

PRESS RELEASE

New rules make EU issuers' annual financial reports machine-readable

The European Securities and Markets Authority (ESMA) publishes today the final draft Regulatory Technical Standards (RTS) setting out the new European Single Electronic Format (ESEF). Starting from 2020, this format shall be used by all issuers to prepare their annual financial reports. ESMA also publishes a reporting manual and detailed instructions to issuers to facilitate the implementation of the RTS.

Steven Maijoor, Chair, said:

“The draft RTS published today is a significant step forward in the digitalisation of financial information of European issuers. The introduction of the new reporting format in 2020 will make financial statements more accessible and more easily comparable for investors across the EU, supporting transparency and contributing to increased investor protection.”

“The single electronic format detailed in the RTS allows the analysis of large amounts of financial information without extensive and burdensome manual processing, and will provide users of financial data with financial information that can be easily compared and transformed to other formats.”

“The draft RTS provides clear instructions and guidance to issuers when preparing their transition to the European Single Electronic Format. To develop the RTS, ESMA has engaged extensively with market participants and organised field tests with issuers.”

Starting in 2020, all annual financial reports shall be prepared in XHTML. This format can be opened with standard web browsers and can be prepared and displayed depending on the preferences of an individual issuer. Where the annual financial report contains IFRS consolidated financial statements, these shall be labelled with XBRL tags, making the labelled disclosures structured and machine-readable. This facilitates software supported analysis and comparison of different reports, granting investors a key tool to support their investment

decisions. Furthermore, as XBRL taxonomies can contain labels in several languages, users can compare numerical information in the financial statements across issuers even though the issuers prepare their financial statements in different languages. In addition to that, for individual users of financial data, the machine-readable XBRL information is easily transformable to other formats such as SQL or Excel, avoiding onerous manual rekeying. The XBRL *tags* will be embedded in the XHTML document using Inline XBRL.

To allow for structured electronic reporting using XBRL, ESEF uses an extension of the [IFRS Taxonomy](#), issued by the IFRS Foundation. This taxonomy provides issuers with a set hierarchical structure to be used to classify financial information.

Next steps

Once implemented, ESEF could serve as a potential reference point for further EU wide initiatives to make company data more comparable, transparent and digitally accessible, as envisaged in the [Tallinn declaration on eGovernment](#) signed by all EU Member States and EFTA countries earlier this year.

Notes for editors

1. [Final report on the RTS on the European Single Electronic Format \(ESMA32-60-204\)](#)
2. [Briefing note - Preparing for 2020: ESEF field tests and reporting manual \(ESMA71-99-670\)](#)
3. [ESEF reporting manual \(ESMA32-60-254\)](#)
4. [Webpage on ESEF](#)
5. ESMA's mission is to enhance investor protection and promote stable and orderly financial markets.

It achieves these objectives through four activities:

- i. assessing risks to investors, markets and financial stability;
 - ii. completing a single rulebook for EU financial markets;
 - iii. promoting supervisory convergence; and
 - iv. directly supervising specific financial entities.
6. ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board, and with national authorities with competencies in securities markets (NCAs).

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