

ESMA extends consultation on the European Single Electronic Format (ESEF)

The Transparency Directive (TD), in order to facilitate access, analysis and comparability of financial information, requires issuers listed on regulated markets to prepare their Annual Financial Reports in a single electronic reporting format from 1 January 2020. The European Securities and Markets Authority (ESMA) is mandated to develop draft Regulatory Technical Standards (RTS) to establish this electronic reporting format.

ESMA is currently seeking views on its Consultation Paper (CP) and the preliminary cost-benefit analysis (CBA) and, to provide stakeholders with sufficient time to respond to the consultation, is extending the deadline for comments until 18 January 2016.

Key proposals in ESMA's ESEF CP

As many users currently do not have the means to access data in a structured electronic format, ESMA proposes requiring issuers to file and publish the Annual Financial Reports in PDF, as it is a format already accepted or required in all EU jurisdictions and admissible in legal proceedings.

In addition, ESMA suggests requiring issuers to make public their consolidated IFRS financial statements in a structured electronic format from 1 January 2020. Based on the preliminary results of the CBA, ESMA proposes to make use of either the XBRL or iXBRL technologies. The IFRS Taxonomy developed by the IFRS Foundation should be used as a hierarchical structure to transfer financial information into structured data for the electronic reporting of IFRS financial statements.

Considering that not all national accounting standards have taxonomies, ESMA proposes that the issuers' separate financial statements should only be required to be published in a structured electronic format at a later stage.

ESMA is seeking views on whether stakeholders believe that it is necessary to take into account the specificities of Small and Medium Enterprises (SMEs) when implementing the ESEF.

Cost Benefit Analysis

To enhance its analysis of the ESEF requirements and define the technology suitable for the ESEF, ESMA carried out a preliminary CBA. This assessment showed that XBRL and iXBRL appear to be the preferred technological option for the ESEF, while evidence from international markets supported XBRL as a "de facto" international standard.

In order to underpin its preliminary analysis, ESMA seeks views on the proposals that the Annual Financial Report should be published in PDF format with, in addition, IFRS consolidated financial statements reported as structured electronic data in XBRL or iXBRL.