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| 25 September 2015 |

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| Reply form for the  Consultation Paper on the  European Single Electronic Format (ESEF) |
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| Date: 25 September 2015 |

Responding to this paper

The European Securities and Markets Authority (ESMA) invites responses to the specific questions listed in Consultation Paper on the European Single Electronic Format (ESEF), published on the ESMA website.

*Instructions*

Please note that, in order to facilitate the analysis of the large number of responses expected, you are requested to use this file to send your response to ESMA so as to allow us to process it properly. Therefore, ESMA will only be able to consider responses which follow the instructions described below:

* use this form and send your responses in Word format (pdf documents will not be considered except for annexes);
* do not remove the tags of type < ESMA\_QUESTION\_ESEF \_1> - i.e. the response to one question has to be framed by the 2 tags corresponding to the question; and
* if you do not have a response to a question, do not delete it and leave the text “TYPE YOUR TEXT HERE” between the tags.

Responses are most helpful:

* if they respond to the question stated;
* contain a clear rationale, including on any related costs and benefits; and
* describe any alternatives that ESMA should consider

**Naming protocol**

In order to facilitate the handling of stakeholders responses please save your document using the following format:

ESMA\_ ESEF \_NAMEOFCOMPANY\_REPLYFORM.

E.g. if the respondent were XXXX, the name of the reply form would be:

ESMA\_ESEF\_XXXX\_REPLYFORM

To help you navigate this document more easily, bookmarks are available in “Navigation Pane” for Word 2010 and in “Document Map” for Word 2007.

***Deadline***

Responses must reach us by **24 December 2015.**

All contributions should be submitted online at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading ‘Your input/Consultations’.

***Publication of responses***

All contributions received will be published following the end of the consultation period, unless otherwise requested. **Please clearly indicate by ticking the appropriate checkbox in the website submission form if you do not wish your contribution to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure.** Note also that a confidential response may be requested from us in accordance with ESMA’s rules on access to documents. We may consult you if we receive such a request. Any decision we make is reviewable by ESMA’s Board of Appeal and the European Ombudsman.

***Data protection***

Information on data protection can be found at [www.esma.europa.eu](http://www.esma.europa.eu) under the headings ‘Legal notice’ and ‘Data protection’.

# Introduction

Please make your introductory comments below, if any:

<ESMA\_COMMENT\_ESEF\_1>

TYPE YOUR TEXT HERE

<ESMA\_COMMENT\_ESEF\_1>

**Question 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.**

<ESMA\_QUESTION\_ESEF\_1>

Further assessments seems to be redundant in providing relevant additional inputs. The empirical evidence, as highlighted in the comprehensive Cost/benefit analysis of this CP (Annex III) is conclusive enough. Moreover, the experience of the ESMA’s sisters Authorities in Banking (EBA) and Insurance (EIOPA) are a clear baseline of practical experiences

<ESMA\_QUESTION\_ESEF\_1>

**Question 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.**

<ESMA\_QUESTION\_ESEF\_2>

*Policy objective 1: The electronic reporting should be easier for issuers compared to the current practices*.

In general, the easiest practice is the current practice. But the current practices, as they are, would not be compatible with the Transparency Directive. Therefore, new practices are to be implemented, well at NCAs/OAMS side only (transform National format into European format) or issuers (use European format instead National format) or both. European users must deal with the new European format in any case. Rewording *Policy objective 1* might be advisable.

<ESMA\_QUESTION\_ESEF\_2>

**Question 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.**

<ESMA\_QUESTION\_ESEF\_3>

Yes.

As the data is more and more consumed in electronic structured format by the users, such data should benefit of be audited, for the same reasons than the traditional paper-based data.

Moreover, the Integrity of the report (data cannot be modified in an unauthorized or undetected manner) and consequently the authentication (identification of the issuer) and non-repudiation (issuer cannot deny having sent the report) should be enforcement (i.e. digital signature)

<ESMA\_QUESTION\_ESEF\_3>

**Question 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?**

<ESMA\_QUESTION\_ESEF\_4>

At supra-national level, the need of translation is also a requirement. Not all the users are fluent in a language customary in the sphere of international finance and not all the information is published in such language. Some standards (as XBRL) have intrinsic properties facilitating pre-defined translations, as in the IFRS taxonomy.

As a growing tendency, the data is transmitted in a machine readable format and then are routinely rendered and published with human readable format (PDF) of other convenience formats (spreadsheet), sometimes at NCA level. However the reverse process (human readable to machine readable, as well as non-structured format into structured format) is challenging. Paper documents should be processed by OCR (Optical Character Recognition) but with inaccurate results. The same applies for PDF based on images. On PDF, only well prepared documents (i.e. generated directly from a text editor) are prone for minimum accurate extraction of text, which is a pre-requisite for translation.

<ESMA\_QUESTION\_ESEF\_4>

**Question 5: Do you agree with the description of the technologies included in the CP?**

<ESMA\_QUESTION\_ESEF\_5>

The International and European format for e-books is EPUB (see bookshop.europa.eu). Mora and more management reports merit to be considered e-books. Transforming EPUB into PDF is immediate. EPUB runs in a variety of devices while PDF is usually oriented to an DIN A4 sheet. The internal structure of EPUB is based in XHTML, allowing automatic extraction (and hence translation) of text.

Such advantages would be leveraged by including EPUB as an optional non-structured format.

<ESMA\_QUESTION\_ESEF\_5>

**Question 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.**

<ESMA\_QUESTION\_ESEF\_6>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_ESEF\_6>

**Question 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?**

<ESMA\_QUESTION\_ESEF\_7>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_ESEF\_7>

**Question 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.**

<ESMA\_QUESTION\_ESEF\_8>

In the case of the European Banking Authority, each National jurisdiction is allowed to introduce local regulatory concepts. However, such concepts should be deleted when the data is transmitted to the European Banking Authority. National jurisdictions do not generally allow Company concepts. While Academy research founds extensions as a source of inaccuracy, each National jurisdiction and each Company retains the freedom to publish extended information in their own website.

<ESMA\_QUESTION\_ESEF\_8>

**Question 9: Do you agree with the proposed approach in relation to the taxonomies of third countries GAAPs deemed equivalent to IFRS?**

<ESMA\_QUESTION\_ESEF\_9>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_ESEF\_9>

**Question 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.**

<ESMA\_QUESTION\_ESEF\_10>

Yes

Even the no structured data would benefit from automatic processing (browse, translate…) when managed embed inside a structured format. Initiatives are on course for structuring non- financial data, as Corporate Social Responsibility, Integrated Reporting and Carbon Disclosure, among others.

<ESMA\_QUESTION\_ESEF\_10>

**Question 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.**

<ESMA\_QUESTION\_ESEF\_11>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_ESEF\_11>

**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.**

<ESMA\_QUESTION\_ESEF\_12>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_ESEF\_12>

**Question 13: Do you agree that iXBRL and XBRL are the most relevant options available for the ESEF?**

<ESMA\_QUESTION\_ESEF\_13>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_ESEF\_13>

**Question 14: Could you please indicate what is your preferred solution between iXBRL and XBRL? Please explain the reasons.**

<ESMA\_QUESTION\_ESEF\_14>

As iXBRL is an Specification to be used on top of XBRL format, therefore iXBRL implies in fact the use of XBRL, and also creating lesser or bigger additional regulatory burden in relation with the XBRL-only issuer.

The XBRL standard has several other methods for defining the rendering layout, as the basic XBRL Presentation Linkbase or the Table Linkbase.

The main disjunctive is if the rendering layout is to defined by each issuer (iXBRL is an advantage for issuer’s customization, as in UK) or by the regulator (XBRL with Table Linkbase is enough for EBA and EIOPA). We prefer a common rendering, being the XBRL format enough, without additional burden..

In any case, iXBRL would be optional for issuers wishing layout customization, while the ESMA might provide a default taxonomy layout for the other less proactive issuers.

<ESMA\_QUESTION\_ESEF\_14>

**Question 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?**

<ESMA\_QUESTION\_ESEF\_15>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_ESEF\_15>

**Question 16a: 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?**

<ESMA\_QUESTION\_ESEF\_16a>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_ESEF\_16a>

**Question 16b: 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?**

<ESMA\_QUESTION\_ESEF\_16b>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_ESEF\_16b>

**Question 17: Do you agree that a single electronic format should not be required for financial statements under third country GAAP?**

<ESMA\_QUESTION\_ESEF\_17>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_ESEF\_17>

**Question 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?**

<ESMA\_QUESTION\_ESEF\_18>

The ESEF will dramatically increase the critical mass of for common SMEs supplies, hence allowing economies of scale and creating opportunities for entrepreneurs. ESEF may create an European market of Tools for Reporting (issuers), Tools for Analysis (investors) and Financial Agencies (adding value to public information), among other initiatives.

<ESMA\_QUESTION\_ESEF\_18>

**Question 19: Do you have any other comment to make?**

<ESMA\_QUESTION\_ESEF\_19>

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> <ESMA\_QUESTION\_ESEF\_19>