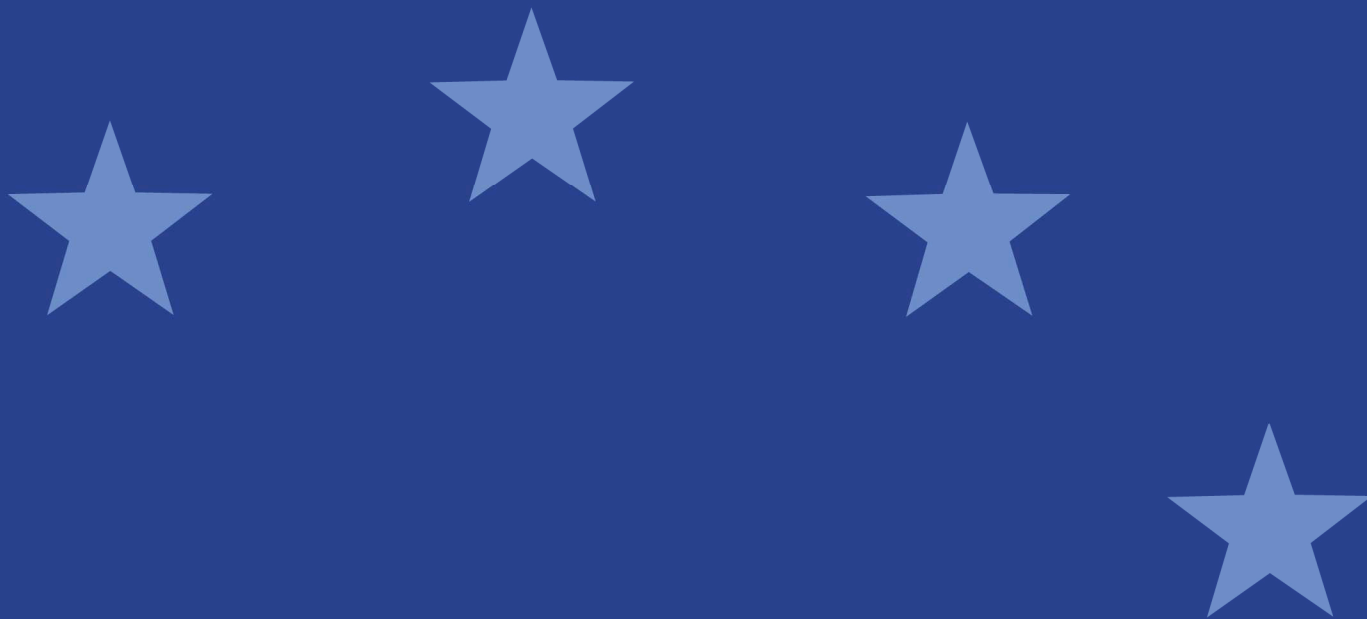




European Securities and
Markets Authority

Reply form for the Consultation Paper on the European Single Electronic Format (ESEF)



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 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 under the headings 'Legal notice' and 'Data protection'.

Introduction

Please make your introductory comments below, if any:

<ESMA_COMMENT_ESEF_1>

This answer has been prepared by XBRL Europe, on behalf of XBRL International, which represents the XBRL community in Europe and world-wide.

XBRL Europe is a nonprofit organization affiliated to XBRL International.

XBRL Europe coordinates European wide activities for its members which includes European XBRL jurisdiction of XBRL International (Belgium, Denmark, Germany, Finland, France, Italy, Luxembourg, Netherlands, Spain, Sweden, United Kingdom) and direct members.

The answer has been prepared by an ad-hoc committee and has been endorsed by all of its members through an endorsement process and authorized by the XBRL Europe Executive Committee.

This XBRL Europe ad-hoc committee was comprised of 3 co-chairs:

- Hans Buysse - EFFAS - XBRL Europe - Financial Analyst
- Gilles Maguet - Secretary General XBRL Europe
- Bruno Tesnière - XBRL France Chair – Auditor

And the following members:

- John Turner - CEO XBRL International
- Maciej Piechocki - XBRL Germany – Consulting
- Hans Verkruijsse - XBRL Netherlands – Academic
- Peter Calvert - XBRL UK - IT expert
- Philip Allen - XBRL UK - IT Expert
- Pierre Hamon - XBRL France - Accounting and IT Expert
- Géraud Amic - XBRL France - Accounting expert
- Thomas Verdin - XBRL Europe – Consulting
- Daniel Eidelman - XBRL Spain – Consulting
- Ignacio Boixo - XBRL Spain - Central bank
- Eugenio Virguti - XBRL Italy – Academic
- Elina Koskentalo - XBRL Finland - IT expert

For further information please Contact: Gilles Maguet Secretary General XBRL Europe - gilles.maguet@xbrl-eu.org - + 33(0)671623119 – www.xbrleurope.org – www.xbrl.org
<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 such impact assessment is needed.

Many consultations and discussions on the merits of a Single Electronic Format (SEF) took place in preparation for the Transparency Directive.

As demonstrated in the CBA, many countries and sectors already have great experience with a SEF, particularly in XBRL.

ESMA's sister authorities, EBA and EIOPA, have already chosen to implement and use a SEF based on XBRL for their prudential reporting.

Further assessment would incur unnecessary additional costs and delays in implementing a SEF.

<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>

We agree with the general policy objectives. However a specific focus on saving costs should at least be part of objectives 3 and 4.

Related to paragraphs 28 and 29, we recommend that ESMA, EBA and EIOPA examine any benefits from synergies in their Single Electronic Format

<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.

Electronic structured data gives a new dimension to the timeliness, accessibility and comparability of financial information. As usage of electronic financial information develops and users place more and more emphasis on electronic information, requirements for trustworthiness and reliability will also increase.

The question of the audit of electronic information has been raised in every market where electronic structured data such as XBRL has been implemented for financial reporting. However, usage is still developing, so requirements for the audit of electronic structured data remain limited. Discussion on such auditing has been taking place in countries such as India, Japan, Netherlands, South Africa, United Kingdom and the United States. This debate should also take place in Europe as a whole.

We anticipate that in markets where electronic structured data is already in place a requirement for the auditing of electronic financial information will in due course become the norm and be expected by users. In this context we encourage ESMA to engage in discussion with market participants to address the question of the audit of electronic financial information.

<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>

Yes

ESMA should take full account of all the current uses of XBRL for reporting of company accounts around Europe, including for example in Belgium, Denmark, Estonia, Ireland, Germany, Netherlands, Spain and the UK.

We give further consideration on other elements to be considered in our response to question 19.
<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, but the description of iXBRL in paras 78 to 80 needs some correction. The use of iXBRL is simpler than described in this section of the consultation document. iXBRL merely provides a presentation format. In other respects, iXBRL **is** XBRL. iXBRL simply means the inclusion of XBRL tags within ordinary, human-readable XHTML documents. This avoids the need for a separate means of converting XBRL data into human-readable form. The same rules apply to taxonomy extensions whether iXBRL or XBRL is being used. iXBRL **does** allow the publication of layouts. Issuers in the EU are using iXBRL for reporting company accounts to tax authorities and other official bodies, although not to OAMs.

<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.

<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>

We agree with the use of the IFRS taxonomy issued by the IFRS Foundation as a basis for reporting under IFRS.

The list of elements contained in the present IFRS taxonomy describes required disclosures under IFRS and a number of common practice disclosures.

However we consider that the IFRS Taxonomy requires completion in order to be ready for immediate use by issuers. It provides basic content and building blocks which are intended to be adapted by users to suit their requirements through an extension taxonomy. An EU extension is required to ensure that data reported under IFRS can be properly represented in XBRL and compared across companies.

Only with such an extension will a large range of critical IFRS data be reported in XBRL.

As the IFRSs are formally endorsed by the European Union, we agree that the IFRS taxonomy should also be formally endorsed.

ESMA's implementation of XBRL should go through a testing phase to ensure the IFRS taxonomy and its extension provide a basis for efficient and comparable filing by companies.

<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 believe that Regulatory or national extensions may be required to add extra data (elements) at the national level. ESMA should allow these, although they should be specifically authorized by ESMA. Entity level extensions (again, to add extra data) should also be permitted but only where essential.

The general intention is to prevent such extensions from amending the basic content and relationships defined at the European or IFRS levels, so that comparability across countries and entities is maintained.

To the extent that data elements are common across Europe, we would expect them to be added directly into the IFRS taxonomy itself.

We believe that this approach best matches the data modeling process at European, national and entity levels, and is the best suited to minimization of impact on issuers and users.

<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>

We agree with the proposed approach in relation to the taxonomies of third countries GAAPs deemed equivalent to IFRS.

The question of the jurisdictions using taxonomies based on GAAPs deemed equivalent to IFRS constitutes a secondary problem in respect of the principal one, which is the choice of a SEF for the EU Member States.

<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, to ensure the most effective use of digital structured reporting, the best approach is to apply it for any aspect of reporting. We believe that further assessment of the use of digital structured reporting for all parts of annual reports – and also half-yearly reports – should be made. The use of a single approach, with one implementation, single assurance processes at preparers' side and single investment for software vendors, will always be the most cost effective for all parties and will enhance effectiveness and comparability.

For example, taxonomies may be developed to cover standard, key data in the Audit Report as well as on Corporate Social Responsibility, Integrated Reporting and Carbon Disclosure.

<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 do not agree with the use of PDF as the mandatory format for reporting. XBRL should be mandated as the primary format in line with the Digital Agenda for Europe. A single XBRL filing should be used to encompass both structured and unstructured data.

Any XBRL reporting project **MUST** provide a means of viewing the XBRL filing itself in a human-readable, understandable and familiar format. This is **essential** to ensure the filing is complete, accurate and consistent. Both preparers and consumers require such a rendering mechanism. All major XBRL projects around the world provide an appropriate mechanism, although the specific technique used may vary with circumstances and form of data. The suggested approach for ESMA is covered in the answer to question 14.

The use of a separate, disconnected textual format, such as PDF, does **not** provide a solution to the rendering of the XBRL filing itself. It also presents serious problems for issuers, regulators, auditors, investors, consumers of AFRs and other stakeholders. How are users to verify that a PDF report and XBRL file are consistent? If they differ, which is the correct, official version? If a human-readable version of an XBRL report is provided, covering both structured and unstructured data, any separate filing in a text-only format such as PDF is unnecessary and simply adds to cost and complexity. Projects which have attempted a dual-format approach have faced various difficulties and none appear to regard it as an

appropriate long-term solution. For example, the US Securities and Exchange Commission is reviewing the replacement of its current two-document filing system, which it believes it is not sustainable, with a single document approach.

This does not prevent issuers providing supplementary PDF versions of AFRs, for example on their websites, if they wish. For regulatory purposes, however, it should be noted that PDF is de facto a proprietary format owned by a single software company (that is not even based in Europe). PDF is not a suitable format for mandatory use in the EU.

The answers to questions 12-14 relating to the use of a single XBRL solution for the full AFR are also relevant to the response to this question.

<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. The option of providing a PDF filing in addition to an XBRL filing is unnecessary and inappropriate. Please see the answer to question 11. The correct approach is to provide an XBRL filing which also includes any unstructured data. This does NOT mean that a taxonomy is required for the unstructured data. iXBRL and potentially other XBRL solutions may be used to provide a single filing which includes structured and unstructured data.

<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 recommend that ESMA establish a technical study to look at the merits of available XBRL solutions and advise on the route forward. iXBRL can meet the requirements set out in the consultation document by covering both structured and unstructured data in a single filing. However, other XBRL solutions may also satisfy the same requirements.

This is related to the issue of audit covered in question 3. We note that ESMA is anyway proposing in para 167 the setting up of a technical study on the desirability of a core EU taxonomy development. We believe that ESMA should consult technical experts and review existing experience in EU member states and elsewhere before confirming its detailed plans.

<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 report under IFRS for their individual financial statements should also align to this timing. We strongly believe it is more efficient for companies, auditors, regulators, users and the software industry to introduce the chosen electronic format for both consolidated and individual financial statements.

For companies not reporting under IFRS, we refer to the answers to questions 16a and 16b.

<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.

<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>

We agree that ESMA should establish a technical study on the feasibility and benefits of the development of an EU core taxonomy. However, this is not a straightforward issue. The Accounting Directive sets out general principles and high-level reporting requirements but it is not yet clear how far it will succeed in harmonizing detailed reporting under disparate European country GAAPs. It is thus uncertain how far a core taxonomy can go in providing comparable data from countries with disparate GAAPs. A technical study can analyze these issues. It may be necessary to keep the issues under review as national reporting evolves under the impact of the Directive. A core taxonomy might help countries develop their own taxonomies as long as it identifies genuine comparable data. However, it should be noted that a number of countries already have their own taxonomies for national GAAPs and, for them, any need to incorporate a new core taxonomy might increase costs and complexity for stakeholders.

We recommend that ESMA's technical analysis should take account of the efforts already made by XBRL Europe and the BRWG (Business Register Working Group), in its pilot project on 'Cross border rendering of financial statements'.

This has already created a basic European taxonomy called xEBR CRT – XBRL Europe Business Registers Core Reference Taxonomy. This covers the company profile (aligned with the European Commission's core business vocabulary) and the primary financial statements (aligned with the Accounting Directive). Work is proceeding on mapping this to local GAAP taxonomies.

<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.

Financial statements under third country GAAP should be made available in their locally required format.

<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. Listed SMEs reporting under IFRS should provide their consolidated or individual financial statements in the first phase of a SEF.

Extending transition periods across different sections of industry makes little sense. It means that users have a longer period to wait for structured data. It means that national supervisors will spend a longer time in a transition period and dealing with 'problems of the new' and bear additional costs associated with supporting parallel work flows.

Including SMEs will increase the size of the market and increase the incentive for software vendors, who are a key part of the equation, to serve the new market. This is particularly important in Europe, where it is desirable to encourage the innovative, local software industry to serve the new mandate. A phased approach would make it more likely that implementation will come to be dominated by international software players, rather than local European ones.

Listed SMEs are entirely capable of coping with the transition to a SEF. In the UK, for example, all companies, small and large, unlisted and listed, were included in mandatory filing in iXBRL from the outset, without any significant problem.

SMEs would greatly benefit from the exposure of their AFRs through a SEF. Development of the Capital Market Union would be very favorable to all categories of enterprises within the EU. However, to facilitate access by SMEs to those markets, availability of financial information in a standardized format is necessary.

<ESMA_QUESTION_ESEF_18>

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

<ESMA_QUESTION_ESEF_19>

The questionnaire appears to have covered all aspects of a single electronic format for Annual Reports of listed companies in Europe.

- We fully agree with the choice of XBRL / iXBRL as the single electronic format for filing the reports.
- We believe that only one format of filing is the best solution.

Solutions which involve XBRL and iXBRL will allow national requirements and characteristics to be met while preserving the objectives of the EU's digital plan.

We believe that ESMA should carry out further technical assessment of the preferred format for filing, including the rendering in a human-readable format of the XBRL filing, and the detailed structure and content of the taxonomy. This work should be carried out by appointed groups of experts and should include careful study of XBRL projects in Europe and formal exchanges with regulators, preparers and users. In particular, ESMA should consult those who have established working programs in Europe for the reporting of full company accounts – especially those under IFRS. This will help to ensure full acceptance of the proposed reporting regime.

ESMA should note that:

- The European Commission has convened the European Multi-Stakeholders Platform on ICT Standardization (MSP-ICT), which is promoting XBRL (among other specifications) as “Identified Standard”, according to the REGULATION (EU) No 1025/2012. See details at <http://standards.eurofiling.info/>.
- The European Committee for Standardization (CEN) convened the CEN Workshop 'WS XBRL' (Improving transparency in financial reporting) to standardize the usage of XBRL within the European and National Supervisory Authorities community. The final results were adopted by the CEN, and then officially published at <http://www.cen.eu/work/areas/ICT/eBusiness/Pages/WS-XBRL.aspx>.

Other points for ESMA to consider are:

- Extend structured electronic filing to other parts of the AFR, including, for example, the Audit Report, Statements on Carbon Disclosure and the like.
- Extend structured electronic filing to other reports, including Corporate Actions announcements by companies and press releases containing key financial data points. Such releases, typically published after market close, often heavily influence markets. Representation of key financial information in structured form would aid financial analysts across the European Union at minimal cost.
- Consider the granularity of the XBRL report as far as notes to financial statements are concerned.

<ESMA_QUESTION_ESEF_19>