

## **JOINT STATEMENT ISSUED BY THE REGISTRARS ASSOCIATION OF SPAIN, THE SPANISH ACCOUNTING AND AUDIT INSTITUTE AND THE SPANISH NATIONAL SECURITIES MARKET COMMISSION IN RELATION TO THE PREPARATION AND FILING OF THE ANNUAL ACCOUNTS OF SECURITIES ISSUERS IN EUROPEAN SINGLE ELECTRONIC FORMAT (ESEF)**

29 April 2020

From the financial year 2020, issuers of securities admitted to trading on any regulated market in the European Union must prepare and submit their annual financial report, consisting of audited, individual and, where appropriate, consolidated annual accounts, management reports and statements of responsibility for their content by their directors, in European single electronic format (ESEF), as required by Commission Delegated Regulation (EU) 2019/815, of 17 December 2018, which in turn implies labelling in iXBRL (inline Extensible Business Reporting Language) the main financial statements of the consolidated annual accounts.

In this context, some issuers and their auditors have raised questions regarding the body responsible for the preparation of the annual financial report, as well as the filing of the individual and consolidated annual accounts and management reports with the Companies Registry.

1.- With regard to the responsible body, Article 253 of the Spanish Corporate Enterprises Act provides that the company's directors or members of the managing body are obliged to issue, within a maximum period of three months from the end of the financial year, the annual accounts, the management report, which will include, where applicable, the non-financial statement, and the proposal for the distribution of profit or allocation of loss, as well as, where appropriate, the consolidated accounts and management report.

In the field of the securities market, Article 124(1) of the Recast Text of the Spanish Securities Market Act (TRLMV), approved by Spanish Royal Legislative Decree 4/2015, of 23 October, states that the preparation and publication of the annual financial report and the half-yearly financial information shall be the responsibility of, as a

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minimum, the issuer and its directors, in accordance with the requirements established by regulation.

In this regard, Article 10(1) of Spanish Royal Decree 1362/2007, of 19 October, which implements certain provisions of the Spanish Securities Market Act, states that the entity issuing securities and its directors shall be responsible for the annual financial report, insofar as they are obliged to prepare and sign: (i) the annual accounts; and (ii) the individual management report of the entity and, if applicable, of its consolidated group; as well as (iii) the statement of responsibility for its content.

Article 4(7) of Transparency Directive 2004/109/EC, of 15 December, as amended by Directive 2013/50/EC, of 22 October, states that with effect from 1 January 2020 all annual financial reports shall be prepared in single electronic format for the presentation of information, in accordance with draft regulatory technical standards to be developed by ESMA (European Securities and Markets Authority).

Article 1 of the above-mentioned Commission Delegated Regulation (EU) 2019/815 states that its main purpose is to specify the single electronic format referred to in Directive 2004/109/EC for the purpose of requiring its use in the preparation of the annual financial report by securities issuers. Articles 3 and 4 specify that issuers shall prepare their annual financial reports in XHTML (Extensible Hypertext Markup Language) format and that, in addition, where annual financial reports include consolidated financial statements in accordance with IFRS (International Financial Reporting Standards), issuers shall mark up such consolidated financial statements in XBRL.

It therefore follows that the annual financial report must be drawn up in full in accordance with a certain format, namely the aforementioned XHTML format, which is the only format that applies to the annual financial report as a whole, which is the one that is to be prepared by the managing body.

Insofar as the directors or members of the managing body are responsible for preparing and publishing the annual accounts and the management report, both individual and consolidated, together with the statement of responsibility for their content, which together constitute the annual financial report, this preparation must necessarily refer to the annual financial report prepared in the mandatory format required by Delegated Regulation (EU) 2019/815,

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which in turn extends to the iXBRL labelling of the consolidated annual accounts.

It should be borne in mind for this purpose that the single format is an essential element and cannot be dissociated from the content of the annual financial report itself. It can therefore be concluded that it is the responsibility of the managing body to prepare the annual financial report and to ensure that it is properly presented, both in terms of content and format. The format of the main financial statements shall be labelled in iXBRL, where required.

2.- In relation to the filing of the annual accounts and management reports, both individual and consolidated, with the Companies Registry.

With regard to the annual financial report of securities issuers, it is considered that the members of the managing body of the issuing entity are responsible for its preparation, which will refer both to its content and to the single electronic format (XHTML) in which it must be prepared and submitted.

Since the annual financial report is to be prepared by its directors or members of the managing body in electronic form, issuers should file this annual report with the Companies Registry in electronic form rather than in paper copy, provided that there are no insurmountable technical difficulties.

In those cases where the annual financial report is filed by electronic means, unless it is not feasible for some justified reason, the directors and auditors must also sign it electronically.

If, notwithstanding the foregoing, the annual financial report is filed in the form of a paper copy, electronic signatures of the directors may be replaced by a certificate issued by the secretary of the managing body, with the approval of its chairman, stating that the directors have prepared such individual and, if applicable, consolidated annual accounts and management report which form part of the annual financial report, in single electronic format, the certificate having to be linked to the XHTML file of the annual accounts and management reports, by means of an unmistakable identification code (secure verification code, verified by a qualified trusted electronic service provider, or CSV) of the digital document prepared.

It may also be possible to prepare this type of certificate when the audited annual financial report is submitted for registration electronically but it does not bear the electronic signatures of all the directors of the company.

As regards the auditor, it is recommended that it adapts its audit report to the format in which the audited annual accounts are prepared, also issuing its report in electronic format, in compliance with the provisions of Article 5(4) of Spanish Audit Law 22/2015, of 22 July.