

**Data Quality Committee**  
**Washington D.C.**  
**April 25, 2018**  
**Meeting Notes**

**Attendees**

Committee Members

Pranav Ghai, Campbell Pryde, Lou Rohman, Mohini Singh, Chase Bongirno, Steve Soter, Jo Guo\*, Charles Kessler\*, Amit Varshney\*

Absent

Craig Lewis, Emily Huang

Staff

Ami Beers, David Tauriello

Observers

Louis Matherne, Iza Ruta\*, Andie Wood\*

*\*joined by phone*

**Welcome**

- Chair welcomed Committee members. Lou announced that Jo Guo from Morningstar is a new member joining the Committee.

**Minutes Approval**

- Motion to approve minutes from March 14, 2018 DQC meeting, by Chase Bongirno, seconded by Steve Soter.
- Vote (For 6, 0 Against)
- Motion passed. March 14, 2018 DQC meeting minutes approved.

**Status of Public Review Rules Version 6**

- Campbell announced that the public review is ongoing for rule set 6 and comments are due May 7<sup>th</sup>, 2018.
- No comments received yet. We do not expect too many comments due to the fact that changes related to 2018 taxonomy.
- If no comments are received we will have an email approval process for the DQC members to approve. The effective date of the rules will be June 2, 2018.

## Guidance and Future Rule Sets

- Revenue Recognition
  - Campbell stated that there has been a number of changes to the standards for revenue. Many companies implemented the new standards during the first quarter of 2018 and there were many inconsistencies so it is important for DQC to address this area.
  - In general, the revenue breakdown elements have been eliminated and revenue should be dimensionalized. Campbell provided an example.
  - Remaining performance obligations is an area where there have been a lot of questions. There is a requirement to use typed dimensions to break out the expected timing of revenue that is expected to be recognized over time.
    - Cannot use a default with typed dimension or will get a validation error (XBRL specification error). FASB has developed a template for filers and has recommended to import the template in order to avoid a validation error. This template creates a table in the definition linkbase with the remaining performance obligation amount in a table without typed dimension.
    - When reporting the amount for the time period “thereafter”, FASB provided guidance to use nil value for the period of “thereafter”.
      - Don’t tag the default value with a value of nil on the typed dimension
      - Don’t tag the default value with the typed dimension with the period end of the reporting period.
  - There are new elements for revenue recognition. DQC will write a rule to address mixing elements from different sections of the taxonomy (elements from sections 606000 and 440000 are incompatible). If using elements from section 606000 (new standard after adoption), do not use elements from 440000 in taxonomy (old standard prior to adoption) and vice versa.
  - DQC developing guidance for revenue recognition. The following situations are being discussed by working group:
    - How to deal with prior periods when adopting new standard. Restate prior year or use modified retrospective and use new elements (section 606000) for all periods. Do not use deprecated elements for prior periods
    - When revenue is broken down on income statement and is partially 606000 and partially not. In this case, may have to use general revenue element. Do not try to disaggregate or calculation will not work on the income statement.

- Sales tax – new standards include sales tax within revenues. If companies have no sales tax, use the element that excludes sales tax.
- Revenue for banks – Some line items for non interest income have 606000 some do not. It is preferred to break out using line items from taxonomy on income statement.
- DQC proposed rules for revenue for version 7 include:
  - If use policy exemption (sales tax) then must have used the element Revenue from Contract with Customer, Excluding Assessed Tax
  - If element is used in a filing from section 440000 then flag error if element is used from section 606000. Cannot use elements from both sections. If companies have forecasted the impact and used scenario axis, rule will ignore.
  - Flag an error when nil value is put on Revenue Remaining Performance Obligation Expected Timing of Satisfaction Start Date Axis.
  - DQC\_0001 will need additional members added for the product axis.
- Legal Entity, Ownership and Consolidation Axis
  - FASB has published an implementation guide for ownership. DQC is developing guidance on how to use dimensions to report ownership. Guidance will be included in the next release of rules (version 7) and will include a table of dimensional combinations that can be used. Guidance will include examples of complicated structures to explain how to handle.
  - Proposed rules:
    - Specific elements to be used with the Ownership Axis.
    - Flag error where parent company is reported without Consolidation Items Axis with the member Reportable Legal Entities.
- Stockbased compensation continues to be worked on, but has been delayed.

### **DQC Error Results**

- Campbell presented results of running published rule sets 1-5 through April 2018 (real time results). A website has been developed and links can be provided to Committee members to view results.
- For the first set of rules, results show historical information (prior to rule implementation). Later rules do not show historical results prior to rule implementation.
- All rules show a reduction in errors since implementation. First quarters of each of the years have higher error rates due to 10-K filings which have more elements.

- A request was made to break out by filer size (smaller reporting company – large accelerated filers).
- The SEC issued an announcement last week on context dates which reminded filers of guidance but did not reference DQC rules.
- Campbell showed results of new rules that were released in January 2018 for the first quarter 2018. Highest amount of errors were for DQC\_0052, Member Values. We noted that filers are using Domestic Plan Member where FASB guidance states this member should not be used.
- There was a request to see how many filings are included in results. Provide context on how many occurrences of errors versus how many filings have errors.
- The DQC discussed whether to publish results on XBRL US website. There is an ability to allow drill down to company level.
  - DQC agreed to publish rule results with instructions on how to use API to get detail at company level.
  - At next meeting, DQC will decide whether to make drill down available on the website (without having to run separate API).
- DQC members discussed that while all rules show reductions in errors, there has been a leveling off and so there needs to be SEC enforcement to reduce further.

## **XII Entity Specific Disclosure Task Force**

- Louis Matherne and Andie Wood presented to the DQC.
- The purpose of group was to develop approaches to make entity specific disclosures machine readable and more usable
- Louis explained that task force is looking for comments on the document that has been issued. Users have not been involved in development of work and looking for user feedback.
- The focus is on numerical disclosures, rather than text based. Initially, these disclosure are more critical.
- Primary target for this document is regulators because the regulators need to put mechanisms (rules) into place. For SEC, this was not initially recognized as a problem.
- There are three core patterns for extension elements (dissagregations, aggregations, orphan elements). The task force found that orphan elements were rare.
- The task force concluded that preparer extension taxonomies that have a calculation linkbase provide useful links from entity specific disclosures to the base taxonomy.
  - However calculation links for entity specific disclosures are sometimes incomplete or missing (filing rules may not require).
  - If calculation total is not reported then the entity specific disclosures will not have a link to it.
  - The calculation linkbase does not cover XBRL dimensions.
  - The calculation linkbase does not cover cross-period calculations.

- Primary recommendations by the task force include anchor entity-specific disclosures to the base taxonomy.
  - Provide calculation relationships wherever possible.
  - Provide some relationship to the base taxonomy for all extension components.
  - Allow calculation linkbase to be used for documentation as well as validation.
  - Revisit the specification for the calculation linkbase could significantly improve the automated consumption of entity specific disclosures. This work has been passed on to the XBRL Standards Board to address and revise specification.
- Andie presented a scenario of using a separate anchoring mechanism beyond calculation linkbase (calculation provides implied relationship, additional anchoring would provide explicit relationship). ESMA recommendation includes use of both calculation linkbase and separate anchors through proposing a new role.
  - Users on DQC agreed that both mechanisms are important and agreed that both a separate anchor along with calculation links should be required for extensions.
  - A new linkbase is necessary in the taxonomy to define meaning. The taxonomy and guidance can be developed on a voluntary basis.
  - XII would need to make changes to architecture.
- The DQC discussed whether recommendations should be made to the SEC or should we wait until calculation specification is updated.
  - XII is working aggressively on this, DQC will monitor this activity.
  - This topic should be in next DQC meeting to continue discussion.
  - Need to assess different approaches.
  - Requires a change to current EDGAR Filer Manual rules.

#### **Preparation for meeting with SEC Staff**

- The DQC members conducted a closed session.

Meeting adjourned 12:00PM.