



23rd XBRL International Conference

“XBRL: Enhancing Business Performance”

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Corporate Actions XBRL – a different paradigm

Track 5 – Integrated Reporting: Trends in Non-financial Disclosure to Stakeholders

Max Mansur, Global Program Manager – XBRL, SWIFT

- ▶
- ▶ 2:30pm – 3:00pm
INT8. Corporate Actions XBRL – a different paradigm
Max Mansur, Global Program Manager – XBRL, SWIFT
Corporate Actions now has an XBRL taxonomy and new users in the US. But the rollout and landscape is a different paradigm than HMRC companies tax reporting, SEC mandates, or IFRS and Eurofiling. The taxonomy has to remain tethered to the global financial services industry and ISO 20022 while providing market-unique capabilities. The rollout has a ready-made audience of consumers, but getting corporate issuers of securities to engage or even acknowledge the opportunity requires innovative approaches to gain traction.
- ▶ This session will be about the reality of an XBRL initiative that is quite different from the government mandated or sponsored programmes, and meeting a bottom-up need instead of reacting to a top-down directive. A different paradigm will be needed to get traction for genuinely integrated reporting.

Corporate Action – issuer reality

- ▶ It is a type of financial report
 - All parties holding or servicing securities need it, all parties considering trading should be fully aware and up-to-date
 - There is a global standard applicable to the data
 - The legal completeness of published documentation reduces comprehension
 - The paper oriented (PDF) format introduces uncertainty, cost, and risk that impacts investors and generates loss

Comparing report paradigms

- ▶ Corporate Actions versus Quarterly Financials
 - Source / Requirement
 - Production – timing
 - Production – content
 - The Producers
 - Outcome
- ▶ Corporate Actions impact
- ▶ The different paradigm for XBRL usage
 - Tools
 - Taxonomy
 - Adoption

Report – source / requirement

- ▶ 10K/Q
 - Scope: financial reporting – regulatory SEC Mandate
 - Standard: US GAAP, extensively refined to express in XBRL taxonomy
 - Orientation: industry type, US Market only
- ▶ Corporate Actions
 - Scope: corporate event reporting – fiduciary responsibility to communicate any action that may impact investor's holdings
 - Standard: ISO 20022 – Universal financial industry message scheme, defines the ISO platform for the development of financial message standards – primarily in XML format
 - Orientation: Securities type, event type, global corporate actions extended to accommodate the US market practice

Report production – timing

- ▶ 10K/Q
 - About 60 days
 - Predictable timing, cyclical
 - Compliance incentive, long term analytical usage
- ▶ Corporate Actions
 - Dividend and other press releases – now to hours
 - Prospectus and regulatory filings – weeks
 - Except dividends/interest, timing and frequency are ad hoc
 - Timing impact of adding XBRL tagging must be negligible
 - One to many (30+) disclosures for one event
 - Events can last 1–2 months, or extend 12+ months
 - Timing can depend on other events, for example:
 - Shareholder approval at extraordinary meeting
 - Government or regulatory agency review (e.g. anti-trust)

Report production – content

- ▶ 10K/Q
 - Extensive pre-work to manage and close accounts from financial systems, with real complexity
 - 17,000+ concepts plus extensions in taxonomy
 - Strong consideration for readable formatting
 - Cost for deep taxonomy understanding/skills
- ▶ Corporate Actions
 - Dividend type messages use 10–15 concepts
 - Complex actions may require 50–60 concepts
 - Market practice built in, so very little need for extensions
 - Few tables and formulae, like tagging only footnotes
 - Linkage to global financial standard essential for consumer
 - No need for taxonomy skills, just business usability

Report – the producers

- ▶ 10K/Q
 - Multiple in-house parties: F&A, Legal, IR
 - Consistent team, reporting specialists
 - Consistent vendor/tool/partner, repetitive format
- ▶ Corporate Actions
 - Multiple in-house parties: F&A, Legal, IR
 - Little team consistency (except recurring events like dividends)
 - New or innovative terms, esp. if revenue raising event
 - On-demand external specialists (e.g. investment bank, legal firm specializing in type of event) and may even form temporary corporation for mergers
 - Core business teams may be quite variable

Report – outcome

- ▶ 10K/Q
 - Fundamentally compliance orientation
 - Single party objective consumer
 - Transparency and consistency of data drives comparability
 - XBRL increases accessibility of the data through automation
 - Potential for commercial analytical value, esp. investors
- ▶ Corporate Actions
 - Fundamentally transactional, counterparty book entry
 - Hundreds of consumers, cascading services to millions
 - Immediate cost savings for all direct consumers, replacing manual data entry, minimizing manual quality control steps, reducing multiple sourcing and scrubbing of data
 - Timeliness and data confidence impact investors directly
 - Potential for better analytics and compliance transparency

Corporate actions impact

- ▶ Scope
 - Any investor in listed equities and bonds
 - Market capitalisation globally
 - Domestic and cross-border for any market
 - Globally about 45,000 companies and 40,000 bond issuers
- ▶ Consumers
 - XBRL data at source eliminates interpretation risk
 - Commercial data providers, exchanges, depositories, custodian banks, broker-dealers, investment managers
 - Transactionally – XBRL consumption ends at start of transaction chain, but continues to serve as “source data”
 - All consumers add to the core data from issuers

Comparison summary

Corporate Actions	10K/Q
Voluntary – best practice	Mandatory – best practice
Indirect to ultimate consumer – investors	Direct to ultimate consumer – regulator
Direct to intermediaries & services	Indirect to investors
Immediate systemic impact	Long-term systemic impact
Some analytical potential	Significant analytical potential
Small cost delta	Significant investment
Potential direct cost reduction for complex announcements	Ongoing costs after significant start-up cost
Good potential for cloud, workflow, and expert systems	Big potential for workflow, integration, internal systems
Bottom up, process driven	Top down, principles driven

Impacts of a different paradigm

▶ Tools

- Little need for extension capabilities, rendering not important
- Extensive need for ease of use, template driven, identifying potential tags
- Time is of the essence in production, verification, collaboration
- Benefits from cloud and workflow orientation, latest in collaboration ideas

▶ Taxonomy

- Minimizing extension usage means more time testing and prototyping
- Maintaining linkage of core concepts to external standard
- More initial collaboration with consumers than producers

▶ Adoption

- Incremental, voluntary, persuasive, logical
- Hinges on genuinely innovative user-friendly solutions
- Needs strong voice of consumer community
- Voluntary industry action can supplant regulatory over-reaction
- Lays groundwork to make regulatory mandate easy, if needed

Q & A

»» Thanks!

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