



IRIS' Response to the Proposed Rule
Securities Offering Reform for Closed-End Investment Companies
June 10th 2019



Business Development Companies (BDC) submitting financial statement information using Inline XBRL:

Q - Should we require BDCs to tag financial statement information in a structured data format? Why or why not? Is Inline XBRL the appropriate format for BDC financial statement information? Why or why not? If another structured data format would be more appropriate, which one, and why?

Response:

Currently, the BDCs (Business Development Companies) are required to file their quarterly/annual reports in an HTML (Hypertext Markup Language) just like operating companies under rule 601 of S-K.

We welcome SEC's proposed rule of structured data filings for BDC and CEF. Close to 807 BDCs and CEFs data will be available in structured data format if this proposed rule is passed.

We recommend that Inline XBRL (iXBRL) be the reporting format due to the following reasons.

- 1) Inline XBRL format would help the entity to review only single document as opposed to dual formats, i.e HTML and XBRL.
- 2) Inline XBRL is both machine-readable as well as human-readable.
- 3) This would help investors, analysts and users of data quickly have access to structured data just like the operating companies.



Q - Is it appropriate for BDCs to be subject to the same Inline XBRL financial statement information requirements as operating companies, or would it be more appropriate to require them to provide structured data by filing reports on Form N-PORT or Form N-CEN? Why or why not? Would the information that BDCs include in financial statements and that would be tagged in Inline XBRL format under the proposal be more important to BDC investors than the structured data required by Forms N-PORT and N-CEN? Why or why not?

Response: Since the format of financial statements of BDCs is similar to the operating companies, including the frequency of filing - i.e. quarterly and annual filings, it is appropriate for BDCs to be subject to the same Inline XBRL requirements as operating companies.

Further, Forms N-PORT and N-CEN are xml filings and are rendered in a template like layout, without the ability to retain the format of the quarterly and annual reports. Therefore, we do not recommend BDCs to adopt reporting in the template like layout with N-PORT or N-CEN.

Q - Do commenters agree that the relevant XBRL taxonomies are sufficiently well developed for financial statement reporting by BDCs? Why or why not? What, if any, additions should be made to one or more of the XBRL taxonomies to enhance their suitability for BDC financial statements?

Response: Yes, we believe that the current available XBRL taxonomies are sufficient and would cater the requirements of the financial statements reporting for the BDCs. Although, as per our observation, we feel that the number of extensions would be more as compared to the normal operating companies.

- **BDCs and closed end funds (CEF) to include structured covered page information in their registration statements on Form N-2 using Inline XBRL:**

Q - Should we require, as proposed, all information on the cover page of Form N-2, except the table that includes information about the calculation of the fund's registration fee, to be tagged using Inline XBRL format? Are there any other cover page data points that we should not require be tagged in Inline XBRL format? For example, are there any data points where tagging in Inline XBRL format would be duplicative with similar requirements, or where Inline XBRL tagging would serve limited benefit in helping to identify, count, sort, aggregate, compare, and analyze registrants? Should this requirement be tailored in any way—for example, to particular types of registrants that file on Form N-2 (such as those that are eligible to file a short-form registration statement, and/or WKSIs)—and if so, how and why? Should the proposed requirement apply to only to those data points related to affected funds' use of the rules amended by this proposal?



Would the costs associated with tagging all of the cover page data points be significantly greater than the costs of tagging only the checkboxes related to use of the proposed short-form registration instruction or the use of an automatic shelf registration? If so, why?

Response: Currently, the BDCs and CEFS are required to file the form N-2 in a HTML format. The new proposed rule for tagging the data points in the inline XBRL format for this form type would be beneficial. As the proposed data points, almost all the points are covered which needs to mapped under the mandate for filing the information in the inline XBRL format. Additionally, we would also like to recommend to tag the below data points as well:

- 1) "Form type" as N-2 to be tagged as a data point.
- 2) "Approximate Date of Commencement of Proposed Public Offering" as a data point.

Q - Is proposed General Instruction H.2 of Form N-2, in conjunction with rule 405 of Regulation S-T as we propose to amend it, sufficiently clear for registrants and other market participants to understand the proposed requirement to tag Form N-2 cover page information in Inline XBRL format? If not, how could we make the requirement clearer?

Response: Yes, as per our understanding, the information provided in the proposed rules are sufficient for the registrants to understand the requirements.

Q - Instead of requiring cover page data points to be tagged using Inline XBRL format, should we require this data to be submitted using another format, such as XML? Why or why not? If so, which alternative format would be appropriate, and why? Would the administrative costs vary between formats? If so, which format would be more costly, and why? Would the benefits to users of the information vary between formats? If so, which format would be more beneficial, and why? Should more than one format be permitted? Should the specific format be left unspecified? Would investors and others realize the benefits of reporting in a structured data format if the specific structured data format were unspecified? Why or why not?

Response: The tagging of data points of the cover page using the inline XBRL format would suffice the tagging requirements of form N-2. It would benefit to not only to investors or regulators, but also to the registrants. Digital reporting in the format of iXBRL will assist registrants to benefit from shifting from a dual reporting format to a single structured format, which is both human and machine readable. The benefits are seen in time and cost savings, faster review process, more reliable and accurate handling of data, improved analysis and better quality of information and decision-making.

Q - Are there any changes we should make to the proposed amendments to better ensure accurate and consistent tagging? If so, which changes should we make and why?



Response: No, the proposed rules would ensure the accuracy and completeness of tagging. The validations at the time of submission would further make an assurance that the submitted document comply with all the required information.

- **Certain information required in an affected fund’s prospectus to be tagged using Inline XBRL:**

Q - Should we make the submission of structured data in the Inline XBRL format mandatory for affected funds, as proposed? Should the requirements for affected funds generally mirror the recently-adopted Inline XBRL requirements for mutual funds and ETFs, as proposed? Should we take a different or more tailored approach for affected funds, and if so, what should that be?

Response: Yes, currently these affected funds which include the BDCs and registered CEFS, to report in the simple HTML format. Therefore, we would support the approach to mandate the affected funds to comply with the submission of structured data. Just like the mutual funds and ETFs adopted the Inline XBRL requirements, the same would also be applicable for these affected funds.

Q - As proposed, should affected funds be required to use Inline XBRL format to tag each of the following sections of the prospectus: Fee Table; Senior Securities Table; Investment Objectives and Policies; Risk Factors; Share Price Data; and Capital Stock, Long-Term Debt, and Other Securities? Should other or different information that affected funds disclose on Form N-2 be required to be tagged using Inline XBRL? For example, should we require tagging of information about asset coverage ratios?

Response: Currently the funds covered under this topic file a simple HTML format. The new proposed rule for these affected funds would be required to file in an Inline XBRL format which would be both human readable and machine readable, thereby beneficial for the analysts and investors. The proposed information such as: Fee Table; Senior Securities Table; Investment Objectives and Policies; Risk Factors; Share Price Data; and Capital Stock, Long-Term Debt, and Other Securities being reported in a structured data format would be useful. Tagging of Asset coverage ratios would also be beneficial.

Q - To what extent do investors and other market participants find information that is available in a structured format useful for analytical purposes? Is information that is narrative, rather than numerical, useful as an analytical tool?

Response: The availability of data in structured data format helps investor, market participants and analysts have access to data in a much quicker manner. Prior to XBRL, quicker access and availability of data was the biggest problem. With the ability for machines to read data, market



analysts, investors etc are able to do quick analysis, comparisons and derive meaningful information from the data being reported. Also with the Data Quality Committee (DQC) playing an active role in improving the data quality standards and also with several independent quality evaluators submitting XBRL quality ratings/rankings the quality of data being submitted is improving tremendously, thereby making the data being submitted better by every filing.

From an analysis perspective both numeric and narrative information is useful. Eg: If an investor had to analyze the inventory policy of different companies, it is easy to do so since the inventory policy is tagged in XBRL.

- **Filings on Form 24F-2 be submitted in XML format:**

Q - Should we require, as proposed, that filings on Form 24F-2 be submitted in a structured format? Why or why not? Should the required format, as proposed, be XML? Why or why not? If another format would be more appropriate, which format and why?

Response: Yes, it would be appropriate to file form 24F-2 in a structured format as proposed in the XML. This will help to easily get the information related to the registration fees which would validate while the submission.

Q - Should the requirement to submit filings on Form 24F-2 in a structured data format apply to certain 24F-2 filers and not to others? If so, which ones and why?

Response: Rule 24f-2 requires any open-end management company, unit investment trust, or face amount certificate company deemed to have registered an indefinite amount of securities to file a Form 24F-2 not later than 90 days after the end of any fiscal year in which it has publicly offered such securities. Currently all the open-end management company, unit investment trust, or face amount certificate companies are required to file the 24F-2 in HTML format. In line with the benefits of moving to structured data reporting, we recommend that all 24F-2 should adopt XML reporting since the scope of disclosure requirements are minimum.