DATA Quality Committee

Framework to Enable Consistency and Comparability

SEC Professional Group Feedback

General Feedback

Generally, commenters were supportive of the Framework and the disclosure driven approach to selecting tags. Many expressed that the approach would allow for a simpler process. One commenter stated that, the switch to disclosure based tagging, from presentation, should make things more comparable across companies for analysts and investors. The change should also improve peer analysis for the registrants.

Most commenters agreed that it was necessary to reorganize the taxonomy to allow for tagging the same information consistently in all places. The current situation of multiple ways of tagging one concept creates extra challenges for the XBRL preparers and even a more difficult task for registrants to review and data consumers to utilize the information.  One commenter stated that the taxonomy is currently too long and has too many similar definitions in an attempt to capture all variations or deviation from the simple standard.

With regard to extensions, commenters stated that the use of extensions is too broad and that tagging should really be far less complicated with far less options. One commenter pointed out that extensions were needed early on in the SEC program but as the taxonomy has evolved there should be less of a need to extend. One commenter stated that it might be helpful if there was discussion of axis/member extensions in the Framework. On the other hand, one commenter stated that there is current challenge for immaterial items aggregated into bigger concept which creates a need for custom tags. There is standard tag for each individual element but custom tags are needed for combining such concepts/ideas, which by itself is immaterial individually or in aggregate.

Commenters agreed with the idea of using the same materiality for SEC disclosure and XBRL tag selection. One commenter stated that there may be a need to give up some granularity for consistency. However, one commenter stated that not every single concept can be grouped into a main element applying to all the registrants for a consistent comparison, particular to areas (e.g. stock-based awards) with company's specifics in defining the uniqueness of its program.  The new framework may run into a problem of over-generalizing the circumstances for ineffective comparison. Another commenter stated that the simplification proposal may work for many similar big concepts but may not work for specific items.

One commenter thought that training will be critical.

One commenter stated that the Framework will help companies produce their XBRL tagging in house because it will become an extension of something preparers already know how to complete.

Questions posed by commenters included:

* Will “Implementation and Style Guides” still be applicable?
* Has DQC also thought about applying/using the predominance principle in addition to materiality?

Answers to Specific Questions Posed

1. US GAAP provides uniform disclosure requirements for similar events and transactions and registrants have discretion in how they organize or describe those disclosures, except for those cases where the SEC or the Codification prescribe how the disclosures are presented.

Most commenters agreed that by providing only one way to tag a required disclosure would eliminate the confusion for prepares and users; however, a few stated that registrants have discretion in how they organize and describe those disclosures and may interpret requirements differently or combine items, from a presentation perspective. One commenter suggested to start with something as simple as the face financials and added that it would be appreciated if more emphasis was added to what needs to be tagged.

1. If there is an explicit link between disclosure requirements and a standard element in the taxonomy, and selecting elements is based on the disclosure requirements, it will make tagging financial data easier.

Most commenters agreed that an explicit link between the disclosure requirements and a standard element will remove any ambiguity, ensure consistency, and will make identifying the proper tag easier. A few also agreed that there are many benefits to linking custom tags to a standard tag.

3.       Disclosure decisions are diverse and complex…

a.       As a result, some believe that it is unlikely that different companies would ever be able to consistently tag similar events or transactions;

b.       Others believe that while judgments are complex, the required disclosures are not complex because they are uniform for all companies.

Many commenters agreed that there are standard requirements for statements and notes that most companies follow. A few stated that there is a lot of required information that doesn’t require much judgment, isn’t complex and is uniform across all companies. However, a few commenters stated that the problem exists when companies expand upon or add additional information beyond the required elements.

One commenter stated that within an industry, different asset and liability mixes can make the required disclosures for similar companies different.

One commenter questioned whether disclosure guidance could be that specific to tailor all facts and circumstances.

One commenter stated that certain transactions will make it difficult to apply consistency. For example, it would be very unlikely that two companies will ever report acquisition and parts of discontinued operations the same as another company.  The required information for acquisitions and discontinued operations very a lot depending on the size, timing, structure, and information readily available for each event.