financial executives international

May 16, 2017

Mr. Brent J. Fields
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C., 20549-1090

Subject: Inline XBRL Filing of Tagged Data
File No. S7-03-17

Submitted via rule-comments@sec.gov

Dear Mr. Fields,

The Committee on Corporate Reporting (CCR) of Financial Executives International (FEI) appreciates the opportunity to share its views on the SEC's proposal to require the use of the Inline XBRL format for the submission of operating company financial statement information. We also wish to comment on certain other matters that are relevant to the effectiveness of the Commission's XBRL tagging requirements.

FEI is a leading international organization comprised of more than 10,000 members, including Chief Financial Officers, Controllers, Treasurers, Tax Executives and other senior-level financial executives. CCR is a technical committee of FEI that reviews and responds to research studies, statements, pronouncements, pending legislation, proposals and other documents issued by domestic and international agencies and organizations. CCR member companies represent approximately $6.5 trillion in market capitalization and actively monitor the regulatory activities of the SEC. This letter represents the views of CCR and not necessarily the views of FEI or its members individually.

Summary

We support efforts by the Commission to improve the functionality and use of XBRL. At the appropriate time, making a change to accept Inline XBRL tagged filings should be considered given its ease of use, readability and consistency between the HTML and XBRL documents. However, we note that there are certain transition issues associated with requiring Inline XBRL filings of tagged data at this time.

Software Provider Readiness and Cost Considerations

Based on discussions with software providers, we understand that only certain firms currently have the capacity to support Inline XBRL filings at relatively low incremental effort and cost, while a number of other providers do not currently have the capability to meet this requirement. For those companies that rely on the latter vendors, the mandate to file in accordance with this new mandate could result in significant incremental costs to comply with the new requirement in the short term.

Increasing Regulatory and Compliance Burden on Preparers

We are entering a period of unprecedented accounting changes over the next three years, with major new standards due to be implemented for revenue recognition, leasing and financial instruments. The confluence of these major standards has created an especially challenging resource drain for preparers for which accommodation by the Commission would be greatly appreciated.

We also wish to raise other areas where the Commission could actually reduce the burden on preparers with respect to XBRL filings. FEI has previously written to the Commission regarding issues pertaining to XBRL, and specifically encouraged the Commission to look at the changes and clarifications in tagging requirements that may reduce the costs of compliance. We reference these letters in the hopes that the dialogue on these specific issues, outlined below, could resume and progress could be made in this area.[1]

In light of the above considerations, with respect to the proposed rule for Inline XBRL, we recommend the SEC continue to use the voluntary program to gain insight into issues and/or benefits of a required transition to Inline XBRL. More importantly, before moving forward, we recommend the SEC determine how much additional time is needed by software providers to ready their systems for this mandatory change in reporting. While a phased-in approach based on category of filer status is important, any such phased-in approach should consider the impact on preparers if software providers are not ready to comply with the new requirements. With respect to our prior requests for assistance in reducing the burden imposed on preparers by excessive tagging, we ask that the Commission reconsider the merits of the recommendations made by CCR. Members of our Committee stand ready to work with the Staff to help refocus the existing requirements for Level 4 tagging to be limited to specific, relevant and comparable disclosures required under U.S. GAAP.

[1] These comment letters can be found online at:
https://www.financialexecutives.org/Site-Wide/Files/2017/Committees/CCR/FEI-XBRL-Rulemaking-Request.aspx
and
https://www.financialexecutives.org/Site-Wide/Files/2017/Committees/CCR/FEI-XBRL-OMB-Request-Final.aspx

Software Provider Readiness and Costs Considerations

CCR acknowledges that Inline XBRL could improve the efficiency of the filing process by eliminating formatting issues in the XBRL viewer and allowing more control over the XBRL presentation. Additionally, we believe that the proposed rule would make XBRL more efficient to review and make it easier to verify that all items are tagged appropriately.

The decision to transition to Inline XBRL is heavily dependent on the extent to which filing agents and software vendors are currently able to provide this functionality to registrants. We understand that certain service providers would be ready to comply with the proposed rules without significant additional efforts. However, other vendors that do not currently support Inline XBRL filings will need time to develop the necessary software. For these companies, it is expected that there will be some transition costs associated with these outside services, the possibility of ongoing higher costs for these services, as well as internal costs to train personnel. These companies will also be challenged with significant effort to ensure that the format of the combined "Inline" filing is acceptable in a compressed timeframe.

As our member companies are significantly affected by the implementation of new accounting standards, the current time frame is not conducive to making a change of this nature. As large accelerated filers, the proposed rule could require the capability to create Inline XBRL filings as early as the second or third quarter of 2018, which we believe would be incredibly challenging given these significant competing requirements.

Improvements to XBRL Tagging Requirements

As discussed further in the attached letters we had sent to the Commission previously, we believe that there are opportunities to significantly reduce the cost and effort associated with detailed tagging with little or no loss in usable information content. For example, given that all footnote information is block-tagged, we believe that it is possible to reduce the volume of Level 4 tagging by not requiring tagging of information that is not provided in accordance with U.S. GAAP requirements (e.g., voluntary disclosures). We would welcome the opportunity to engage in a dialogue with the Staff on these matters.

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Based on the foregoing, we welcome potential improvements to XBRL filing requirements that improve the efficiency and effectiveness of data tagging in filings. Before moving forward with the In-Line XBRL proposal, we recommend that the SEC determine how much additional time is needed by software providers to ready their systems for this mandatory change in reporting and allow sufficient time for a phased-in approach. In the interim, we request that the Commission undertake efforts to streamline requirements for detailed tagging as described in our prior letters.

Should you have any questions, we welcome the opportunity to discuss our comments further.

Sincerely,

Richard Levy

Richard Levy
Chairman
Committee on Corporate Reporting
Financial Executives International