

October 8, 2020



1211 Avenue of the Americas
19th Floor
New York, NY 10036
Phone: (202) 448-1985
Fax: (866) 516-6923

Kenneth A. Johnson
Chief Operating Officer
United States Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Mr. Johnson:

RE: Vendor and Issuer Dialogue with the SEC, and Proposed SEC Rule: Filing Fee Disclosure and Payments Methods

I am writing as the chair of the XBRL US Regulatory Modernization Working Group, to make suggestions related to the implementation of the SEC proposed rule, *Filing Fee Disclosure and Payment Methods Modernization*. We support this SEC proposal which aims to improve upon the current method of manual, labor-intensive data processing for fee calculations in certain filings. As XBRL US noted in our comment letter,¹ dated February 25, 2020, requiring this data to be reported in machine-readable standardized format will allow automation and make complex calculations easier to manage for SEC staff and filers. We also supported the Commission suggestion concerning a pilot or test program to ease implementation of the rule, assuming that it is finalized as proposed.

This letter makes recommendations related to a pilot program for the fee-based filing proposal, and also addresses improving communication related to the EDGAR System. In addition, we request a meeting with your office via conference call later this Fall, so that we can initiate a dialogue and explain these recommendations in greater detail.

XBRL US is a nonprofit standards organization, with members including public companies, accounting firms, software, data, and service providers, as well as other nonprofits and standards organizations. Our mission is to improve the efficiency and quality of reporting in the U.S. by promoting the adoption of business reporting standards. XBRL US is a jurisdiction of XBRL International, the nonprofit consortium responsible for developing and maintaining the technical XBRL specification (a free and open data standard widely used around the world for reporting by public and private companies, as well as government agencies).

¹ XBRL US comment letter: <https://xbrl.us/wp-content/uploads/2019/12/XBRL-US-Comment-RE-SEC-File-Number-S7-20-19-Fee-Based-Filings.pdf>

The XBRL US Regulatory Modernization Working Group, newly formed in August 2020, is comprised of XBRL vendors and public company registrants². Vendors in the group represent the majority of XBRL preparation tool providers and filing agents serving the U.S. market. The roster of individuals and their organizations can be found [here](#). The mission of the Working Group is to: *Establish an ongoing dialogue between regulators and the vendor and filer community. Identify issues and propose recommendations to regulators that will facilitate the smooth implementation of new regulatory rules related to XBRL and other structured data filing requirements.*

Broad representation in the Working Group is important, because we seek to reach a consensus position so that we can provide a unified message related to proposed and newly finalized rules with structured data components, and to EDGAR-related issues. Our goal is to support all vendors and issuers, as well as the Commission.

The vendor community handles thousands of EDGAR submissions from thousands of companies every quarter. This gives vendors a unique vantage point into how issuers prepare their filings, potential problems when implementing new programs, and common challenges with government data collection systems such as EDGAR.

The financial disclosures made by public company registrants are critical to the SEC mission to “*protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation.*” The goal of the Working Group is to work together in partnership with the Commission to help public company registrants submit required disclosures smoothly and efficiently. The following outlines our recommendations related to the proposed SEC rule and a summary of our suggestions to improve communications related to EDGAR. We also wish to refer you to the [XBRL US comment letter](#) responding to the SEC proposal on *Administration of the Electronic Data Gathering, Analysis, and Retrieval System*³, which addresses EDGAR topics in greater detail.

Test Period for Filing Fee Disclosure and Payments Method

From time to time, the Commission has leveraged pilots or test periods which have successfully eased the implementation of new programs. Two such programs include: the public company Voluntary Filing Program, which was initiated in 2005, and the AB2 Securitization pilot in 2015. These pilots provided the opportunity for all stakeholders including the SEC, public companies, vendors, and investors, to test, comment, and use the data standards in a live filing environment, under the voluntary rules.

The SEC rule proposal for *Filing Fee Disclosure and Payment Methods Modernization* raised the question of providing a pilot period, which we supported in our comment letter. Filer disclosures, regardless of format, can vary widely in terms of what and how information is disclosed, how quickly issuers are able to prepare the disclosure, and how easy the content is to format and submit. Conducting a pilot or test period would give vendors, and the issuer community they

² Members represent the following companies: Advanced Computer Innovations, Broadridge Financial Solutions, Centerpoint Energy, Certent Inc., Computer Science Resources, Donnelley Financial Solutions (DFIN), Exxon Mobil Corporation, Global One Filings, KPMG LLP, Mark V, Novaworks LLC, P3 Data Systems, RDG Filings, Toppan Merrill, and Workiva, Inc.

³ SEC Proposal on Administration of the EDGAR System: <https://www.sec.gov/rules/proposed/2020/33-10821.pdf>

support, an opportunity to investigate many different scenarios that can arise in a typical filing period.

Our suggestions below could apply to any new structured data program, and would help to head off unforeseen problems and improve the efficiency of implementation:

Conduct the proposed pilot for a minimum 6-month test period during which the EDGAR system is able to successfully accept filings, prior to the first compliance date.

This test period will serve to identify and resolve unanticipated problems as early adopters make their submissions. For example, the SEC set out a 6 month test period in the adoption of the Fast Act Modernization and Simplification of Reg S-K, which provided sufficient time to build hyperlinking capabilities for the filing community, and deliver high-quality referenced links.

Give vendors access to an EDGAR stage-level system for user acceptance testing.

Within the current process and technical system, fee-based filings present challenges for both issuers and SEC staff. The proposal notes that SEC staff review every fee bearing submission; and points out that in 2018, 700 filings contained fee-related errors which required SEC correction. The lack of robust validation of fee data in the current EDGAR System can result in errors and incorrect test filings. Tagging fee data in Inline XBRL will allow fee data to be validated by the EDGAR system, improving the process for SEC staff and registrants.

Access for a one to three month period would allow vendors and public company registrants to submit test filings covering a range of common, and less common, scenarios, to identify potential issues, and resolve them before the first compliance date for the rule. When problems are identified, we ask that the Commission be open to tweaking parts of the EDGAR system that may require changes to resolve problems identified with submission and acceptance. We respectfully request an open dialogue with SEC staff, in particular during these test periods, to raise and resolve potential issues. Feedback received from the Commission will be shared with all vendors serving registrants.

While access to a test environment is not necessary for a simple bug fix, we encourage the SEC to provide vendor access to such a test environment for even minor rule changes as the impact could be more significant than expected.

EDGAR System Recommendations

In addition to input regarding new structured data implementations, the Working Group recommends allowing vendors and issuers access to the testing environment prior to EDGAR Filer Manual (EFM) updates. We also suggest that certain steps be taken to improve communication channels between the Commission, and issuers and vendors. We recognize that issues with the EDGAR system are inevitable, such as the need for scheduled or unscheduled maintenance, or periodic bottlenecks in filings that could cause delays. The availability of a test environment and a better dialogue will improve the efficiency of EDGAR submissions. The XBRL US comment letter, responding to the Commission proposal, *Administration of the Electronic Data Gathering, Analysis, and Retrieval System* which addresses our recommendations in greater detail, is attached.

Thank you for considering these issues and suggestions. We know that the Commission is dedicated to helping filers convey critical information to their shareholders. We believe that working together in partnership, we can improve the efficiency of the disclosure submission process, both for new and existing requirements. We can save time for issuers, vendors and for the Commission, and help investors get the data they need.

We hope that your office will be able to take the time to meet with us via conference call later this Fall so that we can expand upon these recommendations. XBRL US staff will contact your office about arranging a call with members of the Regulatory Modernization Working Group at a mutually convenient time.

Regards,



John Truzzolino, Chair, XBRL US Regulatory Modernization Working Group; Director, Donnelley Financial Solutions (DFIN)

CC:

Mike Willis, Assistant Director, Office of Structured Disclosure, Division of Economics and Risk Analysis, U.S. Securities and Exchange Commission

Jeffrey Hickman, Acting Director, EDGAR Business Office, U.S. Securities and Exchange Commission