

31 January 2022

Guidance on Lodging and Publication of European Single Electronic Format (“ESEF”) Annual Financial Reports

In terms of the ESEF Regulation, issuers falling within the scope of the Transparency Directive¹ are required to prepare their Annual Financial Reports (“AFRs”), containing financial statements for financial years beginning on or after 01 January 2021, in a single electronic reporting format.²

This Circular is intended to provide guidance to issuers on the relevant processes required to lodge and publish the AFRs in the European Single Electronic Format (“ESEF”).

1.0 Background

Reference is made to the Authority’s Circulars dated [24 December 2020](#) and [03 March 2021](#), which note the respective amendments made to the Capital Market Rules (“CMRs”) in relation to ESEF.

In particular, CMR 5.56 and CMR 5.56A state the following:

QUOTE

*“5.56 An Issuer must ensure that its Annual Financial Report is **made available to the public** as soon as it has been approved by the Directors. The Annual Financial Report shall be approved, **lodged with the MFSA for Validation** in terms of Capital Markets Rule 5.56A, and made available to the public by not later than four (4) months after the end of each financial year, and shall remain publicly available for a period of at least ten (10) years.*

5.56A Without prejudice to Listing Rule 5.56, with effect from 1 January 2020 all Annual Financial Reports containing financial statements for financial years beginning on or after 1 January 2020 may be entirely prepared in a single electronic reporting format.

*Provided that with effect from 1 January 2021 all Annual Financial Reports containing financial statements for financial years beginning on or after 1 January 2021 shall be **entirely prepared in a single electronic reporting format.**”*

UNQUOTE

¹ [Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC.](#)

² [Commission Delegated Regulation \(EU\) 2019/2100 of 30 September 2019 amending Delegated Regulation \(EU\) 2019/815 with regard to updates of the taxonomy to be used for the single electronic reporting format.](#)

Therefore, based on the above, issuers are required to lodge the ESEF AFR with the MFSA for Validation. The same ESEF AFR shall be made public through the Officially Appointed Mechanism (“OAM”), which is the Malta Stock Exchange (“MSE”) in Malta. The publication process and the issuers’ respective course of action with the MFSA and the MSE are further detailed in Section 2.0 below.

2.0 Publication Process

Issuers shall be required to lodge the ESEF AFR with the MFSA for Validation, through the MFSA’s **LH Portal**.³ When uploading ESEF Files, issuers should follow the [Guidelines for Issuers to Upload and Review Reporting Data through the LH Portal](#). Once the ESEF file has been uploaded on the LH Portal, it would be automatically validated upon submission. The validation process would result in either a successful upload or a failed upload. The issuer would be notified accordingly via automatic email entitled “File Queuing”.

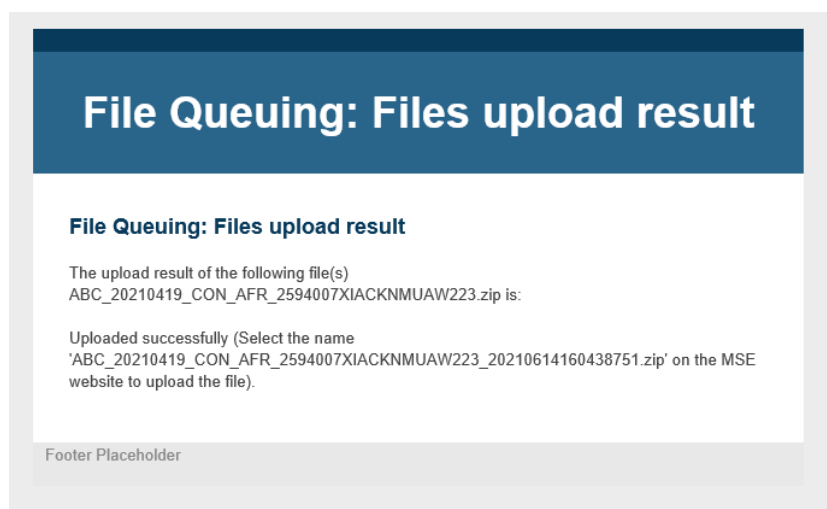


Figure 1: Sample Email for files uploaded successfully

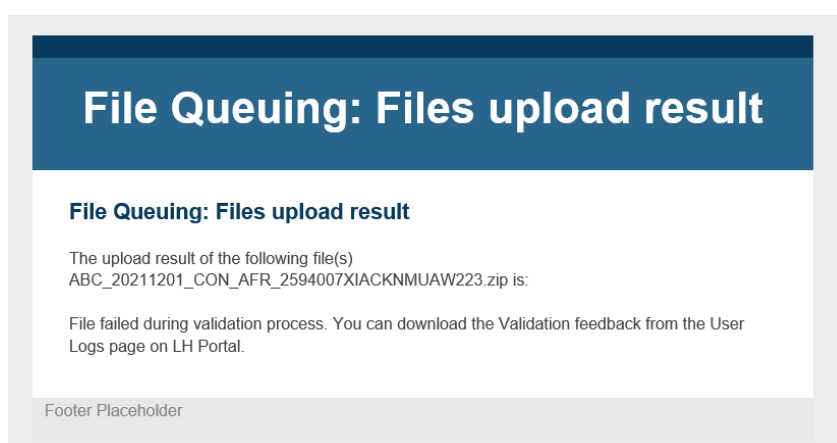


Figure 2: Sample Email for a file that failed validation

³ Link to LH Portal: <https://lhportal.mfsa.mt/>

In the event of a failed upload, this implies that the **ESEF file would not have passed the validation requirements**. In such cases, issuers should access the 'User Logs' tab through the LH Portal and press the download button to obtain a Feedback Report which should outline the errors present in the file. Once the errors have been identified and the file has been amended accordingly, the user would be in a position to re-upload the updated file for validation purposes, through the LH Portal.

In the event of a successful validation⁴, issuers should note that the ESEF AFR is **automatically shared** with the MSE as the local OAM. Therefore, the same ESEF file that is lodged with the MFSA shall be available on the OAM automatically after successful validation.

It is important to note that issuers would still be required to **issue a Company Announcement** to announce the publication of the ESEF AFR, through the OAM. The publication of the Company Announcement shall be linked to the corresponding ESEF AFR, which AFR would have already undergone successful validation at the level of the MFSA. Indeed, the ESEF AFR will **not** be made public **until** the issuer links the Company Announcement, with the corresponding ESEF AFR, and issues the same Company Announcement through the OAM.

In this regard, issuers shall follow the MSE's **Notice on Company Announcements for Annual Financial Reports** as follows:

https://cdn.borzamalta.com.mt/download/ESEF_Notice_to_Issuers.pdf

Moreover, as noted in the Authority's Circular dated [27 January 2022](#), issuers shall include the following information in the abovementioned Company Announcement:

- a. A statement indicating where the AFR has been made available to the public in terms of CMR 5.16.21; and
- b. The Directors' Declaration on ESEF AFRs, signed by two Directors.

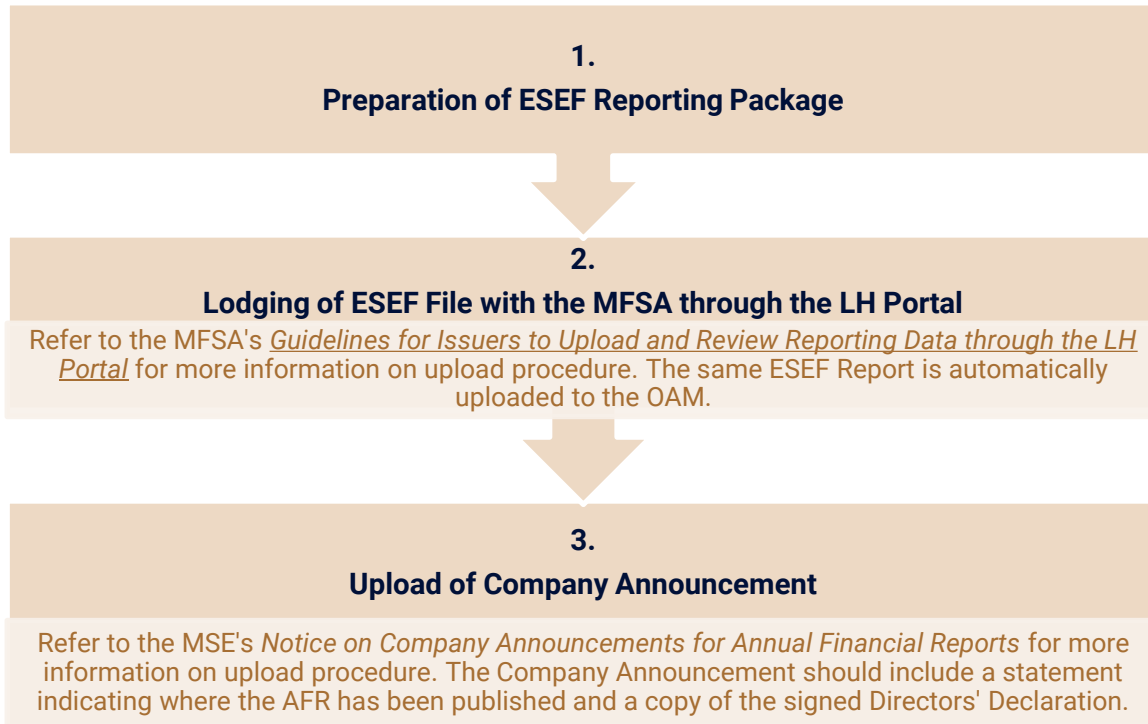
The format of the Directors' Declaration is available for download on the Authority's website as follows:

<https://www.mfsa.mt/firms/capital-markets/european-single-electronic-format/preparation-documents/>

⁴ A successful validation still produces a Feedback Report, the contents of which should be reviewed and addressed by issuers.

2.1 Summary of Main Steps

The full procedure has been summarised as follows:



3.0 Launch of ESEF Live Environment

The Authority announces that the ESEF live environment⁵ shall be made available to the public with effect from, today, **Monday 31 January 2022**. In this respect, the designated persons, being those persons that shall be accessing and using the ESEF live environment for the corresponding issuers, should have access to the ESEF live environment. Should there be any issues with accessing the ESEF live environment, one can request access through esef.malta@mfsa.mt.

It is important to note that the Live Environment shall be used for actual publications and that any prior testing should be done through the Test Environment.

NB: For the first year of implementation, users have been granted access to the LH Portal automatically. Should there be changes in any of the designated persons referred to above, issuers should notify the Authority of the respective changes as applicable.

Please note that the ESEF live environment may be accessed through the following link to the **live LH Portal**:

<https://lhportal.mfsa.mt/>

NB: An upload in the above link will result in the official publication of the AFR.

⁵ The Live Environment is the actual platform to be used for lodging and publication of AFRs in ESEF.

4.0 Use of Test Environment

The MFSA encourages issuers to make use of the Test Environment which has been made available for the purposes of testing the upload of the ESEF file for validation. It is recommended that the Test Environment is used to test the final version of the ESEF Report, before it is lodged through the live environment. Nevertheless, it is reiterated that using the ESEF Test Environment does not in any way replace or override the ESEF requirements, including the requirement to lodge the AFR in ESEF through the ESEF Live Environment.

Please note that the ESEF test environment may be accessed through the following link to the **test LH Portal**:

<https://testlhportalexternal.mfsa.mt/>

Should issuers be interested in accessing the Test Environment, kindly contact us on esef.malta@mfsa.mt. For more information on the Test Environment, please refer to the [Circular dated 16 June 2021](#).

5.0 Further Guidance

For more information on ESEF, please visit our [website](#) as follows:

<https://www.mfsa.mt/our-work/securities-and-markets-supervision/>

Capital Markets/Continuing Obligations/European Single Electronic Format (ESEF)

4.0 Contacts

Any queries or request for clarifications in respect of the above should be submitted on email address esef.malta@mfsa.mt.