

**Data Quality Committee
Joint Meeting with SEC Staff
Conference Call
March 24, 2021**

Highlights

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Attendance

Data Quality Committee	Securities and Exchange Commission	Observers and Guests
Joan Berg Chair Glad Sully Campbell Pryde Charles Kessler Pranav Ghai	<i>Division of Economic Risk and Analysis</i> Mike Willis Julie Marlowe Vikas Malik Jim Yu PJ Hamidi Christine Cheng Matthew Slavin Walter Hamscher <i>Division of the Office of the Chief Accountant</i> Paul Munter Melissa Raminpour Nigel James <i>Division of Corporation Finance</i> Mike Stehlik Chris Windsor Jeanette Wong	Ami Beers, AICPA David Tauriello, XBRL US Louis Matherne, FASB Iza Ruta, IASB Vivek Baid, IASB Mark Ward, XBRL US

Introductions

- Mike Willis opened the meeting with introductions of the participants. Mike provided an SEC disclaimer for the meeting. Joan Berg introduced the DQC members and the agenda.

Validation Rules and Guidance Update

- Joan Berg informed the group that the DQC approved version 14 rules in January 2021. These rules become effective May 1, 2021.
- Campbell presented the version 14 rules. These rules address IFRS filings.
 - DQC_0101 – Movement of Concepts between Calculation Trees –This rule is similar to DQC_0045 (for US GAAP) that is already in place. The rule identifies inappropriate calculation descendants of investing, financing or operating items in the company's extension filing for the statement of cash flows
 - DQC_0102 – Element Values are Equal –This rule is consistent with DQC_0004 (for US GAAP). This rule tests that the values reported between element relationships that are identified as an accounting constant are consistent within the filing. The rule only runs when there are no dimensions.
 - DQC_0103 – Invalid Value for Percentage Items- This rule identifies where filers have used a percentage item type with a value that is greater than the value of 1000% similar to DQC_0091 (for US GAAP). The rule tests base taxonomy elements of the IFRS taxonomy excludes elements related to tax rates.
 - DQC_0104 – Axis with Inappropriate Member - The rule checks if allowable members are used on the axes tested.
 - DQC_0105 – Financial Statement elements with no calculations - The rule identifies all monetary items on the face financial statements and ensures that associated calculations are also included. The rule takes into account supplemental disclosures and ignores parenthetical items similar to DQC_0099 (for US GAAP).
- Joan explained that version 14 release also included guidance related to tagging Axis and Member combinations for the IFRS taxonomy. Campbell stated that that no standard setter is currently issuing guidance in this area, so the DQC is filling this role. However, there will need to be a long-term solution to this in the future.
- There was a suggestion to add information on the rules that could indicate the complexity of the implementation of the rule (for example, when rules look at individual facts vs. multiple facts across dimension).
- Campbell presented Version 15 rules that will be exposed for public review April 15 – May 31, 2021. The rules included:

- DQC_0107 – General Text Block - The rule identifies where the text block “Schedule Of Acquired Finite Lived Intangible Assets By Major Class Text Block” is used with a value on the Business Acquisition Axis.
- DQC_0108 – Fact Value Consistency Over Time - The rule identifies those facts that are only expected to grow over a reporting period. This rule is intended to identify those cases where the value of a monetary fact has a larger value reported than the value reported for another fact that represents the same concept, but over a longer duration of time. The rule excludes any elements that cannot be negative but may increase or decrease over a measurement period.
- DQC_0109 - Concentration Risk – This rule consists of a number of parts that check concentration risks are reported correctly. All of the parts use the line item ConcentrationRiskPercentage1. The correct reporting of concentration risk requires use of multiple dimensions. The Concentration Risk by Benchmark Axis and Concentration Risk by Type Axis are required for all disclosures. A third axis (e.g., Major Customers Axis or Statement Geographical Axis) may be used to disaggregate the data.
- DQC_0110 – Missing Business Acquisition Axis - This rule identifies where the company has reported the details of a specific acquisition but has not identified the actual acquisition. It also identifies those cases where the aggregate consideration transferred for the reporting period has not been reported using appropriate dates. This rule will flag errors for those cases where the company has not used the Business Acquisition Axis.
- DQC_0112 – Line Items Requiring the Business Acquisition Axis - This rule is intended to identify those cases where the company reports facts that are expected to include the business acquisition axis. The rule checks a list of line item concepts and flags an error if the concept is reported without the business acquisition axis and a member representing the actual acquisition.
- DQC_0113 – Gross Acquisition Less Than Net Acquisition - This rule ensures that filers use the correct elements to identify the Gross Payments and the Net Payments for business acquisitions. This rule is intended to identify those cases where the company reports the total “Payments To Acquire Businesses Gross” with an amount that is less than the value of “Payments To Acquire Businesses Net Of Cash Acquired”.
- DQC_0114 – Assets Acquired Net of Goodwill - This rule is intended to identify those cases where the company reports the value of Assets acquired and liabilities assumed excluding goodwill, the value of assets acquired and liabilities assumed including goodwill and the value of goodwill. The rule flags an error

when the value net of goodwill plus goodwill does not equal the amount including goodwill. This rule will only run on those facts that use the BusinessAcquisitionAxis.

- DQC_0115 – Fact Value Consistency Over Time (IFRS)– This rule is similar to DQC_0108. This rule is applicable to IFRS filings.
- DQC_0116 – Line Items Requiring the Asset Acquisition Axis - This rule is intended to identify those cases where the company reports facts that are expected to include the Asset Acquisition Axis. The rule flags an error when specific line item concepts are reported without the Asset Acquisition Axis and a member representing the actual acquisition.
- There was a question as to whether feedback has been received from IFRS filers. Joan explained that feedback has been provided through service providers.

DQC Errors

- Joan presented the results of the error rates over the past three quarters. The information presented included errors for each rule for the following periods: for quarter that the rule was approved, Q1 2020, Q4, 2020 and Q1 2021. All of the rules show improvement of error rates since the adoption of each rule.
- Joan also presented graphs that showed quarterly results of errors for 3 rules:
 - DQC_0001 – Axis with Inappropriate Members – This rule shows a large decrease in the errors. The top errors for Q1 2021 for this rule related to the following axes: Business Acquisition Axis (added in January 2021) 944 errors, Equity Components Axis (DQC added clarification to error message of the rule to help filers fix these errors) 793 errors, and Subsequent Event Type Axis 304 errors.
 - DQC_0015 – Negative Values – This rule has been adjusted over time to include new elements and exclude deprecated elements. The top errors for Q1, 2021 for this rule included: Deferred Tax Assets, Valuation Allowance 68, Due to Related Parties, Current 38, and Debt Instrument, Unamortized Discount 32
 - DQC_0081 – Inconsistent Sibling Child Relationships – The DQC has been analyzing results of this rule and has updated the error messages to help filers understand how to fix the data. The rule checks incorrect child/parent relationships and incorrect sibling relationships. The top errors in Q1, 2021 related to incorrect child/parent relationships included: Cost of Goods and Services Sold as a child of Operating Expenses 38, Proceeds from Loans as a child of Net Cash Provided by (Used in) Financing Activities 34, and Stockholders' Equity Attributable to Noncontrolling Interest as a child of Stockholders' Equity Attributable to Parent 32. The top errors in Q1, 2021 related to incorrect sibling relationships included: Convertible Notes Payable, Current as a sibling of Notes Payable, Current 46, Increase (Decrease) in Accounts Payable, Related Parties as a sibling of Increase (Decrease) in

Accounts Payable 42, and Increase (Decrease) in Accrued Liabilities as a sibling of Increase (Decrease) in Accounts Payable and Accrued Liabilities 33

- There was a question as to whether companies have been running rules consistently from the beginning. Joan explained that at this point most errors are from smaller companies but analysis is not performed at that level of detail.
- There was a question as to whether the rules address well-behaved dimensions. At this time, the DQC has not yet released a rule to address this topic. The DQC is looking at a rule for future version 16 that will address dimensions on the face financial statements.
- There was a request that future analysis include reporting of the percentage of files that have errors.

SEC Introduction of DQC Rules

- Campbell explained that the DQC has collaborated with the FASB to include a selection of DQC rule information into the US GAAP taxonomy. Campbell explained the process to review the rules to ensure the rule does not produce a false positive, he stated that, when this process is complete the FASB includes the rule into the taxonomy. The SEC now includes those rules that are in the US GAAP taxonomy into the EDGAR system and flags warnings to filers. There needs to be coordination to test the rules for false positives. A process needs to be in place to ensure that rules are well vetted prior to inclusion in the taxonomy. There may be a case where rules are deleted; in these cases, the SEC will need to be made aware.

Anchoring for US GAAP

- Campbell explained that ESMA filers are required to anchor extensions to base taxonomy element in the IFRS taxonomy and the SEC allows for anchoring. There have not been any examples of US GAAP filers using anchors. DQC members have expressed support for use of anchoring for orphan extensions. There have been discussions around what is appropriate for anchoring. DQC plans to look at mechanisms for anchoring for US GAAP filers.
- Pranav expressed that users have difficulty consuming extensions and users currently have to do manual work for extensions.
- There was discussion on whether there is the capability to establish an anchoring policy that would benefit users beyond the calculation relationship.

EDGAR Filer Manual (EFM)/FAQs

- Campbell explained that the EFM restriction for calculations to be defined only once in a filing is problematic because elements can be calculated multiple ways and calculations may not be grouped together. This creates ambiguity in understanding the data. Calculations are often missing in the face financial statements because they already exist in the notes to the financial statements. Campbell proposed the EFM allow duplicate calculations to be defined across multiple roles and require all calculations associated with the face financials to be included in a single role that matches the presentation role. The DQC could develop a rule to ensure that the face financial

calculations match the presentation. Campbell mentioned that this issue is on the FASB's list of issues as well. Joan stated that she expects less duplication as a result of the changes to the requirements of reporting consolidating condensed financial statements in the MD&A.

- Information that does not change over time (such as, information related to acquisitions), cause the period durations to be irrelevant. Campbell proposed EFM allow the use of Forever Period in certain situations for facts that represent transactions or descriptions of the details of a specific event. DQC is working on a write up to provide examples of these situations.

ESG Disclosures/SASB Taxonomy

- Campbell explained that there is an interest in filing ESG related information. Campbell proposed that the SEC allow a voluntary filing program in order to start to file such information using ESG-related taxonomies. This would open the door for ESG reporting and flesh out potential issues. There was a question as to the number of filers that would be interested in filing this information. DQC members did not know the amount of filers, but Campbell stated that there are already submissions in the EDGAR system.
- XBRL US plans to provide a response to the SEC Consultation on Climate Change Disclosures. There is a lot going on in this area with the standards, and what standards would be used. XBRL US is not commenting on which standards to be used, but rather that there are steps to be taken to allow for filers to provide the data regardless of the ultimate reporting standards to be used.
- Campbell mentioned that GRI will be updating their own taxonomy. There is a concern that use of multiple taxonomies will cause more confusion. However, the hope will be for the IFRS Foundation efforts to harmonize the available standards.