

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

Circular 08/18

European Single Electronic Format (ESEF)

Workplan and Implementation Status

Background

In 2013 the Transparency Directive was amended to include amongst others a requirement for issuers to prepare their annual financial reports in a single electronic reporting format. The European Securities and Markets Authority ('ESMA') was assigned the responsibility to develop regulatory technical standards (RTS) to specify this electronic reporting format. The objective is to make reporting easier for issuers and to facilitate accessibility, analysis and comparability of annual financial reports. The ESEF is better referred to as the electronic reporting format in which issuers on EU regulated markets **shall prepare their financial statements for financial years beginning on or after 1 January 2020**.

In this regard, ESMA published on 18 December 2017 the Final Report on the Regulatory Technical Standard (RTS) on the ESEF, including the draft RTS, the ESEF Reporting Manual and the ESEF field test [report](#). On 19 December 2017, the Listing Authority has issued a circular to listed entities in order to keep the industry informed of the developments in this area. You may wish to access this circular through the MFSA website, under the Listing Authority tab, sub-section *Circulars*.

The RTS on ESEF is currently under the consideration of the European Commission as foreseen by the legislative process for the adoption. ESMA expects the process to be completed by the end of 2018. Following the European Commission's endorsement, a three-month period (renewable once) will follow during which the European Council and the Parliament can object to the RTS.

Implementation Aspects

The cornerstones of the RTS on ESEF are as follows:

- a. All annual financial reports shall be prepared in XHTML which can be opened with standard web browsers and can be prepared and displayed as intended by the issuer;
- b. Where the annual financial report contains IFRS consolidated financial statements, these shall be labelled with XBRL 'tags' which make the labelled disclosures structured and machine-readable;

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- c. The XBRL 'tags' shall be embedded in the XHTML document using the Inline XBRL technology which allows to encapsulate the XBRL tags in the XHTML document within a single document set;
- d. Structured electronic reporting using XBRL requires the existence of a taxonomy, which is a given hierarchical structure used to classify financial information.
- e. The IFRS consolidated primary financial statements shall be marked up in detail, whereas the notes to these financial statements need to be marked up by applying mark-ups for whole sections of the notes (block tagging).

Issuers are encouraged to review the RTS on ESEF and evaluate the implications on their systems and set out a plan for the timely implementation of the RTS.

Supervisory Meetings

The SMSU is planning to hold supervisory meetings with each individual issuer during Q3 and Q4 of 2018 to discuss the way forward on the effective and timely implementation of the ESEF. Issuers will be contacted individually, in order to schedule the said meeting.

Contacts

Any queries or requests for clarifications in respect to the above should be addressed to Ms Stephanie Buhagiar Camilleri, Analyst within the Securities and Markets Supervision Unit, by email on scamilleri@mfsa.com.mt

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