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Inline XBRL Filing of Tagged Data

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A company that prepares its financial statements in accordance with U.S. generally accepted accounting principles (GAAP) or International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and files with the U.S. Securities and Exchange Commission (SEC) a registration statement or a periodic or current report must submit (as an exhibit to the filing) a separate interactive data file that includes information from the accompanying financial statements tagged in eXtensible Business Reporting Language (XBRL) format using the taxonomies specified on the SEC's website. The interactive data file currently must also be posted on the company's website on the earlier of the date it is submitted to the SEC or was required to be submitted.[1] The SEC is proposing amendments that are intended to facilitate improvements in the quality and usefulness of XBRL data and decrease filing costs by decreasing XBRL preparation costs over time.

SEC staff uses XBRL data to support risk assessment, rulemaking and enforcement activities, and there is a wide range of other potential uses. However, concerns regarding XBRL data have been voiced to the SEC and some commenters have indicated that XBRL data use has been limited, in part due to concerns regarding data quality and reliability. For example, SEC staff has identified several recurring issues with financial statement information in XBRL data, including errors related to the characterization of a number as negative when it is positive, incorrect scaling of a number (e.g., in billions rather than in millions), unnecessary taxonomy extensions ("custom tags"), incomplete tagging (e.g., a failure to tag numbers in parentheses) and missing calculations that show relationships between data (e.g., how subtracting cost of revenue from revenue equals gross profit). SEC staff believes that some of these errors may result from the submission of XBRL tagged information as an exhibit separate from the related filing.

The proposed amendments would require financial statement information to be provided in the Inline XBRL format, which, in practical terms, means that filers would be required to embed XBRL data directly into an HTML formatted filing. The resulting single document would be human-readable and would also enable the automated extraction and analysis of embedded XBRL data by the user's XBRL extraction software. Using Inline XBRL would eliminate the need for filers to prepare and submit a separate XBRL exhibit. Inline XBRL is already used by some filers under an SEC order from mid-2016, and it is hoped that widespread adoption may reduce the time and effort associated with preparing XBRL filings, simplify the review process for filers and improve data quality.

The SEC also proposes to eliminate the requirement for filers to post interactive data files on their websites because it believes that users of XBRL data generally seek the information directly from the SEC's EDGAR system or third-party aggregators as opposed to filers' websites. Sufficiently reliable access to XBRL data is available on EDGAR, and the backup of a website posting of XBRL data is no longer necessary.

The proposed Inline XBRL requirements for financial statement information would apply to all company filers, including smaller reporting companies, emerging growth companies and foreign private issuers that currently are required to submit financial statement information in XBRL. Filers would be required, on a phased-in basis, to embed a part of the interactive data file within an HTML[2] document using Inline XBRL and to include the rest in an exhibit to that document. The portion filed as an exhibit to the form would contain contextual information about the XBRL tags embedded in the filing.

The Inline XBRL requirements would be phased in for companies in annual increments based on the category status of the filer. Large accelerated filers that prepare their financial statements in accordance with GAAP would be required to comply with Inline XBRL requirements for financial statement information in the second year after the rule is effective. Accelerated filers that prepare their financial

statements in accordance with GAAP would be required to comply in the third year after the rule is effective. All other operating company filers that are required to submit interactive data files would be required to comply in the fourth year after the rule is effective.

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[1] An interactive data file is a machine-readable computer code that presents information in XBRL electronic format. XBRL is a markup language that can be processed by software for analysis. When a reported disclosure is labelled (or tagged) using a markup language such as XBRL, the reported disclosure item will be machine-readable, which facilitates the analysis of information and allows for aggregation, comparison and large-scale statistical analysis of reported information. The requirement to submit and post an interactive data file that includes financial statement information in XBRL format, originally adopted in 2009, is set forth in, among other provisions, item 601(b)(101) of Regulation S-K, Forms F-10, 20-F, 40-F and 6-K and Rule 405 of Regulation S-T. Since the XBRL requirements were adopted in 2009, the XBRL technology has continued to evolve.

[2] The vast majority of SEC filers currently file in HTML format. Inline XBRL is not compatible with the ASCII format. Therefore, those filers that currently prepare SEC filings in ASCII format would need to switch to HTML format (unless they already have done so to comply with the SEC rule requiring hyperlinks to exhibits, which came into effect on September 1, 2017).

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