify the tagging process. We believe that inconsistent tagging can be readily remedied with the right focus and sense of urgency.

To be clear, the duplicative filing requirement so far has only served to detract from what should have been a smooth transition to a machine readable format. With this in mind, we believe there should be a transition by all registrants to iXBRL at a specified effective date, and the SEC should address existing data quality issues so that no questions remain about the SEC’s commitment to disclosure modernization.

For the past two years, we have led – in concert with XBRL US and other service providers – the Data Quality Committee (DQC), a market-wide initiative to address errors and inconsistencies in XBRL data submitted to the SEC. The open source validation rules developed under this initiative have led to a significant reduction in the

workiva.com | info@workiva.com | +1.888.275.3125

errors that those rules are designed to detect or prevent. We encourage the SEC staff to incorporate the DQC rules as an integral part of its review of the XBRL data submitted to the SEC.

Based on our work in connection with this market-led initiative, we have concluded that unless there are changes made to the US GAAP Financial Reporting Taxonomy to enable consistent tagging, iXBRL will not increase the utility of the data. We stand ready to share with the SEC staff the findings and conclusions from our ongoing work to enable consistent tagging.

We have the following additional observations and recommendations:

XBRL Data Cannot Be Audited

Some people have indicated that the final rule should clarify that the auditor is not responsible for the embedded tags. Other people have questioned whether such clarification will result in a widening expectation gap for financial statement users that will need to be addressed. However, these comments mask an important issue that begs the question: What are the standards for selecting the right tags? One would assume that the answer to that question is U.S. GAAP for public companies, since those tags should be machine-readable representations that are consistently applied in conformity with U.S. GAAP for public companies. However, today that is not the case.

Based on 40 years of experience as an auditor, the undersigned believes that tagged data cannot be audited in accordance with the applicable auditing standards because tag selection is subjective. It is subjective for several reasons: (1) there are currently multiple ways to tag the same information, (2) the modeling of required disclosures is not standardized, (3) when and how to use extensions is not defined, and (4) there are no clear criteria for creating or using common practice elements. These are all issues that can and should be fixed.

No Need for a Phase-in Period for iXBRL

There is no need for a phase-in period for iXBRL filings. The effective date for the requirement to move to iXBRL should take into account the readiness of service providers to support iXBRL and the correction of known issues with EDGAR. Based on our experience, we believe that an effective date to require the move to iXBRL for quarterly filings for periods ending on or after June 15, 2019 would be more than sufficient for service providers to make the changes to enable iXBRL filings and for the SEC staff to make the necessary changes to EDGAR.

Our customers have made only minimal changes to their process for tagging data in order to use iXBRL. Moreover, since iXBRL is simply another output format for the XBRL component of a filing, registrants will not have to retag data for prior periods. Assuming that the SEC fixes known EDGAR bugs and that software

providers can make the changes necessary to fully implement the use of iXBRL, registrants will only need to make minimal changes, if any to their process for tagging data. **The following views are inconsistent with the experience of our customers.**

- A survey conducted by XBRL US reported that 71 percent of the companies that responded said there needs to be a phase-in. Fifty-six respondents provided comments on the phase-in and 18 of those respondents, or 34 percent, indicated that small companies may need more time than large companies [to prepare for iXBRL].
- In addition, some have said that a phase-in will give small filers the opportunity to learn from the experiences of larger filers and more time to comply with the new requirements and implement the necessary changes to their processes

Again, these views are inconsistent with our customers' experience in implementing iXBRL. The transition cost, including learning curve, is *de minimus*. As importantly, other service providers have reported that their customers have had the same easy transition to iXBRL.

Efficiencies Improved But Quality Issues Still Need to be Addressed

Based on our experience, we do not believe, as some others apparently do, that iXBRL will provide efficiencies for preparers and, as a result, improve the quality of the XBRL data. It is important to set realistic expectations regarding the benefit of moving iXBRL. The fact that iXBRL eliminates a duplicative filing requirement is important. However, using iXBRL will not produce any significant, additional benefits beyond those that can be realized today using XBRL with the existing duplicative filing requirement. A substantial portion of the registrants already enjoy the benefits of the tags being directly associated with the information in the financial statements.

Cost of Compliance Not Affected by iXBRL

While there is no cost difference for our customers for preparing Inline filings, we note that the cost of compliance with XBRL requirements has continued to decrease. A recent study published by AICPA shows that 69 percent of registrants pay \$10,000 (and in many cases less) for the preparation of XBRL documents. It is important to note that registrants do not have to retag their data when they transition to iXBRL. In addition, our customers report that incorporating a collaborative technology platform to tag XBRL data has not only made the tagging of XBRL data easier, it has also made their SEC reporting process more efficient.

Readiness of Inline XBRL

As of May 15, 2017, Workiva's customers have submitted 76 of the 107 Inline filings. The SEC staff has been responsive to our requests for technical clarification and to correct bugs in EDGAR related to the iXBRL

specification. While our experience validates the readiness of Inline XBRL to be required in SEC filings, the SEC staff should consider fixing the following issues:

1. EDGAR rejects certain image files that are included in Inline HTML. It is important to note that EDGAR accepts these same image files in traditional HTML.
2. There are technical issues with the specification for iXBRL that, in a very few instances, cause certain data to incorrectly generate a warning in EDGAR.

Posting XBRL Data on Registrant Websites

We concur that there is no need to post XBRL filings on filers' websites. The original requirement to post XBRL filings on corporate websites stemmed from an EDGAR limitation on filing discovery by outside search engines. EDGAR has since been updated to remove this limitation; therefore, the need to separately post filings on corporate filer websites no longer exists. Investors may locate filings either by searching EDGAR or the Internet. This unnecessary requirement should be removed.

* * * *

We appreciate the opportunity to comment on the proposed rule. If you have any questions or would like to discuss our views further, please contact me at [REDACTED].

Sincerely,



J.W. Mike Starr

Vice-President, Governmental and Regulatory Affairs
Workiva Inc.

cc: Jay Clayton, Chairman

Michael Piwowar, Commissioner

Kara Stein, Commissioner

William Hinman, Director, Division of Corporation Finance

Shelley Parratt, Deputy Director, Division of Corporation Finance

Wesley Bricker, Chief Accountant

Scott Bauguess, Acting Director and Acting Chief Economist, Division of Economic and Risk Analysis

Mike Willis, Assistant Director, Office of Structured Disclosure, Division of Economics and Risk Analysis