

1.1.3 CSA Notice 52-314 - Securities Regulators Want Your Feedback on XBRL

CANADIAN SECURITIES ADMINISTRATORS' NOTICE 52-314 SECURITIES REGULATORS WANT YOUR FEEDBACK ON XBRL

Introduction

Today the Canadian Securities Administrators (CSA) launched a survey to help us understand the level of awareness of Extensible Business Reporting Language (XBRL) in our marketplace and assess the need for information in this format.

The CSA is committed to improving how information is collected and provided to investors. This includes finding ways to use technology to make it easier and more efficient for investors to receive, find, compare and analyze financial information. XBRL is a relatively new business reporting language that is emerging as an international standard for communicating business and financial data. This notice provides a brief overview of XBRL, the benefits and costs associated with it, and current trends and developments around the world.

What is XBRL?

XBRL is a business reporting language that allows financial information to be easily exchanged between organizations and on the Internet. Instead of treating financial information as a block of text, XBRL assigns an identifying tag to each individual item of data. For example, XBRL assigns tags to individual financial statement items, such as "revenue" or "cost of sales".

These tags allow information to be processed automatically in various ways for different users, eliminating labour-intensive manual data re-entry and verification. As a result, XBRL can increase the speed of handling of financial data, reduce errors and make it easier to analyze information.

XBRL is administered by XBRL International, a non-profit consortium of approximately 450 major companies, organizations and government agencies around the world.

Benefits

1. Information only has to be entered once

Preparing financial statements for printing, for a website and for filing with regulators may require an individual to key in data multiple times to produce the necessary information. XBRL only requires information to be entered once, saving time and reducing the potential for data entry errors. The same information can be used by different software packages to produce printed financial statements, an HTML document for a website and a SEDAR filing.

2. Easier access to information

Information can be easily exchanged between applications and over the Internet, allowing analysts and investors quick access to financial information using their own XBRL-enabled software.

3. Analytical capabilities

Analysis of financial information is typically done by either entering financial data into a spreadsheet or purchasing data from a third party supplier. XBRL data is in a readily usable format and does not need to be re-entered into another format in order to perform quantitative analysis. Analysts and investors can use XBRL to extract specific financial information of interest to them and customize it according to their needs. For example, they can create analyses and comparisons over time across several companies and business sectors (i.e. side-by-side and line-by-line comparisons, for financial periods for the same company or for many different companies). Analyst coverage and investor interest in smaller public companies could potentially increase given that financial information can be obtained and analyzed more readily with XBRL.

Costs

1. XBRL software

Although the XBRL specification is freely licensed, preparing information in XBRL requires software that is XBRL enabled. One type of XBRL-enabled software that continues to be developed is software to create XBRL documents. Another type is software to read and analyze XBRL data.

The cost of these products varies at this time. For example, financial statements in a spreadsheet format can be tagged and converted to XBRL using relatively inexpensive software (approximately \$800). On the other hand, implementing enterprise-wide financial software that can generate, validate and convert XBRL documents into a usable form will be more expensive.

It is important to note that since XBRL is still evolving as a technology, the number of software products currently available is limited. As XBRL becomes more widely accepted, the development of new software products with enhanced features will likely intensify and the costs of these products will start to decrease.

2. Education and training

Although XBRL software is becoming increasingly more user-friendly, preparers of XBRL documents will need to acquire a general knowledge of XBRL and will also need to learn how to use the specific software that will allow them to prepare XBRL financial information.

3. Time preparing documents

The time and effort involved in preparing XBRL documents will mainly depend on the complexity of the issuer's financial statements and the preparer's knowledge of XBRL. As users become more familiar with XBRL, the time needed to prepare XBRL documents will decrease.

Current trends

Taxonomies

Taxonomy refers to how information is described, classified and organized. XBRL taxonomies are essential in preparing XBRL documents because they are the "dictionaries" or "vocabularies" that allow each element to be tagged. Users can expand or "extend" taxonomies (thus the term "eXtensible" in the name "XBRL") according to their needs. For instance, if the element "sales" was too generic, the user could extend the taxonomy with two more specific items such as "equipment revenue" and "consumables revenue". Both of these would roll up to the standardized "revenue" element.

XBRL International is responsible for approving the taxonomies of each country. Many XBRL jurisdictions are involved in developing the taxonomy for their local accounting standards (e.g. International Financial Reporting Standards (IFRS), Canadian Generally Accepted Accounting Principles (GAAP), U.S. GAAP etc.). Other taxonomies have been developed by government agencies and regulators to address their specific regulatory reporting requirements. One example is the taxonomy for the Call Reports that was developed by the Federal Deposit Insurance Corporation in the U.S.

XBRL Canada has completed developing a Canadian taxonomy for primary financial statements in accordance with Canadian GAAP (i.e. general purpose GAAP financial statements) and for the notes to these financial statements. The Canadian GAAP taxonomy has both French and English built in, which allows for companies to present financial information electronically in multiple languages.

International developments

There have been a number of significant XBRL developments around the world. In September 2004, the Securities and Exchange Commission (SEC) issued a concept release paper called "Enhancing Commission Filings through the use of Tagged Data". The paper sought public comment on the benefits and implications of tagging data to improve reporting quality and efficiency. In March 2005, the SEC implemented a voluntary financial reporting program for registrants to file supplemental financial information using XBRL. Under the program, registrants could voluntarily provide XBRL data as an exhibit to specified EDGAR filings. In addition, the SEC has established a test group that will provide financial information in XBRL for at least one year and give feedback on their experiences, including the costs and benefits of reporting in this format.

A number of stock exchanges, government agencies and regulators across Europe and Asia have implemented, or are in the process of implementing, XBRL-enabled systems. The following are a few examples of XBRL projects that have been implemented or are currently in progress around the world:

- The U.K. tax authority will require the use of XBRL for all company tax returns due after March 2010. In addition, the Companies House, the official body which receives company financial statements in the U.K., has started receiving financial statements in XBRL for audit-exempt companies and expects to expand the use of XBRL for larger companies.
- Japan's Financial Service Agency said it will require public companies to report financial information in XBRL by fiscal 2008. In addition, the Tokyo Stock Exchange has launched a free web-based trial service showing Japanese public company financial information in XBRL.

- The Spanish Securities Regulator now receives financial reports of public companies in XBRL.
- The Shanghai Stock Exchange receives all financial information from its public companies in XBRL.
- The European Commission funded XBRL International \$1 million euros to accelerate the development and adoption of XBRL in the European Union

In Canada, a number of XBRL projects are in the initial phases. Statistics Canada, for example, conducted a pilot project using XBRL to collect selected financial information from one of its surveys.

The survey

We are interested in hearing your views on XBRL in the Canadian securities industry and we encourage you to participate in the survey. You can access the survey online at:

<https://data.grapevinesurveys.com/survey.asp?sid=20066274643546>

For more information

You can find more information about XBRL on the following sites:

www.xbrl.org
www.xbrl.ca
www.sec.gov/rules/final/33-8529.htm
www.sec.gov/rules/concept/33-8497.htm

For examples of financial information converted to XBRL documents, visit the Korean Stock Exchange (Kosdaq) website or the Tokyo Stock Exchange website at:

<http://xbrl.kosdaq.com/?lang=english>
www.tse.or.jp/listing/xbrl/english/1_e_xbrl_demonstration_program/13_e_xbrl_instance.html

Please refer any questions you may have regarding this notice to the following people:

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CSA SURVEY ON XBRL

A. Basic information about you

1. Please select the description that best describes your job functions/duties.

- a. Auditor
- b. Accountant – financial statement preparer
- c. Accountant – other
- d. Investor
- e. Analyst
- f. Regulator
- g. Software developer
- h. Other: _____

2. Please describe the industry your company operates in.

3. Please select the jurisdiction where your company's head office is located.

- a. Alberta
- b. British Columbia
- c. Manitoba
- d. New Brunswick
- e. Newfoundland
- f. Northwest Territories
- g. Nova Scotia
- h. Nunavut
- i. Ontario
- j. Prince Edward Island
- k. Saskatchewan
- l. Quebec
- m. Yukon
- n. Other

B. General questions

4. Were you aware of XBRL before this CSA notice?

- a. Yes
- b. No

5. How would you describe your current level of knowledge of XBRL?

- a. Beginner
- b. Intermediate
- c. Advanced
- d. No knowledge

6. Has your company discussed using XBRL internally for preparing and/or analyzing financial information?

- a. Yes
- b. No
- c. I don't know.

7. How do you handle financial information? Please select the answer that is most relevant to you.
- a. I analyze or use financial information of other companies.
 - b. I prepare financial information
 - c. I develop products that use financial information.
 - d. I both use and prepare financial information.

Instructions – Please read:

If you selected answer a above, please skip questions 17 – 35.

If you selected answer b above, please skip questions 8 – 16

If you selected answer c above, please skip questions 8 – 35

If you selected answer d above, please continue

C. Questions specific to “users” of financial information

8. Please indicate the various sources that you use to obtain the financial information you analyze or use. Check all that apply.
- a. SEDAR
 - b. Third-party aggregator (e.g. Bloomberg, StarQuote)
 - c. Company websites
 - d. Other (please specify)

9. Please identify the type of information you analyze or use. Check all that apply.

- a. Annual financial statements
- b. Quarterly financial statements
- c. Management’s Discussion and Analysis
- d. Earnings releases
- e. Other (please specify)

10. What tools do you use to analyze financial data? Check all that apply.

- a. In-house customized financial models
- b. Off-the-shelf financial model software
- c. Spreadsheet functionalities that require data to be keyed in
- d. Other (please specify)

11. Have you ever used tagged data such as XBRL in your financial analysis?

a. Yes (please describe)

b. No

c. I don't know.

12. Do you think XBRL would result in time and costs savings for your company by reducing data entry or reduce the costs of data you purchase?

a. Yes. Small savings. Please explain.

b. Yes. Significant savings. Please explain.

c. No. Please explain.

d. I don't know.

13. If public companies provided tagged financial information in XBRL, would you use it?

a. Yes. Please explain.

b. No. Please explain.

c. I don't know.

14. How would XBRL change the way you do your analysis?

15. Please indicate how much you agree or disagree with each of the following statements. If you disagree, please briefly explain why.

a. XBRL will allow me to quickly retrieve financial information without re-entering data

1 2 3 4 5
Strongly Agree Agree No Opinion Disagree Strongly Disagree

b. XBRL will improve my analysis of financial information.

1 2 3 4 5
Strongly Agree Agree No Opinion Disagree Strongly Disagree

c. XBRL will increase my ability to compare and understand financial information.

1 2 3 4 5
Strongly Agree Agree No Opinion Disagree Strongly Disagree

16. What do you consider will be the most significant obstacles to using XBRL data, assuming it was available. Check those that apply (maximum of two choices).

- a. Cost of XBRL software
- b. Time and effort needed to learn about XBRL
- c. Lack of available XBRL software (viewing and analysis tools)
- d. Implementation of new procedures to read XBRL documents
- e. Other (please specify)

D. Questions specific to “preparers” of financial information

17. What is the asset size of your company?

- a. \$2 million or less
- b. More than \$2 million to \$5 million
- c. More than \$5 million to \$20 million
- d. More than \$20 million

18. Please indicate the stock exchanges where your company is listed. Circle all that apply.

- TSX
- TSXV
- NYSE
- NASDAQ
- AMEX
- Other: _____

19. Please indicate the types of financial information that you prepare. Circle all that apply.

- a. GAAP financial statements, notes and MD&A for external purposes
- b. GAAP financial statements and notes for internal purposes
- c. Internal financial reports
- d. Other (please specify)

20. Please indicate which item best describes your current financial reporting tool.

- a. Integrated customized accounting software package (please specify)
- b. Integrated customized accounting software package plus manually prepared spreadsheets (please specify)
- c. Basic off-the-shelf accounting software package and manually prepared spreadsheets (please specify)
- d. Other (please specify)

21. What effect do you think preparing financial statements in XBRL would have on your current financial reporting process?

22. Has your organization ever tagged its financial information using XBRL?

- a. Yes
- b. No

Instructions - Please read:
If you selected a above, please continue
If you selected b above, please skip questions 23 through to 30

23. Please identify the financial information that was tagged by your organization.

- a. GAAP financial statements for external purposes
- b. GAAP financial statements and notes for external purposes
- c. GAAP financial statements, notes and MD&A for external purposes
- d. GAAP financial statements and notes for internal purposes
- e. Internal financial reports (please specify)

- f. Other (please specify)

24. What was the amount of costs incurred for XBRL software?

- a. \$0 - \$200
- b. 201 - \$500
- c. \$501 - \$1000
- d. Over \$1000 (please specify)

- e. Other (please specify)

25. What was the total number of internal labour hours expended on the tagging process?

- a. 0 – 20
- b. 21 – 50
- c. 51 – 100
- d. Over 100 (please specify)

- e. Other (please specify)

26. What was the total number of external labour hours expended on the tagging process?

- a. 0 – 20
- b. 21 – 50
- c. 51 – 100
- d. Over 100 (please specify)

- e. Not applicable
- f. Other (please specify)

27. What was the total amount of costs incurred for tagging financial information using XBRL?

- a. \$0 - \$500
- b. \$501 - \$1000
- c. \$1001 - \$3000
- d. \$3001 - \$4000
- e. Over \$4000 (please specify)

- f. Other (please specify)

28. How many internal labour hours do you think have been “eliminated” per year with the tagging of the organization’s financial information using XBRL?

- a. 0 - 20
- b. 21 - 50
- c. 51 - 100
- d. Over 100 (please specify)

- e. Other (please specify)

29. How much cost do you estimate has been saved per year with the tagging of the organization's financial information using XBRL?

- a. \$0 - \$200
- b. \$201 - \$500
- c. \$501 - \$1000
- d. Over \$1000 (please specify)

e. Other (please specify)

30. Are there any other comments you would like to add regarding your experience with tagging your organization's financial information using XBRL?

31. Please rate each of the following by selecting the extent to which you agree or disagree. If you disagree, please briefly explain why.

a. My company only has to create information once if we use XBRL.

- | | | | | |
|----------------|-------|------------|----------|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Agree | Agree | No Opinion | Disagree | Strongly Disagree |

b. XBRL will lower my company's cost of preparing and distributing financial information.

- | | | | | |
|----------------|-------|------------|----------|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Agree | Agree | No Opinion | Disagree | Strongly Disagree |

c. XBRL has the potential to increase analyst coverage of my company (or other companies).

- | | | | | |
|----------------|-------|------------|----------|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Agree | Agree | No Opinion | Disagree | Strongly Disagree |

d. XBRL will increase my ability (or my company's ability or analysts' ability) to compare and understand financial information.

1 2 3 4 5
Strongly Agree Agree No Opinion Disagree Strongly Disagree

32. What do you consider to be the most significant obstacles to integrating XBRL into your current financial reporting process? Circle those that apply (maximum of two choices).

- a. Cost of XBRL software
- b. Time and effort needed to learn about XBRL
- c. Lack of need for using XBRL (i.e. no demand)
- d. Implementing new reporting procedures to create XBRL documents
- e. Lack of available XBRL software (rendering and analysis tools)
- f. Other (please specify)

33. Do you think that the costs of using XBRL outweigh the benefits?

a. Yes. Please explain.

b. No. Please explain.

34. Are you aware of any software programs that allow you to tag financial information in XBRL?

a. Yes. Please specify.

b. No

35. Do you think that companies will be reluctant to implement XBRL for Canadian GAAP financial statements, since Canada will eventually adopt International Financial Reporting Standards (IFRS)?

a. Yes. Please explain.

b. No. Please explain.

E. Regulatory filings

36. What should the CSA's role be in advancing and developing XBRL?

- a. Introduce a voluntary XBRL filing program for SEDAR filings
- b. Mandate XBRL filing within the next two years
- c. Mandate XBRL filings in two to five years
- d. Mandate XBRL filings in five to ten years
- e. CSA should not advance XBRL (please explain)

- f. Other (please specify)

37. What effect would submitting tagged data or having tagged data available on SEDAR have on your job?

38. If we required or accepted tagged data in SEDAR filings, should accountants have to verify to the accuracy and completeness of the data?

- a. Yes. Please explain in what form this verification should be.

- b. No. Please explain.

- c. I don't know.

39. What information would be most useful to you if it was tagged using XBRL?

- a. Only financial statements and notes
- b. Financial statements, notes and MD&A
- c. All financial filings
- d. Other (please specify)

- e. I don't know.

40. Are there any other comments you would like to add?

F. Participate in focus groups and/or test group

We are considering conducting XBRL focus group sessions at commission offices across Canada to gain a more in-depth understanding of your views. We are also planning to establish a test group of volunteers who will file their financial data in XBRL for a period of time and provide us with feedback on their experiences.

If you are interested in participating in either or both of these groups, please provide your contact information below. We may contact you to attend a focus group and/or take part in our test group. We will not use the contact information you provide below for any other purpose.

Which group you would like to participate in?

- a. Test group
- b. Focus group
- c. Both
- d. None

Please provide the following information if you would like to take part in a focus group and/or the test group.

Your name

Your e-mail address

Phone number(s) we can use to contact you:

Daytime phone number

Evening phone number
