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| 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 such impact assessment is needed.  Many consultations and discussions on the merits of a Single Electronic Format (SEF) took place in preparation for the Transparency Directive.  As demonstrated in the CBA, many countries and sectors already have great experience with a SEF, particularly in XBRL.  ESMA’s sister authorities, EBA and EIOPA, have already chosen to implement and use a SEF based on XBRL for their prudential reporting.  Further assessment would incur unnecessary additional costs and delays in implementing a SEF. |
| 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 agree with the general policy objectives. However a specific focus on saving costs should at least be part of objectives 3 and 4.  Related to paragraphs 28 and 29, we recommend that ESMA, EBA and EIOPA examine any benefits from synergies in their Single Electronic Format |
| 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.  Electronic structured data gives a new dimension to the timeliness, accessibility and comparability of financial information. As usage of electronic financial information develops and users place more and more emphasis on electronic information, requirements for trustworthiness and reliability will also increase.  The question of the audit of electronic information has been raised in every market where electronic structured data such as XBRL has been implemented for financial reporting. However, usage is still developing, so requirements for the audit of electronic structured data remain limited. Discussion on such auditing has been taking place in countries such as India, Japan, Netherlands, South Africa, United Kingdom and the United States. This debate should also take place in Europe as a whole.  We anticipate that In markets where electronic structured data is already in place a requirement for the auditing of electronic financial information will in due course become the norm and be expected by users. In this context we encourage ESMA to engage in discussion with market participants to address the question of the audit of electronic financial information. |
| 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? | Yes  ESMA should take full account of all the current uses of XBRL for reporting of company accounts around Europe, including for example in Belgium, Denmark, Estonia, Ireland, Germany, Netherlands, Spain and the UK.  We give further consideration on other elements to be considered in our response to question 19. |
| 5 | Do you agree with the description of the technologies included in the CP? | Yes in general, but the description of iXBRL in paras 78 to 80 needs some correction. The use of iXBRL is simpler than described in this section of the consultation document.  iXBRL merely provides a presentation format. In other respects, iXBRL **is** XBRL. iXBRL simply means the inclusion of XBRL tags within ordinary, human-readable XHTML documents. This avoids the need for a separate means of converting XBRL data into human-readable form.  The same rules apply to taxonomy extensions whether iXBRL or XBRL is being used. iXBRL **does** allow the publication of layouts. Issuers in the EU are using iXBRL for reporting company accounts to tax authorities and other official bodies, although not to OAMs. |
| 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, we agree. |
| 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? | We agree with the use of the IFRS taxonomy issued by the IFRS Foundation as a basis for reporting under IFRS, but **ONLY** if this taxonomy is used through an appropriate ESMA / EU extension taxonomy.  The IASCF Foundation taxonomy is **not** a fully completed taxonomy which is ready for immediate use by issuers. It provides basic content and building blocks which are intended to be adapted by users to suit their requirements through an extension taxonomy.  An EU extension is **essential** to ensure that data reported under IFRS can be properly represented in XBRL. Without such an extension, a large range of critical IFRS data in accounts cannot be reported in XBRL. (The IASB is currently conducting a review of the use of its taxonomy, as noted in para 121. However, we are not aware of any major XBRL project anywhere in the world which uses the IFRS taxonomy published by the IASB without extension.) |
| 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 the IFRS taxonomy issued by the IASB is used in the EU, this **MUST** be adapted through an EU / ESMA taxonomy extension. It cannot be used effectively in its base form. Please see the answer to question 7 above.  ESMA may also wish to authorise the use of regulatory extensions from national jurisdictions or industry sector extensions published by recognised bodies. Unauthorised extensions should **not** be permitted. Extensions should **only** be authorised if they follow strict guidelines which ensure they do not compromise the comparability of data.  We agree fully with the conclusion not to use entity-specific extensions at this moment. Without an agreed international extension architecture and rules on extension, entity-specific extensions greatly increase the cost of implementation for issuers and undermine the comparability of data. XBRL International is planning to produce recommendations on “extensions best practices” to capture some entity-specific disclosures. |
| 9 | Do you agree with the proposed approach in relation to the taxonomies of third countries GAAPs deemed equivalent to IFRS? | We agree with the proposed approach in relation to the taxonomies of third countries GAAPs deemed equivalent to IFRS.  The question of the jurisdictions using taxonomies based on GAAPs deemed equivalent to IFRS constitutes a secondary problem in respect of the principal one, which is the choice of a SEF for the EU Member States. |
| 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, to ensure the most effective use of digital structured reporting, the best approach is to apply it for any aspect of reporting. We believe that further assessment of the use of digital structured reporting for all parts of annual reports – and also half-yearly reports – should be made. The use of a single approach, with one implementation, single assurance processes at preparers’ side and single investment for software vendors, will always be the most cost effective for all parties and will enhance effectiveness and comparability.  For example, taxonomies may be developed to cover standard, key data in the Audit Report as well as on Corporate Social Responsibility, Integrated Reporting and Carbon Disclosure. |
| 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 do not agree with the use of PDF as the mandatory format for reporting. XBRL should be mandated as the primary format in line with the Digital Agenda for Europe. A single XBRL filing should be used to encompass both structured and unstructured data.  Any XBRL reporting project **MUST** provide a means of viewing the XBRL filing itself in a human-readable, understandable and familiar format. This is **essential** to ensure the filing is complete, accurate and consistent. Both preparers and consumers require such a rendering mechanism. All major XBRL projects around the world provide an appropriate mechanism, although the specific technique used may vary with circumstances and form of data. The suggested approach for ESMA is covered in the answer to question 14.  The use of a separate, disconnected textual format, such as PDF, does **not** provide a solution to the rendering of the XBRL filing itself. It also presents serious problems for issuers, regulators, auditors, investors, consumers of AFRs and other stakeholders. How are users to verify that a PDF report and XBRL file are consistent? If they differ, which is the correct, official version? If a human-readable version of an XBRL report is provided, covering both structured and unstructured data, any separate filing in a text-only format such as PDF is unnecessary and simply adds to cost and complexity. Projects which have attempted a dual-format approach have faced various difficulties and none appear to regard it as an appropriate long-term solution. For example, the US Securities and Exchange Commission is reviewing the replacement of its current two-document filing system, which it believes it is not sustainable, with a single document approach.  This does not prevent issuers providing supplementary PDF versions of AFRs, for example on their websites, if they wish. For regulatory purposes, however, it should be noted that PDF is de facto a proprietary format owned by a single software company (that is not even based in Europe). PDF is not a suitable format for mandatory use in the EU.  The answers to questions 12-14 relating to the use of a single XBRL solution for the full AFR are also relevant to the response to this 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. The option of providing a PDF filing in addition to an XBRL filing is unnecessary and inappropriate. Please see the answer to question 11. The correct approach is to provide an XBRL filing which also includes any unstructured data. This does NOT mean that a taxonomy is required for the unstructured data. iXBRL and potentially other XBRL solutions may be used to provide a single filing which includes structured and unstructured data. |
| 13 | Do you agree that iXBRL and XBRL are the most relevant options available for the ESEF? | Yes, we agree. |
| 14 | Could you please indicate what is your preferred solution between iXBRL and XBRL? Please explain the reasons. | We recommend that ESMA establish a technical study to look at the merits of available XBRL solutions and advise on the route forward. iXBRL can meet the requirements set out in the consultation document by covering both structured and unstructured data in a single filing. However, other XBRL solutions may also satisfy the same requirements.  This is related to the issue of audit covered in question 3. We note that ESMA is anyway proposing in para 167 the setting up of a technical study on the desirability of a core EU taxonomy development. We believe that ESMA should consult technical experts and review existing experience in EU member states and elsewhere before confirming its detailed plans. |
| 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, we do not agree.  Companies that report under IFRS for their individual financial statements should also align to this timing.  We strongly believe it is more efficient for companies, auditors, regulators, users and the software industry to introduce the chosen electronic format for both consolidated and individual financial statements.  For companies not reporting under IFRS, we refer to the answers to questions 16a and 16b. |
| 16 a | 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. |
| 16 b | 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? | We agree that ESMA should establish a technical study on the feasibility and benefits of the development of an EU core taxonomy. However, this is not a straightforward issue. The Accounting Directive sets out general principles and high-level reporting requirements but it is not yet clear how far it will succeed in harmonising detailed reporting under disparate European country GAAPs. It is thus uncertain how far a core taxonomy can go in providing comparable data from countries with disparate GAAPs. A technical study can analyse these issues. It may be necessary to keep the issues under review as national reporting evolves under the impact of the Directive. A core taxonomy might help countries develop their own taxonomies as long as it identifies genuine comparable data. However, it should be noted that a number of countries already have their own taxonomies for national GAAPs and, for them, any need to incorporate a new core taxonomy might increase costs and complexity for stakeholders.  We recommend that ESMA’s technical analysis should take account of the efforts already made by XBRL Europe and the BRWG (Business Register Working Group), in its pilot project on ‘Cross border rendering of financial statements’.  This has already created a basic European taxonomy called xEBR CRT – XBRL Europe Business Registers Core Reference Taxonomy. This covers the company profile (aligned with the European Commission's core business vocabulary) and the primary financial statements (aligned with the Accounting Directive). Work is proceeding on mapping this to local GAAP taxonomies. |
| 17 | Do you agree that a single electronic format should not be required for financial statements under third country GAAP? | Yes, we agree.  Financial statements under third country GAAP should be made available in their locally required format. |
| 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, we do not agree. Listed SMEs reporting under IFRS should provide their consolidated or individual financial statements in the first phase of a SEF.  Extending transition periods across different sections of industry makes little sense. It means that users have a longer period to wait for structured data. It means that national supervisors will spend a longer time in a transition period and dealing with 'problems of the new" and bear additional costs associated with supporting parallel work flows.  Including SMEs will increase the size of the market and increase the incentive for software vendors, who are a key part of the equation, to serve the new market. This is particularly important in Europe, where it is desirable to encourage the innovative, local software industry to serve the new mandate. A phased approach would make it more likely that implementation will come to be dominated by international software players, rather than local European ones.  Listed SMEs are entirely capable of coping with the transition to a SEF. In the UK, for example, all companies, small and large, unlisted and listed, were included in mandatory filing in iXBRL from the outset, without any significant problem.  SMEs would greatly benefit from the exposure of their AFRs through a SEF. Development of the Capital Market Union would be very favourable to all categories of enterprises within the EU. However, to facilitate access by SMEs to those markets, availability of financial information in a standardized format is necessary. |
| 19 | Do you have any other comment to make? | The questionnaire appears to have covered all aspects of a single electronic format for Annual Reports of listed companies in Europe.  *•* We fully agree with the choice of XBRL / iXBRL as the single electronic format for filing the reports.  • We believe that only one format of filing is the best solution.  Solutions which involve XBRL and iXBRL will allow national requirements and characteristics to be met while preserving the objectives of the EU's digital plan.  We believe that ESMA should carry out further technical assessment of the preferred format for filing, including the rendering in a human-readable format of the XBRL filing, and the detailed structure and content of the taxonomy. This work should be carried out by appointed groups of experts and should include careful study of XBRL projects in Europe and formal exchanges with regulators, preparers and users. In particular, ESMA should consult those who have established working programmes in Europe for the reporting of full company accounts – especially those under IFRS. This will help to ensure full acceptance of the proposed reporting regime.  ESMA should note that:  • The European Commission has convened the European Multi-Stakeholders Platform on ICT Standardisation (MSP-ICT), which is promoting XBRL (among other specifications) as “Identified Standard”, according to the REGULATION (EU) No 1025/2012. See details at <http://standards.eurofiling.info/>.  • The European Committee for Standardization (CEN) convened the CEN Workshop 'WS XBRL' (Improving transparency in financial reporting) to standardise the usage of XBRL within the European and National Supervisory Authorities community. The final results were adopted by the CEN, and then officially published at <http://www.cen.eu/work/areas/ICT/eBusiness/Pages/WS-XBRL.aspx>.  Other points for ESMA to consider are:  • Extend structured electronic filing to other parts of the AFR, including, for example, the Audit Report, Statements on Carbon Disclosure and the like.  • Extend structured electronic filing to other reports, including Corporate Actions announcements by companies and press releases containing key financial data points. Such releases, typically published after market close, often heavily influence markets. Representation of key financial information in structured form would aid financial analysts across the European Union at minimal cost.  • Consider the granularity of the XBRL report as far as notes to financial statements are concerned. |