24th XBRL International Conference

"Transparency: with Available, Reliable, Comparable and Re-usable Data"

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Assurance, ASSR2. SBR Assurance approach,

"Assurance Needs in Japan",

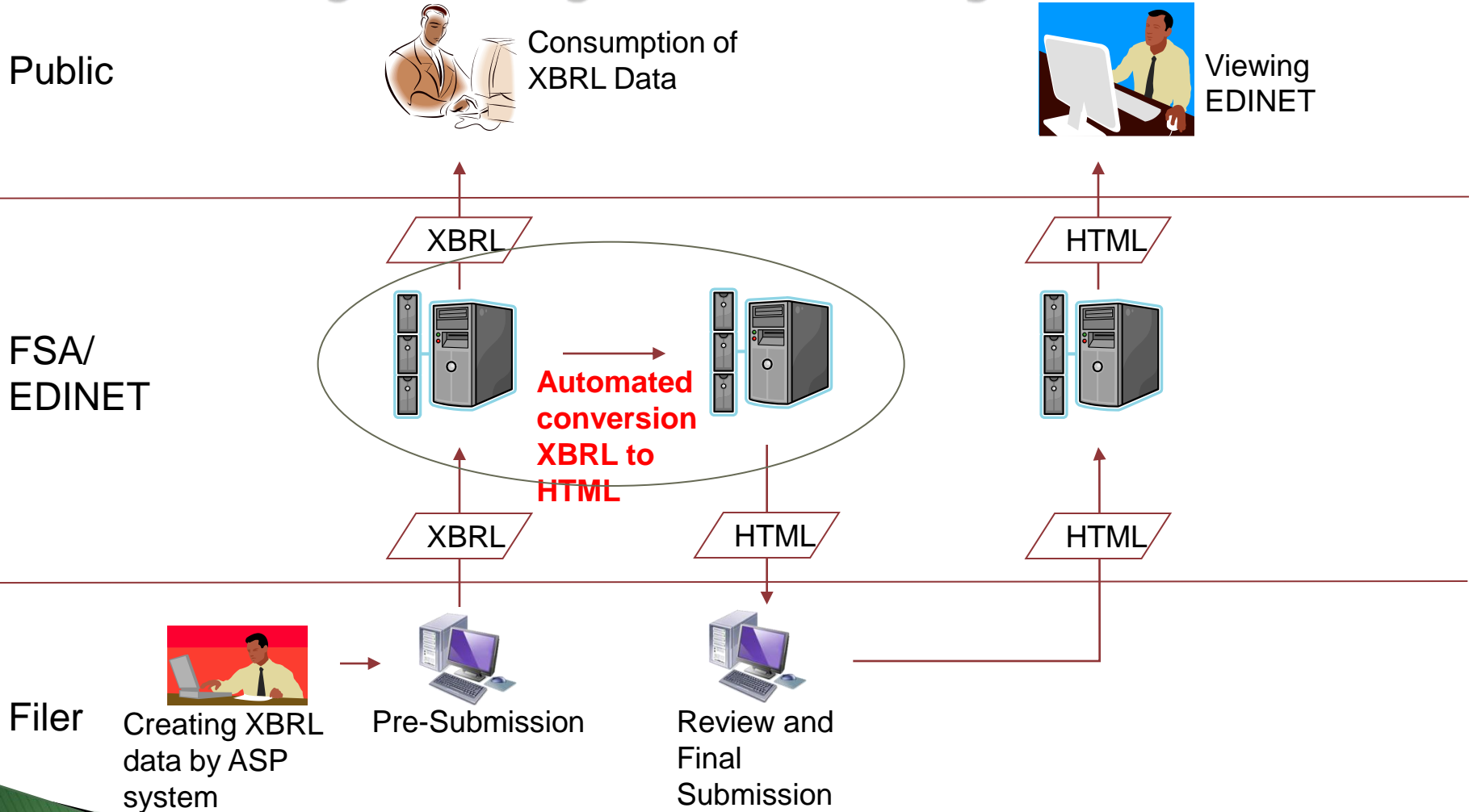Takashi Nakayama(PwC), XBRL Japan, 22 March, 2012

Current Position in Japan

	Current Position
Scope of Tagging	Only the Finical Statements(BS,IS,CFS,SHE) are tagged on EDINET*. The footnotes are **NOT** tagged on EDINET.
Tagging Tool & Approach	The filer usually adapts user–friendly ASP systems which are provided by the two dominant printing (filing support) companies.
XBRL Data Assurance & AUP	The Assurance for XBRL data is **NOT** mandated. The AUP for XBRL data is **NOT** mandated by JFSA. The research paper (final version) on AUP engagements of XBRL data released at 5th Dec 2011. When the JICPA members provide AUP service, it will help them. The research paper is **NOT** regulation but support tool by JICPA.

*EDINET: EDINET (Electronic Disclosure for Investors' NETwork) is an electronic corporate disclosure system under the Financial Instruments and Exchange Act in Japan, and all listed or major fund–raising companies and investment funds in Japan are required to file their disclosure documents using the system.

XBRL
eXtensible Business Reporting Language

Filing Approach
XBRL Data generating and submitting Follow

Public

Consumption of XBRL Data

Viewing EDINET

XBRL

HTML

FSA/ EDINET

Automated conversion XBRL to HTML

XBRL

HTML

HTML

Filer

Creating XBRL data by ASP system

Pre-Submission

Review and Final Submission

Prepared by Mr. Koichiro Kimura

XBRL eXtensible Business Reporting Language

Assurance for XBRL Data

●Both of Assurance & AUP for XBRL data are **NOT** mandated by JFSA.

●I guess the reasons.
1.   Scope of Tagging is limited and the filer can review the only rendered Financial Statements.
2.   XBRL and HTML are not independent because of automated conversion.
3.   So the serious misstatement of XBRL data likely don't happen.

●However, we found the small misstatement of XBRL data.
1. When the filer extends the elements, the Japanese label is correct, but English label is not correct.
2. Although there are the standard elements, some filers extend their specific elements.

XBRL
eXtensible Business Reporting Language

Current Assurance Needs in Japan?

- The needs to Assurance & AUP for XBRL data is not so strong in current. Because there are not the serious misstatements and they likely don't happen.

- If the serious misstatements might likely happen, the filer would like to demand the Assurance & AUP service. For example,
  1. Japanese FPI whose stock are issued in NYSE, especially financial service sector, need the AUP service. In US, XBRL and HTML are generated independently. They are suffering from huge US–GAAP Taxonomy to review their XBRL quality. Moreover, they worry about the end of "Modified Liability Provisions".
  2. In TSE Tdnet* , a filer released the different files between XBRL and PDF, although they should be same amount and meaning. As the result, the information service provider released incorrect news since they relied on the XBRL data and the news was generated automatically from XBRL.   The reason is that XBRL and PDF are created separately and the filer's review process is not good.

* TDnet: Timely Disclosure Network

Future Position in Japan

	Future Position
Scope of Tagging	The Finical Statements(BS,IS,CFS,SHE) are tagged on EDINET. JFSA have a plan to adapt "Inline XBRL" in Financial Statement. The footnotes and the other information will be "blocked tagged", and some useful information (ex: digest of financial result during past 5 years) will be "detailed tagged" on EDINET. The "Report of Independent Auditor" will be tagged.
Tagging Tool & Approach	I have no idea. Anyone help me, please!
XBRL Data Assurance & AUP	The Assurance and AUP for XBRL data will not NOT be mandated. There is not a plan to mandate now.

XBRL eXtensible Business Reporting Language

Future Assurance Needs in Japan?

I think there will be demands for XBRL assurance in future Japan.

- The Scope of Tagging in New EDINET will be expand and the filer may not be able to review XBRL data by themselves in detailed level.

- Especially, middle and small class companies which listed in stock exchange don't have enough resources and skills.

- The Inline XBRL might make a serious misstatements, so the investor or information service vender might require high quality XBRL data. Once a serious misstatements happens, the assurance requirements become stronger.

- The "Report of Independent Auditor" will be tagged. This is an auditor's final deliverable. The misstatement is not allowed and the auditor should review it voluntarily, even if there is no regulation. This point is not relevant about XBRL assurance, but I add it in the point of auditor's ethics.

Summary

I think there are not strong needs for XBRL assurance now, but I expect these needs become strong in near future to develop financial market.

- If the XBRL files and HTML/PDF file are independent, there might be a misstatement. The Inline XBRL has a potential issue which shows different labels between XBRL and HTML in itself. Someone should review XBRL data to avoid a confusion in the financial market.

- New EDINET will expand scope of tagging. A data consumer will obtain benefit of XBRL better than now. A data consumer will require higher XBRL quality than now.

Thank you for all audience.

I am looking forward to meeting you, again
in 25th XBRL International conference on 6th to 8th
November 2012 in Tokyo.

See you in Japan!

Takashi Nakayama, CPA, CISA, CFE

PricewaterhouseCoopers Aarata, as a senior manager
Director of XBRL Japan Inc
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Certified Public Accountants.