Reply form for the Consultation Paper on the European Single Electronic Format (ESEF)
Responding to this paper

The European Securities and Markets Authority (ESMA) invites responses to the specific questions listed in Consultation Paper on the European Single Electronic Format (ESEF), published on the ESMA website.

Instructions

Please note that, in order to facilitate the analysis of the large number of responses expected, you are requested to use this file to send your response to ESMA so as to allow us to process it properly. Therefore, ESMA will only be able to consider responses which follow the instructions described below:

- use this form and send your responses in Word format (pdf documents will not be considered except for annexes);
- do not remove the tags of type < ESMA_QUESTION_ESEF_1> - i.e. the response to one question has to be framed by the 2 tags corresponding to the question; and
- if you do not have a response to a question, do not delete it and leave the text “TYPE YOUR TEXT HERE” between the tags.

Responses are most helpful:

- if they respond to the question stated;
- contain a clear rationale, including on any related costs and benefits; and
- describe any alternatives that ESMA should consider

Naming protocol

In order to facilitate the handling of stakeholders responses please save your document using the following format:

ESMA_ESEF_NAMEOFCOMPANY_REPLYFORM.

E.g. if the respondent were XXXX, the name of the reply form would be:

ESMA_ESEF_XXXX_REPLYFORM

To help you navigate this document more easily, bookmarks are available in “Navigation Pane” for Word 2010 and in “Document Map” for Word 2007.

Deadline

Responses must reach us by 24 December 2015.

All contributions should be submitted online at www.esma.europa.eu under the heading ‘Your input/Consultations’.
Publication of responses

All contributions received will be published following the end of the consultation period, unless otherwise requested. Please clearly indicate by ticking the appropriate checkbox in the website submission form if you do not wish your contribution to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. Note also that a confidential response may be requested from us in accordance with ESMA’s rules on access to documents. We may consult you if we receive such a request. Any decision we make is reviewable by ESMA’s Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at www.esma.europa.eu under the headings ‘Legal notice’ and ‘Data protection’.
Introduction

Please make your introductory comments below, if any:

<ESMA_COMMENT_ESEF_1>
We appreciate the opportunity to share our beliefs regarding ESEF. We strongly prefer a structured data format instead of a non-structured data format, whereby XBRL would be the most appropriate and cost-effective option for a structured data format.
<ESMA_COMMENT_ESEF_1>
Question 1: The provisions included in the amended Transparency Directive requiring a single electronic format were not subject to a formal impact assessment by the European Commission. While from a legal point of view ESMA could not address in this CP whether there is a need for the provisions included in the amended Transparency Directive, do you believe that a wider assessment should be performed on the requirements of introducing a single electronic reporting format in Europe? Please indicate your opinion and provide arguments.

No, we believe it is not necessary to perform a wider assessment. Considering that in the Netherlands electronic filing is recently mandated by the regulating authorities, electronic data exchange will be the norm in the Netherlands. Furthermore a single electronic reporting format is, and increasingly, will be beneficial for society as a whole.

Question 2: Do you agree with the description of the policy objectives as included in this section? Are there any further elements that you believe should be analysed? If yes, please indicate them.

We believe the following elements should be further analysed:

PO 1: We do agree that reporting should become easier for issuers as a result of standardising the electronic format. However we envision this for the long run, as the whole reporting process within the business reporting chain will have to change fundamentally when properly implementing standardisation of electronic formatting. Standardisation should result in the ability of producing electronic reports from digital sources with as less manual interference as possible. This can only be achieved by creating a format that is encouraging the creation of digital, structured semantic data which cannot be achieved using digitized paper as the single electronic format.

PO 2: As ESEF would be mandated by 2020 it is not only important to take into account the latest standards in relation to communication of business reporting information and open technologies, but even more important to follow and consider the broader trends. We notice that the other two European authorities EBA and EIOPA as well as many countries, have already chosen to introduce electronic structured data for their prudential reporting. In almost all cases, the choice has been made for XBRL. We believe ESMA should take these developments into account when deciding upon the ESEF.

PO 4: To facilitate comparability of annual financial reports, standardisation of electronic format should encourage issuers to produce a single version of the business report, which can equally be consumed by humans and automated systems. We do not foresee this to happen when digitized paper is selected as ESEF and therefore do not expect much improvement in comparability of annual financial reports.

Question 3: Do you believe that the introduction of electronic reporting should serve as a basis for further debate on auditing of electronic structured data? Please explain your reasoning.

Yes, users also want to rely on annual reports in ESEF format and therefore demand a reasonable assurance on these reports and when at a certain time ESEF will become the only version of the annual report it will be subject to assurance. This will evidently trigger the debate on auditing of electronic structured data.

Question 4: Are you aware of any further elements which are necessary to provide an accurate picture of the current reporting for the purpose of this CP?
It is important that all countries who use XBRL or are moving towards XBRL are taken into account when contemplating the ESEF. Besides it would be very disappointing when investments in structured electronic reporting are defeated due to the fact that ESEF has a lower ambition level compared to other parties.

Question 5: Do you agree with the description of the technologies included in the CP?

Yes, In general we agree with the description of the technologies included in the CP

Question 6: Do you agree with the choice of the technologies to be further analysed as part of the CBA? If not, please indicate which other technologies you would propose for further analysis.

Yes

Question 7: Do you agree with ESMA’s proposal to use the IFRS taxonomy as issued by the IFRS Foundation for reporting under IFRS, subject to formal endorsement in the European Union?

Yes

Question 8: Do you agree with ESMA’s preliminary conclusions not to use regulatory and entity specific extensions? Please provide arguments in your answer in relation to the impact on issuers and users.

No, If ESMA wants to use the IFRS taxonomy it should accept extensions. IFRS can be considered as a ‘base’ taxonomy, local regulators make reports based on IFRS with an add-on (extension) for their own laws and regulations.

Question 9: Do you agree with the proposed approach in relation to the taxonomies of third countries GAAPs deemed equivalent to IFRS?

Yes

Question 10: Do you believe that taxonomy shall be developed for other parts of the AFR (outside financial statements)? If yes, please indicate which ones and explain why.

Yes, we believe that taxonomy should be developed for all parts of the AFR, thinking of reporting on Corporate Social Responsibility, Management report, Report of the Supervisory board.

Question 11: Do you agree that non-structured electronic reporting should be required for the entire Annual Financial Report? Do you agree that the format used shall be PDF? If you disagree, please explain your opinion by providing arguments on the policy objectives and impact on the CBA.
No, we completely disagree. ESMA should opt for a full structured data format. A structured electronic format should be mandated as the primary ESEF format instead of PDF. Structured data has many advantages above non-structured data, giving the fact that, when using XBRL as the structured data format, systems can produce, analyse and consume financial data as well as render the financial statements in human readable formats. We believe that in the long run XBRL is the most appropriate and cost-effective option for a structured data format.

Question 12: Do you agree with the solution of a single electronic format composed of structured and non-structured data (option B)? If not, please explain your opinion as well as the impact on the CBA.

No, we believe a single electronic format, only containing structured data, is the best option. ESMA should refrain from requesting both formats as companies will have to prepare both versions which will definitely not reduce the reporting burden. It also raises some significant legal questions regarding which of these documents can be considered to be the actual filing.

Question 13: Do you agree that iXBRL and XBRL are the most relevant options available for the ESEF?

Yes

Question 14: Could you please indicate what is your preferred solution between iXBRL and XBRL? Please explain the reasons.

XBRL is our preferred solution as it is clear-cut and can be consumed by computers and by humans.

iXBRL adds a human-readable representation that might include the XBRL facts (but not necessarily does so), and could include additional information (text, numbers, formatting) that is not machine-interpretable.

Question 15: Do you agree that structured reporting format should in a first stage be required for consolidated IFRS financial statements and eventually in a second stage for individual financial statements?

No, our expectation is that by 2020 all companies will be able to report in a structured format for both their consolidated statement (IFRS) and the individual statements (IFRS or local GAAP) and therefore can be required to file both statements in a structured reporting format. We also believe that requiring a structured format for both statements will be more efficient for all parties within the business reporting gain. Only in the case that no national GAAP taxonomy exists, issuers should be permitted to file in a different format.

Question 16a: Do you agree with a different approach for the financial statements under national GAAPs compared to IFRS on the grounds of the existence of a taxonomy?

Yes, we agree.
Question 16b: Do you agree with the proposed approach in terms of potential development of a EU core taxonomy to be used for national GAAPs in the future?

No, the development of a taxonomy should be done by the national regulators and standardisation organisations. A taxonomy should be the legally binding version of the (national) reporting laws and regulations; when national GAAP applies, a national taxonomy should express these. National regulators are responsible for their own legal frameworks; a taxonomy is a digital expression of this framework. However, when multiple member states would require assistance with building a taxonomy, an EU project to develop a base core taxonomy could be considered.

Question 17: Do you agree that a single electronic format should not be required for financial statements under third country GAAP?

We agree, only in case that no national GAAP taxonomy exists, issuers should be permitted to file in a different format.

Question 18: Would you be in favour for a phased approach for SMEs, if it would be allowed under the legal mandate? Would it be relevant in the context of the development of the Capital Markets Union?

No, as already mentioned our expectation is that by 2020 all companies will be able to report in a structured format, therefore we believe that a phased approach should not be required.

Question 19: Do you have any other comment to make?

We would like to stress our belief that a structured data format should be preferred above a non-structured data format, whereby XBRL would be the most appropriate and cost-effective structured data format.

ESMA should not only use its ESEF for the filing of annual accounts, but also consider this format for other relevant information (including non-financial information and information on corporate actions).