XBRL based reporting in the Indian Mutual Fund Industry
A Case Study

Background

The Indian Mutual Fund Industry has $120 billion in assets under management with 44 fund houses offering more than 3,000 schemes as of 2012. Securities and Exchange Board of India (SEBI) the regulator of the mutual fund industry, has progressively moved to a continuous disclosure regime. As a collector of massive volumes of disclosure data almost on a daily basis, SEBI needed something to ease the process of report collection. In 2010 SEBI sought to bring some of these periodic disclosures to an online filing platform that would literally cut hundreds of man hours of report gathering and compiling. However, this change was left optional for Mutual funds to adopt at their own pace.

SEBI is often called as the watchdog of the securities market. Its primary role is that of a developer and regulator of the securities market and market intermediaries. SEBI performs many important functions like supervision of derivatives and new products, corporation finance, investment management, integrated surveillance, investigations and enforcement. The Indian securities market under SEBI has gradually moved from a merit based regime to a continuous disclosure based regime.

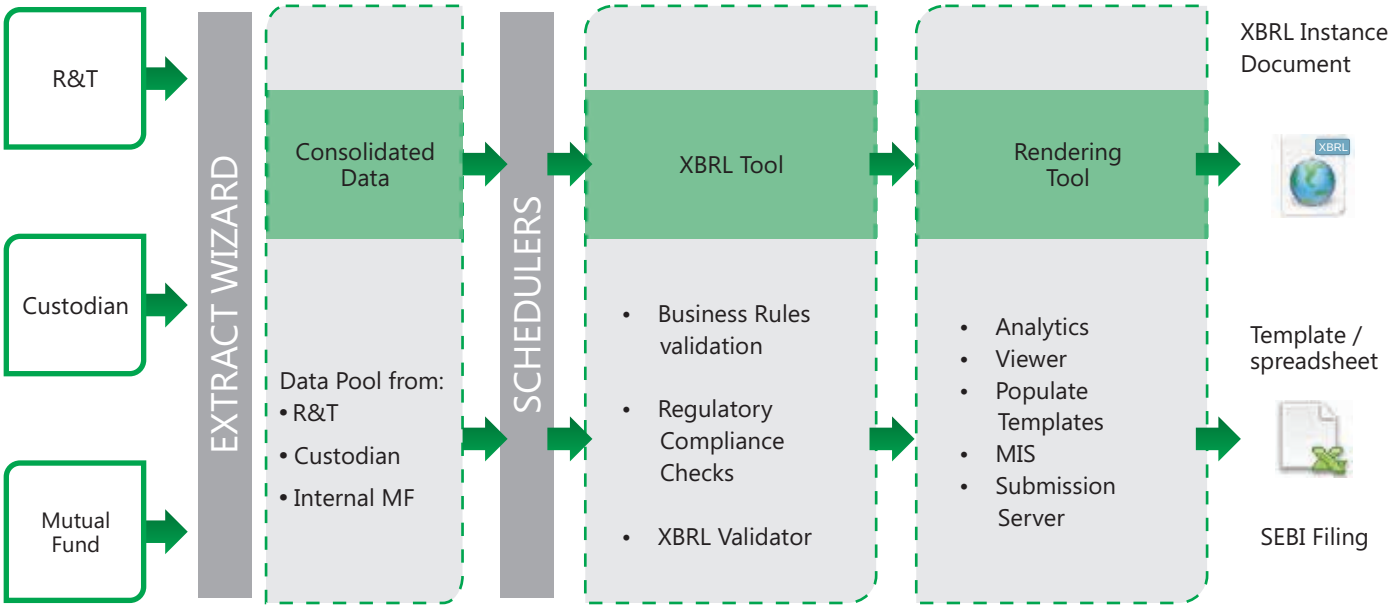
For this online filing process SEBI adopted XBRL (eXtensible Business Reporting Language) as the reporting language of choice. XBRL has already found widespread global acceptability among regulators especially in banking and financial services. The reason why SEBI adopted XBRL was that it would increase the quality and reusability of data and that reporting in XBRL would also be future-proof to changing data needs necessitated by regulatory changes. While opting for XBRL, SEBI was aware of the significant operational efficiencies and the quality of data captured by other XBRL adopters worldwide like US SEC, Financial Services Agency (FSA) of Japan, Accounting and Corporate Regulatory Authority (ACRA) of Singapore and European banking regulators. IRIS Business Services was called upon by SEBI to build the XBRL reporting system that includes developing the first ever mutual fund taxonomy for India. Earlier, IRIS had already proven its XBRL expertise by developing the banking taxonomy for the Reserve Bank of India (RBI), the central bank of India, and also the filing platform for reporting mostly related to Basel 2.

IRIS Business Services is a global XBRL solutions provider based out of India. IRIS combines the expertise in designing end to end XBRL information systems including the creation of XBRL taxonomy as well as providing the complete software that creates, validates and renders XBRL instance documents. IRIS' XBRL product framework, I-File can be customized to meet the varying requirements of regulators across capital markets, banking and related areas. It also provides a Taxonomy Editor that allows a regulator to create and maintain a completely new taxonomy.

Even though a limited and voluntary rollout, SEBI was enthused with the results of the new reporting system within a very short time of its adoption. Consequently, by September 2011 SEBI came out with a new plan that sought to extend the XBRL based reporting to cover the complete set of reporting mandated by SEBI. The SEBI Unified Platform for Electronic Reporting - Dissemination (SUPER-D) as it is called, would now cover companies listed on any stock exchange in India. Additionally, Super-D would now extend the power of XBRL to the public by disseminating the filing data for public use in a user-friendly and analyzable form.

What SEBI wanted and the solution proposed by IRIS

The entire XBRL reporting solution is depicted in this schematic:



Taxonomy

SEBI first wanted the development of a mutual fund specific taxonomy made in XBRL based on the reporting requirements for the Mutual Funds. Taxonomy is a conceptual description and classification of business and financial terms or in other words, an electronic dictionary for business terms. XBRL taxonomy would consist of all the financial concepts, along with the basic accounting and XBRL properties and also the interrelationships amongst the concepts.

Taxonomy is made up of schema and linkbases. Schema is the set of all the concepts and their definitions and properties. All the attributes that are required for the system to understand the meaning of that concept, have to be defined, while linkbases provide the relationship amongst the various concepts. The mutual fund taxonomy developed by IRIS contained details of Mutual Funds and Assets Management Funds. It also contained the relationships for scheme wise details of the mutual funds. In addition, deployment of debts and equity were also included in the taxonomy. The half yearly portfolio disclosures were built in this mutual fund taxonomy. This taxonomy covered the following forms in XBRL format, which needed to be reported by Mutual Funds and Assets

Management Funds:

1. Monthly Cumulative Report
2. Percentage of Assets under Management from City Clusters
3. Ageing Analysis of Assets by Asset Under Management
4. Number of Branches of the AMC's
5. Half Yearly Portfolio Disclosure
6. Deployment of Funds in Equity & Debt Schemes
7. Balance in Load Account
8. AMC Financials

The taxonomy developed by IRIS is multi-dimensional in nature and is compliant to XBRL 2.1 specification. Some of the dimensions that were kept open for the mutual funds to customize are based on their reporting requirements specifications (e.g. name of director). Every element defined in the taxonomy had a label and all labels were provided in a file. Though SEBI wanted the entire taxonomy in English, SEBI could in future enable additional reporting in Hindi by using the label file, with the taxonomy remaining the same.

Within linkbases, IRIS also provided extended links, which are a logical grouping of elements based on certain criteria. For example, one extended link provided was `Scheme wise details', which contained information relating to city cluster data, period of holding of assets, detailed classification of investors based on type of funds, scheme type and investor type.

Filing Platform

Having developed the taxonomy SEBI needed a tool for mutual funds to submit the report in an XBRL format, also known as the XBRL instance documents. The requirement was also to check the submitted reports for correctness against the XBRL specifications specified to the Mutual Funds.

IRIS developed a Validator tool with a built-in Rendering Tool. The Tool upon receipt of the XBRL instance document could perform the validation checks as defined, cross referenced with XBRL specifications and evencall out any errors in the instance document. The XBRL instance and error log file may be was sent to the mutual fund in case of any errors in XBRL instance document. The tool is built to function in a way that it can incorporate the latest changes made to the MF taxonomy by SEBI without any overhaul of the system.The built-in Rendering Tool allowed the SEBI XBRL team to display the XBRL data submitted by Mutual Funds in predefined formats and also perform the required computations. This tool also offered advanced analytical reports for data aggregation across mutual funds & across time periods. The tool could easily render data in spreadsheet view.The platform also provided SEBI's XBRL reporting team with a user management module to create user accounts, disseminate them among the Mutual Funds that opted for the online filing and administer the accounts thereon. The filing accounts of the filers, i.e. the Mutual Funds, provided user services like viewing past filings and creating user profiles.

Bridging Tool

As an end-to-end solution provider IRIS also provide a bridging tool to mutual funds for them to create XBRL instance documents. This tool was configured from IRIS' product iDEAL, an XBRL creation product that has already seen many implementations in the banking and financial services industry. The iDEAL configuration addressed all the requirements as mandated by SEBI for XBRL reporting. Till the XBRL instance document is created iDEAL broadly takes data through these 5 components:

Extraction whereby data provided by the Registrar and Transfer Agent, the Custodian and the Mutual Funds internal team is pulled into iDEAL from the input documents based on data mapping.All Repository stores required files like mapping, error log, return details. It also contains taxonomy folder and generated instance documents.The iDEAL application where the XBRL instance generation actually happens and the instance file stored in the repository.

Validator, where the generated instance is passed through the validation engine. At this stage the system checks XBRL related errors e.g. duplicate context, concept error. Error logs are generated which require to be resolved at the user end.

Finally Renderer where, the valid XBRL instance document can be viewed in spreadsheet format by the filer.

> IRIS' iDEAL - a simple, easy to use utility. Delivery is backed by a competent team having thorough knowledge on XBRL and one that ensures delivery meets expectations.
>
> *Madhusudan C Warrier*
> *Senior Vice President - Information Technology, IDFC MF*

IRIS iDEAL is a data extraction and aggregation engine which maps the data and tags it against a Taxonomy. It also has a validation engine which validates the XBRL instance document for XBRL and business rules validations before submitting the report. Once configured and scheduled, iDEAL can execute the entire process without any human intervention thus making the data tagging process seamless and secure.

iDEAL acts as a bridge between a reporting organisation's central data repository and the regulator's XBRL reporting platform.

IRIS iDEAL is being used by 10 out of the 11 Mutual Funds who have opted for XBRL based reporting

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The Way Forward

As mentioned above, SEBI has seen value in the XBRL reporting solution it had rolled out 2 years back. It has now enlarged the scope for adoption of XBRL within its regulatory mandate with the declaration of the Super-D requirement. Some of the requirements of the Super-D:

All listed companies, Mutual Funds and SEBI registered intermediaries to mandatorily use XBRL based reporting.

In the initial phases of implementation, filers will have the option to file in XBRL or iXBRL. Inline XBRL is a mechanism for allowing the author of the XBRL instance document to specify the visual rendering of the data.

A 3-phase rollout eventually providing a data analytic portal for end users

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