Investor Relations

For the attention of Mr Steven Maijoor,
Chair of ESMA

Re: consultation by the ESMA on the European Single Electronic Format (ESEF)

Dear Sir,

On 20 October 2015, the ESMA launched a consultation on the implementation of the European Single Electronic Format. As the French Investor Relations Association, we wish to inform you of our position with regard to this project.

- First of all, the issuers wish to remind you that no financial analyst or investor asks them to publish accounts and financial statements in a single harmonised format. Therefore no needs have been identified.
- The costs of implementation of a single electronic format are very high and maintenance of such a system would create recurring costs without any benefit for the company.
- The IFRS on which the XBRL taxonomy is based are subject to frequent, significant changes, which would lead to an increase in complexity and in the costs of maintaining an XBRL reporting format.
- The IFRS Taxonomy envisaged for the XBRL format does not take into account the alternative performance indicators which issuers very often use and that analysts and investors monitor regularly. XBRL-format reporting without these indicators would diminish the significance of the financial statements.
- The XBRL single electronic format does not provide the qualitative and contextual data attached to all publications of results and which are essential to understanding them and for the right assessment of the business model of each company.
- The XBRL electronic format is a “closed” standard whereas more and more companies prefer “open” systems, the parameterisation and use of which are much more flexible and less costly. Moreover, due to the limited use made of the XBRL standard and the very rapid development of information technologies, there is a high risk that this standard will become obsolescent by 2020.
- The question of auditing of the financial statements converted into a single electronic format has not been addressed but the issuers reject in advance any increase in the audit expenses which it could involve.
- If the Commission and the ESMA wish to harmonise the electronic reporting formats, the PDF standard, already provided for by 13 European Union Member States, would be a simple, inexpensive choice that would be easy to put in place and satisfy all users. The PDF standard makes it possible, in addition to the financial statements, to attach to the reporting all the contextual and qualitative data that are not provided for by the XBRL format.
- The Transparency Directive amended in 2013 provides that the implementation of a single electronic format is subject to a preliminary cost-benefit analysis. The study carried out in 2014 is absolutely not representative and was not conducted under optimal conditions. Therefore, if the European Commission and the ESMA persist in their intention of imposing a single electronic reporting format, a new cost-benefit analysis should be conducted before any decision is made and under acceptable conditions.

For all the reasons set out above, the issuers who are members of the CLIFF agree with the views expressed in the detailed reply prepared by the AFEP in conjunction with the MEDEF.

We remain at the disposal of the representatives of the ESMA to discuss the above with them at their convenience.

Yours faithfully,

Chris Hollis
Chair of CLIFF

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