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Data Transparency Coalition welcomes SEC Enforcement of XBRL Reporting Requirements

But There is Still a Long Way to Go, says Pro-Open Data Trade Group

Washington, D.C. - The Data Transparency Coalition (DTC) today welcomed the Securities and Exchange Commission's (SEC) first foray into enforcing the accuracy of corporate financial information filed in the eXtensible Business Reporting Language (XBRL) structured data format.

On Monday, the SEC's Division of Corporation Finance announced that [letters](#) had been sent to certain companies whose XBRL financial statements had failed to include necessary data. The agency's requirement for public companies to submit a structured data version of each financial statement, alongside the old-fashioned document version, for each financial quarter has been in place since 2009.

"The SEC's failure to enforce the quality of structured-data financial statements has prevented investors, markets, the agency, and companies from realizing the benefits of open data. The agency's progress toward transforming its whole disclosure system from documents into open data has stalled," said Hudson Hollister, Executive Director of the Data Transparency Coalition.

The agency systematically reviews the document version of each financial statement for potential errors and issues--but does not apply the same quality control to the structured data version. Beyond the financial statements, the SEC uses hundreds of document-based forms to collect other information from companies, mutual funds, and financial firms, with no structured data collected at all.

Errors are rampant throughout the SEC's XBRL data set, well documented by [Calcbench](#) and [TagniFi](#). These errors make the data very difficult for investors and the agency to use. Many [investors and intermediaries don't trust the data](#).

Accurate structured data would bring the benefits of open data to investors, markets, enforcers, and the companies themselves. XBRL financial data, if made reliable, would help investors make better decisions, allow the agency to use analytics to find accounting fraud, and provide an opportunity for public companies to automate compliance tasks. In addition, as analysts' coverage costs drop, they would be able to cover more companies - helping smaller companies get more attention from investors.

Since its founding in 2012, the Data Transparency Coalition [has called on the SEC](#) to apply quality control to the structured-data financial statements it receives from public companies. A bipartisan group of Members of Congress has been actively pressing the SEC as well, with House Oversight Chairman Darrell Issa (R-CA) [calling for the agency to begin enforcing the quality of XBRL data](#); and [Rep. Mike Quigley \(D-IL\)](#) and [Rep. Keith Ellison \(D-MN\)](#) asking why the agency had not begun to enforce the quality of XBRL data. Until this week, the SEC had never taken any action.

"We are pleased that the SEC has finally begun enforcing the data quality of the XBRL financial statements it collects from public companies," continued Mr. Hollister. "Open data can improve accountability to investors and markets, open data can support analytics to uncover accounting fraud, and open data can allow compliance to be automated - but only if the agency ensures the data is reliable."

"This is a positive step, but it is only a first step. The agency must treat the structured data version of each financial statement with the same care it applies to the old-fashioned document version. Ultimately, we hope the SEC will eliminate the current duplication and collect a single submission from public companies - one that is both human-readable and machine-readable. The SEC should also re-start its stalled transformation from documents to data by adopting data standards for all the information it collects under the securities laws," concluded Mr. Hollister.

The Coalition supports the reintroduction of the [Financial Industry Transparency Act](#), which would require all U.S. financial regulators to replace documents with structured data throughout all the information they collect under the securities, commodities, and banking laws. Two months ago, the Coalition celebrated President Obama's signature of the [Digital Accountability and Transparency Act](#), which mandates a similar transformation for the federal government's own spending information.

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On July 29, the Coalition will host its third [Data Transparency Breakfast](#), exploring foreign governments' successful open data transformations.

About the Data Transparency Coalition

The Data Transparency Coalition advocates on behalf of the private sector and the public interest for the publication of government information as standardized, machine-readable data. Members include market leaders such as Teradata Corporation, Workiva, RR Donnelley, and PwC, and smaller start-ups such as Level One Technologies and BrightScope. For more information, visit <http://datacoalition.org/>.