

Adopting XBRL

The Regulatory Choices

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Background

- The adoption of XBRL is typically done as part of a more comprehensive move to standardize data.
- Different countries and regulators adopt XBRL differently.
- This paper describes some of the choices and alternatives and advantages and disadvantages of each.



The Choices

- Who should make the conversion – the regulator or security authority, or each individual company?
- Should the taxonomy be open or closed (i.e. should companies be allowed to add extensions or not)?



Who Should Make the Conversion?

- The options are:
 - Individual Company Conversion (Most countries)
 - Central Conversion (Israel)
 - A combination of both (Singapore?)



Advantages of individual company conversion

- Regulators do not take responsibility over the conversion
- Companies choose the tags potentially increasing information
- Extensions can be created (if allowed) potentially increasing information further



Disadvantages of individual company conversion

- More individuals need to acquire XBRL knowledge
- Typically there would be less comparability between companies



Should Extensions be Allowed?

- The options are:
 - Yes (US)
 - No (Spain)
 - Asking for permission to have an extension (UAE)



Should Extensions be Allowed?

- Advantages
 - Companies can provide voluntary information
 - Companies can provide “personalized” information
- Disadvantages
 - May hinder comparability between companies and across periods
 - Misuse of extensions – (may be due to lack of knowledge and diminish over time)



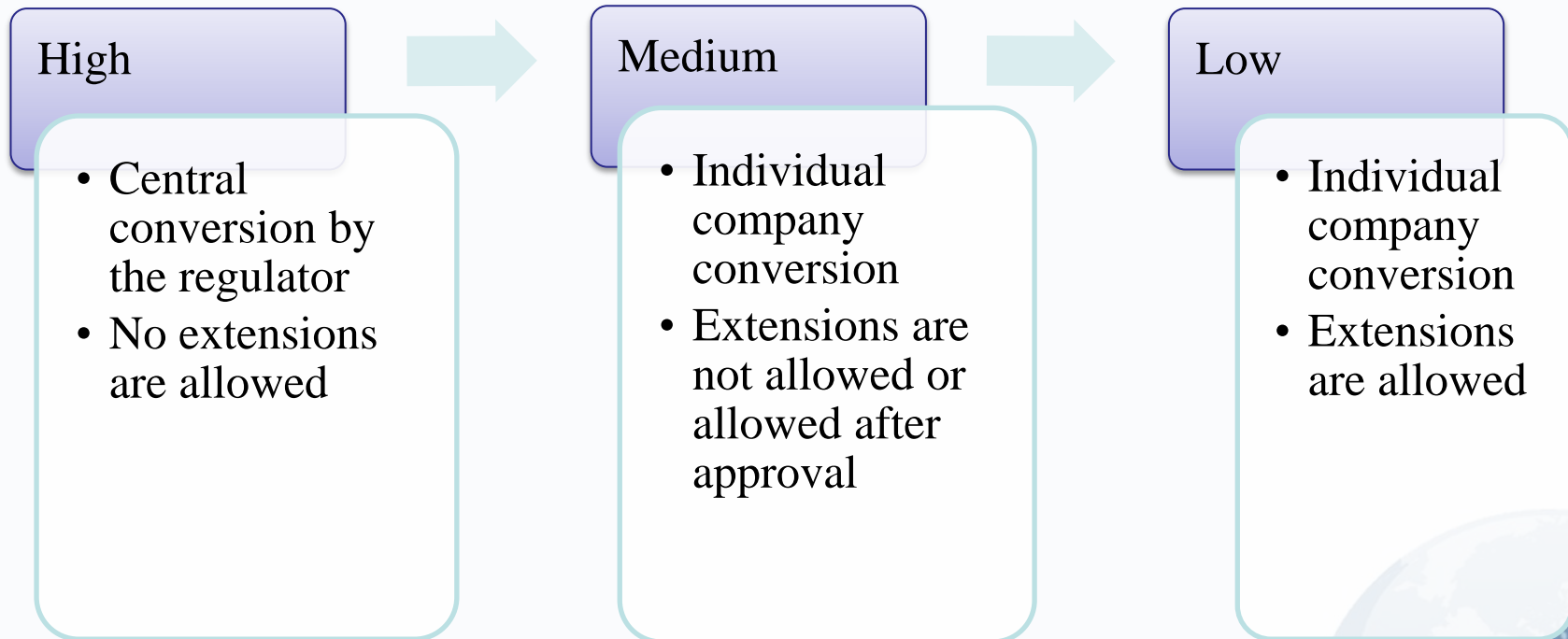
Factors Affecting the Decisions

- Priorities of State Regulators – what do they want to achieve?
 - Reduce fraud, attract investors, desire to build up XBRL competencies, improvements in internal processes, etc.
- Scope of state control – the autonomy of the state. Degree and difficulty of stipulating standards (may include the difficulty of imposing costs)
- Traditional organization of Industry (talk to association/choose leader) and business-government relations
 - Channels of communication (individual companies/industries)



Factors Affecting the Decisions

- The regulators' desire to maintain control can be seen as a range



Examples of Regulatory Choice

Level of Control Maintained by the Regulator

High

Low



Israel

Spain

Germany

Singapore

UAE

US

India

Denmark



Examples of Regulatory Choice

Ease of Use of the Information

High

Low



Israel

Spain

Germany

Singapore

UAE

US

India

Denmark



Examples of Regulatory Choice

Richness of the Information

Low

High



Israel

Spain

Germany

Singapore

UAE

US

India

Denmark



Examples of Regulatory Choice

Country	Is the conversion done by the companies?	Is the conversion done by the Security Authority?	Are extensions allowed?	Approx. number of tags	Are notes tagged?
Chile	Yes	No	No	2027	Voluntary
Denmark	Yes	No	No	950	Yes
Germany	Yes	No	No	2050	Yes
IFRS	Yes	No	Yes	8000?	Yes
India	Yes	No	No	3000	Yes (block)
Israel	No	Yes	No	90	No
Singapore	?	Yes	Yes	283	No
Spain	Yes?	Yes?	No	?	No
UAE	Yes	No	By approval	2500	Yes
US	Yes	No	Yes	17000	Yes

