

Canadian XBRL Perspectives

Advanced Data Management - From XBRL Canada

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Up-to-date News and Information on XBRL as it affects Canada

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SECTION 1 EDITORIAL

The IFRS Taxonomy and the SEC

The SEC and the IASB are continuing to work together towards SEC approval of the IFRS Taxonomy for foreign direct filers. The SEC rules require the 400 or so Canadian cross-listed companies using IFRS to file in XBRL. However, they can't because the SEC hasn't approved the IFRS taxonomy and the SEC has acknowledged that.

The work that the SEC and IASB have been doing has focused on the development of the release of IFRS Taxonomy 2014, which is expected next month in March. If their work has been successful, the new taxonomy will be approved by the SEC and the filing rule for foreign filers re-launched.

The SEC has long said that the companies will be given the same "warming up" period that they would have had if the original timeline had been applied. That would mean, among other things, that the initial filings would not require detailed tagging of the notes to the financial statements.

The SEC is not saying when all of this will happen, just that they are working on it and making progress. It is a reasonable bet, though, that there will be an announcement this year, and that by late 2014 or early 2015, Canadian cross-listed companies will have to file in XBRL.

For some companies, that means that it is time to consider how to meet the requirements of this rule. The availability of XBRL data to the SEC is not an insignificant factor. There has been a lot of water under the bridge since the requirement first came into play for US companies. Now the data are being used extensively for regulatory purposes, as seen in the results of the use of the Accounting Quality Model that the SEC has developed. We can expect this trend to continue. So it is in the interests of filing companies to adopt a filing system that results in the highest possible quality of filings and that tell their story most fairly and fully.

XBRL Canada is looking to provide some help for companies on this point. The first step being considered will be to offer a seminar in the fall on how foreign direct filers can best meet the need for quality XBRL filings with the SEC. If you have an interest in participating in such a seminar, or having one in your region, please drop an email to info@xbrl.ca.

SECTION 2

Budget Allocates \$3 Million to Fund Open Data

In the 2014 Budget recently brought down by Minister of Finance James Flaherty, there is a provision for “\$3 million over three years to the Canadian Digital Media Network for the creation of the Open Data Institute, through the Federal Economic Development Agency for Southern Ontario.

While this initiative does not directly include XBRL, it does offer an opportunity for it, because XBRL is a widely used open data format, and one that is particularly useful for a lot of the data that governments need to deal with.

As stated in the budget document, “Data are the 21st century’s new natural resource. A rapidly increasing amount of data is being generated from a multiplicity of sources. Datasets are becoming so vast and diverse that a typical database would be insufficient to capture, store, manage and analyze them. With the rapid advancement of technology, it is now possible to work through such data to identify opportunities for new products and services, or new ways to operate more effectively and efficiently.

“The release of information by governments for free use by citizens and businesses, known as Open Data, creates jobs by fuelling creativity, entrepreneurship and innovation. Open Data is a growing international movement. More than 40 countries, from every region of the world and at every stage of development, have established Open Data initiatives. These nations are opening up datasets that can promote economic development, spark innovation and help to find ways to make governments work better.

“In Canada, the Government is committed to leading Open Data initiatives focused on stimulating the digital economy with the free flow of useful and usable data. The Government is delivering on its Open Data commitments, outlined in Canada’s Action Plan on Open Government, by:

- Ensuring the continued release of high-value datasets.
- Stimulating the “app” economy by supporting Open Data “appathons.”
- Encouraging the use of Open Data to raise productivity and create new products and services to benefit Canadians.

“To help ensure that Canada captures the commercial opportunities presented by Open Data, Economic Action Plan 2014 proposes to provide \$3 million over three years, from the existing resources of the Federal Economic Development Agency for Southern Ontario, for the creation of the Open Data Institute, to be based in Waterloo, Ontario. The new Institute will play a role in aggregating large datasets, informing the development of interoperability standards, and catalyzing the development and commercialization of new data-driven apps.

SECTION 3

XBRL Strategic Tagging Options

When you look at the approach taken to the preparation of XBRL documents around the world, in particular the approach to tagging, a variety of approaches emerge. There is a range of strategic approaches, and the range impacts on the burden placed on the filers to produce XBRL documents.

Of course, most XBRL adoptions around the world are driven by regulators (including those in securities and banking) governments in general and various commissions and oversight bodies. Some of them, in particular the securities regulators like the SEC, require the

companies' financial statements to be filed along with certain forms or as part of those forms. When the filing requirement calls for filing of a company's financial statements, a lot of flexibility is required in the tagging approach, because there are a lot of different stories out there to be told. Most of them are unique in one way or another. Allowing flexibility in tagging, however, actually places the greatest burden on the filers, because they must be given a large number of tags to choose from, and it takes time and effort to choose the right tags. Most of the other regulators have long standing forms that need to be filed and the preparation of the filings in many cases requires less flexibility than the submission of financial statements in the form issued to shareholders.

With the tagging of forms, the number of tags is not only reduced, but the opportunity to automate the tagging process, in fact to make it transparent, grows considerably.

It is sometimes said, somewhat wryly, by XBRL supporters, that we will know that XBRL is a success when it disappears – a reference to the achievement of total transparency.

Indeed, transparency of the process is what we should be striving for, and this requires the full cooperation of software developers as well as the prescription of filings, where possible, that are more structured and therefore offer less flexibility.

Numerous regulators and government agencies around the world have taken an approach like this. In Canada, we have an opportunity to consider more structured filings, even in the securities regulation space. No doubt the filers would appreciate some consideration of this approach.

SECTION 4 UPCOMING EVENTS

May 14 at 12 noon Eastern. A webinar on Standard Business Reporting hosted by CPA Canada. This webinar will be presented by Gianluca Carbellotto, who has had extensive experience with SBR in other countries, including the massive implementation in Australia and who is working with the Ottawa working group of XBRL Canada on a Canadian feasibility study.

October, 2014 (specific date to be determined) Seminar (or depending on demand regional seminars) on the steps that companies should take to ensure appropriate compliance with the SEC rules for XBRL filings by foreign direct filers.

Registration details will be provide on our website in due course. Any intermediate enquiries or expressions of interest should be directed to info@xbrl.ca.

ADDITIONAL INFORMATION

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