

Introduction

Please make your introductory comments below, if any:

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I am writing on behalf of the Autorité des Normes Comptables (ANC) to express our views on your consultation paper on the European Single Electronic Format. These views result from the ANC's due process, following the discussions held within our IFRS Commission and in our Board.

As a preliminary observation, based on our understanding of the Transparency Directive (Article 4. 7), ANC is wondering whether providing a non-structured electronic reporting (such as a pdf format file) is – as first step - sufficient or not to comply with the definition of a single electronic reporting format. Such an approach could help meet the deadline of January 1, 2020. As this requirement is already mandatory in France for listed entities, such an option would be implemented with no additional cost and constraint. According to us, the fact that only recital 26 of the Directive is mentioning a potential structured electronic format and not Article 4.7, questions the need to implement a structured electronic reporting format. ANC recommends ESMA to ask for a specific legal review on this subject and to formally agree on this point with the European Commission.

With regards to a more structured electronic data system assuming such a system is opted for, ANC is convinced it is very difficult at this stage to discuss IT specifications for a new tool without having a common definition on a number of key points such as the structure of the financial statements (especially content of the income statement, balance sheet and disclosures) or the assessment of financial performance. Prior to any decision, priority should be given to jointly define with the IASB, within the "Disclosure initiative" project for instance, harmonised formats for the primary financial statements and for the notes. Options given by the European Accounting Directive on formats should also be assessed. This could be covered in a second step, for which a deadline will have to be set-up.

ANC wants to point out that, entering figures in a tool without providing any detailed explanation is at best useless but can also be misleading. As a consequence, ANC considers that providing a narrative information is crucial and should be embedded in the analysis. The status of the management report in such a context should also be considered.

Preparers consider this issue as a pivotal topic in regards to the objective of the Transparency directive implementation by January 1, 2020 which should accordingly be well anticipated if changes in IT accounting structure are expected. In this case, different scenarii have to be tested with a cost and benefit assessment being performed. Processes to be set-up and the role to be devoted to the auditors (need of a specific audit report?) should also be clarified and scrutinized.

Finally, if the need to provide structured data is approved by the European Commission, ANC agrees that using the taxonomy already developed by the IFRS Foundation for listed entities has to be first considered and reviewed carefully. However, we should keep in mind that this taxonomy should remain a tool allowing better transparency, but should in no way influence the standard setting process in itself. In other words, the system should not restrict the options offered by the standards and should not require additional information that is not considered mandatory under existing standards. ANC agrees with ESMA that the scope of the taxonomy (limited to the listed companies) is the first priority to be dealt with and the corresponding outcome should be validated before going further.

If you want to further discuss, please do not hesitate to contact us.

Yours sincerely,

Patrick de Cambourg

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