



European Securities and  
Markets Authority

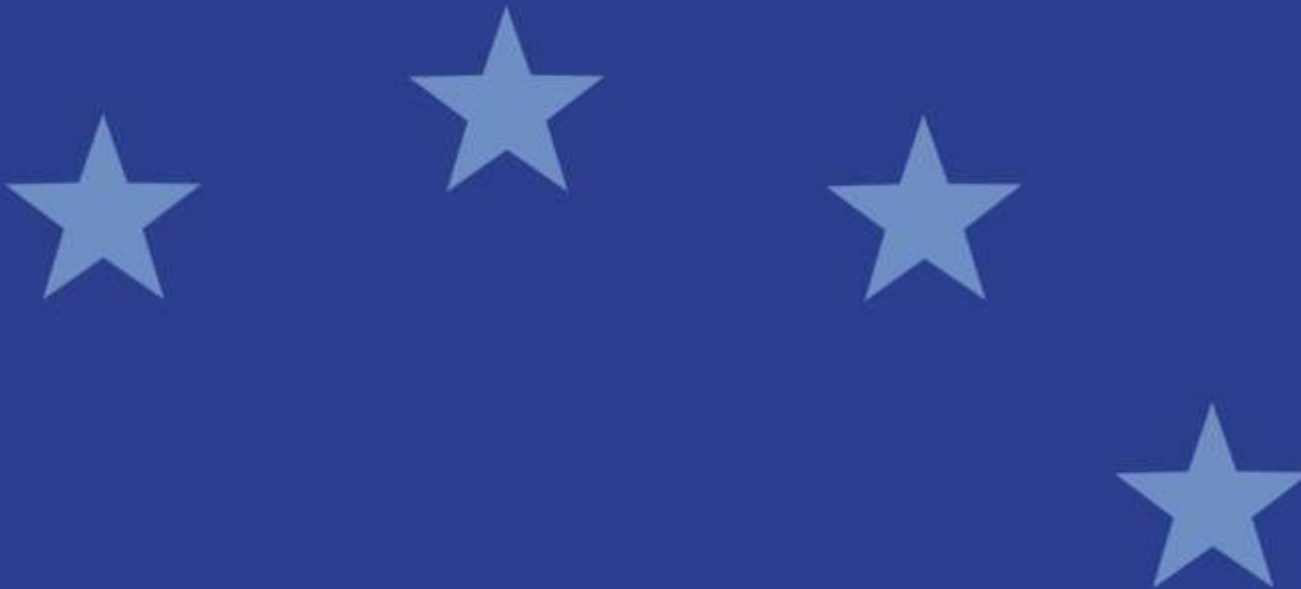
ESMA REGULAR USE

6 February 2020

# The European Single Electronic Format *ESMA update*

24<sup>th</sup> XBRL Europe Day

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,***

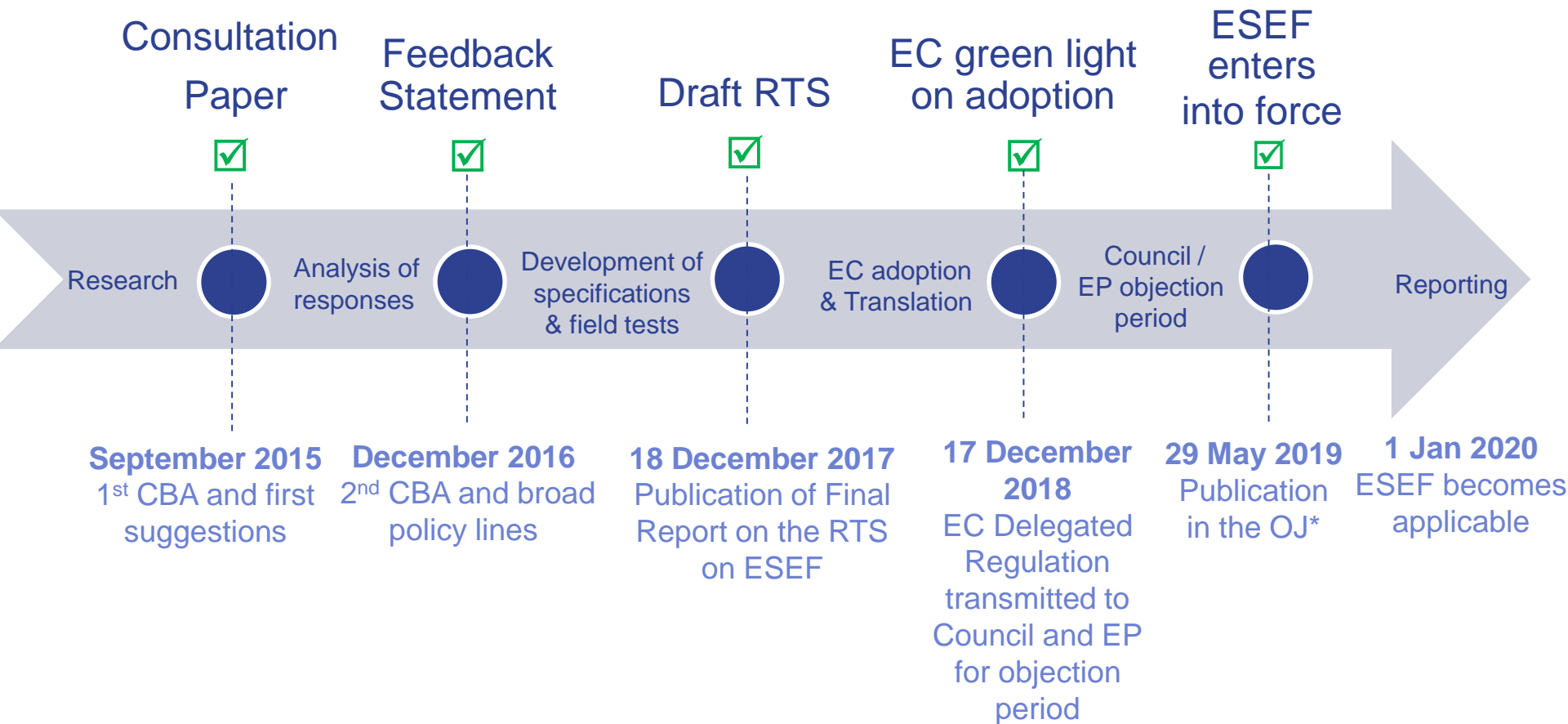
***analysis***

*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

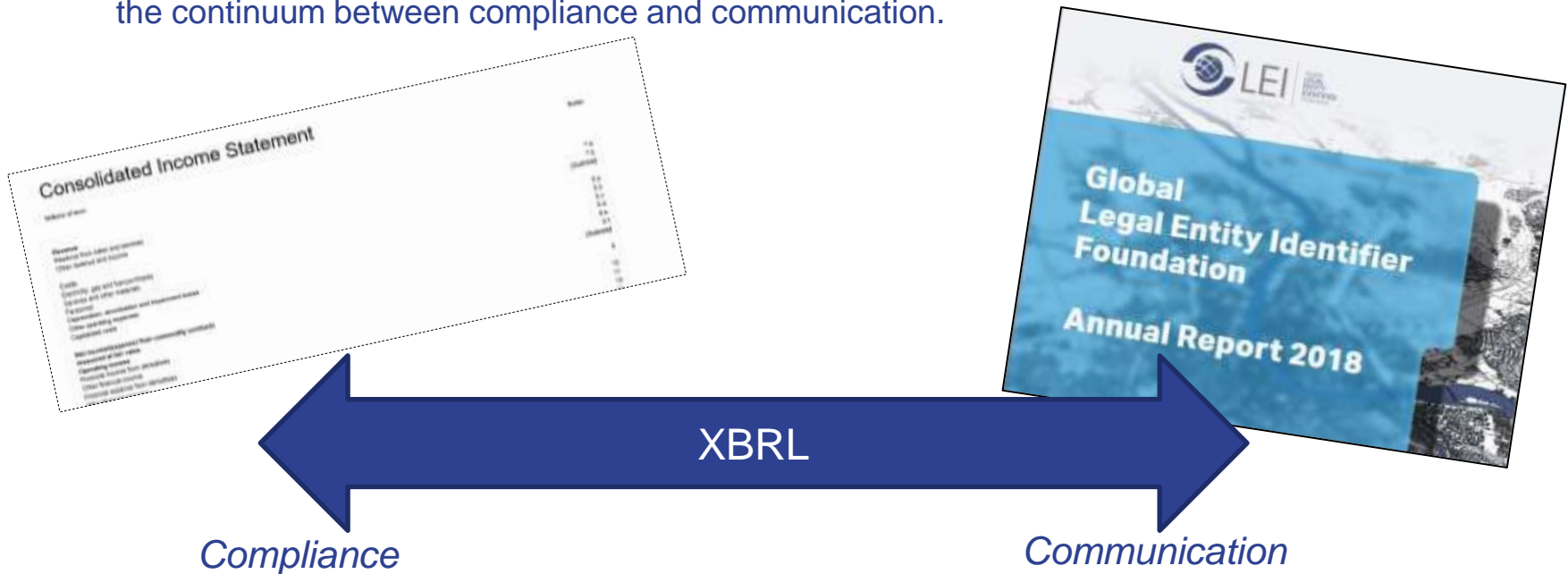


## To whom do the ESEF requirements apply?

- To all issuers with securities admitted to trading on regulated markets under the obligation to make public annual financial reports (AFRs) in accordance with Article 4.1 of the TD.
- To AFRs containing financial statements for financial years beginning on or after 1 January 2020.
- Deadline for the publication set out in Article 4.1 of the TD remains unchanged.

# What does the xHTML requirement mean

- The TD states that the Annual Financial Report (AFR) shall comprise of (a) the audited financial statements; (b) the management report (including the Non Financial Statement, if applicable) and (c) the responsibility statements of the persons responsible within the company
- The move of the AFR from paper/ PDF to XHTML format does not constrain design choices nor does the underlying regulation.
- However it does mean that companies need to make the decision about where they AFR sits on the continuum between compliance and communication.





# What does an xHTML file look like

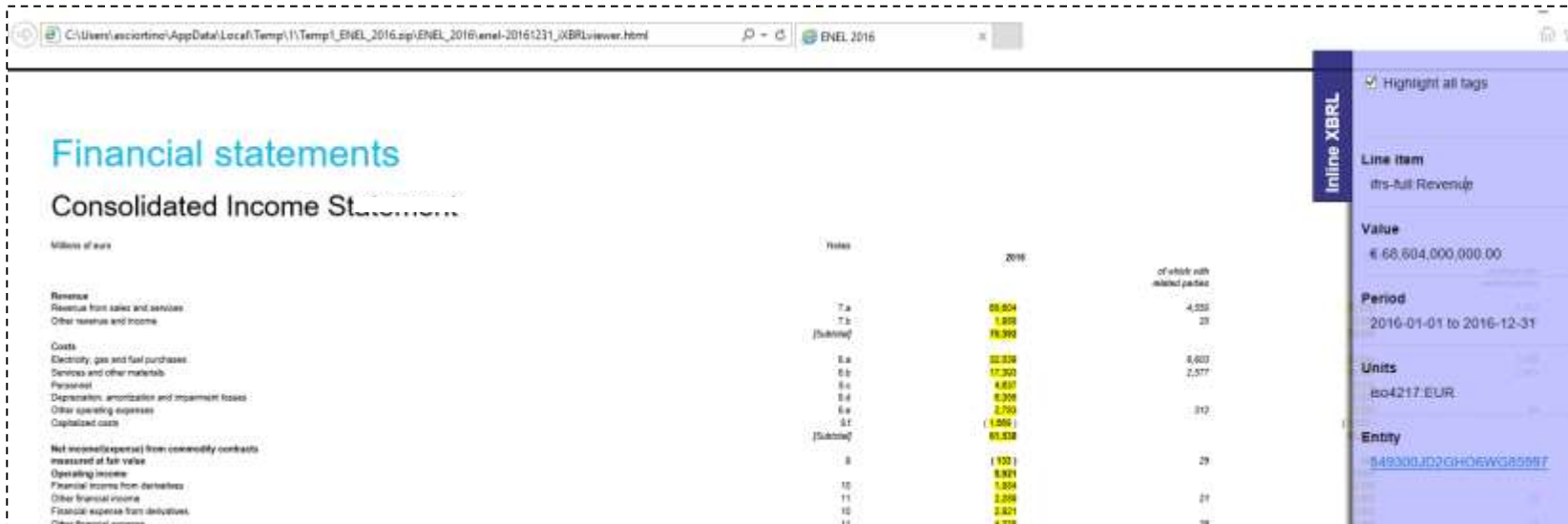
Financial statements  
Consolidated Income Statement

Millions of euro:

	Notes	2019	of which with related parties	2018	of which with related parties
Revenue					
Revenue from sales and services	7.a	69,804	4,250	72,076	5,523
Other revenue and income	7.b	1,926	20	2,562	214
	(Subtotal)	71,730		74,638	
Costs					
Electricity, gas and fuel purchases	8.a	32,226	6,622	37,644	7,069
Services and other materials	8.b	17,203	2,377	16,487	2,431
Personnel	8.c	4,837		5,313	
Depreciation, amortization and impairment losses	8.d	8,205		7,612	
Other operating expenses	8.e	2,763	312	2,694	84
Capitalized costs	8.f	(1,890)		(1,538)	
	(Subtotal)	61,538		66,141	
Net income/(expense) from commodity contracts measured at fair value	9	(121)	39	168	(34)
Operating income		8,921		7,685	
Financial income from derivatives	10	1,894		2,465	
Other financial income	11	2,236	21	1,882	15
Financial expense from derivatives	10	2,821		1,926	

... like a standard web page

# What do embedded XBRL tags look like



The screenshot shows a web browser displaying a financial statement titled "Consolidated Income Statement" for the year 2016. The table is presented in thousands of euros. A purple "Inline XBRL" viewer is overlaid on the right side of the table, showing details for the "Revenue" line item, including its value (€ 68,604,000,000.00), the reporting period (2016-01-01 to 2016-12-31), units (iso4217:EUR), and the entity identifier (549300JD2GH0GWG8508F).

Notes	2016	of which with related parties
<b>Revenue</b>		
Revenue from sales and services	7.a 68,604	4,255
Other revenue and income	7.b 1,823	23
	[Subtotal] 70,427	
<b>Costs</b>		
Electricity, gas and fuel purchases	8.a 32,339	6,603
Services and other materials	8.b 17,320	2,577
Personnel	8.c 4,853	
Depreciation, amortization and impairment losses	8.d 8,308	
Other operating expenses	8.e 2,750	312
Capitalized costs	8.f (1,266)	
	[Subtotal] 65,574	
<b>Net income/(expense) from commodity contracts measured at fair value</b>	9	29
Operating income	9.921	
Financial income from derivatives	10 1,854	
Other financial income	11 2,888	21
Financial expense from derivatives	12	
	6,723	

- In an iXBRL report, the XBRL tags are “hidden” within the xHTML document → it is an additional layer of information, which makes the document machine-readable other than human readable.
- The tags can be visualised using, for example, an Inline XBRL Viewer, which allows to display the tags (the purple banner) when clicking on a certain tagged element.
- Please note that preparers must not include the Inline XBRL Viewer in their filings (see ESEF Reporting Manual, Guidance 2.5.1)





# Level of tagging required by ESEF RTS

	IFRS consolidated FS	Individual financial statements	3rd country GAAP FS
Primary financial statements	<b>mandatory from 2020*</b>		
Block tagging of notes	<b>mandatory from 2022</b>	<b>Only if Member States provide a taxonomy</b>	<b>Not possible</b>
Detailed tagging of notes	<b>voluntary</b>		

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

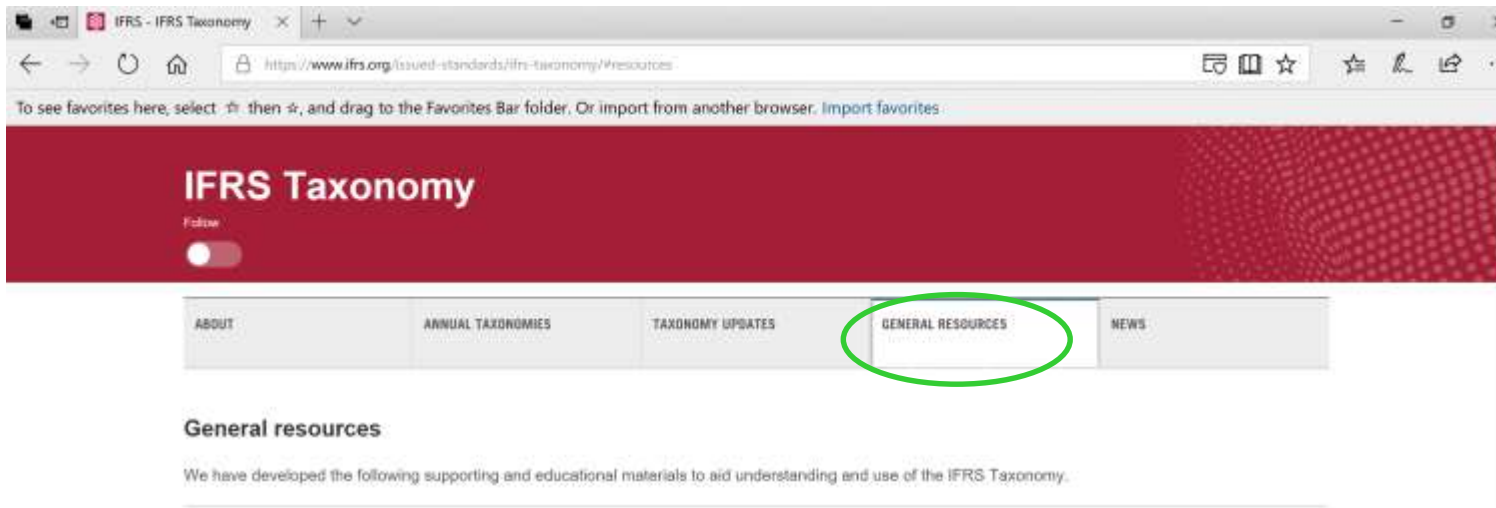


# ESEF Taxonomy



- The ESEF Taxonomy contains the same accounting concepts as the IFRS taxonomy, but includes labels in all EU languages

# Resources available on the IFRS Taxonomy

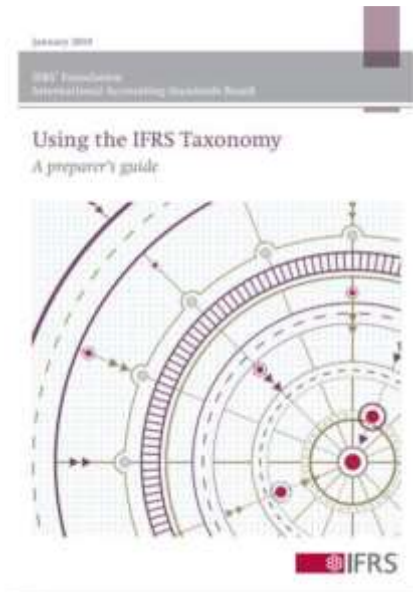


- + [Browsing the IFRS Taxonomy](#)
- + [Understanding IFRS Taxonomy Updates](#)
- + [Filing with the IFRS Taxonomy](#)
- + [Working with the IFRS Taxonomy](#)

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## IFRS Taxonomy in PDF Preparer's Guide

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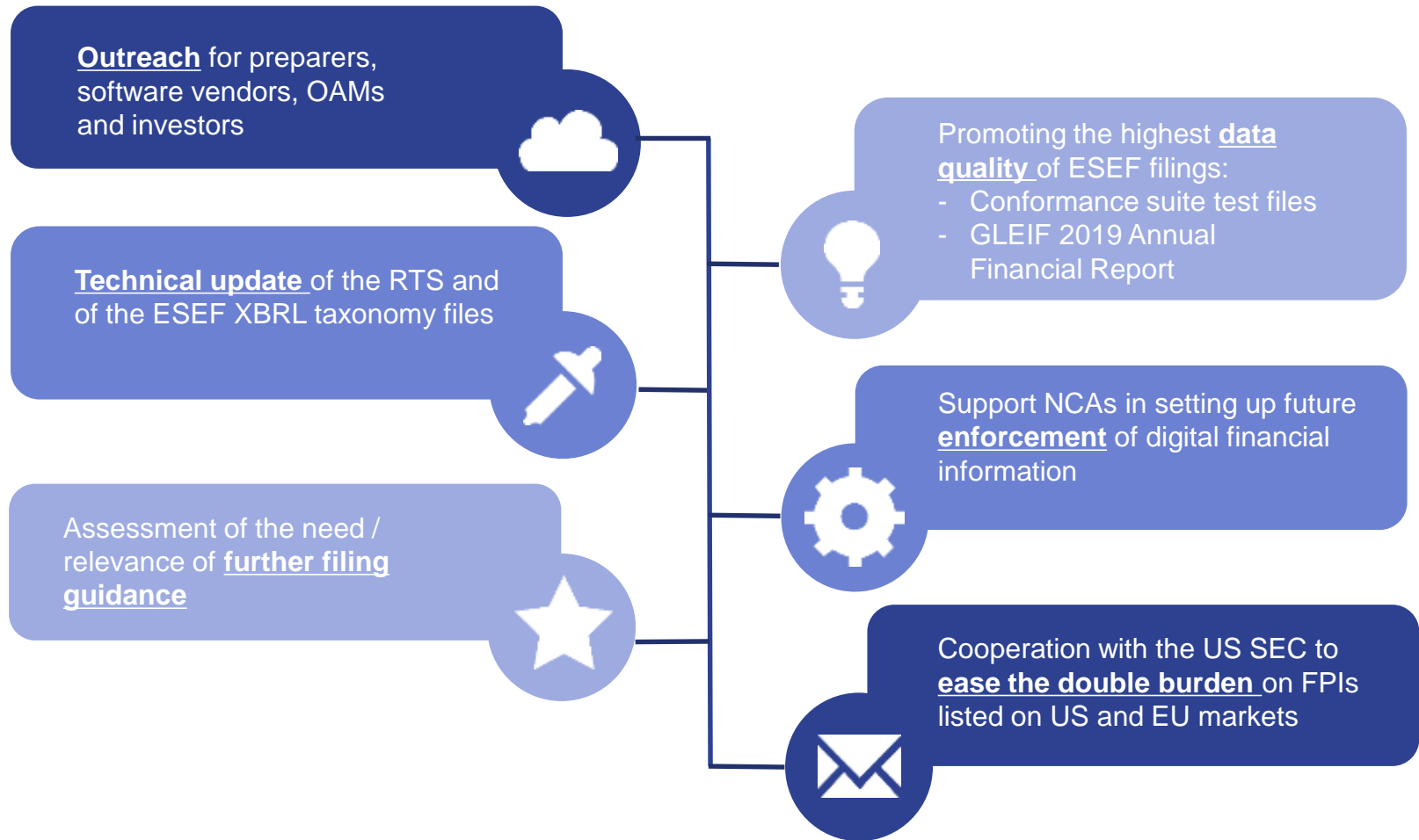




## **What filing obligations apply for AFRs prepared on the basis of the ESEF Regulation?**

- No change in the filing obligations contained in the TD.
- AFRs in ESEF format will be filed to National Competent Authorities (Article 19 of the TD) via the existing Officially Appointed Mechanisms

# ESMA's activities in 2020





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](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) <https://www.ifrs.org/issued-standards/ifrs-taxonomy/#resources>
- [Using the IFRS Taxonomy : A Preparer's Guide](#)
- IFRS Taxonomy [illustrative examples](#)