



European Securities and
Markets Authority

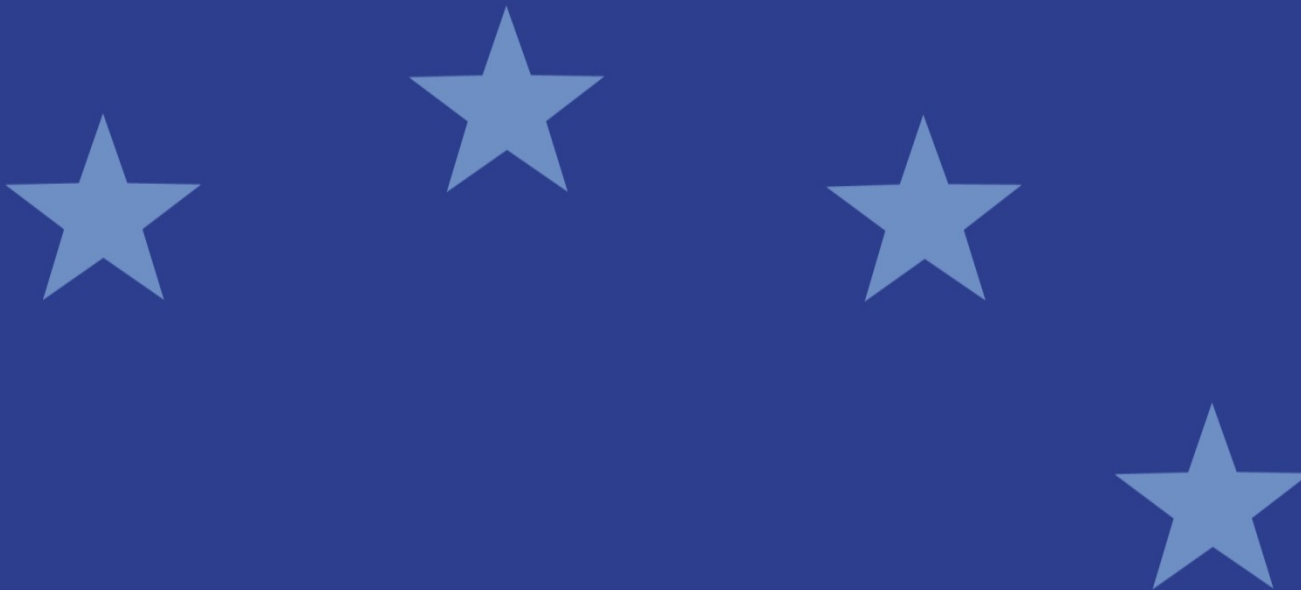
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European Single Electronic Format (ESEF)

XBRL France ROAM 2017 – 21 September 2017

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Background

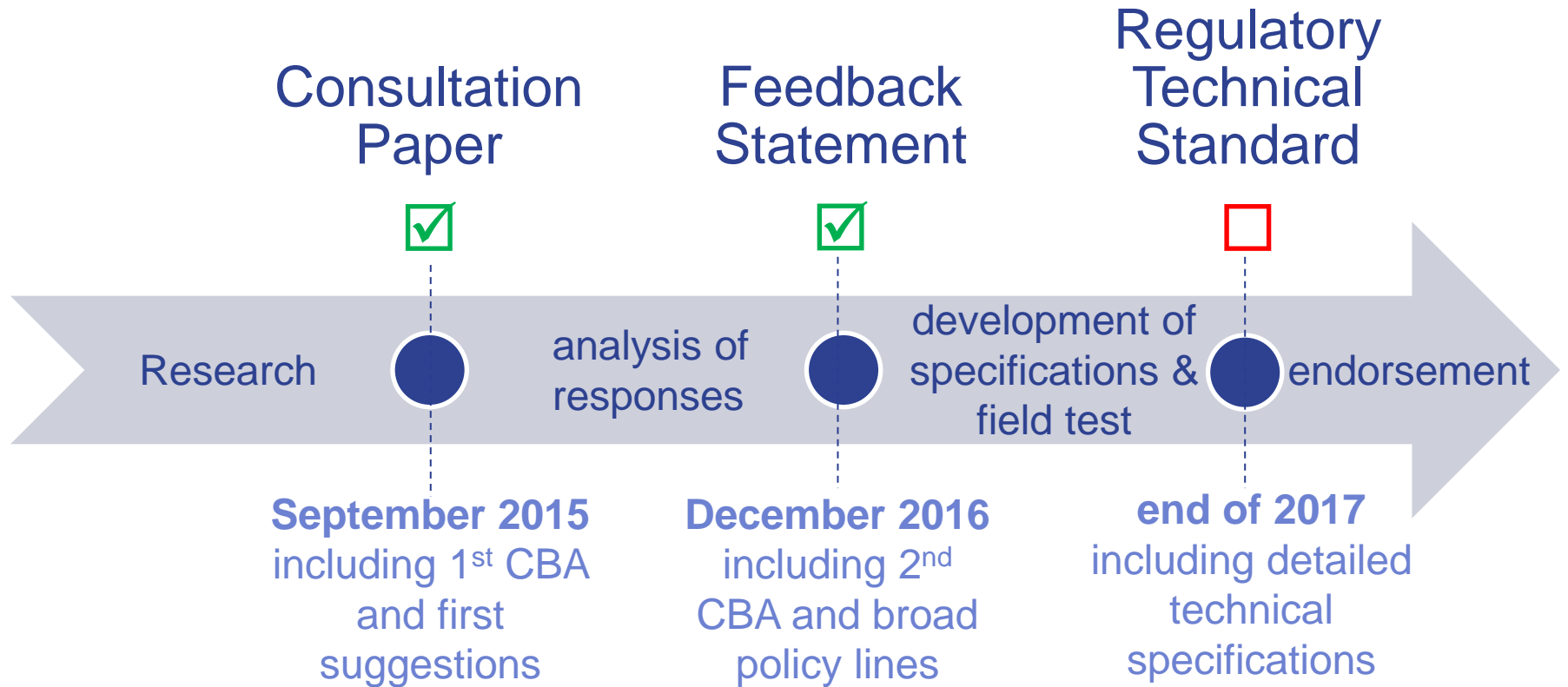
- **Requirements:**

- 2013 the Transparency Directive was amended to require issuers on regulated markets to prepare their annual financial reports (AFR) in a single electronic reporting format with effect from 1 January 2020.

- **Number of affected companies:**

- About 7,500 issuers on regulated markets
 - of which around 5,300 prepare IFRS consolidated financial statements

ESMA Consultation





Summary of broad lines set out in Feedback Statement

- All annual financial reports have to be prepared in xHTML
 - xHTML is human readable and no rendering mechanism is necessary
- Where the annual financial report contains consolidated IFRS financial statements, they have to be labelled with XBRL tags
 - XBRL allows software supported analysis
- The XBRL tags have to be embedded in the xHTML document using Inline XBRL
- Taxonomy to be used is based on IFRS Taxonomy
- In the first 2 years mandatory tagging is limited to the primary financial statements



Reasons to select Inline XBRL

- Feedback from consultation: need for human readable AFR that can be accessed without specialised tool → xHTML
- Content is presented as intended by preparer
- Contains XBRL tags that can be processed by software
- Connection between the machine readable XBRL tags and the human readable xHTML presentation layer → easy to check XBRL tagging
- Supports phasing of reporting requirements and easy introduction of XBRL



Implementation options

- **A study was undertaken to assess implementation options regarding:**
 - » Level of tagging (detailed tagging or block tagging)
 - » Use of extensions (no extensions or controlled use of extensions on the basis of a framework or free use of extensions)
 - » Development of a regulatory extension taxonomy (and if yes technical extension only or business extension)



Current considerations: level of tagging

- Detailed tagging vs. block tagging
- Consider requiring all elements in primary financial statements to be tagged in detail
- Notes – only to be tagged after 2022 and then only block tagging might be required – with the following few exceptions, mostly relating to the identity and nature of the entity, e.g.:
 - name
 - domicile of the entity
 - country of incorporation
 - name of parent entity
 - Disclosure of uncertainties of entity's ability to continue as going concern
 - Explanation of sources of estimation uncertainty with significant risk of causing material misstatements
 - etc...





Current considerations: use of extensions

- In the Consultation Paper ESMA suggested to not allow the use of extensions to the IFRS Taxonomy
- Respondents to the consultation pointed out that the IFRS Taxonomy as it is cannot be reasonably used without the use of extensions
- We concluded that it would be appropriate to allow entity specific extensions but to develop rules guiding their application
- ESMA developed draft rules requiring to anchor extension elements to elements in the base taxonomy using two relationship types:
 - one relationship that indicates that the accounting meaning and scope of an extension element is wider or narrower than an element in the base taxonomy
 - one relationship that indicates that the accounting meaning and scope is identical but that the elements have different period or data types

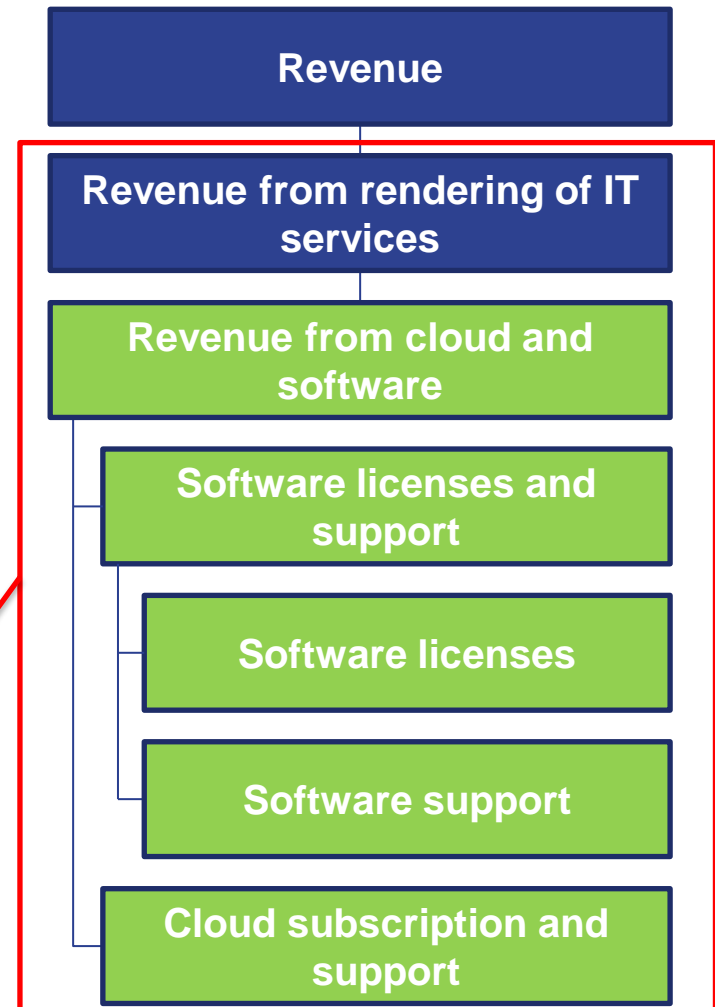
Example for anchoring (1): disaggregations

Example 1: income statement

millions, unless otherwise stated	2016 €
Cloud subscriptions and support	2,993
Software licenses	4,860
Software support	10,571
Software licenses and support	15,431
Cloud and software	18,424
Services	3,638
Total revenue	22,062

-  Elements contained in IFRS Taxonomy
-  Extension elements

Extensions to be anchored to element 'revenue from rendering of IT services' indicating that the extensions have a narrower accounting meaning



Example for anchoring (2): combinations

Example 2 : balance sheet European issuer

Equity attributable to owners of the company

Share capital and Premium

Cumulative translation differences

Treasury shares

Retained earnings and other reserves



Total equity

to be anchored in IFRS Taxonomy indicating that the extension is wider than the base taxonomy elements

Share capital and Premium

Issued capital

Share premium

-  Elements contained in IFRS Taxonomy
-  Extension element



Current considerations: ESMA extension taxonomy

- **Only small scope regulatory technical extension taxonomy**
 - Simplification of structure by limiting the number of files
 - Inclusion of guidance concepts to help in navigation of taxonomy content and to identify concepts of a specific meaning or use
 - add labels in all official EU languages

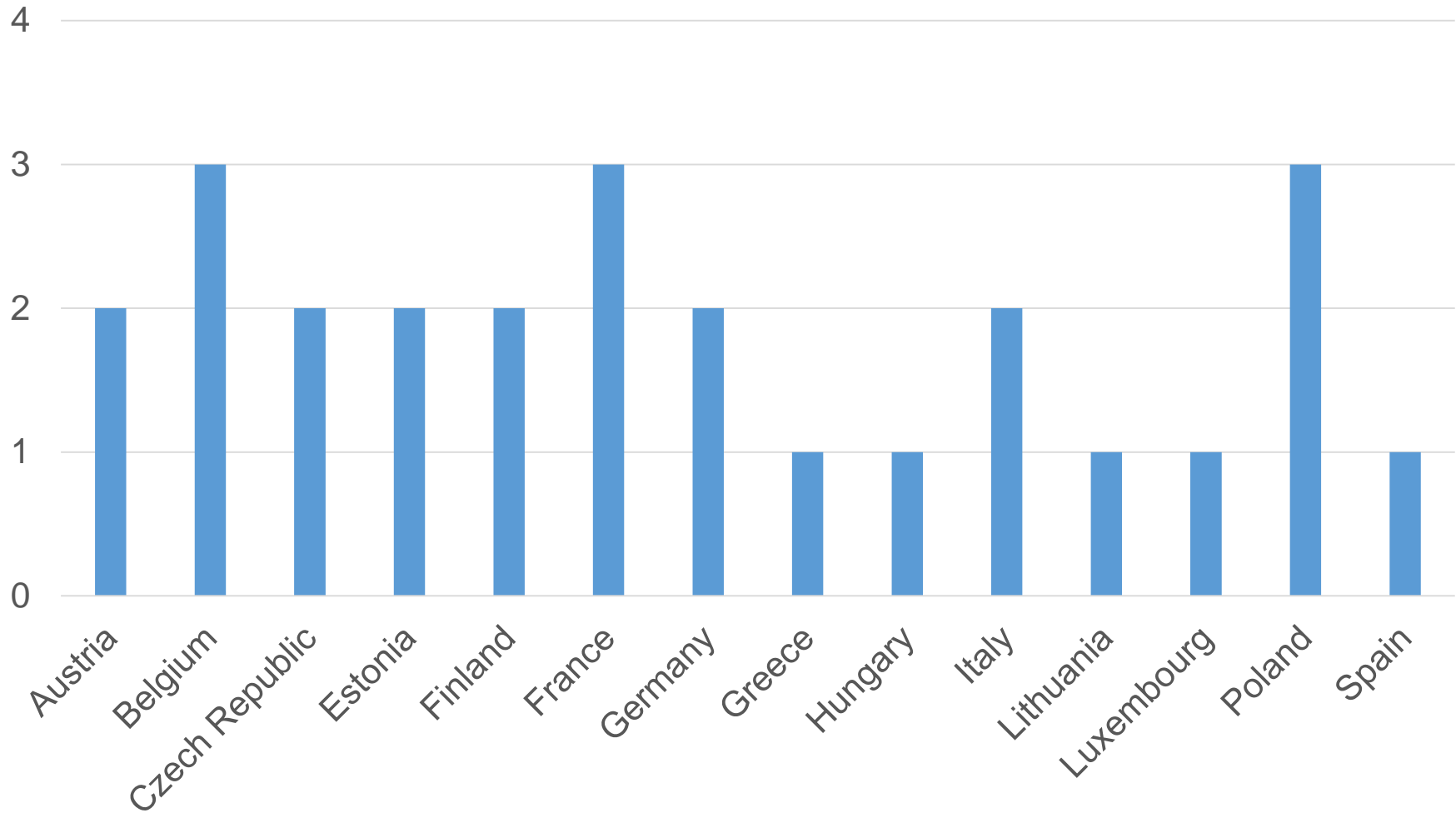


Field test

- **Purpose: to apply the draft rules on real life examples to determine whether the rules have to be amended**
- **Design of field test:**
 - ESMA called for volunteer issuers and software companies to participate in the field test
 - the annual financial reports of issuers were transformed to Inline XBRL applying the draft rules
 - Issuers received basic instructions in webinar
 - Issuers mapped their IFRS consolidated financial statements to IFRS Taxonomy
 - Issuers were assisted in 1.5 days on-site workshops in Paris with tagging
 - We intend to publish the final tagged reports
 - The lessons learned from the field test were incorporated in the final rules



Issuers per country participating in the field test





Disclaimer

Please note that the content of this presentation is merely based on current staff considerations and not formally approved by ESMA's Chairman and/or ESMA's Board of Supervisors