

SVS CL-CI XBRL PROJECT

DEVELOPMENT AND IMPLEMENTATION OF THE IFRS XBRL TAXONOMY EXTENSION FOR CAPITAL MARKET SUPERVISORY PURPOSES IN THE REPUBLIC OF CHILE

BACKGROUND

For the last three years, the Superintendencia de Valores y Seguros (SVS) – the Chilean capital market supervisor - has been conducting initiatives in conjunction with different authorities and representatives from the academic, regulatory, business and trade union sectors, aiming to coordinate the adoption of the International Financial Reporting Standards (IFRS). Now this important South American economy is seeking to gain advantages from international transparency and global, financial data comparability through modern business languages.

Starting 2009 those entities whose stocks are the most actively traded on the Securities Market will be required to file their annual financial statement according to the international standards.

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*Guillermo Larrain Rios,
SVS Chairman*

By that the Chilean supervisor will establish itself as a leader in introduction of international, financial reporting language that is spoken in more than 100 economies in the world. But the supervisor seems to understand that efficiency in access to data for internal and external users is a key to attract foreign investors. Therefore, since the very beginning the value of a common reporting language, both from financial and information technology perspective has been promoted and leveraged by the top management of the institution. “All those who participate in the process of globalization understand the need to speak a common language” - says Guillermo Larrain Rios, a Chairman of the SVS. Following this approach the institution identified the XBRL language as a candidate “assuring high standard of reception, validation, registry and dissemination of financial information”.

XBRL

In November 2007 the SVS investigated the opportunity to extend the official IFRS XBRL taxonomy and adopt it for electronic reporting purposes. With support of international XBRL consultants the SVS team prepared an extended data model which constituted foundations of the extension taxonomy. The SVS Team commenced by expanding their knowledge base, both in terms of the XBRL standard requirements and opportunities and the XBRL's implementation approach. While the taxonomy development team focused on delivering a highest quality set of reportable

concepts under the IFRSs and the Circular No 1901/2008, the IT department analysed requirements of the reporting platform. “The taxonomy development team followed a rigorous process aiming at identification of concepts and relations between them, in order to ensure highest quality of the future XBRL reports. The process included iterative testing and external quality review and was followed by technical XBRL encoding.” – explains Ms Ana Cristina Sepúlveda, Head of the XBRL Team. The XBRL Team decided to rely on the IFRS taxonomy developed by the IASC Foundation XBRL Team. “At the beginning of 2008 we decided to extend the then latest IFRS

2006 XBRL taxonomy. This allowed for even greater compliance with internationally recognized standards. Currently we are evaluating the potential to use the latest IFRS 2009 XBRL taxonomy but prior to introduction of any changes we look forward to receive feedback from our filers.” - says Francisco Silva, Chief of the Securities Research Division. In order to assist the filers the institution prepared a single website with all relevant information including the taxonomy files.

With the introduction of the new reporting system the SVS identified a requirement to enhance their internal platform and provide IT support especially for smaller business entities. “We were committed to support our filers in fulfilling the new filing requirements and at the same time reduce their reporting burdens. For this purpose the IT team developed a filing interface allowing a user-friendly data input and XBRL report preparation.” – says Sonia Muñoz, Head of the IT Division. The institution will provide the interface as an intermediate solution until the software market develops efficient solutions.

To foster adoption of the standard the SVS allowed the entities to indicate whether they will begin reporting XBRL statements from end of March,

June or December 2009 and whether in full or proforma scenarios. According to the response out of 193 entities 80 selected March, 5 chose June and 108 selected December starting dates.

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*Mike Willis,
XBRL International Chairman*

The relatively high interest from the Chilean companies in immediate application of the new reporting standard, proves high expectations about XBRL but also diminishes the arguments about the standard’s sophistication.

The SVS XBRL project has a potential to become the trigger of the first South American XBRL jurisdiction creation. The XBRL International Consortium has been actively promoting the standard in the region and expects the first organizational structures to be established in the next year. “The SVS XBRL project becomes a key contribution to the global effort of more efficient, cost effective and reliable business information exchange. We see this pioneering work to be a critical step of XBRL adoption in the South America.” – says Mike Willis, Chairman of the XBRL International Consortium. “Seeing the progress of XBRL adoption in Chile we are confident about the potential of the South American economies to benefit from the cutting edge business reporting standards” – adds Liv Watson, 2nd Vice Chair (At Large Members).

MORE INFORMATION

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