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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>

Structured electronic data is more valuable than non-structured data. The three largest Dutch banks with a market share in business lending to SMEs of approximately 80% are currently asking business borrowers to submit their financial statements and other relevant information in XBRL. For this purpose, ABN AMRO, ING and Rabobank have established a joint-venture called Financiële Rapportages Coöperatief (“FRC”) to develop standardized taxonomies for business lending to SMEs and to build and maintain a common technical infrastructure to process these electronic credit reports directly into the systems of the banks. As of 1 January 2017, the delivery of these electronic credit reports in XBRL format to the banks will become the norm. It is the basic believe of the large banks that both banks and SMEs will benefit significantly from this digital reporting process:

* Structured electronic reporting leads to more relevant, more up-to-date and better quality data , significantly improving the credit scoring process, which helps SMEs to have better access to finance;
* Banks can speed up the credit application process, reducing the lead time for financing significantly;
* New innovative tooling and services for SMEs (i.e. benchmarking and dash boards) will be made available by banks and other market participants.

The broad adoption of a structured data format within the Netherlands (and Europe) is further increasing the value of structured data (network effects) and is bringing down costs (economies of scale).

XBRL allows (contrary to PDF) fast and efficient machine-to-machine exchange of information and does in our view not harm the necessary viewing functionality for small investors or companies at all. The Dutch banks therefore suggest ESMA to make a clear choice for XBRL as preferred technical standard of the future and to develop a roadmap requiring issuers to file structured data in XBRL as of 2020.

<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>

No, there is no need for a wider assessment. We clearly see a need for a single electronic reporting format in Europe. Regulators and governments across Europe have adopted XBRL as the universal language of reporting. Dutch banks have introduced XBRL for credit risk reporting (based on both Dutch GAAP and tax accounting), lowering the administrative burden in the information supply chain. Using a structured electronic reporting format also leads to increased quality of the received data, significantly improving the credit scoring process.

This development helps companies to have better access to finance,

<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>

Yes, we do agree with the policy objectives.

PO1: electronic reporting should be easier for issuers compared to the current practices.

This can be achieved by using standards that are already in place within companies, intermediaries (accountants), regulators and banks across Europe.

<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, a further debate is necessary. Banks and other providers of financing require the same level of assurance from a structured electronic source as from an unstructured source. When both structured and unstructured data would be required, the audit debate would be even more relevant, since both sources would have to be cross-checked and audited. In the Netherlands, structured electronic reporting is replacing traditional (pdf and paper) reporting. Therefore, auditing of electronic structured data is a necessity.

<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>

We have some additions and remarks to your assessment of the current reporting processes. We do not agree that “the audit report does not lend itself well to transformation into a structured electronic format”. The Dutch XBRL program for annual reporting is currently mandating an electronic assurance program (SBR assurance), which will further improve the reporting process.

Recently, the Netherlands have passed a law which will require companies to file their annual reports with the Chamber of Commerce in XBRL only, phased over the next 4 years (either by submitting an XBRL file, or entering the data in a portal). Paper and PDF will not be allowed anymore.

<ESMA\_QUESTION\_ESEF\_4>

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

<ESMA\_QUESTION\_ESEF\_5>

In general, we do agree.

<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>

Yes, we agree with the chosen technologies.

<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>

Yes, the IFRS taxonomy is the structured electronic codification of the IFRS standards, formally prepared and published by the IASB; and should be used by ESMA if and when reporting in IFRS is required. Please note that for SMEs which source their funding requirements from bank reporting in Dutch GAAP is common practice and acceptable to banks.

<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>

Using regulatory and entity specific extensions is contradictory to the goal of standardization and poses additional technical challenges for receiving entities, but cannot be avoided in certain jurisdictions and for certain categories of (larger) companies.

<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>

Yes, we do agree.

<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.

As mentioned under our General Comments, for automated processing for credit risk analysis, all data in the annual report and other relevant credit data should be available in a structured electronic format.

<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>

No, we do not agree. We do not rank PDF as an electronic format as it does not allow machine-to-machine exchange of information. Furthermore,

requiring a non-structured format, next to a structured format, would mean that issuers would have to produce 2 reports for which they would likely ask (or be required to ask) assurance. This is an additional burden in the reporting process.

<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>

Since data is increasingly exchanged electronically from machine to machine, we prefer a single structured electronic format. We do not need unstructured data, since this format can easily be derived from structured data.

<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>

Yes, we do agree.

<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>

XBRL is our preferred solution. iXBRL only adds the possibility to add unstructured data and layout which can be misinterpreted or is ambiguous, and is not machine-readable.

The banking consortium has developed a highly-automated information supply chain, which requires unambiguous and high quality data.

<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>

No, we do not agree.
We prefer structured electronic reporting to be required as early as possible for any reporting type.

<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>

Yes, we do agree. In case member states do not have a taxonomy (XBRL or otherwise), there is no other option.<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>

Yes, we agree with this approach.<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>

Not relevant for us <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>

We prefer structured electronic reporting for SMEs to be required as early as possible.<ESMA\_QUESTION\_ESEF\_18>

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

<ESMA\_QUESTION\_ESEF\_19>

No, thanks <ESMA\_QUESTION\_ESEF\_19>