

## PRESS RELEASE

### **ESMA continues to focus on convergence in enforcement of IFRS across the EU**

The European Securities and Markets Authority (ESMA) today publishes its 2017 annual report on the enforcement and regulatory activities of accounting enforcers within the European Union (EU).

In 2017 ESMA and European Enforcers continued to engage in regular supervisory convergence activities on IFRS. Moreover, considering the new standards IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*, in October 2017 ESMA published the results of a separate [fact-finding exercise on the](#) transitional disclosures regarding these standards. In addition, ESMA conducted a Peer Review on the application of its Guidelines of Enforcement of Financial Information by the National Competent Authorities (NCAs).

Steven Maijoor, Chair, said:

“The convergence of supervision of IFRS financial statements continues to be an important area of activity for ESMA and European enforcers, and the 2017 Activity Report shows their commitment to the harmonisation of the application and enforcement of financial information in Europe. Whilst the Peer Review carried out in 2017 highlighted some areas for improvement, it also helped identify good practices across different European jurisdictions. It confirmed that since their publication in 2014, the Guidelines have significantly contributed to strengthening supervisory convergence.

“ESMA and NCAs are focusing now on the new standards that came into force this year, and which introduced significant changes to financial statements. It is of fundamental importance that issuers ensure high-quality implementation of IFRS 9 and IFRS 15, and provide relevant and comprehensive information on the expected impacts on the financial position and performance of the entity.”

In the course of 2017, national enforcers reviewed the financial statements of about 1,100 issuers (approximately 19% of issuers of securities listed on EU regulated markets), which led

to action against 328 (32%) of the issuers examined. Among those, for the purpose of assessing compliance with the [2016 European Common Enforcement Priorities](#), EU enforcers scrutinised the financial statements of 204 listed issuers. The examinations resulted in enforcement actions against 56 issuers (27%) related to the enforcement priorities assessed.

The other areas where most infringements were identified by European enforcers remained the same comparing with 2016 and 2015, and related mainly to presentation of financial statements, accounting for financial instruments and impairment of non-financial assets.

### **Next steps**

In 2018 accounting enforcers will focus on the disclosure of the expected impact of the implementation of the new standards IFRS 9 and IFRS 15 in the period of their initial application.

Furthermore, in light of the emphasis on transitioning to a sustainable financial system in the EU and the new requirements regarding the disclosure of non-financial information, ESMA will coordinate the enforcement activities related to both non-financial and corporate governance information.

## Notes for editors

1. [ESMA32-63-340 2017 European Common Enforcement Priorities](#)
2. [ESMA32-63-424 Enforcement and Regulatory Activities of Accounting Enforcers in 2017](#)
3. [2016-1528 European common enforcement priorities for the 2016 annual financial statements](#)

The Statement on Priorities identifies topics which ESMA, together with European national enforcers, see as key areas when they examine listed companies' annual financial statements and are published in advance. The common enforcement priorities focus on recurring issues identified in the application of IFRS requirements and the current economic climate where it may pose challenges to issuers. ESMA publishes annually these common enforcement priorities for financial priorities in advance of stakeholders finalising their annual financial statements.

4. [ESMA42-111-4138 Peer Review on the Guidelines on Enforcement of Financial Information](#)
5. [ESMA's Guidelines on Enforcement of Financial Information](#) These Guidelines became effective on 29 December 2014.
6. ESMA's mission is to enhance investor protection and promote stable and orderly financial markets. The mission is based on the three objectives of:
  - investor protection;
  - orderly markets; and
  - financial stability.

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.
7. ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with NCAs and securities markets regulators, in particular the European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA).

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