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October 16, 2019

The Honorable Maxine Waters, Chair
Ranking Member Patrick McHenry
Members of the House Financial
Services Committee
United States House of Representatives
Washington, DC 20515

The Honorable Carolyn B. Maloney, Chair
Ranking Member Bill Huizenga
Subcommittee on Investor Protection,
Entrepreneurship, and Capital Markets
United States House of Representatives
Washington, DC 20515

Dear Chairwoman Waters, Ranking Member McHenry, Subcommittee Chairwoman Maloney, Subcommittee Ranking Member Huizenga, and Members of the House Financial Services Committee:

RE: Support for Financial Transparency Act (FTA) (H.R. 4776)

XBRL US, as a nonprofit standards consortium, supports the use of data standards represented in the Financial Transparency Act (FTA) (H.R. 4776), as the most effective method to improve efficiencies in data preparation, collection, and analysis, for government and business. Data standards reduce the cost of reporting and analysis, and increase transparency and accountability. This proposed bill calls for establishing a common data standard for entities reporting to eight federal agencies. Requiring a single standard ensures that economies of scale will drive down costs across the supply chain, and will make reported data interoperable.

The FTA is the first step towards adopting the kind of comprehensive business to government standards program which has been successfully implemented in other countries to reduce the cost of data collection and analysis. These programs, called Standard Business Reporting (SBR), have been successfully implemented in the Netherlands and Australia, and are under consideration in several other countries. In their 2017/2018 annual report¹, the Australian Taxation Authority estimated annual (recurring) savings of A\$1.45 billion from their SBR program. SBR programs are built using the XBRL financial data standard because it is the only mature, open,

¹ Australian Taxation Authority Annual Report, 2017/2018:
https://www.ato.gov.au/uploadedFiles/Content/CR/Downloads/Annual_Report_2017-18/annual%20report%202017-18.PDF

nonproprietary, widely used, global standard designed to consistently and unambiguously capture the complexities of financial data. An SBR program can be similarly effective in the United States, and result in substantial benefits for the American economy, including greater transparency and timeliness, as well as higher quality, more actionable data, for investment decisions, public policy setting, and the identification of fraud and waste.

XBRL US is a member-driven organization, representing accounting firms, software companies, data and analytics providers, other nonprofits, data intermediaries, and service providers. The mission of XBRL US is to encourage the use of financial information in a standardized format, to improve reporting between business, government, and the public. We have developed and implemented standards programs for public companies, mutual funds, and credit rating agencies reporting to the Securities and Exchange Commission; software providers, investors and other participants using data related to financing solar programs through a taxonomy funded in part by the Department of Energy²; and have developed standards in industry-supported initiatives for surety insurance³, and municipal financial reporting⁴ by state and local governments.

We agree with the recent revisions to the FTA, which now includes the requirement for common identifiers across all agencies. We support the use of the Legal Entity Identifier as a means to help governments and businesses understand the true risks associated with a particular organization, which is necessary for governments to develop good policy, for investors to make informed investment decisions, and for businesses in gauging the potential hazards of working with various organizations. We also support the revision to the bill that calls for the creation of supporting taxonomies and metadata, to ensure that data reported and received is not only machine-readable (and therefore automatable), but clear and unambiguous to all stakeholders.

We are pleased that the FTA includes a requirement for standardization of municipal securities data collected by the Municipal Securities Rulemaking Board. The state of Florida has already taken the lead on implementing financial data standards at a local government level. The FTA will further support these important efforts.

It is also important that data standards chosen in support of the FTA be capable of being continuously upgraded as necessary, to seamlessly accommodate changes in reporting requirements, and to be able to adapt to changes in technology. Data standards implemented should also be extensible, so that they can handle new reporting requirements within other areas or similar reporting needs in other industries.

² U.S. Department of Energy Orange Button Taxonomy: <https://xbrl.us/xbrl-taxonomy/2018-solar/>

³ Surety Insurance Work in Process Taxonomy: <https://xbrl.us/xbrl-taxonomy/2016-surety-wip/>

⁴ XBRL US Comprehensive Annual Financial Report (CAFR) Taxonomy, Demonstration Release: <https://xbrl.us/xbrl-taxonomy/2019-cafr/>

We applaud House Financial Services Subcommittee Chairwoman Carolyn Maloney (NY-D) and Committee Ranking Member Patrick McHenry (NC-R) for their leadership on this bill, and their longstanding efforts to bring this forward.

I would be happy to discuss this bill in further detail and answer any questions you may have regarding it or other matters of interest to XBRL US. I can be reached at (917) 582 - 6159 – or Campbell.Pryde@xbrl.us.

Sincerely,

A handwritten signature in black ink, appearing to read "Campbell Pryde". The signature is fluid and cursive, with the first name being more prominent and the last name written in a smaller, more connected script.

Campbell Pryde
President and CEO