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December 27, 2018

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

RE: List of Rules to be Reviewed Pursuant to the Regulatory Flexibility Act, File Number S7-25-18

Dear Mr. Fields:

On behalf of XBRL US and its members, I am writing to respond to the SEC List of Rules to be Reviewed Pursuant to the Regulatory Flexibility Act. XBRL US is a nonprofit standards organization, with a mission 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 specification for XBRL (a free and open data standard widely used around the world for reporting by public and private companies, as well as government agencies). XBRL US members include accounting firms, public companies, software, data and service providers, as well as other nonprofits and standards organizations.

This letter addresses the questions raised in the SEC List of Rules related to the importance of, and continued need for, the following rules:

- Interactive Data to Improve Financial Reporting
- Amendments to Rules for Nationally Recognized Statistical Rating Organizations (NRSRO)
- Interactive Data for Mutual Fund Risk/Return Summary

Impact of the rules on the markets since introduction

All three rules were finalized in the first quarter of 2009, with operating companies required to begin reporting starting in 2009 using a phased approach. All companies had begun XBRL-tagging both face financials and details in the footnotes by 2011. Mutual funds had a compliance date of 2011. NRSROs (credit rating agencies) had a compliance date of 2009.

Commercial data providers rely on XBRL public company data.

Since introduction, more and more commercial data providers have transitioned to XBRL-formatted public company data as a source for their data and analytics offerings. Organizations using XBRL data to serve investment clients today, include Bloomberg, Calcbench, idaciti, Intrinio,

Morningstar, Refinitiv (formerly Thomson Reuters Financial & Risk), Seatig, and TagniFi, among others. Commercial data providers like these are typically the key source of information for the investment community, therefore most investors today are using XBRL-formatted data although they may be unaware that the data they access is extracted from the XBRL version of an SEC submission.

Small company data is available at the same time as large company data.

The machine-readable nature of XBRL means that corporate financials from all reporting entities are available in a format that can be automatically processed. Automation means that data providers can process data from thousands of companies faster and with significantly less effort, than the manual extraction process required when extracting data from HTML or text files. Small company data can now be made available at the same level of timeliness as large company data, as noted in the quote below from Morningstar, a global investment research and management firm.

"*Morningstar values XBRL-formatted data as its computer-readable nature reduces processing times and expenses", said Adrien Cloutier, CFA, Global Director, Equity Data at Morningstar. "Historically the labor intensive process of collecting financial data from HTML/PDFs led to us focusing our resources on large market cap companies. Now with XBRL we can focus on processing all companies at the same time regardless of size, providing access to quicker and more accurate financial data to clients and investors*."

The automation afforded through XBRL allows small companies to be considered as investment opportunities at the same time as large companies. This is a significant step forward in leveling the playing field for small-cap companies when seeking funding in the capital markets.

Cost of capital reduced for all public companies

As noted earlier, standardizing and automating financial data lowers processing cost which reduces the cost to analysts and investors of analyzing data. This effectively reduces the cost of capital for ***all companies***.

SEC makes XBRL data available through RSS and data downloads.

The Commission is now able to make vast amounts of structured XBRL data available to the public through individual filings, RSS feeds, and data downloads. Structured XBRL data is also available through Google BigQuery.

More granular data is more easily available from public companies.

XBRL tagging is required for the face financials and for the detailed figures that are often buried in the footnotes to the financials. Because this data is rendered machine-readable by XBRL formatting, it can be extracted and consumed with greater ease.

For example, corporate earnings are of keen interest to investors as a critical measure of value. But "unremitted (untaxed) foreign earnings", which have significant implications for corporate earnings, may be off the radar screen of many investors simply because of its placement in

company filings, embedded in the notes to the financials. Now that this information is available to investors and other users in structured data form, it is vastly simpler to carry out more effective analysis. For example, to extract this value for an analysis of the Fortune 500, a research firm[1] was required to extract seven data points from 500 separate paper-based filings by pulling the filing online, visually scanning each document, and keying the data into a spreadsheet.

With the advent of XBRL, the research firm can perform the same analysis - extract, review and validate, and make adjustments to the data, in a single day. They estimate that they have been able to save 72 person-hours in time and resources that can be better spent on valuable analysis. The availability of data standards enables much easier access to data that is highly valuable but often buried in footnotes to the financials, such as "unremitted foreign earnings" used in this example.

Original rules for mutual funds and NRSROs need refinement.

Use of Mutual Fund Risk/Return Summary data in XBRL format has been hampered because of a provision in the final SEC rule that allows funds to take advantage of a 15-day period before they are required to file the XBRL version of the Risk/Return Summary. Mutual funds typically file in traditional format first, then file the XBRL version of their financials 15 days later. Because of the 15-day lag, the XBRL version of the Risk/Return data is not that useful.

When the Commission mandated the use of Inline XBRL for mutual funds this past June 2018, they also eliminated this 15-day waiting period. When that rule becomes effective, data consumers will be much more likely to use XBRL-formatted data because the XBRL version (which is much easier to process) will be available at the same time as the paper-based version.

While the Commission has now addressed the deficiency in the original rule for mutual funds, the rule for NRSROs requires further refinement. The rule requires NRSROs to post 10% of the agency's ratings data on their web site in XBRL format. The stated objective of the rule is *"to increase the transparency of the NRSROs' rating methodologies, strengthen the NRSROs' disclosure of ratings performance, prohibit the NRSROs from engaging in certain practices that create conflicts of interest, and enhance the NRSROs' recordkeeping and reporting obligations to assist the Commission in performing its regulatory and oversight functions."*[2]

While NRSROs have complied by posting the data on their web site, in reality the data is difficult to obtain. Potential data users must register and sign restrictive usage agreements with the NRSRO before they can access the Ratings History data. For example, a review of the data on the Kroll Bond Rating Agency[3] site shows that potential data users must register to obtain the data, and sign Terms of Use[4] which states:

[1] Case study: Research Analyst Saves 72 Hours Off Data Collection: https://xbrl.us/research/save-time-data-collection/
[2] SEC Rule Amendments to Rules for Nationally Recognized Statistical Rating Organizations: https://www.sec.gov/rules/final/2009/34-59342.pdf
[3] Kroll Bond Rating Agency: https://www.krollbondratings.com/regulatory
[4] Kroll Bond Rating Agency Terms of Use: https://www.krollbondratings.com/terms

"NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF KBRA".

In addition, before accessing, potential data users of the Rating History files are informed:

"The Rating History files may contain CUSIP identifiers, and by downloading such files, you reaffirm the CUSIP Terms and Conditions contained in our Terms of Use. The CUSIP identifiers have been provided by the CUSIP Global Services, managed on behalf of the American Bankers Association by Standard & Poor's Financial Services, LLC, and are not for use or dissemination in a manner that would serve as a substitute for any CUSIP Service. The CUSIP Database, © 2018 American Bankers Association. "CUSIP" is a registered trademark of the American Bankers Association."

These are significant hurdles limiting the use of the Rating History data. As currently written, the rule does not meet the Commission's stated objective. We encourage the Commission to consider revisions to the rule for NRSROs to improve accessibility and timeliness of their reported data to facilitate effective and modern analysis.

Industry, technology and regulatory changes over the past ten years

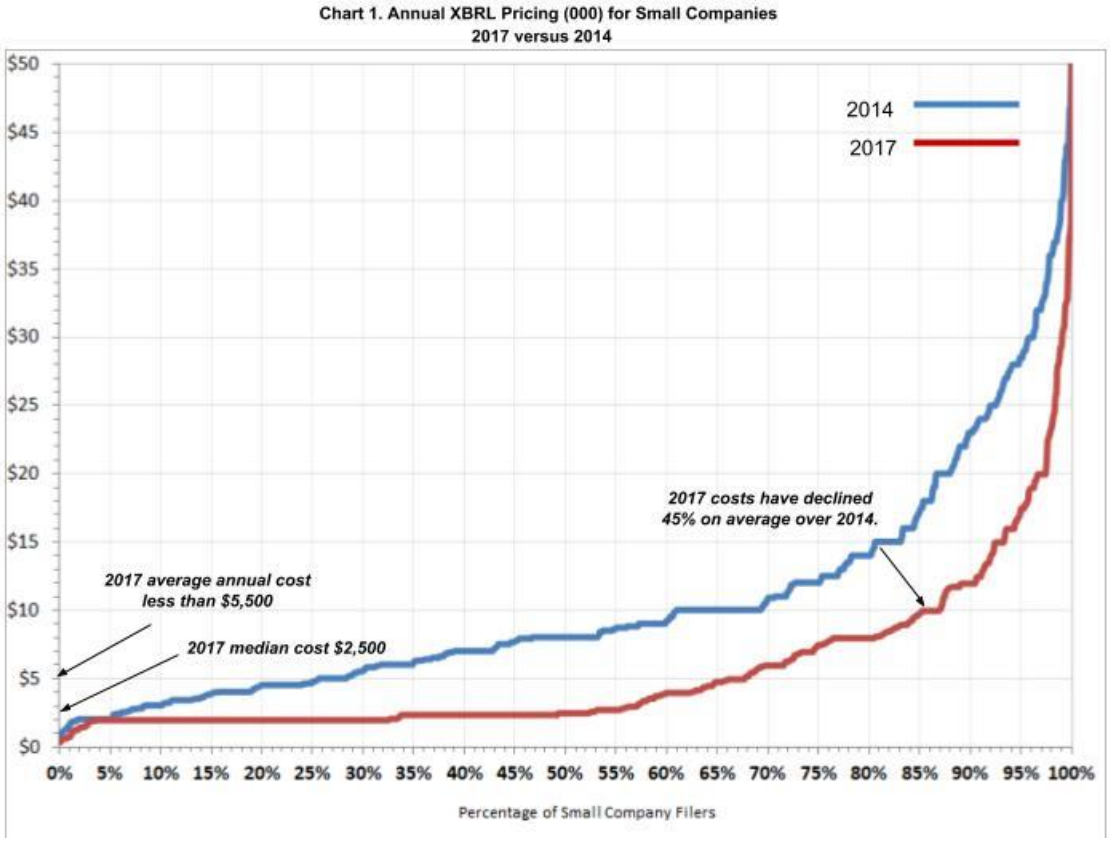
While the rules themselves have had a profound impact on market participants, from issuers to investors, there have also been other industry, regulatory, and technology changes that should factor into the Commission's review of these specific rules.

The burden on issuers has declined.

The cost of XBRL preparation has come down.

A comprehensive analysis[5] conducted by the American Institute of CPAs (AICPA) and XBRL US found that the cost of XBRL preparation declined 45% from 2014 to 2017. The study captured data from 1,032 smaller public companies, working with 13 different vendors. Findings show that the average annual cost of XBRL preparation (preparing four filings in XBRL format) was $5,476, down 45% from 2014.

[5] AICPA-XBRL US Study, 2018: https://www.aicpa.org/content/dam/aicpa/interestareas/frc/accountingfinancialreporting/xbrl/downloadabledocuments/xbrl-costs-for-small-companies.pdf



The XBRL requirement has encouraged more efficiency in disclosure processes.

Over 6,000 public companies that file to the SEC every quarter now have established processes to create and submit XBRL-formatted financials to the SEC. When the program was first initiated in 2009, most companies first, prepared their financials, and second, associated the XBRL concepts to the values reported in their financials (this process is called tagging). Today, more and more companies have transitioned to disclosure management solutions that allow them to manage regulatory filings on a single platform. These tools can improve the efficiency of the filing process by allowing filers to conduct the XBRL tagging at the same time they are preparing their financials. Disclosure management solutions do much more than just XBRL preparation, and today are offered by many providers. While it is possible that disclosure management solutions would have become commonly used in the absence of XBRL, we believe that the XBRL requirement hastened the move by corporations to adopt these new tools.

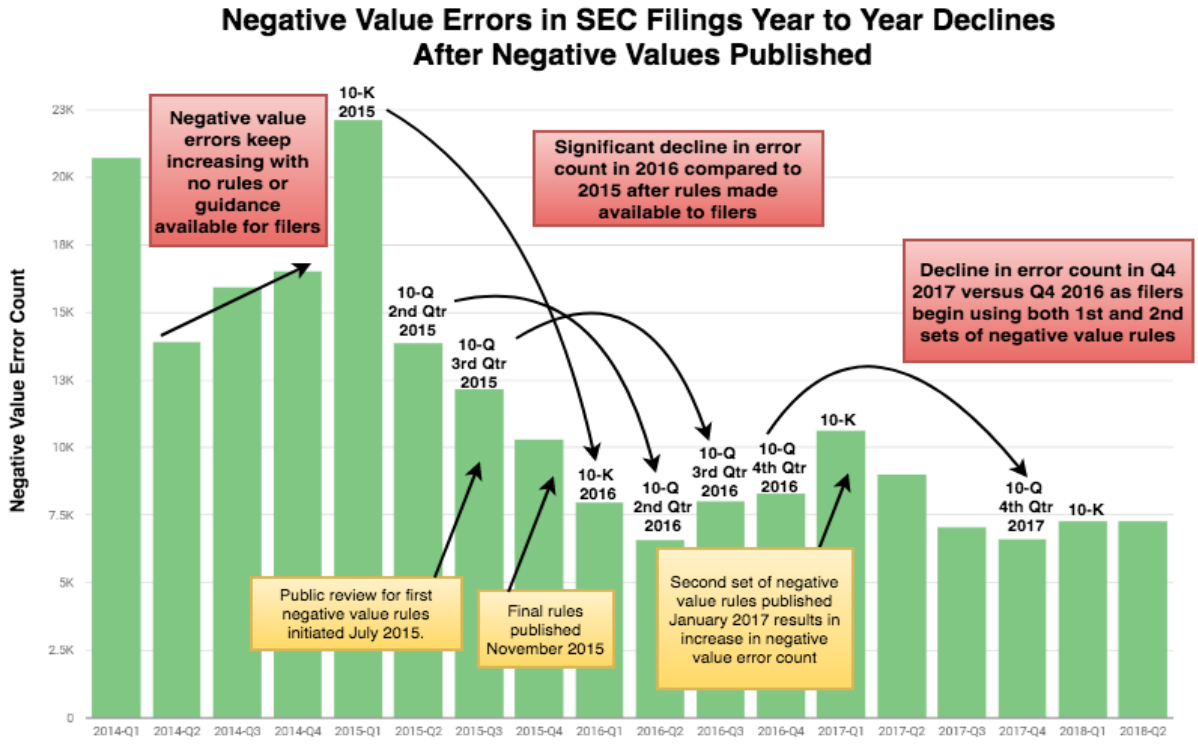
The requirement for inline XBRL will further decrease issuer burden.

In June 2018, the Commission mandated the use of Inline XBRL for mutual funds and operating companies. Inline XBRL effectively combines an HTML and XBRL file. The transition to Inline XBRL will eliminate the need for issuers, both mutual funds and public companies, to prepare two separate documents. Not only will this reduce reporting burden, it may also improve the quality of reported data as companies will no longer need to create duplicate filings.

The quality of XBRL financial data has improved.

In 2015 a group of XBRL providers, led by XBRL US, started a program to establish freely available, standardized validation rules that SEC filers can use to identify and resolve errors in their XBRL filings, prior to SEC submission. The XBRL US Center for Data Quality[6] funds the work of a Data Quality Committee (DQC)[7] which develops these rules through a rigorous multi-step process. Filer use of these validation checks has increased since the first ruleset was introduced in 2015, with a corresponding positive impact on the quality of filings.

The first DQC Ruleset focused on negative value errors, the most common problem in XBRL financials. As shown on the chart below, filings containing facts erroneously reported with negative signs were trending upward throughout 2014 and into the 2nd quarter of 2015, as seen in year-to-year comparisons. Errors began declining with the first set of rules made available in Q3 2015. For more detail on this analysis, and on the Center for Data Quality, see the XBRL US white paper "XBRL US Center for Data Quality: an industry initiative for the common good".[8] Today, rules continue to be developed for companies reporting in US GAAP and IFRS.



[6] XBRL US Center for Data Quality. Members are American Institute of CPAs (AICPA), Altova, Broadridge Financial Solutions, Certent, DataTracks, DFIN, Merrill Corporation (Founding Member), P3 Data Systems, RDG Filings, and Toppan Vintage: https://xbrl.us/data-quality/center/.

[7] XBRL US Data Quality Committee. Members are American Institute of CPAs (AICPA), Bloomberg, Calcbench, the CFA Institute, Credit Suisse, idaciti, Merrill Corporation, Morningstar, S&P Global Market Intelligence, Toppan Vintage, and Vanderbilt University; as well as permanent observers from the FASB and the IASB: https://xbrl.us/data-quality/committee/

[8] XBRL US Center for Data Quality: an industry initiative for the common good: https://xbrl.us/wp-content/uploads/2018/11/XBRL-US-Center-for-Data-Quality-White-Paper-December-3-2018.pdf

Technology has changed over ten years and XBRL has evolved.

The XBRL specification is managed and supported by a global standards organization (XBRL International[9]) which has active technical working groups. These working groups revise and adapt the standard to meet changing technology needs in the marketplace, and to take advantage of new opportunities where they can improve on the standard. For example, the Inline XBRL technical standard, referenced earlier in this letter, was developed in 2011 and is now being used worldwide and has been most recently accepted for use by U.S. public companies, and mutual funds.

XBRL International also initiated a program called the Open Information Model[10] to expand XBRL to accommodate new format technologies. JSON is an open standard file format introduced in the early 2000s that is commonly used. It is more lightweight and compact than XML. Today XBRL documents can be defined in an XML, JSON, HTML (Inline XBRL), or CSV format, so that more software applications can easily work with XBRL content. As technologies change, the XBRL standard is well positioned to continuously adapt as new technologies become available going forward.

More U.S. standards programs have adopted XBRL.

XBRL has been adopted for use in the United States for the following programs, both regulatory and non-regulatory:

- The surety industry has embraced XBRL as a solution to improve the processing of surety bonds for contractors.[11]
- The solar industry, in partnership with the U.S. Department of Energy, has funded the development of a comprehensive XBRL program to bring standardization into the financing of solar programs.[12]
- The state of Florida mandated the use of XBRL for municipal financial reporting in March 2018, through a bill called HB 1073[13]. This legislation establishes the Florida Open Financial Statement System, and enables the state CFO to build XBRL taxonomies for state, county, municipal, and special district financial filings; and to create a software tool that enables financial statement filers to easily create XBRL documents to be used with the taxonomies developed. To expand on, and support this state initiative, XBRL US created a working group[14] in August 2018. This working group is building a taxonomy representing the Comprehensive Annual Financial Report (CAFR) for municipal financials.
- The SEC approved the IFRS Taxonomy in 2017; foreign private issuers have already begun submitting their financials to the EDGAR system in XBRL format.

[9] XBRL International: https://xbrl.org

[10] XBRL-CSV and XBRL-JSON: https://www.xbrl.org/news/xbrl-csv-and-xbrl-json/

[11] XBRL US Surety Working Group: https://xbrl.us/home/industries/surety/

[12] Sunspec Alliance: https://sunspec.org/orange-button-initiative/

[13] HB 1073: http://www.flsenate.gov/Session/Bill/2018/1073/BillText/er/PDF

[14] XBRL US State and Local Government Disclosure Modernization Working Group: https://xbrl.us/home/government/state-and-local-government/

XBRL use outside the US continues to grow.

XBRL today is widely used around the world for different types of implementations and in different regions as noted in the two tables below, courtesy of XBRL International.

Types of Implementations				
Financial Regulators	**Business Registrars**	**Capital Markets (public companies)**	**Tax Regulator**	**Other**
59	15	25	9	13

The European Securities Markets Authority (ESMA) has mandated the use of Inline XBRL for public companies in the U.K. and in every EU country. These companies are required to begin reporting their financials in Inline XBRL format, using the IFRS Taxonomy, starting in 2020. At that time, an additional 28 EU markets will come online so that the 25 figure, will increase to 53.

Regional Breakdown of XBRL Implementations			
Asia/Oceania	**Europe**	**Africa**	**Americas**
37	67	3	12

Specific countries where XBRL programs reside include:

- public company reporting: South Korea, Mexico, Peru, Colombia, Chile, Israel, China, Japan, Taiwan, Canada, United Arab Emirates, Singapore
- private company reporting: the UK, India, Denmark, South Korea, Italy, Belgium, Germany
- banks: Peru, Panama, Chile, Belgium, France, Spain
- government reporting: the Netherlands, Australia.

More tools are available to work with XBRL data.

The commercial marketplace has expanded significantly since XBRL was first mandated by the SEC in 2009. In the U.S. there are dozens of tool and/or service providers offering XBRL creation products, as well as database and analytics offerings from startup organizations such as idaciti, Intrinio, Seatig, and TagniFi. The availability of free, easily accessible XBRL data has spurred the development of new market entries, increasing the availability of good quality financial fundamental data to all investors, both institutions and individuals.

Free, open source tools that work with XBRL content have also proliferated, such as Arelle, a widely used open source processor. XBRL US has developed the XBRL API[15] standard which

[15] XBRL API standard: https://xbrl.us/home/use/xbrl-api/

can be used to create, extract and analyze any XBRL-formatted data; XBRL US also has tools to build validation rules, and has established a comprehensive process for taxonomy building.

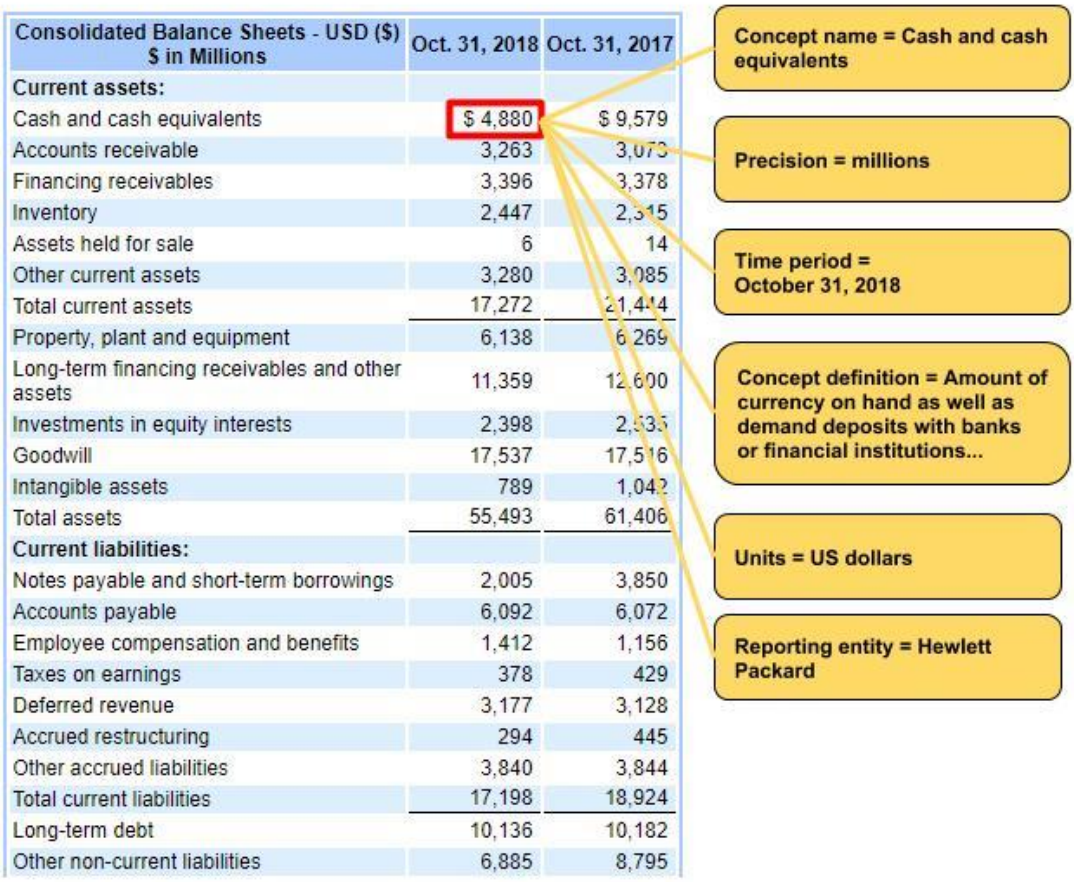
Recommendations for financial reporting

The XBRL rules under review have contributed to the efficient flow of information in the capital markets. We urge the Commission to retain the existing rules for public companies and mutual funds, with the amendment in the mutual fund rule to eliminate the 15-day waiting period.

The Amendments to Rules for Nationally Recognized Statistical Rating Organizations (NRSRO) should be reconsidered. The data reported in XBRL format is valuable. The Commission should require NRSROs to provide the same level of accessibility to this data as the public has to data from public companies and mutual funds.

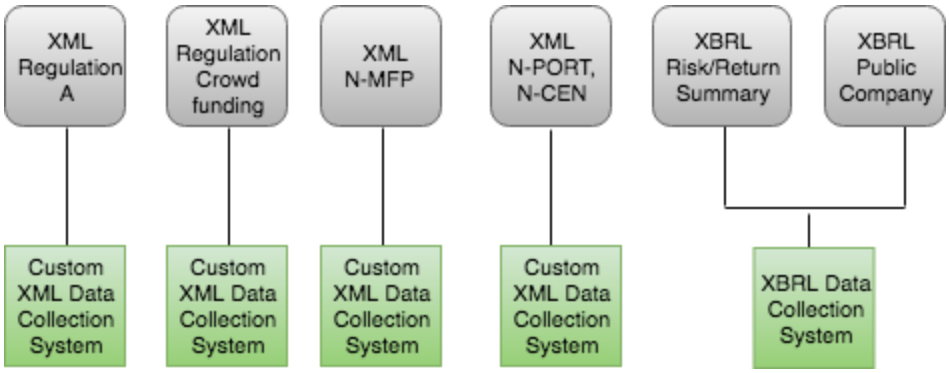
Need for greater consistency

In addition to the recommendations related to these specific rules, we urge the Commission to consider the importance of consistency in establishing financial data standards, regardless of the type of entity. All financial data has the same characteristics that must be appropriately conveyed in order to understand the meaning of a reported value, as noted on the diagram below: name of the item reported, scale (for example, millions), time period, definition, units (currency such as US dollars), reporting entity, and potentially dimensional qualifiers, such as revenue reported by business segment or region.



These characteristics equally apply to financial data reported by small businesses obtaining funding through Regulation A or Regulation Crowdfunding, money market funds on Form N-MFP, investment companies reporting on Form N-CEN and N-PORT, mutual funds reporting their Risk/Return Summaries, and public companies reporting their 10-Ks or 10-Qs.

And yet, the first four of these reporting entities (as shown on the diagram below) are required to report using completely different forms that use different methods of identifying common financial terms such as “Assets”. Organizations that collect data about these entities must create different data collection systems for each type of reporting entity. That includes the SEC, and any data or analytical tool provider. Each new data collection system that must be built, increases the cost of data to the data consumer.



Mutual funds and public companies however, depicted in the last two gray boxes on the right side of the diagram above, both report in XBRL format. Organizations like the SEC, as well as data and analytics providers, can use the same data collection system for mutual funds as they do for public companies. This is a significant savings versus creating new processes and systems for each type of entity.

Software providers that build reporting tools for entities that must report to the SEC are also negatively impacted when custom XML schemas are required. Many software providers have offerings for different types of entities to prepare their financials for SEC submission. For example, customers of a single software company may include money market funds, public companies, mutual funds and investment companies. Because the SEC has opted for different schemas for different kinds of companies, creation tool providers must also build different products to meet the needs of different customers. For those working with mutual funds and public companies, which both report in XBRL format, the same creation tools can be leveraged. But a different application must be used to prepare documents for money market funds; and a different application for Reg A and Reg CF companies; and a different application for investment companies. The cost of developing unique applications is ultimately passed down to the issuing entity.

The lack of consistency in reporting of financial data by different entities is costly for both the preparers and the consumers of reported data.

Conclusion

Rules requiring the use of XBRL that were finalized by the Commission and became effective in 2009, already have, and will continue, to increase the efficiency of data flow in the capital markets today. The rule for public companies, in particular, has had a positive impact on the ability of public companies to obtain needed funds, and has leveled the playing field between large and small companies.

The XBRL requirement for mutual funds has been revised to eliminate the 15-day waiting period which will vastly increase the value of the XBRL data reported. The rule for NRSROs however, could be improved by encouraging reporting entities to make their data more accessible.

The greater consistency brought about by using a single data standard, that appropriately accommodates the complexities of financial data, is critical to improving efficiency and lowering the cost of analysis. There is no such thing as “simpler financial data” - by definition, financial data is complex.

We appreciate the opportunity to provide input to the Commission’s review of these rules. Please feel free to contact me if you have any follow up questions or would like to discuss. I can be reached at [redacted] or [redacted].

Sincerely,

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