



European Securities and
Markets Authority

ESMA REGULAR USE

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The European Single Electronic Format (ESEF) 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

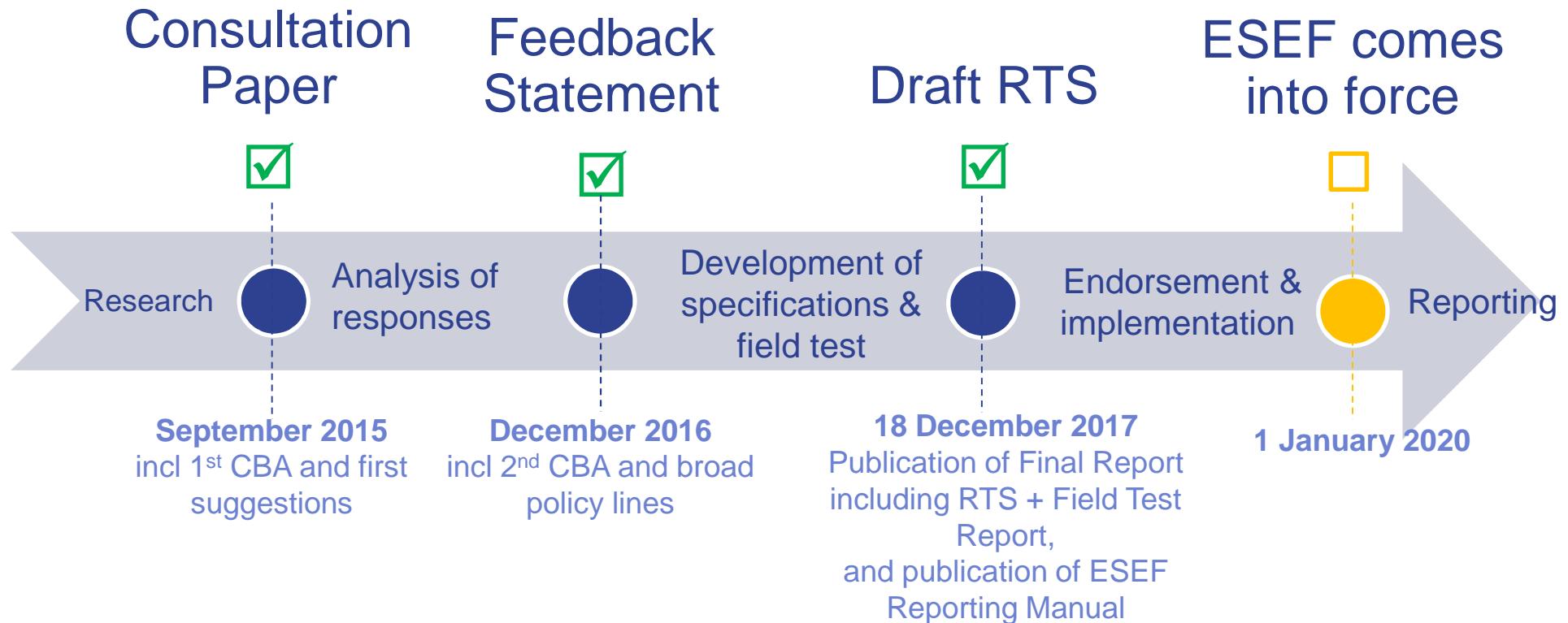
- make reporting easier*
- facilitate accessibility,*

analysis

and comparability of annual financial reports.

*Directive 2004/109/EC as revised by Directive 2013/50/EU

An overview of the development process





Key requirements of the ESEF

- All annual financial reports have to be prepared in xHTML
- Annual financial reports containing consolidated IFRS financial statements need to be marked up using XBRL tags
- XBRL tags have to be embedded in the xHTML document using **Inline XBRL**
- The taxonomy to be used is the ESEF Taxonomy



What does an xHTML file look like

The screenshot shows a web browser window with a title bar reading "C:\Users\asciortino\AppData\Local\Temp\1\Temp1 20161231_iXBRLviewer.html". The main content area displays a financial statement table for a Consolidated Income Statement. The table has columns for Notes, 2016, 2015, and "of which with related parties". The table details revenue from sales and services, costs (electricity, gas, personnel, depreciation), and operating income across various categories.

	Notes	2016	2015	of which with related parties
Revenue				
Revenue from sales and services	7.a	68,604	4,550	73,076
Other revenue and income	7.b	1,988	20	2,582
	[Subtotal]	70,592		75,658
Costs				
Electricity, gas and fuel purchases	8.a	32,039	6,603	37,644
Services and other materials	8.b	17,363	2,577	16,457
Personnel	8.c	4,637		5,313
Depreciation, amortization and impairment losses	8.d	6,355		7,812
Other operating expenses	8.e	2,763	312	2,654
Capitalized costs	8.f	(1,069)		54
	[Subtotal]	61,538		(1,539)
Net income(expense) from commodity contracts measured at fair value	9	(133)	29	168
Operating income		8,921		7,685
Financial income from derivatives	10	1,884		2,455
Other financial income	11	2,289	21	1,563
Financial expense from derivatives	10	2,821		1,505

... like a standard web page

What do embedded XBRL tags look like

Screenshot of a web browser displaying an XBRL viewer interface. The main content area shows a Consolidated Income Statement for 2016, with revenue of 68,604 million euro. A red circle highlights the value '68,604' in the revenue row. To the right, a sidebar titled 'Inline XBRL' provides detailed information about the highlighted element:

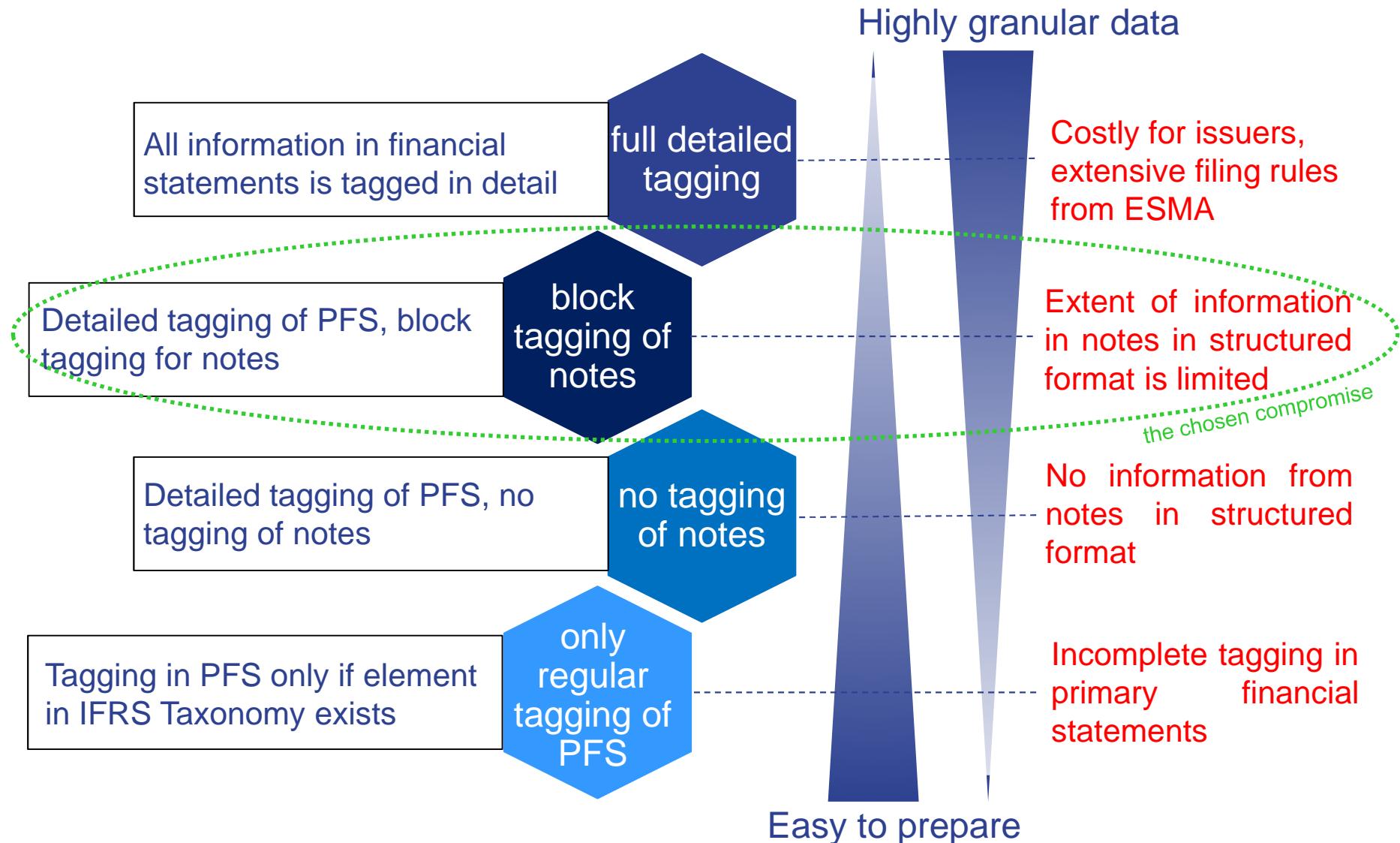
- Line item:** ifrs-full:Revenue
- Value:** € 68,604,000,000.00
- Period:** 2016-01-01 to 2016-12-31
- Units:** iso4217:EUR
- Entity:** 549300JD2GHO6WG85537

The sidebar also includes a checkbox for 'Highlight all tags'.

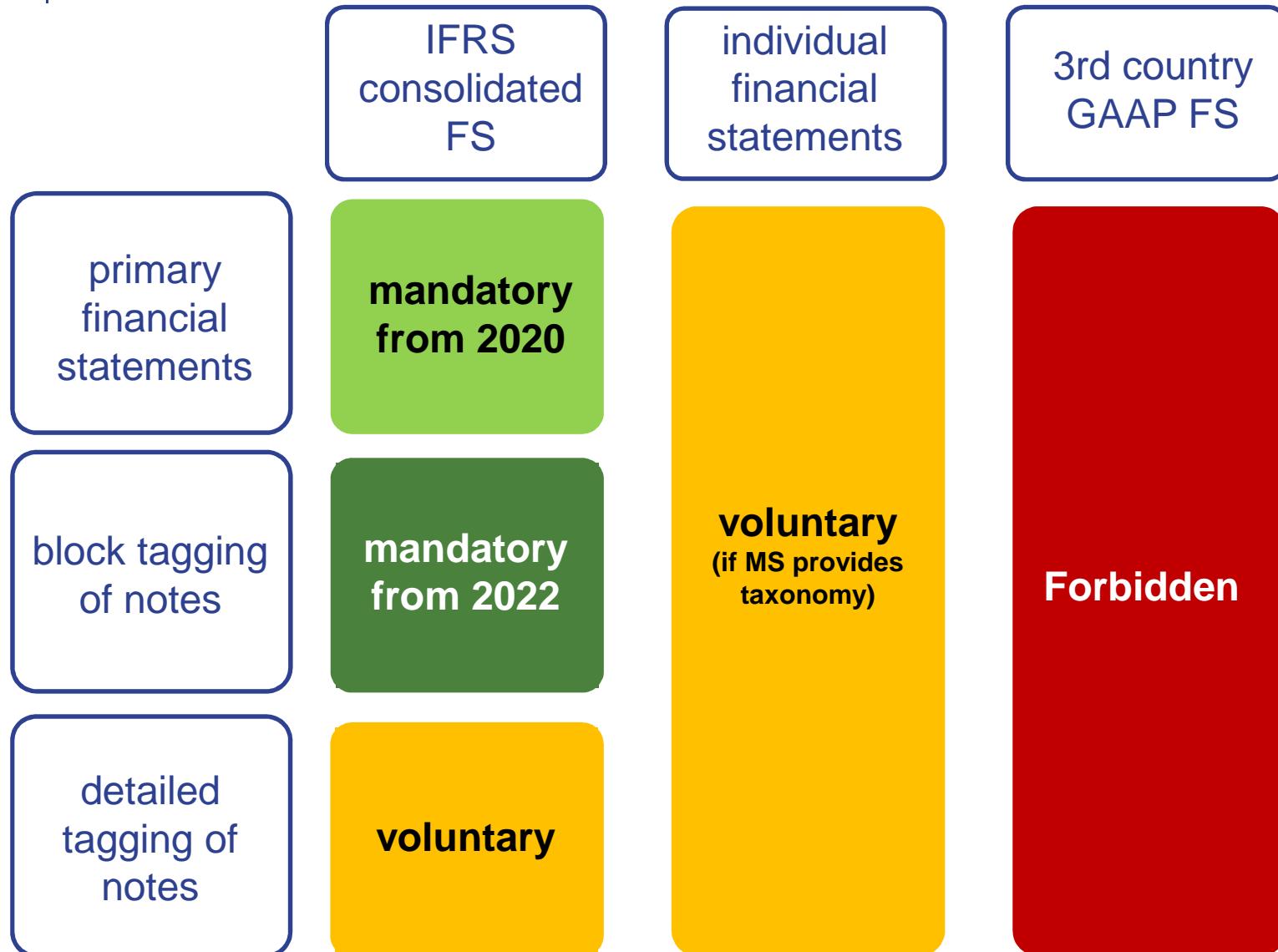
	Notes	2016	of which with related parties
Revenue	7.a 7.b [Subtotal]	68,604 0,000 70,592	4,550 20
Costs	8.a 8.b 8.c 8.d 8.e 8.f [Subtotal]	32,039 17,393 4,637 0,885 2,783 (1,069) 61,538	6,603 2,577 312
Net income/(expense) from commodity contracts measured at fair value	9	(120)	29
Operating income	10	8,921	
Financial income from derivatives	11	1,884	
Other financial income	10	2,288	21
Financial expense from derivatives	10	2,821	
Other financial expenses	11	4,229	

...like an additional layer of information that can be displayed when clicking on a certain tagged element

Level of tagging required by the RTS on ESEF



Level of tagging required by ESEF RTS





The ESEF taxonomy

- A taxonomy is a classification system used to identify and structure information
 - The IFRS taxonomy, prepared by the IFRS Foundation, lists and defines the specific elements that preparers can use to identify (*tag*) the information disclosed within IFRS financial statements.
 - IFRS taxonomy elements are obtained from (1) IFRS Standards and (2) common reporting practice
- ESEF taxonomy = IFRS Taxonomy + a small set of ESMA additions
- ESEF Taxonomy vs IFRS Taxonomy
 - guidance concepts
 - labels in all EU languages
 - ‘wider-narrower’ relationship (*arc-role*) used for anchoring of issuers’ extensions
- The RTS includes the labels of all elements of the core taxonomy → translations
- The taxonomy codes will be published on ESMA’s website



Marking-up disclosures

- Marking up = “tagging” = applying to a disclosure the relevant XBRL tags
- Preparers shall mark-up their disclosures with the taxonomy element having the closest accounting meaning to marked up disclosure
- If the closest taxonomy element misrepresents the accounting meaning of the disclosure, issuers shall create an *extension* taxonomy element.



Anchoring disclosures

- Anchoring = “linking” through an XBRL relationship
- Extension elements shall be *anchored* to the core taxonomy element that has the closest wider accounting meaning
- Anchoring can:
 - Link one entity specific disclosure to one IFRS core taxonomy element (*one to one*)
 - Link two or more entity specific disclosures to one IFRS core taxonomy element (*n to one, or combination*)
 - Link one entity specific disclosure to two or more IFRS core taxonomy elements (*one to n, or disaggregation*)
- Extension elements which are subtotals of other disclosures need not be anchored

Example of anchoring

(1) One-to-one anchoring

Example 1 : Balance Sheet of a European issuer

CONSOLIDATED BALANCE SHEET

Assets In € millions	Notes	December 31, 2016
Goodwill	17	218
Intangible assets	18	1,066
Flight equipment	20	9,119
Other property, plant and equipment	20	1,480

Flight equipment

Property, plant and equipment

Element to be anchored to the closest element in the IFRS Taxonomy which has the closest wider accounting meaning



Extension elements

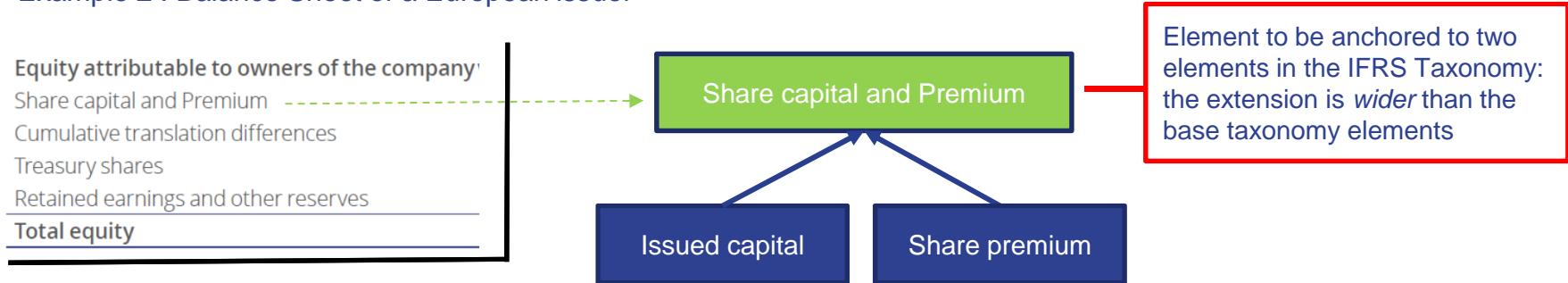


Elements contained in the IFRS Taxonomy

Example of anchoring

(2) N-to-one (combination)

Example 2 : Balance Sheet of a European issuer



Core taxonomy elements (contained in the IFRS Taxonomy)



Extension element

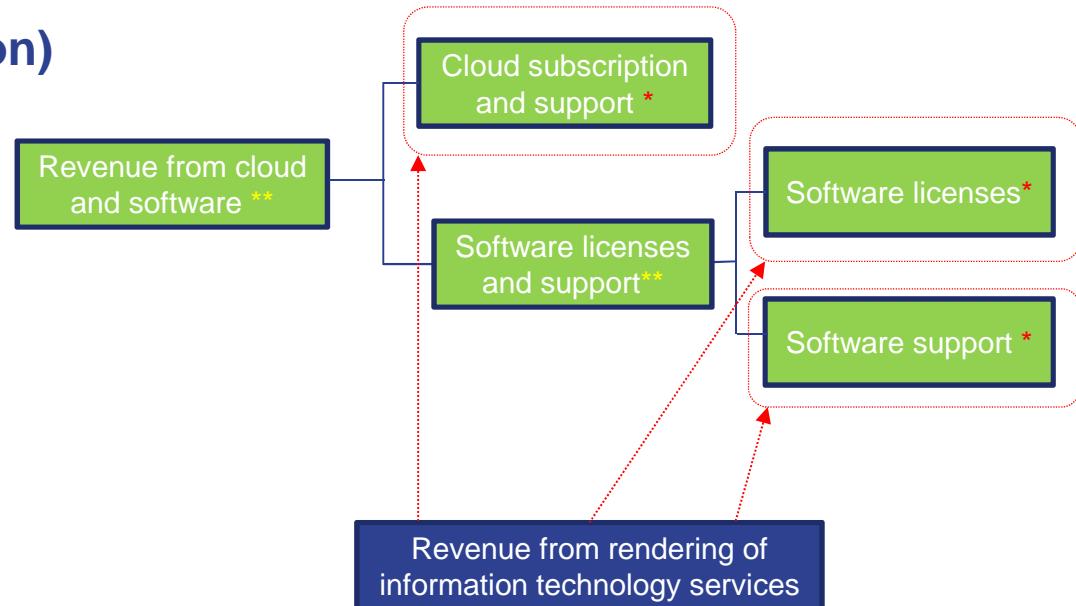
- Where the extension taxonomy element combines a number of elements of the base taxonomy, the issuer should anchor that extension taxonomy element to each of those narrower elements

Example of anchoring

(3) One-to-N (disaggregation)

Example 3: P&L of a European issuer

	2016 €
millions, unless otherwise stated	
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



*Extension elements that shall be anchored

- Elements contained in the IFRS Taxonomy
- Extension elements

- Extension elements that are *subtotals* of other disclosures do not need to be anchored (**)



Where to find out more on the draft RTS on ESEF

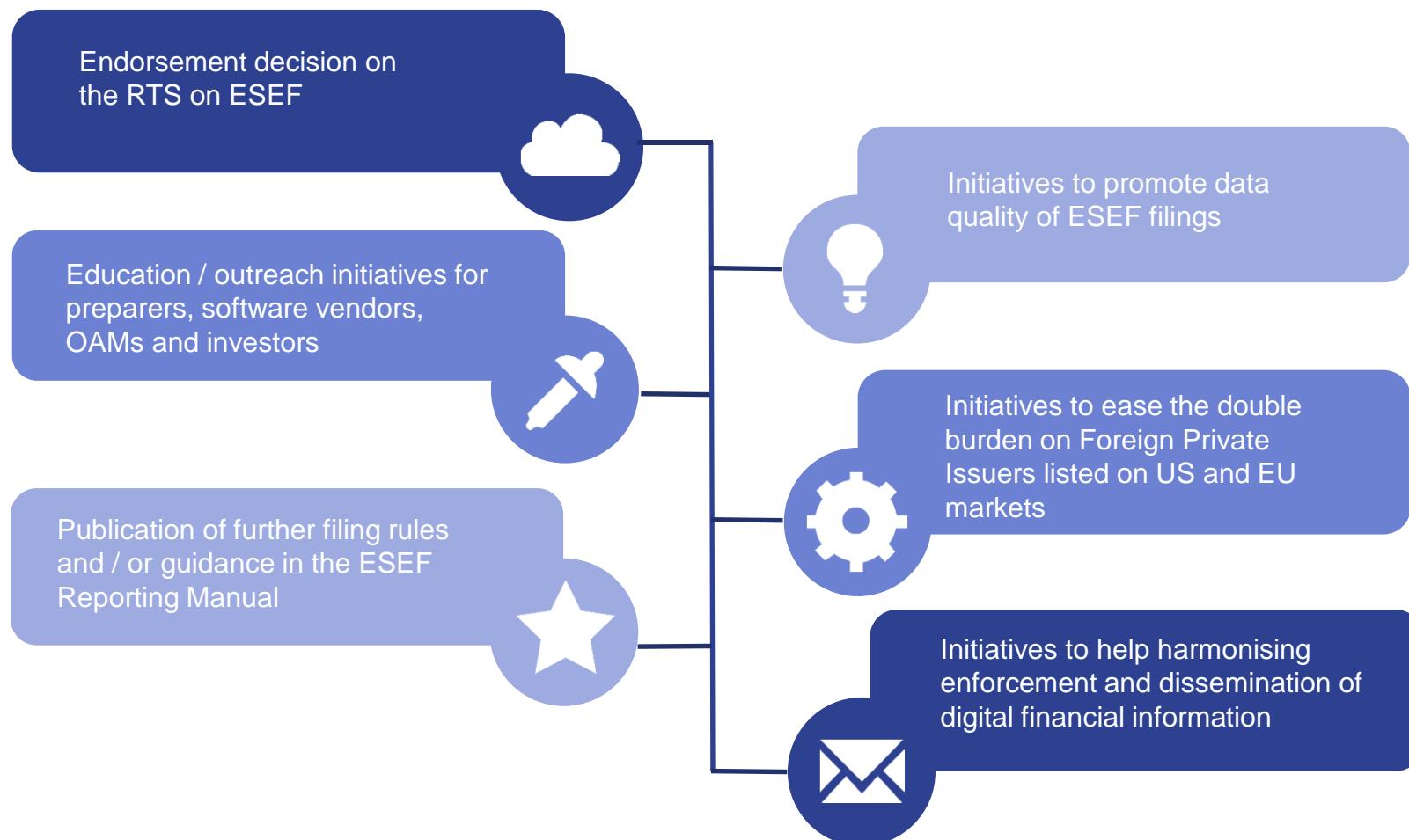
On ESMA's website:

- The Final Report on the draft RTS on ESEF (ESMA32-60-204) published on 18 December 2017
- The ESEF Reporting Manual (ESMA32-60-2540), published on 18 December 2017 | → for both Preparers and Software Vendors
- The ESEF field test webpage <https://www.esma.europa.eu/field-test-esef>
- The Feedback Statement on the Consultation Paper on the Regulatory Technical Standard on the European Single Electronic Format (ESMA/2016/1668), published on 21 December 2016

On the IFRS Foundation website <https://www.ifrs.org/issued-standards/ifrs-taxonomy/>

- Using the IFRS Taxonomy : A Preparer's Guide
- IFRS Taxonomy illustrative examples

What to expect next





Disclaimer

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