



European Single Electronic Format (ESEF)

31st XBRL Europe Conference

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ESMA32-
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- **Introduction: Role of ESMA**
- 2022 ESMA enforcement activity report
- Block tagging early feedback
- ESMA upcoming work: ESEF, CSRD & ESAP

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ESEF enforcement framework

- Testing environment / Automatic examinations
- Transparency Directive (TD) high level reqs: all AFRs
- ESEF RTS granular requirements: AFRs containing IFRS consolidated financial statements

TD high level examinations (1)

Number of issuers examined in 2022	Total
AFRs containing IFRS consolidated financial statements	1,841
Issuers incorporated in a third country preparing AFRs containing IFRS consolidated financial statements	56
AFRs containing IFRS non-consolidated financial statements prepared in ESEF (with iXBRL mark-ups on a voluntary basis)	33
AFRs prepared in xHTML (stand-alone financial statements without iXBRL marks-ups)	493
Total 2022	2,423

56%
examination
rate

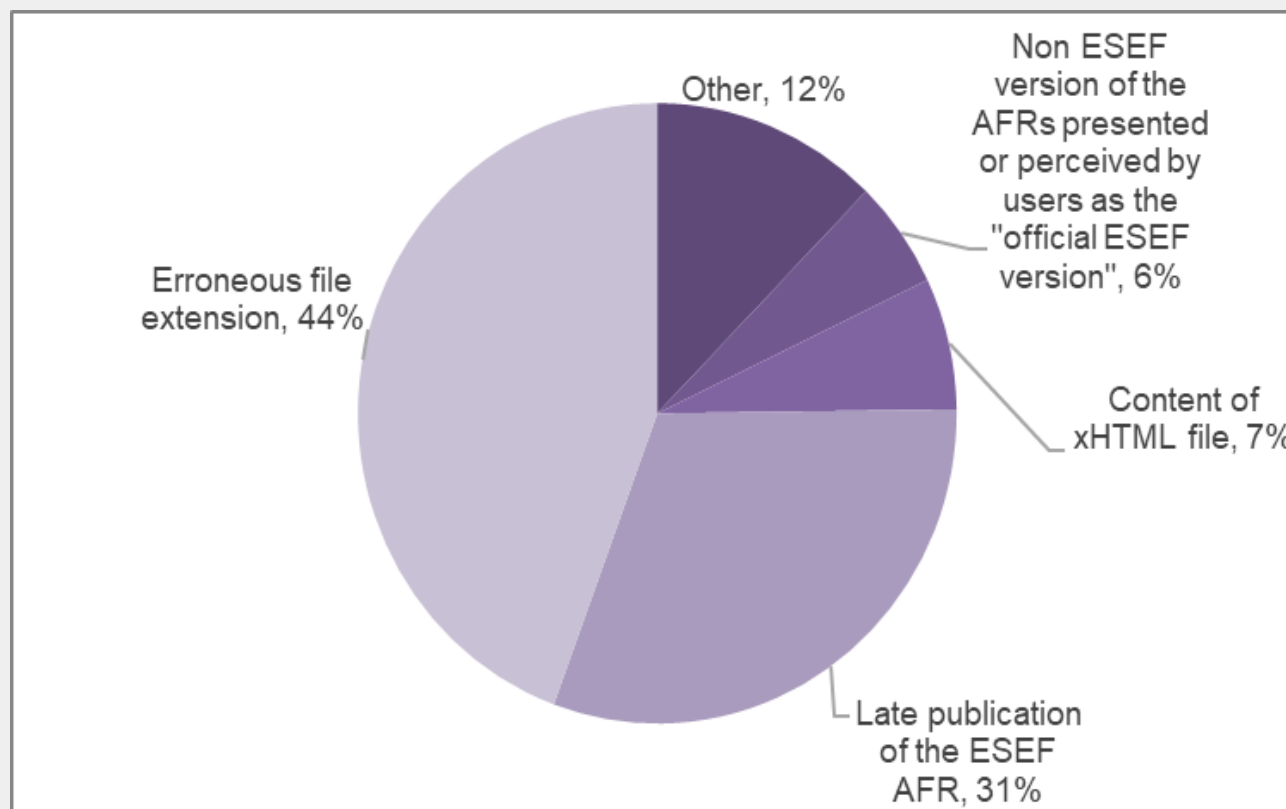
TD high level examinations (2)

Issuers for which enforcement actions were taken based on examinations of TD high level requirements

Require a resubmission/ re-dissemination of the ESEF AFR	227
Require a correction in future ESEF AFR	24
Require a public corrective note	1
Total 2022	252
Other measures	52

**10% action
rate**

TD high level examinations (3)



Identified erroneous areas

ESEF RTS granular requirements (1)

Number of issuers examined in 2022	Technical & software examinations	Accounting examinations	Total
AFRs containing IFRS consolidated financial statements	606	400	1,006
Issuers incorporated in a third country preparing AFRs containing IFRS consolidated financial statements	8	4	12
AFRs containing IFRS non-consolidated financial statements prepared in ESEF (with iXBRL mark-ups on a voluntary basis)	30	29	59
Total 2022	644	433	1,077

**25%
examination
rate**

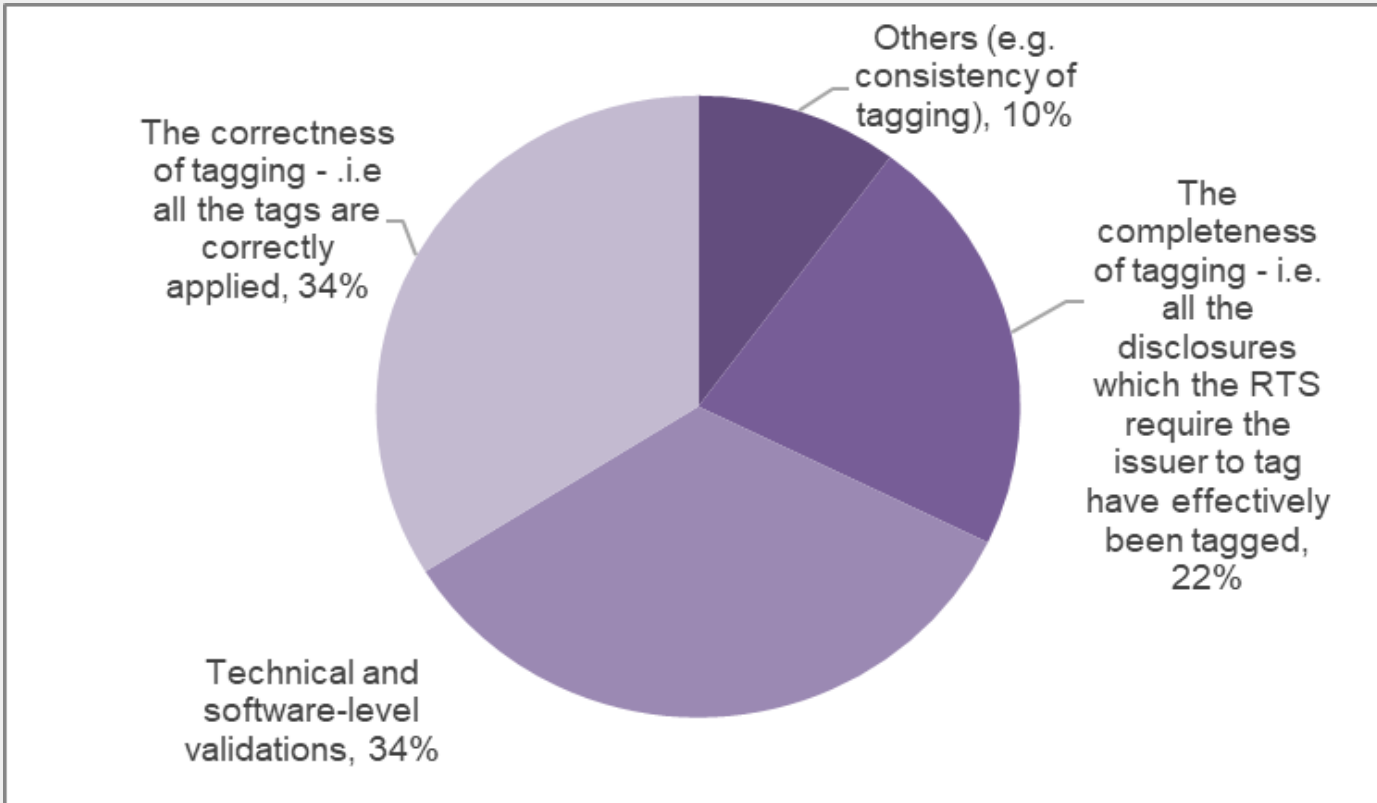
ESEF RTS granular requirements (2)

Issuers for which enforcement actions were taken based on examinations of ESEF RTS granular requirements

Require a resubmission/ re-dissemination of the ESEF AFR	15
Require a correction in future ESEF AFR	24
Require a public corrective note	0
Total 2022	39
Other measures	21

4% action rate

ESEF RTS granular requirements (3)



Identified erroneous areas

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Block tagging – early feedback

- Text block tagging has raised concerns with preparers, software vendors and auditors
 - Technical complexity & burdensome.
- Issues are broadly in two categories:
 - Human readability and resemblance to the original information of the “extracted” text block tag looks like
 - The number of tags required for the same information – “nested tagging”
- Questioning the block tagging value and uses
 - streamline text block tagging requirements

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Digitalisation corporate reporting information (ESEF): financial & sustainability



Amendments to the ESEF RTS to include:



1. Financial taxonomy:

- Annual update to reflect IFRS taxonomy update → **No in 2023!**
- Revise block tagging approach



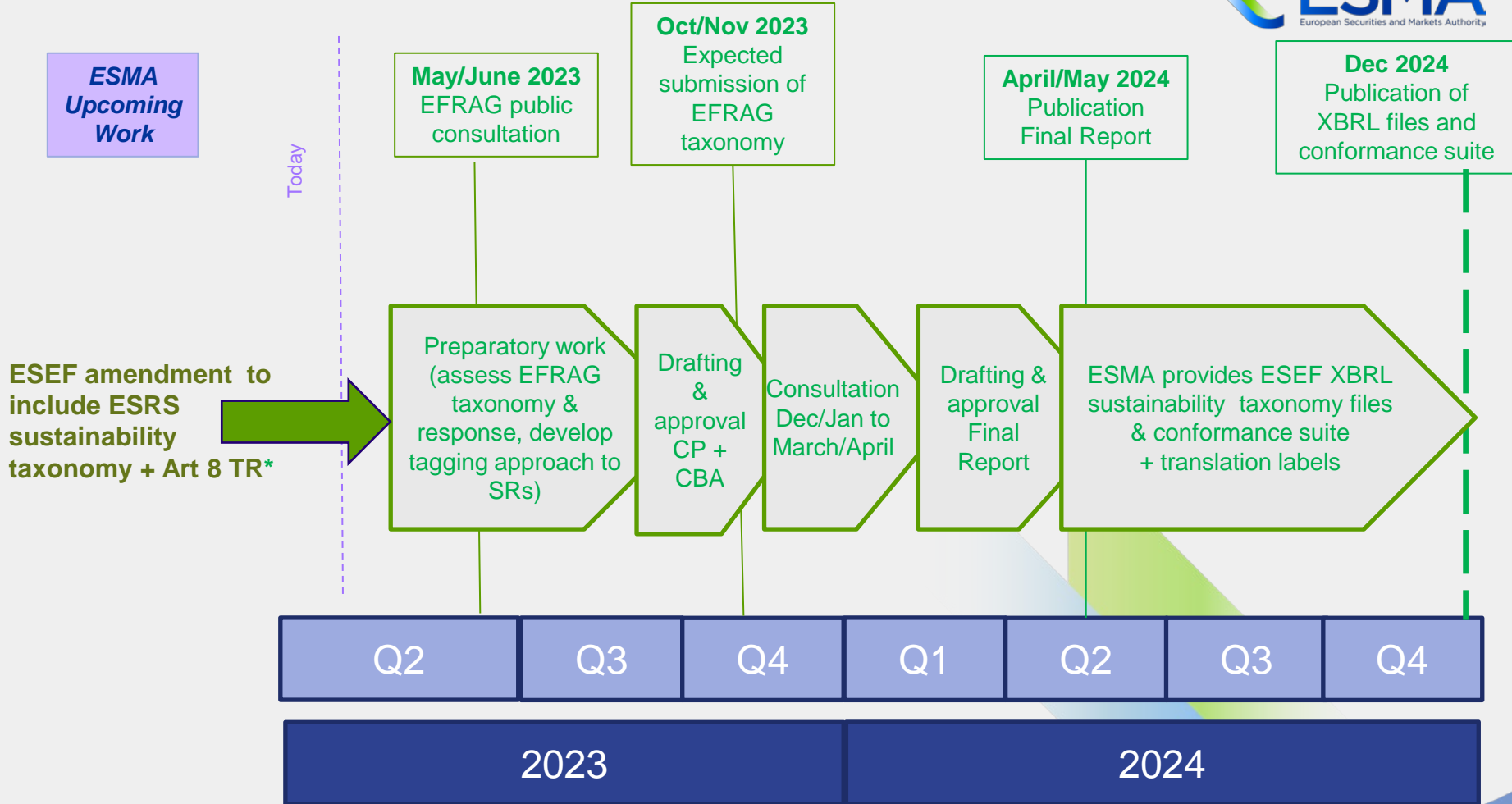
2. Sustainability taxonomy: Incorporate ESRS taxonomy

How ESRS taxonomy will be incorporated into the ESEF reporting

- ESMA work in progress – considerations under discussion:
 - Embedding the ESRS taxonomy elements into the ESEF RTS.
 - Maintaining a separate taxonomy in parallel to the ESEF taxonomy; or adapting the ESRS taxonomy into the ESEF taxonomy as one of its modules/set of entry points.
 - Tagging rules (whether to extend current ESEF tagging approach for ESRS or set up a dedicated set of rules).
 - Extensibility of the ESRS parts by reporting entities (whether or not to allow extensions)
 - ESEF reporting manual & conformance suite (adaptation to cater for ESRS reports; or maintaining a separate set for filing rules specifically for the sustainability disclosures).
- Goal: limit the impact on the current ESEF filers & provide for an easy-entry to the new group of entities subject to the ESRS reporting

What ESRS taxonomy might bring into the ESEF reporting

- Use of type dimensions (open tables) to limit the need for dimensional extensions by the undertakings.
- Use of extensible enumerations and enumeration sets (as per Extensible Enumerations 2.0 technical specification).
- Use of boolean elements.
- Use of other types of elements (as defined in the DTR 1.1 2022-03-31; e.g. GHG emissions, mass, volume, energy, area item types; and others).
- Use of the *Country taxonomy* as prepared by the XBRL International to provide for geographical breakdowns (currently in consultation process but expected to be finalised soon).



* Timeline based on EFRAG working and delivery times assumptions
EFRAG taxonomy includes ESRS Taxonomy + Article 8 Taxonomy Regulation disclosures.

European Single Access Point (ESAP)

- Legislative proposal still in the triilogue negotiations.
- ESAs to develop JC ITS in 9 – 12 months.
- ESMA to develop IT specifications and set up IT system.

Implementing Technical Standards (ITS) to be developed under ESAP regulation

ESAs Joint Committee shall develop draft Implementing Technical Standards (ITS) specifying:

- Automated validations to be performed by Collection Bodies Art.5(6)(a)
- Characteristics of the Qualified Electronic Seal Art.5(6)(b)
- Open standard licenses of paragraph 1(c)
- Characteristics of the API between Collection Bodies and ESAP Art.5(6)(d)
- *Metadata necessary for ESAP search (*)*
- Time limits to provide information to ESAP Art.5(6)e
- *Data extractable and machine readable formats: list and characteristics (*)*
- Characteristics of the ESAP publication API Art.7(4)(a)
- The specific legal entity identifier Art.7(4)(b)
- Classification of types of information Art.7(4)c
- Categories of the size of entities Art.7(4)(d)
- Voluntary information: Metadata + Formats Art.3(2)

ESMA shall develop an Implementing Technical Standard to specify:

- Fees – Services for which fees may be charged Art.8(4)

(*) Council's additional proposals

Any questions?



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