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**Comment letter in response to the consultation paper
“The Use of a Standard Reporting Format for Financial
Reporting of Issuers Having Securities Admitted to
Trading on Regulated Markets” (CESR/09-859)**

27 November 2009

XBRL Germany appreciates the opportunity to comment on the Consultation Paper CESR/09-859 issued by the Committee of European Securities Regulators (CESR). XBRL Germany is a member of XBRL International, which is a not-for-profit consortium of approximately 550 companies, associations, and agencies involved in providing or using financial information working together to support the development of the XBRL language and support its adoption as a standard reporting format. Individual members, such as large corporations, national standard setters and academic institutions mainly join XBRL International indirectly through their national jurisdictions like XBRL Germany.

German stock listed companies are required to use IFRS, amended by national reporting requirements (e.g. originating from the German Commercial Code (HGB), German Corporate Governance Codex (DCGK), German Stock Corporation Law (AktG), German Securities Trading Act (WpHG)), as their primary accounting framework for consolidated financial statements.

In 2007 XBRL Germany has set up an IFRS working group to develop and maintain a German IFRS-XBRL-Taxonomy extension, which reflects the additional German national law reporting requirements mentioned above. The working group is working closely with the IFRS working group of XBRL Europe and the IASC Foundation's XBRL team. Our goal is to make the German IFRS-XBRL-Taxonomy technically most comparable to subsequent National IFRS-XBRL-Taxonomy extensions of other European countries. Based on our experience made we appreciate to comment your questions.

If there are questions or a need to further elaboration of our experience and views, please contact Bodo Kesselmeier by phone at +49 89 8563851-0 or by email at bodo.kesselmeier@xbml.de.

Yours faithfully,

/s/ Bodo Kesselmeier

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Q1. Do you consider that there should be a standard reporting format for financial reporting of issuers having securities admitted to trading on a regulated market? What kind of pros and cons would a standard reporting format have?

We believe that there should be a standard reporting format for financial reporting of issuers having securities admitted to trading on a regulated market as it is in the best interest of all market participants. A standard reporting format provides major benefits in the communication and analysis of business information to all those involved in supplying or using financial data. It enables software to handle financial data in a consistent way and it offers higher temporal and intercompany comparability. It offers greater efficiency and a more reliable and more accurate handling of data. However, there has to be found an optimal trade-off between standardisation and the adjustment to company-specific needs within the standard reporting format.

XBRL is an IT-technology and it is a global standard. The XBRL Technology provides standardized functionality about the visualization hierarchy of reporting items, calculation, data validation, references mechanism to legal sources for reporting items and visualisation of reporting items in different languages. A standard reporting format should have these functionalities as pros.

XBRL as a standard reporting format has to be connected to reporting content. The common content for public companies within the EU is determined by the IFRSs. However stock listed EU companies are, in general, also subject to national law reporting requirements (see cover letter). The national law requirements differ very much within the EU. In addition there is industry specific content and company specific content. Therefore it is very important how a standard reporting format can handle such extensions on the standard content. With XBRL such extensions can be seamlessly integrated to the common content. This means that the full functionality of XBRL (e.g. Visualization hierarchy of reporting items, calculation, data validation... see list above) is maintained even the content is extended. This is a very important advantage of XBRL.

One could think about harmonizing national requirements and setting up an EU-taxonomy extension on top of the IFRS-Taxonomy. This EU-taxonomy would contain standard reporting elements about EU-directives on capital market communication. However even without harmonization of content we believe that the XBRL technology is the right tool to present national law reporting content in a comparable manner. The letter X in XBRL stands for eXtensibility. However, strong guidance about extension rules is necessary to ensure temporal and intercompany comparability.

Q2. If yes to Q1, do you consider that XBRL would be an appropriate format? Are there any other reporting formats that CESR should consider in this context?

First of all we strongly do believe that XBRL is the only appropriate reporting format to be considered in this context. But, in order to realize the whole potential benefits of XBRL, rules for extensions need to be issued. Extension rules should ensure that content extended still is comparable and ready for automated analysis.

Q3. What kind of benefits would you consider a standard reporting format to bring for issuers, investors, auditors, analysts, OAMs or other users of financial information?

XBRL can be considered as a revolutionising technology. Automation is the main advantage of XBRL as a standard reporting format. This automation results in increased efficiency (lower costs and less time are needed for processing information) and finally in increased data quality (better basis for decision-making). In particular small and medium sized issuers (about 700 companies in Germany) may benefit from increased financial analyst coverage. There are two reasons for that. First, financial analysts may use internet search engines to discover the XBRL financial reports of small and medium sized issuers. For example a financial analyst may search for a cleantech company with sales in between 10 and 50 Million Euro and an EBIT of X%. The financial analyst typically will not find companies of this size in most traditional databases. The second reason for increased financial analyst coverage is due to automated analysis resulting in reduced processing costs.

The major advantages of XBRL as a standard reporting format can be summarised as follows:

- XBRL increases the portability of financial data.
- XBRL drives accounting compliance.
- XBRL can be used as the basis for an interactive external financial reporting, e.g. possibility for analysts to create user-specific company comparisons.
- XBRL is multilingual und multi-dimensional.
- XBRL is an instrument to link internal and external financial reporting.
- XBRL allows continuous updating of financial information.

Q4. What kind of disadvantages would you consider a standard reporting format would cause to issuers, investors, auditors, analysts, OAMs or other users of financial information? Do you see any obstacles to such reporting?

Provided that there is an implementation of XBRL where the above mentioned rules for extensions exist and are adopted there aren't any disadvantages to be considered.

Q5. What kind of costs (one-off or recurring) would you consider a standard reporting format would impose on issuers, investors, auditors, analysts, OAMs or other users of financial information? Please provide estimated costs, if possible.

In our opinion XBRL would mainly impose one-off costs for implementation (e.g. software needed, creating taxonomy extensions, mapping taxonomy/ERP system). Additional costs are dependent on how often the standard taxonomy will be updated due to new or amended accounting standards and on how often territory, industry and company specific taxonomy extensions change. If taxonomy updates are limited then recurring costs will be low.

Q6. Are the above benefits, disadvantages, obstacles and costs different if the standard reporting format would only cover income statement, balance sheet and cash flow statement instead of full financial report? Please explain the differences.

In case only numerical data (income statement, balance sheet, cash flow statement etc) is included there will be lower recurring costs. But we strongly do believe providing only parts of a financial report in XBRL constitutes a disadvantage in the long-term. It is important to review all sections of a report to provide a complete understanding of a company's operations, liquidity and financial condition. Therefore we suggest a phased-in approach similar to the US SEC, where at first only parts of the full financial report (income statement, balance sheet, cash flow statement, segment reporting, certain defined core financials) are mandatory to be provided in XBRL and the other parts will follow on a mandatory or voluntary basis during a defined period after that.

Q7. How would you assess the benefits of the use of standard reporting formats against the costs?

We believe that the benefits of having XBRL as a standard reporting format highly exceed the costs in the long-term as stated above. Small and medium sized issuers should have strong self-interest in having XBRL as a standard reporting format. This is especially valid, if XBRL is limited to the face financial statements (income statement, balance sheet, cash flow statement etc).

Q8. Do you envisage any liability and/or audit issues arising from the use of standard reporting format?

There is a gap between what users of financial reports, the general public, perceive an audit to be and what auditing standards require. In XBRL every single data element can be tagged and therefore can be retrieved and analyzed by computer software. After implementing XBRL some people might expect that every single

item of the reported information has been audited. However the audit opinion is about the report as a whole (the so-called true and fair view) and not on single items. Looking at the purpose and limitations of an audit the use of XBRL may widen the user's expectation gap. An explicit and clear communication and understanding of the auditor's work and the content of the audit opinion will reduce this expectation gap.

Other questions to be considered regarding the audit of financial statements:

- Regular publication of XBRL financial data as part of the audit process?
- Audit opinion on the "original paper version" of financial statements and/or audit opinion on the corresponding XBRL file?

Q9. Are there any other issues CESR should take into account in the analysis of the issue?

One issue that has to be taken into account besides the issue of industry specific extensions and company-specific extensions are national law extensions. Listed companies within the EU are subject to IFRS as well as national law with additional national reporting commitments. In this situation each country has to create its own national taxonomy extension covering its own national law. However, harmonization is critical in order to realize the benefits of XBRL. Ideally harmonization is achieved through harmonizing national laws (e.g. an EU-Extension on the IFRS Taxonomy with content out of EU Accounting Directives and other items). Even without a EU Extension on the IFRS Taxonomy EU-national law extension could be made in a comparable manner. However, strong guidance about extension rules is necessary to ensure temporal and intercompany comparability. In our opinion a European Organisation should set up mandatory additional rules on the reporting content which is beyond the International Financial Reporting Standards.