



CMA's XBRL based Electronic Filing Platform

The Road towards better Transparency



Today's Agenda

- ❑ *General Introduction*
- ❑ *Current Status & Challenges*
- ❑ *XBRL*
- ❑ *CMA's XBRL project*



CMA's vision and mission

Vision

To be a leading regulatory authority which works on developing and supervising the activities of capital markets in the State of Kuwait, and creating an attractive investment environment that obtains investors' trust.

Mission

The CMA is committed to setting supervisory and controlling regulations which support an attractive and competitive investment environment in the State of Kuwait; based on the Principles of fairness, transparency, and integrity according to the best international practice.

Concerns of filers

1

What is XBRL?

2

What does this project represent to us in terms of:

- Additional burden (cost and effort)***
- Additional compliance obligation***

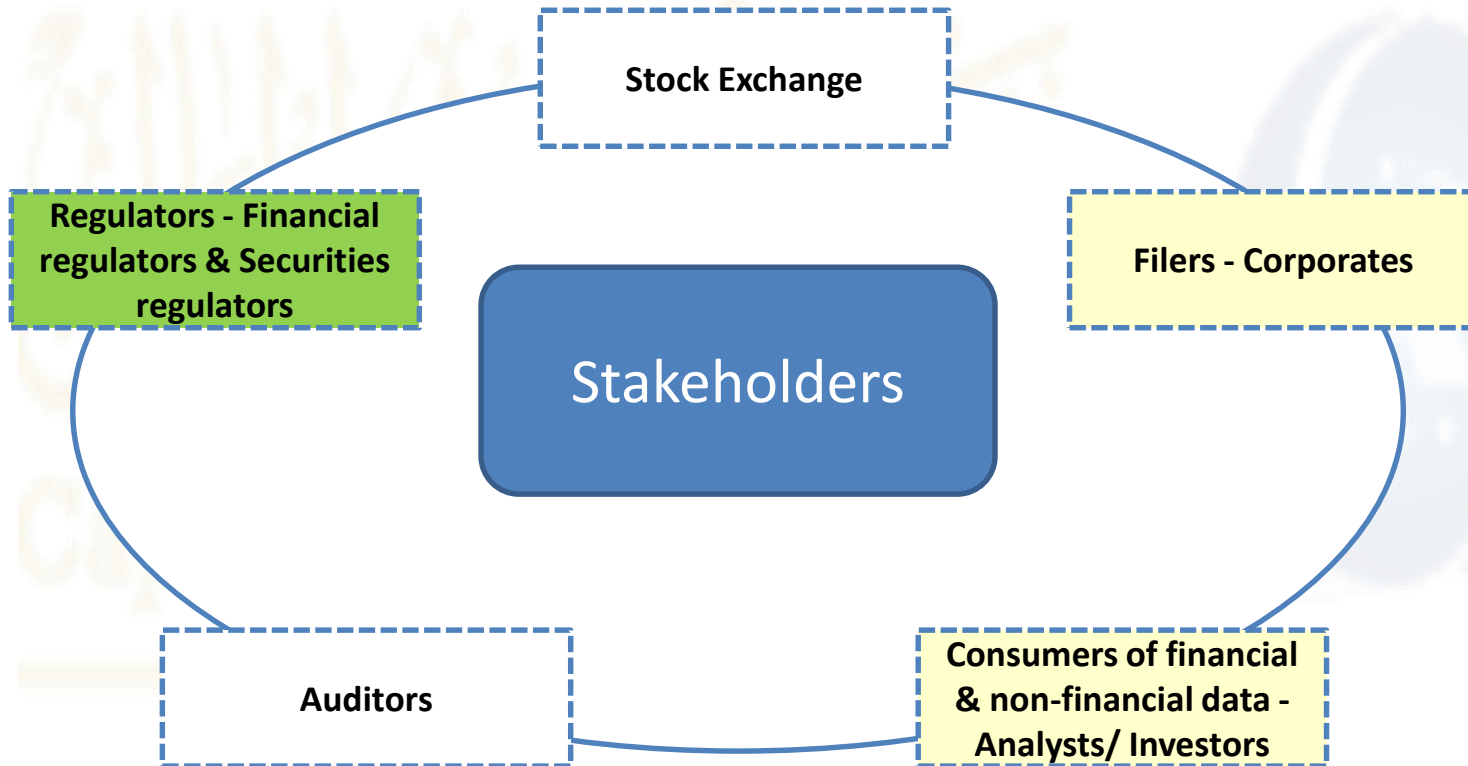
3

What is our role in this project?

4

What filings will be covered in the platform?

General Introduction – cont.



General Introduction – cont.

1 *CMA will provide all the necessary tools and solutions to the filers*

2 *The tools, solutions and platform will be user friendly*

3 *CMA will provide the stakeholder (mainly filers) with training and awareness workshops and sessions*

4 *Creating a website dedicated for XBRL in Kuwait*

5 *The platform will cover financial and non-financial filings*

Today's Agenda

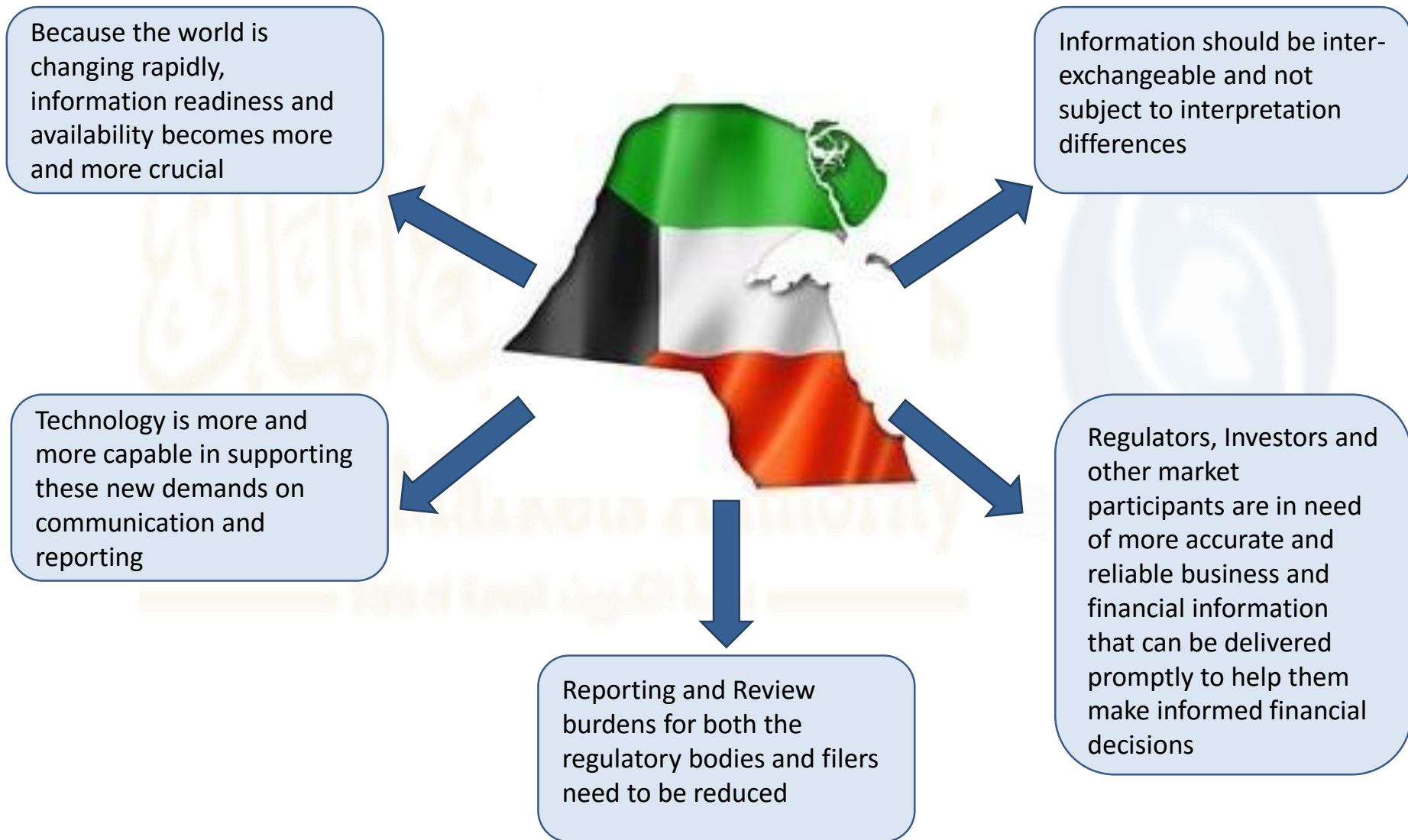
Current Status & Challenges

XBRL

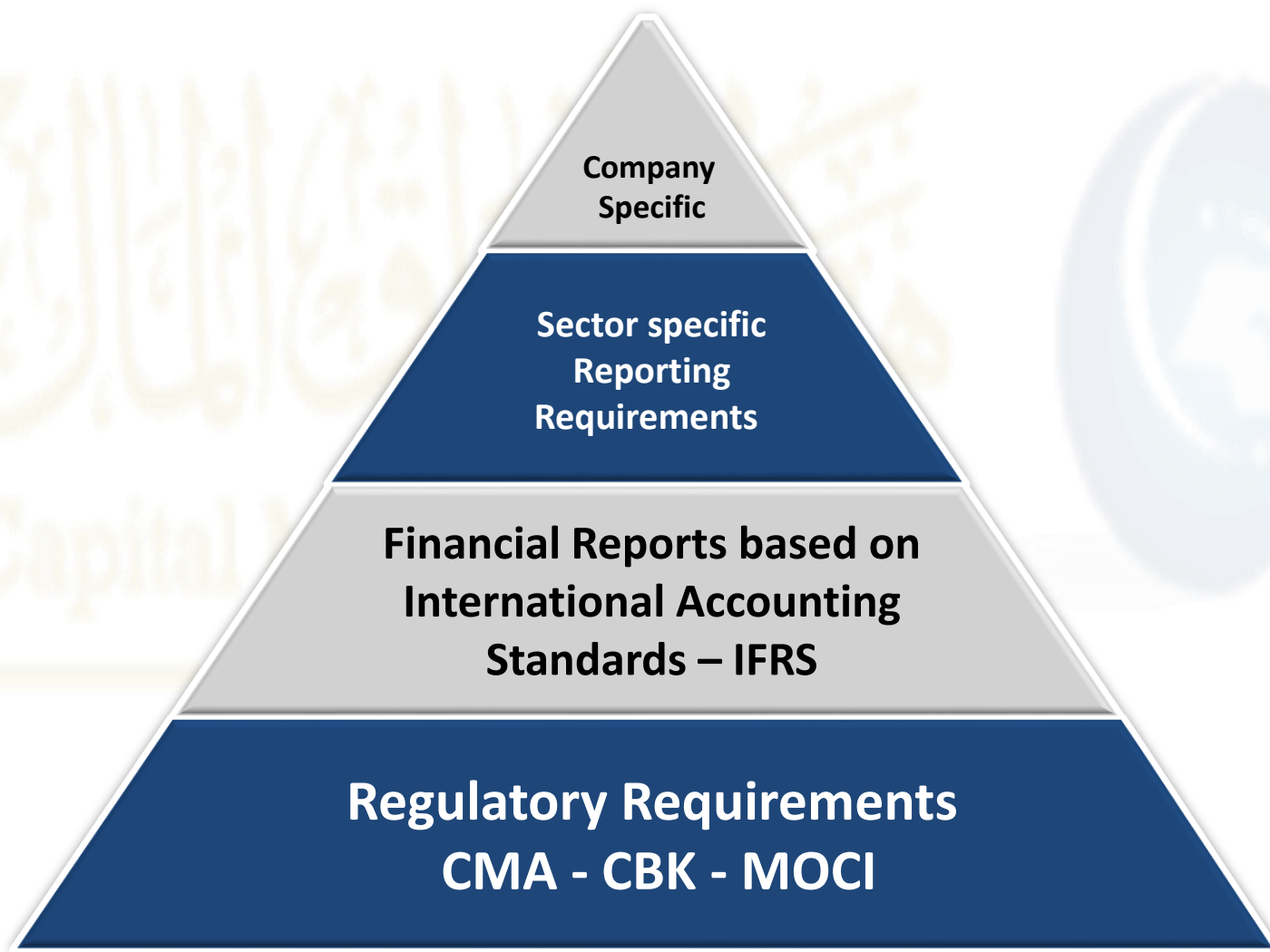
CMA's XBRL project



Market Needs



Reporting Requirements in the state of Kuwait



Challenges at the Current reporting cycle

Challenges

1

Manual collection of significant quantities of data

2

Less than 20% of an analyst's time is currently spent on core analytical aspects

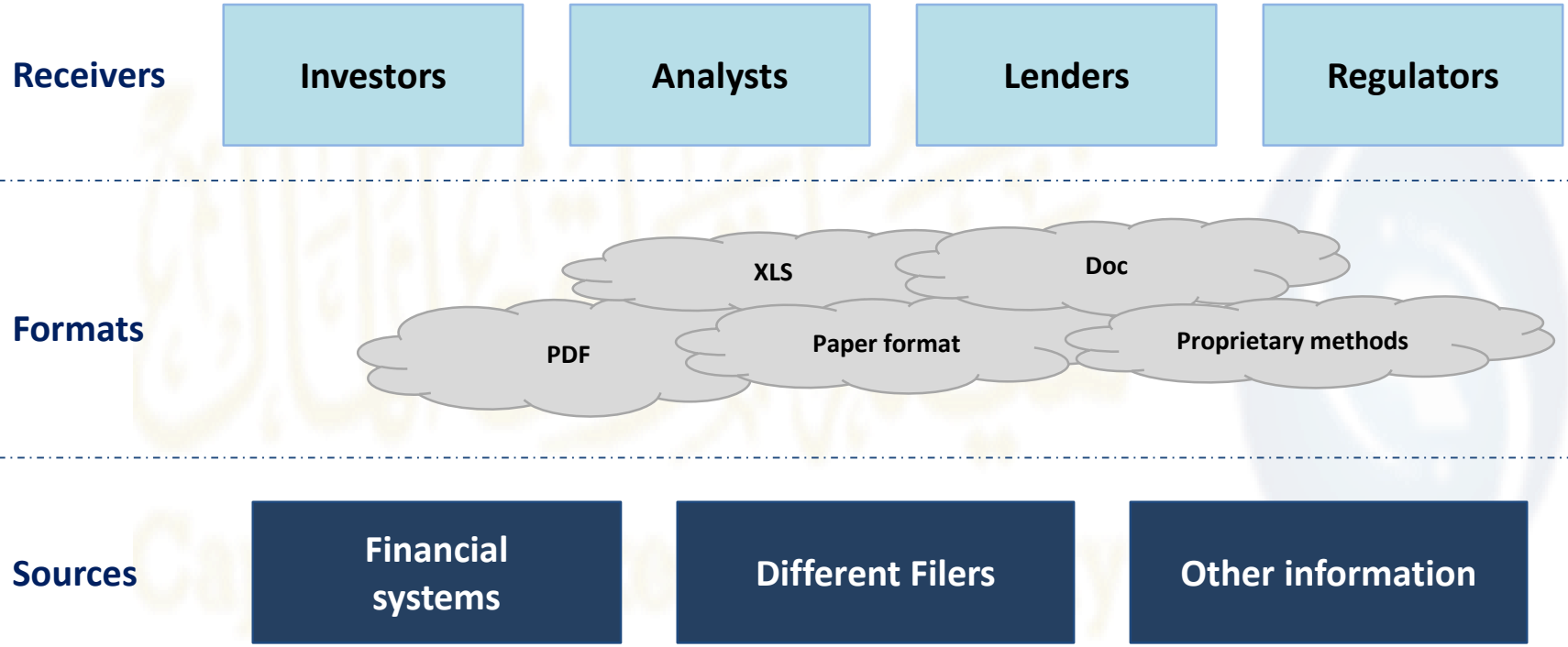
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Filers are required to manually assemble from different systems in order to prepare required business and financial reports

4

The lack of standardization across multiple corporations

Current Challenges



Issues with current reporting include:

- Data inaccuracy
- Differences in data representation
- Data Repetition
- Incomplete information

Today's Agenda

□ *Current Status & Challenges*

□ **XBRL**

□ *CMA's XBRL project*



XBRL Adoption Across the World

It is supported by a large and active public-private and not-for-profit consortium that is focused on improving reporting in the public good.



XBRL Adoption Across GCC



QATAR

1. QFCRA
2. QDB

UAE

1. ESCA
2. ADX
3. DFM

KUWAIT

1. CMA

OMAN

1. Ministry of Commerce & Industry

SAUDI ARABIA

1. Ministry of Commerce & Industry
2. Tadawul Saudi Stock Exchange

OTHERS IN THE REGION

- ▶ JORDAN
- ▶ TURKEY
- ▶ IRAN
- ▶ IRAQ

XBRL distinctiveness

- 1 XBRL is **not** a piece of software
- 2 XBRL is **not** a new accounting concept
- 3 XBRL is **not** just about external reporting
- 4 XBRL is **not** going to increase compliance burden
- 5 XBRL is **not** a problem to be dumped on IT
- 6 XBRL does **not** inflict any costs on the filers



What is XBRL ?

- ▶ XBRL is an acronym for **Extensible Business Reporting Language**
- ▶ XBRL is a data format standard for representing business and financial information.
- ▶ XBRL defines a consistent format for business reporting and will streamline how companies prepare and disseminate business and financial data, and how analysts, regulators, and investors review and interpret it.
- ▶ The XBRL is an open standard, free of both royalty fees and license fees, and independent from a certain set of technology.



What is XBRL ?

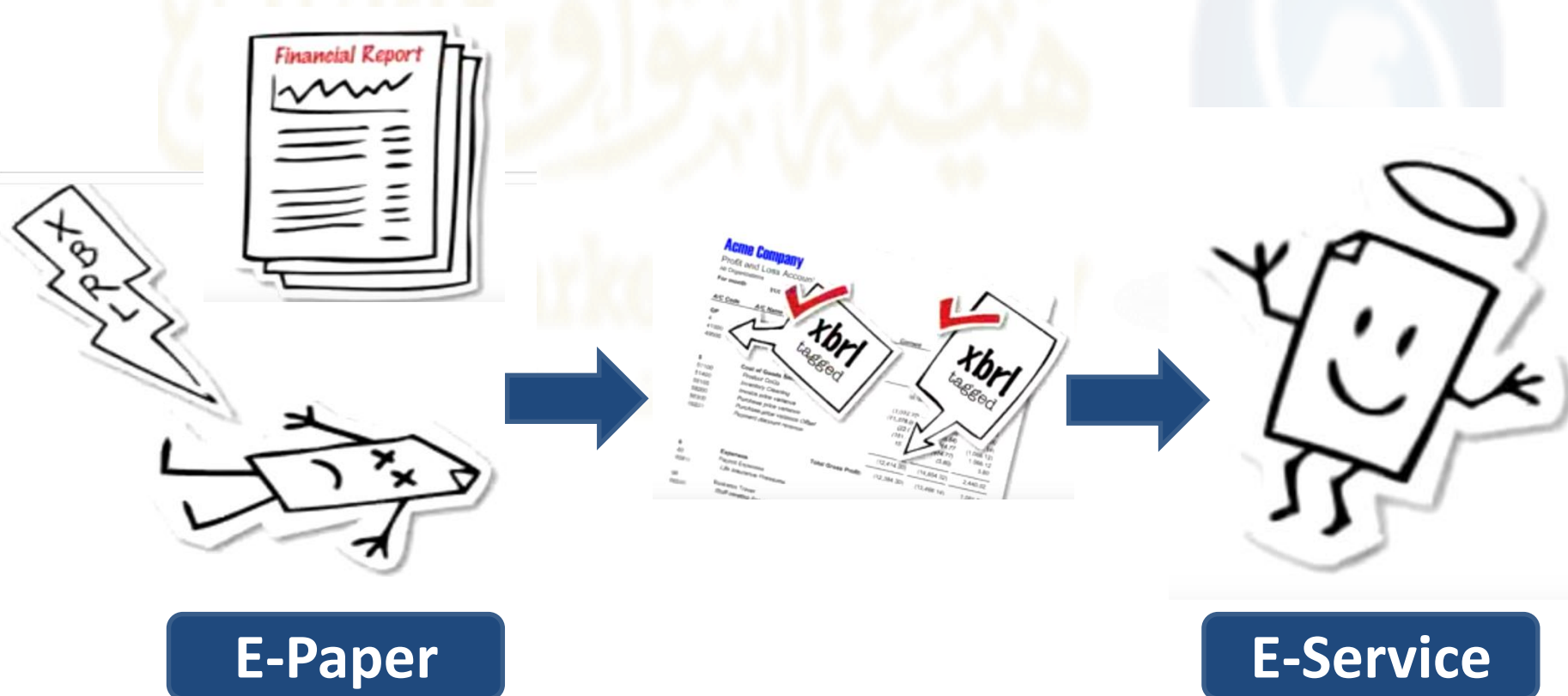
- ▶ XBRL is based upon the more general eXtensible Mark-up Language (“XML”), which has been the standard format for exchanging information online for many years.
- ▶ XBRL allows the creation of reusable, authoritative definitions, called **Taxonomies**, that capture the meaning contained in all of the reporting terms used in a business report, as well as the relationships between all of the terms.
- ▶ Until recently, there were no standards that would allow for such business and financial information/data to be automatically communicated between different applications.

XBRL - The “Bar Code” for Business Reporting World



Why is XBRL important?

- ▶ By providing an unique identity tag to a piece of data, the data now not only is readable by humans but also becomes readable by computers. This will allow for the creation of interactive, intelligent data.



What are Taxonomies?

- ▶ Taxonomies are the core of any XBRL based project
- ▶ Taxonomies are the reporting-area specific hierarchical dictionaries that define the specific tags that are used for individual items of data, their attributes and their interrelationships
- ▶ Key “taxonomies” or definitions of reporting terms have been developed over many years, greatly simplifying the process of collecting data for a range of environments including IFRS
- ▶ They are extensible, meaning that the terms available for use can be customized so that new custom elements or extensions – to describe an unique reporting situation – to reflect local reporting requirements and regulations



➤ Testable Business Rules

- XBRL allows the creation of business rules that constrain what can be reported.
- Business rules can be logical or mathematical.

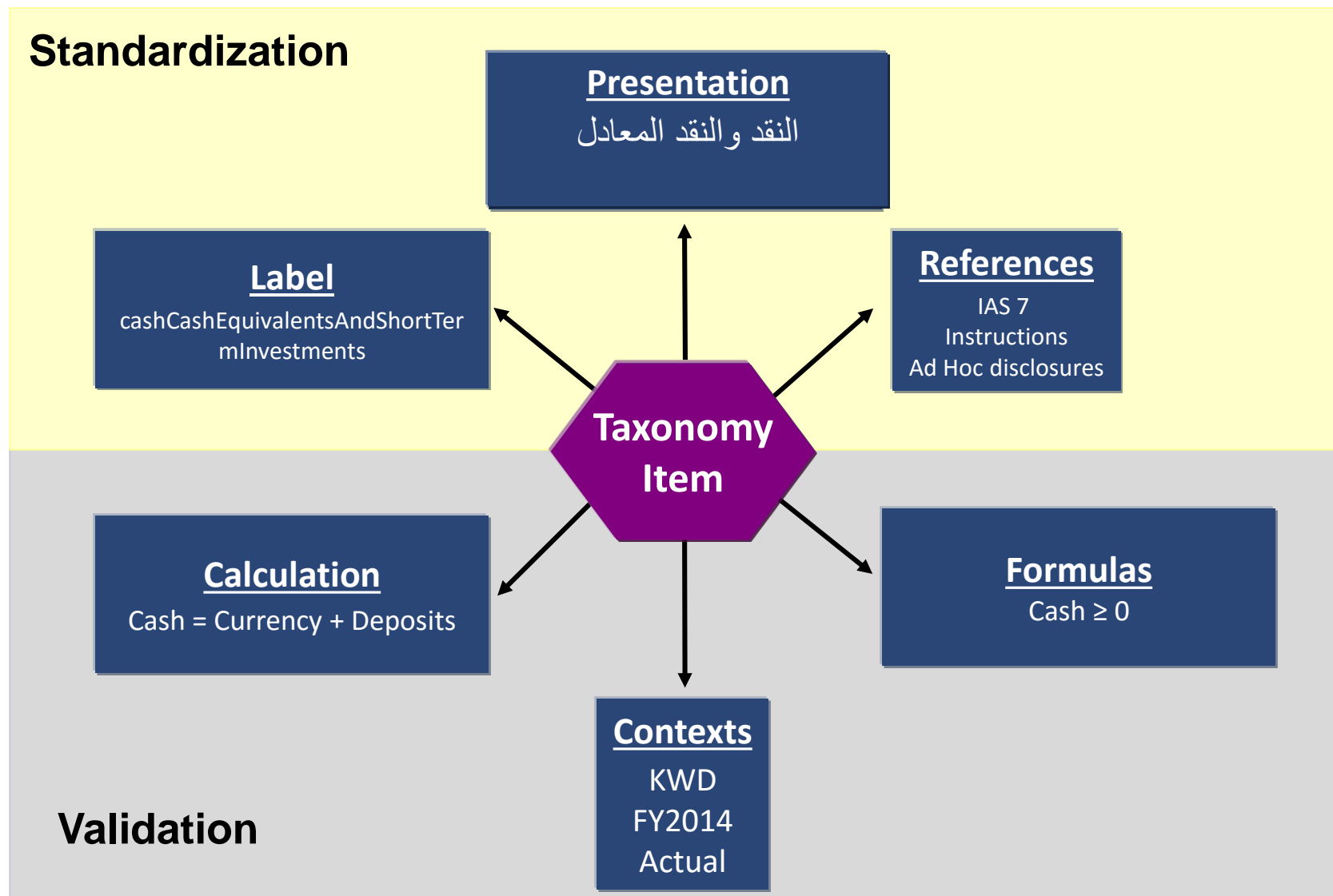
➤ Multi-lingual Support

- XBRL allows concept definitions to be prepared in as many languages as necessary. Translations of definitions can also be added by third parties.

➤ Strong Software Support

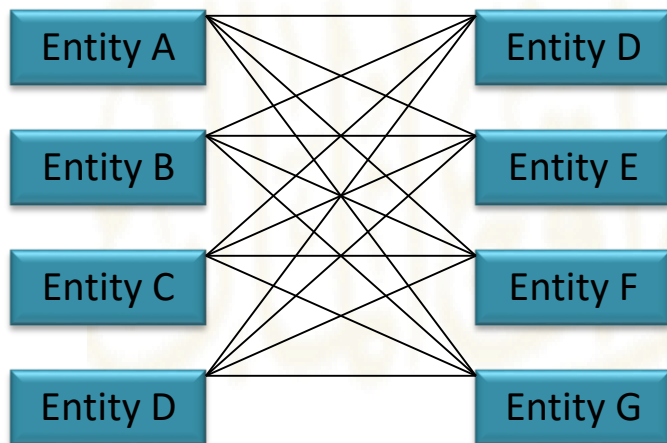
- XBRL is supported by a very wide range of software from vendors large and small, allowing a very wide range of stakeholders to work with the standard.

How XBRL Works - Mapping



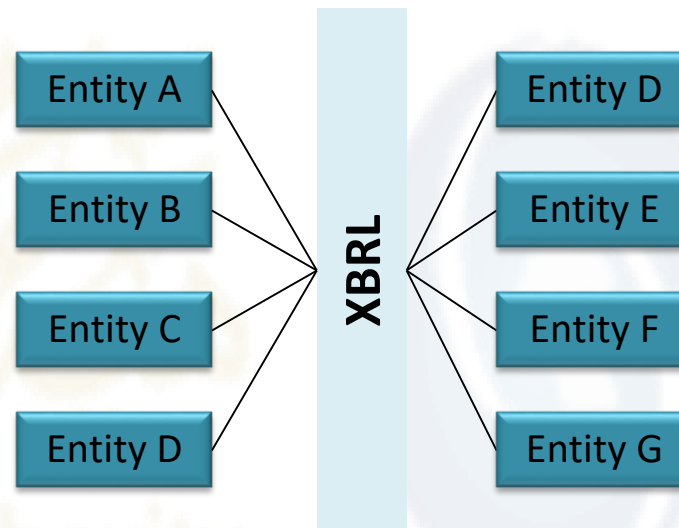
How does it help overcome current challenges?

CURRENT STATE



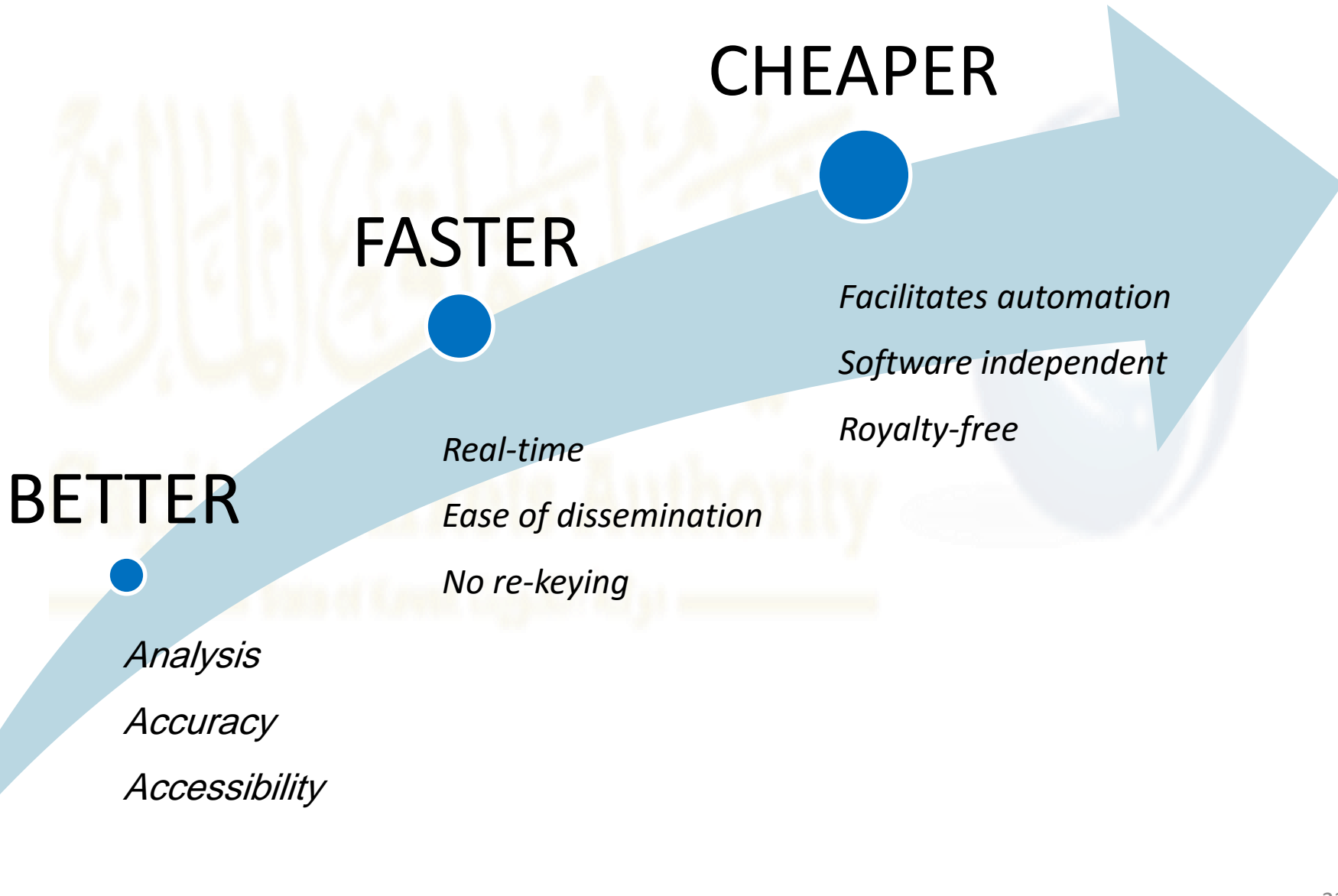
1. Multiple formats and specifications of data which is difficult to communicate
2. Manual effort required to extract, massage and make it comparable
3. Lack of standardization
4. Significant effort to validate

FUTURE STATE

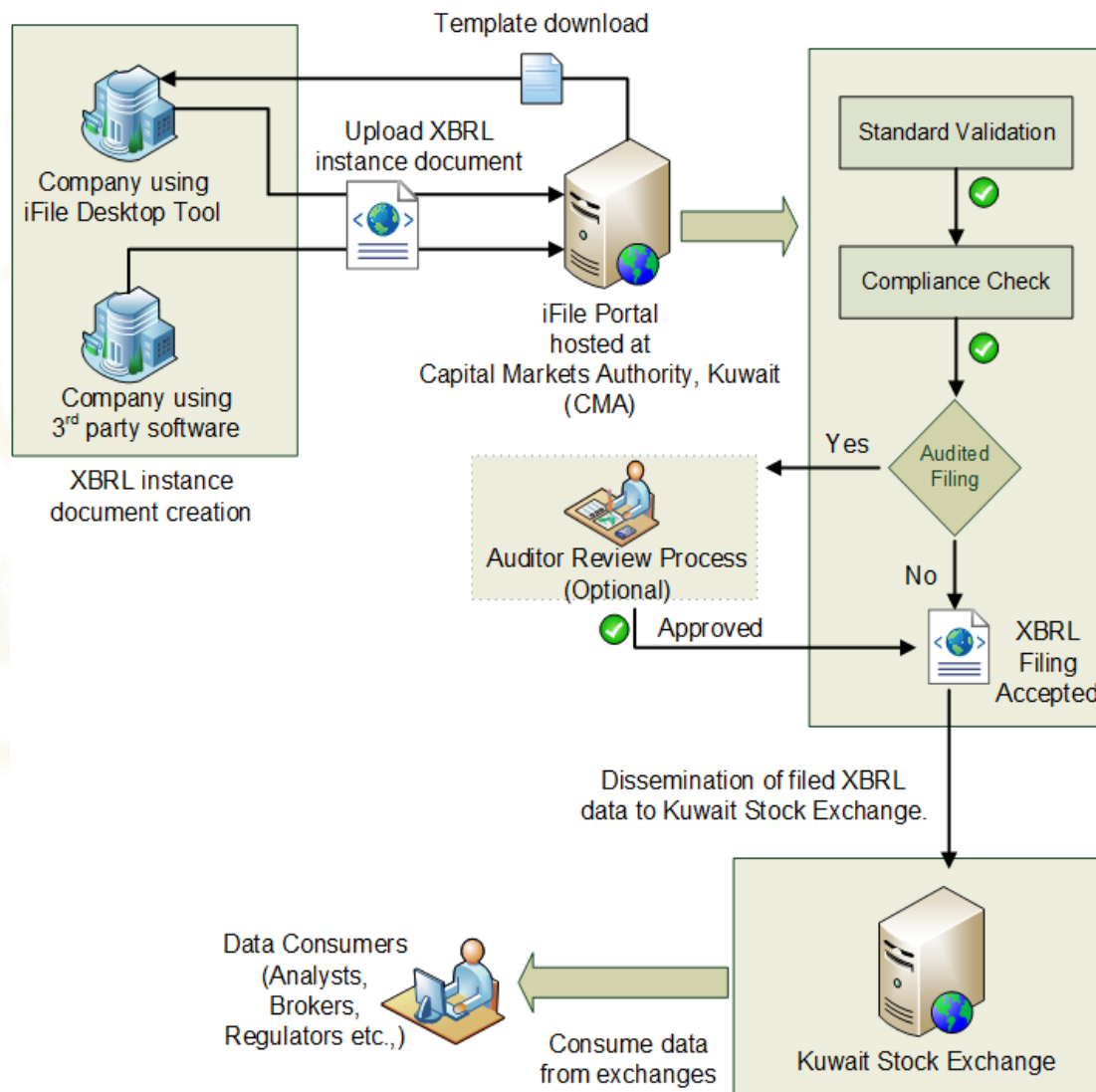


1. Integration of business and financial data entities
2. Automated exchange of data
3. Capability for business rules and standardization
4. Data validation at source
5. Ability to adapt to business changes without re-writing code

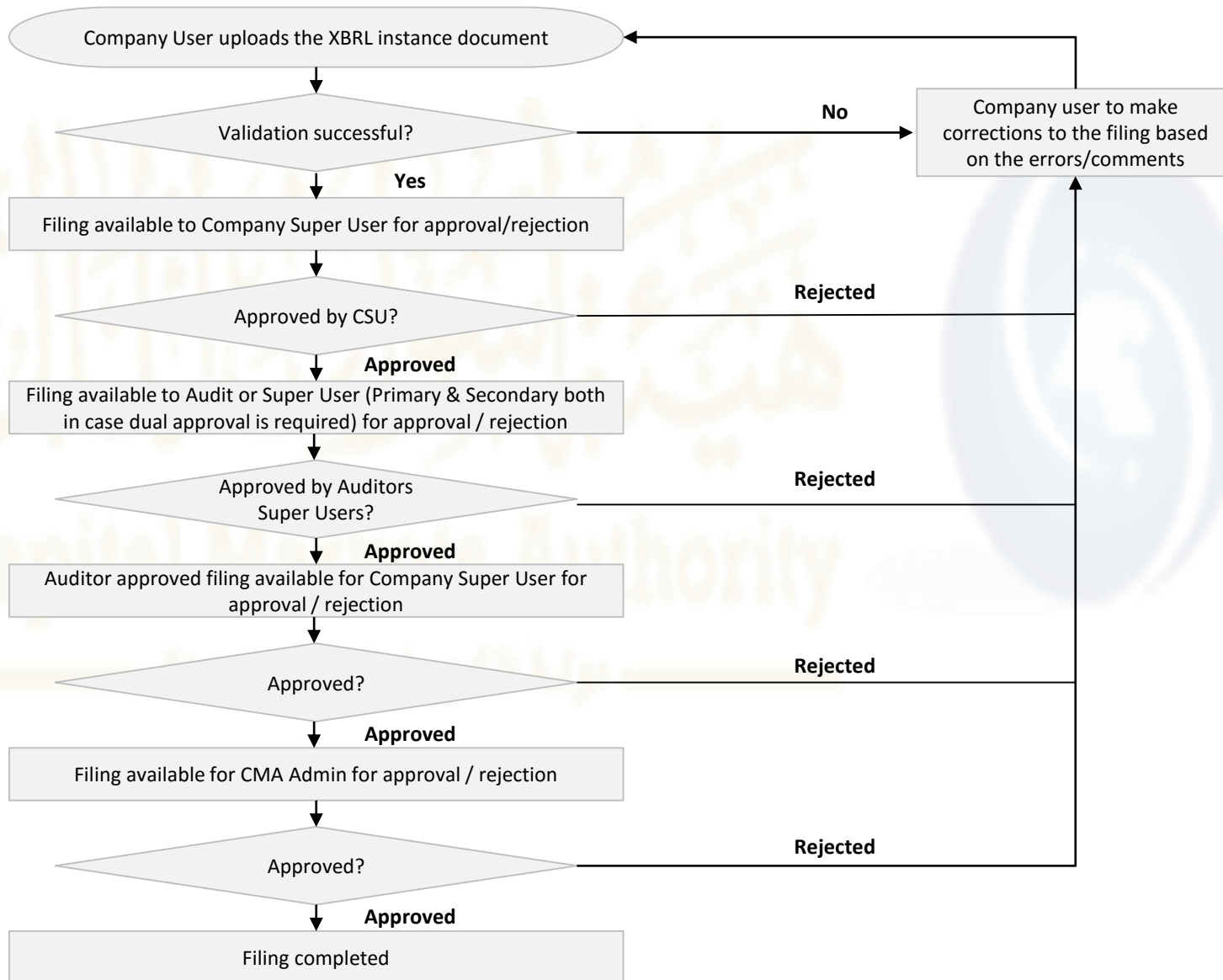
XBRL Benefits, in summary



How XBRL Works



How XBRL Works



Today's Agenda

Current Status & Challenges

XBRL

CMA's XBRL project



CMA's XBRL Project Goals

1 *Improve the level of transparency in the Market*

2 *Improve the reporting process by introducing an electronic platform*

3 *Promptly deliver accurate and reliable business and financial information to all stakeholders*

4 *Reduce the reporting and compliance burden on filers (both in terms cost and effort)*

5 *Expand and improve the scope of routine analysis and the decision-making process*

Project Scope (High-level)

▶ The project shall cover both financial as well as non financial reporting domains

▶ The project will serve mainly 6 reporting domains:

1 Financial Statements

2 Corporate Governance

3 Disclosures

4 Capital Adequacy

5 Post Trade Model

6 Other non financial reporting

▶ The project will be implemented on a phased out approach:

1 Pilot Implementation

2 Full project Implementation

- ▶ The pilot implementation will focus on the Financial Statements Reporting domain
- ▶ The Financial statements reporting domain is based on the 2016 IFRS Taxonomy
- ▶ 5 to 6 statements will be used in the pilot implementation
 - ▶ Financial position statement
 - ▶ Income Statement / Other comprehensive income
 - ▶ Available for sale statement
 - ▶ Investments at fair value through profit and loss statement
 - ▶ 2 note statements
 - ▶ Assets under management statement
- ▶ The structure and templates will be shared with the pilot group prior to pilot implementation

Purpose of the Pilot

1

To give the market an idea of what is coming, and capture any feedback

2

To deliver some early taxonomy development, focusing on the most standardized reports

3

To test and appreciate the various capture methods of the XBRL tool work


4

To ensure that the tool can be customized for different categories of companies.

5

To give the filers a practical understanding of how the process will work to assist in the full development

Timeline for engaging the Pilot Group

	May	June	July	August
High-level awareness raising session about the XBRL	▲ <i>15th of May</i>			
More focused session on what will be the filers role in the XBRL		▲ <i>By 15th June</i>		
Hands on workshop on the tool itself <u>(dependent on when is the exact date to go for the pilot release)</u>			▲ <i>By 15th July</i>	
Implementation of Pilot Phase				▲ <i>August / September</i>
Capture Feedback				

*Pilot Scope will cover: **Balance Sheet, Income Statement, Fair Value through Profit and Loss, Available for Sale, and a few of the Notes***



**- Thank You -
Questions ??**

