**Data Quality Committee**

**Washington D.C.**

**April 23, 2019**

**Meeting Notes**

**Attendees**

Committee Members

Campbell Pryde, [Lou](file:///C:\Users\abeers\AppData\Local\Microsoft\Windows\Temporary%20Internet%20Files\Content.IE5\UYIOHRRP\lou.rohman@merrillcorp.com) Rohman, Mohini Singh, Andreas Krohn\*, Alex Rapp\*\*, Christine Tan\*\*\*

Absent

Craig Lewis, Emily Huang, Charles Kessler, Pranav Ghai, Amit Varshney

Staff

Ami Beers, David Tauriello, Marc Ward

Observers

Louis Matherne\*

\**joined by phone*

\*\* Alex Rapp in place of Pranav Ghai

\*\*\* Christine Tan in place of Emily Huang

**Welcome**

* Chair welcomed Committee and members introduced themselves.

**Minutes Approval**

* Motion to approve minutes from February 13, 2019 DQC meeting, by Mohini Singh, seconded by Campbell Pryde.
* Vote (For 6, 0 Against)
* Motion passed. February 13, 2019 DQC meeting minutes approved.

**Approval of Rules/Guidance Version 9 for Public Review**

* Lou introduced Version 9 of the rules that will be reviewed and discussed for approval for public review.
* Campbell explained new rule DQC.US.0081 – this rule only applies to the US GAAP taxonomy. The rule looks at the calculation relationships defined in the filer’s extension taxonomy and compares them to the US GAAP taxonomy and identifies contradictions.
  + The rules tests for 2 scenarios:
    - * Elements in the filer extension taxonomy that have been redefined as a child element to a parent but was defined as a sibling in the US GAAP taxonomy.
      * Elements in the filer extension taxonomy that have been redefined as a sibling element to a parent but was defined as a child in the US GAAP taxonomy.
    - The rule only runs on a filers face financial statements elements with values, and will not run on elements with dimensions.
    - Impact analysis was run for this rule. Many errors included incorrect tag chosen, in other situations when “other” elements should be used the FASB guidance has specific guidance on how to use “other” tags (this will be discussed at the FASB TAG meeting next month).
  + Campbell explained the updates to existing rules:
    - DQC.US.0004 – Element Values are Equal - additional relationships were added to this rule. The rule will only flag an error when all components of the calculation exist. The rule will run across all dimensions in the filing. The rule generated approximately 1,000 errors. The following relationships were added to the rule to identify when the relationship is inconsistent:
      * Assets = AssetsCurrent + AssetsNoncurrent
      * Liabilities = LiabilitiesCurrent + LiabilitiesNoncurrent
      * StockholdersEquityIncludingPortionAttributableToNoncontrollingInterest = StockholdersEquity + MinorityInterest
      * LiabilitiesAndStockholdersEquity = StockholdersEquityIncludingPortionAttributableToNoncontrollingInterest + Liabilities + TemporaryEquityCarryingAmountIncludingPortionAttributableToNoncontrollingInterests
      * ComprehensiveIncomeNetOfTaxIncludingPortionAttributableToNoncontrollingInterest = ProfitLoss + OtherComprehensiveIncomeLossNetOfTax
      * ComprehensiveIncomeNetOfTaxIncludingPortionAttributableToNoncontrollingInterest = ComprehensiveIncomeNetOfTaxAttributableToNoncontrollingInterest + ComprehensiveIncomeNetOfTax
      * CashAndCashEquivalentsPeriodIncreaseDecreaseExcludingExchangeRateEffect = NetCashProvidedByUsedInOperatingActivities + NetCashProvidedByUsedInInvestingActivities + NetCashProvidedByUsedInFinancingActivities
      * Assets = NetCashProvidedByUsedInFinancingActivities = NetCashProvidedByUsedInFinancingActivitiesContinuingOperations + CashProvidedByUsedInFinancingActivitiesDiscontinuedOperations
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    - DQC.US.0006 - DEI and Block Tag Date Contexts - This rule was updated to restrict the rules applicability to S1, S2, S3 style reports.
    - DQC.US.0015 - Negative Values - Added 217 elements for new elements in the 2019 US GAAP taxonomy.
    - DQC.US.0011 - Dimensional Equivalents - Updated to include additional equivalence for treasury stock for Common Stock and Preferred Stock.
      * TreasuryStockCommonValue
      * TreasuryStockPreferredValue
    - DQC.US.0046 - Inappropriate Calculation Descendant - This rule tests whether certain child elements in the calculation linkbase are descendants of a parent concept. The rule can specify the depth of the calculation tree that is processed. Added a new rule to test whether Net Income in the calculation linkbase is a descendant of OCI Elements.
    - DQC.US.0048 - Required Calculation Parent Element in the Cash Flow Statemen[t](https://xbrl.us/data-rule/dqc_0048/) - This rule was updated to only allow opening and closing balances that represent the cash and restricted cash balances to be in conformance with ASU-2016-18.
    - DQC.US.0071 Revenue/Cost Single Member - This rule was updated to restrict the rules applicability to only the face financial statements. Prior to version 9, this rule included disclosures as well as statements. The rule was also updated to not flag an error on those tables that include the axis called InitialApplicationPeriodCumulativeEffectTransitionAxis. This axis is used to record the impact of the change in accounting policy and can be disaggregated by a single product, without providing the aggregate total of the cumulative adjustment across all products. (FASB guidance states that only required on face financials.)
    - DQC.IFRS.0080 - Negative Values (IFRS Only) - Added 667 of elements for IFRS taxonomy.
* Rules will be open for public review for 45 days. Proposed public review May 1 – June 15, 2019.
* Motion to approve Rule Set 9 which includes DQC.US.0081 and updates to DQC.US.0004, DQC.US.0006, DQC.US.0015, DQC.US.0011, DQC.US.0046, DQC.US.0048, DQC.US.0071 and DQC.IFRS.0080 for public review May 1, 2019 by Mohini Singh, seconded by Alex Rapp.
* Vote (For 6, 0 Against)
* Motion passed. Approved Rule Set 9 which includes DQC.US.0081 and updates to DQC.US.0004, DQC.US.0006, DQC.US.0015, DQC.US.0011, DQC.US.0046, DQC.US.0048, DQC.US.0071 and DQC.IFRS.0080 for public review May 1, 2019,

**DQC Errors**

* Lou presented the error graphs that provide graphs of historical errors for rules DQC\_0015, DQC\_0001, DQC\_0043, DQC\_0052, DQC\_0068. Rules show improvement in number or errors. The graphs are on the XBRL US website.
  + Effective dates have been added to rules, so we will be able to differentiate releases of the rules.
  + We can potentially look at which elements are biggest offenders, we should look at these to see if there is a concentration of elements that have errors and potentially communicate.
* Lou explained that the DQC discussed with the SEC, during the last meeting, posting the company errors on the XBRL US website. A demonstration of the proposed website that shows errors by company was provided to the DQC for feedback. Rules have been updated for effective dates so that only those errors that have been flagged after the effective date will show on the website. DQC members were supportive of publishing website.

**Linkbase for DQC Rules**

* Campbell explained that the SEC staff had mentioned, during the last meeting, that DQC rules should be linked to the taxonomy. If the rules are included in the taxonomy it would be helpful for filers. A taxonomy linkbase was created that includes all rules and all elements impacted by rules. Label references provide rule function and links to the github site that hosts the code. Campbell provided a demonstration of the taxonomy.
* US GAAP Taxonomy is approved only once annually. DQC can continue to roll out rules throughout the year in templates and the rules can then be put into the approved taxonomy on an annual basis. This would be preferable option and would enable the SEC to pull the template into the EDGAR system.

**Timing of Rule Releases**

* Lou had explained that the DQC had discussed in the past that releases of rules should be on a predictable schedule. Campbell stated that a schedule should be published on the website. Potentially 3 releases per year May/June, August/September, and November/December. DQC meetings to review and approve rules will be scheduled around expected rule releases.

**Future Rules/Guidance**

* Lou explained that there are topics that the DQC has had on its list: stockbased compensation, cover page tagging, variable interest entities. Lou opened the discussion for members to discuss what the future focus should be.
* Alex stated that scale errors are a problem and should be considered. Filers often make errors in the values of share counts and information within parentheticals.
* Alex also mentioned that there are many errors in business combinations disclosures (related to tagging dates of purchase price allocations, dimensions related to intangible assets).
* Christine mentioned taxes is an area that has problems.

The DQC members conducted a closed session.

Meeting adjourned 12:00PM.