

**Data Quality Committee
In Person Meeting Washington D.C.
September 29, 2015
Meeting Notes**

Attendees

Committee Members

Present: Mike Starr, Will Allen*, Chase Bongirno*, Emil Efthimides, Pranav Ghai, Jeffery Naumann, Minu Palani, Dean Prinsloo, Campbell Pryde, Lou Rohman, Mohini Singh

Absent: Amit Varshney, Craig Lewis

Staff

Ami Beers, David Tauriello, Susan Yount

Observers

Louis Matherne, Piyush Sattapathy, Seung-Woo Lee*, Amy Pawlicki

**participation by phone*

Minutes Approval

- The DQC approved meeting minutes from August 26, 2015 meeting.

Debrief of SEC Meeting

- All agreed that introductory meeting with Sec staff was positive, informative and productive. The Staff was engaged and discussed XBRL quality and the Staff's data usage.
- The Staff encouraged the DQC to issue comment letters on proposed rules, releases and advisory committee recommendations. DQC agreed that its future meetings should include discussion of proposed SEC rules releases and advisory committee recommendations.
- Staff requested examples of market usage of data. We will provide links to cases of XBRL data usage on DQC website and send links to the Staff.
- Suggestions for next meeting with the Staff:
 - Provide more formal presentations on specific topics for discussion.
 - Provide examples of impact of implemented/proposed rules and how guidance/rules impacts usability of data.
 - Inform Staff of results from running rules on filed XBRL data and inform them of errors.
- The DQC discussed that in between the regularly scheduled meetings there will occasionally be a need for informal meetings with select Staff.
- Ami will provide proposed dates to the Staff for meetings in April and September 2016.

Review Public Comments

- General feedback
 - One commenter recommended that the rules allow for rounding differences.
 - One commenter recommended that the DQC include a preparer. Chair has reached out to Financial Executives International for a recommendation of a company representative to join the DQC.
- Element Values Are Equal (DQC_0004)
 - One commenter recommended that the rule should allow for rounding differences. The rule will be updated to allow a tolerance of 2.
 - A few commenters responded that the rules only check facts within the same context/dimension. Global Rule Logic addresses this (only facts within the same context/dimension are compared).
 - One commenter questioned whether the rule considers an exception for filers when Liabilities and Stockholders Equity concept is not reported. Global Rule Logic addresses this (rule does not run if an element does not exist).
- DEI and Block Tag Date Contexts (DQC_0006)
 - One commenter recommended the periods should be updated for a specific range. The rule will be updated to allow a range of +/-15 days.
 - One commenter recommended that the rule exclude forms 10-KT and 10-QT. The rule will be updated to exclude such filings.
 - One commenter recommended the rule should exclude companies that incorporate and have an initial public offering during the same year. There will be minimal false positives for this situation because it is a rare occurrence. Rule submission form will be updated to note that rule may fire for companies that incorporate during the year. The DQC staff was asked to include in the backlog of rule additions and modifications a revision to this rule to identify when a company incorporates and has an initial public offering during the same year
- Element A Must Be Less Than Or Equal To Element B (DQC_0009)
 - Two commenters recommended that the rule apply to additional elements and dimensions. There is a backlog of contributed rules that will need to be tested and reviewed by DQC. This list of elements will be added to backlog of rules.
- Negative Values (DQC_0015)
 - One commenter recommended adding the Equity Component members on Equity Components Axis to the Member Exclusion list. Rule will be updated to exclude all members when they appear on the Equity Components Axis. Other members and member/line item combinations will be analyzed for future exclusion from this rule.
 - One commenter recommended excluding the Adjustments for New Accounting Pronouncements Axis / New Accounting Pronouncement, Early Adoption, Effect Member. This member will be added to the Member Exclusion list.
 - One commenter recommended excluding the following members from the Legal Entity Axis from the rule:
 - Parent Company [Member]
 - Subsidiaries [Member]

- Guarantor Subsidiaries [Member]
- NonGuarantor Subsidiaries [Member]

These members, when used on the Legal Entity Axis, will be added to the Member Exclusion list.

- One commenter recommended excluding the Scenario Axis/Pro Forma Member from the rule. The DQC disagreed with this recommendation because negative values associated with this member usually indicate modelling errors and not false positive results.
- One commenter recommended exempting the element “Provision for Loan Losses Expensed” from the rule. The rule will be updated to remove this element and the DQC staff will prepare a modification to the rule for the DQC’s future consideration that identifies negative values that are not the reversal of a previous estimate.
- One commenter recommended exempting Reclassification out of Accumulated Other Comprehensive Income Axis / Reclassification out of Accumulated Other Comprehensive Income Member from the rule. Rule will be updated to add Reclassification to list of member exclusions.
- One commenter recommended adding other additional elements to the rule. There are additional elements in the backlog of rules to be analyzed that will be added in the future.

Action items

- *Rules and test cases will be updated based on recommendations.*
- *DQC will consider revised rules for approval at the October 2015 meeting.*
- *Final approved rules will be published on DQC website and github.*
- *Discuss timing of “effective date” of approved rules at October 2015 meeting.*

Consideration Of Rules to Verify Calculation Relationships Among Certain Standard Elements

- One commenter, Mr. Charles Hoffman, recommended that the DQC develop rules based on 22 calculation relationships in the face financial statements. Mr. Hoffman has published emails and blogs periodically that state that these relationships (referred to as Fundamental Accounting Relationships by Mr. Hoffman) are an indicator of data quality. (Campbell Pryde has made the point that Mr. Hoffman’s distribution of the results of his tests using the XBRL US email distribution list does not represent approval or endorsement of the views expressed in those emails or on his blog by XBRL US.)
- The DQC discussed that an indicator of quality must include a comprehensive set of tests. The data consumers represented on the Committee stated that rules using these calculation relationships would not address the issues that adversely impact the usability of XBRL. The service providers agreed that rules based on these relationships test a limited set of the data on the face financial statements and are not comprehensive enough to be considered an indicator of quality. The point was made that usability is the best measure of quality.

- DQC agreed, provided that Mr. Hoffman is willing and able to provide sufficient additional information, to perform an impact analysis to determine:
 - the amount of errors in filings identified by rules using Mr. Hoffman's calculation relationships
 - the amount of false positives generated using these tests. (The service providers indicated that in their review and, in one case, use of these rules, the rules identified a number of false positives.)

Action Item - Dean Prinsloo will contact Mr. Hoffman to request an impact analysis (including list of taxonomy elements tested, list of filings for each error, and a link to each filing) and a mapping of the items defined in the relationships to the underlying XBRL elements defined in the US GAAP taxonomy, to be provided to the DQC. DQC will analyze the results.

Basis For Selection Of Rule Implementation Code

- One commenter recommended that rules be published in XBRL Formula.
- Official rules are expressed in plain English on DQC website.
- Campbell Pryde reviewed the process for determining the language to use for the reference implementation of the plain English Rules. Different languages were assessed extensively for reference implementation code.
 - XBRL Formula – has the ability to express rules with formulas that can be run against filings. However, there is a concern as to whether all rules are/will be able to run in XBRL Formula.
 - Sphinx - XBRL US had used this for the XBRL US Consistency Suite but decided not to publish implementation code for rules in this format due to IP issues.
 - Python - chosen because:
 - SEC uses this language. It may be easier for SEC to support and use rules if written in Python.
 - Python is more flexible than either XBRL Formula or Sphinx for implementing more complex rules.
 - It is open source and freely available.
- Center for Data Quality (Center) will certify the implementation by the Center's members of the DQC's rules in languages other than Python if, based on the test cases, the implementation is determined to be compliant with DQC's rule implementation code.
- Fujitsu has coded the first set of proposed rules using XBRL Formula. The Center will test Fujitsu's implementation using the test cases when the DQC's rules are final.

Extensions Work Stream

- Random sample of 100 extensions and a judgmental sample of 50 filings was pulled from 2015 filings (income statement data only) for analysis.
- Materiality thresholds for the tagging process appear to be different from materiality thresholds under Reg S-X that are used to create html financial statement disclosures. Custom tags or extensions have been used for an aggregation of individual items that are not required to be disclosed individually on the income statements because they are below the materiality threshold in Reg S-X.

- Aggregations/Disaggregations (e.g., Food, Beverage, Racing and Other)
 - Individual items included within the aggregated line item are immaterial. Many filers will extend for this. Some members preferred that a standard element be used for the most significant of the individual components of the line item. Other members expressed a preference for tagging the aggregation of immaterial items as “other” if the aggregated total is also immaterial.
 - Some members agreed that Reg S-X should be used to determine which element to choose. Some members believe that if all the components of the above example aggregation are immaterial, the “Other revenue” standard US GAAP element should be used.
- Extensions – There was a discussion about the use an “anchor” for extensions. For example, a preparer would, based on the nature of the fact, relate the extensions to the most relevant standard element in the US GAAP Taxonomy so that users can determine comparability across filings. Some members expressed the view that dimensions should be used for line items on the income statement (e.g., revenue line item element with product/services members). However, it was noted that if dimensions are used, the presentation will not match the html and calculations will not work.
- Totals
 - Which elements do investors want for totals (e.g., “Total Revenues” or a more specific element “Total Revenues from Hotels”)?
 - EFM 6.6.26 requires the element with the narrowest definition to be chosen. There are a few broad categories for totals that should be considered. Possible suggestion for an EFM change.

Contributed Rules

- DQC discussed changes to proposed rule DQC_0001 Axis with Inappropriate Members
 - DQC_0001.51 Fair Value by Fair Value Hierarchy Level Axis
 - Extension members are allowed but limited to combination of Level 1 and 2 or Level 2 and 3. Guidance will be needed for combinations of levels.

Action Item - Analyze data and determine which extensions filers have been creating and exclude those from rule. These will be added to the rule form.
 - DQC_0001.54 Legal Entity Axis
 - Many filers use Predecessor/Successor Member currently on Scenario Axis with the Legal Entity Axis. Need guidance on how to handle.

Action item – Exclude Predecessor/Successor Members from rule.
 - DQC_0001.55 Debt Instrument Axis

Action item – Exclude the following members from rule: Borrowings Member, Senior Debt Obligations Member, Trust Preferred Securities Member

- DQC_0001.61 Range Axis
Action item – Some committee members use the range axis to represent an aggregation of values across a range. The Committee will request the FASB to provide guidance on the intended use of this axis.
- DQC_0001.62 Currency Axis
Action items – Update rule submission form to indicate that this Axis is not included in the US GAAP Taxonomy. Add exclusion to the rule for other currencies.
- DQC_0001.67 Litigation Status Axis
Action item - Put on hold
- DQC_0001.68 Litigation Case Axis
Action item - Put on hold
- DQC_0001.69
Action Item – add Crude Oil Member to list of allowable members
- DQC_0001.70 Consolidation Items Axis
Action Item – exclude Combinations of items from the consolidation axis such as eliminations and reconciling items from rule.
- DQC_0041 Default Dimensions
 - No comments from last meeting
- DQC-0015 Negative Values
 - Review additions at October 2015 meeting.

Action item – Campbell to develop test cases for all rules to be approved at October 2015 meeting.

Calendar Review/2016 Meetings

Preliminary dates provided. Feedback on meeting dates/locations provide to Ami

Wrap Up

- Minutes from SEC meeting will be sent simultaneously to the DQC and the SEC Staff.
- Extension discussion was helpful, need to find balance between getting information to investors and being non-disruptive to preparers.

Meeting adjourned