

European Single Electronic Format (ESEF) What Financial Analysts want?

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24° XBRL EUROPE DAY

Milan 5-6° FEBRUARY 2020

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Standard setter per l'analisi finanziaria

A member of



EFFAS THE EUROPEAN FEDERATION
OF FINANCIAL ANALYSTS SOCIETIES



Association of Certified International
Investment Analysts #CIA #CIIA

AIAF profile

- Aiaf, for 47 years has contributed to the development, transparency and efficiency of financial markets with a role of Standard Setter,
- Aiaf Interacts with control bodies, public and private bodies and associations in order to promote a culture of financial analysis
- Aiaf represents about 1000 professionals working at credit institutions, SIMs, SGRs, Investment Financials (Investment Banking, private Equity and Venture Capital), Capital Companies (finance area, M&A, planning), Independent Professional Studies
- Aiaf is part of the international ACIIA and EFFAS network

Transparency Directive amending Directive 2013/50/EU

Recital 26

A harmonised electronic format for reporting would be very beneficial for issuers, investors and competent authorities, since it would make reporting easier and facilitate accessibility, analysis and comparability of annual financial reports.

Assumption and requirements

- a) Exchanged information shall be structured in order to enable its automated extraction and processing (e.g. transformation and loading for analytical purposes),
- b) Definitions of data items shall be precise and accurate, enabling identification of their meaning and relations within the exchanged data,
- c) Structured data shall cover information useful for analysis (i.e. it shall be comparable, stable in time and providing the level or granularity expected by the current and potential future users),
- d) Ease of use by data producers and consumers.

How will users benefit from ESEF?

Financial analysts fully agree and need for efficient stock screening:

- Reliable, comparable and consistent available data
- Long histories for quantitative analysts
- Population: large number of companies to screen on or involve in regression analysis
- Transparency to review quickly “outliers”, data aggregators offer click thru capabilities from standardized to the exact location in the document from which the information was sourced
- ESG information and Strategic Reporting becomes more important
- IFRS taxonomy is the basis but add certain non GAAP measures
- Focus on listed companies, same format for large and small

AIAF guidelines for drafting a research on listed equity securities

- Ratio of the AIAF guidelines to extend ESEF
- AIAF define the quality standards of research to better protect market transparency and for the benefit of all the subjects that operate in the market
- AIAF guidelines allows ESEF language to be adopted by all operators, Italian and European, as uniform and shared best practice
- AIAF guidelines represent a useful methodological standard in the collection, examination and evaluation of a large number of data available on listed companies expressed in the ESEF language

Conclusions

How to implement correctly all the dutys required

- Providing access to financial analysts of experts within the regulatory, accounting, software and consultancy sectors. Include specific XBRL Europe events for this purpose.
- Respond to and prioritize technical requirements surfaced by ESMA and market stakeholders.
- Accelerate international guidance related to the standard and the most common challenges reported by adopters. In particular Support, the development of greatly improved guidance on XBRL extensibility, versioning and other implementation mechanics.
- Provide a software certification mechanism that helps enhance interoperability and improve choice in the marketplace.
- In time for 2020, prepare specialized accreditation frameworks to help suitable training providers accredit relevant market actors, including preparers and users of XBRL data.

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The logo for aiaf, consisting of the lowercase letters 'aiaf' in a bold, blue, sans-serif font. A registered trademark symbol (®) is located to the upper right of the 'f'. A thin red horizontal line is positioned directly below the text.

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