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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 quickly emerging as the default format for the exchange of business information in business reporting chains. We notice that the other two European authorities EBA and EIOPA as well as many countries, have already chosen to introduce electronic structured data for their prudential reporting. In almost all cases, the choice has been made for XBRL. We belief ESMA should take these developments into account when deciding upon the ESEF

<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, a wider assessment is not necessary. Many countries have already introduced an electronic reporting format after assessing the impact on all stakeholders, including reporters, regulators, investors, etc. In our opinion, an electronic format should be the standard for all business reports.

<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>

No, we do not agree.

PO1: In our opinion, an electronic structured data format should be beneficial for the entire business reporting chain as a whole. It reduces the combined administrative burden for producers and consumers (although this does not mean that all stakeholders will benefit equally).

The value of digital, structured, semantic data is so much higher than that of non-structured data. The whole process, from producer to consumer (investors, regulators) will change fundamentally. The benefits in the business reporting chain should not be set aside, by only focusing on the adoption and implementation process of the producer.

Other considerations: It is also important to follow the broader trends in standardization as many regulators around the world are adopting a structured electronic data format (EBA, EIOPA, national regulators, etc.)

<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. We believe electronic structured data should be the only object of an audit; i.e. there should not be an underlying business report. From a legal perspective, this data must be audited. This will definitely trigger the discussion on the audit of electronic structured data contained in the legally binding document.

The Netherlands are currently implementing an audit framework as part of the mandate for electronic filing of XBRL annual reports to the Chamber of Commerce (the national business registrar) by January 1, 2016. We advise the ESMA to take notice of this initiative.

<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>

The full list of countries using XBRL, and moving towards XBRL, is longer than is currently reported by ESMA. As a result in many EU Member States companies are moving towards the preparation of annual reports in XBRL format in accordance with the national law; either mandatory or voluntary. This includes all listed companies that will face ESEF. We believe ESMA should take into account all current uses of XBRL for the preparation and filing of annual accounts within the EU Member States. In addition, ESMA should also take notice of the global developments in this area and learn from these experiences.

<ESMA\_QUESTION\_ESEF\_4>

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

<ESMA\_QUESTION\_ESEF\_5>

Yes, in general we agree with the description of the technologies.

We believe XBRL to be the only appropriate format for ESF. It is already widely used within EU Member States for different types of business reporting. The use of structured electronic data can be rendered to meet the requirements of human users, but can also be used for automated analytical purposes or other innovative uses. We understand that the preparation of business reports in XBRL format is often perceived as complicated, but software solutions resolving his perception are emerging rapidly.

We prefer XBRL above iXBRL, but as long as the iXBRL document can be generated automatically from the XBRL data, we believe iXBRL can be a suitable solution. However, we believe that it will be simpler to have the consumer of the data render the XBRL data on demand.

<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 choice of technologies.

We are currently unaware of other widely accepted standards that meet the requirements of standardised electronic annual reporting.

<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, we agree.

The IASB's IFRS taxonomy endorsed by the EU should be used by ESEF. The nature of the IFRS taxonomy as well as specific local reporting requirements will require EU Member States to provide local IFRS entrypoints for filing IFRS-based annual accounts to local business registries. ESEF should support these local IFRS entrypoints or should provide an ESF-specific entrypoint.

<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>

No, we do not agree.

This question is based on an incorrect assumption about the way of using the IFRS taxonomy. As mentioned in the answer to question 7 the IFRS taxonomy as issued by the IASB has to be adapted for use in local reporting chains. The same applies for use within ESEF. As mentioned in question 7, ESMA should support the use of regulatory extensions from national jurisdictions published by recognized bodies (i.e. the local IFRS entrypoints).

The nature and scope of the extensions on (local or ESF) IFRS entrypoints could however be limited, based on strict guidelines issued by ESMA (similar but stricter than e.g. SEC's guidelines).

<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 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, we believe that the use of structured electronic data for all parts of the AFR (including half-yearly or quarterly reports as well as Corporate Social Responsibility, Integrated Reporting, etc.) will enhance effectiveness and comparability of this data.

ESMA should make sure that appropriate taxonomies are accessible; either developed by themselves, by national regulators or by third parties (e.g. GRI or IFRS).

<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 completely disagree with the use of non-structured electronic reporting. PDF should not be the mandatory format for reporting.

We believe only a structured electronic format should be mandated as the primary ESEF format in line with the Digital Agenda for Europe and the choices made by ESMA’s sister authorities, EBA and EIOPA. Non-structured reports can always be derived from structured data. Structured data has many advantages above non-structured data as explained earlier. Using XBRL as the structured data format allows systems to produce, analyse and consume financial data as well as render the financial statements in human readable formats as HTML (including iXBRL), PDF, ODF or others.

ESMA should refrain from requesting both formats. When both structured and unstructured formats are requested, companies will have to prepare both versions, adding to the reporting burden. It also raises some significant legal questions which of these documents can be considered to be the actual filing.

<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>

No, we do not agree.

We believe a single electronic format, only containing structured data, is the best option. At any moment, a non-structured, format can be derived from the structured data. As mentioned in the answer to question 11, requiring reports to be published in two different formats leads to additional administrative burden, restricts the industry in flexible information exchange, is error prone and unnecessary.

In our opinion, ESMA should opt for option C (Full AFR in structured data) and use structured data as a single filing format.

<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 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>

We believe XBRL can provide an effective and cost efficient solution to satisfy the ESMA filing requirements. It is unambiguous, can be consumed by computers and by humans (either by an unambiguous viewer, or by customized analytical tools).

iXBRL adds a human-readable representation (the HTML part) that might include the XBRL facts (but not necessarily does so), and could include additional information (text, numbers, formatting) that is not machine-interpretable.

In our opinion XBRL is the preferred solution above iXBRL.

<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.

Companies that use IFRS for both their consolidated and individual financial statements should be allowed to use the chosen reporting format in the first stage as this will be more efficient for companies, auditors, regulators, users and the software industry to introduce the structured electronic format for both financial statements.

ESMA should also allow companies that use XBRL in combination with national GAAP taxonomies for their individual financial statements to file their individual financial statements using this format. Only in the case that no national GAAP taxonomy exists, companies should be permitted to file in a different format.

<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 agree.

As mentioned in question 15, if no national GAAP taxonomy exists, and no reasonable alternatives are available, a different approach is necessary, and thus should be acceptable.

<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>

No, we do not agree.

Taxonomies should be developed by national regulators or standardization organizations. A taxonomy is the legally binding version of (national) reporting laws and regulations. National regulators are responsible for their own legal frameworks; in our opinion a taxonomy is the digital expression of this framework.

ESMA should also take into account that several EU Member States already are using XBRL taxonomies for national GAAPs and replacing these taxonomies by a new EU core taxonomy will lead to significant additional costs and complexity for all involved.

<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>

Yes, we agree.

However, if a third country taxonomy already exists, companies should use that taxonomy. The advantage is that the annual accounts will be available in a structured data format, but will not increase the administrative burden for these companies.

<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>

No, we do not agree.

We are not in favour of a phased approach for SMEs. We believe that a single electronic format can be implemented by all companies by 2020.

<ESMA\_QUESTION\_ESEF\_18>

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

<ESMA\_QUESTION\_ESEF\_19>

We would like to emphasize that in our opinion:

* A structured data format is to be preferred above a non-structured data format
* XBRL is the most appropriate and cost-effective structured data format

ESMA should not only use its ESEF for the filing of annual accounts, but also consider this format for other relevant information (including non-financial information and information on corporate actions);

<ESMA\_QUESTION\_ESEF\_19>