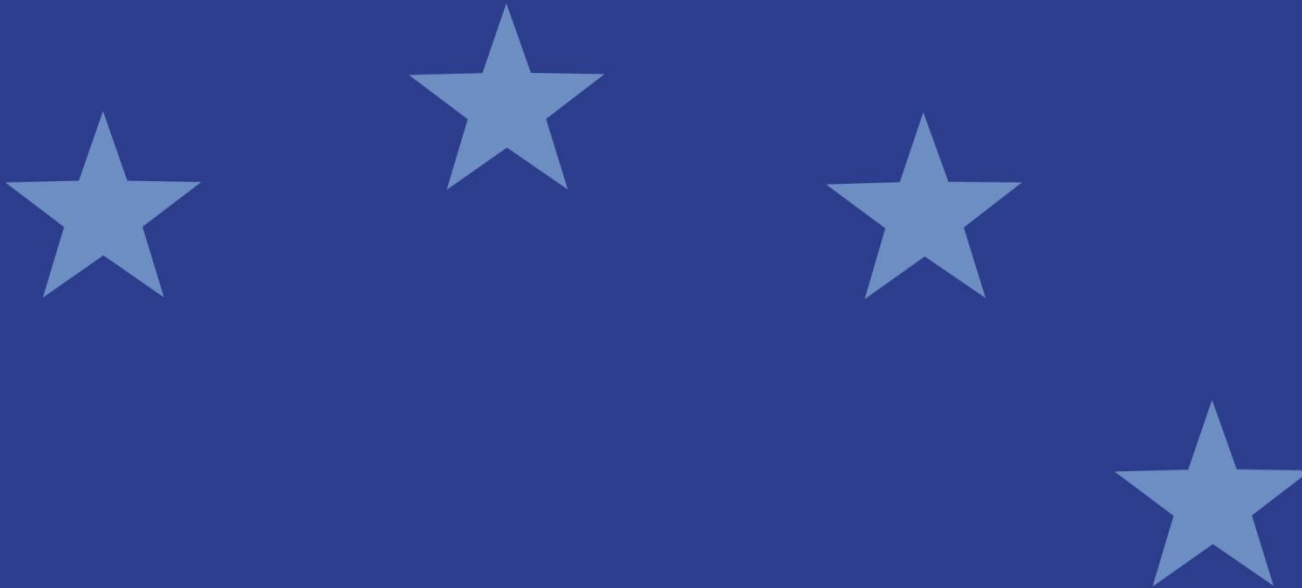




European Securities and  
Markets Authority

ESMA/2014/468  
Rome, 5 May 2014

# Current developments in relation to the creation of a European single electronic reporting format





# Outline

- **ESMA's role in financial reporting**
- Electronic reporting in Europe
- Topics under analysis



## ESMA and financial reporting (1/2)

- ESMA shall act in the field of financial reporting to ensure the effective and consistent application of European Securities Markets legislation
- Corporate Reporting Standing Committee: tasks in financial reporting, periodic information and storage of regulated information, provide advice to the European Commission on specific matters
- Share of responsibilities
  - Direct supervision at national level
  - Coordination and cooperation at ESMA level
- Scope of amended Transparency Directive (TD): consolidated financial statements of listed issuers on regulated markets, in practice around 7.000 issuers as of 31 Dec 2013



## ESMA and financial reporting (2/2)

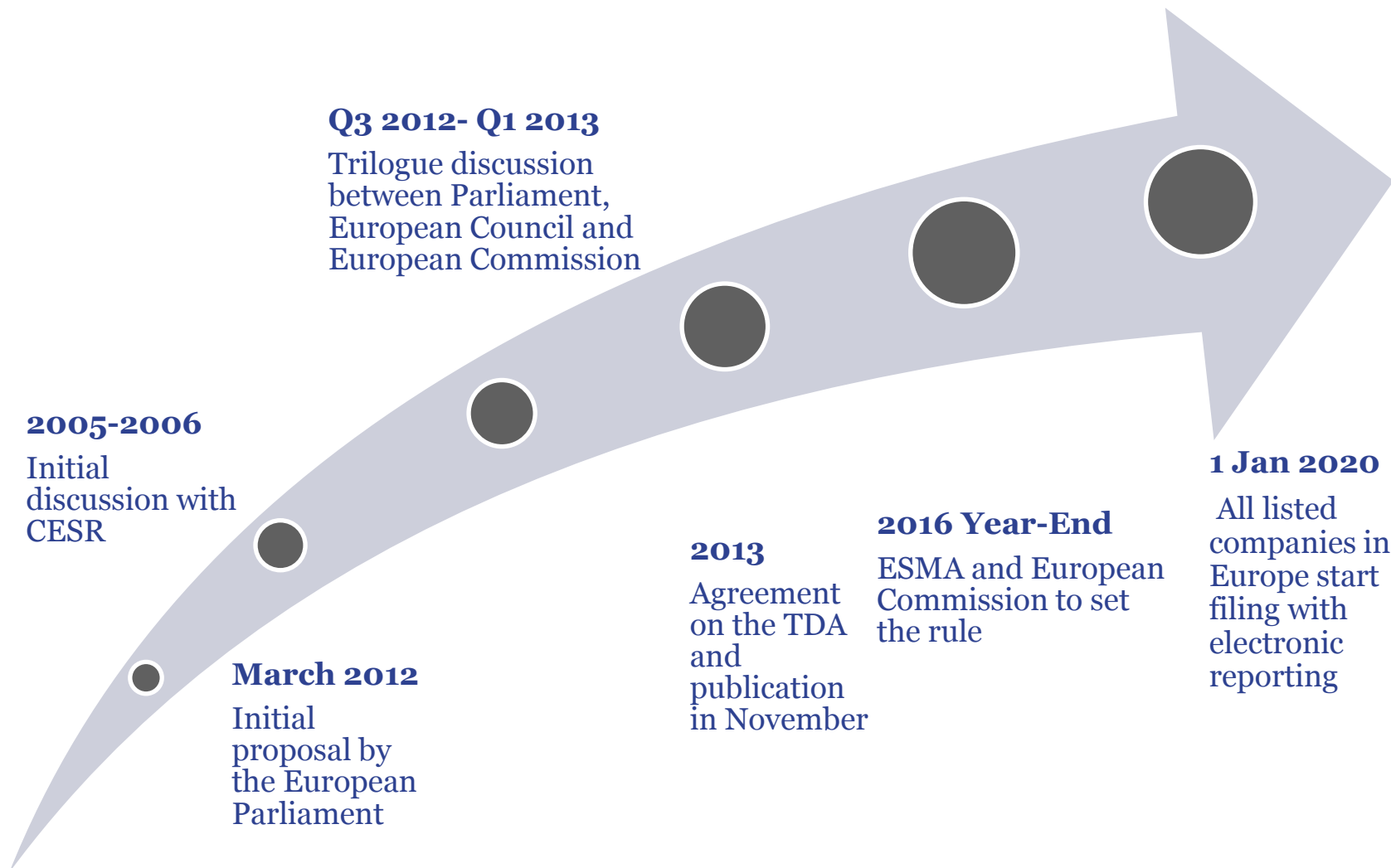
- Two permanent subgroups
  - **European Enforcers Co-ordination Sessions (EECS)** Forum of 38 national IFRS enforcers from 29 EEA-jurisdictions brought together by ESMA to promote consistency amongst enforcers in decisions taken when reviewing IFRS financial statements
  - **IFRS project group** consists of representatives of 12 NCAs, discusses IASB, IFRS Interpretations Committee and EFRAG pronouncements, prepares draft comment letters and monitors the EU IFRS endorsement process
- Temporary working groups on
  - Review of accounting practices (sovereign bonds, financial institutions, etc)
  - Guidelines on enforcement of financial information, Guidelines on APMs
  - European single electronic reporting format (ESEF)
  - European electronic access point (EEAP)



# Outline

- ESMA's role in financial reporting
- **Electronic reporting in Europe**
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# Electronic reporting for listed companies





# Amended Transparency Directive (TD)

- Amended Transparency Directive requires:
  - ‘With effect **from 01/01/20** all annual financial reports shall be prepared in a single **electronic reporting format** provided that a cost benefit analysis has been undertaken by ESMA’.
- To achieve this objective, ESMA has to:
  - Develop draft regulatory technical standards (RTS) to **specify the electronic reporting format**, with due reference to current and future technological options and submit them to the Commission at the latest **by 31 December 2016**.
  - Carry out an **adequate assessment of possible electronic reporting formats** with due reference to current and future technological options, such as eXtensible Business Reporting Language (XBRL) and conduct appropriate field tests.
  - The assessment shall take into account the relative size of the issuers such as small and medium-sized issuers so that costs are not disproportionately high to this category



## Scope of the TD

- ‘Annual financial report’ (AFR) as defined in art 4.2 includes:
  - The audited consolidated and individual financial statements
  - The management report (in some countries it also includes corporate governance and/or sustainability reports)
  - Statements by the issuer
- Reporting framework applicable according to art 4.3
  - Consolidated Financial Statements - prepared under IFRS according to the IAS Regulation or equivalent to IFRS
  - Individual Financial Statements
    - prepared under local GAAPs or IFRS
    - Accounting Directive is a common basis for local GAAPs

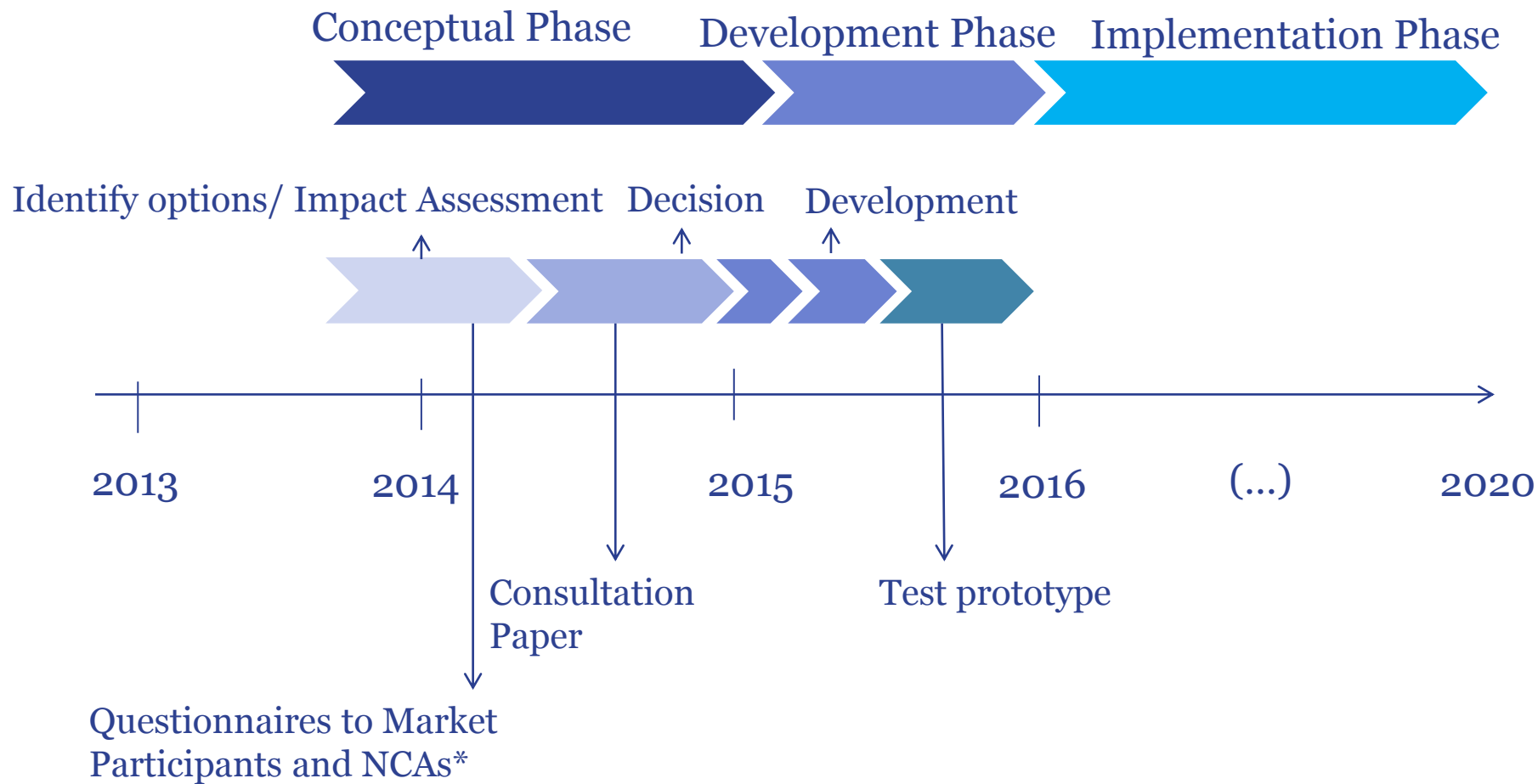




## ESMA Task Force on ESEF

- **Task Force composed of members of NCAs with the following tasks:**
  - Update of the current reporting format
  - Identify options for the electronic reporting
  - Prepare a cost benefit analysis
  - Issue Consultation Paper (before year-end, 3 months consultation period)
  - Take a decision on the technological solution based on feedback
  - Develop and test a prototype
  - Propose final regulatory technical standard for EC decision

# Timeline



\*National competent authorities



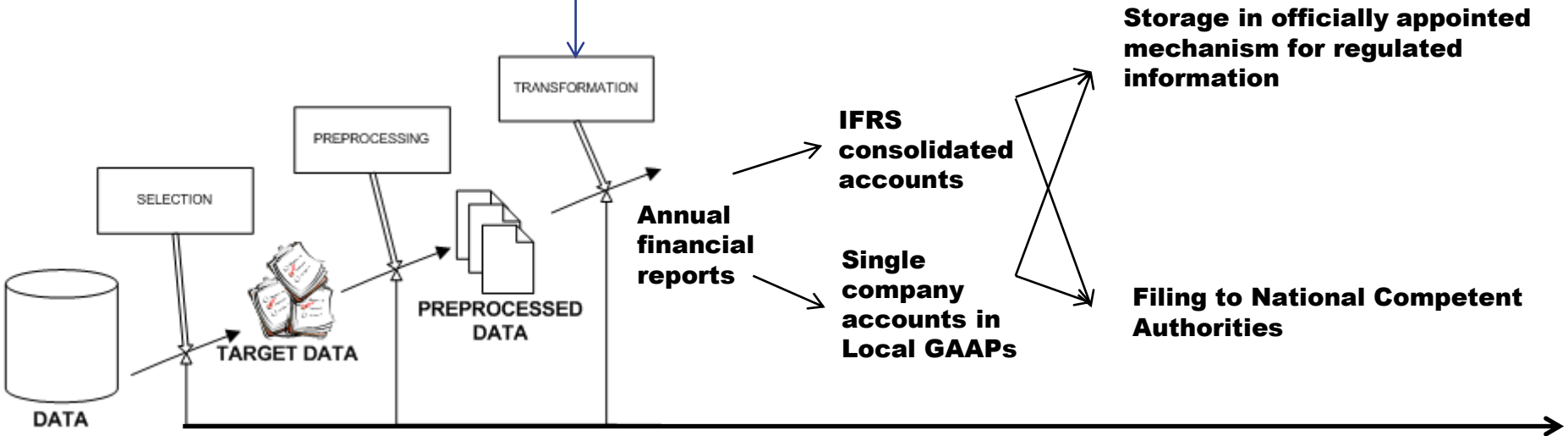
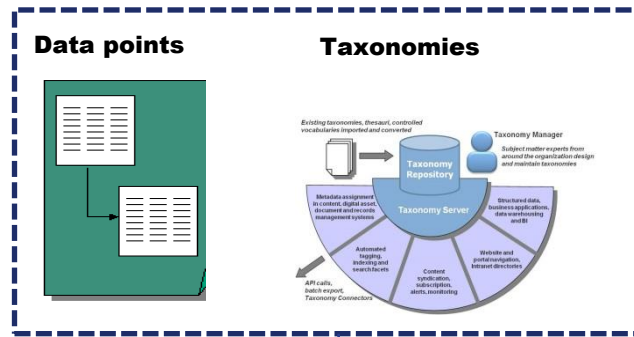


# Outline

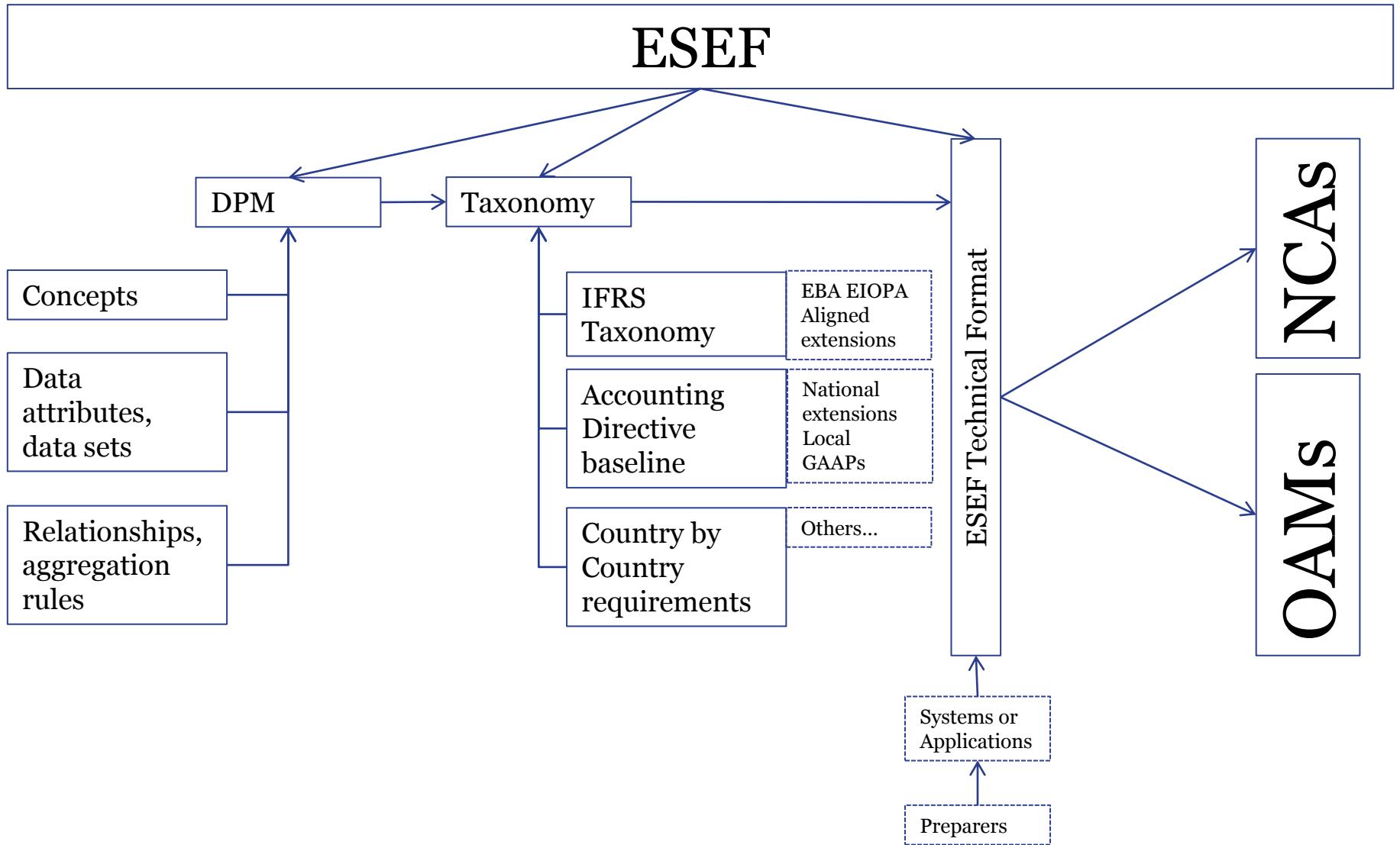
- ESMA's role in financial reporting
- Electronic reporting in Europe
- **Topics under analysis**



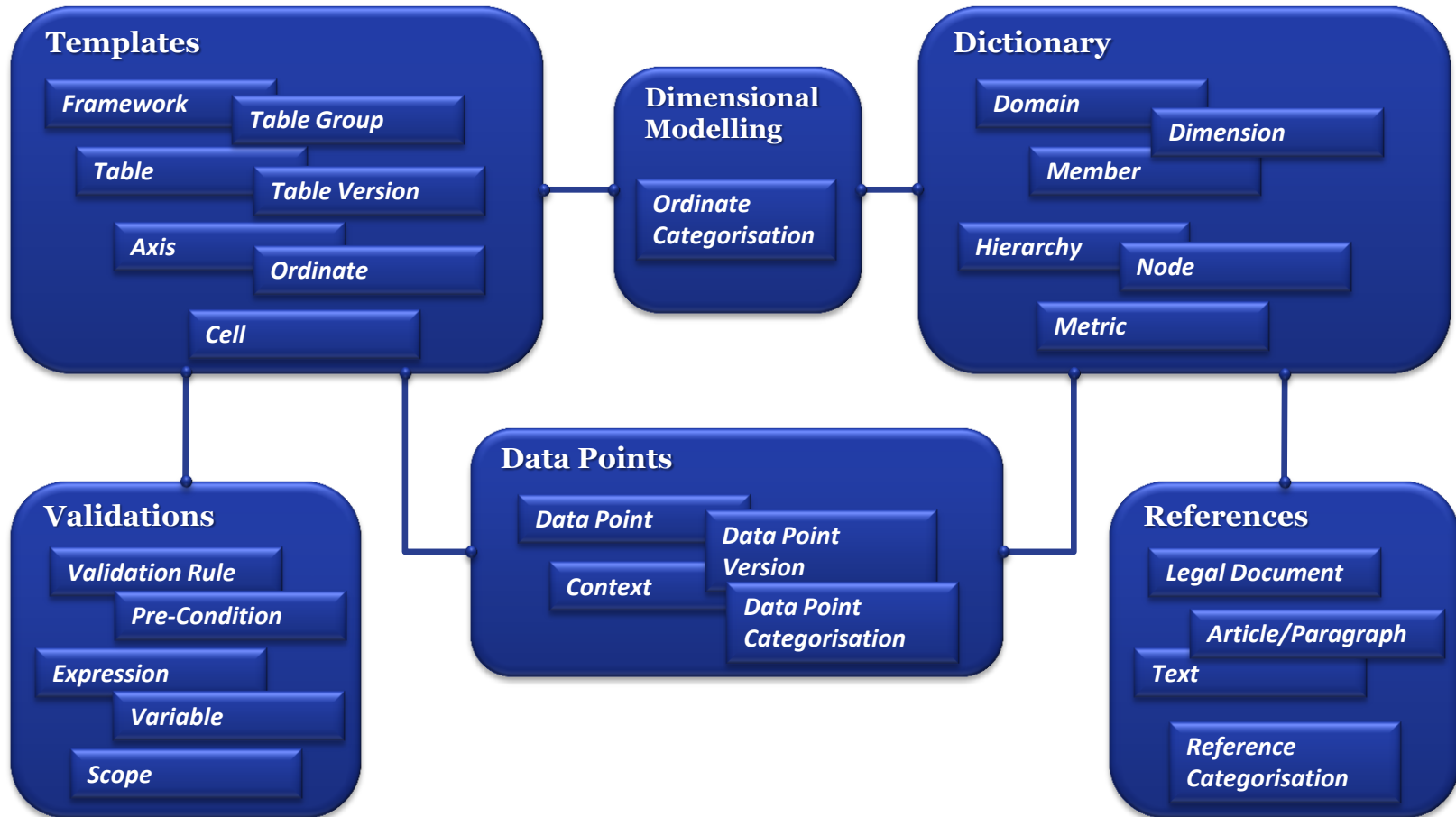
# Overview of the electronic reporting process



# Overview of ESEF structure



# Data point modelling



# Potential technical options and scenarios

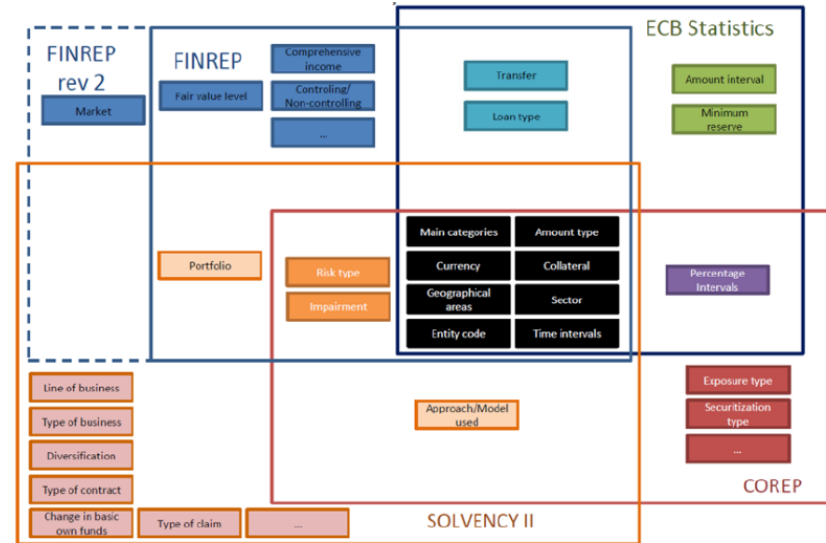
	Un-structured	Structured		
Option	PDF	XML	XBRL	...
Baseline	Pure PDF (no mark-up)	XML	XBRL	...
Scenario	<ul style="list-style-type: none"> <li>• PDF mandatory in EEAP</li> <li>• In OAMs other formats can be used in parallel</li> </ul>	ESEF could define: <ul style="list-style-type: none"> <li>•ontologies</li> <li>•data structures</li> <li>•schemas</li> <li>•link bases</li> <li>•code lists</li> <li>•supporting documentation</li> <li>•certification</li> <li>•translation etc</li> </ul>	ESEF could provide for: <ul style="list-style-type: none"> <li>•adaptation/extension of an existent IFRS taxonomy</li> <li>•lacking language versions</li> </ul>	...



# Where does ESEF fit?

- Commonalities between EBA, EIOPA and ECB taxonomies exist :

- ✓ Common dimensions
- ✓ Data Point Modelling
- ✓ Common data types
- ✓ Taxonomy architecture
- ✓ Base primary items
- ✓ Label constructions
- ✓ Tools...



- EIOPA and EBA tried to be as much as possible consistent for the newer releases of their taxonomies, as well as adopted 'data point modelling'.
- ESMA understands that a common architecture also helps the IT industry to avoid having to develop too many specific solutions then hard to apply across various sectors.



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**Thank you!**

**Questions?**

