



# 20<sup>th</sup> XBRL International Conference

“XBRL: Linking Businesses, Public Regulators & Citizens”

April 20-22, 2010

Rome, Italy

Finance Track - Capital Markets,  
Harmonizing the EU-National Extensions of the IFRS-XBRL-Taxonomy —  
Is an EU extension of the IFRS taxonomy a solution?

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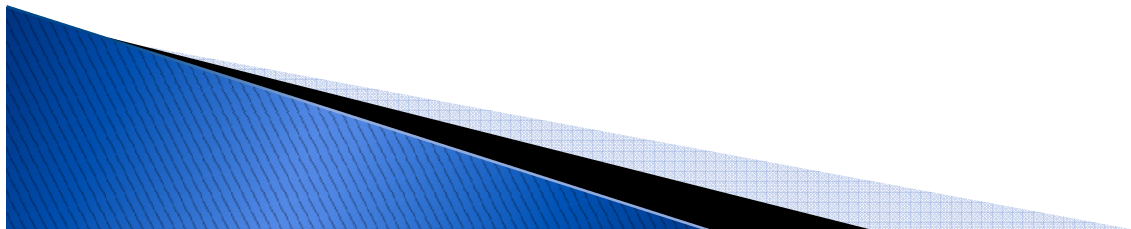
April 21 2010

# XBRL Europe Working Group: IFRS for Stock Listed Companies (IFRS SLC)

- Charter finalized and approved (2008), aims are:
    - ✓ to optimize the XBRL–implementation processes of European stock listed companies and
    - ✓ to harmonize IFRS Taxonomy Extensions in Europe.
  - The working group will attend to the following topics
    - ✓ getting a clearer picture of the actual projects and status in XBRL jurisdictions
    - ✓ searching for and evaluating practices for reporting harmonization based on the IFRS taxonomy in Europe
    - ✓ evaluating practices and making suggestions to the European XBRL Jurisdictions for national IFRS Taxonomy Extensions
    - ✓ **evaluating a process to harmonize national IFRS Taxonomy Extensions**
    - ✓ **clarifying whether an EU–extension of the IFRS should be developed**
    - ✓ supporting industry–specific extensions of IFRS Taxonomy on European Level
    - ✓ identifying European corporate requirements for SEC XBRL–filing. Facilitating the communication between the U.S. SEC and XBRL Europe.
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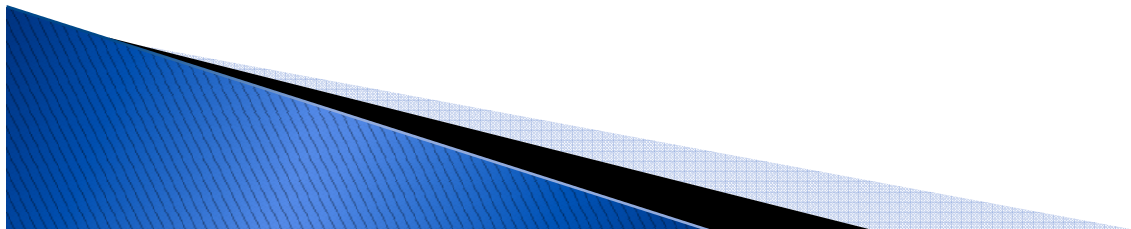
# XBRL.eu IFRS SLC– Chronology of actions

- Charter finalized and approved (2008)
- Contact Persons in national XBRL Jurisdictions identified
- Survey addressed to Contact Persons of European XBRL Jurisdictions
  - ✓ Status & Experience about national IFRS Taxonomy Projects
  - ✓ National IFRS Usage – out of XBRL Point of View
- Harmonizing National Extension of IFRS Taxonomy, Discussion about alternatives in Paris (June 2009) and Brussels (October 2009)
- CESR, Call for evidence, The use of a standard reporting format (October 2009) – letter of XBRL Europe prepared
- Using the Capital Market Track, 20<sup>th</sup> XBRL International Rom Conference (April 2010) as a think tank about a European XBRL Capital Market strategy and to connect European Organizations to the European XBRL Community.



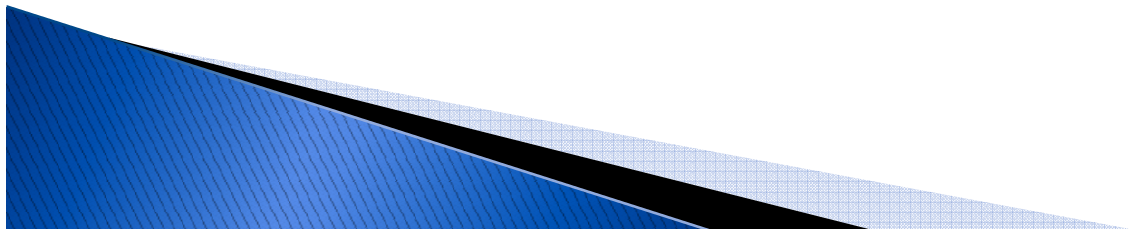
# National Law Extension of IFRS Taxonomy

- ▶ National Law Extensions are needed because:
  - Stock listed companies are subject to national laws
  - National law requires stock listed companies to disclose additional information in annual reports and quarterly reports (compared to Bound Volume)
  - If XBRL is going to replace traditional reporting mediums (paper, PDF etc), the IFRS XBRL Taxonomy Extensions must contain elements of national law
  - Examples:
    - National Commercial Code,
    - National Corporate Governance Codex
    - National Stock Corporation Law
    - National Securities Trading Act
    - National Accounting Standards Boards



# National Law Extension of IFRS Taxonomy – Examples

- German Commercial Code (HGB), examples
  - Disclosures of shares in subsidiaries, other shares and investments (§ 313 (2) HGB)
  - Reference to separate list of shareholdings (§ 314 (4) HGB)
  - Disclosure of the binding facts leading to consolidation of the subsidiary (§ 313 (2) HGB)
  - Disclosure of the benefits granted to the members of Executive Members by third parties with regard to their activity as a member of Executive Board:  
Amount and Description separated (§ 315 (2) HGB)
- German Corporate Governance Codex (DCGK), examples
  - Individualized disclosure of remuneration or other benefits granted to members of the supervisory board for personally rendered services, in particular consulting and arrangement/agency services, description (DCGK 5.4.5 )
  - Disclosures on total shareholdings of all members of the executive board and supervisory board, description (DCGK 6.6)
- German Stock Corporation Law (AktG), examples
  - Corporate governance report (§ 261 AktG)
- German Securities Trading Act (WpHG), examples
  - Interim Reports (e.g. § 37w (2) WpHG)
  - German Interim Management Report (§ 37w (4) WpHG)



# National Law Extension of IFRS Taxonomy

## ▶ Challenges

- National Law Reporting Requirements overlap with IAS/IFRS
- National Law Reporting Requirements differ from Country to Country
- (National Law may permit or prohibit company specific reporting positions in the balance sheet, P&L etc.)

## ▶ Risks:

- If Preparers extend IFRS Taxonomy themselves on National Law Reporting Requirements there will be a **disorder of extensions**.
- If National XBRL Jurisdictions extend IFRS Taxonomy on National Law but not harmonized between each other we also have **a disorder of extensions**
- number of extension's concepts will result in a very huge number of new concepts in Europe
  - Example: XBRL Germany will generate 300 up to 400 new concepts in the German Extension. This would equal 10.800 new concepts for the 26 member states of the EU (several hundred percent more additional concepts than the Original IFRS Taxonomy!).
- XBRL advantages will be lost (comparability, data quality, speed of analysis..) regarding disclosures
- users/investment professionals get a disaster in reality if they compare stock listed companies of different European Countries (disclosures).

