



EFFAS Position Paper on ESEF

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The EFFAS Commission on Financial Reporting (FRC) would like to remark the following regarding the ESEF:

1). - The introduction of an electronic format for financial reporting is helpful for users. EFFAS- FRC however does not share the European Directive statement that the introduction will be 'very beneficial, since it would make reporting easier and facilitate accessibility, analysis and comparability of annual financial reporting'. Accessibility is expected to be improved and the rest of the benefits will remain to be seen. Electronic reporting does not necessarily implies an easier analysis and better comparability.

2). - EFFAS believes that digitalization of accounting metrics will not implicitly lead to a "better communication". In fact, the primary financial statements might continue to convey differences between IFRS reporting issuers due to the insufficient definition of key performance concepts such as operating profit or net debt. These differences broaden when comparing with issuers reporting under US GAAP or Japanese GAAP.

3). - EFFAS believes that ESEF availability could produce better tools for scoring. However scoring/data analysis is a starting point for users. ESMA should guarantee that the chosen ESEF format, iXBRL will improve scoring quality to facilitate capital markets to channel and allocate more efficiently financial resources to companies in Europe. In this regard, EFFAS is eager to work with stakeholders -rating agencies, academics, issuers and regulators- to assure that iXBRL provides adequate and reliable financial information as required by analysts and investors.

4).- The ESEF project, the work on taxonomy and the extension of reporting outside the primary financial statements should incorporate a qualified representation of users which was not the case in the first phase of the project.



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EFFAS is willing to participate in this project which in our view relates to the implementation of the “better communication” project currently under discussion by IASB and supported by ESMA.

In concluding, EFFAS would like to stress that ESMA should firstly work on providing quality data guidelines on financial information reporting on items such as APMs and IFRS relevant disclosures. The risk of jeopardizing the quality of data provided to users should be basically eliminated. Thereafter, ESMA should work and focus on ESEF.

EFFAS will be honoured to collaborate and work with ESMA and issuers to improve the quality of financial information provided through iXBRL.

If you would like to further discuss the views expressed in this letter, please do not hesitate to contact us.

Javier de Frutos, Chairman & Jacques de Greling, Vice-Chair
On behalf of EFFAS
Commission on Financial Reporting

EFFAS was established in 1962 as an association for nationally-based investment professionals in Europe. Headquartered in Frankfurt am Main, EFFAS comprises 22-member organizations representing more than 16,000 investment professionals. The Commission on Financial Accounting is a standing commission of EFFAS aiming at proposing and commenting on financial issues from an analyst standpoint. FAC members are Javier de Frutos (Chairman, IEAF-Spain), Jacques de Greling (Vice-Chairman- SFAF, France), Rolf Rundfelt (SFF, Sweden), Friedrich Spandl (ÖVFA, Austria), Henning Strom (NFF, Norway), Serge Pattyn (BVFA/ABAF, Belgium) and Luca D' Onofrio (AIAF, Italy).