	Comments Template on EIOPA-CP-11-002 **Technical Consultation on the Solvency II XBRL Taxonomy**
Company name:	CFO Forum and CRO Forum
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	The paragraph numbers below correspond to the document:
	EIOPA-CP-11-002_Introduction_Taxonomy_Consultation.doc

Reference	Comment	
Preliminary comments	**The comments below have been collected from only a small number of entities of the CFO Forum and CRO Forum. The consultation came as a surprise and its timing was difficult because of the summer breaks and a busy period of responding to other pertinent consultations over the same period. In addition, most of the companies who provided comments are those with some experience of XBRL. As a result it is difficult to consider this response as fully representative of the 2 Forums. However, it was decided to keep such comments as initial feedback to the consultation. The 2 Forums should be in a better position to provide more in depth and shared comments in the coming consultations on this topic.**	
General Comment	**Overall, any implementation of a reporting format will imply significant cost in all entities, both at group and local level. In this context, although comments below are generally supportive of XBRL, this should not hide the cost underlying such implementation (and in addition, again, comments below are not fully representative of all companies). It is also important to note that there is very little upside from a business standpoint of the introduction of XBRL. We recognise the importance of XBRL for smooth implementation of Pillar III, but we do not see it adding much value to reporting framework. Finally, one important element highlighted many times in the comments below is the need for a total harmonization of such standards in all jurisdictions where Solvency II is applied.**	
	We express our support for the Solvency II XBRL Taxonomy - any alternative reporting format, other than PDF or a very simple reporting solution, would create very material expenses. In addition, in some Legal Entities, XBRL is starting to be introduced, which is being established (if not yet fully established) as a Group-wide standard.	
	The effort and activities of EIOPA to work towards a standardized reporting process based on a global standard (XBRL) for data exchange is appreciated. We believe that the standard and practices must be harmonized and utilised in all regions under the influence of EIOPA. Deviation for and by local NSA's would not be appreciated as it will incur unwanted costs and effort on the reporting entity side.	
	We would also like to stress that all XBRL activities, process and choices should be aligned with other regulatory reporting environments including but not limited to e.g. IFRS and Eurofiling.	
	We note that no formula link base for the taxonomy is provided. Providing the compliance rules in the	

	form of formulas is advisable and will enable the regulator to specifically formulate the check and controls that are executed on the instances. Preparers can as such ensure that only technical (XBRL Core validation) and content valid (compliance rules) reports are provided. Review of the Solvency II Taxonomy Technical Description (STtd) is not part of the consultation although some relationships are made.	
10.	Some of the CFO Forum and CRO Forum companies have reasonable experience with XBRL reporting. There is no expertise in the design and or building taxonomies. Where needed external consulting will be hired. Knowledge will have to be spread out in groups. Since the beginning of 2010, iXBRL is starting to be introduced in some Legal Entities for HMRC.	
11.	One company has involved an external party for technical advice. *The external party* performed some tests with the provided sample material. The result is that the taxonomy seems to comply with the XBRL 2.1 specification and can be loaded and utilized in the software.	

11.1.	On the Taxonomy architecture the generic observation is that it would be advisable to align the Solvency II architecture to best practices in taxonomy design. The XBRL international Financial Reporting Taxonomy Architecture (FRTA) should be the basis. Although not part of the consultation it could be advised to apply FRTA on the Solvency II Taxonomy Technical Description.
	
	We have observed a number of findings which can be described as follows.
	
	    a. The hierarchical representation should be in line with how financial professionals would like.
	    b. The taxonomy uses codes as element names. This does not comply with best practices and the FRTA rule 2.1.4.
	    c. FRTA describe that element names should be in English, follow the LC3 convention. (LC3= Label Camel Case Concatenation)
	    d. According to FRTA rule 2.1.10 element MUST have a label in the standard label role. Standard label role cannot be found in the sample taxonomy.
	    e. The labels in the label roles (Verbose label, Preferred label and label) contain hierarchical information. The agreed best practices is to not include the hierarchical information in the label
	    f. Elements have a label role "code". FRTA 2.1.14 says that labels should only have meaning to	

	humans.	
	g. On detailed level some remarks would be:	
	i. Some Monetary elements do not have a balance attribute	
	ii. Only Balance=Debit is found. Is this useful. If all are debit it does not add much value. This is not in line with STtd 28.	
	iii. Some enumeration lists in complex types use codes. For financial users it could be advised to have full descriptions or names	
	iv. It could be advisable to have complex types Currency and Country to have enumerated lists of allowed currencies and countries.	
	v. On DurationInYear complex item type, the minInclusive attribute is "0". It is not sure if this can occur.	
	vi. No period type Duration can be found the taxonomy. This does not match with STtd rule 25	
	vii. Element can be found (participation type) that seems to have reference to legislations or directive in the label. This should be reconsidered to place the reference information in the reference of the taxonomy	
	viii. YN item type is defined with codes (Y and N) where full word Yes and No could be considered, or a Boolean item type could be considered	
	ix. Total-detail Arcrole for CalculationArc, where no calculation structure is defined	
	x. STtd 33 (the most significant term must appear first) implies that a semantic meaning can be derived from the position of a term. This conflicts with generally accepted approach.	
11.1.1.	See some remarks on 11.1. In our opinion the hierarchical structure should follow business view and be in line with current reporting requirements.	
11.1.2.	See some remarks on 11.1.	
11.1.3.	See some remarks on 11.1. The number of breakdowns should be in line with current business practices. Too many new or overload of breakdowns that are not common practice should be avoided.	
11.2.	See remarks on 11.1. General observation of the naming and classification is that it does deviate on a serious level from	

	the FRTA rules. This is not advisable.	
12.	On the topic of cost estimates the following general remarks can be made	
	a. The most important costs factor for reporting is the alignment of the regulatory reporting requirement with current application landscapes in the reporting entity environment. Collecting data that is not represented and stored in current applications incurs serious cost for the preparers. The costs include not only the collection and creation of the data but also the setup and maintenance of financial procedures and also the audit and control process.

b. Regulators should consider stay as close as possible to element definitions used in other domains. E.g. financial reporting definitions could or should be based from the IAS standard (IFRS) and maybe derived from the IFRS taxonomy.

c. Serious deviation from commonly accepted and implemented taxonomy architectures should be avoided. Technical implementation and alignment with existing XBRL implementations will generate additional unwanted investments and costs.

d. Regulators should avoid big implementation guides. As much as possible the requirements should be described in XBRL taxonomies. See general Comment on the use of formulas.

e. Not using formulas will incur unwanted and costly extra-XBRL audit and control process and will incur unneeded communication and traffic between preparers and regulators.

f. Stability in the reporting requirement or the non-frequent serious update of the taxonomy is a highly important factor on the investment and costs for preparers. The opposite is that frequent changes will generate serious costs. | |
12.1.		
12.2.		
12.3.		
13.1.	The stability of the taxonomy is one of the most crucial factors. Stability should be defined by:

a. Taxonomy architecture stability

Any serious change of the architecture or 'meaning' of the taxonomy will have a serious impact on the preparers systems, data model, financial processes and procedures. It would be advisable to ensure a solid taxonomy architecture and minimal change over time. By solid architecture we refer to the overall design, and not so much to smaller details. | |

	b. Taxonomy reporting definitions stability Reporting definitions refer to the content of the taxonomy which should be aligned with legislation. If for legislation point of view new elements or changes in existing elements are required it would incur some costs but this should or could be limited to 'normal' changes in reporting. **c.** Dimensional structure stability It is advisable to maintain stability and continuity on understandable dimensional (and or tuple) structures in the taxonomy to ensure that preparers can maintain good data collection and data organization frameworks. When changes needs to be made concerning (based on the input from one of the CFOF/CROF companies): - Correction of existing elements the effort is considered less than 50 man-days - New elements, the effort is considered between 50 and 100 man-days - Whole new Taxonomy, the effort is considered more than 100 man-days
13.2.	See remarks on 13.1.
13.3.	Unclear what is meant with existing/other technical standards
14.	Implementation guide. In many XBRL regulatory environments a major portion of complexity and generated cost are derived from the paper based implementation requirements. The overall rule basically is: the number of non XBRL paper based implementation rules the higher the unpredictable costs for the preparers. In other words, where possible all implementation rules should be contained in the XBRL Formulas. Other topics for the costs related to XBRL based Solvency II reporting can be related to - Frequently needed consulting, discussions, communications and other interactions with the regulator. - The process of error reporting and handling by the regulator. Error reporting by the regulator by paper, email or even phone would not be the most efficient approach. The organisiation would stimulate the implementation of electronic, error reporting. This can be achieved by a system to respond and report error and status information also in XBRL format. Small

	message taxonomy would be developed where detailed messages are reporting with direct links to the reported instances and items with specific error codes.	
15.	A number of potential risks and threats can be summarized: - The focus and attention of the regulator on the professional implementation of the project. If it is side track, not with full support from the regulator it would not have the proper attention. Related to this topic is the full support of senior level for the project. - The alignment and synchronization of the implementation, taxonomy architecture and related implementation guides in different countries/jurisdictions. The more deviation by different implementations will generate unwanted extra investments by the preparers and reduce the willingness to cooperate. - A too strong complex use of dimensional structures with limited or no relationship with current business systems will incur unwanted costs and financial and audit processes - Strong deviation from other XBRL reporting environments like Eurofiling. - The common focus at this moment for most Solvency II projects is creating/developing the datamodel for the Solvency reports. Current focus is not primarily implementing XBRL software or investigating XBRL capabilities. This can be considered as a risk since some parties might investigate this in a later stage. Late regulatory change - lead times may not be sufficient. - Additional solvency reporting requirements (i.e. different currencies/languages) within some European countries could lead to multiple reporting formats in different countries. - Knowhow within the companies of these new tools is not available	
16.	Due to the implementation of a regulatory reporting environment like Solvency II it can be foreseen that reporting organisations can have the following possible impact on organizational structures: 1. None; when the organisation applies straight through reporting, does have quality data collection and storage and efficient financial and assurance processes the impact of the new reporting will be limited 2. Moderate; in environments with less efficient reporting processes the impact is larger. The organisation can regroup the reporting responsibilities, improve data collection processes and implement enhanced assurance processes.	

	3. Larger; Impact will be larger in cases where current reporting processes are mostly manual, spreadsheet and disparate system based and data definition, financial processes and assurance is mainly ad hoc and less automated. Organisations can utilize the (XBRL based) reporting requirements to implement 'straight through reporting' accompanied by Continuous Assurance principles. XBRL is seen by many as a necessary step in the context of Pillar III given the size of the reporting requirement and the local and group dimensions, however, this remains to be confirmed. Some hope that the improvement of quality, efficient processes and enhanced assurance will bring costs savings, and time-to-report reduction in time, if the XBRL concepts, Taxonomies and principles are utilized within the organization's internal reporting processes and data definition, data collection and quality processes. In the optimal case XBRL is used as the organizational 'comunication mechanism' supported by the Formulas, version systems, data modeling techniques. However, this remains to be demonstrated and at this stage, we see no clear benefits identified for companies, except the pure compliance objective if XBRL is confirmed as the reporting standard.	
17.		
18.	In our opinion the approach to use the type dimension could be supported. For the use of dimensions some suggested could be made: • Dimensions are a sufficient mechanism to classify specific reusable data structures. Used in hyper cubes will allow the clear communication of desired reporting data. However the use of multiple or too many dimensions or complex hyper cubes can complicate the process and reduce the understandability for the financial professionals in the companies • Where possible it would be advisable to use explicit dimensions to increase the data validation processes for the companies and the regulators • Overly complex structures by combining complex types, dimensions and other data modeling techniques will not increase the ease of reporting	
19.	We advise that it would be preferable to have a more modular approach for URI naming convention. The suggestion would be for the core modules /schemas of the taxonomy not to have a reference of the year in the URI. This would create more continuity and stability over the years. If a core module is not changed in a new version of a new reporting period the schema, related link bases and URI are the same. Maximum reusability can be ensured and minimum impact on versioning. The same can be applied on dimensional taxonomies. If the dimension taxonomy does not or less frequent change over time the schema and related material stay unmodified.	

	Entry point schemas should have a reference to the reporting year.	
20.	Our opinion is that for the filename and schema references of the label link bases could or should not have a reference to the reporting year. This makes the label link bases reusable over the year.	
21.	The suggested versioning of taxonomies seem to be a good approach. It would advisable to describe the meaning of the positions: 1. X.x means? X.0.x means? X.x.0 means? Also it would be advisable to describe the procedure and process under what conditions a new version can be released for the 3 levels. Also it should be mandatory to generate and provide the versioning link base on all newly released taxonomy material.	