

Olivier Guersent
Director General
Financial Stability, Financial Services
and Capital Markets Union
European Commission
SPA2 – Pavillon
Rue de Spa 2
1049 Brussels
Belgium

Ref: Transparency Directive due date for the submission of regulatory technical standard for single electronic reporting format for annual reports

Dear Mr Guersent,

I am writing to you regarding the draft regulatory technical standard (RTS) on the European single electronic format (ESEF) for annual financial reports which ESMA has been empowered to develop and submit to the European Commission according to the provisions of the Directive 2004/109/EC (Transparency Directive or TD) and the Amending Directive 2013/50/EU (altogether referred to as “amended TD”)

As indicated in several letters to the European Commission¹, ESMA has been facing significant budgetary restrictions and therefore the Board of Supervisors of ESMA decided in January 2015 to postpone the IT projects related to the requirements in the amended TD beyond 31 December 2016, which is the RTS’ legal due date. Nevertheless, within the bounds of the limited budgetary possibilities, ESMA undertook its utmost to progress with the project and has already conducted a public consultation on the draft RTS and completed the cost benefits analysis as required in the legal mandate. On that basis, ESMA is publishing today the Feedback Statement in response to the consultation including the proposed policy line, taking into account the feedback received from respondents.

In order to fulfil its legal mandate ESMA needs to develop technical requirements on the format and validate the proposals by conducting field tests, as required in the provisions included in the amended TD. In developing the technical requirements, ESMA could go on with a minimal solution which would be based on the work already done in respect of the taxonomy by the

¹ Letter ESMA/2015/797 dated 11 May 2015; Letter ESMA/2015/1287 dated 1 September 2015; Letter ESMA/2016/208 dated 2 February 2016



IFRS Foundation and which would be ready for submission to the Commission by the end of 2017.

However, feedback received from stakeholders indicated that further work has to be done on the format proposed in order to have a more beneficial solution for the users of the electronic format of the annual financial reports. As this was not foreseen when ESMA did its initial work on this topic and drafted its initial 2017 budget, ESMA could provide a more beneficial solution on ESEF for market participants only at the expense of other projects that ESMA has to deliver in the next period and with a slight increase in the timeline, i.e. first quarter of 2018.

While the final allocation of ESMA budget between various projects is pending the discussion and decision of the Board of Supervisors' meeting in January 2017, we would like to emphasise that ESMA remains fully committed to fulfil its mandate to develop a draft RTS specifying an electronic reporting format that facilitates accessibility, analysis and comparability of annual financial reports.

Furthermore, we take this opportunity to inform the European Commission that during the consultation process a relatively high number of respondents raised concerns regarding the lack of an impact assessment in relation to the introduction of this provision in the amended TD by the co-legislators. During its dialogue with stakeholders, ESMA pointed out that such task was not in ESMA's remit and suggested them to directly liaise with the European Commission.

We remain at your disposal for providing any further information.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'SM' followed by a flourish.

Steven Maijor

c.c. Roberto Gualtieri, Chair of the Committee on Economic and Monetary Affairs, European Parliament
Peter Kazimir, President of the Economic and Financial Affairs Council, Council of the European Union
Jeppe Tranholm-Mikkelsen, Secretary-General, Council of the European Union