

Transparency Directive

## Chapter 1

# Commission Delegated Regulation (EU) 2019/815

Preamble

THE EUROPEAN COMMISSION,  
HAS ADOPTED THIS REGULATION:

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

01/01/2021

Whereas:

(1) Directive 2004/109/EC requires issuers whose securities are admitted to trading on a regulated market to make public their annual financial reports.

(2) Issuers should prepare their entire annual financial reports in the Extensible Hypertext Markup Language (XHTML) format. XHTML does not require specific mechanisms to be rendered in a human-readable format. As a non-proprietary electronic reporting format, XHTML is freely usable.

(3) Regulation (EC) No 1606/2002 of the European Parliament and of the Council requires companies governed by the law of a Member State whose securities are admitted to trading on a regulated market in any Member State to prepare their consolidated financial statements in accordance with International Accounting Standards, which are commonly referred to as International Financial Reporting Standards ("IFRS"), adopted pursuant to Regulation (EC) No 1606/2002. Commission Decision 2008/961/EC provides that a third country issuer listed in the Union may also prepare its consolidated financial statements in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

(4) The adoption and use of IFRS aims to ensure a high level of transparency and comparability of financial statements. In order to further facilitate their accessibility, analysis and comparability, consolidated financial statements in annual financial reports prepared either in accordance with IFRS adopted pursuant to Regulation (EC) No 1606/2002 or with IFRS as issued by the IASB (both are in the following referred to as IFRS consolidated financial statements) should be marked up using eXtensible Business Reporting Language (XBRL). XBRL is machine-readable and allows for the automated consump-

tion of large amount of information. XBRL is well-established and in use in a number of jurisdictions and is currently the only appropriate markup language to mark up financial statements.

(5) A cost-benefit analysis performed by the European Securities and Markets Authority (ESMA) supported the use of Inline XBRL for embedding XBRL markups in XHTML documents. Accordingly, Inline XBRL technology should be used.

(6) The use of XBRL markup language involves the application of a taxonomy to convert human-readable text to machine-readable information. The IFRS Taxonomy made available by the IFRS Foundation is a well-established taxonomy developed to mark up IFRS disclosures. The use of the IFRS Taxonomy facilitates comparability of markups of financial statements drawn up in accordance with IFRS on a global level. Accordingly, the core taxonomy to be used for the single electronic reporting format should be based on the IFRS Taxonomy and be an extension of it.

(7) In order to take into account any future adoption of IFRS pursuant to Regulation (EC) No 1606/2002, changes to the XBRL specifications or other technical developments, or to extend the statutory requirements to mark up information in the annual financial report, the provisions of this Regulation should be updated periodically on the basis of draft regulatory technical standards prepared by ESMA.

(8) The taxonomy for the use of XBRL markup language is accessed in the form of a set of electronic XBRL files ("XBRL taxonomy files"), which provide a structured representation of the elements that substantively constitute the core taxonomy. The hierarchy of elements and their appropriate data type should be made available to issuers in a simple human-readable form in this Regulation. In order to facilitate the accessibility, analysis and comparability of annual financial reports in practice, it is of high importance that issuers use XBRL taxonomy files that are compliant with all relevant technical and legal requirements. To facilitate the achievement of this objective, ESMA should publish the XBRL taxonomy files on its website in a machine-readable and freely downloadable format.

(9) For reasons of transparency, accessibility, analysis and comparability, where the laws of Member States permit or require the marking up of any parts of annual financial reports other than the IFRS consolidated financial statements therein, issuers should, when marking up those parts, use the XBRL markup language and the suitable taxonomy provided for such purpose by the Member State in which they are incorporated.

(10) For reasons of transparency, accessibility, analysis and comparability, issuers should be free to mark up disclosures in their IFRS consolidated financial statements in as much detail as may be technically possible. For the same reasons, compulsory standards for the minimum granularity of markups should also be laid down. With regard to the primary financial statements in IFRS consolidated financial statements, a standard of detailed tagging should apply whereby those primary financial statements are fully marked up. With regard to the notes to IFRS consolidated financial statements, a standard of block tagging should apply where whole sections of those notes are each to be marked up using single taxonomy elements. The requirement for block tagging, however, should not limit the discretion of issuers to mark up notes to IFRS consolidated financial statements with a higher level of granularity.

(11) In order to facilitate the effective implementation of a single electronic reporting format, detailed provisions on the use of Inline XBRL technology should be set out. To

assist issuers and software firms in developing software for the preparation of annual financial reports in compliance with the statutory requirements under this Regulation, ESMA should provide guidance on common issues encountered when generating Inline XBRL instance documents.

(12) As provided for in Article 4(7) of Directive 2004/109/EC, this Regulation should apply to annual financial reports containing financial statements for financial years beginning on or after 1 January 2020. In order to facilitate the smooth implementation of financial reporting in a machine-readable format, and in particular to allow issuers reasonable time to adapt to the use of XBRL technology, the mandatory marking up of notes to financial statements should apply only in respect of annual financial statements for financial years beginning on or after 1 January 2022.

(13) This Regulation is based on the draft regulatory technical standards submitted by ESMA to the Commission.

(14) In developing the draft regulatory technical standards on which this Regulation is based, ESMA cooperated regularly and closely with the European Banking Authority and the European Insurance and Occupational Pensions Authority, in order to take into account the specific characteristics of the banking, financial intermediary and insurance sectors, so as to ensure cross-sectoral consistency of work and the reaching of joint positions.

(15) ESMA has conducted open public consultations on the draft regulatory technical standards on which this Regulation is based, analysed the potential related costs and benefits, requested the opinion of the Securities and Markets Stakeholder Group established by Article 37 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council and carried out field tests,

HAS ADOPTED THIS REGULATION: