



August 10, 2015

Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

RE: Investment Company Reporting Modernization, File No. S7-08-15

Dear Secretary:

The American Institute of CPAs (AICPA) is pleased to comment on the Securities and Exchange Commission's (SEC or Commission) Proposed Rule on Investment Company Reporting Modernization (proposed rule). We commend the leadership efforts of the SEC in proposing a rule that will require investment companies to provide information in a structured data format. We agree that this proposed rule will improve the quality of information disclosed and allow for the information to be collected in the most timely and cost effective manner.

The AICPA is the world's largest member association representing the accounting profession, with more than 400,000 members in 145 countries, and a history of serving the public interest since 1887. AICPA members represent many areas of practice, including business and industry, public practice, government, education and consulting.

The AICPA supports the application of data standards for the reporting of business information. XBRL was incubated under the auspices of the AICPA and is the data standard that most adequately meets the reporting needs of banking regulators, tax authorities, and securities regulators around the globe. We appreciate the opportunity to comment on this proposed rule. Please note that the comments in this letter are focused exclusively on the Commission's request for responses related to the structured data format to be used for investment company information.

On page 93 of the proposed rule, the Commission is seeking responses on whether to allow or require the new form for reporting information in an XML Schema derived from existing XML based languages, such as Financial products Markup Language ("FpML") or XBRL.

The Commission's proposed rule requires that investment companies would report information in XML so that Commission staff, investors, and other potential users could create databases of fund portfolio information to be used for data analysis. By submitting information in a structured data format, users will benefit by accessing more accurate information and by reducing the manual effort to accumulate and access the information which enables a more automated process. However, we strongly recommend that XBRL be utilized for the collection of the information rather than XML. XBRL provides a more standardized structure for the reported information, allows the SEC to leverage existing

technology and resources, and allows for a more robust validation of the submitted information as explained in further detail below.

Standardized structure

XBRL is a global, XML-based language for reporting business information in a standard format. XBRL provides the financial and accounting structure and definitions needed for business information. Using taxonomies that include standard, agreed-upon definitions, labels, units, and time periods allows this contextual information to be applied to each data point. This helps users easily consume the files using any XBRL-enabled software.

While XML allows for structuring of data for interchange over the internet, it does not provide a standard structure that is needed for business information. Therefore if XML is used, the metadata could be applied inconsistently which would cause consuming the information by various users using different software applications to be more difficult because specific programming would be necessary to consume the data. Accordingly, we believe that XBRL is the more appropriate data standard for the information covered in the proposed rule.

Leverage existing technology

The SEC already uses XBRL for many reporting forms. Some of the data points that will be required in the forms under this proposed rule already exist within the US GAAP Taxonomy or the Mutual Fund Risk/Return Taxonomy, therefore, by leveraging these taxonomies the effort to create a new taxonomy for the information required under this proposed rule is reduced.

Furthermore, filers and investors who have been preparing and consuming the XBRL information over the past 6 years will benefit from the ability to use existing tools and applications, rather than needing to invest in new technology to meet the new requirements. In addition, the XBRL software and services market, which has grown exponentially over the past few years to meet the demand of filers and consumers, can easily adapt the new requirements into existing technology and processes. We strongly encourage the SEC to leverage these existing investments to meet the new reporting requirements of this proposed rule.

More robust validation

While XML provides a built-in validation framework, the validation can only test the technical structure of the XML document. XBRL allows for files to be validated not only to ascertain that the technical structure of the files are valid, but also that the content of the data complies with certain rules. XBRL specification validation software checks that the files comply with technical rules of XBRL. This ensures that XBRL submissions are able to function and be readable by other XBRL enabled software. Business rules can also be written into XBRL validation software to check the content of the data and to test whether required information is reported, calculations are correct, and that the data is accurate.

The SEC already has electronic systems to receive, validate, and process the XBRL files to check that the files pass the criteria established for XBRL submissions. In addition, the XBRL US Data Quality Committee is working to develop open source automated validation rules that can prevent or detect inconsistencies or errors in XBRL data filed with the SEC. The Committee focuses on data quality issues that adversely affect data consumption and analysis and prioritizes issues based on input from users. We believe that XBRL provides a more robust validation framework that allows the data to be checked for accuracy and

compliance and is a more appropriate data standard for the information required to be submitted under this proposed rule.

Conclusion

The AICPA commends the leadership of the SEC in taking steps to improve the transparency and accessibility of investment company information. We believe that XBRL rather than XML should be utilized to report such data. XBRL is based on XML, however XBRL has been customized for business reporting to include standardized definitions and contextual information for many business concepts, and offers a more robust validation framework providing the ability to detect errors. XBRL is supported by a global consortium of hundreds of businesses and agencies who collaborate to develop and maintain a standard language for business reporting around the world. We strongly believe that the investment in XBRL technology to date for financial reporting and related data should be leveraged further for the information in this proposed rule.

On behalf of the AICPA, thank you for the opportunity to comment. If you have any questions regarding the comments in this letter, please contact Amy Pawlicki at apawlicki@aicpa.org or 212-596-6083.

Sincerely,

A handwritten signature in black ink, appearing to read "Barry C. Melancon". The signature is fluid and cursive, with a long horizontal stroke at the end.

Barry C. Melancon, CPA
President and CEO
AICPA