24th *XBRL EUROPE DAY*
ESEF in Italy

CONSOB
COMMISSIONE NAZIONALE
PER LE SOCIETA' E LA BORSA

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Milan, 6th February 2020

LEGAL FRAMEWORK AND CONSOB'S ROLE ON ESEF

Consob is the competent authority designated in Italy for supervising compliance with the provisions adopted pursuant to the Directive 2004/109/EC – Transparency Directive

Directive 2004/109/EC

Recital 28

*A **single competent authority** should be designated in each Member State to **assume final responsibility for supervising** compliance with the provisions adopted pursuant to this Directive, as well as for international cooperation.*

Article 24

*Each Member State shall designate the central authority [...] as **central** competent administrative **authority responsible** for carrying out the obligations provided for in this Directive and for **ensuring** that the provisions adopted pursuant to this Directive are applied.*

Directive 2013/50/EU

Amending Directive 2013/50/EU, recital 26, has added the ESEF-obligation in the Transparency Directive

ESEF Regulation ***does not change*** responsibilities regarding supervision and enforcement of regulated information

Consob has the additional task of ensuring issuers' compliance with the ESEF Regulation

examine the compliance of an issuer with the ESEF requirements

take appropriate measures where infringements are discovered

SPECIFIC FEATURES IN THE ITALIAN CONTEXT

FINANCIAL REPORTING DEADLINE

The Consolidated Law on Finance stipulates that **within four months of the year end**, the listed issuers with Italy as their Home Member State **must make available** the annual financial report comprising:

✓ the draft separate financial statements

✓ the consolidated financial statements (where prepared)

✓ the management report

✓ the responsibility statement made by the persons responsible within the issuer

The ESEF Regulation **does not change the *deadline* obligations** contained in the Consolidated Law on Finance.

The annual financial reports in ESEF format will be made available to the public within four months of the year end (i.e., 30th April for issuers whose year end is 31st December).

ESEF - GENERAL PROCEDURE

⏰ **1st January 2020**

AFR

I STEP

The annual financial reports for financial years beginning on or after 1st January 2020 shall be prepared in XHTML format

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IFRS Consolidated FS included in the AFR

Issuers shall mark up the documents using the iXBRL technology

I STEP

Map & ESEF Mark-up Taxonomy

II STEP

III STEP

Separate/Individual FS

ESEF Delegated Regulation (Art. 5) → the tagging **is not mandatory**, regardless of whether non-consolidated FS are prepared using IFRS or national GAAP
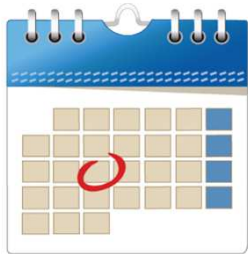
Q&A EC on RTS on ESEF

3rd Video Tutorial on ESEF

Tagging is allowed provided that:

✓ XBRL language is used; and

✓ a specific taxonomy for the respective reporting framework is provided by the Member State

To date, there is no additional local legal requirement and hence no obligation to mark up the non-consolidated FS

All Italian issuers (except insurance undertakings) use IFRS for non-consolidated FS

Voluntary mark up – Assumption
use the ESEF Taxonomy made available by ESMA for consolidated FS, supplemented with extensions when needed (e.g., equity reserves stemming from local requirements)

Credit institutions and insurance undertakings

FS follow **strict layout** provided by the prudential Regulators

(Circular 262 of 22 December 2005, "Banks' financial statements: layout and preparation" issued by the Bank of Italy pursuant to Article 9.1 of Legislative Decree 38/2005)

ASSETS *(figures in thousands of euro)*

10. Cash and cash equivalents
20. Financial assets measured at fair value through profit or loss
a) financial assets held for trading
b) financial assets designated at fair value
c) other financial assets mandatorily measured at fair value
30. Financial assets measured at fair value through other comprehensive income
40. Financial assets measured at amortised cost
a) loans and advances to banks
b) loans and advances to customers
50. Hedging derivatives
60. Fair value change in hedged financial assets (+/-)
70. Equity investments
80. Technical reserves of reinsurers
90. Property, plant and equipment
100. Intangible assets
of which:
- *goodwill*
110. Tax assets:
a) current
b) deferred
- *of which pursuant to Law No. 214/2011*
120. Non-current assets and disposal groups held for sale
130. Other assets
Total assets

Credit institutions and insurance undertakings

Full Comparability of human readable version of the FS

Preserve comparability in the machine-readable format

provide issuers with indications and recommendations to ensure equal tagging rules

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BANCA D'ITALIA

ISTITUTO PER LA VIGILANZA
SULLE ASSICURAZIONI
IVASS

ORGANISMO
ITALIANO DI
CONTABILITÀ

ABI Associazione
Bancaria
Italiana

Ania
Associazione Nazionale
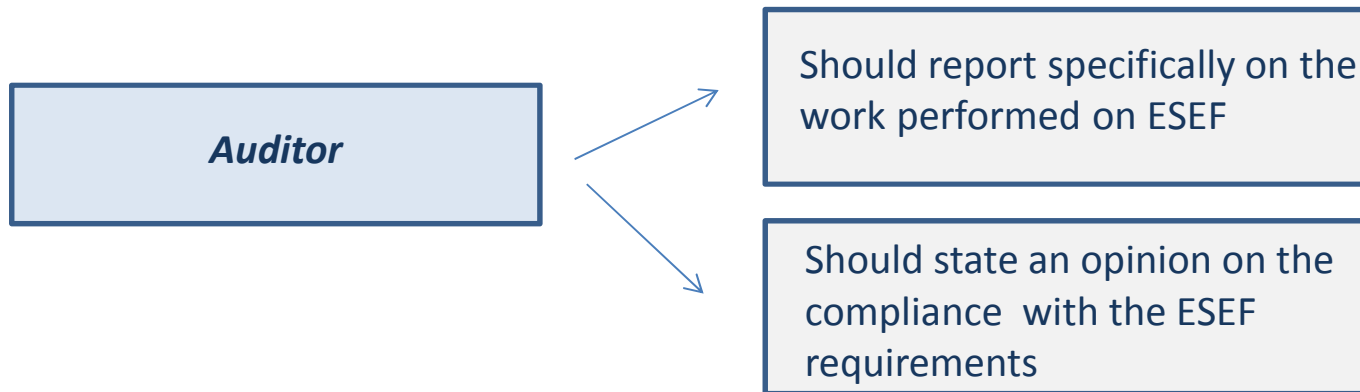fra le Imprese Assicuratrici

XBRL | IT

CEAOB GUIDELINES ON AUDIT OF ESEF

🕐 **28th November 2019** CEAOB published **non-binding guidelines** that are relevant for auditors' work on ESEF-related issues

Auditor

→ Should report specifically on the work performed on ESEF

→ Should state an opinion on the compliance with the ESEF requirements

CEAOB Recommendation

The conclusion on the compliance with ESEF requirements is provided in a section which is **clearly separated** from the audit opinion

FINANCIAL STATEMENT → *ESEF compliance*
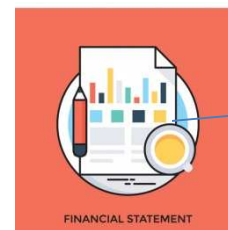
There are no specific provisions regarding where the audit opinion about ESEF should be located

Consob is likely to follow the CEAOB's recommendation

Issuance of an *auditing standard* currently under consideration

ENFORCEMENT ON ESEF

Consob is responsible in Italy for ensuring issuers' compliance with the ESEF Regulation

What will be checking?

Non-consolidated FS

✓ *High level check* ⟶ *Automated process*

Consolidated FS

✓ *IT requirements* ⟶ *Automated process*

✓ *Accounting requirements* ⟶ *Human involvement*

ESEF WG (2018)

Permanent working group (CRSC)

- updates the RTS on ESEF
- develops further guidance to facilitate correct application of the requirements
- fosters supervisory convergence of the enforcement related to the correct application of the RTS

Draft documents to ensure that enforcement of ESEF is dealt consistently across Europe

CONCLUSIONS

Consob has an important role in the ESEF project ... but there is a number of other actors involved

Cooperation with the prudential regulators, the national associations of listed companies and auditors, the Italian standard setter, XBRL Italy, etc.

Organization and / or participation in meetings and conferences to raise awareness and guide issuers towards compliance with the ESEF requirements

Consob will continue to **participate** in ESMA and CEAOB groups in order to share experience with other NCAs

THANK YOU FOR YOUR ATTENTION!