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| ESMA Consultation | |

General Comments

We understand that the ESMA was established on 1 January 2011 as part of the European System of Financial Supervision (ESFS). The ESMA contributes to the work of the European Systemic Risk Board (ESRB) also a part of the aforementioned system.

We support the mission of the ESRB and have taken this into account in answering the questions raised in the consultation paper. The mission of the ESRB reads: “The ESRB shall be responsible for the macro-prudential oversight of the financial system within the Union in order to contribute to the prevention or mitigation of systemic risks to financial stability in the Union that arise from developments within the financial system and taking into account macro-economic developments, so as to avoid periods of widespread financial distress. It shall contribute to the smooth functioning of the internal market and thereby ensure a sustainable contribution of the financial sector to economic growth.”

We understand that along with the two other European Supervisory Authorities belonging to the ESFS and contributing to the ESRB, the European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA), ESMA forms part of the Joint Committee which works to ensure cross-sectorial consistency and joint positions in the area of supervision of financial conglomerates and on other cross-sectorial issues.

We notice that the other two authorities EBA and EIOPA but also many countries and other regulators in the financial sectors, have already chosen to introduce electronic structured data for their prudential reporting. In almost all cases, the choice has been made for XBRL.

Our answers have to be read in conjunction with our general comments.

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| **#** | **Question** | **Answer** |
| 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. | No, we do not believe such an assessment is necessary. |
| 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. | Yes, we agree.  We refer to our general comments. |
| 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. | Yes, whatever reporting format is introduced (electronic or non-electronic, structured or not structured), users will want to rely on these reports and (in time) will demand for assurance on these reports. Therefore, the introduction of electronic structured data will inevitably trigger the discussion the auditing of electronic financial information.  Many countries among which the most important economies like the United Kingdom, the Netherlands, the United States, India, Japan and South Africa are discussing auditing of electronic structured data.  The Netherlands are already implementing an audit framework as part of the mandate for electronic filing of XBRL annual financial reports to the Chamber of Commerce (the national business registrar) by January 1, 2016. We advise the ESMA to take notice of the revised law re filling annual financial statements to benefit from this initiative. |
| 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 should take full account of all the current uses (including mandates) of XBRL for reporting of company accounts in the EU Member States (including for example in the Netherlands, Germany, Belgium, Italy, the United Kingdom, Ireland, Denmark, Estonia and Spain) and on Global level (including for example the United States, India, Japan and South Africa).  In these Member States companies reporting to ESMA also have to prepare annual financial reports in XBRL format in accordance with the national law. |

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| 5 | Do you agree with the description of the technologies included in the CP? | Yes, in general we agree with the description of the technologies.  We prefer XBRL as primary format for ESEF. In this respect iXBRL is only an output format of XBRL. iXBRL means the inclusion of XBRL tags within ordinary, human-readable XHTML documents. In other respects, iXBRL is XBRL. |
| 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. | Yes, we agree.  To our knowledge there are no other widely accepted standards that meet the requirements of standardised electronic annual reporting. |
| 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? | Yes, we agree.  However, the IFRS taxonomy issued by the IFRS Foundation only provides basic content and building blocks which are intended to be adapted by users to suit their requirements through an extension taxonomy. To our knowledge all major XBRL projects around the world use the IFRS taxonomy published by the IASB with an extension. Therefore, an appropriate ESMA / EU extension taxonomy will be mandatory (including the use of labels to support the Core EU language set). |
| 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. | No, we do not agree.    As mentioned in the answer to question 7 the IFRS taxonomy issued by the IASB has to be adapted through an EU / ESMA taxonomy extension. It cannot be used effectively in its base form.  ESMA should also consider to authorize the use of regulatory extensions from national jurisdictions or industry sector extensions published by recognized bodies. As mentioned in the answer to question 4 companies reporting to ESMA also have to prepare annual accounts in XBRL format in accordance with the Member States’ national law.  We believe the choice of allowing or not allowing entity-specific extensions should be at the level of the Member States. However, this should be regulated by means of an agreed international extension architecture and rules on extension, entity-specific extensions undermine the comparability of data. On this topic we advise to include the results of the Dutch Taskforce for Private extensions which set the rules and architecture to ensure proper use of private extension. |
| 9 | Do you agree with the proposed approach in relation to the taxonomies of third countries GAAPs deemed equivalent to IFRS? | Yes, we agree. |

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| 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. | Yes, we believe that further assessment of the use of digital structured reporting for all parts of the AFR (including half-yearly or quarterly reports and e.g. reporting on Corporate Social Responsibility, Integrated Reporting and Carbon Disclosure) should be made.  The use of a single digital structured reporting format, with one implementation, single preparer processes at the entities’ side and single investments for software vendors, will be the most cost effective for all parties and will enhance effectiveness and comparability. |
| 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. | No, we strongly disagree with the use of PDF as the mandatory format for reporting.  We believe a structured electronic format should be mandated as the primary ESEF format in line with the Digital Agenda for Europe and the choices made by ESMA’s sister authorities, EBA and EIOPA. Furthermore we believe ESMA should opt for option C (Full AFR in structured data).  PDF is a proprietary format that does not provide mechanisms to have re-useable structured data, provide free content order, structure and layout of the data resulting in incomparable financial statements. The use of a separate human readable format, such as digital paper like PDF or ODF (Open Document Format), does present serious extra problems and risks for preparers, auditors, regulators and consumers of Annual Financial Reports (including investors and other stakeholders) because there is no guarantee both reports (human readable and XBRL) are consistent. These potential differences lead to confusion and potentially to legal claims. This is one of the reasons the US Securities and Exchange Commission (SEC) is reviewing the replacement of its current two-document filing system which is almost identical to the system proposed by ESMA.  All major XBRL projects around the world provide a mechanism of viewing the XBRL filing itself in a human-readable, understandable and familiar format. Preparers of the XBRL filings require such a mechanism to verify their filing is correct and complete. Also consumers require such a rendering mechanism. Using XBRL as core data format allows systems to produce, analyse and consume financial data as well as render the financial statements in human readable formats as HTML (including iXBRL), PDF, ODF or others. |

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| 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. | No, we do not agree.  As mentioned in the answer to question 11 the solution of providing a non-structured data filing in addition to a structured data filing is creating expensive double work, raising the administrative burden, restricts the industry in flexible information exchange, is error prone and not necessary.  Therefore we believe ESMA should opt for option C (Full AFR in structured data) and use structured data as a single filing format. ESMA should also provide for a mechanism to render the financial statements in human readable formats such as HTML (including iXBRL), PDF, ODF or others. |
| 13 | Do you agree that iXBRL and XBRL are the most relevant options available for the ESEF? | Yes, we agree. |
| 14 | Could you please indicate what is your preferred solution between iXBRL and XBRL? Please explain the reasons. | We believe XBRL can provide an effective and cost efficient solution to satisfy the ESMA filing requirements.  We consider iXBRL as a possible output format of a rendering mechanism provided by ESMA. |
| 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? | No, we do not agree.  Companies that use IFRS for both their consolidated and individual financial statements should be allowed to use the chosen reporting format in the first stage as this will be more efficient for companies, auditors, regulators, users and the software industry to introduce the structured electronic format for both financial statements.  ESMA should also consider to allow companies that use XBRL in combination with national GAAP taxonomies for their individual financial statements should be allowed to file their individual financial statements using this format.  To prevent differences in requirements or to enforce extra burdens it is advisable to only in the case that no national GAAP taxonomy exists, companies should be permitted to file in a different format. |
| 16 a | 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? | Yes, we agree.  Please refer to the answer to question 15 |
| 16 b | 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? | Yes, we suggest ESMA should establish a technical study on the feasibility and benefits of the development of an EU core taxonomy including non-financial data (please refer to the answer to question 10).  ESMA should take into account that a number of EU Member States already are using XBRL taxonomies for national GAAPs and for them, replacing these taxonomies by a new EU core taxonomy will lead to additional cost and complexity for all stakeholders. |
| 17 | Do you agree that a single electronic format should not be required for financial statements under third country GAAP? | Yes, we agree.  Please refer to the answer to question 15. |
| 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? | No, we are not in favour of a phased approach for SMEs reporting under IFRS: they should be treated the same as large entities. We are convinced that SMEs can handle easily the transition to a SEF. However, if a phased approach is necessary it should be for a (very) short period.  We believe the Capital Markets Union will benefit from the availability of structured data. A phased approach would generate extra costs for business adapting ESMA and local requirements and would also have a negative impact on the business case for software vendors and service providers to embed XBRL in their systems. |
| 19 | Do you have any other comment to make? | Although this has been mentioned in the answers to the previous questions would like to emphasize that in our opinion:   * Our answers should be read in conjunction with our general comments; * XBRL is the most appropriate and cost-effective single electronic formats for filing the reports and for processing and analysing the filed information; * Only one format of filing is the best solution: we do not agree with a proprietary product like PDF as the ‘digital paper’ has several disadvantages and will not bring the benefits we are looking for; * ESMA should not only use its ESEF for the filing of annual accounts, but also for other information (including non-financial information and information on corporate actions); * ESMA should incorporate the Legal Entity Identifier (LEI) system. This system makes it possible to identify entities to financial market transactions worldwide and will make it easier to recognise possible systemic risks at an early stage. |