THOMSON REUTERS

June 5, 2018

The Hon. Jeb Hensarling, Chairman
The Hon. Maxine Waters, Ranking Member
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

Dear Committee Members:

I am writing to respectfully voice our concerns with the Small Company Disclosure Simplification Act of 2018 (H.R. 5054), currently under consideration by the committee.

Thomson Reuters has a substantial presence in the United States employing over 14,700 Americans. As the leading provider of intelligent information and expertise, we care deeply about transparency in the marketplace, especially regulatory modifications which disadvantage the industry and have a global impact. While we support the Small Company Disclosure Simplification Act's goal of addressing the unique needs of small companies and seeking to reduce their regulatory burden, we feel the legislation, in particular, the elimination of the eXtensible Business Reporting Language (XBRL), we believe, would have unintended consequences and actually disadvantage small companies.

1. **The elimination of an XBRL requirement would make many small issuers second class citizens:** Standardization opens investment opportunities for small issuers. Small filers that do not make their data available in a computer-readable format, will effectively be left out of the investment opportunity pool and would have a higher cost of capital versus mid-and large-cap companies. Currently, investors and aggregate database vendors (including Thomson Reuters) extract their data from SEC's EDGAR system. Any company that does not have data available through EDGAR in the same computer-readable format as large companies will simply not have access to the same capital. In our industry specifically, this also means higher costs to collect and validate data, forcing us to make tough decisions on how to save costs in other areas or to reduce coverage of these companies.

2. **Competitive disadvantage internationally:** A change from electronic filings back to paper-based filing formats will put the U.S. behind foreign markets which are moving toward a more technologically advanced approach to regulatory reporting and disseminating financial information to investors. In the longer term, this will be more expensive for smaller companies and will make the United States less competitive with global markets that are automating the reporting of financial data. Public companies in the UK, China, Japan, Israel, Mexico, Colombia and many other countries, are required to report financial data to regulators in XBRL format. In an increasingly global capital marketplace, funds will gravitate towards investments that demonstrate more transparency. This also means that for similarly-sized foreign companies (<$250

million), we would have far more granular data available for non-U.S. companies – putting U.S. smaller companies at a disadvantage.

3. **XBRL data is more cost effective for end users:** Computer-readable content is considerably less expensive to work with, and faster to make available to investors, than data that must be re-keyed and validated. More timely and less expensive corporate data benefits not just the investor but also the public companies themselves – in the form of lower cost of capital. Our investor clients require increasingly more granular data, analyzing and investing in companies that are open and transparent. If small company data is less accessible, this could lead to reduced exposure to potential investors. Moreover, if regulators have to maintain two separate systems, the cost invariably will be passed on the filers, investors and tax payers.

For these compelling reasons, I hope I can count on your support. Thank you, in advance, for your consideration of this important issue for my company and the broader international business community. If you or your staff has any questions, please don't hesitate to contact our Washington, DC office at (202) 377-7992.

Sincerely,

Gregory Boyd
Global Head of Financial Content Operations