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COVER NOTE

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	30 September 2019
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	C(2019) 7066 final
Subject:	COMMISSION DELEGATED REGULATION (EU) .../... of 30.9.2019 amending Delegated Regulation (EU) 2019/815 with regard to updates of the taxonomy to be used for the single electronic reporting format

Delegations will find attached document C(2019) 7066 final.

Encl.: C(2019) 7066 final



Brussels, 30.9.2019
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COMMISSION DELEGATED REGULATION (EU) .../...

of 30.9.2019

**amending Delegated Regulation (EU) 2019/815 with regard to updates of the taxonomy
to be used for the single electronic reporting format**

(Text with EEA relevance)

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE DELEGATED ACT

On 29 May, the Commission published Delegated Regulation (EU) 2019/815¹ with regard to regulatory technical standards on the specification of a single electronic reporting format (the European Single Electronic Format or ESEF) (hereafter the ESEF Regulation). The ESEF Regulation was developed by ESMA under Article 4(7) of Directive 2004/109/EC (Transparency Directive) as amended by Directive 2013/50/EU. It specifies the single electronic reporting format for the preparation of annual financial reports by issuers of securities listed on the EU regulated markets for financial years beginning on or after 1 January 2020. Under the ESEF Regulation, all issuers whose securities are admitted to trading on an EU regulated market must prepare their entire annual financial reports using the eXtensible HyperText Markup Language (XHTML) format starting with financial year 2020. Additional rules apply where issuers include in their annual financial reports the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the Union pursuant to Regulation (EC) No 1606/2002 or as issued by the International Accounting Standards Board (IASB), which Commission Decision 2008/961/EC considers as equivalent to the IFRS adopted by the Union. IFRS consolidated financial statements must be marked-up using the inline eXtensible Business Reporting Language (iXBRL) and such mark-ups must be embedded in the underlying XHTML document using the iXBRL technology.

The taxonomy to be used for marking-up the IFRS consolidated financial statements is specified in the Annexes to the ESEF Regulation. It is based on the taxonomy developed by the IFRS Foundation and published in March 2017 (i.e. the most recent IFRS taxonomy at the time of drafting). The IFRS Foundation periodically updates the IFRS taxonomy to reflect, amongst other developments, the issuance of new IFRS or the amendment of existing IFRS, the analysis of disclosures commonly reported in practice, as well as improvements to the IFRS taxonomy's general content or technology. The latest version of the IFRS Taxonomy to date - the 2019 IFRS Taxonomy - was published in March 2019. It includes the presentation and disclosure requirements of the IFRS as issued by the IASB at 1 January 2019.

This delegated act – whose draft was prepared by ESMA and submitted to the European Commission on 6 June 2019 - amends the ESEF Regulation to reflect all the updates included in the 2019 IFRS Taxonomy, irrespective of the endorsement status of each IFRS within the Union. In particular, it amends or substitutes the relevant Annexes to the ESEF Regulation. This amendment is purely technical and is needed to align electronic reporting with the existing reporting standards, thus facilitating the implementation by issuers of the mark-up requirements contained in the ESEF Regulation.

2. CONSULTATIONS PRIOR TO THE ADOPTION OF THE ACT

This delegated act provides for purely technical amendments to the ESEF Regulation. In line with Article 10 of Regulation (EU) 1095/2010 (the ESMA Regulation), ESMA did not conduct an open public consultation of the draft delegated act nor analysed the potential related costs and benefits because such consultations and analyses would have been disproportionate in relation to the scope and the impact of the draft delegated act.

¹ Originally published as “Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format”. Following a corrigendum published in June 2019, the number of the Delegated Regulation is now 2019/815.

3. LEGAL ELEMENTS OF THE DELEGATED ACT

This delegated act, which amends the ESEF Regulation, is based on Article 4(7) of the Transparency Directive as amended by Directive 2013/50/EU. It includes purely technical updates to the taxonomy that issuers whose securities are admitted to trading on EU regulated markets must use for marking-up the IFRS consolidated financial statements within the annual financial reports.

In particular:

- Annex I of the ESEF Regulation is amended in accordance with Annex I to this delegated act;
- Annex II of the ESEF Regulation is amended in accordance with Annex II to this delegated act;
- Annex VI of the ESEF Regulation is amended in accordance with Annex III to this delegated act.

This amendment is in line with Recital (7) of the ESEF Regulation, which specifies that the provisions included therein should be updated periodically based on draft delegated acts prepared by ESMA.

COMMISSION DELEGATED REGULATION (EU) .../...

of 30.9.2019

amending Delegated Regulation (EU) 2019/815 with regard to updates of the taxonomy to be used for the single electronic reporting format

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to 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/EC², and in particular Article 4(7) thereof,

Whereas:

- (1) Commission Delegated Regulation (EU) 2019/815³ specifies the single electronic reporting format, as referred to in Article 4(7) of Directive 2004/109/EC, to be used for the preparation of annual financial reports by issuers. Consolidated financial statements included therein are prepared either in accordance with International Accounting Standards, which are commonly referred to as International Financial Reporting Standards ('IFRS'), adopted pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council⁴, or in accordance with IFRS as issued by the International Accounting Standards Board (IASB) which are considered as equivalent to IFRS adopted pursuant to Regulation (EC) No 1606/2002 based on Commission Decision 2008/961/EC⁵.
- (2) The core taxonomy to be used for the single electronic reporting format is based on the IFRS Taxonomy and is an extension of it. The IFRS Foundation annually updates the IFRS Taxonomy to reflect, amongst other developments, the issuance of new or the amendment of existing IFRS, the analysis of disclosures commonly reported in practice, or improvements to the IFRS Taxonomy's general content or technology. Therefore, it is necessary to update the regulatory technical standards in order to reflect the relevant changes in the IFRS Taxonomy.
- (3) Delegated Regulation 2019/815 should therefore be amended accordingly.
- (4) This Regulation is based on the draft regulatory technical standard submitted by the European Securities and Markets Authority to the Commission,

² OJ L 390, 31.12.2004, p. 38

³ Commission Delegated Regulation (EU) No. 2019/815 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (OJ L143/1, 29.05.2019, p.1)

⁴ Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (OJ L 243, 11.9.2002, p. 1)

⁵ Commission Decision of 12 December 2008 on the use by third countries' issuers of securities of certain third country's national accounting standards and International Financial Reporting Standards to prepare their consolidated financial statements (OJ L 340, 19.12.2008, p. 112).

HAS ADOPTED THIS REGULATION:

Article 1

Amendments to Delegated Regulation (EU) 2019/815

Delegated Regulation (EU) 2019/815 is amended as follows:

- (1) Annex I is amended in accordance with Annex I to this Regulation;
- (2) Annex II is amended in accordance with Annex II to this Regulation;
- (3) Annex VI is amended in accordance with Annex III to this Regulation.

Article 2

Entry into force and application

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

It shall apply to annual financial reports containing financial statements for financial years beginning on or after 1 January 2020.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 30.9.2019

For the Commission
The President
Jean-Claude JUNCKER