

EUROPEAN SINGLE ELECTRONIC FORMAT

WHEREAS

The Luxembourg law of 11 January 2008 on transparency requirements for issuers (Transparency Law), supplemented by the Grand-Ducal Regulation of 11 January 2008 on transparency requirements for issuers (Transparency Regulation), applies to issuers for which Luxembourg is the home Member State in accordance with the Transparency Law.

These issuers are required to provide ongoing and periodic information, defined as regulated information, which amongst other includes periodic financial reports, information to be provided in relation to major holdings and inside information.

The Transparency Law imposes three disclosure requirements on issuers in relation to regulated information: (i) effective dissemination of the regulated information; (ii) making this information available to an Officially Appointed Mechanism (OAM); and (iii) filing of the regulated information with the CSSF.

REGULATED INFORMATION

As per article 1(1) item (10) of the Transparency Law, “regulated information” shall mean all information, which the issuers are required to disclose under the Transparency Law and under articles 17 and 19 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (MAR).

Given the distinction to be made between periodic and ongoing regulated information and the scope of the

present article, we will only focus on periodic information i.e. financial information; while ongoing information is referring to major shareholding thresholds crossing.

PERIODIC INFORMATION

Pursuant to the Transparency Law, the periodic information requirements apply to issuers whose securities are admitted to trading on a regulated market and for which Luxembourg is the home Member State. Hence, these issuers are required to prepare: (i) an annual financial report (AFR), to be published at the latest four months after the end of each financial year; (ii) a half-yearly financial report to be published at the latest three months after the end of the first six months of each financial year; and a report on payments to governments.

FORMAT REQUIREMENTS FOR ANNUAL FINANCIAL REPORTS

Commission delegated regulation (EU) 2019/815 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 (RTS) imposes on all issuers which have to publish AFRs to prepare their AFRs in Extensible Hypertext Markup Language (XHTML) format for financial years beginning on or after 1 January 2020. Where AFRs include IFRS consolidated financial statements, issuers shall mark up those consolidated statement using XBRL mark-up language as defined in the RTS.

WHAT IS THE ESEF?

The European Single Electronic Format (ESEF) is the electronic reporting format in which issuers on EU regulated markets shall prepare their annual financial reports as from 1 January 2020.

In 2013, the Transparency Directive, was amended to include, amongst others, a requirement for issuers to prepare their AFRs in an ESEF. ESMA was assigned the responsibility to develop RTS to specify this ESEF. The objectives were to make reporting easier for issuers and to facilitate accessibility, analysis and comparability of AFRs. RTS on ESEF will apply to all issuers subject to the requirements contained in the transparency directive to make public AFRs.

ESEF REQUIREMENTS

- All AFRs shall be prepared in XHTML, which is human readable and can be opened with any standard web browsers;
- Where AFRs contains IFRS consolidated financial statements, these shall be labelled the XBRL tags, which make the labelled disclosures structured and machine-readable;
- The XBRL tags shall be embedded in the XHTML document using the Inline XBRL technology, which allows the benefits of XBRL tagged data to be combined with the human readable presentation of AFRs;

- A taxonomy provides the hierarchical structure used to classify financial information and is essential for structured electronic reporting using XBRL. The taxonomy to be used for ESEF is an extension of the IFRS taxonomy;
- Preparers shall mark-up disclosures using the taxonomy element having the closest accounting meaning to the marked up disclosure; if the closest taxonomy element misrepresents the accounting meaning of the disclosure, issuers shall create a so-called extension taxonomy element and anchor such extension to the core taxonomy element that has the closest accounting meaning.
- Primary financial statements (income statement, balance sheet, statement of cash flows and statement of changes in equity) shall be marked up in detail; the Notes instead will need to be marked up by applying mark-ups for whole sections of the notes (block tagging).

POSTPONEMENT OPTION

While initially RTS on the ESEF were intended to mandatorily apply to all annual financial reports drawn up in accordance with article 3 of the Transparency Law for financial years beginning on or after 1 January 2020; CSSF informed on 20 January 2021 that for issuers subject to the Transparency Law, Luxembourg has decided to opt for the 1-year postponement option of the ESEF requirements.

As a consequence, these requirements will apply to the AFRs for periods beginning on or after 1 January 2021. For periods preceding that date, issuers may already apply ESEF requirements on a voluntary basis.

The CSSF reminded issuers as well that, as from the application of the ESEF requirements (including if applied on voluntary basis before 1 January 2021), the entire AFRs shall be drawn up in accordance with the RTS on ESEF. Therefore, as mentioned above, it shall be prepared in XHTML format and, where AFRs include IFRS consolidated financial statements, issuers shall mark up those consolidated financial statements using eXtensible Business Reporting Language (XBRL).