



FINANCIAL SECTOR DEVELOPMENT PROGRAM (USAID/FINREP-II)

Final Report on XBRL Activities

October 23, 2015

Contract # AID-121-C-12-00001
STTA expert: Michal Piechocki

[About this document](#)

This document presents an internal final report to the FINREP-II project management about activities, outcomes, observations and recommendations stemming from XBRL STTA assignment under the USAID/Ukraine FINREP-II Project contract # AID-121-C-12-00001.

Any questions about this document should be directed to Mr Michal Piechocki available under michal.piechocki@br-ag.eu or phone: +48505558628.

Abbreviations:

MOF	–	Ministry of Finance of Ukraine
SSMNC	–	Securities and Stock Market National Commission of Ukraine
FSR	–	Financial Services Regulator of Ukraine
NBU	–	National Bank of Ukraine
DFG	–	Deposit Guarantee Fund of Ukraine
UST	–	US Treasury
EUIP	–	EU Financial Project
DPM	–	Data Point Model
ITA	–	Interoperable Taxonomy Architecture
IFRS	–	International Financial Reporting Standards
EBA	–	European Banking Authority
EIOPA	–	European Insurance and Occupational Pensions Authority
ECB	–	European Central Bank
XBRL	–	Extensible Business Reporting Language

[Index](#)

Business Reporting – Advisory Group.....	1
About this document.....	1
Index.....	1
Scope of STTA activities.....	2
Overview of deliverables status.....	2
Summary of contractual position.....	Error! Bookmark not defined.
Summary and status of activities in the period.....	2
Key observations and outcomes.....	2
Pilot project summary.....	3
Final recommendations.....	3
Recommendations on taxonomy architectures to be applied by Ukrainian regulators.....	3
Recommendations for follow-up projects.....	5

Scope of STTA activities

STTA was requested to perform the following activities:

1. Evaluate, select, purchase, install, and test XBRL software necessary for all four Ukrainian accounting regulators to extract the data necessary from XBRL files submitted by Ukrainian organizations for the purpose of financial reporting;
2. Evaluate, select, install, and test open-source (free) XBRL “collector” software necessary to accept and store XBRL files submitted by Ukrainian organizations for the purpose of financial reporting;
3. Develop, launch, and evaluate the results of a pilot program to test the XBRL software;
4. Provide limited consulting to pilot program participants on evaluation and selection of their own XBRL software;
5. Develop and launch an XBRL website under the Ministry’s web domain;
6. Conduct two public events related to the XBRL pilot program; and
7. Develop a roadmap for national implementation of XBRL.

The timeframe of activities is June – October 2015.

Overview of deliverables status

Deliverable	Status
Assessment and recommendation of XBRL software including open source applications	Requirements specification submitted together with recommendation, software procured and transferred in October 2015
Report on pilot project results	Included in this report
Structure of XBRL website for the MOF	Final submitted to the FINREP-II office, translated, and delivered to MOF in July 2015
Materials for two public events related to the Pilot program	Materials for both workshops prepared and delivered in August and October 2015.
Roadmap for national implementation of XBRL in Ukraine	Final recommendations submitted in this report.

Summary and status of activities in the period

Before arrival to Ukraine on the 15th of October, the expert began preparing materials for two workshops planned during the visit (pilot project summary and XBRL instance documents training). The materials were completed on the 20th of October.

In the period of October 20-23, the expert conducted a third onsite visit in Kyiv and held an XBRL reports creation workshop with Ukrainian regulators and other stakeholders:

- Wednesday 21 October: SSMNC, MOF, FSR, NBU, and DGF

Key observations and outcomes

1. The regulators successfully conducted initial mapping of selected IFRS reports of Ukrainian companies to a PDF printout of the IFRS XBRL Taxonomy in Ukrainian.
2. All regulators demonstrated engagement in pilot project activities and demonstrated advanced understanding of the XBRL standard and requirements for adoption of the MOF’s IFRS XBRL Taxonomy in Ukrainian.

- Regulators requested clarification on the EBA/EIOPA DPM Models and the DPM approach compared to the taxonomy architecture applied by the IFRS XBRL Taxonomy (Interoperable Taxonomy Architecture).
- Joint development of IFRS XBRL instance documents was conducted during the third visit of the expert.

Pilot project summary

- Entities engaged in the pilot project presented good understanding of structure of the IFRS taxonomy statements.
- Based on the number and ratio of mapped elements, it seems that the IFRS taxonomy must be extended to cover reporting requirements specific for Ukraine, either at the regulatory authority level, entity level, or both.
- 3 out of 5 submissions were based on a unified IFRS statement structure that can be the basis for an extension.
- Education regarding relationships between taxonomy elements and positions from financial statements is still required.

Final recommendations

Recommendations on taxonomy architectures to be applied by Ukrainian regulators

The following table presents an overview of XBRL possibilities for regulators in Ukraine.

Regulator	MOF	SEC	FSA	DGU	NBU
Primary supervised entities	All (capital markets view, tax view, statistical view)	Capital market entities	Insurance, NBFIs	Failed/Problem banks	Banks
Primary interest in data scope	IFRS reports, tax reports, statistical reports	IFRS reports	IFRS reports, NBFi reports, Solvency II	Capital adequacy, IFRS reports, failed banks data	Capital adequacy reports (COREP EU), financial and statistical reports (FINREP EU)
Potential to benefit from UA MOF FINREP I IFRS XBRL Taxonomy Extension	Very high	Very high	High (for subset of supervised entities: e.g. pawnshops, investment companies)	Potentially supportive	Potentially supportive for capital markets financial reports scope
Requirements for FINREP II (regulatory extension)	Tax forms, statistical forms	Listing requirements, industry-specific extensions, corporate actions	Industry-specific extensions	Failed banks data (new DPM model)	Own funds, risks, assets encumbrance, large exposures, liquidity, leverage, net stable funding ratio, supervisory benchmarking portfolios, funding plans
Manner of data collection	Direct	Direct	Direct	Through NBU and direct for failed banks data	Direct
Base international taxonomies available for extension	IFRS XBRL Taxonomy	Ukrainian IFRS XBRL Taxonomy	Ukrainian IFRS XBRL Taxonomy, EIOPA Solvency II DPM XBRL Taxonomy	Ukrainian IFRS XBRL Taxonomy, EBA CRD IV/CRR DPM XBRL Taxonomy	Ukrainian IFRS XBRL Taxonomy, EBA CRD IV/CRR DPM XBRL Taxonomy
XBRL taxonomy architecture applicable	ITA	ITA	ITA and DPM	DPM	DPM

- The Interoperable Taxonomy Architecture (ITA) is commonly used by financial reporting and tax reporting XBRL taxonomies that need to facilitate textual data and disclosures. They are extensible due to the principles of underlying accounting standards and may be extended by reporting entities. The IFRS XBRL Taxonomy is built according to ITA rules.

2. The Data Point Model (DPM) Taxonomy Architecture is commonly used by capital adequacy, solvency and financial institutions statistical taxonomies that require rigid data structures according to fixed templates prepared by financial regulators and that do not allow extensions or amendments to the regulatory taxonomy by reporting entities and that focus primarily on numeric data. The EBA CRD IV/CRR (COREP, FINREP, AE), the EIOPA Solvency II, and the ECB BSI-MIR taxonomies are built according to the DPM TA rules.
3. The following diagram illustrates the recommended way for Ukrainian regulators to use the ITA and DPM architectures and use common dictionaries and taxonomies:

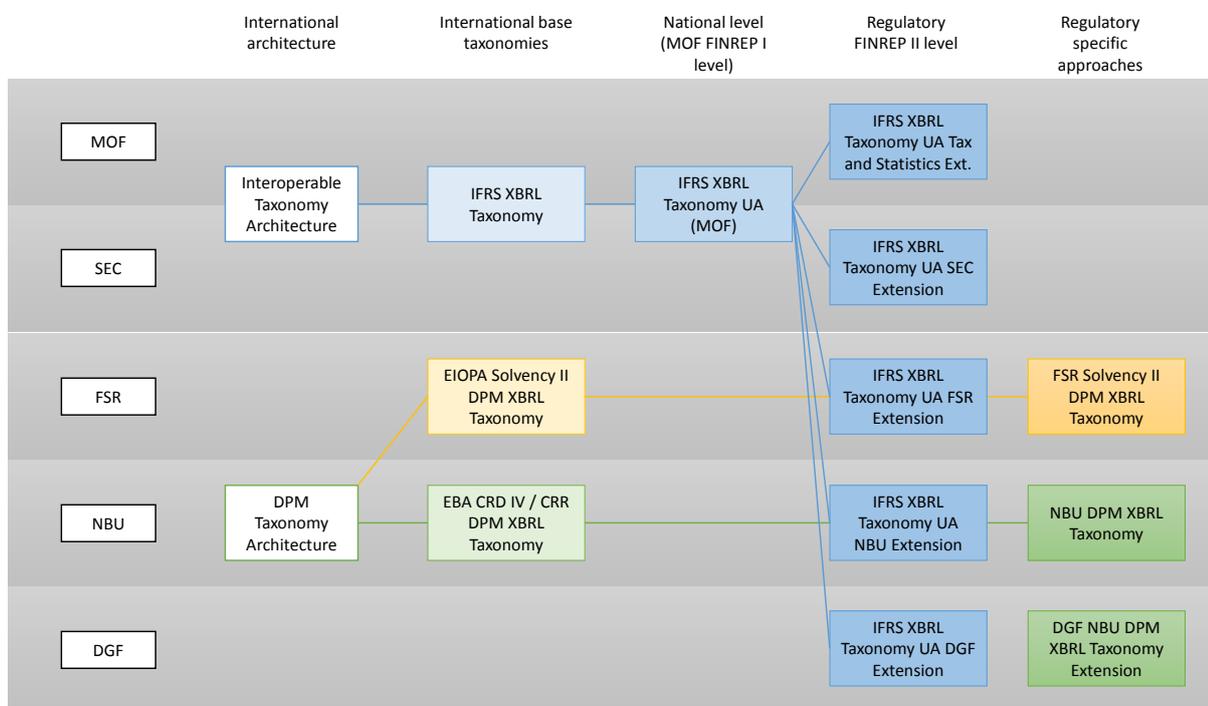
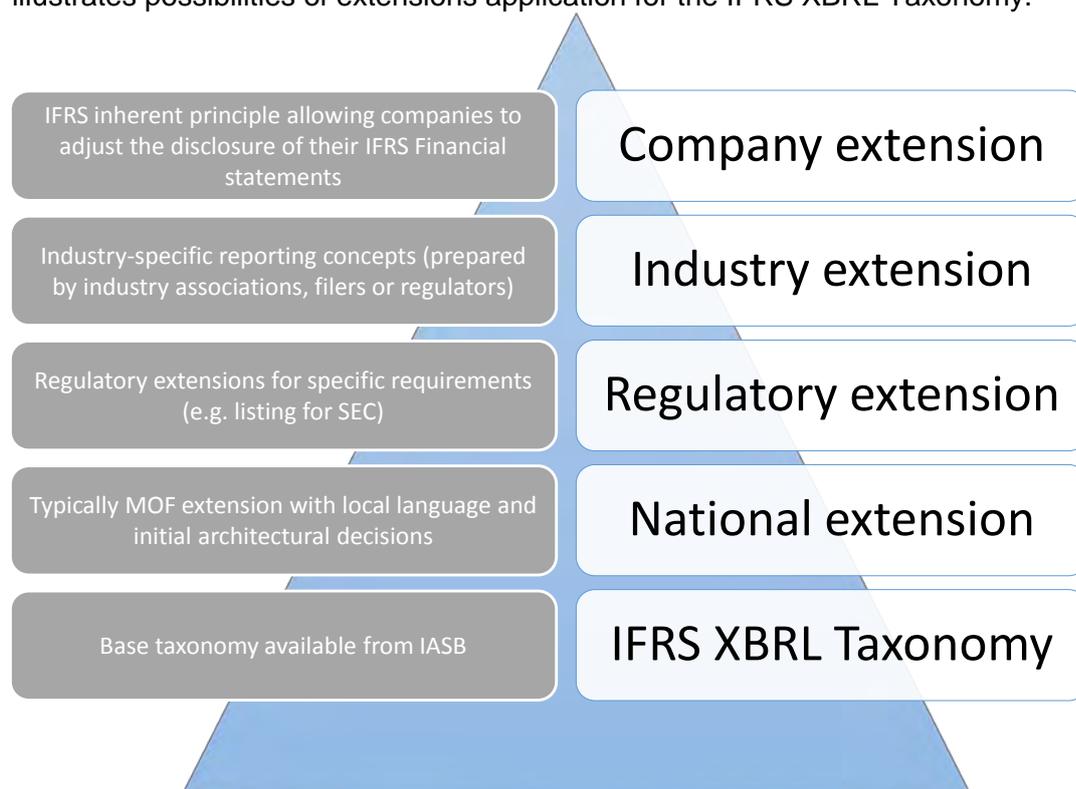


Figure 1: Recommended adoption scheme for XBRL in Ukrainian regulatory environment

4. The use of the IFRS XBRL Taxonomy in any national environment requires consideration of extensibility on several levels:
 - a. Technical extension – preparing the IFRS XBRL taxonomy for use in a national environment (closing open axes, closing open disclosure structures, choosing ways to be used by regulators and reporting companies wherever such options are available in the base IFRS XBRL taxonomy).
 - b. Label extension – preparation of local language label linkbase (a file in the taxonomy that contains various types of links and resources to elements defined in the schema). Also linkbases provide “functionality” of the XBRL standard: presentation, calculation, definition, label, references, formulas, etc.
 - c. Scope extension – extension of reporting scope, detailing disclosure requirements.

5. Furthermore application of the IFRS XBRL Taxonomy in a national environment requires planning on extensibility levels allowed for national regulators, industries and filers. The following diagram illustrates possibilities of extensions application for the IFRS XBRL Taxonomy.



6. The IFRS XBRL Taxonomy in Ukrainian extension does not extend the scope of the base IFRS XBRL taxonomy and does not perform any architectural extension. It only provides Ukrainian labels to the reporting elements listed in the base IFRS XBRL Taxonomy. The Ukrainian labels were created for the 2013 and 2014 IFRS XBRL Taxonomy versions. The MOF considers that any regulatory-specific extensions are subject to each regulator's own plan and should be considered a part of so-called FINREP-II reporting.

Recommendations for follow-up projects

1. It is recommended to consider two major XBRL taxonomies architecture for Ukrainian regulators: ITA for MOF and regulatory use of FINREP-I level (by SSMNC, FSR, DGF, NBU – to the extent possible and envisaged by these respective regulators) and DPM for specific regulatory approaches valuable primarily for the NBU and DGF as well as some FSR activities in the area of insurance supervision.
2. It is recommended that the following priorities to be considered by follow-up projects and Ukrainian regulators:
 - a. Create a joint Working Group for regulators to discuss common extension requirements.
 - b. Focus development efforts on creation of a common IFRS XBRL Taxonomy-based XBRL framework that allows reporting by companies representing various industries to the SSMNC. The framework should include definitions for industry elements in each major industry relevant to Ukraine (including but not limited to: services, manufacturing, banking, and insurance).
 - c. Prepare a set of procedures for experts from regulatory authorities participating in or leading the development of XBRL to cooperate on harmonization of definitions created for specific industries.