

Forming a XBRL Jurisdiction



Discussion of the Draft Protocol on Cooperation for Implementing XBRL in Ukraine

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Areas covered

- What is a Jurisdiction
- Role of Jurisdiction Body
- Types of Jurisdiction Body
- Criteria for each type of Jurisdiction Body
- Direct Participant Membership
- Benefits of Membership

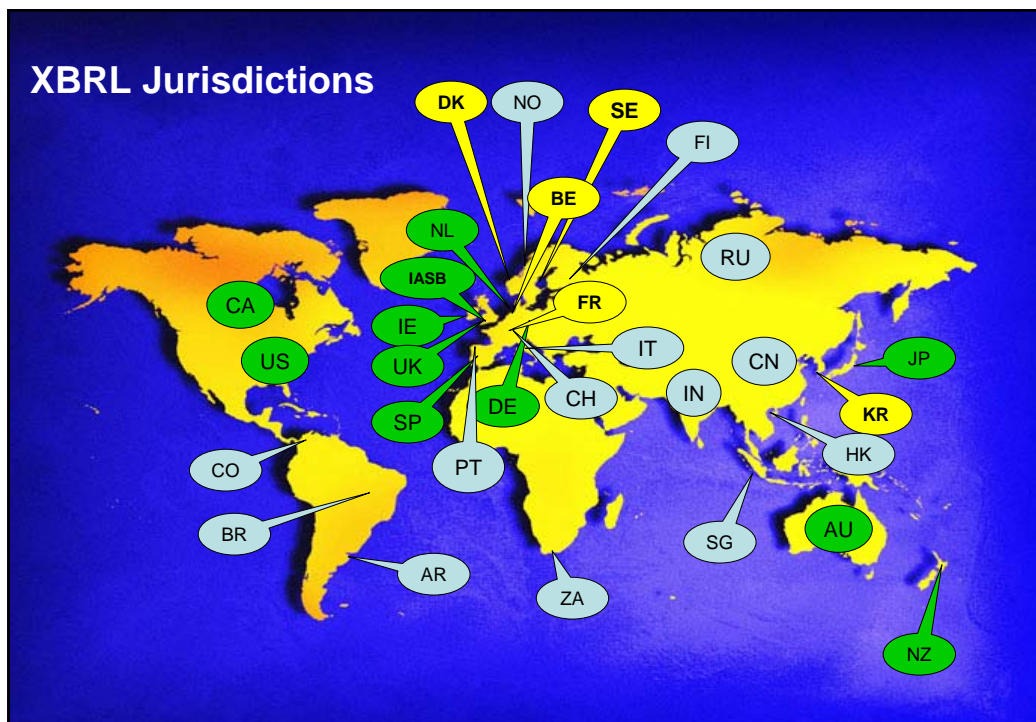
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Definition of a Jurisdiction

- Jurisdictions typically represent a country, cross-border region or internationally recognised business reporting regime; Jurisdictions typically cover a geographic region described by the use of at least one specific set of Generally Accepted Accounting Principles (GAAP)
- Currently 11 established jurisdictions, 5 provisional jurisdictions, and many regions in the process of forming a jurisdiction
- About 300 organisations participating in the development and adoption of XBRL around the world



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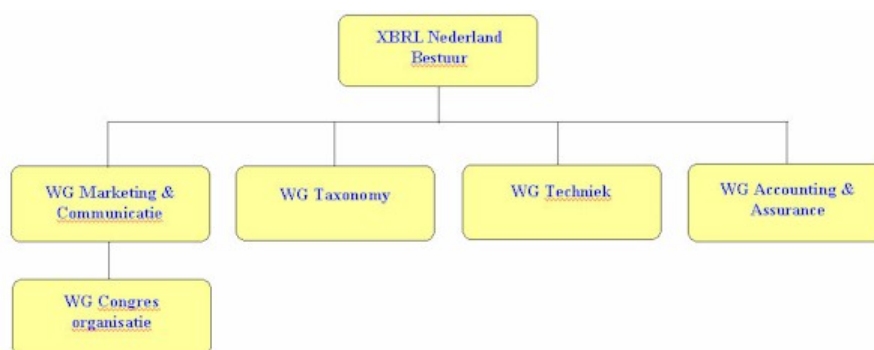
Role of Jurisdiction

- Promote XBRL
- Organise/sponsor the *creation* and *maintenance* of taxonomies, for the main accounting standards for business reporting in their area
- Provide an education and marketing role, explaining the benefits of XBRL
- Maintain information channel in native language, e.g. e-mail list
- Develop and maintain local membership
- Contribute to international development
- Contribute towards common intellectual property protection

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Example Governance & Operational Structure for Jurisdiction Bodies

- XBRL-NL



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XBRL International



- Independent non-profit global consortium
- Manage (Royalty free) XBRL Intellectual Property
- Recognize and encourage XBRL best practices
- Knowledge sharing in XBRL Community
- Support XBRL member “Jurisdictions”

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Types

Established Jurisdiction

- A non-profit organisation, involved in business reporting, that collects dues from ten or more members and pays dues to XBRL International

Provisional Jurisdiction

- A non-profit organisation involved in business reporting that has a group of individuals (often called a working party) creating an XBRL Taxonomy or other XBRL work products, and that pays dues to XBRL International

Established vs Provisional Jurisdiction

- Have a critical mass of members, several working groups, and have made significant progress on taxonomy development and promotion of XBRL
- Right to **vote** on composition of the International Steering Committee, and all members can contribute fully to working groups and other XBRL activities
- Similar to start-up organisations with small working group focussed on increasing interest within their region and developing an initial taxonomy for local accounting standards
- Have up to **two years** to become an established jurisdiction

JLM1

Slide 12

JLM1 Haven't we change the right to participate to ALL for working groups and other XBRL activities?
Louis Matherne, 6/13/2005

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Criteria for Becoming a Provisional Jurisdiction

- Identification of a neutral (i.e. not for profit) facilitator
- A Working Group (steering committee, working party, interest group, etc.) within that facilitator organisation
- Commitment to development of local taxonomy
- Communications infrastructure – typically one or more Yahoo Groups (e.g.: <http://groups.yahoo.com/group/xbrl-public>)
- Payment of USD 5,000 first year and \$15,000 second year to XBRL International

Minimum Criteria for an Established Jurisdiction



- A Facilitator
- A Project Manager
 - Title may vary, e.g., Director, Executive Director, CEO.
- A Steering Committee
- Policies and procedures
 - E.g. on participation approvals, accounting, handling of funds and election of officers, etc.
- Business plan and detailed budget for the next 12 months
- Significant committed local support
 - Usually at least 10 local organizations that have committed sufficient financial and/or other resources to support the jurisdiction indefinitely
- Communications infrastructure
 - typically one or more Yahoo Groups communities

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Benefits



Provisional Jurisdiction

- Protection and use of XBRL trademarks, domain names
- Facilitator staff
 - XBRL e-mail and archives
 - Participation in XBRL International working groups
- Eligible to host International Conference
- Eligible to submit “Approved” Taxonomy to ISC
- Assistance establishing Jurisdiction

Full Jurisdiction

- Voting Representation on Steering Committee
- Member company
 - Voting participation on Supply Chain Communities
 - Voting participation on Working Groups
 - Increased access to expert advice and community
 - More and better marketing
 - Discounted attendance at hosted conferences for jurisdiction members

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Direct Participant Membership

- For organisations interested in participating in the development of XBRL but located in places where an established jurisdiction does not exist
- The XBRL International Direct Participant Membership program provides a way for such organisations to participate in XBRL activities even prior to the formation of a local jurisdiction body

Direct Participant Membership

- Direct Participant membership expires once an Established Jurisdiction is formed for the Nominated Country
- If a Provisional Jurisdiction exists in the Direct Participant's Nominated Country, the Direct Participant must be a member in the Provisional Jurisdiction to maintain their Direct Participant membership

Membership Fees

- 3,000 / 6,000 / 9,000 / 12,000 USD per year depending on:
 - For-profit organisation: Annual gross revenue in millions of USD
 - Non-profit organisation: Number of participants (e.g. members)
- XBRL-INT set aside a portion of the fees to help the Nominated Country become an XBRL Established Jurisdiction
- Upon formation of a local jurisdiction body, XBRL-INT will contribute $\frac{1}{4}$ of the direct participant membership fees from the preceding 24-month dues period to the new XBRL Established Jurisdiction

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Benefits: Technical Information and Development

- Access to the latest and best technical information on XBRL through electronic discussion groups, phone conferences and meetings
 - Early view of draft technical documents and taxonomies during their development
 - Direct advice from to leading technical experts on XBRL on implementation and other issues
 - Direct contact with vendors of XBRL software tools, with opportunities for cheaper access to tools and training
 - Participation in setting requirements and priorities, ensuring these meet the needs of your organisation
- Resulting benefits include better decision-making on XBRL uses and implementation, quicker and cheaper solving of problems, earlier time-to-market

Benefits: XBRL Plans and Opportunities

- Information on how industries, government, regulators and consumers of financial information are planning to benefit from XBRL
 - Networking with other XBRL members, identifying common interests and possibly developing strategic business partnerships with suitable organisations
 - Participation in liaison with key organisations, including government bodies and industry associations
- Resulting benefits are the identification of business opportunities and earlier delivery of products and services which meet market requirements

Benefits: Marketing

- Ability to publicise and demonstrate products through XBRL consortium announcements and events
 - Ability to plan and position products with a good understanding of how the market can benefit from XBRL
 - Recognition for your organisation as an innovator able to make effective use of new technology
- Resulting benefits include more effective marketing of your products and improved positioning of your organisation

Benefits of Membership

- Membership of any individual jurisdiction includes membership of the international consortium
- An annual membership fee is required but the consortium is non profit-making; the fee is purely to fund essential development and marketing work on XBRL
- The development and marketing benefits gained by individual members of XBRL easily outweigh the cost of membership

Next Steps

- Identify/establish facilitator
- Prepare to launch a provisional jurisdiction
 - Identify/establish facilitator
 - Establish organisational structure
 - Establish communications channel, e.g. website, Yahoo Group(s)
- Determine local taxonomy development needs
 - Practical considerations, e.g. how to fund development of local taxonomy
- Apply for a grant (re-use existing XBRL material)

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