

# CDSB's response to the targeted consultation document on the establishment of a European Single Access Point (ESAP) for financial and non-financial information publicly disclosed by companies

## INTRODUCTION

### Background of this targeted consultation

The purpose of this targeted questionnaire is to seek general and technical views on the way to establish a European single access point (ESAP) for companies' financial and sustainable investment-related information made public pursuant to EU legislation. The establishment of the ESAP is the first action in the Commission's new action plan on the capital markets union (CMU). The EU legislation in the financial services area requires companies to disclose a wide range of documents, particulars and datasets in order to increase the transparency and reduce asymmetry of information between company insiders and external investors.

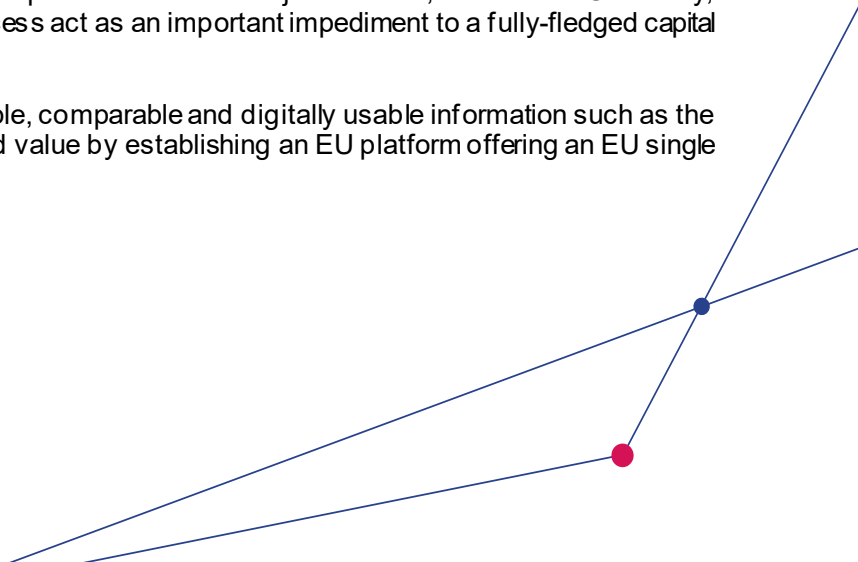
The collection and dissemination of data is however fragmented. The EU law rarely prescribes specific dissemination channels. A few datasets such as an issuer's annual financial report must be published via a register. Registers are most of the time scattered along the national and / or sectoral dimensions. At the EU level, the European Securities and Markets Authority (ESMA) maintains a number of public registers.

Stakeholders encounter significant difficulties in accessing, comparing and using the companies' financial and sustainability-related information published pursuant to the relevant EU legislation. Based on responses received from stakeholders on previous consultation activities, it appears that:

- i) Stakeholders find it difficult to access specific companies' information because the information itself is scattered geographically (generally by Member State), functionally and thematically. Information is also often searchable or available in local languages only, and not always freely accessible or bulk downloadable;
- ii) Investors and users find publicly disclosed financial and non-financial information difficult to compare and analyse. This is mainly due to the lack of common standards for such disclosure, use of different identifiers for a same entity, lack of interoperable formats and lack of harmonised implementation of reporting obligations at national level. The introduction of the ESEF format for financial reports by listed companies in 2021 or 2022 will to some extent remedy the situation but applies to only a small fraction of the regulated information disclosed by companies;
- iii) Stakeholders find the electronic usability of the data suboptimal. Data is hardly ever disclosed in a machine readable structured format. Notwithstanding some progress in the field of natural language processing, this undermines algorithmic processing of such data.

The lack of an integrated data management at the EU level is detrimental in many ways. Firstly, it is particularly detrimental to SMEs and to companies incorporated in Member States with less-developed capital markets. These companies lack cross-border visibility and struggle to find investors, thus reducing the liquidity of their securities. Secondly, it stifles market integration and innovation in the EU (such as pan-EU added value services and Fintech), and constitutes a competitive disadvantage for the EU capital markets in terms of attractiveness, compared to capital markets in other jurisdictions, such as the US. Lastly, the lack of integrated data management and access act as an important impediment to a fully-fledged capital markets union (CMU).

An EU-wide mechanism offering easily accessible, comparable and digitally usable information such as the ESAP can remedy the situation. The EU can add value by establishing an EU platform offering an EU single



access point as well as an EU harmonised approach for the IT format for companies' information published pursuant to EU law.

### Context and link with other initiatives

The Commission aims to foster policies that are fit for the digital age. Industrial and commercial data are key drivers of the digital economy. In its European Data Strategy of February 2020, the Commission declared its intention to make more data available for use in the economy and society. The strategy suggests the roll out of common European data spaces in crucial sectors such as the green deal and the financial sector. The Commission is preparing a legislative proposal to establish such spaces.

The High Level Forum on the Capital Markets Union (HLF), set up by the European Commission in November 2019, recommended in its final report adopted on 10 June 2020 to set up the ESAP as an EU-wide platform in order to facilitate investors' access to company data, including that of SMEs. The HLF considered that standardised data reporting standards and formats should make data more easily accessible and comparable for investors. The need to improve accessibility, comparability and usability of information is also mentioned in the digital finance strategy. Similarly, the forthcoming Renewed Sustainable Finance Strategy is likely to deliver similar messages as regards public data in its remit.

The development of the ESAP will seek to encompass a wide scope of public information. The scope of the information covered by the platform will focus on the needs of users, in particular investors, while also taking into account the needs of a broader range of users such as civil society in particular as regards sustainability-related disclosures. It will also examine whether and how to embed information beyond the financial services area, such as entities with no access to capital markets and SMEs in order to expand their funding opportunities.

It will entail streamlining disclosure mechanisms set-out in EU legislation. The platform should build to the greatest extent possible on existing EU and national IT infrastructure (databases, registers, in order to avoid adding to companies reporting burden). The Commission invites input from stakeholders to define the precise information coverage, governance and features of the ESAP.

The Commission has recently undertaken a range of public and other consultations relevant for the development of the ESAP. The responses to these consultations indicate a strong and widespread support for an ESAP as regards public financial as well as nonfinancial information from both listed and non-listed companies, e.g. entities with no access to capital markets such as SMEs.

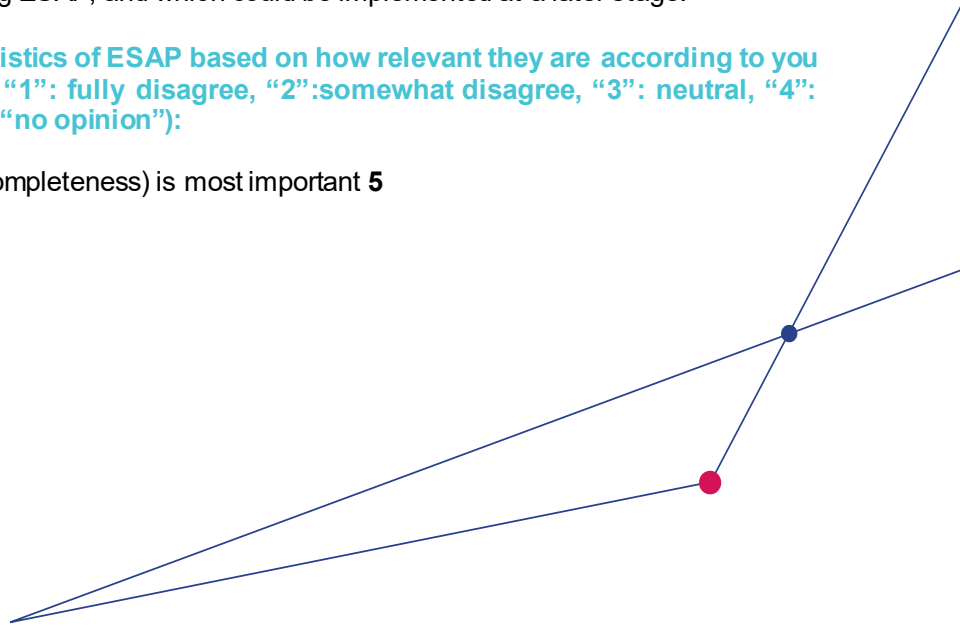
## CONSULTATION QUESTIONS

### General questions

In this first section of the consultation, the Commission seeks to get stakeholders' views on some general questions regarding the features of the European single access point (ESAP). The Commission seeks views on which information stakeholders generally search for, where they search for it, in which format(s) and the barriers stakeholders might encounter. This will also help the Commission to prioritise which aspects should be considered immediately when developing ESAP, and which could be implemented at a later stage.

**1. Please rate the following characteristics of ESAP based on how relevant they are according to you (please rate each item from 1 to 5: "1": fully disagree, "2": somewhat disagree, "3": neutral, "4": somewhat agree, "5": fully agree and "no opinion"):**

The information quality (accuracy and completeness) is most important **5**



The widest possible scope of the information is most important **4**

The timeliness of the information is most important **5**

The source of the information is a key element to know **5**

The immutability of the information is a key element **4**

ESAP should include information made public on a voluntary basis by non-listed companies of any size, including SMEs **3**

ESAP should include information made public on a voluntary basis by financial market actors **3**

Other aspects, if so which ones:

- **Information included on ESAP should be structured and machine-readable from the start**, to help different users getting the information they need;
- **Financial and non-financial information should be put on an equal footing, both in terms of quantity and quality**, to ensure integration of non-financial information into mainstream reporting and allow investors to assess in a holistic way the performance of a company based on the connectivity between the two information. This will also be consistent with a successful implementation of Europe's sustainable finance policies ;
- The implementation of ESAP should also **reflect on the ongoing work by EFRAG on European non-financial reporting standards** ; and
- Implementation of ESAP should trigger reflections on **a file only once principle**, in order to streamline reporting processes and support the reduction of the reporting burden for companies.

**Please explain your position in the text box below providing your arguments, and where appropriate, concrete examples and data to support your answers:**

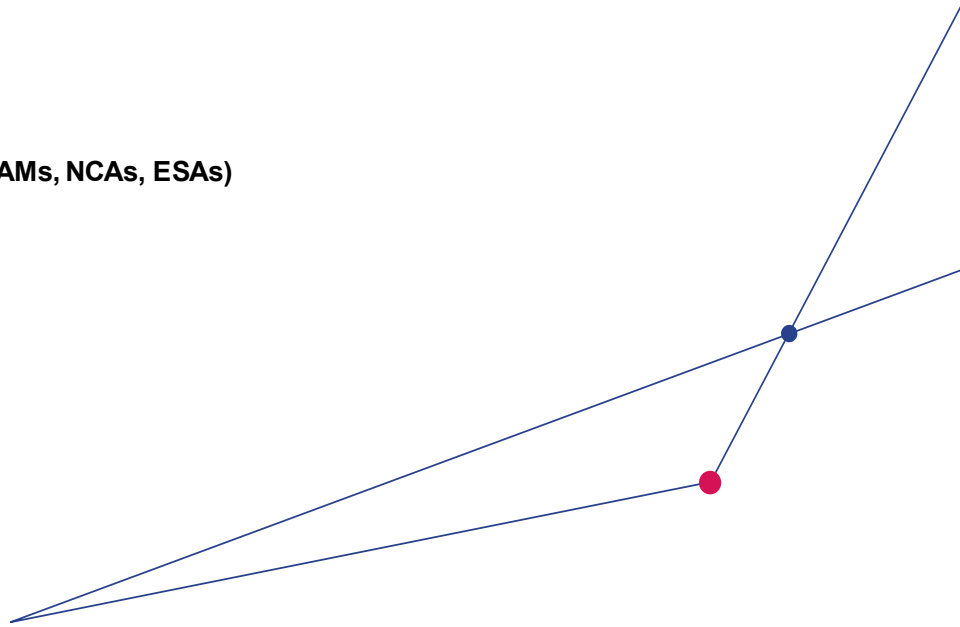
We believe that the additional aspects we pointed out above will help maximise the usefulness of ESAP from a user perspective, both in terms of content, with the relevant scope of information and a balance between financial and non-financial information, as well as in the format, by making the information available in a digitalised way.

It should be made clear that ESAP will not add new disclosure requirements for companies as the information requested is already disclosed. In that context, a file only once principle would be appropriate to ensure of the added value of ESPA compared to existing databases, in order to boost access to capital to companies and strengthen the EU Capital Markets Union.

On privacy concerns over the transfer of that information on an EU single access point, we believe these are in fact similar to the obstacles within the current system of reporting through national databases.

**2. Which channels do you use when searching for, retrieving or using companies' public information? (Multiple choice allowed)**

- Company's website**
- Data aggregation service providers**
- Stock Exchanges**
- Public repositories or databases (OAMs, NCAs, ESAs)**
- Other**



### 3. Would you say that the cost for retrieving and using companies' public information is?

- Immaterial
- Average
- High

### 4. In which electronic format is companies' public information provided by these channels?

- XBRL
- PDF
- XML
- HTML
- CSV, TXT
- Excel
- Formats enabling natural language processing
- Other

### 5. Do you encounter barriers or difficulties when accessing the information?

- Yes
- No

#### Please describe

CDSB has performed several analysis of the implementation of the NFRD by a set of listed companies [<https://www.cdsb.net/nfrd2020>]. Doing this exercise has sometimes been challenging because of the difficulty to find the non-financial information reported by companies on their website, within different reports (management report, integrated report, sustainability report), which were located on different part of the webpage (across different companies and also different reports within the same company's website)

### 6. Do you encounter barriers or difficulties when using the information?

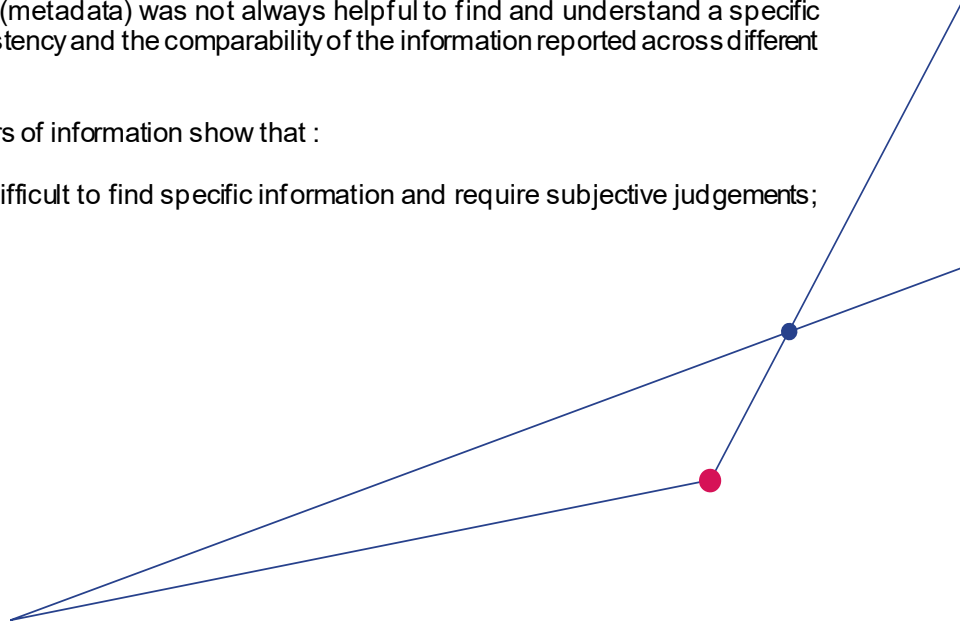
- Yes
- No

#### Please describe

Going back to CDSB's own experience of using primarily non-financial but also financial information disclosed by companies, once the relevant report was found on a company's website, the format in which it was made available as well as the lack of context (metadata) was not always helpful to find and understand a specific piece of information and check the consistency and the comparability of the information reported across different companies.

More specifically, our experience of users of information show that :

- PDF and HTML files makes it difficult to find specific information and require subjective judgements; and



- Data points included in the information reported across different reports and pages is hard to use together in an analysis of that information.

## The scope of ESAP

### 7. Should ESAP include information from the hereunder provided list of EU legislations in the financial area?

And if so, please specify whether the ESAP should embed this information immediately (as soon as the ESAP starts) or at a later stage (phasing in) (please choose one of the two options for each EU legislation that you agree to include in ESAP).

The Transparency Directive (2004/109/EC) (e.g. annual/half yearly financial reports, acquisition or disposal of major holdings) – **Fully agree/ immediately**

The Accounting Directive (2013/34/EU) (e.g. financial statements, management report, audit report) – **Fully agree/ immediately**

The Audit Directive (2014/56/EU) and Audit Regulation (537/2014/EU) (e.g. auditor transparency reports) – **Fully agree/ immediately**

The Non-Financial Reporting Directive (NFRD) (2014/95/EU) (e.g. non-financial statement) – **Fully agree/ immediately**

The Prospectus Regulation (2017/1129/EU) (e.g. Prospectus, Universal Registration Document, SME, Growth Markets-information) – **Fully agree/ immediately**

The Shareholders Rights Directive (2007/36/EC) and (2017/828/EU) (e.g. Remuneration Report) – **Fully agree/ immediately**

The Market Abuse Regulation (596/2014/EU) and Market Abuse Directive (2014/57/EU) (e.g. inside information) – **Neutral**

The Resolution and Recovery of Credit institutions and Investment firms Directive (BRRD) (2014/59/EU) (e.g. information on the group financial support agreement) – **Neutral**

The Covered Bonds Directive (2019/2162) (e.g. information on the cover pool) – **Neutral**

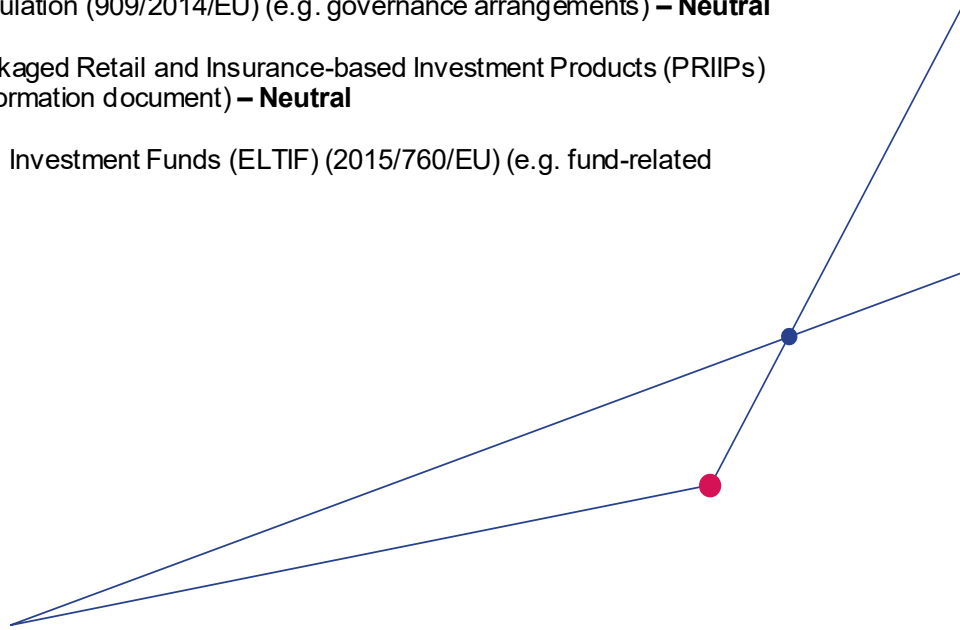
The Capital Requirements Directive (CRD) (2013/36/EU) and Capital Requirements Regulation (CRR) (575/2013/EU) (e.g. prudential information, stress test results) – **Neutral**

The Credit Ratings Regulation (1060/2009/EU) (e.g. transparency report) – **Neutral**

The Central Securities Depositories Regulation (909/2014/EU) (e.g. governance arrangements) – **Neutral**

The Key Information Documents for Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation (1286/2014/EU) (e.g. key information document) – **Neutral**

The Regulation on European Long-term Investment Funds (ELTIF) (2015/760/EU) (e.g. fund-related information) – **Neutral**



The European Market Infrastructure Regulation (EMIR) (648/2012/EU) (e.g. prices and fees of services provided, risk management model) – **Neutral**

The Financial Conglomerates Directive (FICOD) (2011/89/EU) (e.g. corporate structure of the conglomerate) – **Neutral**

The Directive of Prudential Supervision of Investment Firms (IFD) (2019/2034/EU) and the Regulation of Prudential Requirements of Investment Firms (IFR) (2019/2033/EU) (e.g. aggregated information on high-earners, remuneration arrangements) – **Neutral**

The Directive on the Activities and Supervision of Institutions for Occupational Retirement Provision (IORP) (2016/2341/EU) (e.g. remuneration policy) – **Neutral**

The Pan-European Personal Pension Products Regulation (PEPP) (2019/1238/EU) (e.g. key information document) – **Neutral**

The Regulation on Wholesale Energy Market Integrity and Transparency (REMIT) (1348/2014/EU) (e.g. inside information) – **Neutral**

The Securities Financing Transactions Regulation (SFTR) (2015/2365/EU) (e.g. aggregate positions) – **Neutral**

The Solvency II Directive (2009/138/EC) (e.g. solvency and financial condition report) – **Neutral**

The Short Selling Regulation (236/2012/EU) (e.g. net short position) – **Neutral**

The Take -Over Bid Directive (2004/25/EC) (e.g. Information in the management report on companies' capital and shareholders, voting rights, governance...) – **Neutral**

The Directive of Markets in Financial Instruments (MIFID) (2014/65/EU) and Regulation of Markets in Financial Instruments (MIFIR) (600/2014/EU) (e.g. volume and price of certain transactions) – **Neutral**

The Regulation on European Venture Capital Funds (EuVECA) (345/2013/EU) (e.g. fund-related information) – **Neutral**

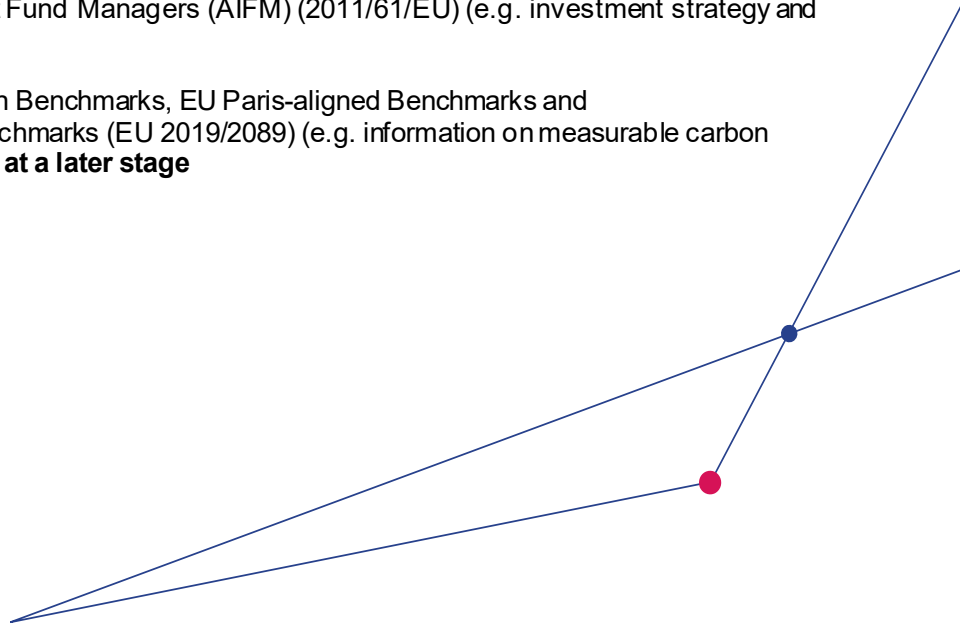
The Regulation on European social entrepreneurship funds (EuSEF) (346/2013/EU) (e.g. fund-related information) – **Neutral**

The Regulation on Money Market Funds (2017/1131/EU) (e.g. prospectus) – **Neutral**

The Directive on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (2009/65/EC) (e.g. key investor information) – **Neutral**

The Directive on Alternative Investment Fund Managers (AIFM) (2011/61/EU) (e.g. investment strategy and objectives of the fund) – **Neutral**

The Regulation on EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks (EU 2019/2089) (e.g. information on measurable carbon emission reduction) – **Somehow agree/ at a later stage**



Information on sustainability risks and impacts disclosed pursuant to the Regulation (EU) 2019/2088 on sustainability-related disclosure and The Taxonomy Regulation (2020/852/EU) (e.g. sustainability risks integration policies) – **Fully agree/immediately**

The EU Emissions Trading System (EU ETS) – **Neutral**

**Please explain your position in the text box below providing your arguments, and where appropriate, concrete examples and data to support your answers:**

We have highlighted what we consider the most useful pieces of legislation whose requirements should be included in ESAP, including those already required under the European Single Access Format (ESEF) as well as main ESG related requirements coming from the 2018 Sustainable Finance Action Plan.

We are in favour of a fast-track approach, meaning that an extended set of financial and non-financial information should be available on ESAP from the start, while also ensuring a smooth implementation with the phase-in of additional information to be disclosed beyond the first set of core information. The timeline for its development and implementation should be aligned with other European Green deal policies and the entry into application of the revised NFRD (set to apply in 2024 on the information reported on the 2023 financial year).

### **The usability and accessibility**

Investors and users find publicly disclosed financial and sustainability-related information difficult to compare and analyse. This is mainly due to the lack of structured data, of common frameworks and/or interoperable formats for such disclosures, the use of different identifiers for the same entity and the lack of harmonised implementation of reporting obligations at national level. This section of the questionnaire seeks stakeholders' views on format(s) in which the information in ESAP should be made available, in order to make it more usable digitally, and how stakeholders would prefer to have access to and retrieve this information from ESAP.

**8. In order to improve the digital use and searchability of the information, for which of the hereunder information would you support the use of structured data formats, such as ESEF (XHTML and iXBRL), XML, etc., allowing for machine readability? (Multiple choice allowed)**

**Listed companies' half yearly financial reports**

**Financial statements**

**Management report**

Payments to governments

**Audit report**

Total number of voting rights and capital

Acquisition or disposal of issuer's own shares

Home Member State

Acquisition or disposal of major holdings

Inside information

Prospectuses

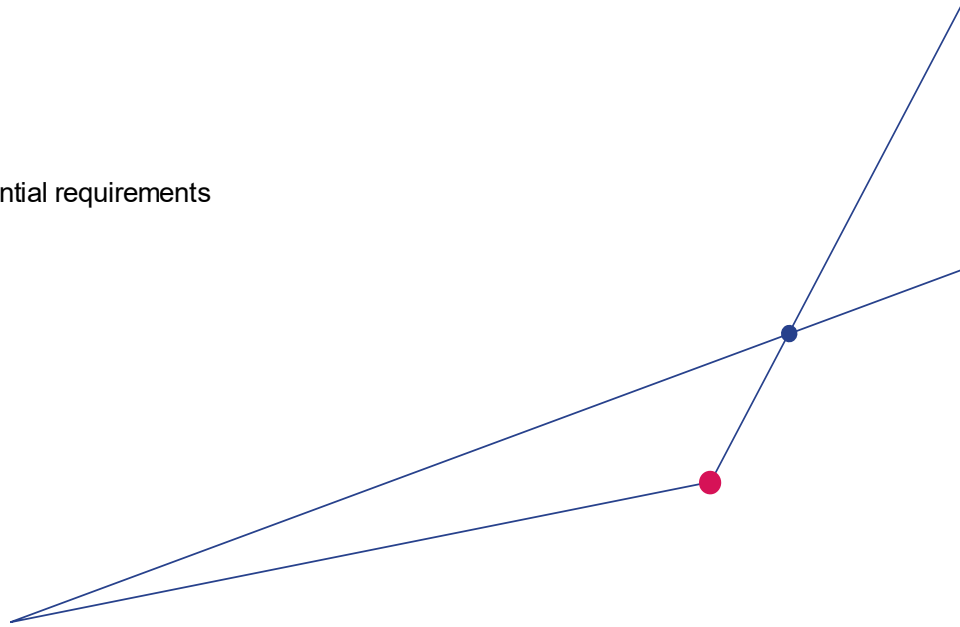
Net short position details

Fund-related information

Key Information Document

Public disclosure resulting from prudential requirements

Remuneration policies





- Corporate structure of the conglomerate
- Governance arrangements
- Covered bonds - related information
- Solvency and financial condition report
- X Sustainability - related information**
- Other

**9. Which of the following machine-readable formats would you find suitable?**

- ESEF ( XHTML files + inline XBRL tagging requirements) 5
- XML files 1
- CSV files 1
- Excel 1
- Formats enabling natural language processing 1
- Other:

**Please explain your position in the text box below providing your arguments, and where appropriate, concrete examples and evidence to support your answers:**

We believe ESAP should follow the same format requirements than ESEF. The multiplication of formats implies cost increase in the implementation side : the more harmonised, the easier ESAP will be to implement both for preparers, for users and for regulators because they only need to ensure that their system is compatible with one format as opposed to many.

**10. How should the information be accessible in ESAP? (Multiple choice allowed)**

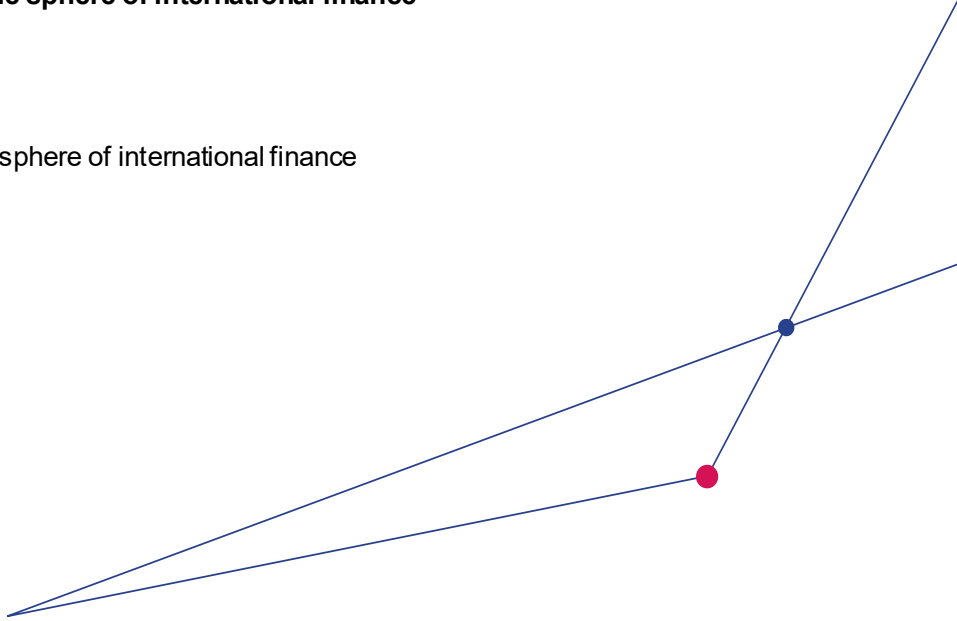
- X Through Application Programming Interfaces (APIs)**
- X Bulk download**
- X Web portals**
- Other

**11. To what extent should the language barrier be tackled? For the following features of the ESAP (web portal, metadata, taxonomy/labels, and content/data), which of the following language arrangements would you favour?**

- Portals / search tools:
- in a language that is customary in the sphere of international finance
  - X in multiple or all EU languages**

- Metadata (where variable text):
- in original language
  - X in a language that is customary in the sphere of international finance**
  - in multiple or all EU languages

- Taxonomy / labels (if any):
- in original language
  - in a language that is customary in the sphere of international finance
  - X in multiple or all EU languages**





Content / data:

- in original language
- in a language that is customary in the sphere of international finance
- in multiple or all EU languages

### Infrastructure and data governance (collection of data + validation of data)

The Commission seeks stakeholders' views on the preferred technical solution(s) to establish the architecture of ESAP, and how to ensure the quality and integrity of the information within ESAP. A body in charge of ESAP, which should be non-for-profit, would be responsible for coordinating IT systems, maintenance and budgetary aspects.

12. Should specific categories of stakeholders be involved in the governance of ESAP? (Multiple choice allowed)

**EU authority (ESMA, European Commission etc.) or a consortium of EU authorities.**

**National Competent Authorities**

- Investors
- Reporting companies
- Other

### Please specify which EU authority should be involved in the governance of ESAP:

In order to ensure consistency with other requirements and considering the scope of information to be included on ESAP and its ultimate purpose, we believe ESMA is best placed to set up and manage the ESAP, with sufficient input from National Competent Authorities, and taking into account the views of investors and reporting companies. The success of ESAP will also depend on the resources made available to ESMA to carry out the project.

### 13. Considering the point in time at which a company makes public some information that is legally required, what would be the ideal timing for the information to be available on the ESAP?

CDSB believes that the information available on ESAP should be as up to date as possible in order to be of added value compared to existing national databases or information disclosed on companies' website. This means that the platform should be able to receive information from national databases in real time. Any delay would drastically reduce the usefulness of ESAP.

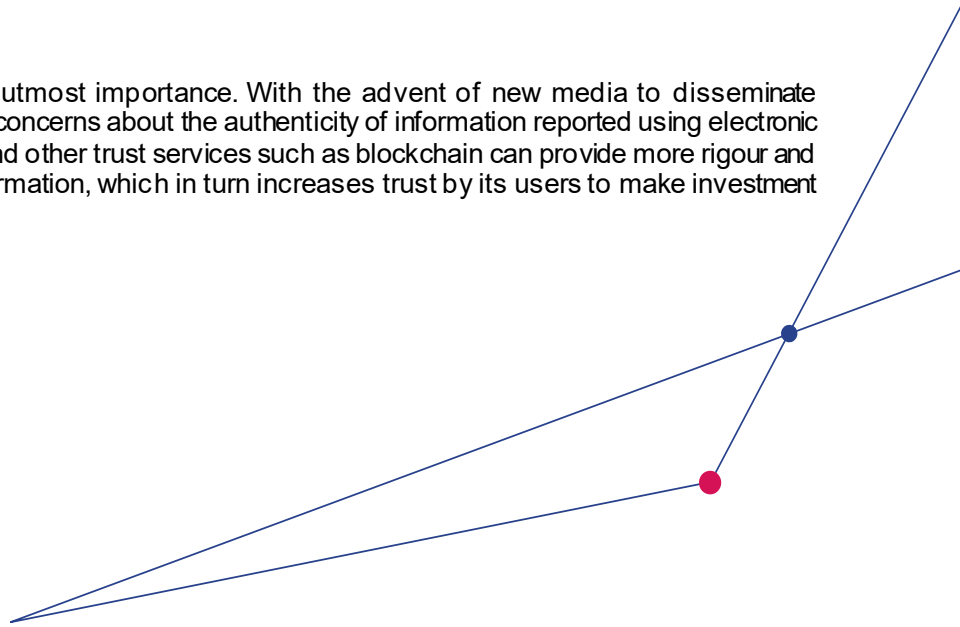
### 14. Should the integrity of the information and the credibility of the source of data used be ensured, when it is made accessible in ESAP?

**By electronic seals or electronic signatures embedded at source**

By the ESAP platform

**By other means / trust services**

Trust in the reported information is of utmost importance. With the advent of new media to disseminate information, some data users may have concerns about the authenticity of information reported using electronic reporting. Electronic signatures, seals and other trust services such as blockchain can provide more rigour and security in the transmission of such information, which in turn increases trust by its users to make investment decisions with the information.



We have not chosen the option “by the ESAP platform” as it remains unclear to use what is meant.

**15. Should the information in ESAP be subject to quality checks?**

Yes

No

Other

**16. Should a quality check be needed, what would need to be checked? (Multiple choice allowed)**

Compliance with IT formats

Certain key tests (matching figures, units, ...)

Use of a correct taxonomy

Completeness

Availability of metadata

Other

