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**TO** : Issuers whose securities are admitted to trading on a regulated market

**FROM** : Cyprus Securities and Exchange Commission

**DATE** : 22 February 2021

**CIRCULAR NO.** : C428

**SUBJECT** : European Single Electronic Format – ‘ESEF’ – optional postponement of its application by one year

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The Cyprus Securities and Exchange Commission (‘CySEC’) wishes to inform the issuers whose securities are admitted to trading on a regulated market of the Cyprus Stock Exchange or on other regulated market (the ‘issuers’) of the following:

According to article 4, paragraph 7 of Directive 2004/109/EC on the harmonisation of transparency requirements, as amended (Transparency Directive): “With effect from 1 January 2020 all annual financial reports shall be prepared in a single electronic reporting format provided that a cost-benefit analysis has been undertaken by the European Supervisory Authority (European Securities and Markets Authority) (ESMA) established by Regulation (EU) No 1095/2010 of the European Parliament and of the Council.”.

For the purposes of the above article, the “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”<sup>1</sup> (the ‘Regulation’) was issued, which specifies the European Single Electronic Format – ‘ESEF’ to be used for the preparation of annual financial reports by issuers and applies to annual financial reports containing financial statements for financial years beginning on or after 1 January 2020. The Regulation briefly provides the following:

- Issuers shall prepare their entire annual financial reports in XHTML format.
- Where annual financial reports include IFRS consolidated financial statements, issuers shall mark up those consolidated financial statements.
- Issuers shall use the XBRL markup language.

It is noted that in December 2020, as part of the targeted measures for recovery from the COVID-19 pandemic, an agreement was reached between the Council of the European Union and the European Parliament to amend the Transparency Directive so that member states may allow issuers to apply the requirement for preparation of their annual financial reports in accordance with ESEF one year later i.e. for financial years beginning on or after 1 January 2021, provided that member states notify the European Commission of their justified

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<sup>1</sup> It was initially issued with number (EU) 2018/815 and was corrected to (EU) 2019/815 in June 2019

intention to allow such a delay. The publication of the said amendment in the official journal of the European Union is expected around the end of February 2021.

CySEC has been informed that the Republic of Cyprus intends to adopt the above measure and allow the issuers to apply the ESEF requirements one year later i.e. for financial years beginning on or after 1 January 2021 and has notified the European Commission accordingly.

Based on the above, issuers whose home member state according to the Transparency Requirements (Securities admitted to trading on a regulated market) Law of 2007, as amended ('Transparency Law') is the Republic of Cyprus, may apply the requirement for preparation of their annual financial reports in accordance with ESEF for the financial years beginning on or after 1 January 2021. It is noted that those issuers who wish to do so, may prepare their annual financial report for the financial years that began on or after 1 January 2020 in accordance with ESEF as specified in the Regulation. In such a case, they must also comply with all the requirements of the Transparency Law as regards the annual financial report.

Detailed information as regards the ESEF, including the ESEF reporting manual, is available at ESMA's website at <https://www.esma.europa.eu/policy-activities/corporate-disclosure/european-single-electronic-format>. The European Commission has also published a document with frequently asked questions on ESEF which is available on [https://ec.europa.eu/info/files/190529-faq-rts-esfs\\_en](https://ec.europa.eu/info/files/190529-faq-rts-esfs_en) as well as an Interpretative Communication on the preparation, audit and publication of the financial statements included in the annual financial reports drawn up in accordance with the Regulation - [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020XC1110\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020XC1110(01)&from=EN).

Sincerely,

Demetra Kalogerou  
Chairman Cyprus Securities and Exchange Commission