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IFRS Taxonomy Consultative Group – 12 June 2017

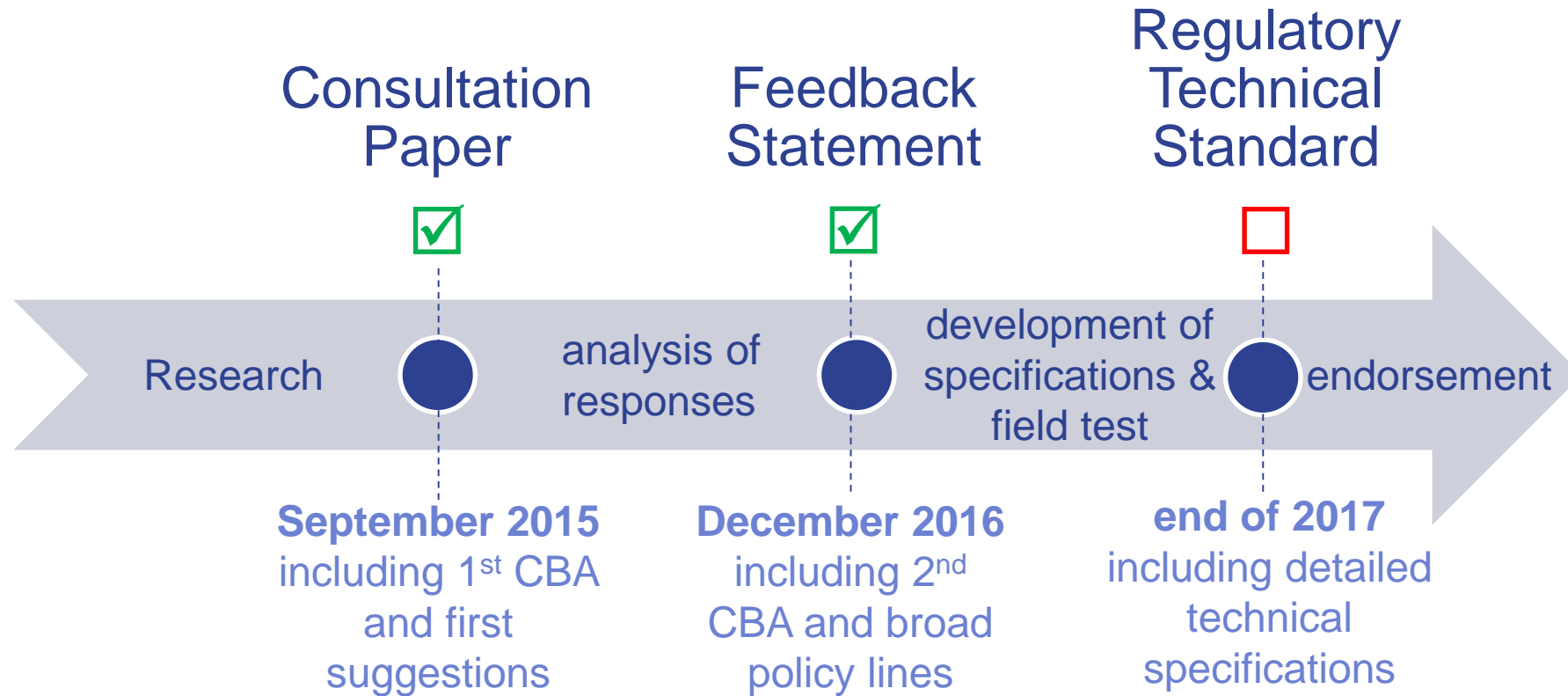
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Background

- **Requirements:**
 - From 1 January 2020 issuers will have to prepare their annual financial reports (AFR) in a **single electronic reporting format**
- **Content of 'annual financial report' (AFR) :**
 - Individual financial statements of the issuer (according to either IFRS or National GAAP)
 - Consolidated financial statements according to IFRS (if the issuer has to prepare group financial statements)
 - management report (which may include corporate governance and other reports)
 - other statements made by the issuer
- **Number of affected companies:**
 - About 7,500 issuers on regulated markets
 - of which around 5,300 prepare IFRS consolidated financial statements

ESMA Consultation



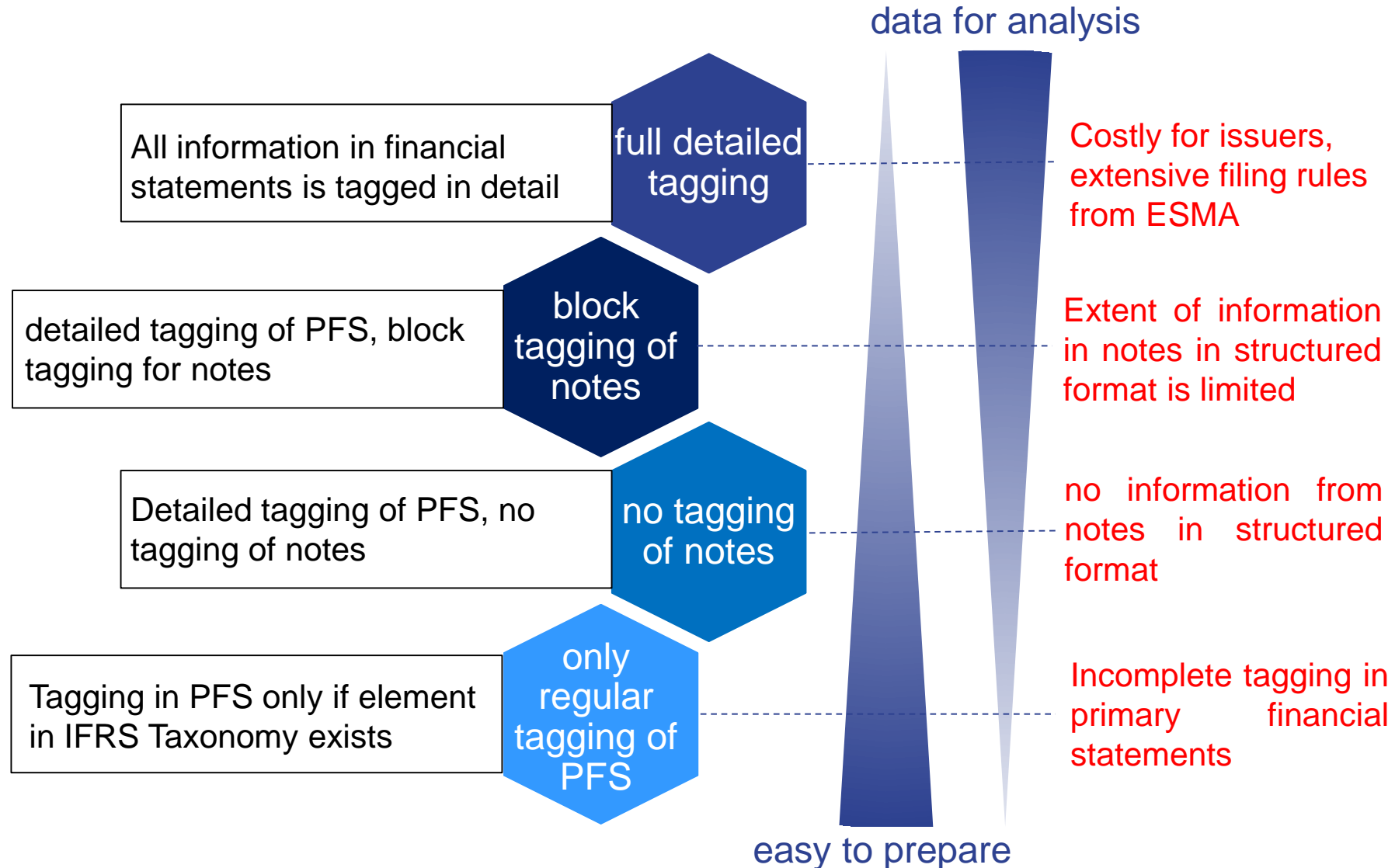
Summary of broad lines set out in Feedback Statement

- All annual financial reports have to be prepared in xHTML
 - xHTML is human readable and no rendering mechanism is necessary
- Where the annual financial report contains consolidated IFRS financial statements, they have to be labelled with XBRL tags
 - The XBRL tags are meta data that allow software supported analysis
- The XBRL tags have to be embedded in the xHTML document using Inline XBRL
- The IFRS Taxonomy issued by the IFRS Foundation has to be used
- In the first 2 years mandatory tagging is limited to the primary financial statements

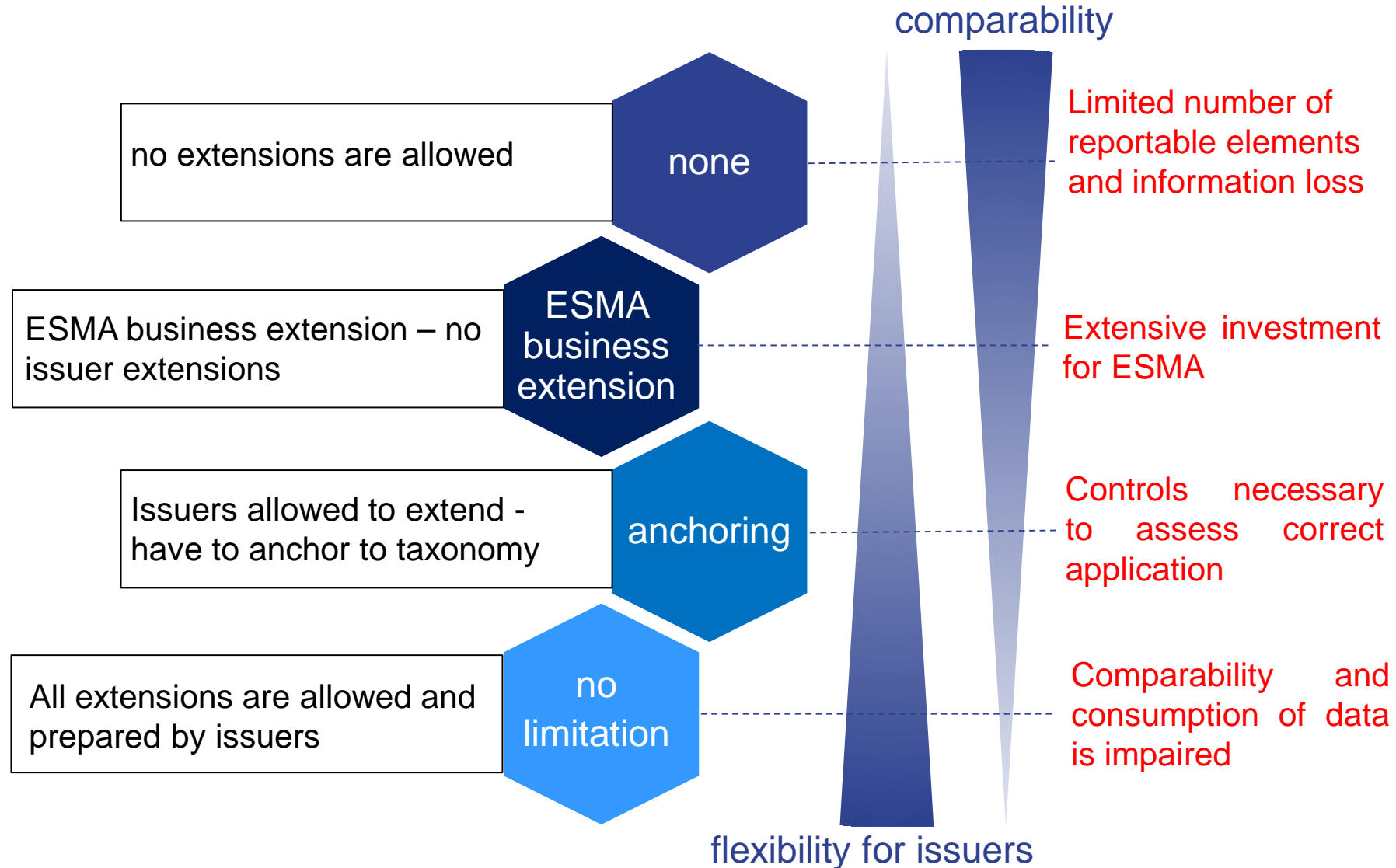
Work on the technical specifications

- **A study was undertaken to assess implementation options regarding:**
 - » Scope of tagging (primary financial statements only or also the notes)
 - » Level of tagging (detailed tagging or block tagging)
 - » Use of extensions (no extensions or controlled use of extensions on the basis of a framework or free use of extensions)
 - » Development of a regulatory extension taxonomy (and if yes technical extension only or business extension)

Contradicting objectives – level of tagging



Contradicting objectives - extensions



Implementation options

Methodology used for the assessment of implementation options:

Scoring of each option (e.g. detailed tagging of notes vs. block tagging of notes) against the following set of criteria:

| Criterion | Weight |
|--|--------|
| Availability of data for automated processing | 1.00 |
| Data comparability and analytical possibilities | 1.00 |
| Effort on filers side | 1.00 |
| ESMA effort | 0.75 |
| Effort required to validate for correctness and completeness | 0.25 |
| Definition and execution of data quality checks | 0.25 |
| Risk of incomplete or wrong tagging | 0.25 |
| Compatibility with other projects | 0.25 |

Current considerations: level of tagging

- Detailed tagging vs. block tagging
- Consider requiring all elements in primary financial statements to be tagged in detail
- Notes: only block tagging might be required – with the following few exceptions:

| | | |
|---|-------------|------------------------|
| Name of reporting entity or other means of identification | string | IAS 1 51 a |
| Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period | string | IAS 1 51 a |
| Domicile of entity | string | IAS 1 138 a |
| Legal form of entity | string | IAS 1 138 a |
| Country of incorporation | string | IAS 1 138 a |
| Address of entity's registered office | string | IAS 1 138 a |
| Principal place of business | string | IAS 1 138 a |
| Description of nature of entity's operations and principal activities | string | IAS 1 138 b |
| Name of parent entity | string | IAS 1 138 c, IAS 24 13 |
| Name of ultimate parent of group | string | IAS 24 13, IAS 1 138 c |
| Length of life of limited life entity | string | IAS 1 138 d |
| Statement of IFRS compliance [text block] | text block | IAS 1 16 |
| Explanation of departure from IFRS | string | IAS 1 20 c, IAS 1 20 b |
| Explanation of financial effect of departure from IFRS | string | IAS 1 20 d |
| Disclosure of uncertainties of entity's ability to continue as going concern [text block] | text block | IAS 1 25 |
| Explanation of fact and basis for preparation of financial statements when not going concern basis | string | IAS 1 25 |
| Explanation of why entity not regarded as going concern | string | IAS 1 25 |
| Description of reason for using longer or shorter reporting period | string | IAS 1 36 a |
| Description of fact that amounts presented in financial statements are not entirely comparable | string | IAS 1 36 b |
| Disclosure of reclassifications or changes in presentation [text block] | text block | IAS 1 41 |
| Explanation of sources of estimation uncertainty with significant risk of causing material adjustment | string | IFRIC 14 10, IAS 1 125 |
| Disclosure of assets and liabilities with significant risk of material adjustment [text block] | text block | IAS 1 125 |
| Dividends recognised as distributions to owners per share | X, duration | IAS 1 107 |

Illustration of block tagging

Block tags can be applied with different levels of granularity – e.g.:

The Company has entered into agreements to lease certain office facilities and equipment under operating leases. Future minimum payments under the noncancellable leases in effect at November 30, 2016 were as follows:

| (In thousands) | | Lease Payments |
|----------------|----|----------------|
| 2017 | \$ | 35,443 |
| 2018 | | 33,877 |
| 2019 | | 24,816 |
| 2020 | | 18,767 |
| 2021 | | 14,999 |
| Thereafter | | 16,120 |

Attributes 🔍 ✕

Commitments and Contingencies Disclosure [Text Block]

| | |
|--------|---|
| Tag | us-gaap:CommitmentsAndContingenciesDisclosureTextBlock |
| Fact | Commitments and Contingent LiabilitiesThe Company is party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, the disposition of these matters will not have a material adverse effect on... |
| Period | 12 months ending 11/30/2016 |
| Type | textBlockItemType |

Attributes 🔍 ✕

Schedule of Future Minimum Rental Payments for Operating Leases [Table Text Block]

| | |
|--------|--|
| Tag | us-gaap:ScheduleOfFutureMinimumRentalPaymentsForOperatingLeasesTableTextBlock |
| Fact | The Company has entered into agreements to lease certain office facilities and equipment under operating leases. Future minimum payments under the noncancellable leases in effect at November 30, 2016 were as follows:(In thousands)LeasePayments2017\$35,44320... |
| Period | 12 months ending 11/30/2016 |
| Type | textBlockItemType |

Current considerations: level of tagging

- Text blocks required might be on a high level – examples for disclosure text blocks:

| | | |
|---|------------|-------------------------|
| Disclosure of accounting judgements and estimates [text block] | text block | IAS 1 10 e |
| Disclosure of accrued expenses and other liabilities [text block] | text block | IAS 1 10 e |
| Disclosure of allowance for credit losses [text block] | text block | IAS 1 10 e |
| Disclosure of associates [text block] | text block | IAS 27 17, IFRS 12 B4 d |
| Disclosure of auditors' remuneration [text block] | text block | IAS 1 10 e |
| Disclosure of authorisation of financial statements [text block] | text block | IAS 1 10 e |
| Disclosure of available-for-sale financial assets [text block] | text block | IAS 1 10 e |
| Disclosure of basis of consolidation [text block] | text block | IAS 1 10 e |
| Disclosure of basis of preparation of financial statements [text block] | text block | IAS 1 10 e |
| Disclosure of business combinations [text block] | text block | IFRS 3 Disclosures |

- Examples for accounting policies text blocks:

| | | |
|--|------------|-------------|
| Description of accounting policy for available-for-sale financial assets [text block] | text block | IAS 1 117 b |
| Description of accounting policy for biological assets [text block] | text block | IAS 1 117 b |
| Description of accounting policy for borrowing costs [text block] | text block | IAS 1 117 b |
| Description of accounting policy for borrowings [text block] | text block | IAS 1 117 b |
| Description of accounting policy for business combinations [text block] | text block | IAS 1 117 b |
| Description of accounting policy for business combinations and goodwill [text block] | text block | IAS 1 117 b |
| Description of accounting policy for cash flows [text block] | text block | IAS 1 117 b |
| Description of accounting policy for collateral [text block] | text block | IAS 1 117 b |
| Description of accounting policy for construction in progress [text block] | text block | IAS 1 117 b |
| Description of accounting policy for contingent liabilities and contingent assets [text block] | text block | IAS 1 117 b |

Current considerations: use of extensions

- Respondents to the consultation pointed out that the IFRS Taxonomy as it is cannot be reasonably used without the use of extensions
- An appropriate way forward would be to allow entity specific extensions but to develop rules guiding their application
- XBRL International has set up an Entity Specific Disclosure Task Force
- This task force recommended to anchor entity specific extensions to the elements in the base taxonomy
- ESMA developed a first draft of rules requiring the anchoring of entity specific extensions

Next steps

- **ESMA Work in 2017**

- Gathering input on first drafts and finalisation of:

- detailed filing rules (including rules regarding extensions and tagging) and
- regulatory extension taxonomy

- Before submission of the RTS to the EC, ESMA has to field test the ESEF

- The field test could be carried out as follows:

- call for volunteers amongst issuers (around 20-30)
- they would be invited to come to Paris and to transform their annual financial report together with XBRL experts provided by ESMA to Inline XBRL
- annual financial reports in Inline XBRL would be published and users invited to provide comments
- it will be explored whether Officially Appointed Mechanisms (OAMs) that are responsible for storage of regulated information of issuers are willing to participate



Your input

- ESMA published public working drafts of the regulatory extension taxonomy and the filing rules:

<http://standards.eurofiling.info/esma/>

- These were presented in the 'ESMA ESEF Meet-the-Market Workshop' on 6 June
- Any input is welcome - please write to esef@esma.europa.eu



Disclaimer

Please note that the content of this presentation and the public working drafts made available before the workshop are merely based on current staff considerations and not formally approved by ESMA's Chairman and/or ESMA's Board of Supervisors