



# 23rd XBRL International Conference

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IFRS 7 and the SEC’s Interactive Data Mandate: Canadian Bank’s Perspective

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# Abstract

- ▶ The implementation of XBRL for Canadian Banks is driven by the Security Exchange Commissions (SEC) “Interactive Data” mandate
- ▶ Currently, Canadian Banks fall under the IFRS “All Remaining Filers” phase-in category, making the 2012 40-F annual filing the first XBRL submission
- ▶ Canadian Banks assembled an informal peer group to discuss mandate interpretations and examine the IFRS taxonomy



- ▶ The banks agreed that one particular area of focus needed to be *IFRS 7 Financial Instruments: Disclosures*

# IFRS 7 Disclosure Format

▶ It is common reporting practice among the Banks to reference embedded risk disclosures within the Management Discussion and Analysis section (MD&A)

## NOTE XX RISK MANAGEMENT

The risk management policies and procedures of the Bank are provided in the MD&A. The shaded sections of the Managing Risk section of the MD&A, relating to credit, market and liquidity risks are an integral part of the 2010 Consolidated Financial Statements.

### MD&A: "Risk Management"

The collage displays several pages from an MD&A document. Key sections visible include:

- RISK ANALYSIS AND MANAGEMENT:** Discusses the bank's risk appetite and the role of the Risk Management Committee.
- RISK MANAGEMENT FRAMEWORK:** Includes a flowchart showing the hierarchy from the Board of Directors down to Business Units.
- CREDIT RISK:** Details the bank's credit risk management strategy, including portfolio diversification and credit quality monitoring.
- MARKET RISK:** Describes the bank's market risk management approach, including the use of Value at Risk (VaR) and stress testing.
- LIQUIDITY RISK:** Explains the bank's liquidity risk management framework, including the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).
- CAPITAL RISK:** Discusses the bank's capital risk management strategy, including the use of capital adequacy ratios and capital stress testing.

Blue boxes highlight specific sections within the 'CREDIT RISK', 'MARKET RISK', and 'LIQUIDITY RISK' areas, which correspond to the shaded sections mentioned in the 'NOTE XX RISK MANAGEMENT' box.

Note: The above format is example only and is not representative of and actual IFRS 7 disclosure



# SEC Mandate

## On Tagging MD&A ...

*“... We did not propose, and are not adopting, a requirement that filers provide interactive data for their Management’s Discussion and Analysis (MD&A), executive compensation, or other financial, statistical or narrative disclosure...”* Pg 40, Final Rule

## On Tagging Referenced Data ...

*“... When we refer to financial statements, we mean the face of the financial statements and accompanying footnotes. ... References to the financial statements as required for interactive data reporting include any required schedules to the financial statements, unless we expressly state otherwise....”* Pg 21, Final Rule

## Tagging Dilemma

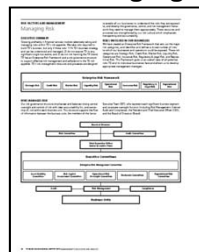


# Resolution

- ▶ **Do:** Understand the way in which XBRL information will be extended, tagged and rendered, it is not the same as a paper filing
- ▶ **Don't:** Change the format of the Financial Statements and Notes paper filing to accommodate for XBRL rendering
- ▶ **Because:** While in the paper filing, the “Managing Risk” information will physically reside within the MD&A Section, the XBRL exhibit will render this section concurrently within the Financial Statement Notes

# Example – Selective Reference Tagging

## MD&A: “Managing Risk”



Tag A

Tag B

Tag C

Regular Filing

## XBRL Rendering

### NOTE XX RISK MANAGEMENT

Credit Risk Exposure subject to the Standardized Approach
Risk Assessment
Risk Factor
Risk Factor
Risk Factor

Credit Risk Exposure subject to the Standardized Approach
Risk Assessment
Risk Factor
Risk Factor
Risk Factor

Credit Risk Exposure subject to the Standardized Approach
Risk Assessment
Risk Factor
Risk Factor
Risk Factor

Credit Risk Exposure subject to the Standardized Approach
Risk Assessment
Risk Factor
Risk Factor
Risk Factor

▶ Selective tagging allows preparers to navigate and tag only what is incorporated by reference from the Financial Statements and Notes

▶ The same Text Block Element will be used to tag each separate section

▶ Tagged information will render consecutively and in the order the taxonomy was designed

▶ Preparers should consider the continuity of the combined text block tags to ensure messaging is not compromised by selectively tagging blocks of disaggregated information

# Conclusion

*“Information supporting the Financial Statements may physically reside outside the footnotes to consolidated financial statements, and may be incorporated by reference. The locale of such information should not influence whether it is required to be tagged or not; if information is incorporated by reference it should be tagged.”*