



**Brussels, the 8th of October 2013**

**EUROPEAN SECURITIES MARKET  
AUTHORITY  
11-13 Avenue de Friedland,  
75008 Paris, France**

**Ref.: Consultation paper – Guidelines on enforcement of financial information**

Dear Madam, Dear Sir,

XBRL Europe is pleased to transmit herewith our response to your Consultation in reference. We have answered the questions that we believe are related to our concerns.

We would like to mention that XBRL Europe shares the views developed by organisations members of its community

Being at your disposal for any further information you would like to obtain on electronic reporting through the use of the XBRL standard, we remain

Yours sincerely,

A handwritten signature in black ink, appearing to be "Gilles Maguet". The signature is stylized with long, sweeping strokes.

Gilles Maguet  
Secretary General  
**XBRL Europe**  
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**CONSULTATION**  
**FROM**  
**THE EUROPEAN SECURITIES MARKET AUTHORITY**

**Consultation Paper**  
**ESMA Guidelines on**  
**enforcement of financial**  
**information**

**ANSWERS FROM XBRL EUROPE**

## **Q1 - Do you think that these guidelines will improve the quality and consistency of financial reporting?**

On page 6 paragraph 6 of the text of the consultation, it is mentioned that: “These proposed guidelines apply in relation to the enforcement activities carried out to ensure that financial information in harmonised documents provided by issuers whose securities are admitted to trading, and by issuers who have applied for admission to trading of their securities, on a regulated market comply with applicable requirements. This includes:

- a. financial information of issuers already listed on a regulated market who are subject to the Transparency Directive, as required by that Directive;
- b. financial information of issuers from third countries who use reporting frameworks which have been declared equivalent to IFRS, according to Commission Regulation no 1569/2007, and are listed or seeking listing in the EU Single Market;
- c. financial information included in prospectuses by issuers applying for admission on a regulated market, as required by the Prospectus Directive (as disclosed further in the section “Enforcement activities”, further discussion on this matter is currently held).”

XBRL Europe is of the opinion that these guidelines will improve the quality and the consistency of the financial reporting, especially if these are developed in consistency with the development of the regulatory standards including XBRL, as written in the newly voted transparency directive.

XBRL Europe recognizes these guidelines as part of a more general work started some years ago of development of standards, in which XBRL has a large role to play, to improve transparency, through accessibility, analysis and comparability, and thus to improve the filing, the storage, the access, the use, the quality and the consistency of the financial reporting of listed companies in Europe.

Excerpt of the transparency directive “(21a) A harmonised electronic format for reporting would be very beneficial for issuers, investors and competent authorities, since it would make reporting easier and facilitate accessibility, analysis and comparability of annual financial reports. (...) ESMA should develop draft regulatory standards for adoption by the Commission, to specify the electronic reporting format, with due reference to current and future technological options, such as eXtensible Business Reporting Language (XBRL).”

For the provision of “financial information in harmonized documents provided by issuers” as mentioned in the text of the consultation page 6 paragraph 6, XBRL Europe would like to acknowledge the views of the European Commission to consider XBRL as an important option to consider as the single electronic reporting format. XBRL Europe is convinced that the use of the XBRL standard as the single electronic format for reporting and as mentioned in the directive will facilitate through possibly the OAMs, the filing, the storage, the publication, the accessibility and the use of this financial information.

Also the article 22 of the transparency directive (Access to regulated information at the Union level) underlines that *“In developing the draft regulatory technical standards, ESMA shall take into account the technical requirements for the system of interconnection of business registers established by the Directive 2012/17/EU of the European Parliament and of the Council”*.

The Business Registrars participating to XBRL Europe welcome any initiative to share compatible technical standards between ESMA and BRIS (the future Business Registers Interconnection System). They will surely benefit from the study lead by ESMA and from any new mechanism developed at a cross border level for the electronic filing of consolidated financial statements for listed companies. As many of the Business Registers in Europe use or consider XBRL for the electronic filing or publishing of financial statements (and millions of XBRL balance sheets are today available in Business Registers), they consider XBRL as one of the best common standards to facilitate cross border convergence, comparison and access to the financial information of all the registered companies.

## **Q2: Do you have any comments on the potential costs to the financial reporting community of any aspects of these proposals?**

XBRL Europe is of the opinion that not setting up these European guidelines and the related technical standards described above - including XBRL - will continue to cost a lot to the whole European related professions like investors, analysts, users, preparers and regulators. There are considerable hidden costs associated with the current processes and systems to produce, validate and render the information in usable data. XBRL Europe is of the opinion that not implementing these European guidelines will cost much more than the additional investments costs for implementing the directives and related technical standards.

The potential costs to the financial reporting community through the introduction of a common technical standard will be the implementation cost needed to embed the technical standard in the reporting processes and systems of the reporting companies as well as the receiving parties such as the OAMs. However, as many software vendors have been including support of the open XBRL standard in their reporting solutions already, this effort can be limited for reporting companies. Also much experience is available with many government agencies across Europe that have implemented the XBRL standard for business-to-government reporting already. This experience can be leveraged by other EU countries.

A key aspect of the costs incurred will be the return on these investments by providing access to the data reported to the capital markets in order to truly benefit from this common technical standard. Other return for companies reporting using a common technical standard such as XBRL will be the control that companies can have over the digital consumption of their reports. Nowadays many mistakes are being made by rekeying the reports from companies in analytical systems. XBRL Europe expects that the use of a common technical standard will greatly enhance the quality of the data as such.

To enable the cross border exchange and analyses of electronic company reports, XBRL Europe is of the opinion that the governance of the technical standard should include the alignment of the application of the technical standard in such a way that country-specific reporting practices can also be supported by the technical standard. As many companies are reporting in multiple EU countries, XBRL Europe expects that this would also contribute to cost efficiencies at a company level.

**Q3: Do you agree that a common European approach to the enforcement of financial information is required in order to avoid regulatory arbitrage by issuers? In this context, regulatory arbitrage refers to the position where an issuer's choice of the market on which to list its securities may be influenced by different approaches to enforcement being applied in different European jurisdictions**

XBRL Europe is of the opinion that, a common European approach to the enforcement of financial information is absolutely necessary to avoid regulatory arbitrage/competition between the EU countries. A vital part in this approach is the definition and use of a common technical standard by all EU countries in order to gain economic growth from transparency in the European financial markets.

### **About XBRL**

Contact: [www.xbrl.org](http://www.xbrl.org)

*XBRL, eXtensible Business Reporting Language, is an open standard for the electronic communication of business and financial data which is revolutionising business reporting around the world. XBRL is being developed by an international non-profit consortium of approximately 600 major companies, organisations and government agencies. Based on XML and internet interoperability, it provides major benefits in the preparation, analysis and communication of business information. It offers cost savings, greater efficiency and improved accuracy and reliability to all those involved in supplying or using financial data. The idea behind XBRL is simple. Instead of treating financial information as a block of text - as in a standard internet page or a printed document - it provides an identifying tag for each individual item of data. This is computer readable. For example, company net profit has its own unique tag. It is already being put to practical use in a number of countries and implementations of XBRL are growing rapidly around the world.*

### **About XBRL Europe**

Contact: [gilles.maguet@xbrl-eu.org](mailto:gilles.maguet@xbrl-eu.org) (XBRL Europe Secretary General)

*XBRL Europe is an international non profit organisation (association internationale sans but lucratif) based in Brussels in the Fédération Européenne des Experts Comptables premises, set up to foster European XBRL efforts and to implement common XBRL projects in Europe between its members and to liaise with European Authorities and organisations.*

*Members of XBRL Europe are XBRL Belgium, XBRL Denmark, XBRL Germany, XBRL France, XBRL Italy, XBRL Luxembourg, XBRL Netherlands, XBRL Spain, XBRL United Kingdom and XBRL International) and with direct members (The European Federation of Financial Analyst Societies, Deloitte Innovation BV, Bermuda Monetary Authority, Fujitsu Poland EMEA, Infogreffe, THEIA Partners, Ernst & Young EMEIA, Bank Al Maghrib (Central Bank of Morocco)), BR-AG Poznan, Atos International and UB Partners. The European Commission (DG Internal Market) is an observer and a regular attendee of XBRL Europe events and Working Groups.*