Financial Accounting Standards Board
RE: File Reference No. 2017-230

Dear Technical Director,
Merrill Corporation appreciates the opportunity to respond to the FASB Invitation to Comment on the U.S. GAAP Financial Reporting Taxonomy Efficiency and Effectiveness Review. We have been using the U.S. GAAP Taxonomy since 2007 to assist and advise SEC registrants in preparing and reviewing XBRL filings. Merrill is an active member of the FASB Taxonomy Advisory Group and a Founding Member of the XBRL US Center for Data Quality. Our personnel have been involved with various XBRL International initiatives, the XBRL US Taxonomy Working Group, and the XBRL US taxonomy project team.

During the past ten years, Merrill has frequently and continuously provided comments on the US GAAP Taxonomy to both FASB and XBRL US. This has included comments on the FASB Implementation Guides, the XBRL US Data Quality Committee rules, and the US GAAP Taxonomy updates, including numerous comments using the FASB TORCS tool. In addition to those comments, we offer the following in response to the FASB Invitation to Comment.

Question 1: Should dimensions be used in tagging the primary financial statements?

Dimensions should be used in tagging the primary financial statements. However, there should be certain limitations on the use of dimensions on the primary financial statements.

Setting the limitations must consider many factors and situations, especially given the diversity in practice for disclosures. For revenue on the income statement, in some situations using line item tags seem to work well, such as for the breakdown of revenues for financial institutions. In other situations, dimensions seem to make sense, such as a) where revenue on the income statement parallels the revenue reported for segments and b) in showing related party revenue separate from third party revenue, when both are shown as separate lines on the income statement.

Question 2: Should dimensions be primarily used for disaggregation, with a limited set of known exceptions?

The FASB Dimensions Working Group has provided thoughtful leadership to understanding the various uses of dimensions and recommending appropriate alternative approaches.

We suggest that dimensions should be primarily used for disaggregation, with a limited set of known exceptions. This guidance should be applied by for all future updates to the GAAP Taxonomy. The limited set of known exceptions should include those areas in the GAAP Taxonomy that exist currently and are consistently being used by filers to give additional meaning to a reported fact, such as the Range Axis.

Applying this disaggregation principle should be developed in such a way as to be consistent across all filers. Currently, there are many dimensions in the Financing Receivables section of the taxonomy, but they are not "well-behaved dimensions" (dimensions where all members of the population are disclosed and the total of all members equals the company-wide total) and result in the same concept being tagged multiple ways in practice.

Question 3: Would the completion of the reference project increase the efficiency and effectiveness of the GAAP Taxonomy? Given the existing resources, should the completion of the reference project be a high priority?

Completion of the reference project would make the references in the GAAP Taxonomy more accurate and, therefore, theoretically make the taxonomy more effective. However, from a practical perspective there are two areas of this project which we address separately as follows:

The first area relates to the benefit of easier navigation of the taxonomy and more efficient tag selection. We believe the primary driver of tag selection should be the disclosure requirement. However, there is much more to tag selection and proper structuring of the XBRL than just knowing the codification reference of the given disclosure. This is especially true since the references from the Codification to the taxonomy elements do not constitute a one-to-one relationship. When tagging a given disclosure, knowing the codification reference may assist in general tag selection, but in many cases (especially in footnote disclosures) the references do not identify a specific tag for selection purposes. Currently there are ways to navigate the taxonomy to find an element, such as conducting a search using the existing codification references, using the presentation hierarchy, searching based on tag attributes, and using text search based on the specific disclosure. So even if all GAAP Taxonomy references were accurate and comprehensively included in the taxonomy, the tag selection and proper structuring of the XBRL still consists of much more than just knowing the codification reference of the given disclosure.

The second area relates to the potential benefit from the ability to search the XBRL, based on the codification reference, to more easily find disclosures related to a particular disclosure or topical area. This is beneficial, but has limitations since extensions aren't required to have a codification reference and since the use of dimensions means that multiple disclosures have the same codification reference due to having the same line item element. Another factor to consider is that the existing codification references in the taxonomy do allow this analysis, albeit not as accurately or comprehensively as if this project were completed.

We would not prioritize the completion of this reference project at the expense of other needs. We believe most filers would not go back and relate every single word and number to the original disclosure requirement, due to the amount of work involved. Also, many of the current disclosures are industry related, or have additional detail included to explain the required disclosures (e.g. common practice items). Consequently, we believe having accurate references in the taxonomy is important, but suggest that the best way to achieve that is by placing emphasis on proper codification references as new disclosures are added to the taxonomy, and as topical areas are reviewed. This will be a better prioritization of resources than completing a comprehensive reference project.

Question 4: Are there other methods to simplify element selection that you would suggest? How would those methods improve the usability of the GAAP Taxonomy?

To further simplify element selection, as new standards are adopted, we suggest embedding elements in the codification, similar to what is done with IFRS.

Question 5: What types of implementation resources supporting registrant use of the GAAP Taxonomy are most efficient and effective? How would you prioritize registrant need for the types of implementation resources listed in paragraphs 1.54 and 1.55 (as well as any others that you think should be considered)?

The FASB's issuance of draft Implementation Guides coincident with the exposure of the proposed 2017 GAAP Taxonomy was extremely useful in communicating the intention of proposed changes. The FASB Staff was responsive to feedback generated by those guides. We encourage continuation of that practice.

The implementation resources that we find most efficient and effective are:
1. Release Notes
2. Taxonomy Change Application
3. Taxonomy Implementation Guides – although these are efficient and effective, any efforts to make these more concise should be considered.
4. Taxonomy Implementation Notes - although these are efficient and effective, most of the current Implementation Notes are redundant with definitions, or indicate simply that the element is used in an Implementation Guide. Also, there seems to be not much value to adding a Taxonomy Implementation Note for the sole reason that an element is used in an Implementation Guide.
5. Change Notes - although these are efficient and effective, any efforts to make these more condensed should be considered.

For the taxonomy disclosure templates, the amount of usage of these in 2017 and 2018 will determine whether they are effective and efficient. FASB should assess their usage in the future.

The FAQ's have not been used to convey new information for a long time, so it appears they are not currently used as an implementation resource.

Question 6: Questions 1–5 seek comments on specific areas described in Review Area 1. Do you have other suggestions that would improve the efficiency and effectiveness of the GAAP Taxonomy?

1. The Taxonomy Change Application can give filers a false sense that if they run the application, they do not need to change the modeling for topics that have been revisited/restructured by the FASB. As a result, certain modeling changes introduced in the last few years have not been applied in some XBRL filings. We suggest that either a) the application needs to be expanded to help filers identify areas in their disclosures for which the taxonomy has been changed/restructured (perhaps by searching text block tags) or b) there needs to be a clear communication that the application does not identify areas for which the filer has disclosures and the taxonomy has been changed/restructured.

2. In making tag selections, filers are asked to look at references, change notes, TINs, definitions, calculation relationships, and more. Consideration should be given to providing concise information that is meaningful and not redundant. For example, last year there were many definitions changed in the retirement benefits section that had the only purpose of making the language consistent. This required work on the part of registrants to identify if the change was

meaningful, which occurred since the TC App does not filter out these types of relatively meaningless changes. Is the cost of these types of changes worth the benefit?
The problem was amplified because a TIN was also added to all these elements saying they were used in the implementation guide.

Question 7: Does issuing proposed changes to the GAAP Taxonomy concurrent with the FASB's proposed and final ASUs lessen the timing issues between a registrant's adoption of GAAP updates and consequential changes to the GAAP Taxonomy?

Our experience is that filers know to look in the development taxonomy for tags on new ASUs if the taxonomy hasn't been changed or released. This timing doesn't create problems for filers and certainly this issue, on its own, wouldn't justify the change in process.

Question 8: Should the FASB Taxonomy staff replace the current annual 60-day comment period for the proposed Taxonomy Update with an exposure process that corresponds with the required adoption of GAAP improvements?

FASB Taxonomy staff should a) issue proposed changes to the GAAP Taxonomy concurrent with the issuance of the FASB's proposed and final ASUs and b) replace the 60-day comment period with a process that allows feedback for the changes to the GAAP Taxonomy concurrently with the development of an ASU.

This timing appropriately moves the review of the XBRL changes to the same time as the review of the accounting standard change.

Question 9: Do you have other suggestions related to the GAAP Taxonomy process that would improve the efficiency and effectiveness of the GAAP Taxonomy?

1. FASB Taxonomy staff should continue to collaborate with the XBRL US Data Quality Committee to resolve any conflicts that exist between rules and guidance issued by each party.
2. Currently, most comments submitted through TORCS are assigned for future consideration when a topic area is revised. This leaves many problems in the taxonomy that should be, and can be, fixed immediately. Comments that request correction of an error, or addition of elements for common disclosures should be addressed promptly instead of waiting until a topic area is revised.
3. Currently, there is no direct feedback to individuals that submit comments in TORCS. Because of this and the above comment, it is likely that some individuals no longer submit appropriate comments.
4. Currently, there seem to be more changes made to the taxonomy between the end of the 60-day comment period and submission for approval, than in previous years. As a result, many changes are made that are never exposed for comment. An example is the Financing Receivables structure, for which the final structure in the taxonomy didn't receive exposure to public comment.

5. Determine that FASB modeling standards, such as Style Guides, are consistently applied to recommendations from Industry Advisory groups to ensure modeling consistency throughout the taxonomy.
6. There needs to be a post-implementation review of the Implementation Guides, especially to determine if filers are promptly complying with the guidance. If there is low adherence, consider whether a) a simplified approach is warranted b) there needs to be improved communication that the guidance exists or c) the SEC needs to be encouraged to enforce non-compliance with the guidance.

Sincerely,
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