PRESS RELEASE

ESMA proposes new digital format for issuers’ financial reporting

The European Securities and Markets Authority (ESMA) has today published a feedback statement setting out the digital format which issuers in the European Union (EU) must use to report their company information from 1 January 2020. It concludes that Inline XBRL is the most suitable technology to meet the EU requirement for issuers to report their annual financial reports in a single electronic format because it enables both machine and human readability in one document.

The digital format will allow users such as investors, analysts and auditors to carry out software supported analysis and comparison of large amounts of financial information. Access to annual financial reports for both professional and retail investors is essential for creating robust capital markets across the EU.

Steven Maijoor, ESMA Chair, said

“Financial reports are crucial for a full understanding of a company’s situation and moving to electronic reporting will facilitate analysis, comparability and accessibility of issuers’ financial statements.

"We believe that the vast pool of free, structured financial information that will emerge once electronic reporting starts will trigger technological innovation. The Inline XBRL format has the potential to bring financial reporting into the digital age."

The main conclusions in ESMA’s statement are:

- Issuers must prepare their annual financial reports in the human readable XHTML (Extensible Hyper Text Markup Language) format, which can be read by standard browsers without the need for specialised tools;

- Only where annual financial reports contain IFRS consolidated financial statements must issuers label this information using XBRL (Extensible Business Reporting Language), which is machine-readable. The XBRL data is embedded directly into the
XHTML document through the *Inline XBRL* format. ESMA may extend mandatory labelling of information using XBRL to other parts of the annual financial report or to financial statements prepared under third country GAAP at a later stage; and

- The IFRS Foundation’s Taxonomy should be used to transfer financial information into structured data for the electronic reporting of IFRS financial statements.

ESMA will focus on developing the detailed technical rules, field test its proposed solution and afterwards submit the technical standard to the European Commission for endorsement around year-end 2017.
Notes for editors

1. The Transparency Directive, as amended in 2013, requires issuers listed on regulated markets to prepare their annual financial reports in a European Single Electronic Format (ESEF) from 1 January 2020. The Transparency Directive sets rules on harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market. ESMA is responsible for drafting the rules which specify the electronic reporting format.


3. ESMA’s mission is to enhance investor protection and promote stable and orderly financial markets.

   It achieves these objectives through four activities:

   a. assessing risks to investors, markets and financial stability;
   b. completing a single rulebook for EU financial markets;
   c. promoting supervisory convergence; and
   d. directly supervising specific financial entities.

4. ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board, and with national authorities with competencies in securities markets (NCAs).

Further information:

Catherine Sutcliffe
Senior Communications Officer
Tel: +33 (0)1 58 36 51 80
Email: press@esma.europa.eu