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

of 21.9.2022

amending the regulatory technical standards laid down in Delegated Regulation (EU) 2019/815 as regards the 2022 update of the taxonomy for the single electronic reporting format

(Text with EEA relevance)

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE DELEGATED ACT

In May 2019, the Commission published Delegated Regulation (EU) 2019/815¹ with regard to Regulatory Technical Standards (RTS) on the specification of a single electronic reporting format (the European Single Electronic Format – ESEF). The RTS on ESEF was developed by ESMA under Article 4(7) of Directive 2004/109/EC (Transparency Directive) as amended by Directive 2013/50/EU. This RTS 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 this RTS, 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, 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 Inline XBRL technology. As a supplementary measure to help the recovery from the COVID-19 pandemic, Article 4(7) of the Transparency Directive was amended by Regulation (EU) 2021/337² to grant Member States the option to allow issuers in their jurisdiction to draw up annual financial reports in ESEF starting with financial year 2021 (instead of 2020), provided the intention to do so is notified to the European Commission and duly motivated.

The core taxonomy to be used for marking-up the IFRS consolidated financial statements (ESEF Taxonomy) is specified in the Annex of the RTS. The ESEF taxonomy – last updated via the amending Delegated Regulation (EU) 2022/352 - is based on the one developed by the IFRS Foundation and is periodically updated 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 2022 IFRS Taxonomy - was published in March 2022. It includes the presentation and disclosure requirements of the IFRS Standards as issued by the International Accounting Standards Board at 1 January 2022, including those issued but not yet mandatorily applicable.

This RTS – submitted to the European Commission by ESMA on 14 June 2022 - aims to amend the existing RTS on ESEF to reflect all the updates included in the 2022 IFRS Taxonomy, irrespective of the endorsement status of each IFRS within the Union. In particular, it replaces Annex I, which now includes updates to the glossary of terms used in the RTS; it replaces Annex II, which now includes new elements in the list of accounting

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.

² Regulation (EU) 2021/337 of the European Parliament and of the Council of 16 February 2021 amending Regulation (EU) 2017/1129 as regards the EU Recovery prospectus and targeted adjustments for financial intermediaries and Directive 2004/109/EC as regards the use of the single electronic reporting format for annual financial reports, to support the recovery from the COVID-19 crisis (OJ L 68, 26.02.2021, p. 1)

policies and list of notes; it replaces Annex VI, which now includes the updated core taxonomy schema to be used for marking up the IFRS consolidated financial statements.

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 RTS on ESEF.

In order to allow enough time for the effective implementation of the requirements by issuers, this amendment to the RTS on ESEF will be applicable at the latest for financial years beginning on or after 1 January 2023, allowing for early application. Consequently, for annual financial reports for financial statements beginning on or after 1 January 2022 – issuers will be allowed to use either the 2021 ESEF Taxonomy or the 2022 ESEF Taxonomy introduced by this RTS. Early application is especially relevant for issuers for whom one or more core taxonomy elements included in the 2022 ESEF Taxonomy better reflect the accounting meaning of the disclosure being marked-up compared to the 2021 ESEF taxonomy.

2. CONSULTATIONS PRIOR TO THE ADOPTION OF THE ACT

This amendment to the RTS on ESEF provides for purely technical amendments of the existing RTS on ESEF and as such does not constitute new policy or a substantial change to existing policy. In accordance with Article 10 of Regulation (EU) 1095/2010 (the ESMA Regulation), ESMA did not conduct an open public consultation of the draft RTS, 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 this RTS.

3. LEGAL ELEMENTS OF THE DELEGATED ACT

This amendment to the RTS on ESEF is based on Article 4(7) of the Transparency Directive as amended by Directive 2013/50/EU.

This delegated act includes purely technical updates to the taxonomy according to which issuers whose securities are admitted to trading on EU regulated markets are legally obliged to use for marking-up the IFRS consolidated financial statements within the annual financial reports.

In particular:

- Annex I is replaced by the text in Annex I to this Regulation;
- Annex II is replaced by the text in Annex II to this Regulation;
- Annex VI is replaced by the text in Annex III to this Regulation.

This is in line with the provisions of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018, which states that the provisions included therein should be updated periodically on the basis of draft RTS prepared by ESMA.

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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/EC³, and in particular Article 4(7) thereof,

Whereas:

- (1) Commission Delegated Regulation (EU) 2019/815⁴ 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 ('IFRSs'), adopted pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council⁵, or in accordance with IFRSs as issued by the International Accounting Standards Board ('IASB') which, based on Commission Decision 2008/961/EC⁶, are considered as equivalent to IFRSs adopted pursuant to Regulation (EC) No 1606/2002.
- (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 IFRS, the amendment of existing IFRS, the analysis of disclosures commonly reported in practice, or improvements to the general content or technology of the IFRS Taxonomy. Therefore, it is necessary to update the regulatory technical standards to reflect each annual update of the IFRS Taxonomy. In March 2022, the IFRS Foundation published the updated version of the IFRS Taxonomy. This update should therefore be reflected in Delegated Regulation (EU) 2019/815.

³ OJ L 390, 31.12.2004, p. 38.

⁴ Commission Delegated Regulation (EU) No. 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 (OJ L143, 29.5.2019, p. 1).

⁵ 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).

⁶ 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).

- (3) Annexes I, II and VI to Delegated Regulation (EU) 2019/815 should be updated to reflect the 2022 update to the IFRS Taxonomy and provide additional guidance to issuers for tagging their financial statements. Although only parts of those Annexes need to be updated, it is necessary to replace those Annexes in their entirety to enhance, in particular, the readability for stakeholders of the applicable tables of the 2022 update. This replacement will facilitate implementation of the tagging requirements and the highest comparability of electronic financial statements drawn up in accordance with IFRS at Union and global level for end-users.
- (4) Delegated Regulation (EU) 2019/815 should therefore be amended accordingly.
- (5) In order to allow enough time for the effective implementation of the new requirements by issuers, and to minimise compliance costs, the new taxonomy should apply to annual financial reports containing financial statements for financial years beginning on or after 1 January 2023. However, issuers should be allowed to implement the new taxonomy for financial years beginning on or after 1 January 2022.
- (6) This Regulation is based on the draft regulatory technical standard submitted to the Commission by the European Securities and Markets Authority.
- (7) This Regulation is a technical update to Delegated Regulation (EU) 2019/815 to reflect updates in the IFRS taxonomy and provide additional guidance to mark up IFRS financial statements. This Regulation does not constitute new policy or a substantial change to existing policy. ESMA has not conducted open public consultations on the draft regulatory technical standards on which this Regulation is based, nor analysed the potential related costs and benefits or requested the advice of the Securities and Markets Stakeholder Group established under Article 37 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council⁷, because that would have been highly disproportionate to the scope and impact of this amendment,

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 replaced by the text in Annex I to this Regulation;
- (2) Annex II is replaced by the text in Annex II to this Regulation;
- (3) Annex VI is replaced by the text in Annex III to this Regulation.

⁷ Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84).

Article 2

Transitional provision

By way of derogation from Delegated Regulation (EU) 2019/815 as amended by Commission Delegated Regulation (EU) 2022/352⁸, this Regulation may be applied to annual financial reports containing financial statements for financial years beginning before 1 January 2023.

Article 3

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 from 1 January 2023 to annual financial reports containing financial statements for financial years beginning on or after 1 January 2023.

However, Article 2 shall apply from the date of entry into force of this Regulation.

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

Done at Brussels, 21.9.2022

For the Commission

The President

Ursula VON DER LEYEN

⁸ Commission Delegated Regulation (EU) 2022/352 of 29 November 2021 amending Delegated Regulation (EU) 2019/815 as regards the 2021 update of the taxonomy laid down in the regulatory technical standards on the single electronic reporting format (OJ L 77, 7.3.2022, p. 1).