



THE INSTITUTE
OF CHARTERED
ACCOUNTANTS
IN ENGLAND AND WALES

30 November 2009

Our ref: ICAEW Rep 124/09

Your ref: CESR/09-859

Committee of European Securities Regulators
11-13 avenue de Friedland
75008 Paris
France

Dear Sirs

The Use of a Standard Format for Financial Reporting of Issuers Having Securities Admitted to Trading on Regulated Markets

The Institute of Chartered Accountants in England and Wales (the ICAEW) welcomes the opportunity to comment on the call for evidence, *The Use of a Standard Format for Financial Reporting of Issuers Having Securities Admitted to Trading on Regulated Markets*, published by the Committee of European Securities Regulators (CESR) in October 2009.

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We do not propose to respond to all nine of the questions listed in the call for evidence, but have a few high-level comments on the issues raised there.

We believe that it is premature to discuss a standard format for filing before satisfactory arrangements have been made to set up the network of officially-appointed mechanisms for the central storage of regulated information. The arrangements that have been made to date do not seem to meet the original objective for such mechanisms. However, we are not aware – in the UK at any rate – that this has caused significant problems for users. It could be said that the key ‘storage mechanism’ in the UK is a dispersed one, as publicly traded companies are required to hold the relevant information on their websites and have chosen to do so in PDF format. This seems to work perfectly well, with full accessibility assured.

We believe it is very premature to discuss the need for filings to be interactive. The call for evidence mentions various moves by regulators around the world to require such filings, but there seems to be little evidence of pressure for them from the user community. Moreover, in Europe, leaping to a central storage mechanism with interactive filing seems far too big a leap when there is as yet no central storage mechanism in even a basic form. In contrast, the SEC moves in the USA to XBRL are a further development of what is already a sophisticated central storage function for all registrant filings (the

EDGAR system). It would seem prudent for Europe to set up a basic network first, perhaps requiring filings by PDF, before pushing forward with interactive filing.

The current market arrangements for making information public as required by the Transparency Directive indicate just how much work there is still to be done. In the UK the Financial Services Authority (FSA) still requires TD periodic financial reporting information to be made public in 'unedited full text', with PDF files not deemed suitable even though most companies provide searchable PDFs on their websites, and most users use them. It has been extremely frustrating that the Regulatory Information Services appear to be unable, on a universal basis, to deliver PDF documents for the purpose of making financial statements public in the EU. These inefficiencies should be dealt with as part of this process so that companies are not faced with unnecessary costs.

If it is considered that there is a good case for mandatory interactive filings, no doubt XBRL would provide an appropriate format. We do not believe, however, that the relevant software, or even the IFRS taxonomy, is advanced enough to warrant a direct move to XBRL at this stage. It is also of concern that the IFRS taxonomy will not be able to be used by European filers if all IFRS standards have not been adopted through the EU endorsement process by their mandatory date of adoption.

We would also caution against confusing database tagging mechanisms like XBRL with 'standard reporting formats' which may imply that all financial statements should fit into a rigid presentational format. Such rigidity would be a problem given that the IASB is moving towards a flexible, business model approach to financial statement presentation.

Please contact me should you wish to discuss any of the points raised in this response.

Yours sincerely

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