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Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549

**RE: FAST Act Modernization and Simplification of Regulation S-K**

Morningstar, Inc. appreciates the opportunity to comment on the SEC's proposed rule "FAST Act Modernization and Simplification of Regulation S-K."

As an advocate for the interests of individual investors worldwide, we support the SEC's proposed requirements to file more disclosures using structured, standardized, machine-readable data, particularly adding extensible business reporting language (XBRL) tagging to the cover page and the inclusion of the legal entity identifier (LEI). Such structured data increases market transparency by helping investors access accurate and high-quality financial information in a timely way.

As we have noted in previous comment letters, requiring machine-readable disclosures lowers the barriers for deriving insights from financial filings. Previously, aggregating financial filing data required the laborious transcription of filed documents, raising the possibility of the introduction of human error, not to mention a lag between when the required disclosures were submitted and the completion of this process. Moves in the U.S. and around the globe toward structured filings have profoundly increased the transparency of capital markets; investors have significantly easier access to actionable insights derived from company filings, and this data is increasingly becoming available to investors more quickly. These trends toward greater transparency, in turn, improves the efficiency of capital markets, and benefits investors. We are pleased to see the SEC continue to make strides toward more structured data.

In addition, we appreciate the opportunity to offer our perspective on several specific requests for comment in the proposed rule.

***Question 35:** Should we eliminate the risk factor examples as proposed, or do they provide useful guidance to registrants? Instead of eliminating the examples, should we provide different or additional examples that would be more helpful to registrants? If so, what examples would be most helpful?*

Morningstar is supportive of eliminating the risk factor examples. When disclosing risk factors, many filers use boilerplate language that describes risk factors common to all investments, and many model their risk factor disclosure language after the examples provided. Disclosing risk factors that are common to all securities is not particularly useful information for investors; generic risks do not need to be disclosed.

Furthermore, providing a list of risk factor examples may inadvertently send a signal to companies that those examples are the only risks that a company should be disclosing. The list

of examples is hardly exhaustive, and indeed, it is not intended to be. Some filers may however interpret the examples to be comprehensive, and thus limit their discussion of risk factors to the examples provided under Item 503(c), believing that they have complied with the regulation, when they have actually disclosed information that is not useful to investors.

Finally, to the extent that the risk factor examples serve as an anchor for the ensuing responses, eliminating examples of risk factors could force filers to more critically consider their risk factors, which, in turn, could lead to more meaningful risk factor disclosures. Management ought to consider what would be in the best interests of shareholders to disclose, and not simply limit discussion to the examples provided, or disclose generic risk factors. The disclosure of more meaningful risk factors could help investors make better decisions.

***Question 58:** Should we require registrants to include in Exhibit 21 the LEI (if one has been obtained) of the registrant and each subsidiary required to be listed in the exhibit? Would requiring registrants to disclose LEIs in Exhibit 21 as proposed, provide investors with sufficient access to that information? Is there another location in registrant filings, other than Exhibit 21, where LEI information would be more accessible to investors? For example, should a registrant be required to disclose its LEI, if it has one, on the cover page of each registration statement, periodic filing, or current report and provide the LEIs for its significant subsidiaries in an exhibit?*

Morningstar supports expanding the usage of LEIs. Requiring companies to disclose their own LEIs as well as those of their subsidiaries (if they have both subsidiaries and LEIs for their subsidiaries) in Exhibit 21 can help investors and analysts better assess the systematic risk that companies are exposed to. Using LEIs as a key when cross-referencing other required filings will make it easier for investors and analysts to determine this relationship and more accurately quantify the risk companies face.

***Question 59:** If we require registrants to include LEIs in Exhibit 21 as proposed, should we also require them to provide that information as machine-readable data? If so, what structured data format would be the most useful to investors? For example, the Commission recently adopted amendments requiring investment companies to provide LEIs in XML format. Should we require registrants that have already obtained LEIs to disclose their LEIs in XML format? Or, for consistency with the proposal to tag information on the cover page of certain forms using Inline XBRL format, should we require disclosure of LEIs in Inline XBRL format? What would be the additional cost to registrants to provide LEIs in XML, Inline XBRL, or another machine-readable format?*

Yes, the SEC should require the LEIs to be provided in a machine-readable format. If LEIs are not disclosed in a machine-readable format, their usefulness will be limited. To paint a more complete picture of the systemic risk across an entire market, analysts will have to cross-reference LEIs across hundreds of other unrelated disclosure documents. This task is made unnecessarily difficult if LEIs are not disclosed in a machine-readable format. From our perspective, any structured, machine-readable format for LEI disclosure would be useful, but else equal using Inline XBRL would be the most consistent choice. We believe the costs would

not be overly burdensome given that most filers already have a process for tagging in Inline XBRL.

**Question 60:** *In light of the many comments received on the costs and benefits of LEIs, should our rules encourage or require registrants and each subsidiary thereof required to be listed in Exhibit 21 to obtain an LEI? If so, how should we structure our rules to achieve this purpose?*

We support the SEC's proposal to require all filing companies to register and report LEIs. Currently, LEI registration is not mandatory; the U.S. Department of the Treasury estimates that about 144,000 companies in the United States have them. While adoption has increased steadily over time, the usefulness of LEIs will be limited until all filing companies and subsidiaries report them.

With required LEI disclosures, investors and analysts would be able to leverage similar algorithms and techniques that allow them to unearth insights derived from other required company filings. While requiring some fraction of companies to disclose LEIs is more useful than no companies disclosing LEIs, having a complete picture provides the greatest benefit. Until then, it is not possible to completely and accurately assess a filing company's risk profile. Therefore, requiring filing companies to register and maintain LEIs would best serve investors.

**Question 72:** *Should investment companies be required to include a hyperlink to information incorporated by reference as proposed? Are there special considerations regarding filings by investment companies that merit modifying the requirement in any way? For example, should investment company applications be required to include a hyperlink to information that is incorporated by reference?*

Morningstar supports requiring hyperlinks in documents incorporated by reference. Navigating EDGAR can be a daunting task, and parsing the structure and relationship of various documents filed and collected on it can be complicated for EDGAR users. To the extent that EDGAR can be difficult to use, allowing a document that is incorporated by reference to be hyperlinked can make it easier for investors to determine the relationships between documents; instead of hunting through a repository of filed forms to find a document incorporated by reference, an EDGAR user can follow a hyperlink. The ease of accessing information and data that are incorporated by reference, in turn, allows for the individual investor to develop a deeper understanding of a company's filing. Hyperlinked documents are more readable, which aids in the interpretability of documents filed in support of others required for disclosure.

**Question 86:** *Should we require as proposed, all of the information on the cover pages of Form 10-K, Form 10-Q, Form 8-K, Form 20-F, and Form 40-F to be tagged in Inline XBRL? Should the proposed cover page tagging requirement apply to any other forms (e.g., Form 6-K)?*

As mentioned previously, increased usage of Inline XBRL benefits investors as it reduces the potential for human transcription errors and allows for data to be processed quicker, enabling investors to access insights much quicker than they would otherwise be able to. Much of the data on cover pages is useful for analytical purposes, and currently, these data are processed

manually. Requiring this data to be tagged in an Inline XBRL format would benefit investors by reducing the potential for error and speeding the delivery of actionable insights.

Also, an additional tag on Form 8-K cover pages would benefit investors. Form 8-K filings consist of a broad number of disclosures, ranging from earnings releases to senior officer hirings and departures. If the Form-8K cover page were tagged in an Inline XBRL format according to the type of disclosure filing, investors and data aggregators would benefit from being able to collect this data more efficiently and accurately.

Again, we thank the SEC for providing Morningstar and other commenters with an opportunity to respond to this proposed rule. Morningstar would be delighted to provide additional feedback and comments if the Commission would find it helpful.

Regards,

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