

Canadian XBRL Perspectives

Advanced Data Management - From XBRL Canada

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Up-to-date News and Information on XBRL as it affects Canada

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SECTION 1 NEW SEC RULES FOR RESOURCE EXTRACTION ISSUERS

In December, the Securities and Exchange Commission (“SEC”) decided to re-introduce Rule 13q-1 requiring disclosure of certain payments made to the U.S. federal government or foreign governments by resource extraction issuers in connection with commercial development of oil, natural gas or minerals. Similar resource extraction disclosures were initially adopted by the SEC in 2012 but were subsequently dissolved by the U.S. District Court for the District of Columbia. Since then, the European Union and Canada have undertaken similar transparency initiatives.

The Commission’s goal is to encourage greater transparency in the extractive industries through disclosure of government payments such as taxes, royalties, fees, production entitlements, dividends, bonuses, and premiums for infrastructure improvements. In order to fulfill the proposed disclosures, foreign and domestic issuers will be required to file a Form SD, which would include an exhibit in XBRL format. Initial comments on the proposed rules will be discussed on January 25, 2016. If approved, resource extraction issuers will be required to file their Form SD through the EDGAR system no later than 150 days after the end of their fiscal year.

The Canadian rule calls for the information to be in XML format rather than XBRL, which raises issues about consistency and compatibility.

Section 2 XBRL Proposed to be Required for all European Companies

Last year, as part of a EU Transparency Directive, the European Securities and Markets Authority (ESMA) sought public comment (until December 24) on aspects of the European Single Electronic Format (ESEF), which will be required for the preparation of annual reports for all issuers in regulated markets as of 1 January 2020. ESMA has released a [consultation paper](#) that includes a wealth of information and data from National Competent Authorities on securities reporting in EU countries, and explores ways forward with regard to the establishment of an ESEF, including the assessment of multiple standard and taxonomy options. One thing that's clear from the document is that there is still a lot of "paper" filing going on, mostly in the form of PDF's. It's also clear that ESMA believes that the inability to manipulate or extract data from such "electronic paper" is of little benefit to users of financial information and that a program based on structured data is the preferred route.

Based on global acceptance, extensibility and a number of other factors, both XBRL and iXBRL are being considered as the ESEF standard, with ESMA calling them the "most advanced, tested and/or used options in some of the main jurisdictions in the EU and abroad". The paper (tentatively) concludes that "XBRL and iXBRL are the most beneficial options and are better aligned with the objectives of the TDA in terms of information improvement and technological facility. Therefore, the adoption of XBRL or iXBRL is supposed to foster the achievement of the objectives of the TDA and result in an enhancement of the attractiveness of EU capital markets and an increase in investment flows".

Section 3 Taxonomy Update

XBRL Canada's taxonomy working group has been hard at work. In December, the Group met with representatives of the IFRS Taxonomy Group of the IASB.

The purpose of this discussion was to receive an update on the current status of various projects being carried out by the IASB with regard to the taxonomy and determine what role, if any, the Canadian working group should play.

Although the taxonomy is not being used in Canada as yet, there is every expectation that it will be required in future. The working group wishes to ensure that the taxonomy recognizes any issues that are of particular interest in Canada. One of these is the applicability of the taxonomy for Canadian resource companies.

The IFRS group has undertaken a Common Practice Project which is most relevant to industries such as the extractive industries. This project is intended to consider the need for elements in the taxonomy that are not specifically derived from the IFRS standards but are in common use in order to comply with them. They have added elements regarding mining companies along with materials relevant to financial instruments and financial organizations.

The IFRS group has also issued a paper on due process to address various issues pertaining to maintaining consistency between the standards and the taxonomy. The Canadian group has issued comments on the Due Process paper and now plans to prepare comments on the common practice project. Anyone having comments they wish to have considered can contact us through info@xbrl.ca.

SECTION 4 RECENT AND UPCOMING EVENTS

XBRL Canada Seminar/Forum on SBR – November 24, 2014. Ottawa, Canada. This was a very successful seminar addressing the proliferation of SBR programs around the world and the merits of such a program in Canada. All presentations are now available on the XBRL Canada website under the heading “Past Events”.

ADDITIONAL INFORMATION

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