

November 19, 2012

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File Reference No. 2012-220

Re: Request for written comments on the Invitation to Comment, *Disclosure Framework*

The FASB *Taxonomy Advisory Group* (TAG) has reviewed the FASB staff's Invitation to Comment, *Disclosure Framework*. We are providing comments that may be helpful in your development of a disclosure framework that improves the usefulness and consistency of financial statement disclosures.

The TAG is a group formed by the FASB staff to provide input and guidance for the improvement and maintenance of the U.S. GAAP XBRL (Extensible Business Reporting Language) Taxonomy (GAAP Taxonomy). The TAG is comprised of a broad group of stakeholders that have involvement in public companies reporting financial information in Extensible Business Reporting Language (XBRL) under the U.S. Securities and Exchange Commission's (SEC) rules and regulations and, includes preparers, filing agents, analysts, data aggregators, software developers, consultants, auditors, and representatives of XBRL US and the International Financial Reporting Standards (IFRS) Foundation XBRL Team.

XBRL is a global Internet-based specification for standardizing and simplifying business reporting information. XBRL is not intended to change the information that companies report; it does not change Generally Accepted Accounting Principles (GAAP) or require more information to be reported. It is intended to provide a computer-readable *format* for reporting, one that facilitates the publication and sharing of the reported information. Leveraging Internet-standards, it provides all of the content of traditional reporting, standardizes the communication of the business – and particularly, financial - information, and provides guidance as to its electronic presentation to help users of the information.

The FASB staff has significantly improved the GAAP Taxonomy through its mission to maintain and improve the taxonomy and, through fulfilling this mission, has provided education and improved XBRL awareness in the financial reporting community and collaborated with the IFRS Foundational XBRL Team. The FASB has taken the first steps of integrating XBRL into its decision-making process by considering whether additional XBRL financial reporting concepts (elements) should be added to the GAAP Taxonomy for new standards, and including those elements in draft and final Accounting Standards Updates (ASU). We understand the FASB Board members and staff also have used XBRL-tagged information in researching current disclosure practices for various standard-setting projects.

New taxonomy elements added by ASUs to the GAAP Taxonomy, along with many existing taxonomy elements, include references and electronic links to the FASB's Accounting Standards Codification (Codification), which provide users of the XBRL-formatted information useful guidance about the nature and meaning of the financial data. Likewise, the Codification lists and provides electronic links to many GAAP Taxonomy elements, which are helpful for preparers and users of financial statements to prepare and analyze financial statement data. This bi-lateral linking of the Codification and the GAAP Taxonomy can be a very powerful tool for both preparers and users of financial statements.

As financial reporting and XBRL evolve, we believe that it is important for the FASB to increase their consideration of XBRL in their standard-setting process.

*Accordingly, the FASB should include XBRL as part of the decision criteria in any future disclosure framework.*

*Disclosure overload: improved accessibility*

XBRL improves the accessibility of information in financial statement disclosures by making the information computer readable and more consistent. This improved accessibility potentially reduces the risk of disclosure overload by reducing the investors' cost to retrieve information for comparative and trend analysis (both entity-to-entity and period-to-period comparisons). That is, an investor using XBRL is not required to read the entire document to find pertinent information, which may be in multiple disclosures within the financial statements. XBRL permits analysts and other users of financial information to electronically find, consume and analyze the data.

*Accordingly, when determining the usefulness of a potential disclosure, the FASB and the preparer should consider how the information in XBRL is consumed.*

We believe that XBRL changes the cost/benefit evaluation by reducing the concern that additional disclosures increase the costs of finding and using the information, and thereby reduces the need for the FASB (or the preparer) to evaluate whether information should be included in financial statements based on determining whether it will be important to the financial statement users. However, we recognize that requiring additional disclosures increases the costs to companies to prepare and report the additional information.

*Accordingly, the FASB should continue to evaluate the costs and related potential benefits associated with existing and proposed disclosures based partly on the preparers' costs and time to gather and accurately report the information in a timely manner.*

*Disclosure of accounting policies and guidance*

XBRL can assist users in understanding the nature of financial statement disclosures and the financial accounting concepts related to those disclosures. As noted earlier, GAAP Taxonomy elements include definitions of the financial reporting concept, as well as references and electronic links to the Codification. The XBRL definitional information and references may alter the evaluation as to whether certain disclosures should be accompanied by the accounting policies and related accounting guidance.

*Information within the same document*

XBRL can facilitate finding information within the same document as users of the financial statements can easily search for the same financial reporting concept within the same document by searching for information tagged with the same or similar elements. This ability reduces or eliminates the need to provide note references on the primary financial statements or elsewhere in the financial statement disclosures.

*Information in different documents*

XBRL can facilitate the comparison of interim periods by improving the access to interim information from different reports, including previous annual and interim periods. Accordingly, XBRL supports the

practice of only including disclosure information in the interim-period financial statements that isn't redundant to the annual financial statements.

#### *Diminished importance of presentation and format*

XBRL reduces the importance of certain of the presentation matters that result from presenting information in a traditional paper-based format, including the location of information (whether on the primary financial statements or in the notes to the financial statements), the need for disclosing information multiple times within the same document, and the need for headings and captions. XBRL permits multiple relationships to be expressed for each financial reporting concept, including presentation, calculation, and dimension relationships. The ability to express multiple relationships for a single financial reporting concept reduces the need to present the same information in multiple tables and allows a user to visualize the information using various tools, such as pivot tables. Additionally, XBRL can capture the meaning, relationships and other semantic attributes of financial information, which provides the financial statement user alternatives for accessing the information. These alternatives include accessing information based on relationships of particular items, or the fixed and uniform ordering.

For example, several of the comment letters that the FASB received on their Exposure Draft on Comprehensive Income (Topic 220) – Presentation of Items Reclassified Out of Accumulated Other Comprehensive Income (AOCI) in Accounting Standards Update No. 2011-05 (ASU 2011-05) expressed concerns that the proposed guidance would require the disclosure of redundant information that is already in the financial statements and that the proposed single location, tabular format only considers the traditional form of information consumption and not XBRL. The letters noted that much of the proposed additional disclosure could currently be found in their financial statements and that it is easily accessible using XBRL.

#### *Accounting standard-setting process*

XBRL can be an important tool in the standard-setting decision process by facilitating the basic financial statement research required by the FASB, analyzing the results of that research, and communicating those results to its constituents. XBRL -facilitated research of current reporting practices can better inform and provide insights to the FASB during the standard-setting process. Additionally, the communication of these results can be used to engage the investor community to provide feedback on the standard-setting process, including the importance of certain disclosures to their decision making process.

XBRL is flexible to conform to significant changes in financial reporting, such as a materiality-based disclosure framework. However, significant changes in financial reporting require sufficient lead time for preparers and users to adjust to those changes.

*Accordingly, when making significant changes to the financial reporting model, the FASB should include in its considerations the required costs and time for preparers to change their XBRL-reporting and users to change their systems and models used to consume and analyze the financial information.*

#### *Industry-based financial reporting and not-for-profit organizations*

XBRL addresses the needs of different industry groups and provides a structure to increase the standardization of financial reporting across industry groups, including not-for-profit organizations. The

tools that XBRL provides allow financial reporting to address disparate groups of users including investors, donors, regulators and academics. Through standardization and tagging, financial information can be easily filtered based on the needs of the user groups. Information not relevant for a user group can be filtered out, while the same information can be available to other groups that believe the information is useful.

Several industry-based collaboration groups have formed with the goal of developing standard practices to produce consistent, comparable and high-quality financial information in XBRL. One of those collaborative groups is focused on the reporting for not-for-profit organizations with a goal to develop XBRL disclosure guidelines for the promotion of consistency, comparability and quality of their financial reporting.

*We believe that it is important for the FASB to consider the needs of both users of traditional paper-based financial statements and those that consume financial information electronically with XBRL.*

Ultimately, we believe that considering the various forms of information consumption will result in better and more efficient disclosures.

**We encourage the FASB** to develop a disclosure framework that (i) considers the users of digital financial reporting and therefore includes XBRL as part of the decision criteria, and (ii) holistically incorporates the information from both the primary financial statements and the notes to the financial statements. By considering XBRL in the decision criteria for evaluating financial statement disclosures, it may influence the discussion about (i) disclosure overload, (ii) including accounting guidance in the financial statements, (iii) providing directional references to information within the same financial statements, (iv) repeating annual disclosures in interim financial statements, (v) formatting information in the financial statement disclosures, and (vi) requiring industry-based disclosures. **The FASB should** also ensure that the disclosure framework is flexible enough to adapt as financial reporting evolves and the use of XBRL expands.

**Additionally, the FASB should** include examples of XBRL-tagged disclosures whenever it illustrates a concept or disclosure in a new ASU and other guidance. We believe that the standardized data models in the GAAP Taxonomy result in additional consistency and standardization, and this consistency can help financial statement users analyze information. We also believe that considering data models (for both traditional, paper-based and electronic reporting models) will assist the FASB staff and the financial reporting community in thinking through and understanding the disclosures, identifying potential redundant disclosures, and providing additional guidance for preparers, resulting in more consistency for the consumption of the information.

We appreciate the opportunity to comment on this matter and voice our ideas and concerns. We would welcome the opportunity to provide any additional information you may require or discuss our comments further.

Sincerely,

FASB Taxonomy Advisory Group