

**To: Securities and Exchange Commission
Office of Management and Budget,
Attention: Desk Officer for the SEC, Office of Information and Regulatory Affairs,
Washington, DC 20503**

**Initial Comments to Proposed Rule/Initial Regulatory Flexibility Analysis File No. S7-03-17
RE: Inline XBRL Filing of Tagged Data
Date: May 15, 2017
From: Hindssight 2020, llc, J.M. Hoods and support team**

The Securities and Exchange Commission is requesting Action, in the form of Proposed Rule, as contained in File No. S7-03-17 [“File S7-03-17”], requesting public comments, and impacts capital markets beyond US Jurisdiction¹. The request is to “amend the rules” such as Rule 405 of Reg. S-T or Item 601(b)(10)-Reg S-K and numerous SEC generated forms, including but not limited to Form N-1A, Rule 497 or others. The SEC proposes a new requirement by mandating use of Inline XBRL for operating financial information and mutual fund risk/return summaries by amending the rules that specify certain content and format requirements for the Interactive Data File. File S7-03-17 p. 24. See Reg S-K, Form N-1A, Rule 497, Reg S-T Rule 405, others. SEC seeks to terminate the 2005 XBRL Voluntary Program, subsequent to the 2008/09 financial market crisis, and the adoption of the 2009 interactive data requirements for financial statements.

One of the apparent purposes is to ‘standardize formats’ by specifying certain content and format requirements, for submission of Interactive Data Files (exception Foreign Private Issuer? Form 6k; Rule 13a-16 or 15d-16 SEC Exc. Act of ‘34), by standardized use of Inline XBRL, with switching costs, ongoing maintenance costs, and elimination of website postings or other administrative productivity gains. The less obvious outcome is “more regulation” when promised “less regulation” by SEC in the EBRC/XBRL implementation (see enclosed Talking Points²) and the potential conflicts of interest that arise by ‘XBRL Inline’ or anti-competitive ramifications (i.e. Mutual Funds v. Hedge Funds; US v. Foreign interests; platform wars). Even less transparent, is perceived self-dealing or potential conflicts of interests by those penning

¹ Inline XBRL was adopted by several foreign jurisdictions...File S7-03-17 p. 8 raises national security concerns; Must submit their financial statements in XBRL (Id. p. 9-10) and must use taxonomies specified on SEC website (id). European Securities and Markets Authority recently proposed to *require* “issuers...” IFRS Financial statements...in Inline XBRL Format with IFRS TAXonomy timelines to 1/1/2020. File S7-03-17 pg. 24. Used in other jurisdictions...mandatory in some jurisdictions...Japan, Iceland, Denmark, UK, Australia (Id. p. 23; see enclosed for example of prior Regulatory Standardizations by Co-Founders of Enhanced Business Reporting Consortium/eXtensible Business Reporting Language (XBRL)/XBRL International; Value Measurement & Reporting Collaborative; Australian Market EBRC/XBRL voluntary submissions), which includes one named Mike Willis, former PwC Consultant, under 102(e) censures in 2002, with self-interests less visible to capital markets, and is named as Further contact...SEC Office of Structured Disclosure (see enclosed). Self-Dealing is can be perceived as a “conflict of interest”, pursuant to SEC jurisdiction or US, a fairly serious matter, under Section 17 Investment Company Act framework. Pg. 1119 Securities Regulations, Cox, Hillman, Langevoort (“SR”) fifth edition Aspen publishers.

² Talking Points, “By developing Enhanced Business Reporting as voluntary international guidelines, you can alleviate the need for further regulations and reporting requirements.” ...Co-Founders EBRC/XBRL, Mike Willis SEC.

regulations, like 2005 Voluntary program born out of EBRC, and was assured to reduce regulation not increase the mandates or burdens on business & industry (see enclosed). The 2005 Voluntary XBRL program is currently only available to investment companies and entities that prepare in accordance with Article 6 of Reg. S-X. The promise made was 'less regulation'

Talking Points, "By developing Enhanced Business Reporting as voluntary international guidelines, you can alleviate the need for further regulations and reporting requirements."...Co-Founders EBRC/XBRL, Mike Willis SEC.

It appears that Inline XBRL format is promoted as being a standardized format, which will 'embed' XBRL data into the HTML document, eliminate the need to tag & copy information into HTML format/separate document, and eliminates the need for filers to post an Interactive Data File ("IDF") on websites. The danger of course is the "accredited investors"³ standards, if this interactive data fell into the hands of an 'unsophisticated investor' without proper risk/return understandings. Also, is resale effectively restricted? For example, Rule 502(d) imposed certain requirements or use of reasonable care thereof, and with the rise of 'indexed hedge funds' need to insure that Inline XBRL is not 'repackaged & resold' to unsuspecting persons/organizations or 'data aggregation or comparisons' repackaged for sale. See Rule 505; "Bad Boy" Disqualifiers. The Inline XBRL mandate includes the "Price and Price Range" in Registration Statements that are protected under SEC Acts and could lead to inefficient market behaviors or trades. Id. p 89.

Historically, Mutual Funds are regulated and were subdivided into categories based on investment portfolios and objectives, like hedge funds. See Section 7 Investment Company Act. Also, Section 13 of the '40 Act prohibits any investment company from changing its open/closed or diversified/non-diversified status with affirmative approval, and Inline XBRL could be used to undermine SEC intent by changing status indirectly. SR p. 1101. A shadow index [i.e. improves comparability/marketability across classes of securities/across funds (File No. S7-03-17. p. 50)] could be used to achieve unapproved objectives, by use of Inline XBRL, and circumvent board structures. IDF must be submitted and each class of fund separately identified (id. p. 121). Recall, the Mutual Fund industry has a history, was rocked in 2003 by "late trading" and "market timing" abuses. Id. 1103. It appears the industry does not support Inline XBRL, as the June 13, 2016 voluntary program has only received 55 Inline XBRL filings by 35 filers, in spite of SEC incentives, and may need larger study group as the pilot continues through March 2020. File S7-03-17 p. 11-12 to ferret out real effectiveness and efficiency of this burdensome regulation. See footnote 160- "may not be fully representative of all operating company filers or mutual funds.

Likewise, the 'remarketability' of this new Inline XBRL data would have a substantial competitive impact on capital markets driven by algorithms, sold in numerous index funds, and

³ "Accredited investor" is defined in Rule 501(a), which is codified in Title 17 of the Code of Federal Regulations as § 230.501. A person with knowledge and experience in business and financial matters and capable of evaluating the merits and risks of the prospective investment or sophistication. Thus, marketing and solicitation of Inline XBRL must be understood in the context of the SEC distribution of information on IPO's or resale of Mutual Funds.

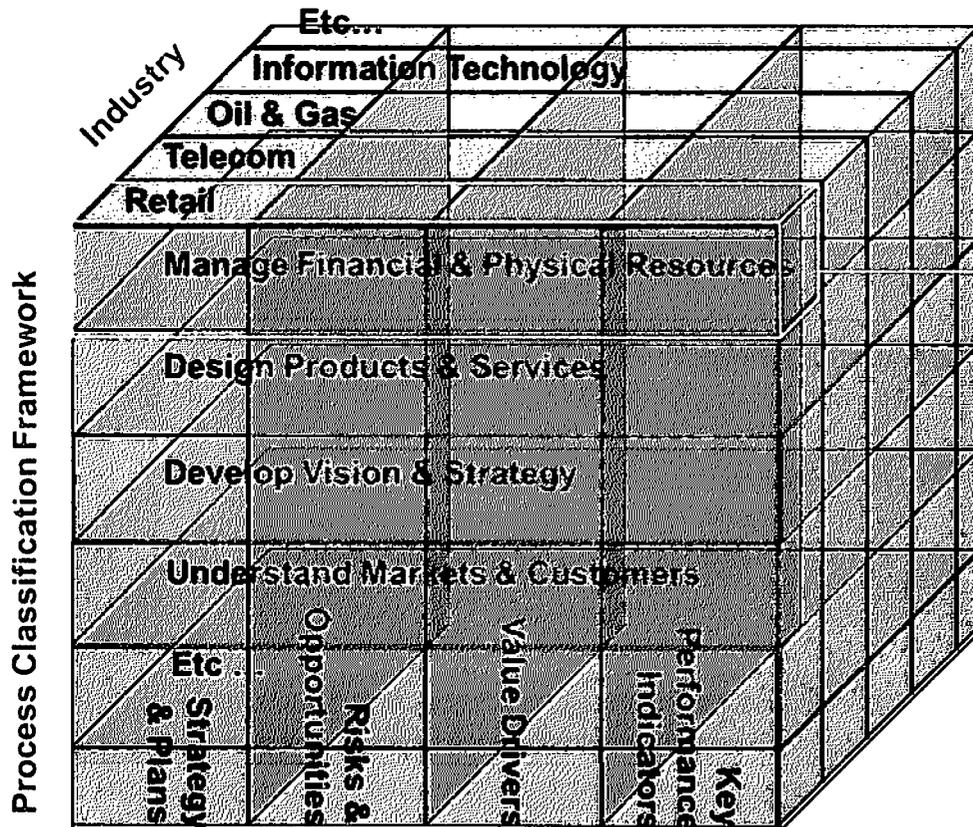
may result in 'new products and services' not so clear in this proposal nor the impact of regulating mutual funds not hedge fund⁴s or Foreign Private Issuers, per se? This commenter would like to understand the competitive and anti-trust ramifications of this format change by market and asset classification, if applicable. In light of the history of capital market solutions that led to a \$22 trillion dollar debt, largely TARP- troubled asset relief program (*i.e. see enclosed email, dated 8/7/04 seeking \$7 trillion in GAP analysis; interim analysis by SCEBR was energy/vehicles-derivatives markets and market crash relates- see enclosed prototypes*), perceived imminent domain of intellectual property (*i.e. taking without just compensation*) or perceived violated 'interoperability pledges' by SEC agency, third party providers, or 'down stream' affiliates, like SEC Willis, et al (*SR p. 1124; see enclosed for example; SEC has current unresolved disputes over over-reaching powers of SEC that includes reports of anti-trust violations/interoperability pledges, 'imminent danger or entrapment' of Whistleblowers, and tortuous interference in contracts thereof; Morgan Stanley Classification is foundational to Inline XBRL- see cube*).*Id.* See Rosenblat & Lybecker, *Some Thoughts on Federal Securities Laws Regulating External Management Arrangements and the ALI Federal Securities Code Project*, 124 U. Pa. L. Rev. 587, 640-643 (1976). *SEC v. Talley Industries, Inc.* 399 F.2d 396 (2d Cir 1968). See the *Compensation of Investment Company Affiliates, pursuant to Sec 36(b) of the Investment Act of 1940, outlines a fiduciary duty and the breach thereof. See Gartenberg v. Merrill Lynch Asset Mgmt., Inc.* 694 F2d 923 (2d Cir. 1982). SR. 1112.

In closing, would request that the Inline XBRL comments and supporting materials be reviewed and provide further SEC analysis and second round of comments, to address these very real concerns of international markets. An alternative to mandating this change, is to allow for an incentivized voluntary program, and allow markets decide. Or another viable option, is found on October 31, 2003, as SEC announced the public unveiling of the International Organization of Securities Commissions of its Multilateral Memorandum of Understanding Concerning Consultation and Cooperation of the Exchange of Information [MOU]. SR 1169. The MOU is the first global multilateral information-sharing arrangement among securities regulators and sets a new international benchmark for cooperation critical to combating violations of securities and derivatives laws. *Id.* Even SEC Chairman William Donaldson said, "The SEC has long

⁴ Historical exemptions from investment company status under Section 3(c)(1) exempts companies with fewer than 100 shareholders or Section 3(c)(7) exempts a company whose shareholders are "qualified purchasers" with high net worth and is not making or proposing to make a public offering of its securities...line drawing issue. SR p1128. Hedge funds often employ complex trading strategies, to arbitrage small differences in securities or derivative positions. Because of the hedge fund structure, their historical exempt status, and a number of competitive advantages over mutual funds. Likewise, hedge funds avoided extensive disclosure requirements imposed by '40 Act and can hide much information about their portfolio's and trading practices, competitive advantage by regulation? (*Id.*) So for a government agency, SEC to mandate that the Mutual Funds (not hedge funds per se) provide an Inline XBRL information feed, must be examined very closely, especially with the rise of nanosecond traders [see enclosed Talking Points—'day traders' practices under SEC scrutiny 2003], and with the Frank-Dodd Act cited for public comments. See SR 1110- 'market timing' Empirical evidence has been mounting for some time that arbitrageurs seek to exploit the stale prices. E.g. Zitzewitz, *Who Cares About Shareholders? Arbitrage-proofing Mutual Funds*, 19 J.L. Econ. & Org. 245 (2003), Chalmers et al., *On the Perils of Security Pricing by Financial Intermediaries: Wildcard Option in Transacting Mutual Fund Shares*, 56 J. Fin. 2209 (2001): Rule 22c-1.

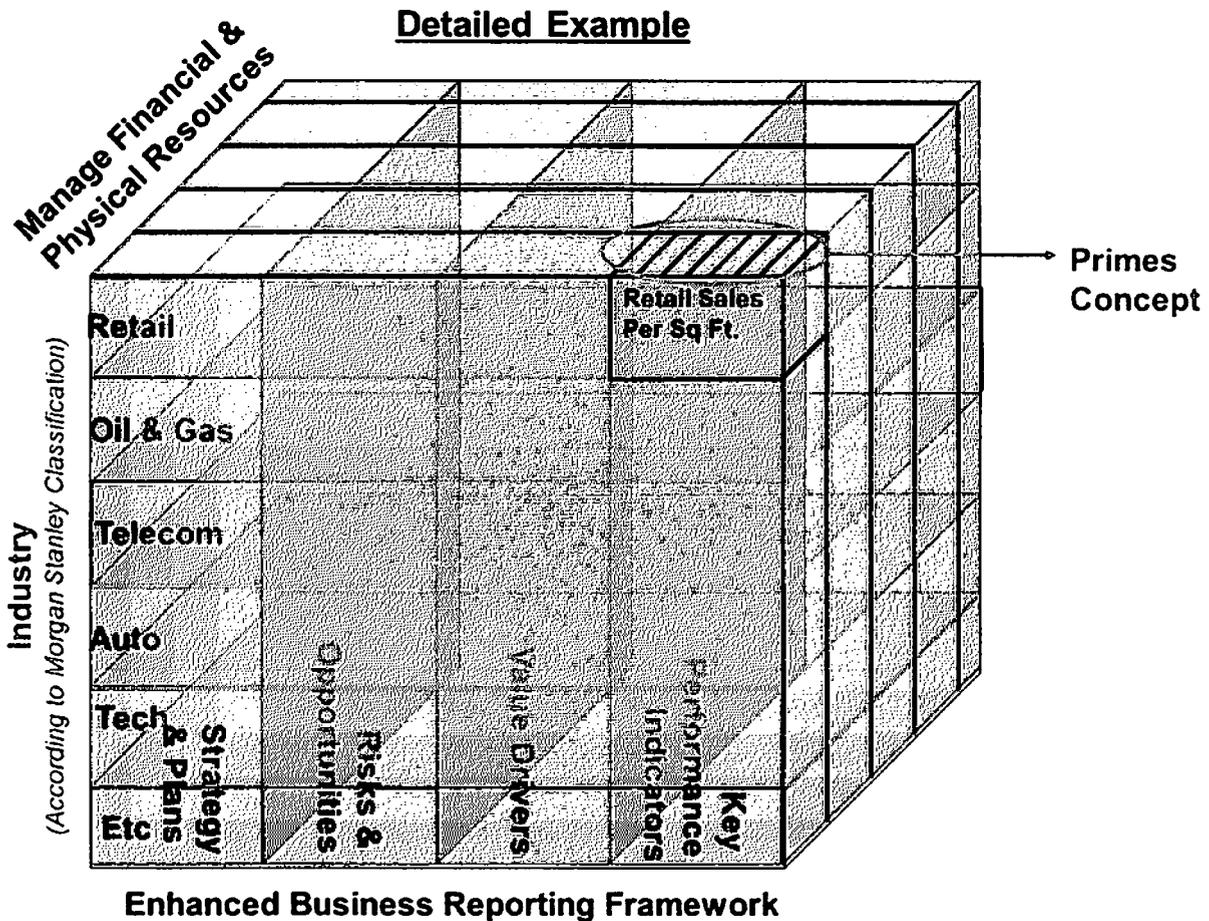
recognized that international cooperation is vital to an effective enforcement program...enhance our ability to obtain information valuable to our enforcement investigations.” This seems like a natural starting point for an International standard on information exchanges, like Inline XBRL, and would likely provide the data aggregation benefit more effectively by cooperation? See *IOSCO, International Organization of Securities Regulators formed to promote cooperation and high standards of regulation. (Id. 1170).*

Framework Synergy: PCF & EBR



See Next Slide for Detailed Example

Enhanced Business Reporting Framework



Kindly, this is submitted in response to the SEC File No. S7-03-17 for comments or analysis and request SEC to further voluntary programs or extend pilots until March 2020 and/or SEC provide answers to issues or concerns raised prior to mandating regulation, increasing costs, and burdens. This appears to be more than an “Electronic Format Change” as indicated in S7-03-17 p. 83 and should be further evaluated under Final Regulatory Flexibility Analysis of “significant adverse effects on competition, investment, or innovation. (Id. p. 86; see enclosed- EBRC/XBRL tie-in). Lastly, the ‘automated suspension’ of submissions in entirety could cause market havoc and needs fully addressed in light of the May 2010 flash crash debacles. Thank you kindly.

Best Regards,

Hindssight 2020, llc, J.M. Hoods and support team

CC: Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549
Attn: Brent Fields

Hindssight 2020, llc, not-for-profit organization, organized under Indian Tribal cultural/legal precepts.

ARTICLE I

Section 1.01 Name. The name of this corporation shall be [] FOUNDATION, INC.

BYLAWS OF [] FOUNDATION, INC.

Section 1.02 Purpose. The purpose of this corporation shall be to []

Section 1.03 Fiscal Year. The fiscal year of this corporation shall be the calendar year ending on December 31st.

Section 1.04 Officers and Directors. The officers and directors of this corporation shall be []

Section 1.05 Meetings. The meetings of the board of directors shall be held []

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ARTICLE I PURPOSES

Section 1.1 Purposes. The [] technology is a vendor-neutral, open development platform supplying frameworks and exemplary, extensible tools (the “[] Platform”). [] Platform tools are exemplary in that they verify the utility of the [] frameworks, illustrate the appropriate use of those frameworks, and support the development and maintenance of the [] Platform itself; [] Platform tools are extensible in that their functionality is accessible via documented programmatic interfaces. The purpose of [].org Foundation Inc., (the “[] Foundation”), is to advance the creation, evolution, promotion, and support of the [] Platform and to cultivate both an open source community and an ecosystem of complementary products, capabilities, and services. The [] Foundation is formed exclusively as a non-profit trade association, as set out in section 501 (c) (6) of the Internal Revenue Code (the “Code”).

ARTICLE II OFFICES

Section 2.1 Principal Office. The principal office for the [] Foundation shall be located in the state selected by the Board of Directors of the [] Foundation (the “Board”). The Board is granted full power and authority to change said principal office from one location to another.

ARTICLE III BOARD OF DIRECTORS

Section 3.1 Powers and Duties. The business and technical affairs of the [] Foundation shall be managed by or under the direction of the Board. The Board shall also be empowered to adopt rules and regulations governing the action of the Board and the [] Foundation, generally, and to allocate, distribute and/or pay out the moneys received by the [] Foundation from time-to-time, subject to section 501(c)(6) and other applicable provisions of the Code, the provisions of the General Corporation Law of the State of Delaware, and the approval of the Membership At-Large with respect to Section 6.5, as applicable.

Section 3.2 Number of Directors. The number of directors constituting the whole Board shall be subject to adjustment from time-to-time based upon the composition requirements set forth in Section 3.3 below with respect to Member representation on the Board, but shall in no event be less than one (1) director.

Section 3.3 Composition of Board of Directors. Members of the Board shall be appointed or elected, as applicable, in the following manner:

(a) **Strategic Developers.** Each Strategic Developer Member (as defined in Section 6.2(a) below) shall be entitled to appoint one (1) representative to the Board (a “Strategic Developer Director”), *provided, that*, such representative must be an employee, officer, director, or consultant of the nominating Strategic Developer Member in order to be eligible to serve as a Strategic Developer Director. Upon the termination of the membership of a Strategic Developer Member pursuant to Section 6.17, any Strategic Developer Director nominated by such Strategic Developer Member shall be removed from the Board immediately therewith. The provisions of

this Section 3.3(a) may not be amended without the unanimous consent of the Strategic Developer Members in addition to any and all other requirements including, but not limited to, the voting requirements of Sections 3.9 and 11.10, for amendment of these Bylaws set forth herein.

(b) Strategic Consumers. Each Strategic Consumer Member (as defined in Section 6.2(b) below) shall be entitled to appoint one (1) representative to the Board (a "Strategic Consumer Director"), provided that such representative must be an employee, officer, director, or consultant of the nominating Strategic Consumer Member in order to be eligible to serve as a Strategic Consumer Director. Upon the termination of the membership of a Strategic Consumer Member pursuant to Section 6.17, any Strategic Consumer Director nominated by such Strategic Consumer Member shall be removed from the Board immediately therewith. The provisions of this Section 3.3(b) may not be amended without the unanimous consent of the Strategic Consumer Members in addition to any and all other requirements including, but not limited to, the voting requirements of Sections 3.9 and 11.10, for amendment of these Bylaws set forth herein.

(c) Add-In Provider Members. Add-In Provider Members (as defined in Section 6.2(c) below), as a class, shall be entitled to at least one (1) seat on the Board (and such representative shall represent the entire class). An additional seat on the Board shall be allocated to the Add-In Provider Members for every additional five (5) seats beyond one (1) allocated to Strategic Developer Members and Strategic Consumer Members in the aggregate as determined annually at the time of the annual meeting; provided, that, such representative must be either an individual who is a Committer Member or an employee, officer, director, or consultant of a Member in order to be eligible to serve as an Add-In Provider Director. With respect to Board seat allocation for Add-In Member directors, any remaining fractions shall be rounded down to the nearest whole number ("Add-In Directors"). For example, if there are a total of sixteen (16) Strategic Developers and Strategic Consumers in the aggregate, there will be four (4) board seats allocated for Add-In Provider Directors. If there are fifteen (15) Strategic Developers and Strategic Consumers in the aggregate, there will be three (3) board seats allocated for Add-In Provider Directors. Such Add-In Director seats shall be filled via annual at-large elections by the Add-In Provider Members using the Single Transferable Vote process. For purposes of this Section 3.3(c) and Section 3.3(d) below, "Single Transferable Vote" means a voting process under which each Add-In Member or Committer Member, as applicable, shall be entitled to cast numbered preference votes for as many candidates as there are open seats on the Board allocated to Add-In Provider Members and Committer Members, as applicable. Votes that are not needed to elect a candidate and votes for candidates who do not receive enough votes to be elected are transferred in accordance with the preferences of each voter. The Executive Director (as described in Article V below) and the [] Management Organization (as described in Article VII below) shall be responsible for establishing policies and procedures to implement the Single Transferable Vote process for the [] Foundation.

(d) Committer Members. Committer Members (as defined in Section 6.2(d) below), as a class, shall be entitled to at least one (1) seat on the Board (and such representative shall represent the entire class). An additional seat on the Board shall be allocated to the Committer Members for every additional five (5) seats beyond one (1) allocated to Strategic Developer Members and Strategic Consumer Members in the aggregate as determined annually

at the time of the annual meeting; provided, that, such representative must be either an individual who is a Committer Member or an employee, officer, director, or consultant of a Member in order to be eligible to serve as an Committer Director. With respect to Board seat allocation for Committer Member directors any remaining fractions shall be rounded down to the nearest whole number (“Committer Directors”). Such Committer Director seats shall be filled via annual at-large elections by the Committer Members using the Single Transferable Vote process. Committer Members who are employed by the same organization (including affiliates and subsidiaries thereof) shall have only one (1) collective vote with respect to election of the Committer Directors as well as any and all matters that come before the Membership At-Large, and such collective vote shall be determined by a simple majority of such Committer Members sharing the same employer as described above.

(e) **Associate Members.** Associate Members (as defined in Section 6.2(e) below) shall not be represented on the Board and shall not be permitted to vote with the Membership At-Large.

Section 3.4 Good Standing. A director shall be deemed to be in Good Standing, and thus eligible to vote on issues coming before the Board, if the director has attended (in person or telephonically) a minimum of three (3) of the last four (4) Board meetings (if there have been at least four meetings), unless such absence has been approved by the Executive Director (as defined in Section 5.3(a)), in his or her reasonable discretion. Strategic Developer Members and Strategic Consumer Members may replace their representative on the Board at any time by providing written notice to the Secretary of the [] Foundation, as defined in Section 5.3(b) (the “Secretary”). In the event a Board member is unavailable to attend or participate in a meeting of the Board, he or she may send a representative and may vote by proxy, which shall be included in determining whether the director is in Good Standing. A director shall be immediately removed from the Board upon the termination of the membership of such director’s Member organization in accordance with Section 6.17.

Section 3.5 Terms and Election Dates. All directors shall hold office until their respective successors are appointed or elected, as applicable. There shall be no prohibition on re-election or re-designation of any director following the completion of that director’s term of office.

(a) **Strategic Developer; Consumer Directors.** Strategic Developer Directors and Strategic Consumer Directors shall serve in such capacity until the earlier of their removal by their respective appointing Member organization or as otherwise provided for in these Bylaws.

(b) **Add-In Directors; Committer Directors.** Add-In Directors and Committer Directors shall each serve one-year terms and shall be elected to serve until the next annual meeting and until their respective successors are elected and qualified, or as otherwise provided for in these Bylaws. Procedures governing elections of Add-In Directors and Committer Directors may be established pursuant to resolutions of the Board provided that such resolutions are not inconsistent with any provision of these Bylaws or the Certificate of Incorporation of the [] Foundation.

Section 3.6 Place of Meetings. All meetings of the Board may be held at any place within or without the State of Delaware that has been designated from time-to-time by resolution of the Board or by the written notice of the Executive Director, as defined in Section 5.3(a) (the “Executive Director”).

Section 3.7 Regular Meetings. The Executive Director will schedule regular and (as applicable) special meetings of the Board. The Board may hold its meetings at such place within or without the State of Delaware as the Board may from time-to-time determine. No Board meeting will be deemed to have been validly held unless the Executive Director provided notice of same to each of the directors in Good Standing at least thirty (30) calendar days prior to such meeting, which notice will identify all potential actions to be undertaken by the Board at the Board meeting. No director will be intentionally excluded from Board meetings and all directors shall receive notice of the meeting as specified above; however, Board meetings need not be delayed or rescheduled merely because one or more of the directors cannot attend or participate so long as at least a quorum of the Board (as defined in Section 3.11 below) are represented at the Board meeting. Electronic voting shall be permitted in conjunction with any and all meetings of the Board (including Special Meetings as set forth in Section 3.8 below) the subject matter of which requires a vote of the Board to be delayed until each such director in attendance thereat has conferred with his or her respective Member organization as set forth in Section 3.12(b)(i).

Section 3.8 Special Meetings. Special meetings of the Board for any purpose or purposes may be called at any time by the Executive Director or by fifty percent (50%) or more of the directors then in Good Standing and notice of such special meeting shall be given to all of the directors in accordance with Section 3.7 above.

Section 3.9 Action by the Board. No action may be taken or approved by the Board that is outside the stated purpose of the [] Foundation as set forth in Section 1.1. Except as provided herein, the Board may undertake an action only if it was identified by the Executive Director in a Board Meeting notice or otherwise identified in a notice of special meeting and approved by the requisite number of directors as described below:

(a) **Simple Majority Required.** For all other actions not specified by Sections 3.9 (b) or (c) below, and for which the Board has authority to take within the stated purpose of the [] Foundation as set forth in Section 1.1, such actions must be approved by no less than a simple majority of those directors in Good Standing represented at a Board meeting at which a quorum is present. Such actions requiring a simple majority vote include, but are not limited to, (i) approving a release roadmap for the [] Platform; (ii) approving the Executive Director’s compensation package; (iii) approving the Board’s regular meeting schedule; (iv) confirming Executive Director appointments to Standing Committees (as defined in Section 4.1); (v) appointing Board Committees (as defined in Section 4.2); (vi) adding or removing any type of qualifying entity for purposes of determining applicant eligibility for membership in the Associate Member class; (vii) approving promotion plans of the [] Management Organization (specified in Article VII) or any Membership At-Large committee (specified in Article VIII), ; and (viii) creating new Top Level Projects and Project Management Committees (as described in Section 7.1) that are consistent with the purposes of the [] Foundation as set forth in Section 1.1.

(b) Unanimous Consent Required. For actions (i) amending the terms of the [] Public License (the “EPL”), and/or (ii) regarding the use of a contribution or distribution license other than the EPL (subject to the exceptions set forth in the [] Foundation Intellectual Property Policy (“IP Policy”) which cover contributions that may not be licensable under the terms of the EPL), any such actions must be approved by all directors in Good Standing represented at a Board meeting at which a quorum is present.

(c) Super-majority Consent Required. For actions, (i) approving or changing the name of the [] Foundation or the [] Platform; (ii) selecting standards organizations through which to standardize [] APIs; (iii) amending the Membership Agreement; (iv) except for actions specified in Section 3.9(b) as they relate to amending the Bylaws, amending these Bylaws or the Certificate of Incorporation of the [] Foundation, (v) terminating a Member’s Agreement in accordance with its terms; (vi) selecting and/or terminating the Executive Director; (vii) approving changes to the [] Development Process as described in Section 7.1; (viii) approving the appointment of a Project Management Committee lead when, at the time of approval, the appointment of that lead would result in more than fifty percent (50%) of the Project Management Committee lead being employees, consultants, officers or directors of the same organization (including Affiliates as defined Section 6.2); (ix) approving changes to annual Member contribution requirements (Membership Fees and development resources if applicable), (x) selecting outside legal counsel; (xi) approving changes to the [] Foundation Antitrust Policy; (xii) entering into any formal affiliation with another organization; and (xiii) approving changes to the IP Policy; such actions must be approved by no less than two-thirds (2/3) of the directors in Good Standing represented at a Board meeting at which a quorum is present.

(d) Action Without Meeting. Any action required or permitted to be taken by the Board at a meeting may be taken without a meeting if all of the directors in Good Standing shall consent in writing to such action. The action shall be evidenced by one or more written consents describing the action taken, signed by each director, and included in the minutes or filed with the corporate records reflecting the action taken. Any action taken hereunder shall be effective upon the receipt of the written consent of all of the directors in Good Standing for approval of the action under consideration. Electronic voting shall be permitted in conjunction with the solicitation of written consents as set forth in Section 3.12(b)(ii).

(e) Requisite Membership Approval. To the extent required by Section 6.5 herein, certain actions approved by the Board in connection with Sections 3.9(a), (b) and (c) must thereafter be presented to, and approved by, the Membership At-Large prior to implementation by the [] Foundation.

Section 3.10 Telephonic Meetings. The Board shall permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through, use of any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

Section 3.11 Quorum.

(a) Unless otherwise provided herein, a simple majority of the directors in Good Standing shall be necessary to constitute a quorum for the transaction of business, except that when the number of directors constituting the Board shall be an even number, one-half of the directors in Good Standing shall constitute a quorum.

(b) A majority of the directors present; whether or not a quorum is present, may adjourn any meeting to another time and place.

Section 3.12 Voting; Electronic Voting.

(a) **General.** Each director in Good Standing shall be entitled to one (1) vote on each matter submitted to a vote of the Board.

(b) **Electronic Voting.** Electronic voting may be used in connection with both meetings of the Board and the solicitation of written consents as follows:

(i) **Meetings.** For purposes of soliciting electronic votes in connection with a meeting of the Board at which a quorum was present, the requisite number of votes that would have been required at such meeting to pass an action shall be required to pass an action via this electronic voting provision. Only those directors in attendance of the meeting shall be permitted to vote with respect to this Section 3.12(b)(i). The deadline for receipt of electronic votes with respect to any such vote shall be no sooner than two (2) weeks from the date of the meeting, as announced prior to adjournment of such meeting.

(ii) **Action Without Meeting.** For purposes of taking action without a meeting, solicitation via electronic balloting and voting shall be permitted hereunder. Such procedure shall be initiated by the electronic distribution of ballots and all related materials for consideration by the Board to all of the directors in Good Standing at the time of such distribution. Thereafter, such directors shall be permitted to cast their votes electronically in response to the distributed ballots. The deadline for receipt of such electronic votes cast by the directors shall be no less than two (2) weeks from the date of mailing of the balloting materials, as set forth therein.

Section 3.13 Reimbursement. Directors and members of Board Committees (as defined in Section 4.2) may receive such reimbursement for expenses as may be fixed or determined by resolution of the Board; *provided, that*, such reimbursement for expenses shall be reasonable and shall be comparable to reimbursements paid by unaffiliated entities for a like position.

Section 3.14 Standard of Conduct. A director shall discharge the duties of a director, including duties as a member of any Board Committee upon which the director may serve, in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances. In discharging the duties of a director, a director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case if prepared or presented by: (a) one or more officers or employees of the [

] Foundation whom the director reasonably believes to be reliable and competent in the matters presented; (b) legal counsel, public accountants or other persons as to matters the director reasonably believes are within the person's professional or expert competence; or (c) a Board Committee as to matters within the Board Committee's jurisdiction, if the director reasonably believes the Board Committee merits confidence. A director is not acting in good faith if the director has knowledge concerning the matter in question that makes reliance otherwise permitted in this Section 3.14 unwarranted.

Section 3.15 Resignation and Removal.

(a) **Resignation.** Any director may resign at any time by giving written notice to the Board or the Executive Director. A resignation is effective upon the date provided for in the notice. Once delivered, a notice of resignation is irrevocable unless permitted to be withdrawn by the Board prior to its effectiveness.

(b) **Removal for Cause.** Any director may be removed "For Cause" at a meeting called for that purpose. For the purposes of this Section 3.15(b), "For Cause" shall mean when any director has been (i) declared of unsound mind by a final order of court, (ii) convicted of a felony, or (iii) found by the Board to have breached any duty arising under these Bylaws or the Certificate of Incorporation of the [] Foundation. Such director may only be removed "For Cause" after the affirmative vote of a majority of the directors in Good Standing (exclusive of the director facing removal) represented at a Board meeting at which a quorum is present.

(c) **Removal without Cause.** Any Add-In Director or Committer Director, as applicable, may be removed without cause at a special meeting called for that purpose by the members of the class that appointed such director. Such director(s) may be removed hereunder only by the affirmative vote of two-thirds (2/3) of the members of the class that appointed such director represented at a special meeting at which a quorum is present. Strategic Developer Directors and Strategic Consumer Directors may only be removed without cause by their respective appointer Member organizations.

(d) **Removal for Default; Dues Delinquent.** With respect to Strategic Developer Directors and Strategic Consumer Directors, in the event the Member appointing such director is in Default or Dues Delinquent (as set forth in Section 6.16 hereof), such director shall be removed from the Board, without further action by the Board or the Membership At-Large.

Section 3.16 Vacancies. A vacancy or vacancies shall be deemed to exist (i) in the case of the death or the resignation or removal of any director (ii) if the authorized number of directors is increased without election or appointment, as applicable, of the additional directors so provided for; or (iii) in the case of failure at any time to elect or appoint, as applicable, the full number of authorized directors. Any vacancy of a Board seat appointed by a Strategic Developer Member or Strategic Consumer Member shall be filled within three (3) weeks of the vacancy by the Member whose Board seat has been vacated. A vacancy of a Board seat held by an Add-In Director or a Committer Director shall be filled by the Board appointing a director from nominees proffered by the members of such class until the next annual election as specified in Section 3.3(c) and (d). In no event shall the failure of any Member or class of members to elect

or appoint, as applicable, a new director to such vacant Board seat prohibit the Board from meeting and conducting business.

ARTICLE IV COMMITTEES OF THE BOARD

Section 4.1 Standing Committees. The Board shall have three (3) standing committees (each, a "Standing Committee"). Each committee shall consist of two (2) or more directors nominated by the Executive Director, including the designation of one Standing Committee member as the Chairman, and confirmed by a simple majority of the directors in Good Standing represented at a Board meeting at which a quorum is present. Standing Committee directors may delegate their committee responsibilities to any individual that is an employee, officer, director, or consultant of an existing Member. Each Standing Committee may invite non-director advisors to participate in or attend certain committee meetings in order to assist the Standing Committee in the performance of its duties. The Board shall retain the right to limit the powers and duties of each Standing Committee.

(a) **Membership Committee.** As further set forth in a Membership Committee charter, the Membership Committee shall meet as necessary to review the membership policies of the [] Foundation and to promote the growth of membership in the [] Foundation. The Executive Director may, from time-to-time, appoint additional directors to this committee as he or she deems necessary or appropriate, subject to Board confirmation as set forth above.

(b) **Finance Committee.** As further set forth in a Finance Committee charter, the Finance Committee shall have overall responsibility for the oversight of all corporate funds, and shall perform, or cause to be performed, the following: (a) review of all financial records of the [] Foundation, (b) authorization of the deposit of all monies and other valuable effects in the name and to the credit of the [] Foundation in such depositories as may be designated by the Board; (c) authorization of disbursement of all funds when proper to do so; (d) review and/or making of financial reports as to the financial condition of the [] Foundation to the Board; and (e) such other powers and duties as may be designated from time-to-time by the Board. The Executive Director may, from time-to-time, appoint additional directors to this committee as he or she deems necessary or appropriate, subject to Board confirmation as set forth above.

(c) **Compensation Committee.** As further set forth in a Compensation Committee charter, the Compensation Committee shall have overall responsibility for determining compensation for employees of the [] Foundation. The Executive Director may, from time-to-time, appoint additional directors to this committee as he or she deems necessary or appropriate, subject to Board confirmation as set forth above.

Section 4.2 Appointment of Committees. The Board may appoint such committees as the Board from time-to-time deems necessary or appropriate to conduct the business and further the objectives of the [] Foundation (the "Board Committee"), including an Executive Committee. Any appointment by the Board of any other Board Committee having the authority of the Board, including the designation of one Board Committee member as the Chairman, must be by resolution adopted by a simple majority of the directors then in Good Standing represented

at a Board meeting at which a quorum is present. Any committee having authority of the Board shall consist of two (2) or more directors. The Board shall retain the right to limit the powers and duties of any Board Committee that it has created and to disband any such Board Committee in its sole discretion. Board Committee directors may delegate their committee responsibilities to any individual that is an employee, officer, director, or consultant of an existing Member. Each Board Committee may invite non-director advisors to participate in or attend certain committee meetings in order to assist the Board Committee in the performance of its duties.

Section 4.3 Powers and Authority of Committees. The Board may delegate to any Board Committee having the authority of the Board, any of the powers and authority of the Board in the management of the business and affairs of the [] Foundation; *provided, however,* that no Board Committee may: (a) authorize payment of a dividend or any part of the income or profit of the [] Foundation to its directors or officers; (b) approve dissolution, merger, or the sale, pledge or transfer of all or substantially all of the [] Foundation's assets; (c) elect, appoint, or remove directors or fill vacancies on the Board or on any of its committees; (d) adopt, amend or repeal the Certificate of Incorporation of the [] Foundation, Bylaws or any resolution by the Board; or (e) perform Board actions specified in Section 3.9(b) or (c) herein.

ARTICLE V OFFICERS

Section 5.1 Initial Officers; Board Empowerment. The officers of the [] Foundation initially shall be an Executive Director and Secretary. The Board shall have the power to create such other offices as it deems necessary in the best interest of the [] Foundation. One person may hold two or more offices in the [] Foundation, unless otherwise stated herein.

Section 5.2 Nomination and Appointment. The officers of the [] Foundation shall be appointed annually by the Board in accordance with this Article V. Each officer shall, during his or her term in office, hold his or her office until he or she shall resign or shall be removed or his or her successor shall be appointed. Appointment of officers shall be held in December of each year. Each officer's term of office shall be for one year, and shall run from January until December of the following year. There shall be no prohibition on re-appointment of an officer following the completion of that officer's term of office. The Board may, by resolution, establish procedures governing nomination and appointment of officers that are not inconsistent with these Bylaws.

Section 5.3 Management Officers and Duties

(a) **Executive Director.** The Board may appoint an Executive Director to manage the business affairs of the [] Foundation on a day-to-day basis. The Executive Director shall report to the Board and shall be subject to the oversight of the Board. The Executive Director may not be an employee, officer, director or consultant of any Member of the [] Foundation. The Executive Director may execute on behalf of the [] Foundation, and when required, upon approval and at the direction of the Board, all contracts, agreements, membership certificates and other instruments. The Executive Director shall from time-to-time

report to the Board all matters within the Executive Director's knowledge affecting the [] Foundation that should be brought to the attention of the Board. The Executive Director may hire other employees as deemed appropriate. The Executive Director shall perform other duties assigned from time-to-time by the Board.

(b) **Secretary.** The Secretary shall attend all meetings of the Board and all meetings of the Membership At-Large and record all the proceedings of the meetings of the Board and of the Membership At-Large in a book to be kept for that purpose and shall perform like duties for the Standing Committees when required. In the absence of the Secretary at a Board meeting, a majority of the Board may appoint a person to act as Secretary for any such meeting. He or she shall give, or cause to be given, notice of all meetings of the Board and special meetings of the Board, and shall perform such other duties as may be prescribed by the Board or the Executive Director, under whose supervision he or she shall be. He or she shall have custody of the seal of the [] Foundation and he or she, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his or her signature. The Board may give general authority to any other officer to affix the seal of the [] Foundation and to attest the affixing by his or her signature.

(c) **Reports to Membership At-Large.** The Executive Director, with the Secretary's assistance, shall be responsible for providing periodic written reports to the Membership At-Large with respect to any and all material developments within the [] Foundation ("Update Reports"). In addition to any material development updates, the Executive Director shall issue general reports on the status of the [] Foundation on a quarterly basis ("Quarterly Reports"). Such Quarterly Reports shall include: (i) status reports on development projects, (ii) financial information reports, (iii) membership information reports; and (iv) any other material information with respect to the [] Foundation.

Section 5.4 Standards of Conduct for Officers. An officer shall discharge the officer's duties, in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner the officer reasonably believes to be in the best interests of the [] Foundation. In discharging the duties of an officer, an officer shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case if prepared or presented by: (a) one or more officers or employees of the [] Foundation whom the officer reasonably believes to be reliable and competent in the matters presented; or (b) legal counsel, public accountants or other persons as to matters the officer reasonably believes are within the person's professional or expert competence. An officer is not acting in good faith if the officer has knowledge concerning the matter in question that makes reliance otherwise permitted in this Section 5.4 unwarranted. An officer is not liable to the [] Foundation, any Member or any other person for any action taken or not taken as an officer, if the officer acted in compliance with this Section 5.4.

ARTICLE VI MEMBERSHIP AT-LARGE

Section 6.1 Classes of Membership. There shall be five (5) classes of membership in the [] Foundation: (i) Strategic Developer Members; (ii) Strategic Consumer Members; (iii) Add-In Provider Members; (iv) Committer Members; and (v) Associate Members. As used

herein, the term “Member” shall be used to refer generically to a “Strategic Developer Member,” “Strategic Consumer Member,” “Add-In Provider Member,” “Committee Member” or an “Associate Member”. All five classes of membership shall be collectively referred to as the “Membership At Large.”

Section 6.2 Membership Qualifications. In general, members are expected to adhere to the following criteria: (i) express public support for the [] Foundation and the [] Platform; (ii) except for Associate Members and Committee Members, make available a commercial []-based offering within twelve (12) months of joining the [] Foundation or use [] Platform in the development of a commercial offering within twelve (12) months of joining the [] Foundation; and (iii) sign the [] Foundation Membership Agreement and abide by its terms. Multiple “Affiliates” of an entity shall constitute one (1) member only, regardless of membership class. For purposes of this Section 6, “Affiliate” means any entity that is directly or indirectly controlled by, under common control with or that controls the subject party, and “control” means direct or indirect ownership of or the right to exercise (i) greater than fifty percent (50%) of the outstanding shares or securities entitled to vote for the election of directors or similar managing authority of the subject entity; or (ii) greater than fifty percent (50%) of the ownership interest representing the right to make the decisions for the subject entity. The following shall be the requirements for membership in each given membership class:

(a) Strategic Developer Members. Strategic Developer Members shall be entities that meet the requirements of a Strategic Developer Member as set forth under the heading “Strategic Developer Members” in the Membership Agreement, as amended from time-to-time in accordance with any and all requirements of these Bylaws set forth herein. Each Strategic Developer Member shall be entitled to Board representation in accordance with Section 3.3(a). However, an entity may not join the [] Foundation as a Strategic Developer Member if at the time it applies for such status, Strategic Developer Members in the aggregate hold more than two-thirds (2/3) of the seats on the Board or adding another Strategic Developer Member would result in Strategic Developer Members holding more than two-thirds (2/3) of the Board seats.

(b) Strategic Consumer Members. The Strategic Consumer Members shall be entities that meet the requirements of a Strategic Consumer Member as set forth under the heading “Strategic Consumer Members” in the Membership Agreement, as amended from time-to-time in accordance with any and all requirements of these Bylaws set forth herein. Each Strategic Consumer Member shall be entitled to Board representation in accordance with Section 3.3(b).

(c) Add-In Provider Members. Add-In Provider Members shall be entities that meet the requirements of an Add-In Provider Member as set forth under the heading “Add-In Provider Members” in the Membership Agreement, as amended from time-to-time in accordance with any and all requirements of these Bylaws set forth herein. Add-In Provider Members shall be entitled to Board representation in accordance with Section 3.3(c).

(d) Committee Members. A Committee Member shall be an individual who meets the requirements of a Committee Member as set forth under the heading “Committee Members” in the Membership Agreement, as amended from time-to-time in accordance with any

and all requirements of these Bylaws set forth herein. A Committer (as defined in Exhibit D of the Membership Agreement) who is employed by a Member company shall be deemed a Committer Member by virtue of the Member company's signed Membership Agreement. Committer Members shall be entitled to Board representation in accordance with Section 3.3(d).

(e) **Associate Members.** Associate members shall be entities that meet the requirements of an Associate Member as set forth under the heading "Associate Members" in the Membership Agreement, as amended from time-to-time in accordance with any and all other requirements of these Bylaws set forth herein.

Section 6.3 Additional Rights of Membership At-Large. The Board may by resolution establish such additional rights, privileges and duties corresponding to any class of members; *provided, that*, such rights, privileges or duties are not inconsistent with the Bylaws.

Section 6.4 Fees, Dues and Assessment.

(a) **Funding.** Each Member will pay dues as set forth in the Membership Agreement, as amended from time-to-time by the Board.

(b) **Payment.** Each Member will be responsible for payment of annual dues as set by the Board, if any. The Secretary will send out invoices in compliance with reasonable invoicing requirements (*e.g.*, receipt of invoices at least forty-five (45) days prior to the due date). The Secretary will promptly send out a written notice ("Dues Notice") to any Member that has not paid its dues within ten (10) days after the date upon which such dues are required to be paid.

Section 6.5 Major Decisions. For actions (i) approving or changing the name of the [] Foundation or the [] Platform; (ii) approving or amending the Membership Agreement, or (iii) amending these Bylaws or the Certificate of Incorporation of the [] Foundation; such action must be approved by two-thirds (2/3) of the Membership At-Large at a meeting in which a quorum is present.

Section 6.6 Place of Meetings. All meetings of the Membership At-Large shall be held either at the principal office of the [] Foundation or at any other place within or without the State of Delaware, as determined by resolution of the Board.

Section 6.7 Annual Meetings. The annual meetings of the Membership At-Large shall be held in the first calendar quarter of each year, on such date and at such time and place as determined by resolution of the Board. Any Member shall be permitted to participate in an Annual or Special Meeting by, or conduct the meeting through, use of any means of communication by which all Members participating may simultaneously hear each other during the meeting. A Member participating in a meeting by this means is deemed to be present in person at the meeting. Electronic voting may be used in conjunction with any and all meetings of the Members (including Special Meetings as set forth in Section 6.8 below) the subject matter of which requires a vote to be delayed until each such Member in attendance thereat has conferred with his or her respective Member organization as set forth in Section 6.12(b)(i) below.

Section 6.8 Special Meetings. Special meetings of the Membership At-Large shall be held at the call of the Executive Director or by a number of the members which in the aggregate represent at least twenty percent (20%) or more of the Membership At-Large of the [] Foundation by a written demand signed, dated, and delivered to the Secretary. Notice of a special meeting shall be given within thirty (30) days following the date the written demand is delivered to the Secretary, in accordance with Section 6.9 below.

Section 6.9 Notice of Meetings. Notice of each annual and special meeting of the Membership At-Large shall be given to each Member at the last address of record, by first class mail at least thirty (30) days before the meeting, or by means other than first class mail at least forty-five (45) days but not more than sixty (60) days before the meeting. The notice shall include the date, time, and place of the meeting or the date on which any ballot enclosed therewith shall be required to be returned for inclusion in the [] Foundation's voting process. Notice of each annual and special meeting shall include a description of any matter or matters that must be approved by the Membership At-Large pursuant to these Bylaws or applicable law. In the case of special meetings, the notice shall specify the purpose or purposes for which the meeting is called. Such notice shall be given in writing to every Member who, on the record date for notice of the meeting, is entitled to vote thereat.

Section 6.10 Adjourned Meetings. Any Membership At-Large meeting, annual or special, whether or not a quorum is present, may be adjourned by the vote of a majority of the Membership At-Large either present in person or represented by proxy. It shall not be necessary to give any such notice of the time and place of the adjourned meeting or of the business to be transacted thereat, other than by an announcement at the meeting at which such adjournment is taken. If after the adjournment a new record date is fixed for notice or voting, a notice of the adjourned meeting shall be given to each Member who, on the record date for notice of the meeting, is entitled to vote at the meeting.

Section 6.11 Quorum. Unless otherwise provided herein, the presence in person or by proxy of at least a simple majority of the Membership At-Large shall constitute a quorum for the transaction of business. For purposes of calculating the quorum requirements set forth in this Section 6.11, Committer Members who are employed by the same organization (including Affiliates) shall collectively be considered one (1) Member

Section 6.12 Voting; Electronic Voting.

(a) **General.** Each Member is entitled to one (1) vote on each matter submitted to a vote of the Membership At-Large, except that Committer Members who are employed by the same organization (including Affiliates) shall have only one (1) collective vote with respect to any and all matters that come before the Membership At-Large and such collective vote shall be determined by a simple majority of such Committer Members employed by the same organization (including Affiliates).

(b) **Electronic Voting.** Electronic voting may be used in connection with both meetings of the Members and the solicitation of written consents as follows:

(i) **Meetings.** For purposes of electronic votes solicited in connection with a meeting of the Membership At-Large at which a quorum was present, the requisite number of votes that would have been required at such meeting to pass an action shall be required to pass an action via this electronic voting provision. Only those Members in attendance of the meeting shall be permitted to vote with respect to this Section 6.12(b)(i). The deadline for receipt of electronic votes with respect to any such vote shall be no sooner than two (2) weeks from the date of the meeting, as announced prior to adjournment of such meeting.

(ii) **Action Without Meeting.** For purposes of taking action without a meeting solicitation via electronic balloting and voting shall be permitted hereunder. Such procedure shall be initiated by the electronic distribution of ballots and all related materials for consideration by the Membership At-Large to all of the Members at the time of such distribution. Thereafter, the Members shall be permitted to cast their votes electronically in response to the distributed ballots. The deadline for receipt of such electronic votes cast by the Members shall be no less than two (2) weeks from the date of the meeting, as set forth in the balloting materials.

Section 6.13 Action Without Meeting. Any action required or permitted to be taken by the Membership At-Large at a meeting may be taken without a meeting if a majority of all of the Members shall consent in writing to such action (subject to the super-majority provision set forth in Section 6.5, in which case a super-majority of all of the Members shall be required). The action shall be evidenced by one or more written consents describing the action to be taken, signed by each Member, and included in the minutes or filed with the corporate records reflecting the action taken. Any action taken hereunder shall be effective upon the receipt of the written consent of the requisite number of Members for approval of the action under consideration. Electronic voting shall be permitted in conjunction with the solicitation of written consents as set forth in Section 6.12(b)(ii) above.

Section 6.14 [RESERVED]

Section 6.15 Conduct of Meetings. Meetings of the Membership At-Large shall be presided over by the Executive Director, or in the absence of the Executive Director, by the chair appointed by the Executive Director. The Secretary shall act as the secretary of all meetings of the Membership At-Large, *provided, that*, in his or her absence the presiding officer shall appoint another Member to act as Acting Secretary of the meeting.

Section 6.16 Delinquency; Non-Payment of Dues. In the event that a Member does not pay its annual membership dues and all compounded late fees within ninety (90) days of the invoice due date ("Dues Delinquent"), the membership of such Member shall, without further action by the Board of Directors or the Membership At-Large, be terminated.

Section 6.17 Termination of Membership. The membership of any Member shall terminate upon the occurrence of any one or more of the following:

(a) **Resignation.** Any Member may resign from the [] Foundation in writing filed with the Secretary. The resignation of a Member shall not relieve the Member from any payment obligations the Member may have to the [] Foundation as a result of obligations incurred or commitments made prior to resignation. Except as otherwise set forth in

these Bylaws, a resigning Member shall not be entitled to receive any refund, pro rata or otherwise, of any membership fee, dues or assessments for the balance of the calendar year in which the resignation is effective. Within ten (10) days of resigning from the [] Foundation, a Member may appeal in writing to the Board for a pro rata refund of its annual membership dues. The appeal will specifically set forth any circumstances that the Member believes justify a refund in its case. The Board shall decide by simple majority upon the appeal in its sole discretion at its first meeting following the appeal scheduled under Section 3.7.

(b) Expulsion, Termination or Suspension. The membership of any Member may be terminated “For Cause” upon the affirmative vote of two-thirds (2/3) of the members of the Board after a hearing duly held in accordance with this Section 6.17(b). As used in this Section 6.17(b), two-thirds (2/3) vote means two-thirds (2/3) of the members of the Board exclusive of such Member’s director on the Board for Strategic Developer or Strategic Consumer Members, and exclusive of an Add-in Provider Board director only if the director is also a representative of the Member facing expulsion or suspension (any such director, an “Affected Director”). For purposes of this Section 6.17(b) “For Cause” shall mean the Member has materially breached the Membership Agreement, Bylaws, IP Policy, Antitrust Policy, EPL and/or other related [] Foundation agreements or policies, and has not cured such breach within thirty (30) days of receipt of written notice from the [] Foundation.

Such determination shall be made in the sole and absolute discretion of the Board (excluding the Affected Director). Following the determination by the Board that a Member should be terminated the following procedures shall apply:

1. A notice shall be sent by mail by prepaid, first-class or certified mail to the most recent address of such Member as shown on the [] Foundation’s records, setting forth the termination and the reasons therefore. Such notice shall be sent at least fifteen (15) days before the proposed effective date of the termination.

2. The Member being terminated shall be given an opportunity to be heard, either orally or in writing, at a hearing to be held no fewer than five (5) days before the effective date of the proposed termination . The hearing shall be held by the Board. The notice to the Member of its proposed termination shall state that such Member is entitled, upon request, to such hearing, shall state that a date, time and place of the hearing will be established upon receipt of request therefore, and shall state, that in the absence of such request, the effective date of the proposed termination .

3. In the event that a hearing is held, then following such hearing the Board (excluding the Affected Director) shall decide whether such Member should in fact be terminated, or sanctioned via written reprimand as determined by the Board; provided, that, any such decision to terminate or sanction such Member must be approved by a vote of two-thirds (2/3) of the Board (excluding the Affected Director). The decision of the Board shall be final.

4. Any action challenging a termination of membership of a Member, including any claim alleging defective notice, must be commenced within fifteen (15) days after the date of the termination.

Section 6.18 Reinstatement. Members terminated pursuant to Section 6.17(b) may only be reinstated upon the affirmative vote of at least two-thirds (2/3) of the directors in Good Standing represented at a Board meeting at which a quorum is present.

Section 6.19 Nonliability. No Member shall be liable for the debts, liabilities, or obligations of the [] Foundation merely by reason of being a Member.

Section 6.20 Assignment. Upon the completion of any acquisition or merger involving a Member in which the Member is not the surviving entity, the Board, in its sole discretion, may permit such Member's membership to be transferred to the surviving entity.

Section 6.21 Distribution of Assets Upon Dissolution. Upon a dissolution of the [] Foundation, and after all of the known debts and liabilities of the [] Foundation have been paid or adequately provided for, any remaining net assets of the [] Foundation shall be distributed by the Board to one or more organizations selected by the Board which will help to further the purposes of [].

ARTICLE VII [] MANAGEMENT ORGANIZATION

Section 7.1 Overall Responsibilities. The Executive Director shall be responsible for forming the [] Management Organization ("EMO"). Under the direction of the Executive Director, the EMO responsibilities shall include: (i) organizing and selecting the chair of the Architecture Council as described in section 7.2; (ii) organizing and selecting the chair of the Planning Council as described in section 7.3; (iii) organizing and selecting the chair of the Requirements Council as described in section 7.4; (iv) leading the [] Platform development, including execution and maintenance of the then current [] Development Process (as initially defined by the [] Foundation operational policy and thereafter amended by the Board) for Top Level Projects, Projects and Subsystems (each as defined in the then current [] Development Process), nominating Project Management Committees ("PMC", as defined in the then current [] Development Process) and their leaders, leading the Architecture Council and the Planning Council to produce a Roadmap (as defined in the then current [] Development Process) that is consistent with the Purposes (as defined in Section 1.1 above), establishing working groups, resolving conflicts, interacting with standards organizations, ensuring the use of open source rules of engagement as defined in the project Charters (as defined in the then current [] Development Process and the IP Policy), and providing development project infrastructure; (v) enforcing [] Foundation policies and provisions as reflected in the Bylaws, Membership Agreement, IP Policy, and other policy documents approved in accordance with the Bylaws; (vi) interacting with the Membership At-Large by providing [] Platform plans and status updates, and by soliciting requirements and feedback; (vii) conducting [] Platform marketing, including evangelism, promotion, public relations, and industry events; (viii) conducting academic and research community outreach; and (ix) assuring the availability of enablement services, including education and training programs.

Section 7.2 Architecture Council. The [] Management Organization shall establish an Architecture Council responsible for the development, articulation, and maintenance of the [] Platform Architecture (as defined in the then current [] Development Process).

The Architecture Council shall be comprised of one (1) representative designated by each Project Management Committee and other individuals as described below or designated from time to time by the Executive Director, and shall be chaired by a person designated by the Executive Director. Strategic Consumer Members as a group are entitled to designate one (1) representative on the Architecture Council, to be selected by a vote of all Strategic Consumer Members. Any Strategic Consumer Member that is not leading a PMC, and has eight (8) or more developers assigned to work full-time on [] Platform development projects is entitled to designate one (1) representative to the Architecture Council unless an employee, officer, director, or consultant of the Member has already been appointed or elected to the Council. Any Strategic Developer Member that is not leading a PMC is entitled to designate one (1) representative to the Architecture Council unless an employee, officer, director, or consultant of the Member has already been appointed or elected to the Council. The Architecture Council will accomplish its objectives by working closely with the development teams.

Section 7.3 Planning Council. The [] Management Organization shall establish a Planning Council responsible for the development and maintenance of a Platform Release Plan (as defined in the then current [] Development Process) consistent with the Architecture and supporting the Roadmap. The Planning Council shall be comprised of one (1) representative designated by each Project Management Committee and other individuals as described below or designated from time to time by the Executive Director, and shall be chaired by a person designated by the Executive Director. Strategic Consumer Members as a group are entitled to designate one (1) representative on the Planning Council, to be selected by a vote of all Strategic Consumer Members. Any Strategic Consumer Member that is not leading a PMC, and has eight (8) or more developers assigned to work full-time on [] Platform development projects is entitled to designate one (1) representative to the Planning Council unless an employee, officer, director, or consultant of the Member has already been appointed or elected to the Council. Any Strategic Developer Member that is not leading a PMC is entitled to designate one (1) representative to the Planning Council unless an employee, officer, director, or consultant of the Member has already been appointed or elected to the Council. The Planning Council will accomplish its objectives by working closely with the development teams.

Section 7.4 Requirements Council. The [] Management Organization shall establish a Requirements Council responsible for reviewing and categorizing incoming requirements, and proposing a coherent set of themes and priorities that will drive the Roadmap (as defined in the then current [] Development Process). The Requirements Council shall be comprised of one (1) representative designated by each Strategic Developer Member and one (1) representative designated by each Strategic Consumer Member, and other individuals designated from time to time by the Executive Director, and shall be chaired by a person designated by the Executive Director. The Requirements Council will accomplish its objectives by working closely with the development teams.

ARTICLE VIII COMMITTEES OF THE MEMBERSHIP AT-LARGE

The Membership At-Large may establish such committees as it deems necessary or appropriate to conduct the business and further the objectives of the [] Foundation (each, a "Membership Subcommittee"). The establishment by the Membership At-Large of any Member

Subcommittee is subject to confirmation by a simple majority of the Membership At-Large. The composition of any such committees and the powers, duties and responsibilities delegated thereto, on behalf of the Membership At-Large, shall be determined by the Executive Director subject to the foregoing Member approval.

ARTICLE IX ADVISORY BOARD

The Board of Directors may, by resolution, establish a Board of Advisors (the "Advisory Board") to be comprised of one or more individuals chosen by the Board at its sole discretion. The Board shall not be bound by any advice or decision of the Advisory Board. The members of the Advisory Board shall not have the rights or privileges of directors or the Membership At-Large of the [] Foundation and shall have no power or authority over the operation of the [] Foundation. A member of the Advisory Board may be removed at any time by the affirmative vote of a majority of the Board with or without cause.

ARTICLE X INDEMNIFICATION OF DIRECTORS, OFFICERS AND AGENTS

Section 10.1 Indemnification of Directors, Officers and Agents. The [] Foundation shall indemnify any person made or threatened to be made a party to an action by or in the right of the [] Foundation to procure a judgment in its favor by reason of the fact that he, his testator or intestate is or was a director or officer of the [] Foundation, against amounts paid in settlement and reasonable expenses, including attorneys' fees actually and necessarily incurred by him in connection with the defense or settlement of such action or in connection with an appeal therein, except in relation to matters as to which such person is adjudged to have breached his duty to the [] Foundation. The [] Foundation shall indemnify any person, made, or threatened to be made, a party to any action or proceeding other than as described in the preceding sentence (i.e., other than one by or in the right of the [] Foundation to procure a judgment in its favor), whether civil or criminal, including an action by or in the right of any other organization of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any such person served in any capacity at the request of the [] Foundation, by reason of the fact that he, his testator or intestate was a director or officer of the [] Foundation, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees actually and necessarily incurred as a result of such action or proceeding, or any appeal therein, if such person acted, in good faith, for a purpose which he reasonably believed to be in the best interests of the [] Foundation and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his conduct was unlawful. Notwithstanding the above, the [] Foundation shall only be subject to these indemnification provisions if: (i) the party seeking the indemnity provides notice of the claim promptly to the [] Foundation; (ii) the [] Foundation is given sole control of the defense and settlement of the claim; (iii) the [] Foundation receives from the party seeking the indemnity all available information, assistance and authority to defend such claim; and (iv) the party seeking the indemnity has not compromised or settled such proceeding without the [] Foundation's prior written consent.

Expenses incurred by a person described in this section in defending a civil or criminal action or proceeding may be paid by the [] Foundation in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of such person to repay the amounts so advanced if it should be ultimately determined that such person is not entitled to be indemnified hereunder.

In no event shall individual Members of the [] Foundation be subject to the indemnification and advancement of expenses obligations of the [] Foundation under this section. The indemnification and advancement of expenses granted pursuant to, or provided by, this section shall not be deemed exclusive of any other rights to which a director, officer, employee or other agent of the [] Foundation seeking indemnification of expenses may be entitled, whether contained in the certificate of incorporation or these Bylaws, or in a resolution of the Board, or an agreement providing for such indemnification or under law or otherwise; provided, that no indemnification may be made to or on behalf of any director or officer if a judgment or other final adjudication adverse to the director or officer establishes that his acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that he personally gained in fact a financial profit or other advantage to which he was not legally entitled.

To the fullest extent permitted by applicable law, the [] Foundation may purchase and maintain insurance on behalf of any person who is a director or officer, or was serving at the request of the [] Foundation as a director or officer or in any other capacity against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the [] Foundation would have the power to indemnify him or under this section.

ARTICLE XI MISCELLANEOUS

Section 11.1 Fiscal Year. The fiscal year of the [] Foundation shall begin on January 1 and end on December 31 of the same year.

Section 11.2 Disbursements. A process for approving expenditures (including documenting payments received and expenditures allocated, preventing commingling of funds, disposition of the funds upon bankruptcy of the Secretary, etc.) will be developed by the Board.

Section 11.3 Contributions. The Board is authorized to undertake actions to ensure that all code and materials contributed to the [] Platform complies with the terms of the [] Public License, the IP Policy, or other applicable guidelines and agreements as established or approved in accordance with these Bylaws.

Section 11.4 Expenses. Each Member will bear its own costs and expenses in connection with its performance of its rights and duties in respect of the [] Foundation, including, without limitation, compensation of its employees, and all travel and living expenses associated with any Member's participation in any meetings and conferences called in connection with the activities of the [] Foundation.

Section 11.5 Checks, Notes and Contracts. The Board is authorized to select such depositories as it shall deem proper for the funds of the [] Foundation and shall determine who shall be authorized in the [] Foundation's behalf to sign bills, notes, receipts, acceptances, endorsements, checks, releases, contracts and documents.

Section 11.6 Investments. The funds of the [] Foundation may be retained in whole or in part in cash or be invested and reinvested from time to time in such property, real, personal or otherwise, or stocks, bonds or other securities, as the Board in its discretion may deem desirable.

Section 11.7 Posting of Minutes. The [] Foundation shall post on its website abridged versions of any and all minutes from Board and Membership Meetings as well as any and all Update Reports and Quarterly Reports to the Membership At-Large as set forth in Section 5.3(c).

Section 11.8 Books. There shall be kept at the office of the [] Foundation correct books of account of the activities and transactions of the [] Foundation, including a minute book which shall contain a copy of the certificate of incorporation, a copy of these Bylaws, and all minutes of the meetings of the Board.

Section 11.9 Seal. The seal of the [] Foundation shall be circular in form and shall bear the name of the [] Foundation and words and figures showing that it was incorporated in the State of Delaware and the year of incorporation.

Section 11.10 Amendments. These Bylaws may not be amended without (i) the consent of at least two-thirds (2/3) of the Membership At-Large in accordance with Section 6.5; and (ii) any other consent requirements expressly set forth herein with respect to such amendment's proposed subject matter. Additionally, to the extent a proposed amendment would alter a provision that would require the unanimous consent of the Membership At-Large for certain actions, then such amendment must be unanimously approved in order to amend these Bylaws. The provisions of any such amended Bylaws will be binding upon all of the Membership At-Large.

**THE [] ORGANIZATION
BYLAWS**

**ARTICLE I
PURPOSES AND DEFINITIONS**

Section 1. Purposes. The [] Organization (the "Corporation" or "[_____]") is formed exclusively as a trade association, as set out in section 501 (c) (6) of the Internal Revenue Code, and specifically for the creation, promotion, or support of Generic Protocols for Interoperable exchange of messages between services. As used herein, "Generic Protocols" means protocols that are independent of any specific action indicated by the message beyond actions necessary for the secure, reliable, or efficient delivery of messages; "Interoperable" means suitable for and capable of being implemented in a neutral manner on multiple operating systems and in multiple programming languages.

Section 2. Definitions.

"Adopter" means any entity that has executed a copy of an Adopter Agreement with [] and delivered it to the Secretary.

"Affiliate" means any entity that is directly or indirectly controlled by, under common control with or that controls the subject party. For purposes of this definition control means direct or indirect ownership of or the right to exercise (a) greater than fifty percent (50%) of the outstanding shares or securities entitled to vote for the election of directors or similar managing authority of the subject entity; or (b) greater than fifty percent (50%) of the ownership interest representing the right to make the decisions for the subject entity.

"Board" shall have the meaning assigned to such term in ARTICLE II, Section 1 hereof.

"Chairman" shall have the meaning assigned to such term in ARTICLE II, Section 4 hereof.

"Contributing Member" means any entity, other than a Founding Member, that has executed and has then in effect a Membership Agreement with [].

"Contribution" shall have the meaning assigned to such term in Section 1(d) of the IPR Agreement.

"Draft Material" shall have the meaning assigned to such term in Section 1(e) of the IPR Agreement.

"Draft Sample Applications" shall have the meaning assigned to such term in Section 1(f) of the IPR Agreement.

"Draft Specifications" shall have the meaning assigned to such term in Section 1(g) of the IPR Agreement.

"Draft Test Material" shall have the meaning assigned to such term in Section 1(h) of the IPR Agreement.

"Dues Delinquent" shall have the meaning assigned to such term in ARTICLE V, Section 3(c) hereof.

"Dues Notice" shall have the meaning assigned to such term in ARTICLE V, Section 3(b) hereof.

"Final Material" shall have the meaning assigned to such term in Section 1(i) of the IPR Agreement.

"Final Sample Applications" shall have the meaning assigned to such term in Section 1(j) of the IPR Agreement.

"Final Specifications" shall have the meaning assigned to such term in Section 1(k) of the IPR Agreement.

"Final Test Material" shall have the meaning assigned to such term in Section 1(l) of the IPR Agreement.

"Founding Members" means each of [], provided that such party has executed the Founding Members Agreement no later than midnight Pacific Time February 22, 2002, and any other parties added as Founding Members pursuant to ARTICLE V, Section 1(c)(ii).

"Founding Members Agreement" means that certain Founding Members Agreement for the [] Organization, dated February, 2002, by and among the Founding Members, as amended from time to time.

"IPR" means intellectual property rights, including without limitation, copyrights, trade secrets, trademarks and patent claims.

"IPR Agreement" means the agreements set out in that certain IPR Agreement for Web Services-Interoperability Organization, the form of which is attached hereto as Attachment A, as amended from time to time.

"Material" means any Test Material, Sample Application, or Specification.

"Meeting" means both face-to-face meetings and telephone or video conferences or such other reasonable electronic means approved in advance by the Board (in the case of Board Meetings or Member Meetings) or the Working Group (in the case of Working Group meetings).

"Members" means the Founding Members and Contributing Members.

"Membership Agreement" means the standard agreement entered into by [] and each Member individually setting forth the Member's rights and obligations in connection with []

"Repository" shall have the meaning assigned to such term in ARTICLE III, Section 5(d)(ii) hereof.

"Sample Application" shall have the meaning assigned to such term in Section 1(u) of the IPR Agreement.

"Scope Of The Organization" shall have the meaning assigned to such term in Section 1(w) of the IPR Agreement.

"Specification" shall have the meaning assigned to such term in Section 1(x) of the IPR Agreement.

"Test Material" shall have the meaning assigned to such term in Section 1(y) of the IPR Agreement.

"Voting Period" shall have the meaning assigned to such term in ARTICLE VII, Section 6(d)(ii) hereof.

"Working Groups" means the groups established and organized in accordance with these Bylaws to develop Material and perform such other tasks as appointed by the Board.

ARTICLE II BOARD OF DIRECTORS

Section 1. Number, Qualifications, Election and Term of Office. The Board of Directors (the "**Board**") shall consist of a single director appointed by each of the Founding Members. Each Board member may designate an alternate to attend Board Meetings and act on its behalf. The number of directors shall be not less than three (3) and not more than the number of Founding Members in effect from time to time. Directors shall be appointed annually by the Founding Members and each director shall continue in office until his/her successor shall have been appointed. A director may only be removed by the Founding Member that appointed such director, with or without cause.

Section 2. Power and Duties. The Board shall have general power to manage and control the affairs and property of the Corporation, to adopt rules and regulations governing the action of the Board and to distribute and pay out the moneys received by the Corporation from time to time, subject to section 501(c)(6) and other applicable provisions of the Internal Revenue Code and the provisions of the Not-For-Profit Corporation Law of the State of New York.

Section 3. Board Member in Good Standing. A Board member will be in Good Standing, and thus eligible to vote on issues coming before the Board, if the Board member was represented at at least three Board Meetings of the last four (if there have been at least four Meetings) and the Member it represents is not Dues Delinquent. Founding Members may replace their representative on the Board at any time by providing written notice to the Secretary.

Section 4. Chairman of the Board. The initial Chairman of the Board (the “Chairman”) will be [] (or the person designated by [] to be a Director). A new Chairman may be elected at a Board Meeting by a simple majority vote (i.e., more than half) of the members of the Board. The Chairman shall be responsible for calling and chairing Board meetings.

Section 5. Regular and Special Board Meetings. The Chairman will schedule regular and (as applicable) special meetings of the Board. The Board may hold its meetings at such place within or without the State of New York as the Board may from time to time determine. No Board Meeting will be deemed to have been validly held unless the Chairman provided notice of same to each of the members of the Board in Good Standing at least ten (10) business days prior to such Meeting, which notice will identify all potential actions to be undertaken by the Board at the Board Meeting. No Board member in Good Standing will be intentionally excluded from Board Meetings; however, Board Meetings need not be delayed or rescheduled merely because one or more of the Board members cannot attend or participate so long as at least a quorum of Board members (2/3 of the Board members then in Good Standing) are represented at the Board Meeting. No Board member will be denied an opportunity to vote because it is not physically present at a Board Meeting.

Section 6. Conference Telephone. Any one or more members of the Board may participate in a meeting of the Board by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at the meeting.

Section 7. Action by The Board. No action may be taken or approved by the Board that is outside the Scope Of The Organization. Except as provided herein, the Board may undertake an action only if it was identified by the Chairman in the Board Meeting notice and approved by the required number of Board members as described below:

(a) For general actions not described in (b) or (c) below, such action must be approved by a majority of those Board members in Good Standing represented at a Board Meeting at which a quorum is represented;

(b) For actions (i) adopting Material, (ii) chartering or amending the charter of any Working Groups, (iii) approving or amending the bylaws, (iv) terminating the Founding Members Agreement, (v) terminating a Member’s Membership Agreement in accordance with its terms, (vi) approving the incorporation documents, (vii) approving any press release, public announcement or other public communication (e.g., white papers, guidelines), (viii) entering into a formal affiliation with another organization, or (ix) any other action not described in section (c) below that two or more members reasonably believe is outside of the Scope Of The Organization (upon request, the members will disclose the reasons for their belief), such action must be

approved by all but one of the total number of Board members in Good Standing. Any Board member voting against any such action that was approved by a majority of the Board members in Good Standing represented at the Board Meeting must provide a reasonable explanation for its objection during such Board Meeting and agrees to consult in good faith with the other Board members to attempt to resolve its concerns; and

(c) For actions (i) modifying the IPR Agreement or the Membership Agreement (ii) adopting or amending antitrust guidelines, except where counsel has advised that an amendment to the guidelines is required, in which case such amendment is approved, (iii) enforcing a copyright owned by [], (iv) changing the name of the organization, (v) eliminating any requirement for unanimous agreement or consent in these Bylaws, or (vi) any other action not described elsewhere in this section that may materially affect a Member's IPR or their liabilities related to this organization, such action must be approved by every Board member in Good Standing. Any Board member voting against any such action must provide a reasonable explanation for its objection during such Board Meeting and agrees to consult in good faith with the other Board members to attempt to resolve its concerns.

Section 8. Unanimous Action By The Board. Notwithstanding the foregoing, the Board may take any action unanimously approved by all of the members in Good Standing of the Board at any meeting in which all members in Good Standing of the Board are represented.

Section 9. Action by Written Consent. Any action required or permitted to be taken by the Board or any committee thereof may be taken without a meeting if there is a unanimous consent of the members of the Board or committee in writing to the adoption of the resolution authorizing the action. All such written consents shall be filed with the minutes of the proceedings of the Board or committee.

Section 10. Confidentiality of Board Proceedings. Persons other than Board members or other representatives of the Founding Members will not be permitted to attend Board Meetings unless approved in advance by the Board. Minutes of Board Meetings will not be distributed outside the Founding Members' organizations unless approved by the Board.

ARTICLE III OFFICERS

Section 1. Election. The Board may elect a president, one or more vice-presidents, a secretary and a treasurer, and such other officers as it may determine. Any two or more offices may be held by the same person except the offices of president and secretary. No instrument required to be signed by more than one officer may be signed by one person in more than one capacity.

Section 2. Other Agents, etc. The Board may appoint from time to time such agents, including but not limited to officers and/or director agents, as it shall deem necessary, each of whom shall hold office during the pleasure of the Board and shall have such authority, perform such duties and receive such reasonable compensation as the Board may from time to time

determine, including, but not limited to, entering into contractual agreements on behalf of the Corporation and undertaking those duties necessary to carry on the daily business affairs of the Corporation.

Section 3. Removal. Any officer of the Corporation may be removed, with or without cause, by the Board.

Section 4. Vacancies. In the case of any vacancy in any office, a successor to fill the unexpired portion of the term may be elected by the Board.

Section 5. Powers and Duties. The officers shall have the powers and duties customarily associated with their respective offices except as the Board may otherwise determine.

(a) President

The Board may appoint a President of the Company, who shall serve in such capacity until his successor has been duly elected and qualified. The President shall be the chief executive officer of the Company and shall see that all orders and resolutions of the Board are carried into effect, and in general shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Board from time to time.

(b) Vice President

The Board may appoint a Vice President of the Company, who shall serve in such capacity until his successor has been duly elected and qualified. In the absence of the President or in the event of his inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order designated by the Board, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presidents shall perform such other duties and have such other powers as the Board may from time to time prescribe.

(c) Treasurer

The Board may appoint a Treasurer of the Company, who shall serve in such capacity until his successor has been duly elected and qualified. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board.

The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and the Board, at its regular meetings, or when the Board so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation.

(d) **Secretary.** The Secretary's powers and duties shall be as follows:

(i) **Appointment.** The Secretary shall serve for a term of six (6) months. The initial Secretary will be []. An Assistant Secretary shall be appointed by the Board to assist the Secretary, perform the Secretary's duties when the Secretary is unavailable, and perform such other duties as the Secretary may delegate. After the Secretary has served its six (6) month term, the Assistant Secretary shall become the Secretary and the Board shall appoint a new Assistant Secretary. The Board may remove and replace the Secretary or Assistant Secretary at any time. The Secretary may be a representative of a Founding Member or the Board may appoint an independent organization to perform the duties of the Secretary, in such case, there shall be no Assistant Secretary and the Secretary shall serve until removed by the Board.

(ii) **Duties of the Secretary.** The Secretary shall be responsible for maintaining, collecting, and updating the records and files related to the administration of this Agreement, including (A) keeping a list of all Founding Members, Contributing Members, Adopters, and members of Working Groups, and copies of all Membership and Adopter Agreements, (B) establishing a common repository for housing the "master copies" of Material and Contributions (the "Repository") and for managing version control, (C) creating and managing the content of the official [] web site, (D) acting as the primary interface/official address for all incoming/outgoing notices, and (E) distributing Final Test Material and Final Sample Applications from the official [] web site under the license agreements agreed to in the IPR Agreement. The Founding Members agree to abide by the terms that the Secretary reasonably establishes concerning the Repository. The Secretary shall make lists and agreements relating to Contributing Members available to the Founding Members at any time upon request. The Secretary may designate an agent to perform one or more of its duties if approved by a majority of the Founding Members.

(iii) **Compensation.** Except with respect to an independent organization appointed by the Board to perform all or a portion of the duties of the Secretary, the Secretary will be compensated in connection with the performance of its duties under these Bylaws only if such compensation is approved by the Board.

(e) **Assistant Secretary.** The Assistant Secretary's powers and duties shall be as follows:

(i) **Appointment.** The Assistant Secretary shall serve for a term of six (6) months and shall be appointed by the Board to assist the Secretary perform the Secretary's duties when the Secretary is unavailable, and perform such other duties as the Secretary may delegate. After the Secretary has served its six (6) month term, the Assistant Secretary shall become the Secretary and the Board shall appoint a new Assistant Secretary. The Board may remove and replace the Secretary or Assistant Secretary at any time. In the event the Board appoints an independent organization to perform the duties of the Secretary, there shall be no Assistant Secretary and the Secretary shall serve until removed by the Board.

(ii) Duties of the Assistant Secretary. The Assistant Secretary shall assist the Secretary in the performance of the Secretary's duties when the Secretary is unavailable, and perform such other duties as the Secretary may delegate.

(iii) Compensation. Except with respect to an independent organization appointed by the Board to perform all or a portion of the duties of the Secretary, the Assistant Secretary will be compensated in connection with the performance of its duties under these Bylaws only if such compensation is approved by the Board.

Section 6. Disclaimer of Liabilities. Each of the Members acknowledges and agrees that the Secretary and Assistant Secretary are acting solely as a facilitator at their request and for their convenience, that the Secretary and Assistant Secretary will not be deemed to be an agent of any of the Members except as expressly provided in these Bylaws, and that the Secretary and Assistant Secretary will not be liable to any of the Members for any action or omission on its part taken or made in good faith in its role as Secretary or Assistant Secretary and that is not in breach of this Agreement.

ARTICLE IV CONTRACTS, CHECKS, BANK ACCOUNTS AND INVESTMENTS

Section 1. Disbursements. A process for approving expenditures (including documenting payments received and expenditures allocated, preventing commingling of funds, disposition of the funds upon bankruptcy of the Secretary, etc.) will be developed by the Board.

Section 2. Expenses. Each Member will bear its own costs and expenses in connection with its performance of its rights and duties in respect of the Corporation, including, without limitation, compensation of its employees, and all travel and living expenses associated with any Member's participation in any meetings and conferences called in connection with the activities of the [] organization.

Section 3. Checks, Notes and Contracts. The Board is authorized to select such depositories as it shall deem proper for the funds of the Corporation and shall determine who shall be authorized in the Corporation's behalf to sign bills, notes, receipts, acceptances, endorsements, checks, releases, contracts and documents.

Section 4. Investments. The funds of the Corporation may be retained in whole or in part in cash or be invested and reinvested from time to time in such property, real, personal or otherwise, or stocks, bonds or other securities, as the Board in its discretion may deem desirable.

ARTICLE V
MEMBERS AND ADOPTERS

Section 1. Members and Adopters

(a) Members. [] will enter into a Membership Agreement with any third party that wishes to be a Contributing Member unless such third party has no demonstrated interest in fostering developments within the Scope Of The Organization.

(b) Membership/Affiliates. Notwithstanding the above, only one entity of an Affiliated group of entities may be a Member of [] at any time. Membership Agreements signed by Affiliates of existing Members are void. In the event of a merger, which would result in two or more Affiliates being Members, the Affiliates involved will immediately inform the Secretary as to which Members are withdrawing. In any event, Members who are Affiliates shall collectively have only one vote.

(c) Classes of Membership. [] shall have two classes of membership: Founding Members and Contributing Members.

(i) Rights, Privileges and Responsibilities of Contributing Members: The Contributing Members shall have the rights, privileges and responsibilities as set forth in the Membership Agreement.

(ii) Rights, Privileges and Responsibilities of Founding Members: Founding Members shall have all of the privileges of Contributing Members described in Section 1(c)(i) of this ARTICLE V. In addition, each Founding Member shall have the right to designate one (1) person to serve on the Board, as provided in ARTICLE II, Section 1. One or more additional parties may be added to the Founding Members with the unanimous written consent of the then-current Founding Members.

(d) Adopters. [] will enter into an Adopter Agreement with any third party that wishes to be an Adopter.

Section 2. Member Meetings

The Secretary will periodically schedule Member Meetings and provide adequate written notice (at least 10 business days) prior to all such meetings to each of the Members. Member Meetings need not be delayed or rescheduled merely because one or more of the Members cannot attend or participate.

Section 3. Membership Dues

(a) Funding. Each Founding Member will pay dues of \$50,000 (or an amount specified by the Board) for each calendar year. Each Contributing Member will contribute \$3,000 (or an amount specified by the Board) for each calendar year. Dues will be due upon execution of the Membership Agreement, and on February 1 of each calendar year thereafter.

(b) Payment. Each Member will be responsible for payment of annual dues as set by the Board. The Secretary will send out invoices in compliance with reasonable invoicing requirements (e.g., receipt of invoices at least 45 days prior to the due date) as each Member may request. The Secretary will promptly send out a written notice ("Dues Notice") to any Member that has not paid its dues within ten (10) days after the date upon which such dues are required to be paid.

(c) Dues Delinquent. A Member will be considered delinquent in its dues ("Dues Delinquent") if the Secretary does not receive the required dues payment within thirty (30) days after issuance of the Dues Notice. The Secretary shall promptly send out a written notice notifying all Members that a Member has become Dues Delinquent.

ARTICLE VI WORKING GROUPS

Section 1. Creation of Working Groups. The Board will create Working Groups to develop Material that is within the Scope Of The Organization. The Board will approve a charter for each such Working Group that will define the Material to be developed by the Working Group, and will appoint a chair for each Working Group. The Board may create and charter Working Groups to perform tasks or develop other material necessary for the operation of [], such as the development of marketing recommendations, white papers, guidelines, messaging, positioning, content and common collateral. The first Working Groups created by the Board will be chartered to (a) develop Specifications that describe the steps required to implement the following standards in such a way that promotes their interoperability: (i) XML 1.0 Second Edition, (ii) XML Schema Part 1:Structures, (iii) XML Schema Part 2:Datatypes, (iv) Namespaces in XML, (v) XML Base, (vi) WSDL 1.1, (vii) SOAP 1.1, and (viii) UDDI 1.0; and (b) develop Test Material to determine whether an implementation of a web service satisfies certain selected requirements of such Specifications.

Section 2. Membership In Working Groups. Upon appointment, the Working Group chair will promptly send a notice to all Members inquiring as to whether they desire to participate in the Working Group. The members of the Working Group will consist of (i) each Founding Member and (ii) each Contributing Member that indicates a desire to participate in the Working Group. Each such member shall appoint one person to act as its representative in the Working Group, and will so advise the Working Group chair. The member may replace its representative at any time by providing written notice to the chair. If necessary to prevent the Working Group from becoming unworkably large, the Working Group chair may partition the Working Group into subgroups (e.g., a subgroup for actively developing the material) and appoint members of the Working Group who may participate in each subgroup. Regardless of the manner in which the Working Group is partitioned, no Material will be approved by the Working Group unless approved by a majority of the members in Good Standing of the entire Working Group.

Section 3. Members In Good Standing. A member of a Working Group is in Good Standing if it was represented at at least three Working Group meetings of the last four (if there

have been at least four meetings) and is not Dues Delinquent. A member of the Working Group that is not in Good Standing may, at the discretion of the Working Group chair, lose its membership status in the Working Group. Members of the Working Group that are not in Good Standing will not be entitled to vote on matters (e.g., approval of Material) brought before the Working Group. Each member in Good Standing of the Working Group will have only one vote within the Working Group.

Section 4. Working Group Meetings. The Working Group chair will schedule Working Group meetings and provide adequate written notice (at least 10 business days) prior to all such meetings to each of the Working Group members. Working Group meetings need not be delayed or rescheduled merely because one or more of the members of the Working Group cannot attend or participate. Any Founding Member or Contributing Members may attend any Working Group meeting and may make any proposal to the Working Group.

ARTICLE VII MATERIAL

Section 1. Test Material. Test Material will include certain test materials that one or more Working Groups will be chartered to develop, which shall include the following:

(a) Test Sniffers. Test Sniffers will be software programs that monitor the incoming and outgoing messages to the web service being tested and generate a log of such messages. It is expected that a separate Test Sniffer may be developed for each platform on which web services are to be tested.

(b) Test Analyzers. Test Analyzers will be software programs that analyze the incoming and outgoing messages logged by a Test Sniffer and generate a report stating whether the web service satisfied certain selected requirements of one or more standards. The first Final Test Analyzer adopted by [] must test for satisfaction of certain selected requirements of the Specifications developed by the first Working Groups as provided in ARTICLE VI. Test Analyzers will be written in at least both Java and C#. Final Test Analyzers will be made available for use by the Members or third parties only by simultaneous release in both Java and C# versions. It is expected that a separate Test Analyzer will be developed for each platform on which web services are to be tested. It is further expected that versions of Test Analyzers will be successively adopted to, for example, expand the requirements of a particular standard that are selected for test, or increase the number of standards the requirements of which are tested.

(c) Test Procedures. Test Procedures will describe (A) the procedure for conducting testing of web services using the Test Materials in order to determine whether such web service complies with certain selected requirements of a particular standard or set of standards, and (B) the permissible uses of the Test Materials and the results obtained from such use.

Section 2. Sample Applications. One or more Working Groups may be chartered to develop Sample Applications.

Section 3. Specifications. One or more Working Groups may be chartered to develop Specifications.

Section 4. Limitation On Material. No Material that falls outside of the Scope Of The Organization may be approved by a Working Group or the Board.

Section 5. Working Group Draft Material. Material will be developed by the Working Group created and chartered by the Board to develop such Material in accordance with these Bylaws, and in accordance with procedures adopted by the Working Group that are not inconsistent with these Bylaws. Minutes of all Working Group meetings will be kept and submitted to the Secretary no later than seven (7) days after the meeting. The Secretary will maintain the records for review by the Members.

Section 6. Adoption of Material

(a) Material will not be deemed Final Material until it has been (i) first, approved by the Working Group chartered to develop such Material, (ii) thereafter, approved by the Board, and (iii) thereafter, approved by the Members, according to the procedures specified below.

(b) Approval of Material by the Working Group.

(i) Circulation of Material Proposed for Approval by the Working Group. To ensure that each member of the Working Group has the opportunity to review any Material prior to approval by the Working Group, the Material to be considered for approval by the Working Group must be circulated by the Working Group chair, with notice that the review is to commence (for purposes of this Section 6(b)(i), "Notice"), to all of the members of the Working Group by secure e-mail or by registered mail at least thirty (30) days prior to the date for the Working Group Approval Meeting. The Material for consideration at the Working Group Approval Meeting will be the Material that a majority of the members in attendance at a Working Group meeting agree is final. During this review period, the members of the Working Group agree to meet and confer regarding any inconsistencies or other issues that members of the Working Group may raise as part of their review of the Material.

(ii) Working Group Approval Meetings. The Working Group chair shall send written notice to all of the Working Group members advising of the date of a Working Group Approval Meeting and shall identify the particular Material to be considered for approval at such meeting. The Meeting shall be set for a date no earlier than the later of ten (10) business days after the mailing date of such notice and thirty (30) days after the mailing date of the Material to be considered for approval at such meeting. Proposed changes to the Material may be circulated by the proposing party to all other members of the Working Group no later than seven (7) calendar days prior to the date of such meeting. No proposed changes which are sent after that time shall be considered. The Working Group is under no obligation to make any of the proposed changes to the Material. No Working Group Approval Meeting shall be deemed validly held unless at least a majority (i.e., more than one half) of the Working Group members in Good Standing are in attendance, either in person or electronically, at such meeting.

(iii) Voting Process. Material shall be deemed approved by the Working Group when it is approved by a majority vote of the Working Group Members in Good Standing in attendance at a Working Group Approval Meeting. Any changes made to the Material after the circulation of such material shall be clearly identified at such meeting. The Working Group Members in attendance at a Working Group Approval Meeting shall be free to modify the Material to include proposed changes circulated by the proposing party to all other Working Group Members at least seven (7) calendar days prior to the Working Group Approval Meeting.

(iv) Notice of Approval of Material by the Working Group. Within one (1) week following the date of approval of a Material by the Working Group, the Working Group chair shall send written notice of such approval, including a copy of such approved Material, to all Members and the Secretary.

(c) Approval Of Material By The Board.

(i) Circulation of Materials for Approval by the Board. To ensure that each Member has the opportunity to review any Material approved by the Working Group, the item must be circulated by the Secretary, with notice that the review is to commence (for purposes of this Section 6(c)(i), "Notice"), to all Members of [] by secure e-mail or by registered mail no later than one (1) week after the Secretary's receipt of the approved item pursuant to Article VII, Section 6(b)(iv) hereof and at least thirty (30) days prior to the Board meeting at which the Material will be considered for approval by the Board. During this review period, Members will provide any comments or objections to the Material under review to the Board and the Board members agree to meet and confer regarding any such comments or objections or other issues that any Member in Good Standing may raise as part of its review.

(ii) Board Adoption Meetings. Material approved by the Working Group will be considered for approval at a Board meeting, which meeting shall be set for a date no earlier than the later of ten (10) business days after the mailing date of the Board meeting notice and thirty (30) days after the mailing date of the Material to be considered for approval at such Board meeting. Proposed changes to the Material may be circulated by the proposing Member to all Board members no later than seven (7) calendar days prior to the date of such meeting. No proposed changes which are sent after that time shall be considered. The Board shall be under no obligation to adopt any of the proposed changes to the Material.

(iii) Notice of Approval Of Material. If the Material is approved by the Board unmodified, within one (1) week following the date of approval the Secretary shall send written notice of such approval, including a copy of such Material, to all members. If the Material is modified by the Board prior to approval, within one (1) week following the date of approval the Secretary shall send written notice of such modification and approval to the Working Group chair and the approval process will begin again except that the notice periods for the Working Group and Board review period shall be shortened from thirty (30) days to ten (10) business days.

(d) Approval Of Material By The Members In General.

(i) **Circulation of Material to the Members.** To ensure that each Member has the opportunity to review any Material approved by the Board, the item must be circulated by the Secretary, with notice that the review is to commence (for purposes of this Section 6(d)(i) "Notice"), to all Members by secure e-mail or by registered mail no later than one (1) week after the Board's approval pursuant to Article VII, Section 6(c)(iii) hereof and at least ten (10) business days prior to the vote at which the Material will be considered for approval by the Members as Final Material.

(ii) **Voting Process.** The Secretary will define a forty-eight (48) hour voting period ("Voting Period"), which shall begin no earlier than ten (10) business days after the mailing of the notice of such vote, during which any Member in Good Standing may cast a vote by E-mail to the Secretary. A Member is in Good Standing if it was represented at at least three Member meetings of the last four (if there have been at least four meetings), is not Dues Delinquent, and has been a Member for at least thirty (30) days prior to the vote.

(iii) **Approval By Members.** Material approved by the Board will become Final Material if approved by a majority of the votes cast by Members in Good Standing during the Voting Period.

(e) **Notice of Adoption Of Material.** Within one (1) week following the date of approval by the Members of Material, the Secretary shall send written notice indicating such adoption, including a copy of such Final Material, to all Members.

(f) **Errata Corrections to Final Material.** After Final Material has been adopted, Errata Corrections to the Final Material may be proposed by any member of the Working Group that initially developed such Material by circulating a statement to the Working Group that clearly identifies the error to be corrected or the revision to be made and provides a reasonable explanation for the Errata Correction proposed. The Errata Corrections shall be deemed adopted when approved by both the Working Group and the Board according to the procedures set out above for adopting Final Material.

(g) **Modifications to Final Material.** Except for Errata Correction, once Final Material has been adopted, any updates or alterations to it can be effected only by adopting a new Material in accordance with these Bylaws.

ARTICLE VIII
PUBLICITY/PUBLICATIONS

Section 1. **Publication.** The Board may publish Draft Material and Final Material as it determines appropriate and may develop and adopt procedures governing such publication. However, each Final Specification will be published as soon as practicable following its adoption but in no event shall such publication occur later than forty-five (45) days following its adoption. Any publication of Specifications or other technical documents by [] will include the following disclaimer language:

The material contained herein is not a license, either expressly or impliedly, to any intellectual property owned or controlled by any of the authors or developers of this material or []. The material contained herein is provided on an "AS IS" basis and to the maximum extent permitted by applicable law, this material is provided AS IS AND WITH ALL FAULTS, and the authors and developers of this material and [] hereby disclaim all other warranties and conditions, either express, implied or statutory, including, but not limited to, any (if any) implied warranties, duties or conditions of merchantability, of fitness for a particular purpose, of accuracy or completeness of responses, of results, of workmanlike effort, of lack of viruses, and of lack of negligence. ALSO, THERE IS NO WARRANTY OR CONDITION OF TITLE, QUIET ENJOYMENT, QUIET POSSESSION, CORRESPONDENCE TO DESCRIPTION OR NON-INFRINGEMENT WITH REGARD TO THIS MATERIAL.

IN NO EVENT WILL ANY AUTHOR OR DEVELOPER OF THIS MATERIAL OR [] BE LIABLE TO ANY OTHER PARTY FOR THE COST OF PROCURING SUBSTITUTE GOODS OR SERVICES, LOST PROFITS, LOSS OF USE, LOSS OF DATA, OR ANY INCIDENTAL, CONSEQUENTIAL, DIRECT, INDIRECT, OR SPECIAL DAMAGES WHETHER UNDER CONTRACT, TORT, WARRANTY, OR OTHERWISE, ARISING IN ANY WAY OUT OF THIS OR ANY OTHER AGREEMENT RELATING TO THIS MATERIAL, WHETHER OR NOT SUCH PARTY HAD ADVANCE NOTICE OF THE POSSIBILITY OF SUCH DAMAGES.

Section 2. Website Standards. The Board will develop standards for the creation and maintenance of the organization's website, including a published statement regarding unsolicited submissions to the organization.

Section 3. Press Releases. Any Member may make public announcements or press releases concerning its own activities as a Member. No Member may make a press or other public announcement regarding the activities of another Member as a Member or use the name of another Member in a press or other public announcement regarding this Agreement without the consent of that Member. Each Member shall use reasonable efforts to avoid publicly implying that another Member publicly endorses Material unless that other Member affirmatively authorizes such statements. However, the Board may issue press or other public announcements regarding the activities of [] and will be able to identify Members in a reasonable manner.

Section 4. Submission to Standards Organization. Final Specifications may be submitted to a standards setting organization, if approved by the Board, under the terms specified in the IPR Agreement. In any submission to a standards organization, the Members who, based on a good faith investigation by the Board, submitted Contributions that were included in the Final Specifications, shall be identified as co-authors thereof. The failure to identify any Member as a co-author has no effect on that Member's obligations to grant licenses under the IPR Agreement.

ARTICLE IX
USE OF NAME

Section 1. **Name.** The Founding Members have selected "Web Services-Interoperability Organization" as the name of this organization and have selected "[]" as the acronym (collectively, the "Name"). The Board may, upon unanimous consent, select a new Name. The Board will send reasonable advance notice to all of the Members prior to the adoption of any new Name.

Section 2. **Prohibition on Registration of the Name.** No Member shall register or attempt to register the Name or any name, trademark, or service mark confusingly similar to the Name, or register any second level domain name that uses the Name in a way likely to create confusion regarding the ownership of the second level domain name, anywhere in the world. Any Member that holds a second level domain name that uses the Name as described above will (1) redirect it to the official [] website and (2) assign it to [] upon request of the Board.

Section 3. **Prohibition on Assertion of Rights in the Name.** Each Member agrees not to assert any rights in the Name against any other Member, Adopter, or their Affiliates, or any Test Licensee, or to object to the use of the Name by such parties as long as their use of the Name is in compliance with their Membership Agreement, the Adopter Agreement, or the Test Licensee Agreement, as applicable.

Section 4. **Required Use of the Name.** The Members agree that when they refer to Final Materials, they will use the Name or use some other means to accurately describe [] as the origin of the Materials. Except as provided in the previous sentence, no Member shall be obligated to use the Name on any product, advertising, or other materials in any manner. Each Member uses the Name at its own risk.

Section 5. **Limitations on the Use of the Name.** The Members agree that they will use the Name only for the limited purpose of promoting the [] organization and the use of Material, and for labeling, promoting, and marketing products that comply with a Final Specification. No Member shall use the Name or any name, trademark, or service mark confusingly similar to the Name to promote, or refer to, other initiatives or technologies.

ARTICLE X
ANTITRUST GUIDELINES

[] and its Members are committed to fostering open competition in the development of web-based products and services. [] and its Members acknowledge that Members may compete with one another in various lines of business and that it is therefore imperative that they and their representatives act in a manner that does not violate any applicable antitrust laws and regulations. Members may have similar agreements with others. Each Member may design, develop, manufacture, acquire or market competitive specifications, products and services, and conduct its business in whatever way it chooses. No Member is

obligated to announce or market any products or services. Without limiting the generality of the foregoing, Members may not engage in discussions that would violate the antitrust laws and agree to abide by the antitrust guidelines adopted by []. Accordingly, any Members hereby assume responsibility to provide appropriate legal counsel to their representatives regarding the importance of limiting their discussions to subjects that relate to the purposes of [], whether or not such discussions take place during formal meetings, informal gatherings, or otherwise.

The Board shall adopt, upon recommendation of counsel, formal and comprehensive antitrust guidelines. Each Member agrees to abide by these guidelines in all [] activities.

ARTICLE XI
OFFICE AND BOOKS

Section 1. Office. The office of the Corporation shall be located at such place as the Board may from time to time determine.

Section 2. Books. There shall be kept at the office of the Corporation correct books of account of the activities and transactions of the Corporation, including a minute book which shall contain a copy of the certificate of incorporation, a copy of these Bylaws, and all minutes of the meetings of the Board.

ARTICLE XII
CORPORATION SEAL

The seal of the Corporation shall be circular in form and shall bear the name of the Corporation and words and figures showing that it was incorporated in the State of New York and the year of incorporation.

ARTICLE XIII
FISCAL YEAR

The fiscal year of the Corporation shall end on December 31st of each year or at such other date as the Board may determine.

ARTICLE XIV
INDEMNIFICATION

The Board may, in its sole discretion, allow the Corporation to, to the fullest extent now or hereafter permitted by law, indemnify any person made, or threatened to be made, a party to any action or proceeding by reason of the fact that such person or such person's testator or intestate was a director, officer, employee or agent of the Corporation, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees.

ARTICLE XV
AMENDMENTS

Any amendment of these Bylaws shall be developed in a Working Group created by the Board for such purpose. Such amendment will be developed and adopted using the procedures for developing and adopting Material set out in the then current-version of the Bylaws. No amendment to the Bylaws may be approved that creates a conflict between the Bylaws and the Membership Agreements or the IPR Agreement, and any amendment that purports to do so is void. The provisions in any such amended Bylaws will be binding, subject to the terms of the Membership Agreements, upon all of the Members.

Subject Examples of regulatory reductions

From <[REDACTED]>
To <[REDACTED]>, <[REDACTED]>, <[REDACTED]>
Cc <[REDACTED]>
Date 08.07.2004 17:03

- US Banking Example.ppt (~60 KB)

Amy, Mike, Susan

I was at the airport during our kitchen cabinet call today; so this email (written on the plane) may cross in the mail with the updated deck. Here are several examples of how XBRL/EBR can reduce regulatory reporting requirements.

1. Eliminate Redundant Reports to Regulators - As outlined on the attached slides regarding the FDIC/FFIEC, the plan is to reduce the bank reporting requirements from 5 to 1 regulator. This would be an 80% decrease.
2. Eliminate Redundant and/or outdated data - **The FSA plan** is to reduce the data requested by approximately 40% as their preliminary analysis is that much of what is requested is redundant. A simple example would be that the 'net income' is currently provided for in an annual report many times (income statement, cash flow, statement of changes in equity, quarterly data summary, stock based compensation, financial highlights, supplemental consolidation information, and several times in the report to shareholders and notes).
3. Reduce Regulatory Reporting Production Costs - Gartner, Forester, have each reported that the production of information in the XML format will be a more cost effective process. The range of cost savings varies, but ranges from 20% to 60%. This idea is in the actual preparation of the reporting document; as with an XML format like XBRL, the preparer is less concerned with formatting considerations.

Summary - So for US Banks; this idea will reduce their regulatory reporting costs bylets see..... $80\% \times 40\% \times 60\% = 192000\%$:-) So much so that the regulators will be providing the banks with information!.....and yes, that is exactly the outcome. The banks will receive timely, relevant benchmarking type information for use in their own assessments of their individual situation from the regulator.....but that is another topic.

Best Regards

Mike Willis- PwC reported to John O'Connor—both under SEC scrutiny...ebr/xbml.

(See attached file: US Banking Example.ppt)

Subject RE: Charter Members and PwC

From Bob Eccles <[REDACTED]>
Bob Laux <[REDACTED]>, <[REDACTED]>,
To <[REDACTED]>, Anderson, Alan <[REDACTED]>, Herring, Paul
<[REDACTED]>, <[REDACTED]>,
Krzus, Michael <[REDACTED]>, Starr, Mike <[REDACTED]>, Pawlicki,
Amy <[REDACTED]> [I more...](#)

Date 01.07.2004 14:13

You know I haven't; I'm just counting on you to deliver them!! With whatever help you need from the rest of us, of course.

Bob

-----Original Message-----

From: Bob Laux [mailto:[REDACTED]]
Sent: Thu 7/1/2004 1:56 PM
To: Bob Eccles; [REDACTED]; [REDACTED]; Anderson, Alan; Herring,
Paul; [REDACTED]; [REDACTED]; Krzus, Michael; Starr, Mike;
Pawlicki, Amy; [REDACTED]
Cc:
Subject: RE: Charter Members and PwC

Bob,

I hope you haven't forgotten Microsoft, which wasn't specifically listed as one of you big-name U.S. organizations :-).

Bob

From: Bob Eccles [mailto:[REDACTED]]
Sent: Thursday, July 01, 2004 2:54 AM
To: Bob Eccles; Bob Laux; [REDACTED]; [REDACTED];
Anderson, Alan; Herring, Paul; [REDACTED];

[REDACTED]; [REDACTED];
[REDACTED]; Krzus, Michael; Starr, Mike; Pawlicki, Amy;
[REDACTED]; [REDACTED];
[REDACTED]; [REDACTED];
[REDACTED]; [REDACTED];
Cc: [REDACTED]
Subject: Charter Members and PwC

I had a good talk with John O' Connor yesterday in which I summarized our strategy for recruiting 20-30 Charter Members for the EBRC in order to ensure a proper balance (50% companies, 25% enablers, and 25% institutional investors) and to get some geographical and type of economy diversification (U.S., U.K., India, the Netherlands, Australia and maybe Brazil or Mexico). John thinks this approach makes sense. He also agrees that the foundation for getting the Charter Members signed up (both in the U.S. and other countries) is to get five to six big-name U.S. organizations signed up such as Dell, Goldman Sachs, Morgan Stanley, Fidelity and some others we discussed.

I told John that we (meaning Amy!!) were putting together a short presentation of "talking points" and that would have it by early next week. In the meantime, John will talk to some of the other senior people at PwC about the list he and I came up with and make whatever additions and subtractions are suggested. He will then send the presentation along to the partners in charge of these clients and he and I will have a call with them. We will explain in more detail what the EBRC is about, what the role of Charter Members will be, and use this call to cull out any companies that the partner thinks won't be interested and get ideas for others that would bepre. We'll then get to work on setting up the meetings with the CFO or CEO.

John and I also talked about making sure we have an international flavor to this consortium by getting other countries involved early on. John knows the TSP's (Territory Senior Partners) for Mexico and Brazil pretty well and will test the waters with them to see what kind of interest he thinks there would be in those countries. I'd also like to get input from Ed Smith, David Phillips and Alison Thomas about whether they think France or Germany should take priority over the Netherlands or one or both should be added to the list. I think that to some extent this

Thanks. Bob

Note: John O'Connor, PwC Chairman of Professional Services...Tyco International Defendant, alleged mastermind of PwC's new derivatives market value creation and 'complex structures' [ie. INxS Michael Hutchence estate assets—O'Connor Australia] and tax minimization is an espoused goal? PwC settled Tyco in 2007, hundreds of millions of dollars in fines & penalties, O'Connor headed to Australia, and GEM Consulting transaction followed. XBRL was aggressively promoted in foreign markets like Australia or Japan or Germany, for example.

Australia considers mandatory XBRL filing

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06 Dec 2012

The Australian Federal Government has released an options paper outlining alternatives for the use of eXtensible Business Reporting Language (XBRL) for financial reporting in Australia, and focuses on the possibility of introducing mandatory XBRL reporting.

The Australian government's existing 'Standard Business Reporting' (SBR) programme already makes use of XBRL for the lodgement of information with various government departments.

Approximately 27,000 public and proprietary companies and registered investment schemes are required to lodge their financial reports with the Australian Securities and Investments Commission (ASIC) directly or, in the case of listed public companies and registered schemes, indirectly through the Australian Securities Exchange (ASX), which forwards them to ASIC.

Currently, financial reports must be lodged either as a paper copy, or electronically using the portable document format (PDF). Entities lodging their reports electronically are also permitted, on a voluntary basis, to lodge financial reports in XBRL format (in addition to mandatory PDF report lodgement). Few if any entities have elected to lodge using XBRL.

The options paper explores various options in the context of both XBRL and 'inline XBRL' (iXBRL). iXBRL is a way of embedding and displaying tagged XBRL financial information in an XHTML document, the universal language for web browsers. It allows data to be presented in a form that is possible to read and understand, either on screen or in printed output.

The options considered in the paper are:

- **Option 1** - Mandatory lodgement of financial reports using either XBRL (together with PDF lodgement) or iXBRL (removing the requirement to lodge in PDF or paper format)
- **Option 2** - Voluntary lodgement of financial reporting in iXBRL format, replacing the need for PDF or paper format for entities lodging in this manner. Entities not electing to lodge using iXBRL would be required to lodge in PDF or paper format
- **Option 3** - Status quo, resulting in no change to existing requirements, i.e. entities could elect to lodge using XBRL but would also be required to lodge in PDF or paper format if they chose to do so.

The options paper seeks feedback on various options without making a recommendation, but notes the particular benefits of mandatory XBRL/iXBRL reporting, including:

- opportunities for businesses and capital markets to share information in a much more meaningful and comparable way, building on the increased harmonisation of global financial reporting and the use of XBRL internationally
- iXBRL being designed for use by both machines and humans, allowing financial reports to be readily understandable to humans and maintaining the basic structure of the report
- allowing Australia to possibly benefit from advancements made during the introduction of XBRL-related technology overseas.

The paper also acknowledges the costs associated with implementation of an XBRL/iXBRL reporting regime, queries which categories of entities should have a mandatory requirement, and debates whether a phased implementation may be preferable.

The options paper is open for comment until 15 March 2013. Click for:

- [Press release](#) (link to Australian government website)
- [Access to the options paper](#) (link to Australian Treasury website)

Related Topics

Jurisdictions

- [Australia](#)

Projects

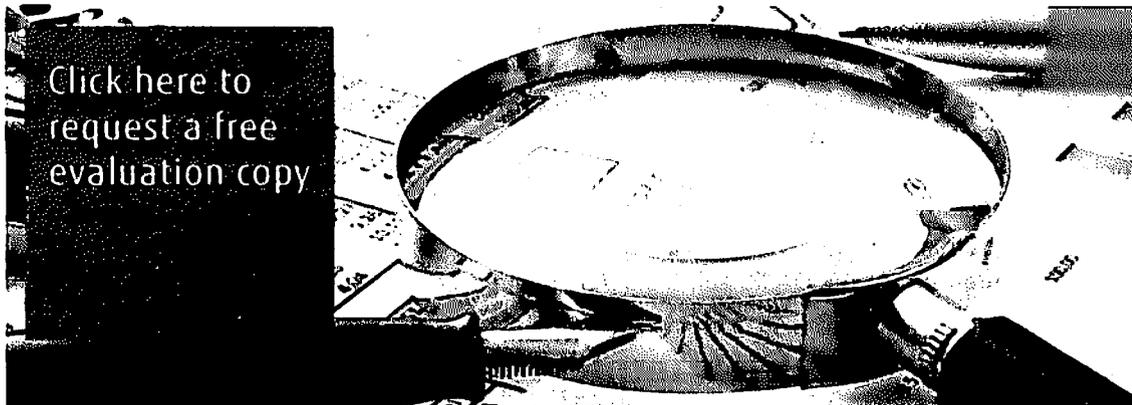
- [XBRL — eXtensible Business Reporting Language](#)

5.

Products

- Servers
- Storage
- Integrated Systems
- Client Computing Devices
- Peripheral Devices
- Software
 - Middleware
 - **XBRL**
 - Interstage XWand Tools Demo
 - SuperStream
 - XBRL Messenger
 - ebMS3 Messenger
- Other products

XBRL Software



XBRL Messenger for SBR2 and SuperStream

Fujitsu announces a new release of XBRL Messenger, suitable for all SBR2 reporting and SuperStream.

This new release includes:

1. Performance improvements to the underlying processing engine (less memory needed and faster processing).
2. SAX parser mode now available, thereby further reducing memory usage and increased performance.
3. Performance improvements for large instance documents which include many dimensional contexts.

4. Support for XBRL Formula to create business validation rules (avoids the need to use external rules engines such as Schematron).
5. Updated sample applications for SBR and SuperStream taxonomies.
6. Support for the XBRL Table Linkbase specification.
7. Support for Extensible Enumeration 1.0, Generic Link 1.0 and Generic Preferred Label 1.0 specifications.
8. Support for Taxonomy Packages 1.0 and XBRL Streaming Extensions Module 1.0 Specifications.

[More information on XBRL Messenger](#)

[Click here to request a FREE XBRL Messenger evaluation copy](#)

Why Choose Fujitsu for SBR2 and SuperStream software?

- We are the leading vendor of XBRL software in Australia.
- Fujitsu developed the SBR XBRL Processor at the request of the Australian Government's Standard Business Reporting (SBR) program.
- Our solution helps the finance sector to minimise the risks and costs associated with the transition to SBR and SuperStream by eliminating the need for significant XBRL skills.
- In Australia, our customers include 14 government agencies (e.g. ATO, ASIC, APRA, etc.) who have successfully used our SBR-compliant XBRL software solution since 2009. In the commercial sector, our software has been licensed by over 100 organisations, including some of the largest wealth management companies in Australia.
- Internationally, Interstage XWand has been employed by over 100 institutions and companies in 34 countries, including the Bank of Spain, Tokyo Stock Exchange and the U.S. Securities and Exchange Commission (SEC).
- We are a key member of the OASIS ebMS 3.0/AS4 technical committee.

Need help with your XBRL implementation?

Fujitsu Australia Software Technology (FAST) and XBRL Services

FAST personnel have been working with XBRL and Interstage XWand since 2004. In that time FAST has successfully carried out a number of projects.

As well as software development, FAST has also carried out many other XBRL-related assignments such as introductory XBRL training, XBRL application architecture design and XBRL taxonomy development.

For more information on XBRL services please visit [FAST's integration web page](#).

Fujitsu and XBRL Software

Fujitsu Software Interstage XWand is a suite of software products for creating, managing and using XBRL data. It consists of:

- **Interstage XWand Toolkit** - A set of desktop tools which allows users to create and view taxonomies and instance documents. It also includes integration with Microsoft Excel and Word
- **Interstage XWand Application Developer** - A set of Java and .NET APIs which allow application developers to fully integrate all aspects of XBRL technology into software applications
- **Interstage XWand Runtime** - An XBRL processor which allows applications developed with Interstage XWand Application Developer to be deployed throughout an enterprise

[Click here for demonstrations on XBRL Taxonomies, XBRL Instances and Excel data conversion to XBRL](#)

Want to know more? - Contact us

To find out how we can service your requirements in Australia please call +61 2 9113 9200 or email xbml@au.fujitsu.com for free information, with no obligation!

HTML, XML, XBRL: What's the Difference?

March 2, 2009

tags: [Taxonomies](#), [XBRL](#)

HTML, XML, XBRL what's the difference? HTML and XML are both mark up languages, but that's where the similarities end. HTML (Hypertext Markup Language) is a way of "tagging" text to cause it display in a certain way. For example, HTML tags are used for putting a heading here, starting a paragraph there and making that text bold (if you're a blogger, you probably know some of the tags and how they are used). By contrast, XML (eXtensible Markup Language) was designed for storing and transporting data. RSS (Really Simple Syndication) feeds are made possible by XML (if you don't know what RSS feeds are and you like to follow certain Blogs or news sources, you should learn how to utilize RSS).

XBRL (eXtensible Business Reporting Language) is an XML based technology. In other words, XBRL can be used to store or transport data. What makes XBRL unique is that it is designed for business and financial data use. XBRL "tags" utilize standard taxonomies. The XBRL Consortium, an international non-profit, promotes the use of XBRL and develops standard XBRL specifications & taxonomies. There are many standard taxonomies that can be used for business and financial reporting (taxonomies for various accounting standards used around the world for example).

By tagging business data with a standard taxonomy (US GAAP taxonomy for example) the tagged data can be stored, moved from system to system and reported to outsiders (who can in turn understand the data in light of its standard taxonomy). XBRL can be read by many software programs (including Excel and Word) and understood when related to the standard taxonomy. XBRL files reported to the SEC (as an exhibit to the 10-Q or 10-K) and posted to company websites can be quickly downloaded into a software tool for ad hoc analysis. This makes the reported financial reports increasingly transparent.

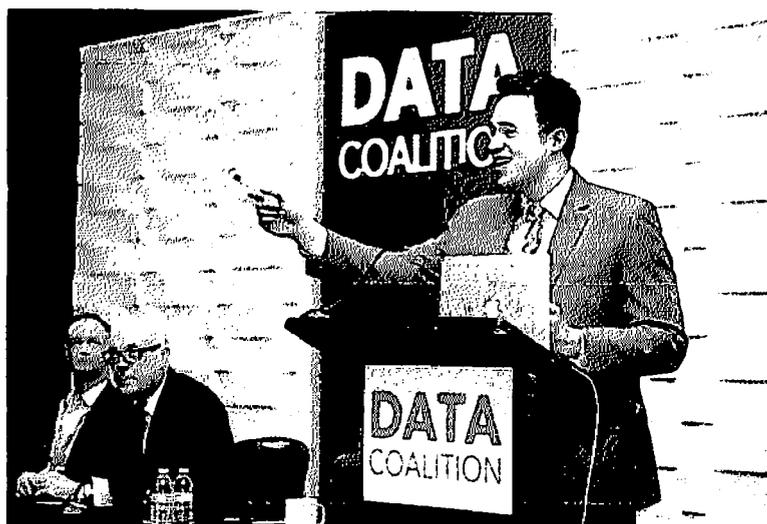
Periodic reporting to the SEC and posting to company websites is just the first step on the road toward increasingly electronic and increasingly real time financial reporting. Get ready for the future of financial reporting!

[Home](#) > [Blog](#) > [Summit Unites Supporters of Modernized Financial Regulatory Data](#)

Summit Unites Supporters of Modernized Financial Regulatory Data

by Christian Hoehner on April 6, 2016

Last week, the Data Coalition hosted a record-setting [Financial Data Summit](#) in Washington. We brought together over 300 supporters of [transforming U.S. financial regulatory reporting](#) from disconnected documents into standardized, open data.



From left to right: SIIA Policy Director David LeDuc, Workiva Vice President Mike Starr, and Data Coalition Executive Director Hudson Hollister.

Coalition’s founder and executive director **Hudson Hollister** set the stage by reminding everyone that the campaign to standardize financial regulatory reports is a long-term one. For Hollister, it began eight years ago, when he worked for data standards within the Securities and Exchange Commission. “[Today’s event] demonstrates a growing consensus in favor of that transformation,” he said. “We are seeing the apostles of [open] data spring up amongst financial regulators!

Workiva vice president **Mike Starr**, a former SEC deputy chief accountant, asked the audience to “walk away with an appreciation that this transformation is not about tech. We have the tech. The real challenge is changing the cultures in the agencies.” Starr shared three components of monumental policy change: years of *perseverance*, the fostering of cross-sector *partnerships*, and real *participation* by all in the policy making process.

Starr’s three components were abundantly in evidence at the Financial Data Summit.

Through appearances by over thirty speakers, demonstrations by dozens of tech companies, and participation by over 20 federal agencies, four themes emerged.

1. A Collective Action Problem

Transforming financial regulatory reporting from documents into standardized data promises huge potential gains – but also raises a collective action problem.

Allan Mendelowitz, president of the ACTUS Financial Research Foundation, and **Richard Berner**, director of the Treasury Department’s Office of Financial Research, opened the Summit with rousing speeches on the huge potential benefits of data standards in financial regulation.

The 2008 financial collapse of the U.S. housing market is still fresh in the minds of policymakers and a driving force behind policy decisions. Mendelowitz, who helped lead the Dodd-Frank reform effort, lamented that the collapse “was due to practices based on assumptions, not based on facts and analytics.” The one industry where the application of technological advances has been “applied most unevenly is finance – specifically in [measuring] financial risk.”

Assumption-based risk assessment completely lacked insights into the interconnectedness of financial institutions. “Just collecting [financial information] is not sufficient for effective regulatory oversight,” said Mendelowitz. That information must be analyzed.

If financial information isn’t expressed as standardized data, it cannot be analyzed.



Allan Mendelowitz, president of the ACTUS Financial Research Foundation, delivers the plenary address.

Financial contracts are expressed almost entirely in words, not data. According to Mendelowitz, what’s needed is “a way to represent all financial contracts in a computable, mathematical form,” so that “regulators and risk managers can collect data that gives real insights into risks” when analyzed. Mendelowitz’s ACTUS project (see his [presentation](#)) attempts to do just that: interpret all financial obligations as standardized data.

But unless they are adopted across the financial industry, ACTUS' data structures won't do any good. And the markets won't do so on their own, without leadership from government. "Data standards are public goods. [But] ... the public sector doesn't produce them."

The good news? If the government acts first to embrace standards like ACTUS', the private sector will follow.

So is the proposed Financial Transparency Act – which would direct regulators to adopt data standards for the information they collect – the solution? Mendelowitz hinted as much, but stressed the importance of getting the legislation right, since policy change happens so infrequently.



Dick Berner, Director of Office of Financial Research delivers the executive keynote, moderated by Booz Allen Hamilton Principal Bryce Pippert.

Director Berner also drove home the need for public sector action to overcome the collective action problem. "[T]o overcome the hurdles of up-front costs, we as policymakers have to mandate their use or make the case for adoption so compelling that adoption makes sense." Berner also shared how the application of standards enables "precise conversations," a key component of any regulatory regime (see his presentation).

But do supporters of the Financial Transparency Act offer a sufficiently compelling case?

In his opening remarks, **David LeDuc**, policy director of the Software and Information Industry Association, observed that "some of the most valuable data in the whole ecosystem is not organized." LeDuc offered: "the [Financial Transparency Act] is the obvious vehicle for [fixing] that on Capitol Hill."

Tim Lind, global head of financial regulatory solutions for Thomson Reuters, added, "Policies and regulations are typically made by lawyers...[who] can deal with a certain level of ambiguity. Financial data scientists cannot."

According to Lind, without predictable data standards for financial regulatory filings, analysts can't conduct the level of analysis that allows them to be proactive. "Forensic analysis is not good enough."

To protect against risk, financial regulatory filings need to be organized into open data that can be used for proactive – rather than forensic – analysis.

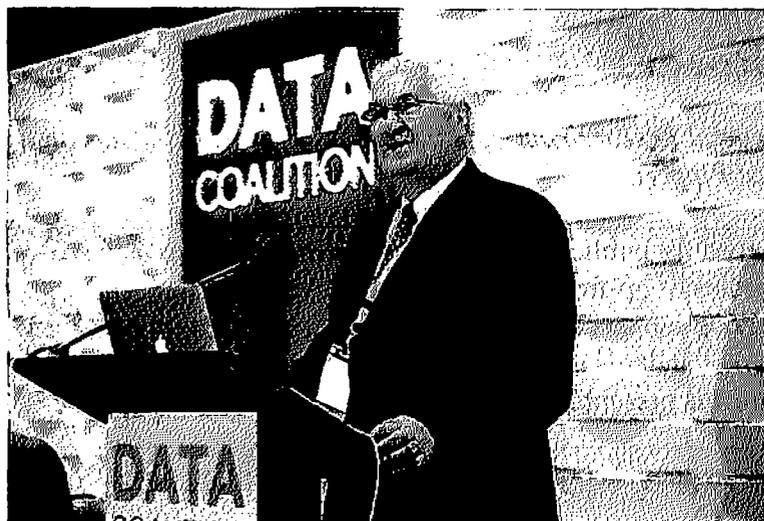
Only a mandate from government – the Financial Transparency Act – can do that.

2. At the SEC: Incremental Progress

Most of the Securities and Exchange Commission's filings are still expressed as documents, not as standardized data. But the agency is slowly improving the quality of the standardized data that it does collect.

Before Congress is able to act on a legislative solution, advocates for standardized data must support existing efforts within the SEC to improve the standardized data it is already collecting.

In 2009, the SEC adopted the XBRL open data format for corporate financial statements. But the agency never stopped collecting financial statements in the old-fashioned document form. Public companies must submit every financial statement twice: once as a document, and again as open data. (Beyond the financial statements, most of the SEC's filings are still expressed solely in document form.)



Mike Willis, Assistant Director at the Office of Structured Disclosure, SEC, discusses structured data analytics at his agency.

With two versions of every financial statement available, the SEC has rarely enforced the quality of the open data version. **Andres Gil**, director of the U.S. Chamber of Commerce's Center for Capital Markets Competitiveness, warned that quality control presents real challenges towards the wider utilization of the SEC's financial data.

But **Mike Willis**, associate director of the structured data office at the SEC's Division of Economic and Risk Analysis, described a renewed commitment toward improving data quality. Willis admitted the challenges presented by numerous data quality errors: "[I]f we are trying to put this data into analytical engines, this is the equivalent of sand in the gas."

Willis hinted that the SEC will soon move away from its duplicative documents-plus-data regime by adopting the inline XBRL format, which is both human-readable and machine-readable. He offered the Summit audience a peek at the agency's new text analytics initiative, which illuminates the worst quality problems. And he rolled out his division's new website, which offers more quality guidance to corporate filers.

3. Lots of LEI Love

Everybody—including the financial industry—loves the Legal Entity Identifier (LEI).



Identifiers Breakout (from left to right): Rich Robinson, Bloomberg; Daniel Meisner, Thomson Reuters; Brian Williams, Dun & Bradstreet; Roger Fahy, CUSIP Global Services; David Blaszewsky, former State Street Bank chief data officer.

The Financial Data Summit featured universal acclaim for the LEI, an electronic identifier being adopted by dozens of regulators around the world to identify their regulated entities. (The Office of Financial Research is the lead U.S. agency in a global committee that supports its adoption.)

The LEI allows automatic aggregation of everything a particular company files with different regulators – if the regulators have adopted it.

Joining via video conference, **Lewis Alexander**, chief U.S. economist at Nomura Securities, stated bluntly that the LEI “has the potential to create order out of chaos” and urged agencies to “take advantage” by making the LEI mandatory for entities they regulate.

The Office of Financial Research’s **Berner** gave an LEI endorsement during his keynote, describing it as “the best identified tool” for making government data useful for analysis. Berner even hinted that he believes the U.S. government should use the LEI outside financial regulation – to identify federal grantees and contractors, for instance.

Berner pointed out that his Treasury Department is “not in the business of proliferating standards for the sake of standards...our interest derives from need...[and] the process we used [to help create] the LEI is a good process since it aligns the interests of both [the financial] industry and policy makers.”

And what of the LEI’s benefits to risk analysis for this post-2008 economic world?

Srinivas Bangarbale, chief data officer at the Commodity Futures Trading Commission, said the “LEI has been the leading identifier [for derivatives market participants], and it’s the one we support.” And in his remarks, **Allan Mendelowitz** noted how the proposed adoption of the LEI would allow more accurate aggregation of counterparty risks and exposures.

The LEI isn’t just a regulator tool. It also aids data management in the banking sector.

Citigroup managing director **Ari Marcus** relayed how his bank mapped the LEI to its internal customer and counterparty codes. By resolving internal ambiguities, the LEI has allowed traders in Citigroup’s back office to communicate with their colleagues in the front office. Citigroup’s use of the LEI has allowed the bank “[to] identify who we are doing business with [and] allows adoption of standardized [internal] processes since we are working with standard information.”

With wide acclaim from regulators and the financial industry, it’s surprising that most U.S. agencies have made the LEI voluntary, not mandatory (see table). This failure to adopt the LEI for all their reporting requirements is further evidence of a collective action problem.

The Financial Transparency Act would provide a strong, explicit mandate for every financial agency to adopt the LEI for the entities it regulates.

4. Modernization Needs a Legislative Mandate

Agencies are trying to align their data formats, but Congress needs to clarify the mandate to do so.

By the end the day, Summit participants were heartened to see a display of cohesion amongst the closing panel, which featured chief data officers who all endorsed the notion of common data standards.

The CFTC's **Bangarbale** of the CFTC confirmed that regulators are trying to coordinate standards across their different reporting regimes. "[A]pplications of systems come and go, data remains the same," he concluded.



Data Management Panel (from left to right): Srinivas Bangarbale, CFTC; Gwendolyn Mitchell, Federal Reserve; Justin Stekervetz, Office of Financial Research, Treasury Department; Linda Powell, CFPB.

Federal Reserve metadata manager **Gwendolyn Mitchell** spoke of her work to build out a comprehensive data catalogue for the Fed's voluminous, complex collections of banks' information. A comprehensive data catalogue would make these resources internally searchable and computable – and also open up the Fed filings that are public. Such a catalogue doesn't exist yet, but the Fed's data office is trying.

Consumer Financial Protection Bureau chief data officer **Linda Powell** offered that "[what] helps [protect] consumers the most...involves data." But mining the text of consumer-filed complaints presents challenges. Only standardized "definitions enable clear communication." Powell's CFPB has developed a new loan identifier to monitor every mortgage throughout its life.

But the laws governing financial regulators presume that they collect information as documents, not as open data.

A legislative mandate would provide data leaders like Bangarbale, Mitchell, and Powell with the wherewithal to achieve modernization faster. The Financial Transparency Act will provide that mandate.

The Coalition's **Hollister** closed the Summit with three predictions:

- This spring, the SEC seems poised to move away from its current duplicative documents-plus-data reporting requirement for corporate financial statements and embrace a single combined open data format – iXBRL – that is both human and machine-readable.
- This year, support for open data in financial regulation will grow in Congress, and the Financial Transparency Act will become law in the early days of the next administration.
- Within five years we will see a comprehensive data structure that unifies all the information collected by U.S. financial regulators.

The Data Coalition will work tirelessly to make these predictions real.

This video explains how the Financial Transparency Act (H.R. 2477) will transform financial regulation – and bring powerful new tools for the investors, companies, and researchers who use the valuable data collected by financial agencies!

Financial Data Summit 2016 Financial Regulation Open Data XBRL

Category Archives: XBRL

Benefits of our Merger, Part 3: XBRL

Posted on March 30, 2017 | [Leave a comment](#)

Toppan Vite Launches Self-Service Platform, Hive® XBRL

Powered by Certent, Hive® XBRL is an all-in-one solution for disclosure management services



NEW YORK – March 29, 2017 – Toppan Vite, a leading international financial printing, communications and technology company for mission-critical content in capital markets transactions, financial reporting and regulatory compliance filings, has launched Hive® XBRL, powered by Certent, an all-in-one solution for disclosure management services. Hive® XBRL, a SaaS solution now available to Toppan Vite’s clients through the recent acquisition of Vintage, provides users with greater control over reporting processes by eliminating manual workflows and inefficiencies, and improving turnaround times and collaboration.

Hive® XBRL’s advantages include:

- the ability to connect to underlying source accounting systems, providing easy access to financial information;
- connection to Excel, Word or PowerPoint, allowing users to link data and tables (even content from excel spreadsheets);
- the capability to avoid manually cutting and pasting data entries; and
- quality assurance.

The platform also allows team members to effectively collaborate and simultaneously edit, comment on, and review documents inclusive of XBRL tagging and reviews.

“We’re incredibly excited about the launch of our Hive® XBRL platform,” said Jeffrey Riback, President of Toppan Vite. “Based on the flawless feedback from the Vintage client-base already using the platform, we’re launching a true solution to the pervasive challenges that are facing

XBRL users. Hive® XBRL improves upon the manual process and streamlines data management and control, and reporting and filings. This technology provides businesses with a significant opportunity through the platform’s efficient software to save time and money.”

Hive® XBRL is now part of Toppan Vite’s three-tier customizable approach to XBRL filing, FleXBRL. FleXBRL provides our clients with three completely customized service offerings;

- **XBRL Full-service Model** – filings are wholly completed by our team of XBRL subject-matter experts for client’s who are new to the XBRL world or prefer a “hands-off” approach
- **Hive® XBRL** – our intuitive self-service platform giving clients complete control over reporting processes by eliminating manual workflows and inefficiencies, and improving turnaround times and collaboration
- **XBRL Hybrid Model** – an XBRL-filing model that best meets our client’s companies specific standards, work practices and requirements by combining Hive® XBRL with a dedicated support team to provide guidance throughout the entire process of using our SaaS solution



Learn more about Toppan Vite’s XBRL offerings:
[**CLICK HERE.**](#)

Our highly-skilled team of XBRL subject-matter experts, based in Denver, Colorado provide 24/7 support for all XBRL service models.

Hive® XBRL is one of the multiple applications included in Hive® Solutions, Toppan Vite's proprietary suite of technology services and offerings. Through Hive®, the company offers tools for managing content and workflow, while distributing documents securely and effectively. Hive® Solutions' multiple service platforms include Hive SEC Self-File – Toppan Vite's self-service platform for filing Section 16 forms, Form 8-K, etc., – Hive® Virtual Data Rooms (VDR), Hive® Marketing Solutions and Hive® Content Control.

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SEC update: XBRL for IFRS

Posted on March 23, 2017 | [Leave a comment](#)

The SEC published a taxonomy to enable foreign private issuers that prepare their financial statements in accordance with International Financial Reporting Standards (IFRS) to tag those reports using XBRL.

Foreign private issuers may begin to immediately submit their financial statements in XBRL. Otherwise all foreign private issuers must submit their financial statements in XBRL for fiscal periods ending on or after December 15, 2017.

This long-awaited update stems from the January 2009 ruling, where the SEC required reporting companies to file financial statements in XBRL and post the filings to their corporate websites. Until now, there was no taxonomy available for foreign private issuers that prepare their financial statements in accordance with IFRS.

While XBRL rules apply to all SEC reporting companies, requirements were delayed for foreign private issuers that prepare their financial statements in accordance with International Financial Reporting Standards (IFRS) until an XBRL taxonomy became available.

The IFRS Taxonomy is available on the SEC's website at:

<https://www.sec.gov/page/derataxonomies>.

The SEC also voted to propose the use of Inline XBRL for financial statements and voted to adopt amendments that will require hyperlinking exhibit indexes.

Changing of the guard
 As a new chairman takes over the Securities and Exchange Commission, how will the agency's priorities change? Three leading corporate governance experts weigh in.

What do you think should be at the top of the agenda for SEC Commissioner nominee Jay Clayton?

The experts

- 1. **James Braxton**
- 2. **John C. ...**
- 3. **John ...**
- 4. **John ...**

CLICK FOR WHITEPAPER:
SEC Rulemaking Under New Leadership

Need a hand?

Vintage and Toppan Vite are here to help should you seek assistance regarding new SEC developments and rulings. We employ experts in EDGAR filings, XBRL solutions, and SEC procedures to make financial reporting easy for you and your team. Contact us today!

As a new chairman takes over the Securities and Exchange Commission, how will the agency's priorities change? Download our whitepaper today to hear from three leading corporate governance experts on the matter.

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XBRL quality takes a village (needed a consortium), state experts

Posted on January 6, 2017 | [Leave a comment](#)

Greater transparency, lower filing costs, reduced risks and better data quality – these long-promised benefits of XBRL are finally becoming a reality. As the XBRL landscape continues its swift evolution, *we discussed the latest developments with five experts* – as well as with a representative of the SEC.



A lot of companies need to step back and ask themselves if they have a formal enough process in place for filing.

- Jaret Klekota, Executive director,
XBRL Services Leader, EY



Vintage question > *A lot of consumers of XBRL data lament the low quality of the data. In what ways do you think XBRL implementation and data gathering can be improved?*

Campbell Pryde > This is the main task we have on our plate right now at XBRL US – improving the quality of the filings. We’re finally reaching the point at which there are enough people taking in this XBRL data and making it available that people are coming to us with much more realistic questions about how the data can be improved, because they’re noticing enough of the errors. We have an initiative underway to address all the errors, an effort in which Vintage is involved – the Data Quality Committee.

We're trying to set very prescriptive guidance to help filers get their data into a form that can be used by the capital markets. We're doing that in two ways: by issuing guidance and also by publishing rules that companies can run over their filings before they file with the SEC. An important component of that, obviously, is SEC buy-in. We're spending a lot of time with the SEC – doing regular updates with them to make sure that they're supporting the initiative and monitoring the results.

Pranav Ghai > What I would say is that there are small errors, and then there are really big errors. People complain about the errors in XBRL, but there are an equal number, if not more, in data collected by hand. And XBRL is transparent enough that the errors usually pop out at you.

The second thing is that Calcbench does a lot of data cleansing for our clients. Our systems catch a lot of the low-hanging fruit. Once you have a certain number of data points to look at, you can discern patterns in them. For instance, you know that shares outstanding is typically in the millions or more. If you see something with shares outstanding in the trillions or the thousands, you sniff it out and you say, "Hey, something is off here." You can catch some of that stuff rather easily. It's true that there are other types of errors that are harder to catch, and we're working on those. But my guess is that even the best data vendors haven't corrected them yet.

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In addition, XBRL US has created the Data Quality Committee, as Campbell mentioned, and the idea is that this consortium is putting together a set of rules that will be guiding principles for how companies should file their XBRL. The idea is simply that it will increase adoption by decreasing the error rate. That is one very tangible step the community is taking. These principles are then being put into practice by the filers, meaning the corporates themselves, or by the companies that handle their filings, such as Vintage.

Jaret Klekota > Two studies have been done on XBRL in recent years, one by Columbia University's Center for Excellence in Accounting and Security Analysis and another by the CFA Institute. And both studies came to the conclusion that the reliability of the data needs to be improved in order for it to be better utilized. They concluded that one possible way of improving it is to require some type of assurance or audit of the XBRL. In the CFA Institute survey, 50% of respondents said they thought that XBRL should be incorporated into the standard financial statement audit and 19% said they thought a separate audit should be done around XBRL. So there are different groups that have been advocating for ways to help improve quality. I also think education is key for companies — understanding what all the rules and risks are. A lot of companies need to step back and ask themselves if they have a formal enough process in place for filing. Do they have formal controls and policies in place that make them comfortable with the quality of their XBRL?

Vintage question > XBRL data can obviously be a useful tool for investors, but can it be beneficial for companies as well? In what ways could it be used?

Ilya Vadeiko > I would not recommend that each individual business maintain their own database of XBRL data of other peer companies, because it requires considerable experience to achieve good comparability and usability. However, if they use XBRL data for reporting and make it available to aggregators such as FinDynamics, they could subscribe and obtain the high value data of their peers at a low cost. The benefits are significant if XBRL is used wisely.

It ensures consistency within one report and across many periods if used correctly, which is important for reliable analysis. In the past, if an analyst wanted to go beyond the three primary financial statements into more interesting disclosure areas, the amount of effort and time required to collect the information from unstructured HTML reports grew exponentially.

This is why a handful of traditional data aggregators that provide some normalized disclosure data from HTML reports charge enormous fees, because that data used to be manually collected and still had a fair number of errors. With XBRL, it's becoming a lot easier and more reliable and verifiable.

Campbell Pryde > We're actively trying to give public companies access to the data – we have an API that people can use to pull the data into a spreadsheet. We have a number of public companies that use that data to look at their own filings, and then do comparative analysis as well. They can do their own modeling for their own corporate purposes.

Pranav Ghai > There's a really nice anecdote I can share with you from one of our customers about this.

The CFO of a company went to a presentation that a group of consultants were giving, and their whole approach was something like, "You must do corporate benchmarking to figure out where you stack up against your peers. But we can do it for you. It will cost you half a million dollars a year." This CFO came back from the meeting and said to one of his employees, "Look, they want to charge us half a million bucks a year, but I know we can do the work. And we can do it better because we understand our market. Go find some tools that'll help." That employee did his homework and he came to us. And we were able to give him the data using XBRL. That was it. It was literally that easy.

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[The SEC talks XBRL \(part 2\)](#)

Posted on December 22, 2016 | [Leave a comment](#)

Parsing the data: While Inline XBRL reporting may allow for more streamlined filing, XBRL data has already opened the door to faster and better analytics for companies and investors alike. *We discussed the latest developments with five experts – as well as with a representative*

of the SEC, Mike Willis, assistant director of the US Securities and Exchange Commission's Office of Structured Disclosure, for his views on the hot-button issues surrounding XBRL.

“
At a micro level –
realizing that the
judgment required for
GAAP reporting is also
relevant for structured
reporting concepts.”

– Mike Willis, US Securities and
Exchange Commission



Vintage question > *What are the biggest challenges being tackled by those filing when it comes to XBRL?*

SEC > At a macro level, the biggest challenge is addressing the growing number of XBRL structured compliance requirements from regulators (e.g., taxation, statutory, registrars, financial services, securities) in countries around the world migrating from paper and unstructured electronic formats to structured digital formats. This transition from paper to structured standardized information is providing enhanced automation opportunities and thereby increasing challenges for enhancing remaining manual reporting processes and controls (e.g., quality assessments, reporting validations, disclosure best practice and risk benchmarking, etc.).

At a micro level – realizing that the judgment required for GAAP reporting is also relevant for structured reporting concepts. Professional reporting judgments are very applicable when

assessing appropriate element selections; and when to/or not to create company specific extensions; and how to consistently model disclosures across time periods and/or companies in common industry groups. These are possibly new and somewhat unfamiliar skills for some reporting professionals that may work to enhance their communication capabilities well beyond the targeted compliance requirements.

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Finally, leveraging new software capabilities specifically designed to facilitate standardized reporting processes, controls and risk assessment capabilities. Supply chain standardization of information results in a set of common economic outcomes (e.g., lower cost, accelerated frequency, improved quality, more timeliness, etc.). Visualizing these new process and control enhancements and identifying new software capabilities enabling these outcomes is a challenge for many filers as well as software vendors. For example, the taxonomy reference linkbase has been available since the initial GAAP Taxonomy was published; however, the open source Inline Viewer was the first software to provide topical search report capabilities for filers and their stakeholders.

Vintage question > *What are some of the ways you think XBRL implementation and financial data gathering can be improved? What do you see as some of the possibilities for the future in the realm of structured data?*

SEC > At a macro level – implementation as a standardization vehicle rather than a compliance requirement with application to earlier processes and controls earlier in the reporting supply chain. At a micro level – standardization enables a range of process and controls enhancements including:

- Improved automation of validation and quality assessments;
- Improved automation of benchmarking and peer assessments;
- Simplified data collection processes from internal data stores and external sources;
- Improved process and controls automation to reduce reporting costs;
- Enhanced presentation options and thereby reusability and consumer personalization;
- Improved timeliness of information for management decision analysis.

Vintage question > *What are some of the main benefits and challenges involved in implementing iXBRL?*

SEC > Some challenges to consider when implementing Inline XBRL include:

- iXBRL adoption by software vendors and service providers is a required capability critical for filer implementation. Since the exemptive order was released, SEC staff has participated in XBRL US hosted webex sessions that target software vendors and service providers.
- Filer realization of benefits provided by the iXBRL Viewer as previously outlined. Filers can find the Inline XBRL Viewer embedded within the EDGAR Previewer and the EDGAR Test filing processes.

We welcome any technical implementation questions at StructuredData@sec.gov. As for the benefits to consider when implementing iXBRL, they include:

- iXBRL doesn't define how the disclosure is presented (as with XBRL rendering), thereby providing filing professionals with complete control over how disclosures look in the final report.
- Improved data quality capabilities via the Inline XBRL Viewer's data quality filters help highlight common data quality-related topics, making them more transparent to reporting professionals.
- Expanding the benefits of structured Inline XBRL disclosures by both filers and their stakeholders (e.g., adapting the open-source Inline XBRL Viewer to enable new features • and data).

Vintage question > *For investors, what possibilities does structured data open up? How can they analyze the data made more easily available by XBRL? Is this direct tagged comparison important?*

SEC > The most obvious possibility is more timely access to exponentially more data than has been traditionally available from data vendors. Enhanced access to detailed disclosures commonly found within the notes to the financial statements is one area that may be particularly useful to investors and analysts.

Another possibility for investors is that structured data enables faster and better analysis. Investors can not only more cost effectively assess more information but may also increase the range of companies they follow. Greater efficiency with higher-quality investment decisions is a win for all investors, particularly as it provides better opportunities to assess small-cap companies by making it easier and less costly to access and analyze their disclosures. Lowering data access costs while increasing data access provides highly relevant possibilities for all investors, particularly those interested in small-cap companies.

Direct disclosure comparison is important for some investors' assessments. That said, many investor valuation assessments are highly judgmental, resulting from insights on unique company business practices, processes, and models, and these are reflected in unique company disclosures. While some disclosures may be highly comparable – particularly within a single industry sector – some valuation assessments may rely on time series changes in company operations, segments, product and other unique company disclosures. The structured data quality consideration here is to consistently model disclosures – regardless of their highly comparable or company-unique nature.

(NOTE: The iXBRL Viewer is open source and freely available for technical user adoption here: <http://arelle.org/2016/03/08/edgar-update/>)

** The Securities and Exchange Commission, as a matter of policy, disclaims responsibility for any private publication or statement by any of its employees. Therefore, the views expressed here are my own, and do not necessarily reflect the views of the Commission or other members of the staff of the Commission.*

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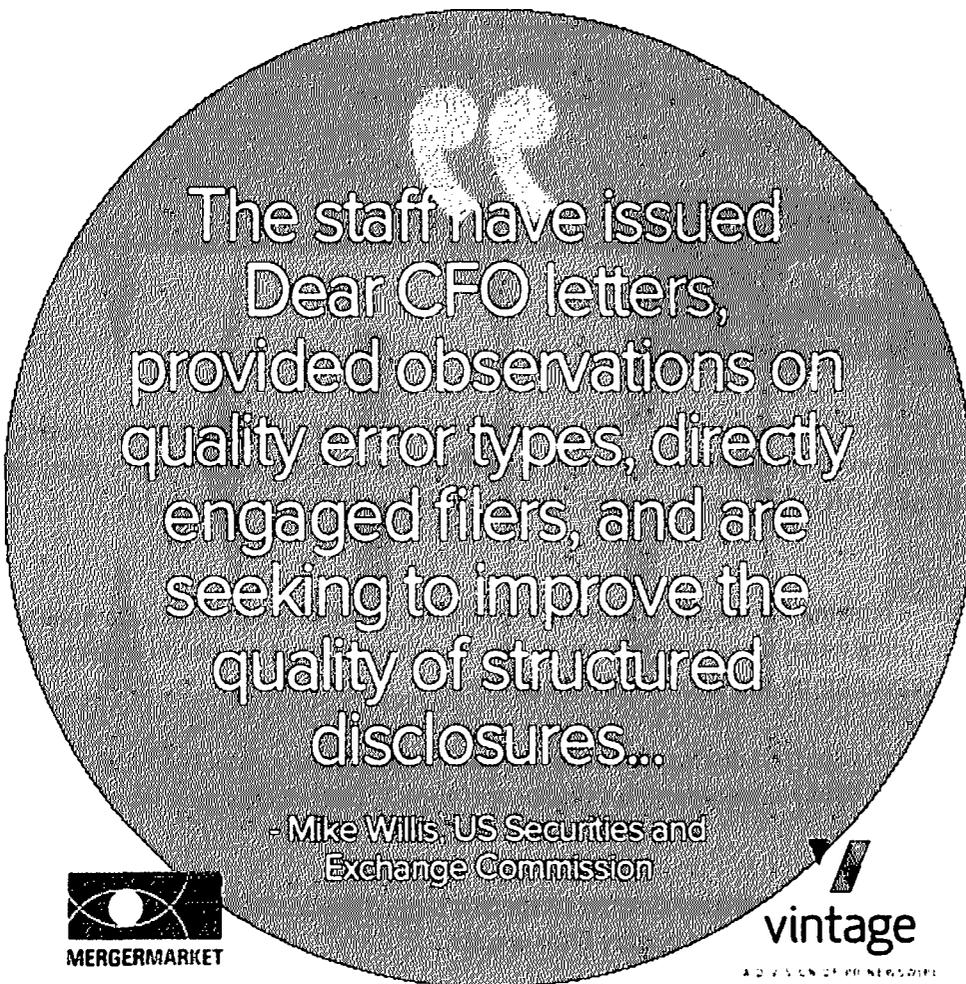
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The SEC talks XBRL (part 1)

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Parsing the data: While Inline XBRL reporting may allow for more streamlined filing, XBRL data has already opened the door to faster and better analytics for companies and investors alike. *We discussed the latest developments with five experts – as well as with a representative of the SEC, Mike Willis, assistant director of the US Securities and Exchange Commission’s Office of Structured Disclosure, for his views on the hot-button issues surrounding XBRL.*



Vintage question > *XBRL is currently being used primarily for SEC quarterly filings, but do you think it holds possibilities for broader applications in accounting and financial data gathering?*

SEC > XBRL, and structured data in general, holds potential possibilities across a broad range of disclosures. The CFA Institute paper “Data and Technology: Transforming the Financial Information Landscape” seems to concisely address this question: “Broader and deeper use of

structured data across all reports in their entirety would bring about untold efficiencies and transparency for all users.”

Vintage question > *Some groups, such as The Data Coalition, have been critical of the SEC’s implementation of XBRL, arguing that the Commission has been lax in its enforcement of data quality and slow to improve the system. How do you respond?*

SEC > In a program as far-reaching and complex as the SEC’s accelerating number of structured data rules, there are plenty of improvement opportunities. The staff have issued Dear CFO letters, provided observations on quality error types, directly engaged filers, and are seeking to improve the quality of structured disclosures in a number of ways, including: Rendering engine:

The updated rendering engine now publishes warning and error messages as part of the test filing and filing processes. While these are not 100% data quality-validation rules, these messages are intended to highlight scenarios where the disclosure structures are inconsistent, inappropriate or simply suspicious and deserve attention prior to filing. Registrants should pay close attention when they receive one of these messages.



Inline XBRL Viewer: The SEC’s exemptive order now enables voluntary iXBRL submissions. iXBRL is an effective method of presenting disclosures so that potential errors are more obvious, and the open-source Inline XBRL Viewer provides several tools to enhance data quality, including:

- **Data quality filters** – filtering for specific metadata is useful in identifying common data quality related topics, including negative values, missing calculation links, company-specific extensions, scaling, incorrect reporting-period dates, and others.
- **Topical search** – search reported disclosures using the taxonomy references to the FASB Codification, the Inline XBRL Viewer identifies disclosure “topics” (rather than just words) contained in the report.
- **Dynamic indexes** – search and navigate directly to specific tagged disclosures and line items at every level, as well as indexes for data quality filter results.
- **Meta-data detail “pop-ups”** – identifying attributes, definitions, labels, references and calculations for each structured disclosure. One software vendor has already adapted this feature to include trending and peer group data charting for the selected elements using the open-source inline viewer’s source code.

Market engagement: Staff periodically meets with data consumers and aggregators to better understand data quality issues impacting the reuse and analysis of structured data. Some feedback we have received that may be useful to enhance quality includes:

- **“Dear CFO” letters are an effective communication and education vehicle;**
- **Enhanced guidance on extensions, including examples, would be useful;**
- **Relationships between company-specific extensions and base taxonomies would facilitate automated consumption of company structured reports containing extensions.**

We are also encouraged by the market data quality efforts of the XBRL US Data Quality Committee and their development of open source data quality rules. Staff review: Structured company reports are reviewed by staff for quality topics. Outreach occurs most frequently via phone calls to discuss these quality topics.

In addition to these steps, the increasing staff use of the structured data via the Corporate Issuer Risk Assessment (CIRA) dashboard, Financial Statement Query Viewer (FSQV), Internal Inline Viewer, and text analytics highlights data quality issues across a broader range of internal users, thereby enhancing data quality relevance.

**** The Securities and Exchange Commission, as a matter of policy, disclaims responsibility for any private publication or statement by any of its employees. Therefore, the views expressed here are my own, and do not necessarily reflect the views of the Commission or other members of the staff of the Commission.***

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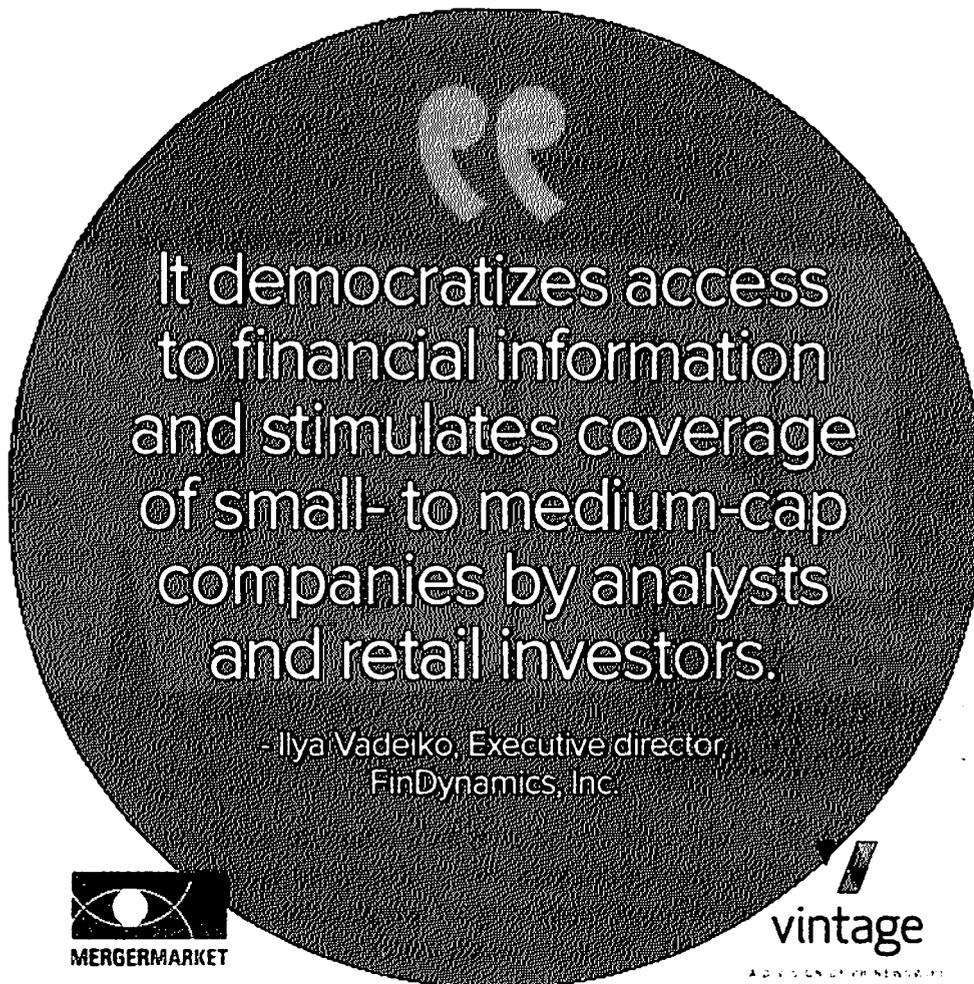
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“XBRL? So... what’s in it for me?,” said the investor.

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Parsing the data: While Inline XBRL reporting may allow for more streamlined filing, XBRL data has already opened the door to faster and better analytics for companies and investors

alike. *We discussed the latest developments with five experts – as well as with a representative of the SEC.*



Vintage Question > *For investors, what possibilities does structured data open up? How can they analyze the data made more easily available by XBRL? Is this direct tagged comparison important?*

Pranav Ghai > At its core, the idea of XBRL is that you can not only get information of one company quickly, but you can also look across groups of companies very quickly. That is one of its central missions. The other mission is that, because it's a machine-readable format, anyone should be able to go in and get it once it is filed into EDGAR (Electronic Data Gathering, Analysis and Retrieval).

When you look at the current coverage universe of firms, once you get outside the 300 or 400 largest firms in the US, you have very little news and data coverage. What that means is that you have this broad swath of companies — 7,000 or more — that need to get their message out, either to individual investors, private equity shops or institutional investors of some kind. That message needs to go out systematically and it needs to go out quickly. XBRL was meant to serve

that purpose, and to a large extent it does. The likes of Morgan Stanley, JP Morgan and Citi Group aren't going to cover a firm with just US\$100m in revenue unless it recently went public or something. But with XBRL, you can get data on these companies.

We've also had regulators come to us and say, "We scour financial statements and we're looking for these kinds of metrics that are really hard to find from a data vendor. We can dig them up, but it means we'd have to look through 150 10-Ks, and it would take our people weeks, potentially months. Can you do it for us?" We do it with a mouse click.

The benefits are just tremendous when you go deep into the financial statements in ways that weren't possible before. You can ask really esoteric questions about things that previously only a few people in the world knew about, aside from the people that worked at the company. It really opens the door to faster and better analysis in the end.

Campbell Pryde > With XBRL data, you've got a lot more detailed financial information than has ever been available before. Important information that is often difficult to find, such as unremitted foreign earnings, is now being sourced from XBRL financials by mainstream media because it can be extracted and analyzed faster and more easily.

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We've also found that companies like Calcbench can import their data almost in real time. We can produce aggregate data across all the capital markets on a real-time basis, which allows you to see things like the nature of capital investment happening, or whether the common revenues of corporates are growing or shrinking, and so on. You get much better monitoring of the overall economy.

One benefit we've also talked about is helping fix the problem small companies have with getting their name out there, as Pranav said. Often the capital markets don't notice them.

Hudson Hollister > I'll give you a few examples of the benefits as we see them. If you get the Bloomberg listing for a listed company, you might have about 700 data fields. If you look at the XBRL file, you've got three or four thousand data fields. That is so much more information to search by — you can find all the companies with particular characteristics that Bloomberg does not have. For instance, I know that Bloomberg does not have data on which companies switched their accounting treatment of leases in a particular quarter. You can find that with the XBRL file.

And that's because it's not cost-effective for Bloomberg to make all those thousands of fields interactive, since they are using a manual process for each one. But if all the data fields are expressed as data fields to begin with, it is much cheaper. Bloomberg and other intermediaries can provide a richer picture of each company.

But there's more to it than that. Once companies' financial information is available as XBRL, you can aggregate it across industries and the whole market. For instance, tax repatriations are a big political issue, figuring out which earnings companies have sequestered abroad to avoid paying US taxes. You can get that from the financial statements, but you can't get it for the whole economy right now, because you don't have the filings of every public company. With the XBRL data sets, you can. One of the small startups that works with XBRL data has done just that.

Ilya Vadeiko > For use of the data by investors, it's important for filers to have a good understanding of XBRL taxonomy. In the initial years, there were not many specialists in accounting and XBRL taxonomy who could help filers express their financials in XBRL terms properly.

Now, the situation is changing quickly and we have observed a greater level of consistency, data quality and maturity in XBRL reporting. With that, investors get information quickly and at an affordable price. In our opinion, this serves a great purpose. It democratizes access to financial information and stimulates coverage of small- to medium-cap companies by analysts and retail investors. This should bring capital to small public companies that formerly struggled to attract investors due to very limited coverage by aggregators and analysts. With that, value and growth investors can also uncover investment opportunities that were not easy to dig up before. XBRL has become something like Google Maps for small businesses in terms of publicizing their existence on the map.

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XBRL beyond the 10-Q: experts champion broader content and analysis

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Greater transparency, lower filing costs, reduced risks and better data quality – these long-promised benefits of XBRL are finally becoming a reality. As the XBRL landscape continues its

swift evolution, *we discussed the latest developments with five experts* – as well as with a representative of the SEC.



Vintage Question > *XBRL is currently being used primarily for SEC quarterly filings, but does it hold possibilities for broader applications in accounting and financial data gathering? For which other sectors or tasks do you think it holds the most promise (e.g., insurance)? What about S-1, S-3 and S-4 filings?*

Campbell Pryde > We think that XBRL should be used for anything with financial statement information. Overall, we feel the SEC needs to have a much more comprehensive data strategy.

If you're asking for information from the capital markets today, they ask for the same information in many different ways. We have said repeatedly, "Please, if you're asking someone to tell you what their assets are, ask for that information in a consistent way," so that if someone reports assets to the SEC once, they don't have to keep reporting it to them over and over again in a whole host of different formats.

One of the things we'd like to see is much more of this data being requested in XBRL. Data such as proxy information, hedge and mutual fund positions, corporate actions and earnings releases would be more useful for investors in an XBRL format.

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Outside of SEC reporting, we also have a few other initiatives. One is with the insurance industry, to get construction industry data in an XBRL format, and we're also about to kick off an initiative with the Department of Energy, to have data on the financing of solar projects in XBRL as well. In addition, the Department of Labor (DOL) is looking to revamp the data collection for pension plans and this process would be greatly enhanced if data was reported in an XBRL format. Currently the DOL collects pension plan data in a PDF format and is used to guarantee pension plans by the government.

Hudson Hollister > There is currently legislation proposed in Congress, the Financial Transparency Act, that would require the SEC to adopt a structured format for everything that it collects. Not just the financial statements, or even just the 10-Ks and 10-Qs, but every one of the 600 or so forms that public companies and other entities have to submit to the SEC.

This would make the entire picture, all the disclosure that the SEC collects, into open data, searchable and available to everyone. We see these moves by the SEC as part of an overall move across all of government away from documents and toward standardized, searchable data. The Financial Transparency Act would go even farther than what the SEC is trying to do right now, but the actions the agency is currently taking are going in the same direction. It's very important.

Ilya Vadeiko > I would speculate that the next great expansion of XBRL, and especially iXBRL, in the US should be into MD&A sections of financial reports, corporate actions and insurance. To our knowledge, those are the areas where the demand for structured and timely data is the greatest.

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XBRL is finally on the right path, say experts

Posted on November 22, 2016 | [Leave a comment](#)

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swift evolution, *we discussed the latest developments with five experts* – as well as with a representative of the SEC.



Vintage Question > *How effective do you think the SEC has been in its implementation of XBRL? Are there specific areas you think they should improve upon?*

Campbell Pryde > The SEC implementation has had its ups and downs, at times because of competing priorities that resulted in less focus on the XBRL program, which in turn may have led to issuers spending less time on their XBRL submissions.

In the early days, I think they did a good job of setting the parameters, given the knowledge they had, and that was very much because of former SEC Chairman Christopher Cox, who was a big supporter of it. When Mary Schapiro was head of the Commission, the focus was no longer on data standardization, because of Dodd-Frank and the financial crisis. But now I think we're in an era again when the SEC is paying a lot of attention to it and we do see a lot more support for it, especially amongst the SEC commissioners. I think that's good, and you're seeing more outreach to the market by the SEC, such as with the iXBRL initiative.

Hudson Hollister > I'll be blunt: Up until this year, the SEC's adoption of XBRL has been a failure. The agency adopted the XBRL format in 2009 and then phased it in over two years, but until June of this year, the agency was requiring every public company to report all of its finances twice. The SEC requires companies to report once in XBRL and then again as a document, because it never stopped collecting the old-fashioned document version of every financial statement. That dual reporting regime has prevented companies, investors, markets, and the agency itself from realizing the benefits of structured data.

Because companies are reporting twice, they have tended to separate the process they use for preparing the documents and the process they use for preparing the data. Many companies see the data reporting requirements as an additional compliance burden, so they prepare the data separately after the document is complete. This means that errors wind up in the XBRL version that might not be in the document version. This has been compounded by the fact that, except for a single public CFO letter in 2014, the SEC has never enforced the quality of the data version. So you have companies viewing the data version as an added-on compliance burden, and also the SEC not scrutinizing the data or checking it for quality, and companies know this.

For these reasons, the quality was poor for the first five or six years of XBRL reporting. It was so poor that some data intermediaries like Morningstar chose not to use it. XBRL should help investors, markets, and companies, as well as the SEC staff. It should mean better transparency and immediately actionable information for investors. If XBRL data were of good quality, an intermediary could process it almost instantaneously. But we still don't have that, so the benefits to investors have not been realized.

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Jaret Klekota > Over the years, the SEC has released various observations to help companies with XBRL, including areas that the registrant should focus on in improving their filings. They have also released a number of XBRL FAQs, compliance and disclosure interpretations, as well as XBRL staff guidance in recent years. They even created a specific office through the Division of Economic and Risk Analysis dedicated to XBRL interactive data. We believe they should continue to release this type of guidance to assist the registrants in knowing what areas they should focus on improving. For investors, improved quality of XBRL filings will enable them to really understand and leverage the information more in the future.

Ilya Vadeiko > As I understand it, the SEC was not really using XBRL data internally in the first several years of implementation. We can tell this by the number of data errors and consistency issues that were allowed in XBRL filings. In our standard process of aggregating XBRL reports at FinDynamics, we have established a sophisticated system of monitors, data validations and automated normalizations of XBRL data. This system used to capture a lot more issues in the reports in the first few years of implementation than it does now.

The SEC's introduction of iXBRL indicates that they understand the positive impact this could have on the quality of reported data, which could not be improved solely by the development of EDGAR Filer Manual rules and checks of technical XBRL syntax and structure. I work closely with the Financial Accounting Standards Board as a member of the Taxonomy Advisory Group and XBRL Dimension Working Group, and I can attest to how much progress has been made in improving XBRL usability over the last two years.

Another step the SEC should take is to allow the XBRL International Financial Reporting Standards taxonomy, which is used by foreign filers, and require the use of XBRL Level 1-2 tagging in the management discussion and analysis (MD&A) sections of reports, which should be of great value and interest with the use of iXBRL.

Pranav Ghai > Full disclosure – the SEC is a customer of ours. We work closely with them. But I will also say that while the adoption of XBRL has been slower than any of us would have liked, we are recently seeing a significant increase in usage by some very sophisticated firms. So I am really encouraged by what I'm seeing. I have quarterly meetings with the Commission, and the questions I'm getting are very sophisticated. They're using the information and they're reaching out to us more than every quarter.

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Experts share XBRL's biggest challenges as we move into 2017

Posted on November 9, 2016 | [Leave a comment](#)

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“
The close of the financial statement and the SEC submission process is already a busy time. [Issuers] need to make sure that they understand the complexities and risks of XBRL.

- Jaret Klekota, Executive director,
XBRL Services Leader, EY



vintage

A DIVISION OF PricewaterhouseCoopers

Vintage Question > *In your view, what are the biggest challenges currently being tackled by filers when it comes to implementing XBRL?*

Jaret Klekota > When it comes to implementing XBRL, the main issue for registrants is coordinating and incorporating all of the quality-control activities in their process. The close of the financial statement and the SEC submission process is already a busy time. And they need to make sure that they understand the complexities and risks of XBRL. A lot of clients use third-party XBRL creation providers, and we help to make sure that these third parties are following all the necessary rules. We want to be sure that our clients are comfortable that these tags truly represent what their financial statements are disclosing.

Campbell Pryde > One of the major issues currently is with extensions. The main problem with extensions is that there are elements in a taxonomy which exist but are not being used, and someone goes in and makes an extension for it instead. Our Data Quality Committee, of which Vintage is a founding member, has started addressing that issue with more comprehensive guidance on where and when you should use extensions. A lot of that is just getting decent guidance out there. I don't think it's fair to say that extensions are a bad thing, however. I think

they are bad when used inappropriately, and the main cases are when a company creates an extension with an element that already exists in the taxonomy.

Or, secondly, they create an extension to differentiate an amount which is immaterial. If it's immaterial, then why create it? But that's actually quite common. It's largely a matter of making people feel comfortable with that, which I think will help drive the issue out of the systems.

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Pranav Ghai > I agree with Campbell – the custom tags are an issue. The idea of these custom extensions is that your metric doesn't quite fit what the taxonomy wanted it to, so you create something special.

But the problem is that there's no linking between the base taxonomy and that extension. These things become step-children and it's much more difficult to figure out the logic. If you're comparing three or four companies — let alone 10 or 20 — if a couple of them have extensions, it becomes very difficult to compare them, even if they are ostensibly the same thing. One of the things Calcbench has done is a lot of extension mapping.

Ilya Vadeiko > Although we do not work on the filing side, we observe a fair amount of variability and inconsistency in disclosure reporting. Some filers are clearly struggling with reporting their face financials consistently. We believe that this usually results from the fact that the filers do not use or look at their own XBRL data from the point of view of investor relations or business analysis of their peers. This feedback loop should help improve implementation and eliminate issues in meaningful choices of XBRL elements.

Hudson Hollister > The most difficult part has already been done by every company, because XBRL is already mandatory. But XRBL electronically expresses how all the numbers relate to each other. So you've got to have somebody who knows how to do that. Some of the software products out there, like the ones offered by Vintage, give you an interface to do that, which makes it much easier. You don't need to be a data expert.

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Industry experts discuss the evolution to iXBRL for financial reporting

Posted on October 27, 2016 | [Leave a comment](#)

Greater transparency, lower filing costs, reduced risks and better data quality – these long-promised benefits of XBRL are finally becoming a reality. As the XBRL landscape continues its swift evolution, we discussed the latest developments with five experts – as well as with a representative of the SEC.



Vintage Question > In June, the SEC announced that it would start accepting structured financial data in the Inline XBRL (iXBRL) format. What do you see as the main benefits and challenges of this new format?

Jaret Klekota > As with anything new, there are going to be challenges making sure that companies understand what all the requirements are, and what changes there are between their current process and the iXBRL process. For example, there are “hidden tags” in iXBRL – companies need to understand what this means and what they should be doing in that area.

Since the SEC says that companies should really be focusing on the quality of the data, having the XBRL embedded into the HTML financial filing could free up companies from making sure the statement was rendering on the previewer in the same way as the HTML, and instead focus on appropriate tagging. iXBRL can help them embrace and streamline that review process, since there will no longer be two separate documents to compare and try to identify the differences between them.

For now, filing the iXBRL version is voluntary but I think there’s going to be a gradual increase in filings. Some may wait a bit longer in the process to see how it goes, and also wait until they are more comfortable around the requirements before filing.



Ilya Vadeiko > In our opinion, the benefits are huge and obvious. If regular XBRL requires separate reporting and creates a significant duplication of work for auditors and filers – as well as gaps in logic – iXBRL eliminates the separation between traditional HTML and new XBRL formats, as Jaret mentions. This solves many existing problems in terms of consistency and accuracy. In terms of implementation, I would guess that this would require a fusion or transformation of old (HTML) and new (XBRL) reporting processes and procedures. This may be challenging for large filers who have already established such parallel procedures.

Hudson Hollister > For companies that have adopted disclosure management software, which is most of them, it does not take any additional effort to report using iXBRL. But, as Jaret points out, this is currently voluntary. Companies can continue reporting two versions of the financial statements if they want to, and many companies have created a review process that assumes two versions. They have some people in charge of reviewing the document and other people in charge of reviewing the data.

Even though that might be less efficient, it is not without cost to change the process. Many companies are so busy with the compliance that they might not bother. Of course, we would say that in the long run, companies should take advantage of this opportunity to combine those review processes, because it will get them ready for when the SEC moves to mandatory iXBRL – and we think the Commission will make it mandatory. Some leaders inside the SEC are hoping to propose a move to mandatory within the next year.

The reason for moving to mandatory iXBRL is beyond just fixing the problem with the financial statement itself. Inline will allow huge progress. Think about the 10-Q and the 10-K — right

now, these documents are lengthy, and there is so much in them that could be structured but isn't. For example, the cover page of the 10-Q and the 10-K have check-boxes that say what kind of company the filer is. Right now, those check-boxes are not connected to any database. If the SEC switched to using data fields instead of the document form, they could have a field that says "Check the box for which type of company you are," and we could automatically generate a list of all the wellknown seasoned issuers.

Campbell Pryde > Most of the work for iXBRL should be done by software, and so one of the challenges is making sure that the people preparing the files have the technology to do it. As of early August, there had been a total of four iXBRL filings – and even that number was surprising to me, since the SEC just announced it. Most people will wait and see what happens and it's going to take a couple of months for the software community to update their systems to support the format.

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Argyle Pink Jubilee

From Wikipedia, the free encyclopedia

Argyle Pink Jubilee

Weight	8.01 <u>carats</u> (1.602 g)
<u>Color</u>	light pink
<u>Cut</u>	rough
Country of origin	<u>Australia</u>
Mine of origin	<u>Argyle diamond mine</u>
Discovered	August 2011 ^[1]
Cut by	Richard How Kim Kam
Original owner	<u>Rio Tinto Group</u>
Owner	<u>Museum Victoria</u>

The **Argyle Pink Jubilee** is a rough pink diamond and the largest rough pink diamond unearthed in Australia. It was found at the Rio Tinto Argyle diamond mine in Western Australia.^{[2][3]}

Large stones like the Jubilee typically go to museums or end up at high-profile auction houses like Christie's. Christie's has only auctioned 18 polished pink diamonds larger than 10 carats in its 244-year history.^[4] The Jubilee was expected to tour internationally before sold at an invitation-only tender.^[4]

Originally weighing 12.76 carats (2.552 g), the light pink diamond started its cut in Perth in February 2012^[3] by Richard How Kim Kam.^[5] While being cut, the diamond was found to have "one major internal fault line that could not be overcome."^[6] Only roughly formed and polished, and down to 8.01 carats (1.602 g), the diamond was donated to the Melbourne Museum.^[7]

See also

-  *Western Australia portal*
- List of diamonds