CFA Institute

915 East High Street
Charlottesville, VA
22902-4868 USA

+1 (434) 951 5499 tel
+1 (434) 951 5262 fax
info@cfainstitute.org
www.cfainstitute.org

12 June, 2017

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

RE: Inline XBRL Filing of Tagged Data, File No. S7–03-17

Dear Mr. Fields,

CFA Institute,[1] in consultation with its Corporate Disclosure Policy Council ("CDPC")[2], appreciates the opportunity to comment on the US Securities and Exchange Commission's ("SEC") Proposed Rule, *Inline XBRL Filing of Tagged Data*.

CFA Institute is comprised of more than 130,000 investment professional members, including portfolio managers, investment analysts, and advisors, worldwide. CFA Institute seeks to promote fair and transparent global capital markets and to advocate for investor protections. An integral part of our efforts toward meeting those goals is ensuring that the quality of corporate financial reporting and disclosures provided to investors and other end users is of high quality.

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1 With offices in Charlottesville, New York, Hong Kong, London, Mumbai and Beijing CFA Institute is a global, not-for-profit professional association of more than 133,000 investment analysts, portfolio managers, investment advisors, and other investment professionals in 151 countries, of whom more than 125,000 hold the Chartered Financial Analyst® (CFA®) designation. The CFA Institute membership also includes 145 member societies in 70 countries and territories.

2 The objective of the CDPC is to foster the integrity of financial markets through its efforts to address issues affecting the quality of financial reporting and disclosure worldwide. The CDPC is comprised of investment professionals with extensive expertise and experience in the global capital markets, some of whom are also CFA Institute member volunteers. In this capacity, the CDPC provides the practitioners' perspective in the promotion of high-quality financial reporting and disclosures that meet the needs of investors.

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Executive Summary

Overall, CFA Institute supports the SEC announcements on Inline XBRL (iXBRL) and International Financial Reporting Standards (IFRS). We believe them to be significant milestones in the development of financial disclosure and underscores how technology is a driving force in the modernization of financial reporting and disclosures.

We support the goals of this proposal and agree with the Commission's assessment that a transition to the iXBRL specification for operating companies and for mutual funds will result in:

- Reduced time and effort for issuers in preparing XBRL filings
- Simplified and enhanced review process
- Greater accessibility of data
- Increased use of XBRL-formatted data
- Improved data quality

While iXBRL will indeed help to improve data quality, it is not the only solution. To continuously improve the quality of data, greater guidance is needed for filers to help generate consistent, accurately tagged data as well as curtail the use of extensions. We recommend that the SEC encourage all issuers to adopt the use of the Data Quality Rules developed by the XBRL US Data Quality Committee (DQC) to this end.

Further, we believe that iXBRL should be required for reporting any SEC disclosure, including the MD&A, all regulatory filings and earnings releases. Any data that is valuable enough to be required, and is used by investors and analysts should be reported in computer-readable form. The iXBRL specification should be used rather than conventional XBRL given its advantages as noted above and discussed in detail below.

We also urge consideration of the need for assurance over XBRL tagged data. A recent survey of CFA Institute members indicated that, of those respondents who were aware of XBRL, fifty percent agreed that the XBRL report should be incorporated into the standard financial statement audit, while another 22 percent supported a separate audit by an independent party as to the appropriateness of the XBRL tagging of reported amounts. To sum up, 77 per cent of respondents wish to have assurance of the tagged data.

We applaud the approval of the IFRS taxonomy and the requirement that foreign private issuers (FPIs) following IFRS as issued by the International Accounting Standards Board (IASB) file their annual reports in XBRL for the fiscal period ending on or after December 15, 2017. This will be good news for the investor community. Many FPIs are large companies in Europe or elsewhere who provide substantial financial information in their Forms 20-F or 40-F. But anyone wanting to bundle their financial data with information from XBRL-compliant filers has to do so manually. This will change in 2018 enabling better analysis of information submitted by FPIs.

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Clear, consistent disclosures by public companies and mutual funds are critical to maintaining efficient capital markets and we applaud the Commission's work to adopt technological advancements to improve existing practice.

We, therefore do not believe that an optional exemption should be considered for some companies, such that these companies could choose to file using Inline XBRL or conventional XBRL. We also disagree with the phased-in approach as this disadvantages investors who invest across all types of companies – large and small – and need comparable, easily consumable information across all such companies for their investment decision-making purposes.

Companies: Reduced Costs and Increased Efficiencies

CFA Institute supports the proposal requiring public companies to submit their financial statements and footnotes using iXBRL. The iXBRL submission would replace the current practice of preparing dual filings in PDF and structured formats thus reducing the burden on companies that today file two separate documents each quarter.

With iXBRL since the XBRL data is embedded into the HTML document it minimizes the effort and time required to review documents. Proofing the XBRL rendering for accuracy is currently difficult because the computer-readable data in the separate XBRL rendering has to be compared against the human-readable data in the HTML. The process can be laborious since the same numbers are in different places, and are laid out differently. The proposed rule would eliminate this problem since the human-readable data is itself the computer-readable data thus reducing errors and improving accuracy.

Further, some filers currently expend unnecessary effort trying to get the XBRL rendering to look like the HTML, and sometimes resort to incorrect tagging to achieve this. The proposed rule would eliminate this consideration entirely.

Currently, companies are required to provide the financial statements and schedules accompanying their Exchange Act reports and Securities Act registration statements in XBRL format, but they provide this XBRL data as an exhibit to their filings and are required to keep it posted on their websites for at least 12 months. Since iXBRL allows data tagging to be embedded directly in the text of an HTML document, this eliminates the need for separate exhibits for the XBRL data as well as the likelihood of inconsistencies. The proposed elimination of the website posting requirement should also yield cost savings.

Per the SEC Fact Sheet, "Inline XBRL would give the preparer full control over the presentation of XBRL disclosures within the HTML filing. In addition, tools like the open source Inline XBRL Viewer on SEC.gov can be used to review the XBRL data more efficiently." We agree.

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Benefits for Investor Community

The current system of dual filings is also not helpful to investors. It may lead to errors and inconsistencies between the PDF report and XBRL filing. Furthermore, if the Annual Report is only available in PDF, then that is the version investors are likely to use in their financial analysis because of their comfort with it, which renders the XBRL filing of only the financial statements less than useful. The single Inline file provides greater value to the investment community than traditional HTML files, as standardized data can be automatically consumed, saving time and improving efficiency.

The implementation of iXBRL, which provides a means of viewing the XBRL filing in a human-readable and familiar format, avoids the need for a separate means of converting XBRL data into human-readable form, thereby saving complexity and cost.

Requiring iXBRL could increase the use of XBRL data by investors and other market participants, who would no longer have to view tagged data separately from the text of companies' financial statements or funds' risk/return summaries. Investors and other market participants could use new tools (e.g., the Inline XBRL viewer on sec.gov) to review and analyze the tagged financial information. Furthermore, the iXBRL report is useful to users in ensuring that the filing is accurate, consistent, and complete.

Compared to viewing the currently separate XBRL rendering, investors and other EDGAR visitors would find it much easier to view and interpret the interactive data in iXBRL EDGAR filings as a result of the proposed rule. They would view only one human-friendly version of the filing, with the underlying interactive data available very easily, rapidly and intuitively. The experience would be vastly superior to dealing with traditional XBRL rendering.

Data Quality

The proposal notes that SEC staff "has identified a number of data quality issues associated with financial statement information XBRL data filed by operating companies." Typical types of errors include "errors related to the characterization of a number as negative when it is positive, incorrect scaling of a number (*e.g.*, in billions rather than in millions), unnecessary taxonomy extensions ('custom tags'), incomplete tagging (*e.g.*, a failure to tag numbers in parentheses) and missing calculations that show relationships between data (*e.g.*, how subtracting cost of revenue from revenue equals gross profit)." We believe the advantages offered by iXBRL, which eliminates the need to copy and tag the information in a separate exhibit, will help overcome some of these issues. And it will assure that the printed financial statement and the digital tagging will be consistent.

What it won't resolve is the inconsistent tagging of financial data across companies. Companies use the US GAAP taxonomy, which is essentially a dictionary, to determine how to tag each piece of data in financial statements. The taxonomy defines each piece of data distinctly, so that data may be tagged consistently across companies. However, when companies come across a piece of data they believe to be specific to that company whereby no element in the taxonomy describes it accurately, they create custom extensions. This use of extensions has been extensive and needs to be curtailed.

Indeed, in the United States, some users report that approximately 70% of data elements can be directly mapped onto the US GAAP taxonomy and 30% are extensions. Such excessive use of extensions results in the need for manual intervention by users: Analysis of extensions must be manually executed, whereas analysis of a taxonomy element can be automated across companies.

Thus, while iXBRL will help to improve data quality, it is not the entire solution. To continuously improve the quality of data, greater guidance is needed for filers to help generate consistent, accurately tagged data. We recommend that the SEC encourage all issuers to adopt the use of the Data Quality Rules developed by the DQC. The DQC is an industry-driven initiative funded by the XBRL US Center for Data Quality, an organization comprised of XBRL tool and service providers who have contributed funding and other resources to support the DQC initiative to address the public's concerns about the quality and usability of XBRL financial data filed with the Commission.

The DQC develops guidance and validation rules that can prevent or detect inconsistencies or errors in XBRL data. Members include representatives from software providers, data aggregators, institutional investors, the accounting profession and academia. The use of DQC rules has been proven to improve data quality – a study conducted in 2016 demonstrated that errors in corporate filings were reduced by 64% by adhering to the DQC rules covering those specific errors.

The transition to iXBRL, combined with the use of Data Quality Rules to identify and resolve errors will substantially improve the quality of data reported in XBRL format, thus helping to reach the Commission's goal of increasing the use of computer-readable, more accessible data.

IFRS Taxonomy

The SEC also announced that the IFRS XBRL Taxonomy has been approved and posted on the Commission web site. Foreign private issuers (FPIs) have the option of using this taxonomy immediately for periodic reporting; and they will be required to do so with their first annual report on Form 20-F or 40-F for a fiscal period ending on or after December 15, 2017.

As the EDGAR system previously did not support the IFRS taxonomy, FPIs who were following IFRS were exempted from XBRL. With the new rule, FPIs following IFRS will be asked to file their annual reports in XBRL. This will be good news for the investor community. Many FPIs are large companies in Europe or elsewhere who provide substantial financial information in their Forms 20-F or 40-F. But anyone wanting to bundle their financial data with information from XBRL-compliant filers has to do so manually. This will change in 2018.

CFA Institute agrees with the proposal to use the IFRS taxonomy as issued by the IFRS

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Foundation. However, we believe that further development of the IFRS taxonomy is necessary as it provides only basic content and needs to be adapted for use or else preparers would be unable to report a large range of data in XBRL.

Maturity of the Technology

iXBRL is currently used by nearly 3 million private and public companies reporting to the UK tax authority. iXBRL is also used by the Japanese securities regulator to collect data from public companies and the Danish business registrar to collect financial statements from private companies. We maintain that for regulatory purposes, iXBRL is the most suitable format for mandatory use.

Indeed, in the UK, for example, smaller companies with less complex accounts use accounts production software to create iXBRL reports automatically. Once users enter accounting data in the usual manner, the software uses flexible templates to tie accounting data to the correct tags. Users do not need to have any special knowledge of XBRL and they do not incur any additional costs or effort in creating iXBRL accounts.[3] We encourage companies to adopt iXBRL to maximize the benefits and reduce the costs of automation.

iXBRL was also recently mandated for use in Europe by the European Securities and Markets Authority (ESMA). Beginning in 2020, public companies that prepare consolidated IFRS financial statements will report using iXBRL. The SEC's announcement could lead to two of the world's largest financial markets using the same disclosure requirements, thus making fundamental financial data more accessible to investors.

Capital Formation

As we note in our publication [Data and Technology: Transforming the Financial Information Landscape]:

> Investors … seek structured quantitative data—combined with management explanation of results in a quantitative and qualitative fashion—which are not bounded by the document in which the information is contained.
>
> With the availability of technology to sift through data and crunch the numbers, investors could be in a better position to perform faster and better analysis. When some of their finite resources are freed up, analysts can not only research more companies but can also take a closer look at the companies they already follow, which would support better-informed investment decisions. Greater efficiency with higher-quality investment decisions is a win for capital markets. Structured data could also bring bigger and better opportunities in small- to mid-cap companies by making it easier and less costly to cover these companies.

3 Company Reporting in the UK– an XBRL Success Story, XBRL UK, 2015.

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As stated in the XBRL US comment letter on this Proposed Rule "Any steps towards making structured data easier to produce and of higher quality, which Inline XBRL provides, will ultimately benefit the flow of information throughout the capital markets and the ability of businesses, large and small, to gain access to funds."

No Optional Exemptions

The Commission suggests that an optional exemption could be considered for some companies, such that these companies could choose to file using Inline XBRL or conventional XBRL. We believe that it is very unlikely that companies will voluntarily switch to iXBRL, simply because there is an initial learning curve in any transition, and many companies may not immediately see how iXBRL will improve their own process. Other activities will likely take priority and many companies will be hesitant to take the initial step, thus delaying the benefits for the entire marketplace.

Requiring data users, including the Commission itself, investors, analysts, public companies and the general public, to maintain two separate processes for extracting and analyzing public company data, would be inefficient and costly.

Further, as stated in the XBRL US comment letter on this Proposed Rule "Companies that are not required to adopt iXBRL, either through mandatory exemption or because they are given the option to remain with conventional XBRL, will be at a disadvantage in the marketplace. The data produced from their filings may be more prone to errors; and they will have to maintain a more time- and labor-intensive process because of duplicate filings."

Timing

Per the proposal the Inline requirement would be phased in over three years for operating companies based on their filing status and over two years for mutual funds based on net assets.

We disagree with the phased-in approach as this disadvantages investors who invest across all types of companies – large and small – and need comparable, easily consumable information across all such companies for their investment decision-making purposes.

Further Recommendations

The proposal states, "because the proposed Inline XBRL requirements would not modify the scope and substance of existing XBRL requirements or the categories of filers subject to the requirements, both the improvement in data quality due to Inline XBRL and the associated economic benefits that are incremental to Inline XBRL likely would be smaller than the benefits of the XBRL requirements more generally."

We applaud the Commission for the suggestions made in the Proposed Rule and encourage the SEC to consider further actions to increase the use and improve the quality of XBRL data.

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Expanded Use of Structured Data

While the SEC does not currently require the tagging of management's discussion and analysis (MD&A) or executive compensation disclosures, it has indicated that it may expand XBRL tagging requirements to other types of information companies report. We believe XBRL should be required for reporting all SEC disclosures, including the MD&A and proxy statement. We agree with the views expressed by XBRL US on this Proposed Rule that any data that is valuable enough to be required, and is used by investors, analysts, businesses and regulators, should be reported in computer-readable form. The iXBRL specification should be used rather than conventional XBRL given its advantages such as the elimination of duplicate filing.

As we note in our publication Data and Technology: Transforming the Financial Information Landscape:

> Structured reporting is most effective when it is applied broadly to all aspects of reporting—that is, to earnings releases and all regulatory filings, such as Form 8-K, proxy statements, tax reporting, and so forth.
>
> Earnings releases and supplemental reporting packages are the documents that most often move markets. But data from earnings releases remain unstructured, and XBRL versions are voluntary. We believe that requiring companies to tag their earnings releases, as well as requiring them to submit earnings releases to the SEC for dissemination before issuing press releases, will be beneficial for investors ... Some very rich data exist in the management's discussion and analysis (MD&A) section of filings. Unfortunately, the MD&A section falls outside the scope of the XBRL mandate. Requiring this section and other numeric data to be tagged would open up a trove of valuable data for all investors.

Audit

Just like XBRL exhibits today, the proposal does not require officers to certify and companies to involve their auditors with the iXBRL information.

A recent survey of CFA Institute members indicated that, of those respondents who were aware of XBRL, fifty percent agreed that the XBRL report should be incorporated into the standard financial statement audit, while another 22 percent supported a separate audit by an independent party as to the appropriateness of the XBRL tagging of reported amounts. To sum up, 77 per cent of respondents wish to have assurance of the tagged data.

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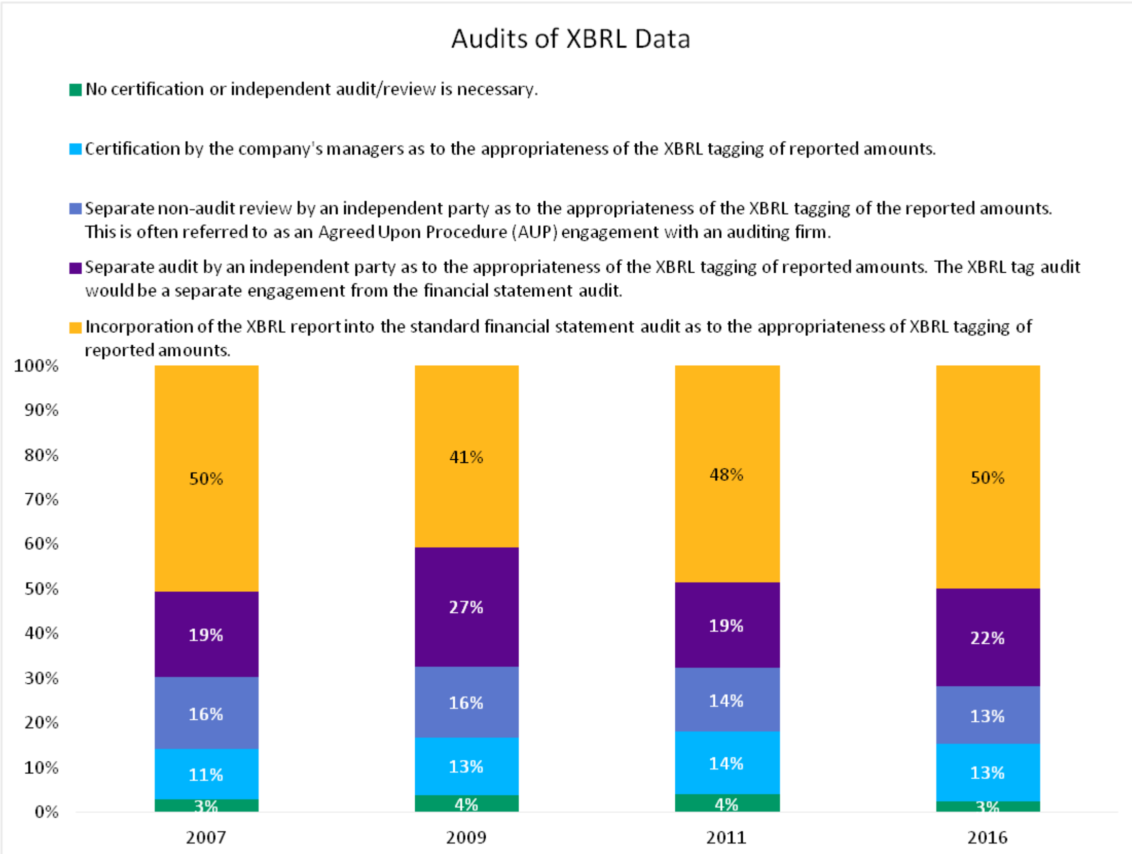

Question: What level of assurance is necessary to ensure that the proper XBRL tags are assigned to the reported amounts in accordance with GAAP defined tags?

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Thank you again for the opportunity to comment on the Proposed Rule. If you or your staff have questions or seek further elaboration of our views, please contact either Mohini Singh, ACA, by phone at [redacted], or by e-mail at [redacted] or Vincent Papa, CFA by phone at +[redacted] or by email at [redacted].

Sincerely,

/s/ Vincent Papa
Vincent Papa, CFA
Interim Head, Financial Reporting Policy
Standards & Advocacy Division

/s/ Ashwinpaul C. Sondhi
Ashwinpaul C. Sondhi
Chair
Corporate Disclosure Policy Council

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