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May 18, 2018

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

RE: Investment Company Liquidity Disclosure, Release No. IC-33046; File No. S7-04-18

Dear Mr. Fields,

We appreciate the opportunity to provide input to the U.S. Securities and Exchange Commission's (SEC) recent rule proposal on Investment Company Liquidity Disclosure, Release No. IC-33046; File No. S7-04-18.

XBRL US, is a national, nonprofit consortium for the business reporting standard, and is a member-driven organization, representing accounting firms, software companies, other nonprofits, data intermediaries, and service providers. The mission of XBRL US is to encourage the use of public business information in a standardized format, to improve reporting between business, government and the public.

The SEC proposal, addressed in this letter, expands on the disclosure rules for investment companies which were modernized through a final ruling on October 13, 2016. In that final ruling, Investment Company Reporting Modernization, the Commission revised disclosure requirements for investment companies, and required that the data be made available in structured data format. While they considered choosing the XBRL standard, ultimately the Commission opted for the development of an XML schema.

This letter provides feedback to the latest SEC proposal on Investment Company Liquidity Disclosure, and also expresses our concerns about the decision to choose XML over XBRL in the final ruling made on October 13, 2016. We strongly urge the Commission to reconsider XBRL instead of XML, in particular given recent developments around XBRL since that ruling was made final in 2016.

Proposal: Investment Company Liquidity Disclosure

In the proposal on Investment Company Liquidity Disclosure, the Commission proposes a "*new disclosure in the fund's annual shareholder report that provides a narrative discussion of the operation and effectiveness of the fund's liquidity risk management program over the reporting period.*"

The proposal goes on to ask *“Do investors have a reason to access, reuse, or compare the narrative information? If so, would investors’ ease of access and usability of the information improve if the information were provided in a structured format (e.g., XML, XBRL, Inline XBRL)? If so, which structured format would be most useful and why?”*

The objective of investors in using SEC submissions from filers is for two purposes: first, to perform due diligence analysis on individual entities; and second, to compare multiple reporting entities. To compare multiple companies requires extracting consistent data from one or more filings. This is most effectively accomplished using standardized, computer-readable data. Therefore, we believe that the Commission should require that the narrative data be reported in a structured format.

More importantly, the Commission should reconsider its decision to opt for an XML schema rather than XBRL, in their final rule on Investment Company Modernization, published October 13, 2016. Furthermore, the Commission should require that all data -- financial data as well as narrative -- be reported using the same, consistent standard.

Final Rule: Investment Company Reporting Modernization

This next section addresses concerns about the Commission’s final rule on Investment Company Reporting Modernization.

Commission Rationale for XML

The final rule states: *“...while XBRL allows issuers to capture the rich complexity of financial information presented in accordance with GAAP, we believe that XML is more appropriate for the reporting requirements that we are adopting. Form N-PORT, as well as Form N-CEN, as adopted, will contain a set of relatively simple characteristics of the fund’s portfolio- and position-level data, such as fund and class identifying information, that is more suited for XML than XBRL...For this data set, the additional flexibility offered by a broader XML based framework such as XBRL incurs data volume and processing overhead with little incremental benefit; for example, the information funds will report will be as of a single reporting date, the units of measurement are predetermined or are constrained by the data type, and there is little value in customizing the content or presentation.”*

We appreciate the Commission’s goal of selecting the most appropriate standard which is critical to ensuring the recognition of all benefits that standards can bring. We disagree, however, with several of the statements made in the final ruling about standards, which led to the decision to opt for XML over XBRL.

While XBRL is not the appropriate choice for every reporting need, it is the best fit for the investment company data required in this ruling. There are several misunderstandings about data standards, not only among regulators, but industry as well. We seek to dispel these misunderstandings below.

Misunderstandings about XBRL versus XML

XML is a financial data standard that can be used as an alternative to XBRL.

XML is a flexible data format which can be used to render facts into computer-readable format. XML can handle most kinds of data, however it does not have a consistent, built-in mechanism to handle the unique characteristics of financial data, such as time period, units, precision (indication as to whether the data is in thousands or millions), reporting entity, definitions and labels, balance type, and references. To establish an effective XML schema, that gives reporting entities the necessary structure to produce consistent, comparable financial data, would require *creating* consistent methods to handle this metadata in the schema. To do so would effectively be to re-create what is already in XBRL.

XBRL is broader and more flexible than XML.

Actually, the situation is quite the opposite. XML is extremely flexible, which makes it a good choice for many custom data collection processes. When building an XML data collection system, the regulator is required to “start from scratch”, defining not only the terms and definitions, but also defining the method to handle other features of the data, which must be described to accurately convey the meaning of the data. For financial data, these features include time period, reporting entity identifier, definition, precision of data, and currency, among others.

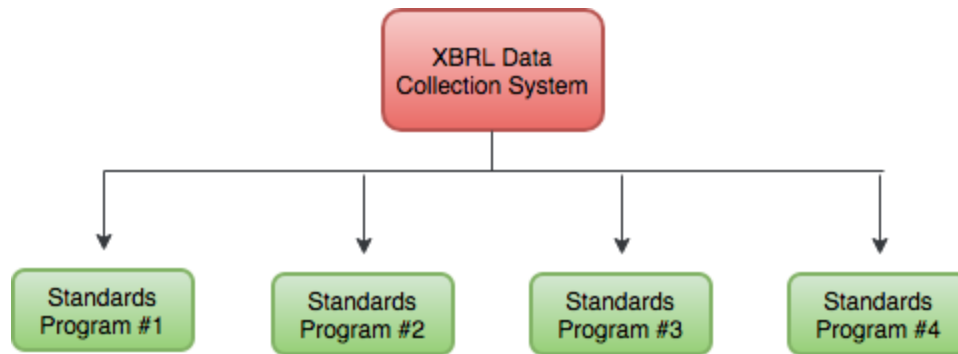
XBRL is an XML-based schema that **already has** the structure to handle financial data, thus eliminating the need for the regulator to create the schema foundation. That work has already been done. The restrictions inherent to the XBRL standard force preparers to create XBRL data that is consistent from one entity to another.

XBRL can be extended to add additional data fields, but XML can too. The regulator can choose to allow extensions or not allow extensions, regardless of whether the standard used is XBRL or XML.

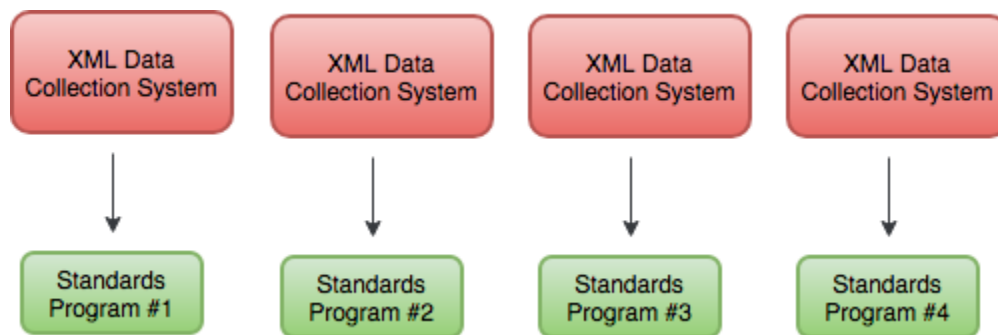
Processing XBRL data is more expensive and complex than processing data produced using an XML schema.

Processing data in a consistent XBRL format, where all parameters of the data are defined consistently, lowers the cost of processing because:

1. Clear, consistently defined data is unambiguous, allowing data users to automate processing and limiting the need for extensive reviewing and vetting.
2. Data in one XBRL program can be created, processed, and consumed, in the same way as data in another XBRL program. Thus, a single data collection and processing system used by a software tool or database application can be easily adapted to work with more than one XBRL implementation, as shown in the diagram below. For example, an analytical tool that works with SEC US GAAP XBRL data can also work with IFRS XBRL data, or any one of the many public company reporting implementations around the world.



A program built using an XML schema however, will be designed specifically for that reporting situation, thus requiring a custom data collection system for each type of data that a software application needs to consume, as shown on the diagram below.



Information that is reported for a single time period does not need to have the time period associated with each reported value.

The final rule states, “...the information funds will report will be as of a single reporting date, the units of measurement are predetermined or are constrained by the data type, and there is little value in customizing the content or presentation. “

Understanding trends is an important part of analysis, and while the reporting date on new forms N-CEN or N-PORT may be associated with only one time period, users of this data will likely need to extract this data into a database that contains data from prior periods. While the database can be structured to link the appropriate date to new data coming in, every XBRL-formatted value already has time period associated with that value. This ensures that time series data is categorized correctly, and improves the efficiency of data processing.

Form N-Q which is being replaced by form N-PORT, contains numerous data types, including monetary, percent, string, and integer. Much of the data has dimensional aspects, for example,

the value 303,000, shown on the sample Form N-Q¹ below, represents shares outstanding and is dimensionalized by the industry Diversified Consumer Services. XBRL has built-in mechanisms to handle all of these data types as well as data with dimensional features such as these. An XML implementation that the SEC will need to create must take dimensionality into consideration and, effectively, rebuild what XBRL already has.

Schedule of Investments January 31, 2018 (Unaudited)

Showing Percentage of Net Assets

Common Stocks - 99.1%		
	Shares	Value
CONSUMER DISCRETIONARY - 10.1%		
Diversified Consumer Services - 0.7%		
Adtalem Global Education, Inc. (a)	303,000	\$13,938,000
Hotels, Restaurants & Leisure - 1.5%		
Marriott International, Inc. Class A	200,000	29,468,000
Internet & Direct Marketing Retail - 4.3%		
Amazon.com, Inc. (a)	37,300	54,118,197
JD.com, Inc. sponsored ADR (a)	423,000	20,824,290
Netflix, Inc. (a)	35,000	9,460,500
		84,402,987

XML provides built-in validation. XBRL does not.

In the original proposal from 2015, the SEC stated, “Sending a data file from a sender to a recipient requires many conditions to be satisfied, and one of crucial importance to regulatory data collection is the need for validation. XML provides for a built-in validation framework, and is supported in all modern programming languages. Other data formats can achieve validation but through custom software.”

The implication that XML is better equipped to perform technical validation than XBRL, is simply not true. XBRL was originally built on XML and therefore provides the same form of validation as any XML document. The XBRL standard also has several free, open source processors that can be used to create efficient, concrete validation for business rules. Many of these rules can be re-used from one XBRL implementation to another. For example, validation rules have been written for the US GAAP Taxonomy to catch signage errors, reasonableness errors, and other types of inconsistencies that can be corrected before regulatory submission. These rules can be repurposed and used with other XBRL implementations to improve the quality of the reported data, providing an important, additional level of review, beyond technical requirements.

¹ Form N-Q for Fidelity Capital Trust, reporting period January 31, 2018, source: SEC.gov - <https://www.sec.gov/Archives/edgar/data/275309/000137949118001296/filing688.htm>

With XBRL, an open source processor can be used to create a single set of validation rules that can be used by all software providers. The benefit is not only less work for software providers, but more importantly, the same, consistent set of rules can be used by all, reducing the chance that rules are interpreted and implemented differently by different software providers. This type of consistency ensures better quality data.

Additional Support for XBRL for Investment Company Disclosures

Existing US GAAP Taxonomy concepts can be re-used for investment companies.

The data reported on Form N-Q as shown in the diagram above is the same kind of information reported by public companies reporting in US GAAP. Establishing an XBRL data collection system for investment companies would require the Commission to create concepts that are already in existence, that have been vetted by industry, and that are in widespread use today. The table below shows the US GAAP Taxonomy elements used by public companies for Shares Outstanding and Net Assets, with all their associated metadata. These same elements are those shown in the Form N-Q Schedule of Investments above, and can be re-used in the investment company implementation of standards.

Name	Label	Definition	Data type	Balance type	Period type
SharesOutstanding	Shares, Outstanding	Number of shares issued which are neither cancelled nor held in the treasury.	sharesItemType	N/A	instant
AssetsNet	Net Assets	Amount of net assets (liabilities)	monetaryItemType	debit	instant

XBRL can be used with JSON and CSV in addition to XML.

While XML is widely used, more and more software applications are opting for JSON which requires less verbiage in programming, and can be faster to process. As part of ongoing technical work from XBRL International to adapt the XBRL standard to meet technology trends, and to make it more “software-friendly”, the Open Information Model (OIM) was introduced, which unbundles the XBRL financial standard from its underlying format. Thus, any XBRL implementation can now be used with software applications based on XML, or JSON; and a CSV version is underway.

N-CEN and N-PORT require the Legal Entity Identifier.

The LEI has already been incorporated into the US GAAP Financial Reporting Taxonomy, so a concept for LEI is available that can be re-used for investment company reporting. In addition, XBRL International has established an LEI working group, in cooperation with the Global Legal Entity Identifier Foundation² (GLEIF), to examine and make concrete recommendations about the best ways to create consistency in referencing legal identity within XBRL documents. The working

² Global Legal Entity Identifier Foundation: <https://www.gleif.org/en/>

group³ will develop recommendations about the consistent use of Legal Entity Identifiers (LEIs) within XBRL taxonomies and instance documents. This work will ensure effective use of the LEI within data reported to regulators.

Mutual fund companies are accustomed to working with XBRL.

Mutual fund companies began filing risk/return summary data in XBRL format, for registration statements effective in 2011. Their knowledge, and use, of XBRL has continued to increase. XBRL US members that are vendors working with mutual fund companies report fewer questions concerning the preparation of XBRL-formatted documents, as XBRL is an accepted part of the mutual fund reporting process today.

Furthermore, opting for the XBRL standard versus XML does not mean that investment companies will begin using extensions which could limit the comparability of the data. Extension tags are not typically used by mutual fund companies with the current risk/return summary taxonomy. Although extensions are allowed, mutual funds have become familiar with adhering to a finite set of concepts. In addition, the Commission can preclude the use of extensions; or simply ensure that the data fields provided are comprehensive enough to cover all reported data. This was the case with the risk/return summary taxonomy and mutual funds are clearly comfortable with this process.

Inline XBRL will make simultaneous filing significantly easier.

The inline XBRL technical specification is widely used around the world and is currently in a voluntary filing program for U.S. public companies reporting to the SEC. Inline XBRL effectively combines the paper-based (HTML) and the computer-readable (XBRL) document into a single filing. The ability to prepare and submit a single filing for both the standardized data and the paper filing reduces workload on investment company filers, and also reduces the potential for translation errors in submitting two separate documents with the same data.

Conclusion

Modernizing current disclosure practices is important work; and we applaud the Commission's efforts to use standards, where appropriate, to support the smooth flow of information in the capital markets.

For new investment company disclosure requirements finalized in the October 2016 rule, we strongly believe that XBRL is a better choice than XML. XBRL is the only standard equipped to handle the characteristics of financial data. It is an open, nonproprietary standard. It is widely used worldwide; and already in use today for mutual fund companies. It provides for technical as well as business rules validation. And most importantly, over the long-term, it is significantly more cost-effective than a custom XML solution for regulators and issuers, as well as data consumers.

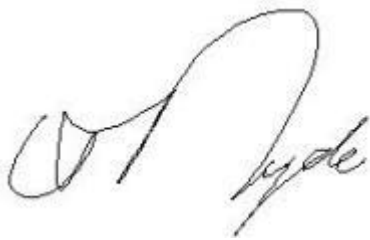
The SEC rule for investment company disclosures was finalized in 2016. Over the past two years, technology and industry trends have made XBRL an even more compelling choice for this

³ <https://www.xbrl.org/news/streamlined-entity-verification-by-gleif-and-swift/>

reporting need. First, Inline XBRL is expected to be required for public company reporting in the US, and has been mandated for European public company reporting starting in 2020 (through ESMA). Second, the XBRL technical specification has been expanded to accommodate software tools based on JSON and CSV, in addition to XML, making it easier for more applications to work with XBRL data. Third, mutual fund companies have become more comfortable with XBRL preparation. And finally, more data and analytical providers are using XBRL as the primary data source for their offerings.

We appreciate the opportunity to provide our recommendations and are available to respond to any questions the Commission may have. I can be reached at [REDACTED] or [REDACTED].

Sincerely,

A handwritten signature in black ink, appearing to read "Campbell Pryde". The signature is fluid and cursive, with a large initial "C" and "P".

Campbell Pryde,
President and CEO, XBRL US, Inc.