ESMA Meet the Market
Eurofiling Online Event

28 May 2020
Agenda

• ESEF Policy Update
  – Yearly update to the RTS on ESEF
  – Yearly update to the ESEF XBRL taxonomy files and Conformance Suite

• Deep dive on the ESEF Conformance Suite
  – Purpose
  – Content
  – Development process
  – Future governance
POLICY UPDATE
RTS on ESEF
Yearly process for updates of the core taxonomy

By end of March
IFRS Foundation publishes annual update to IFRS taxonomy

April to June
ESMA prepares draft RTS revising the RTS on ESEF (Annex VI) on the basis of the IFRS Taxonomy update

By June
ESMA submits draft RTS to the European Commission

2020 update:
We are here

EC / Council / Parliament: EU endorsement of draft RTS revising RTS on ESEF

Year N

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Taxonomy files and Conformance Suite

Yearly process for updates

By end of March:
IFRS Foundation publishes annual update to IFRS taxonomy

June/July:
IFRS Foundation publishes taxonomy formula linkbases

TBC
Green light on EC adoption of the revised RTS on ESEF

EC endorsement of draft RTS revising RTS on ESEF (incl translation of labels)

July to August
ESMA prepares update to the ESEF taxonomy files and the Conformance Suite

ASAP after EC green light: ESMA includes translated labels in the ESEF taxonomy files

Depending on the availability of EC translations of labels:
ESMA publishes update of XBRL Taxonomy files + ESMA update of the ESEF Conformance Suite

2020 update: We are here
Other ongoing activities in Q2/Q3 2020

- Technical XBRL / ESEF sessions for OAMs and NCAs, in cooperation with XBRL International
- Support to the preparation of an ESEF-compliant GLEIF 2019 Annual Financial Report (to be published on ESMA’s and GLEIF’s website)
- Update to the ESEF Reporting Manual (expected in July 2020)
- Support to NCAs in setting up future enforcement of AFRs in ESEF format
- Continuous assessment of the need / relevance of further filing guidance
- Update to the ESEF Reporting Manual (expected in July 2020)
DEEP DIVE ON THE ESEF CONFORMANCE SUITE
Objectives

The Conformance Suite is:

• A mechanism to test and provide assurance on software tools
  → can a tool create and / or consume filings which are in line with all ESEF requirements?

• A mechanism to determine if a software can detect and flag infringements to the ESEF requirements contained in a filing.

• Aimed primary at software vendors
  … but can be used by issuers and NCAs to verify whether the XBRL software they use / purchase for producing ESEF reports or for enforcement purposes is compliant with the ESEF regulation and other convergence instruments issued by ESMA
The ESEF Conformance Suite:

• builds on the rules and guidance set out by the ESEF Regulation and the ESEF Reporting Manual for each identified rule and guideline there is at least one valid and one invalid test case.

• consists of 157 XBRL report packages, grouped into 60 tests, packaged in a zip file;

• is accompanied by an Excel file which describes the rules and guidelines and the test cases, together with the expected error codes in case of incompliance.
# How is the Excel file structured

<table>
<thead>
<tr>
<th>Code</th>
<th>Reference</th>
<th>Description</th>
<th>Test case 1</th>
<th>Test case 2</th>
<th>Test case 3</th>
<th>Test case 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>G2-1-2</td>
<td>G2.1.2</td>
<td>〈xb:period〉 element should contain values in YYYY-MM-DD format without time component</td>
<td>Inline XBRL document with 〈xb:period〉 defined in YYYY-MM-DD format without time component</td>
<td>Inline XBRL document with 〈xb:period〉 defined in YYYY-MM-DD format with time component disclosed without a time zone</td>
<td>Inline XBRL document with 〈xb:period〉 defined in YYYY-MM-DD format with time component disclosed in default UTC time zone</td>
<td>Inline XBRL document with 〈xb:period〉 defined in YYYY-MM-DD format with time component disclosed in other time zone (as UTC offset)</td>
</tr>
<tr>
<td>G2-2-1</td>
<td>G2.2.1</td>
<td>The 〈itemType〉 with the 'precision' attribute</td>
<td>Inline XBRL document with context using 〈xb:scenario〉 element</td>
<td>Inline XBRL document with context using 〈xb:scenario〉 element</td>
<td>Inline XBRL document with context using 〈xb:scenario〉 element</td>
<td></td>
</tr>
<tr>
<td>G2-2-2</td>
<td>G2.2.2</td>
<td>All elements of num:percentItemType should be less or equal to 1</td>
<td>Inline XBRL document with context using 〈xb:scenario〉 element populated with only XBRL dimensions constructs</td>
<td>Inline XBRL document with context using 〈xb:scenario〉 element populated with custom constructs</td>
<td>Inline XBRL document with context using 〈xb:scenario〉 element populated with custom constructs</td>
<td></td>
</tr>
<tr>
<td>G2-2-3</td>
<td>G2.2.3</td>
<td>All tags eligible for transformation shall be formatted using Transformation Rules Registry 3</td>
<td>Inline XBRL document with context using 〈xb:scenario〉 element populated with only XBRL dimensions constructs</td>
<td>Inline XBRL document with context using 〈xb:scenario〉 element populated with custom constructs</td>
<td>Inline XBRL document with context using 〈xb:scenario〉 element populated with custom constructs</td>
<td></td>
</tr>
<tr>
<td>G2-3-1_1</td>
<td>G2.3.1</td>
<td>xlink:role attribute of a xlink:footnote&gt; and xlink:footnoteLink&gt; element as well as xlink:arcrole attribute of a xlink:footnoteArc&gt; must be defined in the XBRL Specification 2.1</td>
<td>Inline XBRL document with footnotes having xlink:role and xlink:arcrole defined in the XBRL specification 2.1</td>
<td>Inline XBRL document with footnotes having xlink:role not defined in the XBRL specification 2.1 and xlink:arcrole defined in the XBRL specification 2.1</td>
<td>Inline XBRL document with footnotes having xlink:role not defined in the XBRL specification 2.1 and xlink:arcrole not defined in the XBRL specification 2.1</td>
<td>Inline XBRL document with footnotes having xlink:role not defined in the XBRL specification 2.1 and xlink:arcrole not defined in the XBRL specification 2.1</td>
</tr>
</tbody>
</table>

**Referenced (coded) to the regulation and/or to the reporting manual**

**Description of the test scenario being verified**

**Description of a particular test case under a scenario subject to testing**

**Technical error message proposed to be displayed by the software tools**
How is the suite technical contents structured

- **Tests folder** – consists of all test scenarios and test cases part of the suite.
- Each test scenario is available in separate sub-folder that consists of report packages for each test case.
- The technical *index* file is used by tools to understand cases and expected results.

- **Infrastructure folder** – consist of technical specification for the suite.

- **index.xml** – entry point for the tools
1. Analysis of the RTS and Reporting Manual and pre-selection of rules and requirements that could be automatically verified by software
2. Identification of the potential test scenarios for implementation
3. Drafting of specific case descriptions
4. Preparation of the sample inline XBRL document and corresponding XBRL extension taxonomy that complies with all ESEF requirements to be treated as a ‘core’ for the suite [please note that this is based on the current versions of the rules and guidance]
5. Modification of the ‘core’ report and/or taxonomy for the purposes of each scenario and test case (e.g. additional content specific for each rule; erroneous content; etc.)
Governance process

- ESMA plans to update the ESEF conformance suite on an annual basis whenever relevant changes are made to:
  - the RTS on ESEF
  - the ESEF Reporting Manual
  - the ESEF XBRL taxonomy files
    - revision on the basis of updated taxonomy architecture
    - revision on the basis of updated entry point schemas
    - revision on the basis of updated formula linkbases
  - XBRL International technical specifications
    … and on the basis of feedback received by stakeholders (esef@esma.europa.eu)

- The existing scope might also be expanded by adding new test cases and/or scenarios

- Publication is expected following-up the release of annual update to the XBRL ESEF taxonomy files
Where to find the Conformance Suite


- It is also available in the ESMA library
Please note that the content of this presentation is based on staff considerations and was not formally approved by ESMA’s Board of Supervisors and/or ESMA’s Chair.