November 30, 2015

Honorable Mary Jo White
Chair, U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: Disclosures about Entities Other Than Registrant, File Number S7-20-15

Dear Chair White:

On behalf of XBRL US and its members, I am writing to respond to the SEC proposal on Disclosures about Entities Other Than Registrant, File Number S7-20-15, regarding financial disclosures for certain entities other than a registrant. XBRL US is a nonprofit, member organization with a mission to improve the efficiency and quality of reporting in the US by promoting the adoption of business reporting standards.

The proposal, which is part of the SEC's broader Disclosure Effectiveness initiative, seeks to address financial statement disclosure from entities other than registrant including businesses acquired or to be acquired, subsidiaries not consolidated and 50% or less owned, guarantors and issuers of guaranteed securities registered or being registered; and affiliates whose securities collateralize an issue registered or being registered.

This letter will address specific questions raised by the Commission in the proposal; and it will also provide recommendations on how standards can aid in other areas in the SEC's Disclosure Effectiveness Initiative.

How Standards Improve the Effectiveness of Disclosure

Effective disclosure requires reporting the appropriate information in a useable format. The XBRL standard provides a consistent mechanism to report financial data features such as time period, units, decimals and tables which enables the creation of consistent, comparable data. XBRL transforms financial data from flat HTML files into computer-readable data that is more functional, timely, and less costly for investors and analysts to extract and use.

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Page | 1

Companies have been filing in XBRL format since 2009 so today there is a significant amount of historical data available in computer-readable format about every US listed public company. Companies in the US are required to file in both XBRL and HTML (paper-based) format.

XBRL is a global standard that today is used for financial, tax and insurance filings by public and private companies to regulatory authorities in over 60 countries, including China, Japan, Turkey, Israel, Saudi Arabia, US, Netherlands, Malaysia, India, Thailand, Spain, Indonesia, Taiwan, Mexico, Peru, Chile, the United Arab Emirates, the United Kingdom, and Iran. XBRL is also used in the United States by 8,500 banks submitting call reports to the FDIC[1].

Who is Using XBRL Data from US Public Companies Today

Because XBRL is a data standard, it is typically "invisible" to end users. It is unlikely that a sell- or buy-side analyst or portfolio manager would be aware that they are using XBRL data because investment firms often obtain their data through third party providers, many of which use the XBRL version of public company data. Users of public company financials that use XBRL data today include:

- Regulators - The SEC has invested in XBRL-enabled tools so that they can efficiently extract data from historical filings as well as newly published filings as they are submitted. The Commission makes XBRL data available to any user through an RSS feed and has developed bulk datasets that can be extracted as well[2]. The FASB (Financial Accounting Standards Board) uses XBRL data as part of its research to inform accounting standards deliberations.
- Commercial data providers - Organizations such as Thomson Reuters use XBRL formatted financial data for its investment clients. Many providers also consume XBRL data from public companies in non-US countries including Japan, Korea, China, Israel and Brazil. Data and analytic providers such as Calcbench[3] have launched because of the computer-readability and greater functionality of XBRL data.
- Academics, the media, anti-fraud organizations and watchdog groups - Universities and organizations that monitor corporate activities use vast amounts of public company data which is less expensive and more timely when in structured data format.

Because structured data is computer-readable, it does not require the labor-intensive rekeying of financial statements, therefore data consumers can extract data directly from the SEC's EDGAR site using the RSS feeds or datasets the Commission has made available. XBRL US collects this data and has created a set of free, open source spreadsheet templates and APIs[4] that extract data, perform analysis and can be customized to demonstrate how this data can be used by any individual (https://xbrl.us/use/howto/data-analysis-toolkit/).

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[1] The FFIEC Central Data Repository's Public Data Distribution web site contains financial and structural information for most FDIC-insured institutions https://cdr.ffiec.gov/public/

[2] SEC datasets: http://www.sec.gov/dera/data/financial-statement-data-sets.html; SEC RSS feed: http://www.sec.gov/spotlight/xbrl/filings-and-feeds.shtml

[3] Calcbench, www.calcbench.com

[4] API, application program interface, a set of routines, protocols, and tools for building software applications.

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2 | P a g e

Recommendations for Further Improvements in Disclosure Effectiveness

The recommendations we propose focus on how standards can be used to improve the usefulness of disclosures provided to public company stakeholders. The Commission has already completed the important work of requiring the use of data standards for a significant amount of financial data reported. Issuers have already made the investment in tools, education and changes in process to accommodate the reporting of computer-readable financials. Now is the time to consider other ways that the greater functionality and computer-readability of XBRL can benefit both users and creators of public company data:

- creators: Standards can reduce the burden and cost for reporting entities by eliminating duplication of reporting requirements.
- users: Standards can be used in areas that do not currently require XBRL to make more information computer-readable and therefore more accessible, to help investors, regulators and other data consumers make more informed decisions.

How Can Technology be Utilized to Facilitate Disclosure and Address Registrant Challenges

This section provides recommendations that address the question raised in the SEC rule proposal: *In what other ways could we utilize technology to further facilitate the disclosure of useful information to investors or address challenges faced by investors and registrants?*

1. **Recommendation: Reduce the burden on public companies by eliminating duplication of facts reported**

Every year, public companies report a single 10-K and three 10-Qs; each of these reports contain facts that are duplicates of facts reported in previous filings. XBRL US analyzed XBRL filings for 498 companies[5] representing the market to determine the extent of duplicative data. The details for these companies are provided in the Appendix.

Our analysis indicates that the latest 10-Ks reported for the sample included 1.244 million numeric fact values. Of the values reported in these submissions, 574,622 facts were reported for the first time. The remaining 669,016 numeric facts (54%) had already been reported in previous filings submitted to the Commission.

Further analysis demonstrates that fact values are often reported multiple times throughout a company's historical filings. Of the recurring 669,016 fact values reported, these same facts appeared 2.124 million times across all filings submitted since the start of the XBRL SEC program (large companies began filing in XBRL in 2009; smaller companies began filing later

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[5] Company selection is based on the S&P 500 but varies slightly to exclude recently added companies with no 10-K filing history and includes some companies that are no longer included in the index.

due to the phased implementation of the SEC's XBRL program). On average, each numerical fact value was reported 3.18 times.

Company workload could be significantly reduced if preparers were only required to report numeric values that are *new* when a new filing is created; and there would be no impact on the data available to investors.

We recommend that the SEC research the mechanisms required to permit companies <u>only</u> to report what has not already been reported in earlier filings. Financial reporting in XBRL creates data, not documents, and once that data has been reported, it is permanently available and can be rendered into comparative reports. Reporting entities should not be required to submit the same data over and over when comparative data can be represented in an automated manner.

2. Recommendation: Leverage Inline XBRL technology to reduce reporting burden.

Inline XBRL is a technology that is currently available and widely used, and that can address challenges faced by registrants in the current SEC filing process. US companies today file their financials in both HTML and XBRL. Inline XBRL essentially combines the HTML and XBRL documents, eliminating the need to create and file both versions.

In a speech at FEI's Current Financial Reporting Issues conference on November 16, 2015, SEC Commissioner Piwowar stated "*In-line XBRL has the potential to improve the accuracy of structured data, ease burdens on issuers, and facilitate easier review. Currently, the Commission's EDGAR system is not capable of accepting filings with in-line XBRL. The Commission should move promptly to modify EDGAR to permit In-line XBRL and commence a voluntary pilot program to obtain more information about the costs and benefits of an In-line XBRL system.*" Inline XBRL was also referenced favorably by SEC Chair White in a letter to Senators Warren and Crapo[6] on July 21, 2015, and again by Commissioner Kara Stein in a speech given on September 9, 2015 at the Institute of Chartered Accountants in England and Wales and BritishAmerican Business[7].

We strongly agree with the Commission statements of support for Inline XBRL and urge you to move forward with this technology as quickly as possible. In-line XBRL would reduce filing costs for US companies because they would be required to file only one document - not two. It would also eliminate the translation risk companies bear preparing two documents reporting the same information.

1.9 million companies in the United Kingdom file their accounts and tax returns using Inline XBRL every year[8]. This technology is available and in use; any US implementation would be supported by a competitive marketplace of software tools to create it.

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[6] Read the letter posted on the Data Transparency Coalition site: http://www.datacoalition.org/wp-content/uploads/2015/07/Warner-Crapo-letter-on-XBRL.pdf

[7] Read the speech at http://www.sec.gov/news/speech/remarks-inst-chartered-acctnts.html

[8] Inline XBRL – Saving cost and effort for company reporting, 2015, XBRL International:

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4 | P a g e

3. Recommendation: Lower the Burden on Public Companies by Reducing the Duplication of Information That Companies Must Report to Multiple Government Agencies

Public companies report not only to the SEC but to many other federal and state government agencies[9]. There is often significant overlap in the data required by multiple agencies. For example, certain facts collected by the SEC on Forms 10-Q and 10-K are also collected by the Department of Commerce, the Federal Deposit Insurance Corporation, the Federal Energy Regulatory Commission, the Department of Labor, the Internal Revenue Service and the Federal Reserve. Agencies often have differing reporting methodologies, formatting and timing requirements. In many companies, reports specific to a particular functional area are typically managed and submitted by the department responsible for that function. For example, Human Resources may prepare and submit information to the Department of Labor, whereas the Controller and Legal departments are responsible for SEC reporting.

We conducted a review of government reporting at United Technologies (UTC)[10]. Given the decentralized nature of corporate reporting, it was difficult to identify all regulatory reporting within UTC, therefore the study focused solely on reporting to six agencies – the Bureau of Economic Analysis, the Census Bureau, the Equal Employment Opportunity Commission, the Department of Labor, the Federal Reserve and the SEC. In actuality, UTC reports to many more government agencies. The review concluded that the six agencies together require UTC to submit 21 separate reports, some annually, some quarterly, some every 3-5 years, comprising an estimated 376 pages of content. Although some of these reports require only a single submission at a consolidated level, others require multiple submissions at various defined entity levels. Thus, the 21 reports ultimately become several hundred, as reports from separate UTC entities are consolidated to create a total company report before submission. UTC estimated that this subset of reporting required 12,000 man-hours per year to complete - the equivalent of hiring 6.8 full-time equivalents (FTE).

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http://www.xbrl.org.uk/resources/whitepapers/inlineXBRL-benefits-v1.pdf and Company Reporting in the UK– an XBRL Success Story, XBRL International, 2015: http://www.xbrl.org.uk/resources/whitepapers/UKcompanyReporting-XBRL-v1.pdf

[9] Other government agencies that companies must report to can include the following federal agencies in addition to state agencies: which can include the Commodity Futures Trading Corporation (CFTC), Federal Reserve, Federal Deposit Insurance Corporation (FDIC), Office of the Comptroller of the Currency (OCC), National Credit Union Association (NCUA), Office of Thrift Supervision (OTS), Federal Trade Commission (FTC), Consumer Financial Protection Bureau (CFPB), Food and Drug Administration (FDA), Nuclear Regulatory Commission (NRC), Internal Revenue Service (IRS), Department of Commerce (Commerce), Federal Energy Regulatory Commission (FERC), Environmental Protection Agency (EPA), Bureau of Economic Analysis (BEA), Occupational Safety and Health Administration (OSHA), Census Bureau, Equal Employment Opportunity Commission (EEOC), Department of Transportation (DOT) and Department of Labor (DOL).

[10] Better Data for Better Decisions: Standards to Improve Reporting to Government, 2011, https://xbrl.us/wp-content/uploads/2011/12/BetterReporting.pdf

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5 | P a g e

This current process of business to government reporting today is problematic:
- For the company: significant duplication in reporting is labor-intensive, costly and can potentially result in inconsistent information reported to different agencies.
- For the government agency: receipt of multiple non-electronic formats from reporting entities requires translating and rekeying information before analysis can begin, which is costly and can result in delays. There can be a lack of consistency in information reported to multiple agencies. Time delays and potential inaccuracies can impact government decision-making.
- For the public: potential for errors and time delays can affect decision-making based on the data reported.

Consistent standards can be used for business to government reporting to eliminate the problems noted above. Specific steps to implement these standards include:
1. Conduct a cross-agency analysis to identify redundancies in corporate reporting.
2. Expand on the XBRL US GAAP Taxonomy to include elements required by non-SEC agencies that are not already included in the US GAAP Taxonomy. This taxonomy, which is maintained by the FASB and used by every public company today, contains many of the same elements reported to other agencies and is "extensible" which means that more elements can be added.
3. Establish a single government repository where companies submit their data and agencies extract the information they need.

These steps would significantly streamline the entire reporting process, reducing the burden and cost for companies, increasing the accuracy and timeliness of data reported for all stakeholders, and cutting costs for government agencies that no longer need to rekey data from forms and documents submitted.

Would Investors Benefit from Interactive Data Format for Other Disclosures?

This section address the question raised in the rule proposal: *Would investors benefit from having all of the disclosures related to these entities [entities other than registrant] made in an interactive data format? Would it depend on the nature of the information being disclosed (e.g., disclosure related to a one-time transaction such as an acquisition or ongoing disclosure related to an Investee)? What would be the cost to registrants?*

4. **Recommendation: Make all required disclosures available in computer-readable format.**

Any information that is important enough to merit a disclosure requirement because it helps inform important decisions made by policy-makers, economists, academics, investors or regulators, should be available to data consumers in computer-readable format. This should include disclosures made about entities other than registrant; providing this data in structured data format (XBRL) will render it more easily extracted, more consistent and more timely. The cost to include these financials in addition to the existing XBRL reporting requirements would be

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6 | P a g e

minimal because public companies already report other financials in XBRL format today. They already have the tools, the taxonomy and the internal process to manage tagging additional reported facts.

In addition, the SEC should review all existing disclosure requirements that are not in XBRL format and consider how XBRL could make that information more easily extracted and used. XBRL can tag text as well as numbers. Rendering reported information such as the MD&A into computer-readable format would be enormously helpful to end consumers of the data when they are searching for information or performing screens on multiple companies.

Are there alternative ways to present information that would benefit investors of all types?

This section makes a recommendation to address the question posed in the rule proposal:

❖ *Are there ways that we could further facilitate the use of information by all types of investors? If so, please explain. For example, should we consider alternative ways of presenting the information, such as specifically allowing or requiring registrants to provide a summary along with more detailed required information to enable investors to review the information at the level of detail that they prefer?*

5. **Recommendation: Eliminate duplicate reporting of data in HTML format when that data is very likely not used in the HTML version.**

Today, companies are required to report data in both HTML and XBRL format. Some companies are required to report lengthy lists of information in schedules that can be easily consumed when in computer-readable format but that are extremely labor-intensive to consume when in HTML (paper-based) format.

One example can be found with Real Estate Investment Trusts (REIT) that are required to file SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION in their 10-K filing. Schedule III provides listings of property holdings and associated properties of each holding. Providing this in a paper based format is impractical for a user of the data to consume and tedious for a filer to prepare. These disclosures should only be available in an electronic format such as XBRL. The spreadsheet that can be downloaded in the attached Appendix contains the number of reported values for all companies in the latest 10-K. Filtering on SIC code 6798 for REITs shows that on average, these companies reported 6,316 individual facts versus only 2,497 facts reported for all companies in total. Although these values are rarely repeated, they are very structured and are easily reported in an electronic filing.

For example, Realty Income Corp reported 28,795 fact values in their latest 10-K. The bulk of these reported facts appear in SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION of the 10K filing.

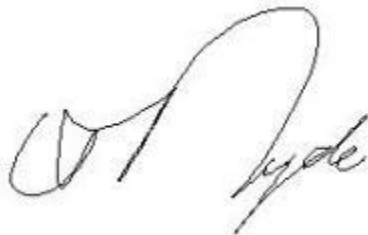XBRL.US is the national consortium for the business reporting standard.

7 | P a g e

We recommend conducting a thorough review of existing filings and eliminating the HTML requirement for data such as this that is lengthy and highly structured. It is valuable information but in an HTML format, it cannot be easily consumed and is time-consuming and labor-intensive for public companies to prepare.

Conclusion

The recommendations we propose - XBRL formatting for additional disclosures, a move to inline XBRL, a reduction in the redundant reporting required today and an in-depth review of industry-specific filings that contain lists of reported values, will result in a net savings for public company issuers and will improve the effectiveness of those disclosures for all stakeholders. We urge the Commission to consider these recommendations and we would be happy to discuss them further.

On behalf of XBRL US and its members, we thank the SEC for the opportunity to provide input to this important proposal and welcome any questions you have. Please contact me at ▮▮▮▮▮▮▮▮▮▮▮▮▮▮ or (▮▮▮▮▮▮▮▮.

Sincerely,

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

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8 | P a g e

Appendix

XBRL financial data was extracted from the most recent (as of 11-30-15) 10-Ks reported by 498 companies to determine the level of duplication in facts reported. Company selection was based on the S&P 500 but varies slightly to exclude recently added companies with no 10-K filing history and includes some companies that are no longer included in the index.

A zip file of the Excel spreadsheet of the analysis can be downloaded here:
https://xbrl.us/news/analysis-of-fact-values-reported-by-public-companies-how-to-improve-effectiveness-of-disclosure/

Information in the spreadsheet includes:
- Company name
- Ticker
- CIK
- SIC code
- GICS sector and subsector
- Date of the filing
- Number of numeric facts reported in the latest 10-K in total, reported for the first time, reported in a previous filing
- Aggregate number of times the facts in the latest 10-K were reported across all filings submitted by company historically
- Average number of times a fact was reported
- Maximum number of times a single fact was reported throughout all company filings
- All facts that were ever reported historically that also appear in the latest 10-K

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9 | P a g e