

Consultation Paper **CP23/2***

Streamlining our transparency rules on structured digital reporting of annual financial statements by companies

January 2023

How to respond

We are asking for comments on this Consultation Paper (CP) by **Friday 24 February 2023**.

You can send them to us using the form on our [website](#).

Or in writing to:

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Chapter 1

Summary

Why we are consulting

- 1.1** We are consulting on changes to streamline our existing rules that require in-scope companies with securities admitted to UK regulated markets to prepare, publish and file with the FCA their annual financial report in an electronic format, and for the financial statement within it to be in a 'structured digital format'.
- 1.2** Structured digital reporting can enhance the transparency of existing market disclosures by applying digital 'tags' or 'labels' to the information, allowing it to be more easily extracted, compared and analysed by market participants using computer software. As such, structured digital reporting should support efficient price formation and investors' decision-making, which in turn promotes market integrity in line with the FCA's operational objective.
- 1.3** We are proposing to simplify the structure of our current rules by:
- a.** deleting an existing regulatory technical standard (the Technical Standards) onshored from EU law
 - b.** relocating substantive requirements directly into our Disclosure Guidance and Transparency Rules sourcebook (DTRs), while removing some unnecessary provisions and making other minor changes and clarifications, and
 - c.** proposing new guidance in a Technical Note on our website to indicate what we consider to be 'generally accepted taxonomies' – i.e., the detailed templates used by companies to label or 'tag' specific information in their annual financial reports, which are based on the International Financial Reporting Standards (IFRS)
- 1.4** In setting out the new Technical Note guidance, we will also update the list of taxonomies currently contained within the Technical Standards to reflect new taxonomy updates published during 2022.
- 1.5** Our proposals are intended to support companies subject to our rules by:
- making our existing requirements easier to locate and navigate
 - improving certainty for companies and supporting service providers by creating a new framework that enables us to stay aligned with the taxonomies that are generally accepted for disclosing financial statements in UK regulated markets, in accordance with established practice in the UK
 - making our requirements easier to understand, thus promoting compliance and reducing the likelihood of making simple formatting errors.

Who this applies to

- 1.6** Our proposals are directly relevant to all companies who are required to prepare and publish an annual financial report under DTR 4.1 in the format specified in the Technical Standards cross-referenced in DTR4.1.14R.
- 1.7** Within that cohort, our proposals for staying aligned with generally accepted taxonomies in the UK are most relevant to companies who prepare consolidated annual financial statements in accordance with IFRS and are already required to prepare and publish those financials in the tagged structured digital reporting format. They will also be relevant to companies who prepare solo-company annual financial statements in accordance with IFRS and wish to publish them in a tagged structured digital format.
- 1.8** Our proposals will also be of interest to:
- Advisory firms and service providers who advise or assist companies in meeting their obligations under DTR 4.1 and the Technical Standards
 - Software vendors and other enterprises who supply the software and technology infrastructure that support and enable structured digital reporting.

What we want to change

- 1.9** We propose to simplify the arrangement of our existing rules by revoking the Technical Standards (where they are currently set out) and putting the key provisions directly in DTRs. This aligns with the UK Government's proposed wider Future Regulatory Framework reform for financial services, whereby provisions in retained EU regulations (which include the Technical Standards) are to be replaced with regulator rules.
- 1.10** We propose to make a new rule in DTRs requiring issuers to tag their annual financial statements (where they are prepared in accordance with IFRS) using a 'generally accepted taxonomy' for annual corporate reporting in UK regulated markets. We will provide new guidance on what we consider to be generally accepted taxonomies for this purpose in a Technical Note (explained further in Chapter 3), which we will keep updated as new taxonomies emerge.
- 1.11** This guidance will replace provisions in the current Technical Standards which set out which specific taxonomies we will permit companies to use for a given financial year. To date, we have updated the Technical Standards to include annual updates for the EU's IFRS-based taxonomy (the European Single Electronic Format – ESEF – taxonomy). We plan to continue this general approach.
- 1.12** We have also previously amended the Technical Standards so that issuers can use the 'UKSEF' offered by the FRC to tag their annual financial report. The 'UKSEF' enables issuers to use the ESEF taxonomy alongside other FRC taxonomies. The UKSEF originally included an FRC version of the ESEF taxonomy (the 'UKSEF taxonomy'), but from October 2022 the UKSEF has incorporated the ESEF taxonomy directly. We also plan to continue with this approach.

- 1.13** We expect to consult on future changes to our Technical Note by publishing the proposed updates and allowing a period for industry to comment on any issues. This new process will enable the FCA to align more promptly with generally accepted taxonomies as new taxonomies are issued and adopted, and older, superseded taxonomies fall out of use.
- 1.14** This streamlining of our rules and new guidance is not intended to change the existing requirements for companies, nor disrupt companies' existing preparations or future plans for their digitally structured annual financial reports.

Measuring success

- 1.15** As noted above, we consider that our proposed changes to improve the navigation and clarity of our rules and guidance should support compliance by issuers and assist software service providers whom they rely on. They should also reduce the time it takes for our rules and guidance to accommodate new editions of taxonomies issuers may wish to use.
- 1.16** We would measure our success by feedback from stakeholders on whether our new approach is clearer and makes it easier for companies to understand and meet their existing obligations. We would also aim to reflect updates to taxonomies quicker in our guidance material versus our current process, improving market certainty.
- 1.17** To the extent our approach supports broader compliance with our requirements, the changes will also help deliver the wider benefits we expect digital reporting may provide for market transparency and integrity.

Next steps

- 1.18** We would like your comments on the questions raised in this paper by Friday 24 February 2023.

Chapter 2

The wider context

Our current rules

- 2.1** Our current rules to prepare and publish annual financial reports in electronic format, and for the annual financial statements within them to be in the tagged, structured digital format, are set out in DTR 4.1.14R and the onshored Technical Standards to which it refers.
- 2.2** We have updated the 'permitted taxonomies' in the Technical Standards several times since the Technical Standards were incorporated into UK law under the European Union (Withdrawal) Act 2018. We consulted on a first update in late 2021 in CP21/27, which we subsequently finalised in Handbook Notice 94, with further updates in Handbook Notices 98 and 100 in April and June 2022 respectively. Other than that, the content of the Technical Standards is largely the same as the EU rules.

Addressing stakeholders' concerns

- 2.3** Feedback from industry has indicated that stakeholders can be uncertain on our requirements, including as to when we will accept more recent taxonomies.
- 2.4** In our view, this is primarily because the Technical Standards add unnecessary complexity. In particular:
- This is a redundant format that splits our formal rules and requirements into two places (between DTRs and Technical Standards), which is unhelpful.
 - They run to several hundred pages of unnecessary information including:
 - Bespoke rules on how to apply the ESEF taxonomy, which duplicate EU rules and have to be read alongside other ESMA guidance materials that are not replicated in our rules. It is unnecessary for us to duplicate source materials issued by the taxonomy provider.
 - The ESEF 2019 taxonomy in full – this is now out of date, and it's unnecessary to replicate a taxonomy published elsewhere in EU rules and in a corresponding digital version issued by the taxonomy provider (on ESMA's website for example).
 - Ancillary content that is typical of the EU-legislative format (such as the 'recitals' and a signature block) and no longer relevant in the UK.
- 2.5** Furthermore, our longer process to change the Technical Standards creates a time lag in our response to new taxonomies, with limited benefit to stakeholders.
- 2.6** The statutory processes that we have followed to date to update the taxonomies in the Technical Standards inevitably takes a few months to complete and the delay is unhelpful. To change the Technical Standards, we have to undertake a statutory

consultation process and our Board has to make the changes. We also need prior HMT approval for these changes.

- 2.7** Taxonomy updates made by the IFRS Foundation have also already been subject to public scrutiny. New ESEF taxonomies and new UKSEF are already available and being adopted or planned for by companies and their service providers, as well as software vendors, by the time we consult. As such we have received little or no feedback in the past when consulting on adding taxonomies, and therefore consider that these changes are viewed as minor and uncontroversial.
- 2.8** Overall, we want to provide more clarity in our rules and speed up our updating processes in relation to new taxonomies to support stakeholders. We provide more detail on these proposals in chapter 3. As noted elsewhere in this paper, we would still consult on proposed changes to rules or guidance in the future.

Future developments

- 2.9** Over time, we plan to explore the possibility of developing a more 'standalone' UK taxonomy in partnership with the FRC which, while still aligning with the IFRS Foundation taxonomy, could move away from the current reliance on the ESEF taxonomy and supporting materials produced by ESMA. Should an alternative UK taxonomy be established in due course, we may then choose to revisit our rules and guidance structure again.

How it links to our objectives

Market integrity

- 2.10** The proposed changes advance our operational objective of promoting market integrity. These changes are intended to support companies by making our requirements more user friendly and providing earlier visibility and certainty on revised taxonomies that are generally accepted for disclosures on UK regulated markets.

Equality and diversity considerations

- 2.11** We have considered the equality and diversity issues that may arise from the proposals in this Consultation Paper.
- 2.12** Overall, we do not consider that the proposals materially impact any of the groups with protected characteristics under the Equality Act 2010. But we will continue to consider the equality and diversity implications of the proposals during the consultation period, and will revisit them when making the final rules.
- 2.13** We welcome any responses to the consultation on this assessment.

Chapter 3

Our proposals

What we propose to change

- 3.1** We are consulting on changes to our rules on the electronic format for annual financial reports, and the structured digital reporting of annual financial statements within them, that are currently set out in DTR 4.1.14R and the Technical Standards.
- 3.2** Our proposed changes are intended to make our rules more user friendly for stakeholders. They aim to remove the unnecessary complexity that companies and other stakeholders face in locating and navigating our rules which causes uncertainty about our requirements. They are also intended to remove the further uncertainty they face on our taxonomy requirements by enabling the FCA to align quickly with more recent generally accepted taxonomies.
- 3.3** Where we are proposing to relocate provisions (as described below), we are broadly restating provisions already set out in the Technical Standards. In particular, we are not changing the underlying, existing obligation for in-scope companies to prepare, publish and file with the FCA consolidated IFRS annual financial statements in the structured digital reporting format.
- 3.4** By proposing new guidance on generally accepted taxonomies we are proposing a simpler and quicker process for signalling to the market which taxonomies we consider to be the generally accepted taxonomies companies should be using for a given financial year.
- 3.5** In this way, our new guidance is intended to provide in-scope companies with certainty at an earlier stage that they can use more recent, generally accepted taxonomies to meet their existing obligations under DTRs, by removing the time lag in formally updating FCA rules or Technical Standards on 'permitted taxonomies' to keep pace with taxonomy developments.
- 3.6** As such, we also consider the costs of these changes to be of minimal significance, while there should be modest benefits (see Annex 2 for our cost-benefit analysis).
- 3.7** We are also proposing some updates on the latest ESEF taxonomy and some minor clarifications on other matters currently dealt with in the Technical Standards and elsewhere in DTRs. As part of this, we are also proposing new guidance explaining that companies can use the new 'UKSEF' that was released by the FRC in October 2022.
- 3.8** Subject to the outcome of this consultation and HMT approval, if we implement these changes in full we will ask the FCA Board to revoke the Technical Standards.

Our proposed new DTRs and Technical Note

- 3.9** We propose to relocate certain of our existing requirements currently set out in the Technical Standards. To do this we are proposing new rules in DTR4.1 that correspond to the following requirements, largely unchanged:
- The obligation that all annual financial reports be prepared in the XHTML format
 - The obligation that consolidated annual financial statements that are prepared in accordance with IFRS be prepared and published in the tagged, structured digital format
 - The option for UK-incorporated preparers of solo-company financial statements to report them in the tagged, structured digital format where they are prepared in accordance with IFRS
 - Certain conditions on companies publishing other parts of the annual financial report in the tagged, structured digital format
- 3.10** We are proposing to add a new rule that requires in-scope companies to use a 'generally accepted taxonomy' to tag IFRS consolidated annual financial statements,
- 3.11** By 'generally accepted' we mean a taxonomy that is generally used in the UK for disclosures in regulated markets, is based on taxonomy standards published by the IFRS Foundation and is up to date. This will be supported by a new Technical Note with guidance indicating the current generally accepted taxonomies.
- 3.12** In this respect we propose to maintain our existing regulatory approach, which also follows the EU approach set out in the rules on structured digital reporting that came into force in the EU, including the UK, pre-Brexit. We propose to continue to enable issuers to choose between the more recent versions of generally accepted taxonomies to tag their annual financial statements. Issuers can use the version of the ESEF taxonomy that incorporates the IFRS Foundation's latest taxonomy at the start of the financial year, or a version that was published subsequently if it is available before the reporting deadline.
- 3.13** We understand that this approach is aligned more broadly with standard regulatory practice in other jurisdictions and general corporate practice to use IFRS Accounting Taxonomies that are up to date and aligned with the latest IFRS that companies use to prepare their annual financial statements. This should enhance comparability of data disclosed by different companies (which should ultimately benefit the companies who report in this format) where they are take a consistent approach to tagging disclosures.
- 3.14** The new Technical Note will provide a more streamlined and quicker way for the FCA to update the list of generally accepted taxonomies as new versions emerge. We would also remove old versions of taxonomies as they become out of date and would be expected to fall out of use when superseded. We would seek any feedback on changes to the Technical Note by way of consultation, and the Technical Note would be available in the Knowledge Base in the Primary Markets section of our website.

- 3.15** The NSM would validate filings of annual financial reports with digitally tagged versions of the annual financial statements in line with the guidance on the taxonomy in the Technical Note. As is currently the case, the NSM may reject filings which do not use a generally accepted taxonomy.
- 3.16** As in previous years, we propose that issuers can continue to take advantage of the flexibility to mark-up other parts of the annual financial report where they use the UKSEF issued by the FRC. We also cover this in the new Technical Note.
- 3.17** The draft instruments to revoke the Technical Standards and for the proposed new DTRs are in Appendix 1 and Appendix 2 respectively. The draft Technical Note is in Appendix 3.
- 3.18** The remaining provisions in the Technical Standards will not be relocated in DTRs as we will no longer need them (as discussed further below).

Q1: Do you agree with our proposal to relocate the existing substantive provisions in the Technical Standards (as noted above) directly into new rules in DTRs, supported by guidance on generally accepted taxonomies in a new online Technical Note, and revoke the UK version of the TD ESEF RTS?

Q2: Do you agree with the drafting of our proposed new Technical Note and approach to staying aligned with new generally accepted taxonomies? If you disagree, please explain why and provide details on any preferred approach.

2022 Taxonomy updates

- 3.19** In December 2022, ESMA issued the digital version of the ESEF 2022 taxonomy which is set out in the latest amending regulation for the TD ESEF RTS that was adopted by the EU Commission on 21 September 2022. This taxonomy incorporates the changes in the IFRS Foundation's taxonomy published in March 2022.
- 3.20** We are proposing to include the ESEF 2022 taxonomy as a generally accepted taxonomy and expect that older versions of the ESEF taxonomy will start to fall out of use.
- 3.21** In practical terms, this means that, in line with the approach discussed above, in-scope companies who are reporting on financial years starting before 1 January 2023 will have more flexibility and can choose between:
- the taxonomies that are currently described as the 'permitted' taxonomies for the reporting period specified in Article 4 of the Technical Standards; and
 - the new ESEF 2022 taxonomy

- 3.22** It also provides more certainty that in-scope companies can use the ESEF 2022 taxonomy to meet our rules when they report on financial years starting on or after 1 January 2023. We do not expect them to use old, superseded versions of the ESEF taxonomy. We would expect to incorporate newer, generally accepted ESEF taxonomies as they become available in the future.
- 3.23** It also means that all in-scope companies will be able to use the ESEF 2022 taxonomy alongside the FRC 2023 taxonomy suite if they use the latest UKSEF issued by the FRC in October 2022.

Q3: Do you agree with our updates to the generally accepted taxonomies?

Other minor changes

- 3.24** We are also proposing to make a small number of other changes in relation to matters that are currently dealt with in the Technical Standards.
- 3.25** We are not proposing to replicate the 'how to' provisions in the Technical Standards in new DTRs and guidance, and certain other information that we consider to be unnecessary to carry over into DTRs. This would mainly cover the recitals, Article 1, Article 2, Article 6, Article 7, Article 8, signature, Annex I, Annex III, Annex IV, Annex V, and Annex VI.
- Q4: Do you agree with our approach in not replicating 'how to' rules and certain other provisions in our new DTRs and Technical Note? If you disagree, please explain your preferred approach and reasons for it.**
- 3.26** Article 5 of the Technical Standards sets out a limited option to tag other parts of the annual financial part (i.e., other than IFRS consolidated annual financial statements) and some restrictions on overseas-incorporated issuers doing so. We are proposing the following changes:

- To specify that *all* companies who prepare solo-company annual financial statements in accordance with IFRS may report them in the tagged structured digital format if they choose to do so. This option is currently restricted to UK-incorporated issuers.
- To caveat this option with the requirement that companies who exercise this option should follow our rules and guidance that apply to issuers who prepare consolidated annual financial statements in accordance with IFRS.
- To clarify that we do not currently permit structured digital reporting for non-IFRS financials. This is already the case for overseas incorporated issuers but is not expressly stated for UK-incorporated issuers who may prepare solo-company financial statements in accordance with UK GAAP.

Q5: Do you agree with these proposed changes to the current options and restrictions on tagging other parts of the annual financial report?

3.27 We are also proposing a new rule and guidance to clarify our expectation that, where the NSM has rejected a filing, the company should correct the reported errors and resubmit the filing.

Q6: Do you agree with our proposed guidance provision to clarify our expectation that, where the NSM has rejected a filing, the company should correct the errors and resubmit the filing?

Timing

3.28 Subject to the feedback we receive on this consultation, we are proposing to revoke the Technical Standards, make the changes to DTRs and issue the new Technical Note as soon as practicable in spring 2022. Revoking the Technical Standards is also contingent on approval by HMT ministers.

3.29 We are not proposing to introduce 'transitional' rules because we don't consider them necessary. For issuers who are still to publish their annual financial statements for financial years starting before 1 January 2023, we are not changing their ability to use any of the taxonomies specified in the Technical Standards or how they should apply the taxonomy. However, we are offering more flexibility in terms of their ability to use the ESEF 2022 taxonomy, including the UKSEF approach issued in October 2022 which can be used alongside the ESEF 2022 taxonomy. This is set out in the proposed new Technical Note.

3.30 Stakeholders should also note that we are planning to update the NSM in early 2023 to accept filings of annual financial reports, where the annual financial statements have been marked up using the ESEF 2022 taxonomy (including the latest UKSEF approach), for all companies who are still to report. Further information will be available on the section of our website on Filing of Structured Annual Financial Reports.

Q7: Do you agree with our proposed timing for these changes in relation to the Technical Standards, the DTRs and the New Technical Note?

Annex 1

Questions in this paper

- Q1:** Do you agree with our proposal to relocate the existing substantive provisions in the Technical Standards (as noted above) directly into new rules in DTRs, supported by guidance on generally accepted taxonomies in a new online Technical Note, and revoke the UK version of the TD ESEF RTS?
- Q2:** Do you agree with the drafting of our proposed new Technical Note and approach to staying aligned with new generally accepted taxonomies? If you disagree, please explain why and provide details on any preferred approach.
- Q3:** Do you agree with our updates to the generally accepted taxonomies?
- Q4:** Do you agree with our approach in not replicating 'how to' rules and certain other provisions in our new DTRs and Technical Note? If you disagree, please explain your preferred approach and reasons for it.
- Q5:** Do you agree with these proposed changes to the current options and restrictions on tagging other parts of the annual financial report?
- Q6:** Do you agree with our proposed guidance provision to clarify our expectation that, where the NSM has rejected a filing, the company should correct the errors and resubmit the filing?
- Q7:** Do you agree with our proposed timing for these changes in relation to the Technical Standards, the DTRs and the New Technical Note?
- Q8:** Do you agree with our cost benefit analysis? If not, please explain why and provide any data you have to support your views.

Annex 2

Cost benefit analysis

Introduction

1. FSMA, as amended by the Financial Services Act 2012, requires us to publish a cost benefit analysis (CBA) of our proposed rules and technical standards. Specifically, section 138I requires us to publish a CBA of proposed rules and technical standards, defined as 'an analysis of the costs, together with an analysis of the benefits that will arise if the proposed rules are made'.
2. In accordance with FSMA, our consultation papers that propose new rules, or make or revoke technical standards need not estimate costs or benefits if they cannot reasonably be estimated, or it is not reasonably practicable to estimate them. In those cases we are required to include a statement of our opinion that no estimate is required and an explanation of it.
3. FSMA does not require us to provide a CBA for guidance. However, it is our policy to produce a CBA for general guidance about rules if a high-level assessment impact of the proposal identifies an element of novelty which may be in effect prescriptive or prohibitive such that costs may be incurred.

Costs

4. We consider that transferring existing provisions out of the Technical Standards and relocating them directly in the DTRs and supporting guidance in a new Technical Note will not of itself impose a cost increase. There should also be no costs in us deleting duplicative or unnecessary provisions from the Technical Standards. To the extent there are costs, they would be of minimal significance and do not require a CBA.
5. This is because we are not creating any new obligations or significantly changing existing obligations. Also, the existing provisions that we are transferring are very short and we are making them easier to locate and navigate. The other rule changes we are proposing are mainly clarificatory or are otherwise designed to assist companies who are already subject to our rules in DTR4.1.14R and the Technical Standards.
6. There is a possibility that companies may incur costs in switching to a more recent, generally accepted taxonomy, as specified in our proposed new Technical Note, to meet their existing digital reporting obligations.
7. However, our guidance on the generally accepted taxonomies takes into account the feedback from industry experts, and our own experience, that there can be more than one taxonomy still in use for a given financial year and we are not removing that choice. For example, different companies might plan to use a later ESEF taxonomy (where it has been issued after the start of the financial year) sooner than others.

8. Our guidance also takes into account the fact that some taxonomies should be expected to fall out of use as they become outdated and superseded. In-scope companies would want to use newer tags that better meet their requirements and improve the usefulness of presenting the data in tagged, structured digital format. This should also support the longer term aims of digital reporting, which are ultimately intended to benefit these companies. We therefore consider it the right approach to remove old taxonomies from the list, as it may be harmful to the broader cohort of in-scope companies if we don't.
9. This approach tracks the established practice for disclosing financial information in UK regulated markets (and EU regulated markets) where issuers choose between the most recent ESEF taxonomies. Our proposed Technical Note therefore continues to set out a choice of taxonomies, but also removes taxonomies as they become outdated, which is in line with how our National Storage Mechanism is configured.
10. We consider that any costs incurred by companies switching to a more recent taxonomy would be minor and incremental at most and treated as 'business as usual'. We would expect that most in-scope companies would plan to adjust their reporting processes (or would want to do so) in order to use the taxonomy that had been released for that financial year, and some will want to use a later one where it is available before the reporting deadline. Any costs for using a newer taxonomy will already be provisioned in their planning.
11. The alternative to our proposals is to continue to update taxonomies by amending the Technical Standards or leave the taxonomy rules unchanged. In the first scenario, companies and other stakeholders may be prevented from using more recent generally accepted taxonomies sooner to meet their existing obligations under DTR 4.1.14R. In the second scenario, companies disclosing in UK regulated markets would be forced to use a taxonomy that would become more and more out of date over time (when compared to the IFRS Foundation's latest IFRS taxonomy). Software that is linked to historic rather than current taxonomies may be difficult to obtain. It could also undermine the intended longer-term benefits to companies who report in this format if it reduced the comparability of the digitally tagged data (including vis-à-vis disclosures by companies on other securities markets in overseas financial centres) if they cannot use the same taxonomy to meet their obligations under our rules.

Benefits

12. These proposals are primarily intended to benefit companies who are subject to our rules in DTR4.1 and the Technical Standards. There are potential cost savings to them if we make our rules easier to locate and navigate, and remove uncertainty on our expectations so that issuers can plan their annual corporate reporting. These costs savings are not possible to quantify. Furthermore, the changes we are proposing in setting out taxonomies in Technical Notes will enable us to update those taxonomies more quickly, giving more certainty to companies and, indirectly to those who support them (advisors, service providers, software vendors).

- 13.** More broadly, there is a longer-term benefit to all issuers who report in structured digital format if our proposals to remove the unnecessary complexity in our current rules support greater compliance.

Q8: Do you agree with our cost benefit analysis? If not, please explain why and provide any data you have to support your views.

Annex 3

Compatibility statement

Compliance with legal requirements

1. This Annex records the FCA's compliance with a number of legal requirements applicable to the proposals in this consultation, including an explanation of the FCA's reasons for concluding that our proposals in this consultation are compatible with certain requirements under the Financial Services and Markets Act 2000 (FSMA).
2. When consulting on new rules and technical standards, the FCA is required by section 138I(2)(d) FSMA to include an explanation of why it believes making the proposed rules is (a) compatible with its general duty, under s. 1B(1) FSMA, so far as reasonably possible, to act in a way which is compatible with its strategic objective and advances one or more of its operational objectives, and (b) its general duty under s. 1B(5)(a) FSMA to have regard to the regulatory principles in s. 3B FSMA. The FCA is also required by s. 138K(2) FSMA to state its opinion on whether the proposed rules will have a significantly different impact on mutual societies as opposed to other authorised persons.
3. This Annex also sets out the FCA's view of how the proposed rules are compatible with the duty on the FCA to discharge its general functions (which include making rules and technical standards) in a way which promotes effective competition in the interests of consumers (s. 1B(4)). This duty applies in so far as promoting competition is compatible with advancing the FCA's consumer protection and/or integrity objectives.
4. In addition, this Annex explains how we have considered the recommendations made by the Treasury under s. 1JA FSMA about aspects of the economic policy of Her Majesty's Government to which we should have regard in connection with our general duties.
5. This Annex includes our assessment of the equality and diversity implications of these proposals.
6. Under the Legislative and Regulatory Reform Act 2006 (LRRRA) the FCA is subject to requirements to have regard to a number of high-level 'Principles' in the exercise of some of our regulatory functions and to have regard to a 'Regulators' Code' when determining general policies and principles and giving general guidance (but not when exercising other legislative functions like making rules). This Annex sets out how we have complied with requirements under the LRRRA.

The FCA's objectives and regulatory principles: Compatibility statement

7. The proposals set out in this consultation are primarily intended to advance the FCA's operational objective of market integrity.
8. We consider these proposals are compatible with the FCA's strategic objective of ensuring that the relevant markets function well because they will assist issuers in locating, navigating and understanding our requirements. They are intended to help issuers in planning for their annual corporate reporting by removing delays in the process of the FCA aligning with generally accepted taxonomies, including where they reflect developments in IFRS. Our proposals form part of our measures to promote and embed digital reporting in disclosures on UK regulated markets. For the purposes of the FCA's strategic objective, "relevant markets" are defined by s. 1F FSMA.

These measures may also have a positive impact on compliance, which would support the underlying objectives of our rules on structured digital reporting which is to enhance transparency in financial disclosures on UK regulated markets, as discussed earlier in this paper.

In preparing the proposals set out in this consultation, the FCA has had regard to the regulatory principles set out in s. 3B FSMA.

The need to use our resources in the most efficient and economic way

9. Our proposals are compatible with this principle because they will allow generally accepted taxonomies to be updated more quickly, as new taxonomies emerge.

The principle that a burden or restriction should be proportionate to the benefits

10. Our proposals are compatible with this principle because we are not imposing new burdens on issuers.

The desirability of sustainable growth in the economy of the United Kingdom in the medium or long term

11. We consider our proposals do not undermine this principle.

The general principle that consumers should take responsibility for their decisions

12. We consider our proposals do not undermine this principle.

The responsibilities of senior management

13. Our proposals are consistent with this principle.

The desirability of recognising differences in the nature of, and objectives of, businesses carried on by different persons including mutual societies and other kinds of business organisation

14. We consider our proposals do not undermine this principle.

The desirability of publishing information relating to persons subject to requirements imposed under FSMA, or requiring them to publish information

15. This principle is not relevant to our proposals.

The principle that we should exercise of our functions as transparently as possible

16. Our proposals are consistent with this principle. The key obligations on in-scope companies to tag reports will be located in our rules, and the generally accepted taxonomies will be in our Technical Note, which will be consulted on.

Expected effect on mutual societies

17. The FCA does not expect the proposals in this paper to have a significantly different impact on mutual societies.

Compatibility with the duty to promote effective competition in the interests of consumers

18. In preparing the proposals as set out in this consultation, we have had regard to the FCA's duty to promote effective competition in the interests of consumers.

Equality and diversity

19. We are required under the Equality Act 2010 in exercising our functions to 'have due regard' to the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by or under the Act, advance equality of opportunity between persons who share a relevant protected characteristic and those who do not, to and foster good relations between people who share a protected characteristic and those who do not.
20. As part of this, we ensure the equality and diversity implications of any new policy proposals are considered. The outcome of our consideration in relation to these matters in this case is stated in paragraph 2.11 of the Consultation Paper.

Legislative and Regulatory Reform Act 2006 (LRRRA)

21. We have had regard to the principles in the LRRRA for the parts of the proposals that consist of general policies, principles or guidance. We consider that our proposal to replace certain taxonomy requirements in the Technical Standards with a new rule in DTRs to use a 'generally accepted taxonomy' that is supported by guidance in a Technical Note is proportionate. This change is intended to make our requirements clearer and more user friendly, thus supporting compliance and embedding structured digital reporting. Structured digital reporting should support efficient price formation and investors' decision-making, which in turn promotes market integrity in line with the FCA's operational objective.
22. We have had regard to the Regulators' Code for the parts of the proposals that consist of general policies, principles or guidance and consider that they will support in-scope companies to comply with their existing obligations under DTRs.

Annex 4

Abbreviations used in this paper

Abbreviation	Description
DTRs	Disclosure Guidance and Transparency Rules
ESEF	The European single electronic format, as set out in Commission Delegated Regulation (EU) 2019/815 as amended from time to time
ESMA	European Securities and Markets Agency
EU	European Union
FRC	Financial Reporting Council
HMT	HM Treasury
IFRS	International Financial Reporting Standards
Technical Standards	The UK Version of Commission Delegated Regulation (EU) 2019/815 as amended from time to time
UKSEF	UK Single Electronic Format, a functionality offered by the FRC for reporting annual financial reports in the tagged structured digital reporting format which can be accessed from the FRC's website .

We make all responses to formal consultation available for public inspection unless the respondent requests otherwise. We will not regard a standard confidentiality statement in an email message as a request for non-disclosure.

Despite this, we may be asked to disclose a confidential response under the Freedom of Information Act 2000. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the Information Commissioner and the Information Rights Tribunal.

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Appendix 1

Draft Handbook text

**TECHNICAL STANDARDS (ELECTRONIC REPORTING FORMAT)
INSTRUMENT 2023**

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the powers and related provisions in or under:
- (1) regulation 72 (Transfer of directive functions to the FCA) of the Official Listing of Securities, Prospectus and Transparency (Amendment etc.) (EU Exit) Regulations 2019 (the “Regulations”), for the purposes specified in paragraph 31 (to specify the electronic reporting format for annual financial reports) of Schedule 2, Part 3 of the Regulations; and
 - (2) the following sections of the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 138P (Technical standards);
 - (b) section 138Q (Standards instruments); and
 - (c) section 138S (Application of Chapters 1 and 2).
- B. The rule-making powers listed above are specified for the purposes of sections 138G(2) (Rule-making instruments) and 138Q(2) (Standards instruments) of the Act.

Pre-conditions to making

- C. The FCA has consulted the Prudential Regulation Authority and the Bank of England as appropriate in accordance with section 138P of the Act.
- D. A draft of this instrument has been approved by the Treasury in accordance with section 138R of the Act.

Revocation of technical standard

- E. The following technical standard is revoked.

Commission Delegated Regulation (EU) 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, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018

Commencement

- F. This instrument comes into force on [*date*].

Citation

- G. This instrument may be cited as the Technical Standards (Electronic Reporting Format) Instrument 2023.

By order of the Board
[*date*]

Appendix 2

Draft Handbook text

**DISCLOSURE GUIDANCE AND TRANSPARENCY RULES SOURCEBOOK
(ELECTRONIC REPORTING FORMAT) INSTRUMENT 2023**

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (the “Act”):
- (1) section 73A (Part 6 Rules);
 - (2) section 89A (Transparency rules); and
 - (3) section 89C (Provision of information by issuers of transferable securities).
- B. The rule-making powers listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on [*date*].

Amendments to the Handbook

- D. The Glossary of definitions is amended in accordance with Annex A to this instrument.
- E. The Disclosure Guidance and Transparency Rules sourcebook (DTR) is amended in accordance with Annex B to this instrument.

Notes

- F. In this instrument, the “notes” (indicated by “**Note:**” or “*Editor’s note:*”) are included for the convenience of readers, but do not form part of the legislative text.

Citation

- G. This instrument may be cited as the Disclosure Guidance and Transparency Rules Sourcebook (Electronic Reporting Format) Instrument 2023.

By order of the Board
[*date*]

Annex A

Amendments to the Glossary of definitions

Delete the following definition. The text is not struck through.

TD ESEF Regulation the *UK* version of Commission Delegated Regulation (EU) 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, which is part of *UK* law by virtue of the *EUWA*.

Annex B

Amendments to the Disclosure Guidance and Transparency Rules sourcebook (DTR)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless stated otherwise.

4 Periodic Financial Reporting

4.1 Annual financial report

...

Reporting format

- 4.1.14 R ~~The annual financial report must be prepared using the single electronic reporting format specified in the *TD ESEF Regulation* as amended from time to time.~~
~~[Note: article 4(7) of the *TD*] [deleted]~~
- 4.1.15 R The annual financial report must be prepared in XHTML format.
- 4.1.16 R *DTR* 4.1.17R and *DTR* 4.1.18R apply to an annual financial report that contains consolidated accounts prepared in accordance with:
- (1) *UK-adopted IFRS*;
 - (2) *EU-adopted IFRS*; or
 - (3) *IFRS* as referred to in point (a) of the first subparagraph of Article 1 of the *TD Equivalence Decision*.
- 4.1.17 R An issuer:
- (1) must mark up any disclosures specified in *DTR* 4 Annex 1 that are present in those accounts; and
 - (2) may mark up other disclosures in the accounts in addition to the ones specified in *DTR* 4 Annex 1.
- 4.1.18 R The mark ups specified in *DTR* 4.1.17R must use:
- (1) the XBRL markup language;
 - (2) a taxonomy generally accepted in the *UK* for financial disclosures in *regulated markets*; and
 - (3) the inline XBRL specifications and marking up and filing requirements specified by the taxonomy the *issuer* uses in (2).

[Note: Information on generally accepted taxonomies is available at the Markets section of the FCA’s website at <https://www.fca.org.uk/markets/company-annual-financial-reporting-electronic-format>]

- 4.1.19 R An issuer must comply with DTR 4.1.17R to DTR 4.1.18R if it wishes to mark up accounts in the audited financial statements that:
- (1) are prepared in accordance with the accounting standards in DTR 4.1.16R; and
- (2) do not contain consolidated accounts.
- 4.1.20 R An issuer must not mark up an annual financial report if the audited financial statements in the report are not prepared in accordance with the accounting standards in DTR 4.1.16R.
- 4.1.21 G The effect of DTR 4.1.20R is that an issuer cannot mark up an annual financial report containing accounts prepared in accordance with:
- (1) section 396 (Companies Act individual accounts) or section 404 (Companies Act group accounts) of the Companies Act 2006; or
- (2) the Generally Accepted Accounting Practices of a third country.
- 4.1.22 R An issuer must not mark up disclosures in its annual financial report other than its audited financial statements unless:
- (1) it marks up its audited financial statements in accordance with DTR 4.1.16R to DTR 4.1.18R or DTR 4.1.19R, whichever is applicable; and
- (2) it marks up those other disclosures using the inline XBRL markup language and a taxonomy specific to those parts.

Filing of the annual financial report

- 4.1.23 G Issuers are reminded of the filing requirements for annual financial reports in DTR 6.2.

...

4.4 Exemptions

...

Third countries – Equivalence

- 4.4.8 R An issuer whose registered office is in a third country is exempted from the rules on:

- (1) annual financial reports in *DTR 4.1* (other than *DTR 4.1.7R(4)* and *DTR 4.1.15R* to *DTR 4.1.22R* which continues to apply);

...

...

Insert the following new section, DTR 4 Annex 1, after DTR 4.4 (Exemptions). The text is all new and is not underlined.

4 Annex Specified disclosures in consolidated accounts 1R

- (1) This Annex sets out the disclosures an *issuer* must mark up in its IFRS financial statements if they are present in those statements.
- (2) *Issuers* must mark up all numbers in a declared currency disclosed in the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows in IFRS consolidated financial statements.
- (3) Table 1 sets out the legend for the data type of a disclosure in Table 2.

Table 1

Data/Attribute Type/Prefix	Definition
text block	denotes that the element type is a block of text; it is used to mark up larger pieces of information, such as notes, accounting policies or tables; text blocks are non-numeric line items
text	denotes that the element type is text (a sequence of alphanumeric characters); it is used to mark up short pieces of narrative information; text elements are non-numeric line items
X	denotes that the element type is monetary (a number in a declared currency); these elements are numeric line items
X.XX	denotes that the element type is a decimalised value (such as a percentage or a 'per share' value); these elements are numeric line items
duration	denotes that the monetary value represents a flow

- (4) Part 1 of Table 2 sets out all disclosures made or cross-referenced in financial statements an *issuer* must mark up in its annual financial report for financial years beginning on or after 1 January 2021.
- (5) Part 2 of Table 2 sets out disclosures made or cross-referenced in financial statements an *issuer* must mark up (in addition to Part 1) in its annual financial report for financial years beginning on or after 1 January 2022.

Table 2 – list of disclosures

Part 1

Label	Data type and other attributes	References to IFRSs
Name of reporting entity or other means of identification	text	IAS 1 51 a
Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period	text	IAS 1 51 a
Domicile of entity	text	IAS 1 138 a
Legal form of entity	text	IAS 1 138 a
Country of incorporation	text	IAS 1 138 a
Address of entity's registered office	text	IAS 1 138 a
Principal place of business	text	IAS 1 138 a
Description of nature of entity's operations and principal activities	text	IAS 1 138 b
Name of parent entity	text	IAS 1 138 c, IAS 24 13
Name of ultimate parent of group	text	IAS 24 13, IAS 1 138 c

Part 2

Label	Data type and other attributes	References to IFRSs
Name of reporting entity or other means of identification	text	IAS 1 51 a
Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period	text	IAS 1 51 a
Domicile of entity	text	IAS 1 138 a
Legal form of entity	text	IAS 1 138 a
Country of incorporation	text	IAS 1 138 a
Address of entity's registered office	text	IAS 1 138 a
Principal place of business	text	IAS 1 138 a
Description of nature of entity's operations and principal activities	text	IAS 1 138 b
Name of parent entity	text	IAS 1 138 c, IAS 24 13
Name of ultimate parent of group	text	IAS 24 13, IAS 1 138 c
Length of life of limited life entity	text	IAS 1 138 d
Statement of IFRS compliance [text block]	text block	IAS 1 16
Explanation of departure from IFRS	text	IAS 1 20 b, IAS 1 20 c
Explanation of financial effect of departure from IFRS	text	IAS 1 20 d
Disclosure of uncertainties of entity's ability to continue as going concern [text block]	text block	IAS 1 25
Explanation of fact and basis for preparation of financial statements when not going concern basis	text	IAS 1 25

Explanation of why entity is not regarded as going concern	text	IAS 1 25
Description of reason for using longer or shorter reporting period	text	IAS 1 36 a
Description of fact that amounts presented in financial statements are not entirely comparable	text	IAS 1 36 b
Disclosure of reclassifications or changes in presentation [text block]	text block	IAS 1 41
Explanation of sources of estimation uncertainty with significant risk of causing material adjustment	text	IFRIC 14 10, IAS 1 125
Disclosure of assets and liabilities with significant risk of material adjustment [text block]	text block	IAS 1 125
Dividends recognised as distributions to owners per share	X, duration	IAS 1 107
Dividends proposed or declared before financial statements authorised for issue but not recognised as distribution to owners	X duration	IAS 10 13, IAS 1 137
Dividends proposed or declared before financial statements authorised for issue but not recognised as distribution to owners per share	X.XX duration	IAS 1 137 a
Disclosure of accounting judgements and estimates [text block]	text block	IAS 1 10 e
Disclosure of accrued expenses and other liabilities [text block]	text block	IAS 1 10 e
Disclosure of allowance for credit losses [text block]	text block	IAS 1 10 e
Disclosure of associates [text block]	text block	IFRS 12 B4 d, IAS 27 17 b, IAS 27 16 b
Disclosure of auditors' remuneration [text block]	text block	IAS 1 10 e

Disclosure of authorisation of financial statements [text block]	text block	IAS 1 10 e
Disclosure of available-for-sale financial assets [text block]	text block	IAS 1 10 e
Disclosure of basis of consolidation [text block]	text block	IAS 1 10 e
Disclosure of basis of preparation of financial statements [text block]	text block	IAS 1 10 e
Disclosure of biological assets, agriculture produce at point of harvest and government grants related to biological assets [text block]	text block	IAS 41 Disclosure
Disclosure of borrowing costs [text block]	text block	IAS 23 Disclosure
Disclosure of borrowings [text block]	text block	IAS 1 10 e
Disclosure of business combinations [text block]	text block	IFRS 3 Disclosures
Disclosure of cash and bank balances at central banks [text block]	text block	IAS 1 10 e
Disclosure of cash and cash equivalents [text block]	text block	IAS 1 10 e
Disclosure of cash flow statement [text block]	text block	IAS 7 Presentation of a statement of cash flows
Disclosure of changes in accounting policies [text block]	text block	IAS 1 10 e
Disclosure of changes in accounting policies, accounting estimates and errors [text block]	text block	IAS 8 Accounting policies
Disclosure of collateral [text block]	text block	IAS 1 10 e
Disclosure of claims and benefits paid [text block]	text block	IAS 1 10 e
Disclosure of commitments [text block]	text block	IAS 1 10 e

Disclosure of commitments and contingent liabilities [text block]	text block	IAS 1 10 e
Disclosure of contingent liabilities [text block]	text block	IAS 37 86
Disclosure of cost of sales [text block]	text block	IAS 1 10 e
Disclosure of credit risk [text block]	text block	IFRS 7 Credit risk, IAS 1 10 e
Disclosure of debt instruments [text block]	text block	IAS 1 10 e
Disclosure of deferred acquisition costs arising from insurance contracts [text block]	text block	IAS 1 10 e
Disclosure of deferred income [text block]	text block	IAS 1 10 e
Disclosure of deferred taxes [text block]	text block	IAS 1 10 e
Disclosure of deposits from banks [text block]	text block	IAS 1 10 e
Disclosure of deposits from customers [text block]	text block	IAS 1 10 e
Disclosure of depreciation and amortisation expense [text block]	text block	IAS 1 10 e
Disclosure of derivative financial instruments [text block]	text block	IAS 1 10 e
Disclosure of discontinued operations [text block]	text block	IAS 1 10 e
Disclosure of dividends [text block]	text block	IAS 1 10 e
Disclosure of earnings per share [text block]	text block	IAS 33 Disclosure
Disclosure of effect of changes in foreign exchange rates [text block]	text block	IAS 21 Disclosure
Disclosure of employee benefits [text block]	text block	IAS 19 Scope
Disclosure of entity's operating segments [text block]	text block	IFRS 8 Disclosure
Disclosure of events after reporting period [text block]	text block	IAS 10 Disclosure

Disclosure of expenses [text block]	text block	IAS 1 10 e
Disclosure of expenses by nature [text block]	text block	IAS 1 10 e
Disclosure of exploration and evaluation assets [text block]	text block	IFRS 6 Disclosure
Disclosure of fair value measurement [text block]	text block	IFRS 13 Disclosure
Disclosure of fair value of financial instruments [text block]	text block	IAS 1 10 e
Disclosure of fee and commission income (expense) [text block]	text block	IAS 1 10 e
Disclosure of finance cost [text block]	text block	IAS 1 10 e
Disclosure of finance income (cost) [text block]	text block	IAS 1 10 e
Disclosure of finance income [text block]	text block	IAS 1 10 e
Disclosure of financial assets held for trading [text block]	text block	IAS 1 10 e
Disclosure of financial instruments [text block]	text block	IFRS 7 Scope
Disclosure of financial instruments at fair value through profit or loss [text block]	text block	IAS 1 10 e
Disclosure of financial instruments designated at fair value through profit or loss [text block]	text block	IAS 1 10 e
Disclosure of financial instruments held for trading [text block]	text block	IAS 1 10 e
Disclosure of financial liabilities held for trading [text block]	text block	IAS 1 10 e
Disclosure of financial risk management [text block]	text block	IAS 1 10 e
Disclosure of first-time adoption [text block]	text block	IFRS 1 Presentation and disclosure

Disclosure of general and administrative expense [text block]	text block	IAS 1 10 e
Disclosure of general information about financial statements [text block]	text block	IAS 1 51
Disclosure of going concern [text block]	text block	IAS 1 10 e
Disclosure of goodwill [text block]	text block	IAS 1 10 e
Disclosure of government grants [text block]	text block	IAS 20 Disclosure
Disclosure of hyperinflationary reporting [text block]	text block	IAS 29 Disclosure
Disclosure of impairment of assets [text block]	text block	IAS 36 Disclosure
Disclosure of income tax [text block]	text block	IAS 12 Disclosure
Disclosure of information about employees [text block]	text block	IAS 1 10 e
Disclosure of information about key management personnel [text block]	text block	IAS 1 10 e
Disclosure of insurance contracts [text block]	text block	IFRS 4 Disclosure
Disclosure of insurance premium revenue [text block]	text block	IAS 1 10 e
Disclosure of intangible assets [text block]	text block	IAS 38 Disclosure
Disclosure of intangible assets and goodwill [text block]	text block	IAS 1 10 e
Disclosure of interest expense [text block]	text block	IAS 1 10 e
Disclosure of interest income [text block]	text block	IAS 1 10 e
Disclosure of interest income (expense) [text block]	text block	IAS 1 10 e

Disclosure of interests in other entities [text block]	text block	IFRS 12.1 Disclosure
Disclosure of interim financial reporting [text block]	text block	IAS 34 Content of an interim financial report
Disclosure of inventories [text block]	text block	IAS 2 Disclosure
Disclosure of investment contracts liabilities [text block]	text block	IAS 1 10 e
Disclosure of investment property [text block]	text block	IAS 40 Disclosure
Disclosure of investments accounted for using equity method [text block]	text block	IAS 1 10 e
Disclosure of investments other than investments accounted for using equity method [text block]	text block	IAS 1 10 e
Disclosure of issued capital [text block]	text block	IAS 1 10 e
Disclosure of joint ventures [text block]	text block	IAS 27 17 b, IFRS 12 B4 b, IAS 27 16 b
Disclosure of lease prepayments [text block]	text block	IAS 1 10 e
Disclosure of leases [text block]	text block	IFRS 16 Presentation, IFRS 16 Disclosure
Disclosure of liquidity risk [text block]	text block	IAS 1 10 e
Disclosure of loans and advances to banks [text block]	text block	IAS 1 10 e
Disclosure of loans and advances to customers [text block]	text block	IAS 1 10 e
Disclosure of market risk [text block]	text block	IAS 1 10 e
Disclosure of material accounting policy information [text block]	text block	Effective 2023-01-01 IAS 1.117 Disclosure

Disclosure of net asset value attributable to unitholders [text block]	text block	IAS 1 10 e
Disclosure of non-controlling interests [text block]	text block	IAS 1 10 e
Disclosure of non-current assets held for sale and discontinued operations [text block]	text block	IFRS 5 Presentation and disclosure
Disclosure of non-current assets or disposal groups classified as held for sale [text block]	text block	IAS 1 10 e
Disclosure of objectives, policies and processes for managing capital [text block]	text block	IAS 1 134
Disclosure of other assets [text block]	text block	IAS 1 10 e
Disclosure of other current assets [text block]	text block	IAS 1 10 e
Disclosure of other current liabilities [text block]	text block	IAS 1 10 e
Disclosure of other liabilities [text block]	text block	IAS 1 10 e
Disclosure of other non-current assets [text block]	text block	IAS 1 10 e
Disclosure of other non-current liabilities [text block]	text block	IAS 1 10 e
Disclosure of other operating expense [text block]	text block	IAS 1 10 e
Disclosure of other operating income (expense) [text block]	text block	IAS 1 10 e
Disclosure of other operating income [text block]	text block	IAS 1 10 e
Disclosure of other provisions, contingent liabilities and contingent assets [text block]	text block	IAS 37 Disclosure
Disclosure of prepayments and other assets [text block]	text block	IAS 1 10 e
Disclosure of profit (loss) from operating activities [text block]	text block	IAS 1 10 e

Disclosure of property, plant and equipment [text block]	text block	IAS 16 Disclosure
Disclosure of provisions [text block]	text block	IAS 1 10 e
Disclosure of reclassification of financial instruments [text block]	text block	IAS 1 10 e
Disclosure of regulatory deferral accounts [text block]	text block	IFRS 14 Disclosure, IFRS 14 Presentation
Disclosure of reinsurance [text block]	text block	IAS 1 10 e
Disclosure of related party [text block]	text block	IAS 24 Disclosures
Disclosure of repurchase and reverse repurchase agreements [text block]	text block	IAS 1 10 e
Disclosure of research and development expense [text block]	text block	IAS 1 10 e
Disclosure of reserves within equity [text block]	text block	IAS 1 79 b
Disclosure of restricted cash and cash equivalents [text block]	text block	IAS 1 10 e
Disclosure of revenue [text block]	text block	IAS 1 10 e
Disclosure of revenue from contracts with customers [text block]	text block	IFRS 15 Disclosure, IFRS 15 Presentation
Disclosure of separate financial statements [text block]	text block	IAS 27 Disclosure, IFRS 12 Objective
Disclosure of service concession arrangements [text block]	text block	SIC 29 Consensus
Disclosure of share capital, reserves and other equity interest [text block]	text block	IAS 1 79
Disclosure of share-based payment arrangements [text block]	text block	IFRS 2 44

Disclosure of subordinated liabilities [text block]	text block	IAS 1 10 e
Disclosure of subsidiaries [text block]	text block	IAS 27 17 b, IFRS 12 B4 a, IAS 27 16 b
Disclosure of significant accounting policies [text block]	text block	IAS 1 117
Disclosure of tax receivables and payables [text block]	text block	IAS 1 10 e
Disclosure of trade and other payables [text block]	text block	IAS 1 10 e
Disclosure of trade and other receivables [text block]	text block	IAS 1 10 e
Disclosure of trading income (expense) [text block]	text block	IAS 1 10 e
Disclosure of treasury shares [text block]	text block	IAS 1 10 e
Description of accounting policy for available-for-sale financial assets [text block]	text block	IAS 1 117 b
Description of accounting policy for biological assets [text block]	text block	IAS 1 117 b
Description of accounting policy for borrowing costs [text block]	text block	IAS 1 117 b
Description of accounting policy for borrowings [text block]	text block	IAS 1 117 b
Description of accounting policy for business combinations [text block]	text block	IAS 1 117 b
Description of accounting policy for business combinations and goodwill [text block]	text block	IAS 1 117 b
Description of accounting policy for cash flows [text block]	text block	IAS 1 117 b
Description of accounting policy for collateral [text block]	text block	IAS 1 117 b

Description of accounting policy for construction in progress [text block]	text block	IAS 1 117 b
Description of accounting policy for contingent liabilities and contingent assets [text block]	text block	IAS 1 117 b
Description of accounting policy for customer acquisition costs [text block]	text block	IAS 1 117 b
Description of accounting policy for customer loyalty programmes [text block]	text block	IAS 1 117 b
Description of accounting policy for decommissioning, restoration and rehabilitation provisions [text block]	text block	IAS 1 117 b
Description of accounting policy for deferred acquisition costs arising from insurance contracts [text block]	text block	IAS 1 117 b
Description of accounting policy for deferred income tax [text block]	text block	IAS 1 117 b
Description of accounting policy for depreciation expense [text block]	text block	IAS 1 117 b
Description of accounting policy for derecognition of financial instruments [text block]	text block	IAS 1 117 b
Description of accounting policy for derivative financial instruments [text block]	text block	IAS 1 117 b
Description of accounting policy for derivative financial instruments and hedging [text block]	text block	IAS 1 117 b
Description of accounting policy for determining components of cash and cash equivalents [text block]	text block	IAS 7 46
Description of accounting policy for discontinued operations [text block]	text block	IAS 1 117 b
Description of accounting policy for discounts and rebates [text block]	text block	IAS 1 117 b
Description of accounting policy for dividends [text block]	text block	IAS 1 117 b

Description of accounting policy for earnings per share [text block]	text block	IAS 1 117 b
Description of accounting policy for emission rights [text block]	text block	IAS 1 117 b
Description of accounting policy for employee benefits [text block]	text block	IAS 1 117 b
Description of accounting policy for environment related expense [text block]	text block	IAS 1 117 b
Description of accounting policy for exceptional items [text block]	text block	IAS 1 117 b
Description of accounting policy for expenses [text block]	text block	IAS 1 117 b
Description of accounting policy for exploration and evaluation expenditures [text block]	text block	IFRS 6 24 a
Description of accounting policy for fair value measurement [text block]	text block	IAS 1 117 b
Description of accounting policy for fee and commission income and expense [text block]	text block	IAS 1 117 b
Description of accounting policy for finance costs [text block]	text block	IAS 1 117 b
Description of accounting policy for finance income and costs [text block]	text block	IAS 1 117 b
Description of accounting policy for financial assets [text block]	text block	IAS 1 117 b
Description of accounting policy for financial guarantees [text block]	text block	IAS 1 117 b
Description of accounting policy for financial instruments [text block]	text block	IAS 1 117 b
Description of accounting policy for financial instruments at fair value through profit or loss [text block]	text block	IAS 1 117 b

Description of accounting policy for financial liabilities [text block]	text block	IAS 1 117 b
Description of accounting policy for foreign currency translation [text block]	text block	IAS 1 117 b
Description of accounting policy for franchise fees [text block]	text block	IAS 1 117 b
Description of accounting policy for functional currency [text block]	text block	IAS 1 117 b
Description of accounting policy for goodwill [text block]	text block	IAS 1 117 b
Description of accounting policy for government grants [text block]	text block	IAS 20 39 a
Description of accounting policy for hedging [text block]	text block	IAS 1 117 b
Description of accounting policy for held-to-maturity investments [text block]	text block	IAS 1 117 b
Description of accounting policy for impairment of assets [text block]	text block	IAS 1 117 b
Description of accounting policy for impairment of financial assets [text block]	text block	IAS 1 117 b
Description of accounting policy for impairment of non-financial assets [text block]	text block	IAS 1 117 b
Description of accounting policy for income tax [text block]	text block	IAS 1 117 b
Description of accounting policy for insurance contracts and related assets, liabilities, income and expense [text block]	text block	IFRS 4 37 a
Description of accounting policy for intangible assets and goodwill [text block]	text block	IAS 1 117 b
Description of accounting policy for intangible assets other than goodwill [text block]	text block	IAS 1 117 b
Description of accounting policy for interest income and expense [text block]	text block	IAS 1 117 b

Description of accounting policy for investment in associates [text block]	text block	IAS 1 117 b
Description of accounting policy for investment in associates and joint ventures [text block]	text block	IAS 1 117 b
Description of accounting policy for investments in joint ventures [text block]	text block	IAS 1 117 b
Description of accounting policy for investment property [text block]	text block	IAS 1 117 b
Description of accounting policy for investments other than investments accounted for using equity method [text block]	text block	IAS 1 117 b
Description of accounting policy for issued capital [text block]	text block	IAS 1 117 b
Description of accounting policy for leases [text block]	text block	IAS 1 117 b
Description of accounting policy for loans and receivables [text block]	text block	IAS 1 117 b
Description of accounting policy for measuring inventories [text block]	text block	IAS 2 36 a
Description of accounting policy for mining assets [text block]	text block	IAS 1 117 b
Description of accounting policy for mining rights [text block]	text block	IAS 1 117 b
Description of accounting policy for non-current assets or disposal groups classified as held for sale [text block]	text block	IAS 1 117 b
Description of accounting policy for non-current assets or disposal groups classified as held for sale and discontinued operations [text block]	text block	IAS 1 117 b
Description of accounting policy for offsetting of financial instruments [text block]	text block	IAS 1 117 b

Description of accounting policy for oil and gas assets [text block]	text block	IAS 1 117 b
Description of accounting policy for programming assets [text block]	text block	IAS 1 117 b
Description of accounting policy for property, plant and equipment [text block]	text block	IAS 1 117 b
Description of accounting policy for provisions [text block]	text block	IAS 1 117 b
Description of accounting policy for reclassification of financial instruments [text block]	text block	IAS 1 117 b
Description of accounting policy for recognising in profit or loss difference between fair value at initial recognition and transaction price [text block]	text block	IFRS 7 28 a
Description of accounting policy for recognition of revenue [text block]	text block	IAS 1 117 b
Description of accounting policy for regulatory deferral accounts [text block]	text block	IAS 1 117 b
Description of accounting policy for reinsurance [text block]	text block	IAS 1 117 b
Description of accounting policy for repairs and maintenance [text block]	text block	IAS 1 117 b
Description of accounting policy for repurchase and reverse repurchase agreements [text block]	text block	IAS 1 117 b
Description of accounting policy for research and development expense [text block]	text block	IAS 1 117 b
Description of accounting policy for restricted cash and cash equivalents [text block]	text block	IAS 1 117 b
Description of accounting policy for segment reporting [text block]	text block	IAS 1 117 b
Description of accounting policy for service concession arrangements [text block]	text block	IAS 1 117 b

Description of accounting policy for share-based payment transactions [text block]	text block	IAS 1 117 b
Description of accounting policy for stripping costs [text block]	text block	IAS 1 117 b
Description of accounting policy for subsidiaries [text block]	text block	IAS 1 117 b
Description of accounting policy for taxes other than income tax [text block]	text block	IAS 1 117 b
Description of accounting policy for termination benefits [text block]	text block	IAS 1 117 b
Description of accounting policy for trade and other payables [text block]	text block	IAS 1 117 b
Description of accounting policy for trade and other receivables [text block]	text block	IAS 1 117 b
Description of accounting policy for trading income and expense [text block]	text block	IAS 1 117 b
Description of accounting policy for transactions with non-controlling interests [text block]	text block	IAS 1 117 b
Description of accounting policy for transactions with related parties [text block]	text block	IAS 1 117 b
Description of accounting policy for treasury shares [text block]	text block	IAS 1 117 b
Description of accounting policy for warrants [text block]	text block	IAS 1 117 b
Description of other accounting policies relevant to understanding of financial statements [text block]	text block	IAS 1 117 b

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6 Continuing obligations and access to information

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6.2 Filing information and use of language

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English language

6.2.9 G [deleted]

Filing annual financial reports

6.2.10 R An issuer must file its annual financial report with the FCA by uploading it to the national storage mechanism.

6.2.11 G For the purposes of DTR 6.2.10R:

- (1) The FCA expects an issuer to comply with DTR 6.2.10 by filing an annual financial report that the national storage mechanism accepts.
- (2) The national storage mechanism may reject an annual financial report that has not been prepared in accordance with the reporting format obligations in DTR 4.1.15R to DTR 4.1.22R.
- (3) If the national storage mechanism rejects a report, it will provide reasons for the rejection.
- (4) An issuer is expected to resubmit a report that has been rejected.
- (5) Information on generally accepted taxonomies, and the national storage mechanism, is available at the Markets section of the FCA's website at <https://www.fca.org.uk/markets/company-annual-financial-reporting-electronic-format>.

Appendix 3

Draft Technical Note

Primary Market Technical Note

Structured digital reporting for annual financial statements prepared in accordance with International Financial Reporting Standards

The guidance in this Technical Note supplements DTR4.1 on the preparation and publication of annual financial reports.

The rules and guidance in DTR 4.1.14R to DTR 4.1.23G, and the guidance in this Technical Note, replace the UK version of the EU Transparency Directive's regulatory technical standard for the European Single Electronic Format (ESEF).

The purpose of this Technical Note is to guide in-scope companies in meeting their obligations to prepare annual financial statements in the tagged structured digital reporting format under DTR 4.1.16R to DTR 4.1.18R.

This information will also help companies who choose to prepare their annual financial statements in the structured digital reporting format under DTR 4.1.19R.

The ESMA website also provides links to the EU version of the ESEF regulatory technical standard containing the ESEF taxonomies and how to apply it. This is supported by a range of guidance materials published by ESMA and made available on its website.

In-scope companies and other stakeholders should also have regard to the FCA's online guidance in relation to filing ESEF reports in the National Storage Mechanism (NSM), which is available on the section of our website on [Filing of Structured Annual Reports](#).

Our website also provides further information on planned reconfigurations of the NSM validation mechanisms to align with the guidance in this Technical Note.

DTR 4.1.18R

Our approach to the generally accepted taxonomy

DTR 4.1.18R states that where annual financial reports contain consolidated annual financial statements that have been prepared in accordance with IFRS, in-scope companies must use a taxonomy generally accepted in the UK for financial disclosures in regulated markets.

Our approach is that the generally accepted taxonomy is one that is based on the IFRS Accounting Taxonomy published by the IFRS Foundation and is up to date.

This includes the EU's version of the IFRS Foundation's IFRS Accounting Taxonomy (the 'ESEF taxonomy') which is set out in the EU TD ESEF RTS and described therein as the 'core taxonomy'. This is amended annually to track the latest IFRS Accounting Taxonomy which is issued around March each year. It is supported by a digital version of the taxonomy and related guidance materials published by ESMA.

In-scope companies can choose between:

- the ESEF taxonomy that is based on the latest IFRS Accounting Taxonomy, as published by the IFRS Foundation before the start of the relevant financial year, or
- an ESEF taxonomy that is based on a subsequent version of the IFRS Foundation's taxonomy, if available before the deadline for publishing the annual financial report.

We set out in the first table below which ESEF taxonomies we consider to be generally accepted taxonomies for financial years starting on or after 1 January 2021. Companies should also have regard to the ESEF Reporting Manual which is published by ESMA and gives further guidance on when companies may employ newer tags from the IFRS Accounting taxonomy before they have been incorporated into an ESEF taxonomy.

The Financial Reporting Council has previously issued a 'UKSEF' taxonomy that has been based on the ESEF taxonomy. Issuers can continue to use this as an alternative to the ESEF taxonomy for financial years starting on or after 1 January 2021 and before 1 January 2023, as set out in the second table below.

For financial years starting on or after 1 January 2022, companies may use the UKSEF approach to apply the FRC Taxonomy suite issued by the Financial Reporting Council (FRC) alongside the ESEF 2022 taxonomy.

Companies who choose to use a UKSEF taxonomy, or the later UKSEF approach alongside the ESEF taxonomy, should also have regard to the UKSEF Manual on the FRC's website.

In future years, we expect companies will be able to continue to use the FRC taxonomies alongside more recent versions of the ESEF taxonomy that we consider to be a generally accepted taxonomy.

For ease of reference, we intend to keep the table below up to date as new taxonomies emerge and would consult on any such changes.

We will configure our National Storage Mechanism (NSM) to accept filings of annual financial reports with digitally reported annual financial statements where the taxonomy used follows the approach described in this Technical Note. Filings using an outdated version of the taxonomies or omitting the appropriate taxonomies will be rejected.

Our Filing Manual (available from the section of our website on Filing on Structured Annual Financial Reports) indicates when we will make these changes to the NSM each year.

ESEF

Legend:

	Source
Commission Delegated Regulation (EU) 2019/815	https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32019R0815
ESEF 2022 taxonomy	<i>Currently set out in ESMA's Final Report on the draft RTS amending Delegated Regulation (EU) 2019/815 as regards the 2022 update of the taxonomy laid down in the RTS on ESEF, as adopted by the European Commission on 21 September 2022</i> [Editor's note – to be replaced with a reference to the amending regulation in due course]
ESEF 2021 taxonomy	Annex II of Commission Delegated Regulation (EU) 2022/352 amending Delegated Regulation (EU) 2019/815
ESEF 2020 taxonomy	Annex II of Commission Delegated Regulation (EU) 2020/1989 amending Delegated Regulation (EU) 2019/815
ESEF 2019 taxonomy	Annex III of Commission Delegated Regulation (EU) 2019/2100 amending Delegated Regulation (EU) 2019/815

The ESEF taxonomies are set out in the EU legislation hyperlinked in the above table. Digital versions are available on [ESMA's website](#).

Generally accepted ESEF taxonomies:

Financial year	Reporting deadlines*	Generally accepted taxonomies
Starting on or after 1 January 2023 and before 1 January 2024	30 April 2024 and up to 29 April 2025	ESEF 2022 taxonomy
Starting on or after 1 January 2022 and before 1 January 2023	30 April 2023 and up to 29 April 2024	ESEF 2022 taxonomy ESEF 2021 taxonomy
Starting on or after 1 January 2021 and before 1 January 2022	30 April 2022 and up to 29 April 2023	ESEF 2022 taxonomy ESEF 2021 taxonomy ESEF 2020 taxonomy ESEF 2019 taxonomy

* This column indicates the range of possible reporting deadlines for annual financial reports that must be prepared and published (with a copy filed in the FCA's National Storage Mechanism) within 4 months of the financial year end (DTR 4.1.3R). In many cases the financial year will start 1 January and end 31 December with a reporting deadline falling on 30 April in the following year. However, for financial years starting after 1 January, the reporting deadline would fall later. For example, for a financial year starting 31 December 2022 and ending 30 December 2023, the reporting deadline would be 29 April 2024.

UKSEF

Legend:

	Source
UKSEF approach issued October 2022	The UKSEF approach issued by the FRC in October 2022 as part of their 2023 Taxonomy Suite
UKSEF 2022 taxonomy	The UKSEF Taxonomy v.2.0.0 issued by the FRC on 3 February 2022 as part of their 2022 Taxonomy Suite
UKSEF 2021 taxonomy	The UKSEF Taxonomy issued by the FRC on 29 September 2020 as part of their 2021 Taxonomy Suite

The UKSEF taxonomies and UKSEF approach are available on the ['FRC Taxonomies'](#) section of the FRC's website.

Generally accepted UKSEF taxonomies, and UKSEF approach:

Financial year	Reporting deadlines*	Generally accepted taxonomies
Starting on or after 1 January 2023 but before 1 January 2024	30 April 2024 and up to 29 April 2025	UKSEF approach issued October 2022 (to be used alongside the ESEF 2022 taxonomy)
Starting on or after 1 January 2022 and before 1 January 2023	30 April 2023 and up to 29 April 2024	UKSEF issued October 2022 (to be used alongside the ESEF 2022 taxonomy) UKSEF 2022 taxonomy
Starting on or after 1 January 2021 and before 1 January 2022	30 April 2022 and up to 29 April 2023	UKSEF issued October 2022 (to be used alongside the ESEF 2022 taxonomy) UKSEF 2022 taxonomy UKSEF 2021 taxonomy

* This column indicates the range of possible reporting deadlines for annual financial reports that must be prepared and published (with a copy filed in the FCA's National Storage Mechanism) within 4 months of the financial year end (DTR 4.1.3R). In many cases the financial year will start 1 January and end 31 December with a reporting deadline falling on 30 April in the following year. However, for financial years starting after 1 January, the reporting deadline would fall later. For example, for a financial year starting 31 December 2022 and ending 30 December 2023, the reporting deadline would be 29 April 2024.

