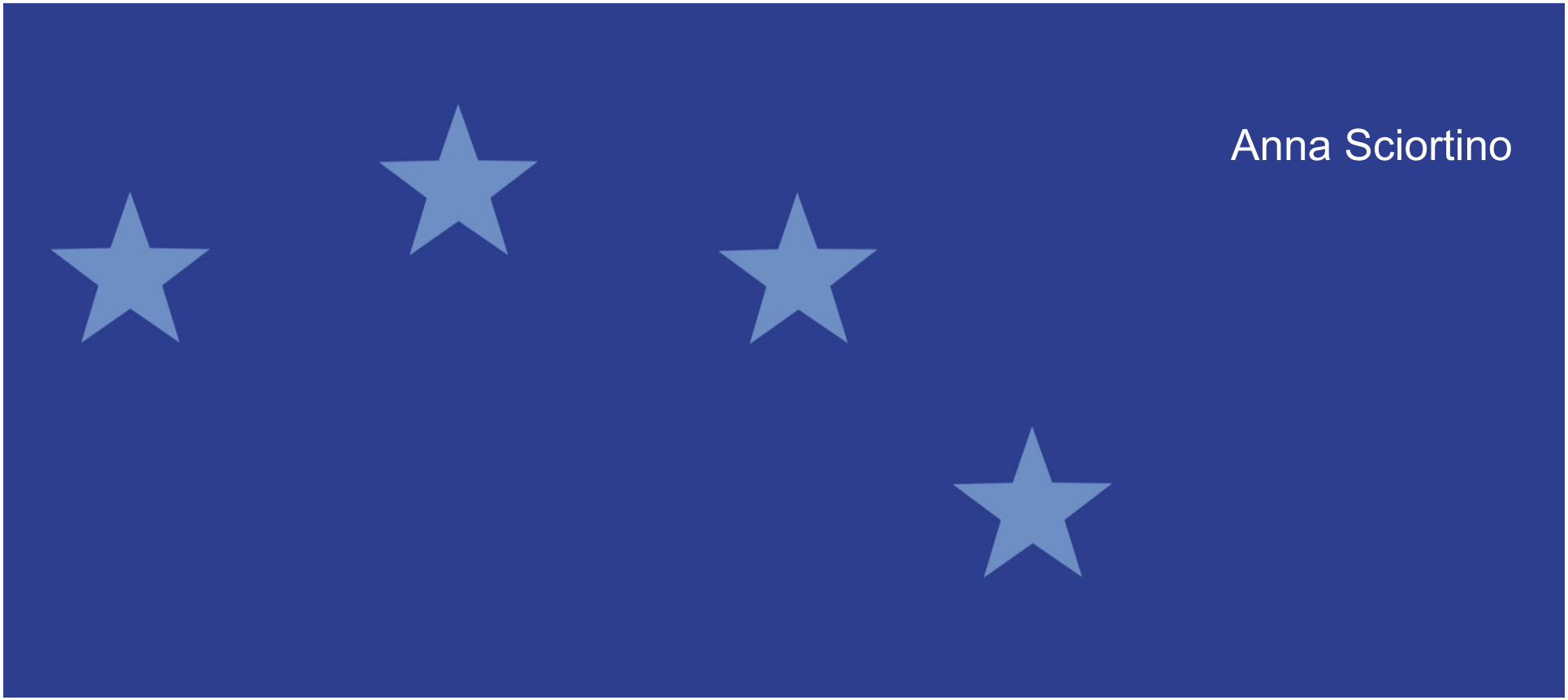
22 October 2019

esma European Securities and Markets Authority

The European Single Electronic Format
An introduction to ESMA's RTS



Anna Sciortino

ESEF Mandate for ESMA

ESMA's mandate on the ESEF is contained in the revised Transparency Directive*

Article 4(7) states that

"*ESMA shall develop draft regulatory technical standards to specify the electronic reporting format*"

Recital (26) points out that:

*A **harmonised** electronic format […] would*

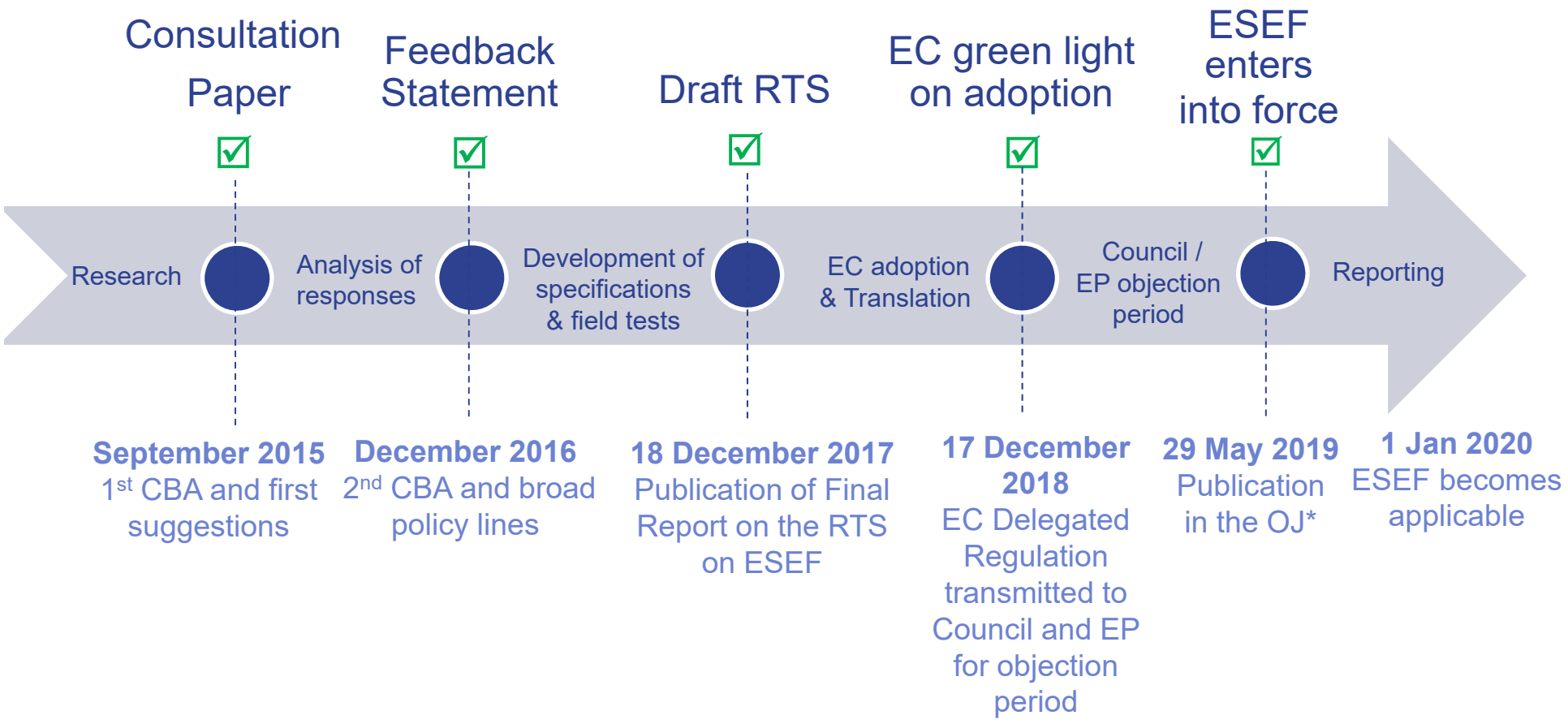
- *make reporting **easier***
- *facilitate **accessibility**,*

analysis

*and **comparability** of annual financial reports.*

*Directive 2004/109/EC as revised by Directive 2013/50/EU

An overview of the development process

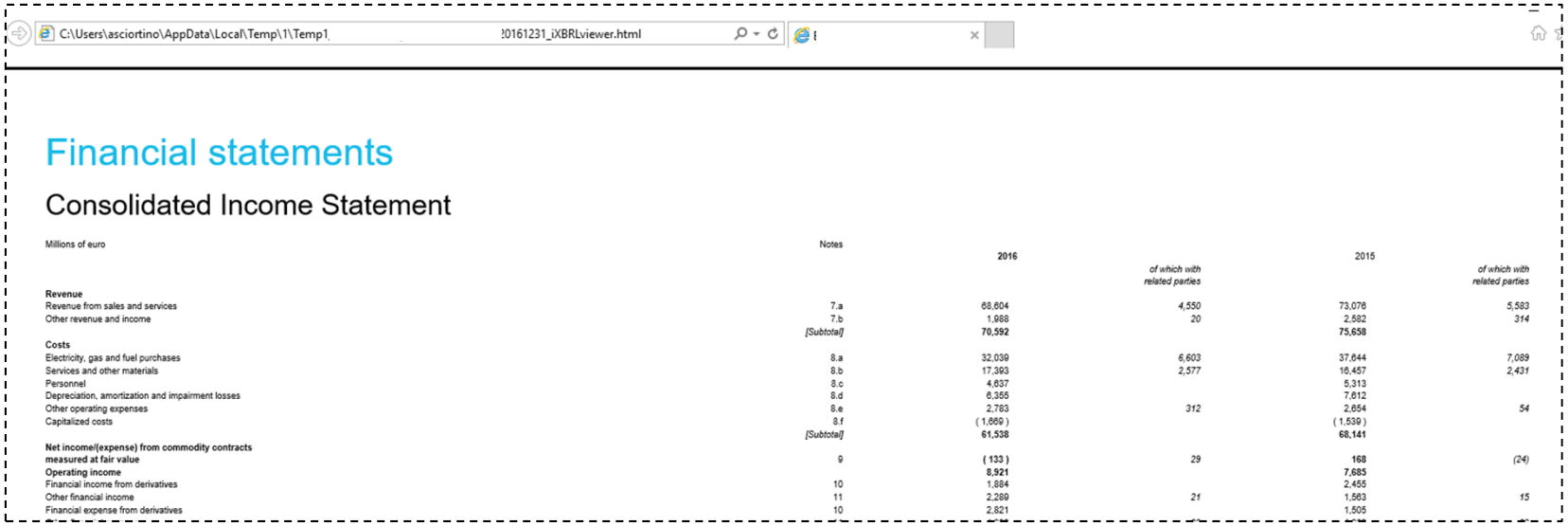


*Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format

Key requirements of the ESEF

- **From 2020, all annual financial reports shall be prepared in xHTML format**
- **IFRS Consolidated Financial Statements** shall be marked-up with XBRL tags
- **1 document, 2 views**: Tags embedded in human readable document via the *InlineXBRL* technology
- **ESEF Taxonomy** = IFRS Taxonomy incl. limited ESMA customisation
- **Extensions**: only if no existing IFRS tag reflects the intended accounting meaning
- **Anchoring**: extensions shall be linked to the closest taxonomy element
- **Level of tagging**: detailed tagging of primary statements (from 2020), block tagging of Notes (from 2022)
- Regulation to be **yearly updated** on the basis of IFRS taxonomy update
- **ESMA's RTS do not deal with storage and dissemination of regulated information nor with assurance / audit of annual financial reports**

What does an xHTML file look like


C:\Users\asciortino\AppData\Local\Temp\1\Temp1_ !0161231_iXBRLviewer.html

Financial statements

Consolidated Income Statement

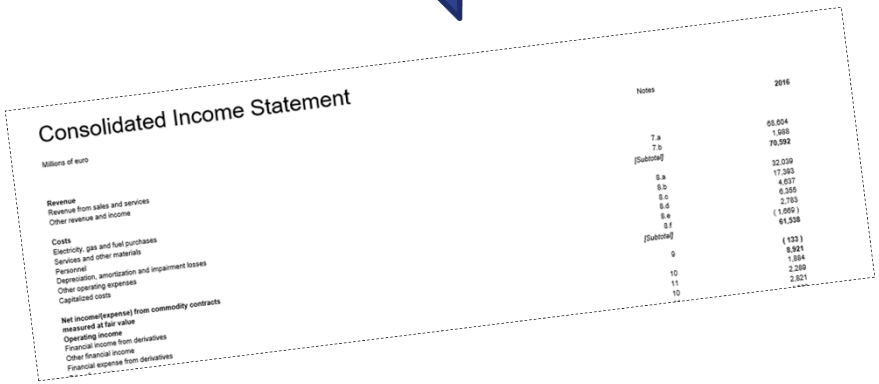
Millions of euro	Notes	2016	of which with related parties	2015	of which with related parties
Revenue					
Revenue from sales and services	7.a	68,604	4,550	73,076	5,583
Other revenue and income	7.b	1,988	20	2,582	314
	[Subtotal]	**70,592**		**75,658**	
Costs					
Electricity, gas and fuel purchases	8.a	32,039	6,603	37,644	7,089
Services and other materials	8.b	17,393	2,577	16,457	2,431
Personnel	8.c	4,637		5,313	
Depreciation, amortization and impairment losses	8.d	6,355		7,612	
Other operating expenses	8.e	2,783	312	2,654	54
Capitalized costs	8.f	(1,669)		(1,539)	
	[Subtotal]	**61,538**		**68,141**	
Net income/(expense) from commodity contracts measured at fair value	9	**(133)**	29	**168**	(24)
Operating income		**8,921**		**7,685**	
Financial income from derivatives	10	1,884		2,455	
Other financial income	11	2,289	21	1,563	15
Financial expense from derivatives	10	2,821		1,505	

… like a standard web page

What does that mean in terms of design

- The move to XHTML does not constrain design choices nor does the underlying regulation.
- However if does mean that companies need to make the decision about where on the continuum between compliance and communication they sit.

Compliance ⟷ XBRL ⟷ *Communication*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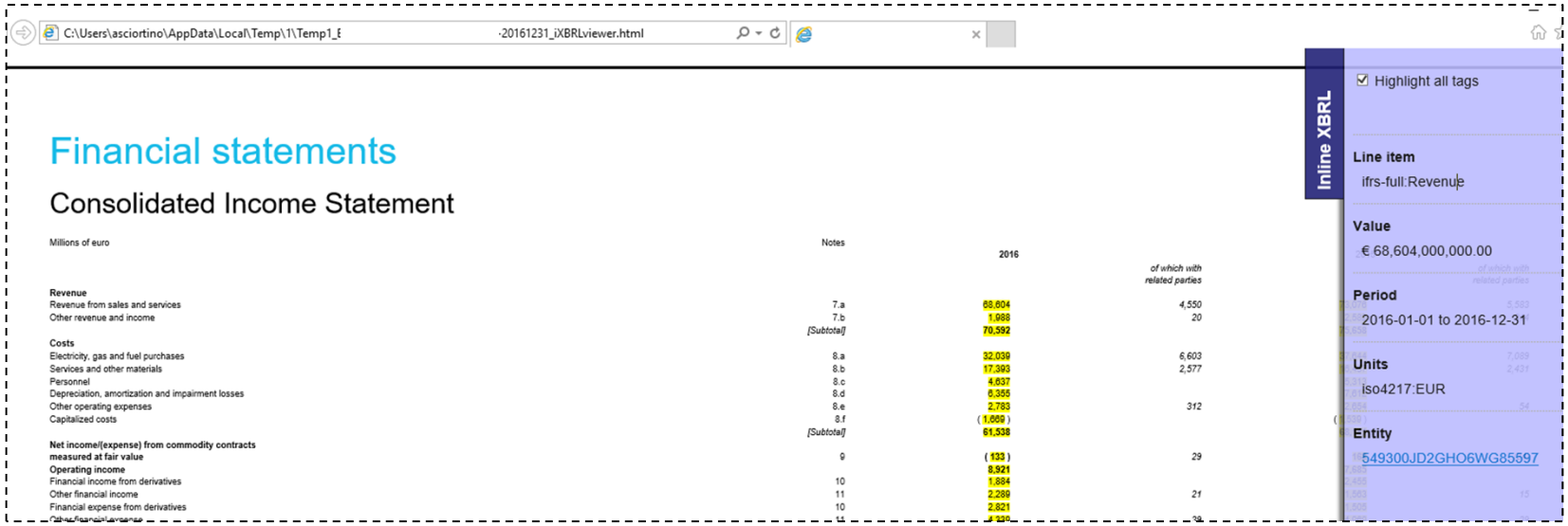
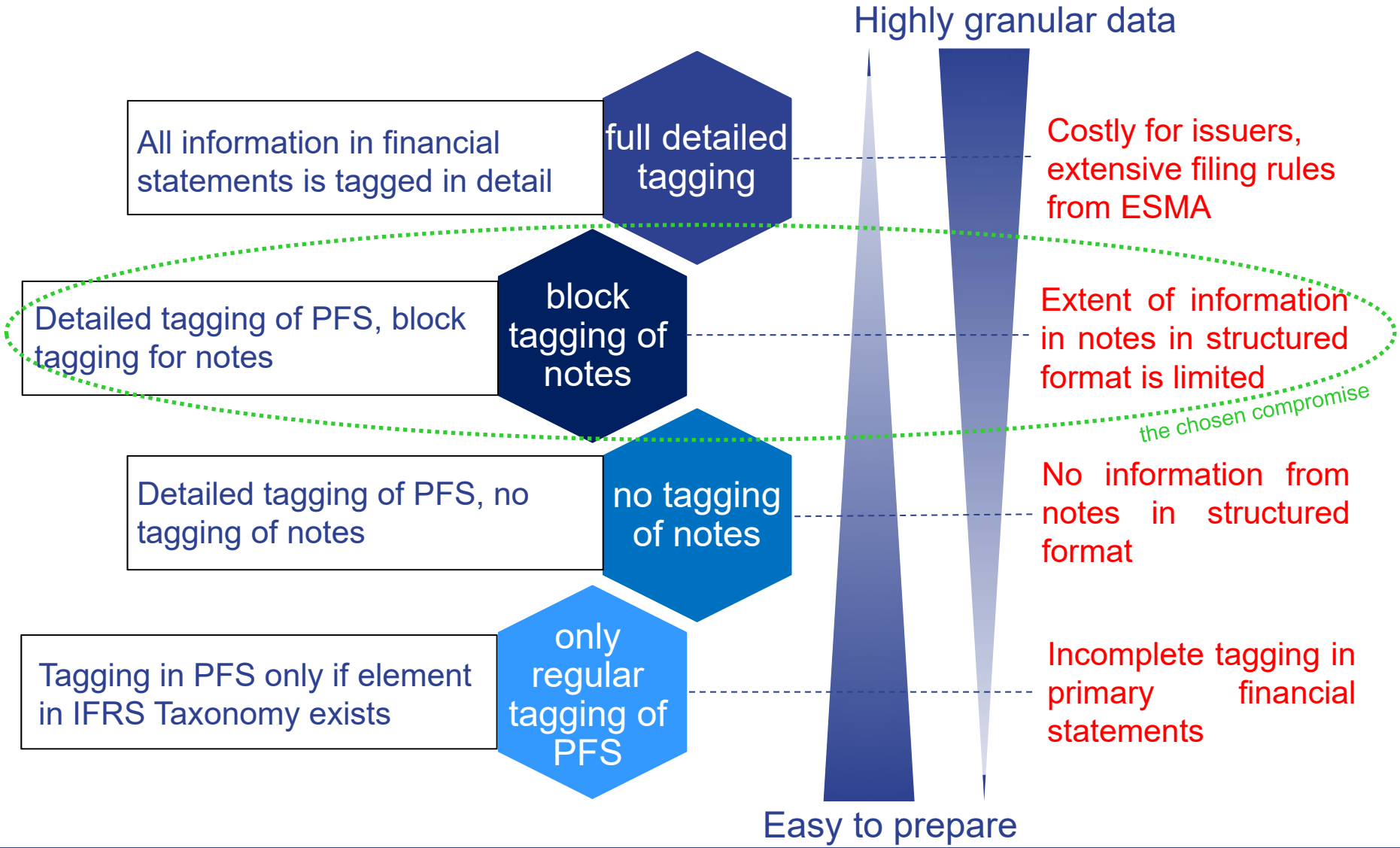
What do embedded XBRL tags look like



…like an additional layer of information that, for example, can be displayed when clicking on a certain tagged element

Level of tagging required by ESEF RTS



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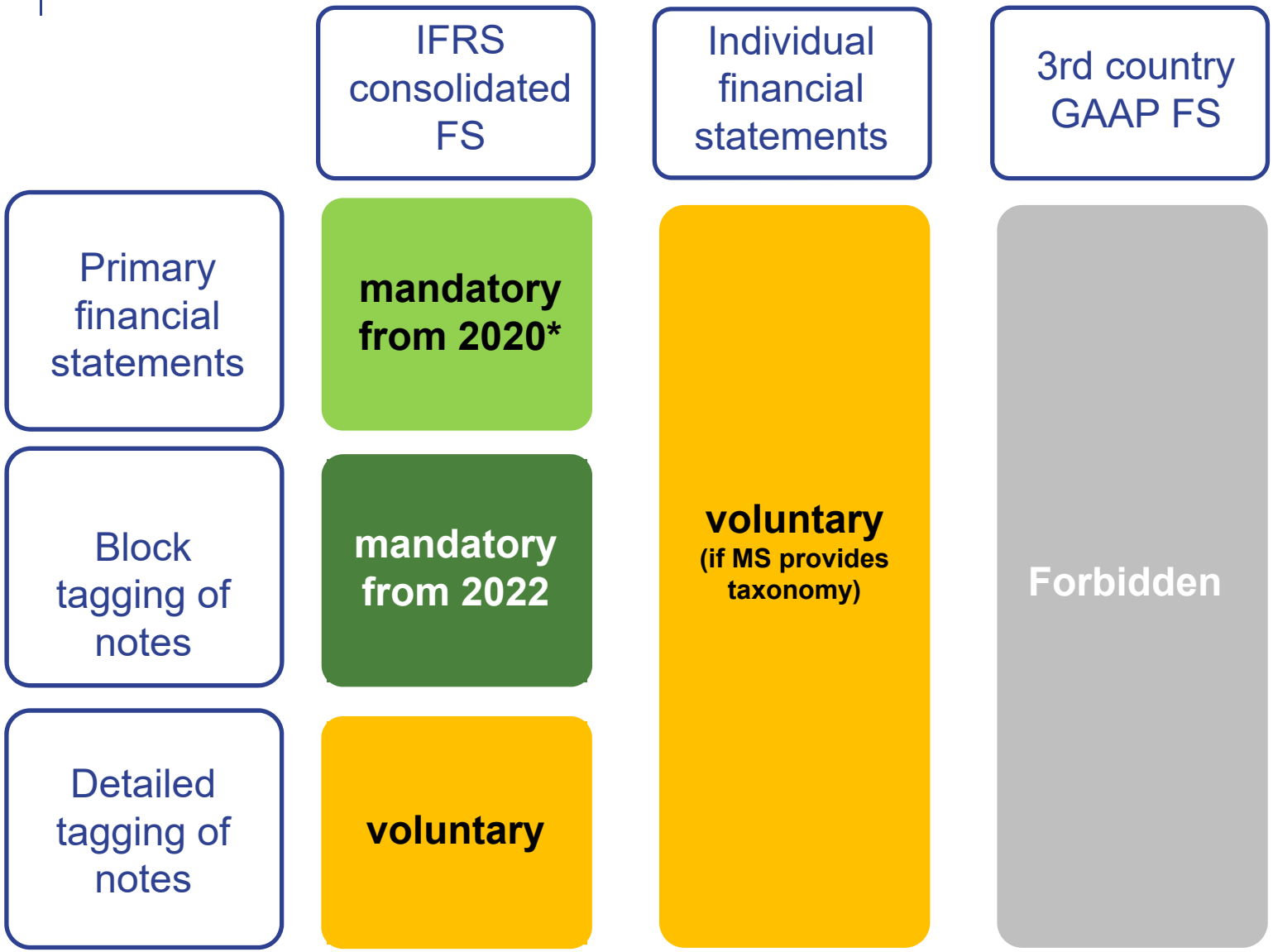


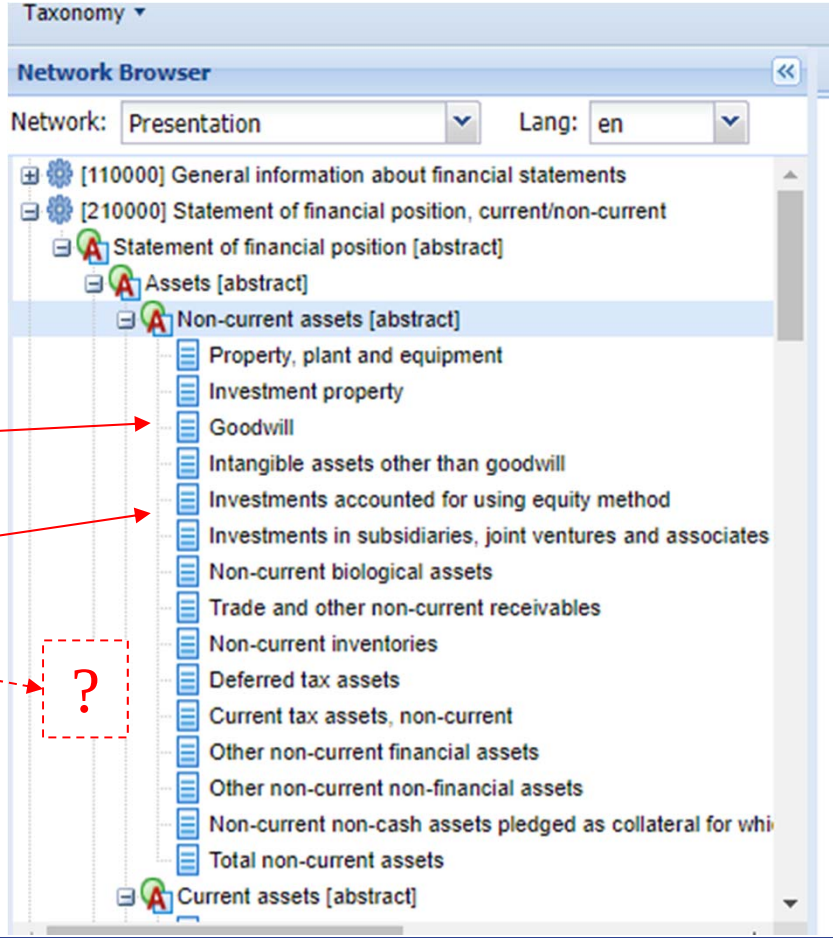
* On top of this, a small number of mandatory mark-ups will be applicable from 2020.

Tagging Primary Financial Statements

- All numbers in a declared currency disclosed in the Primary Financial Statements need to be marked-up → detailed tagging requirement

CONSOLIDATED BALANCE SHEET

Assets *In € millions*
Goodwill
Intangible assets
Flight equipment
Other property, plant and equipment
Investments in equity associates
Pension assets
Other financial assets
Deferred tax assets
Other non-current assets



Extending the taxonomy and anchoring extensions

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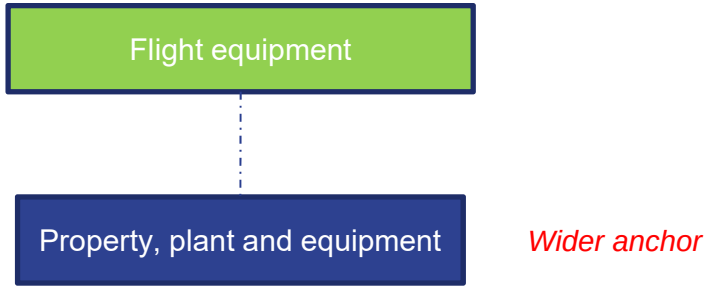


Extension elements

Elements contained in the IFRS Taxonomy

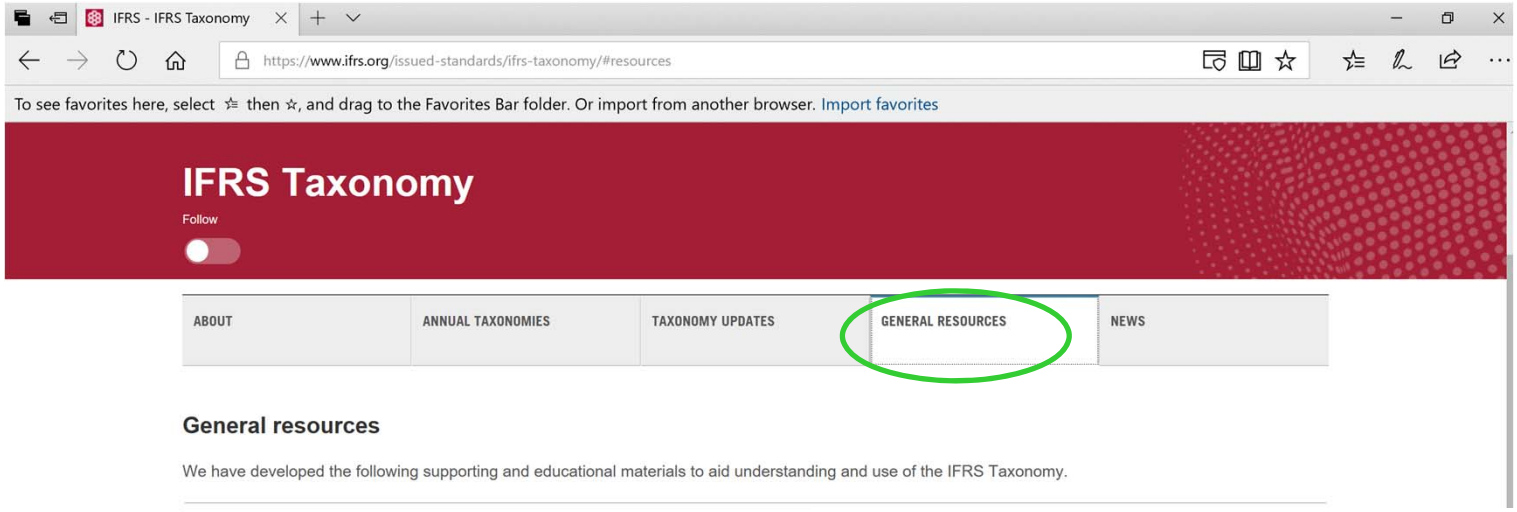
ESEF Taxonomy

ESEF Taxonomy

Sources of the IFRS Taxonomy content

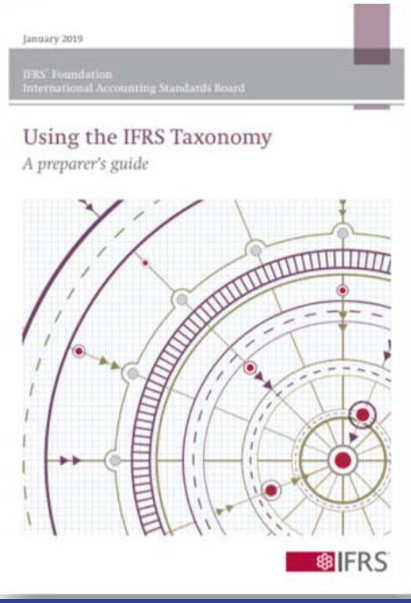
5

Resources available on the IFRS Taxonomy

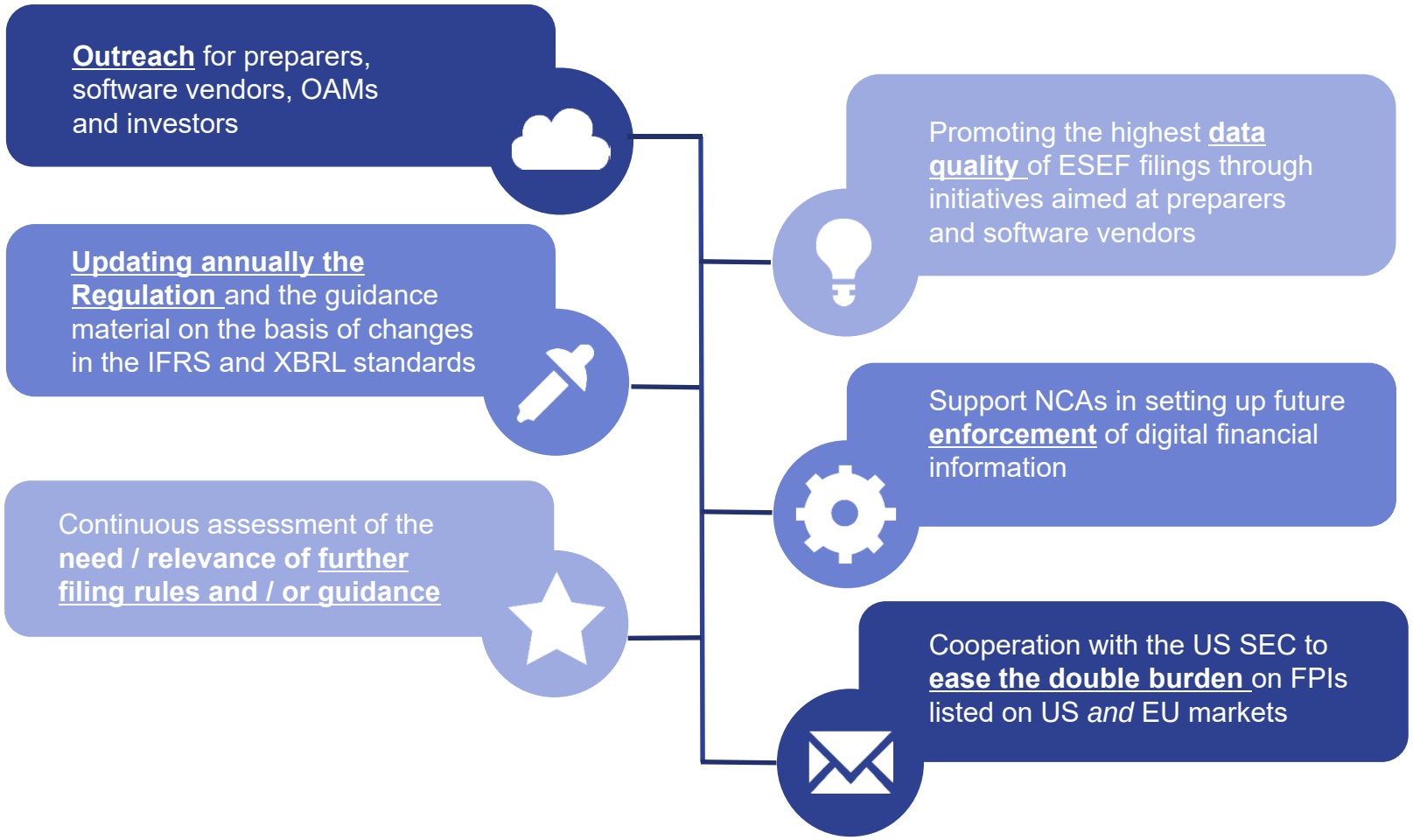


IFRS Taxonomy in PDF

Preparer's Guide



Challenges ahead



Thank you for your attention!

To find out more

On ESMA's website:

- The ESEF webpage https://www.esma.europa.eu/policy-activities/corporate-disclosure/european-single-electronic-format
- Video tutorials on ESEF : Video 1 https://www.youtube.com/watch?v=IOg9ETFpAhg

  Video 2 https://youtu.be/FImK-_H2x8w

  Video 3 https://www.youtube.com/watch?v=63ASc8k3Jcc&t=36s
- The ESEF Reporting Manual (ESMA32-60-2540)
- The Final Report on the draft RTS on ESEF (ESMA32-60-204)
- The Feedback Statement on the Consultation Paper on the RTS on ESEF (ESMA/2016/1668)

On the IFRS Foundation website:

- General resources on the IFRS Taxonomy https://www.ifrs.org/issued-standards/ifrs-taxonomy/#resources
- Using the IFRS Taxonomy : A Preparer's Guide
- IFRS Taxonomy illustrative examples