

PRESS RELEASE

ESMA urges companies to improve quality of disclosures in financial statements

The European Securities and Markets Authority (ESMA) has published a Public Statement on improving the quality of disclosures in financial statements following growing concern over their relevance.

ESMA stresses the need for clear and concise disclosures which are company specific and to avoid boiler-plate templates, highlighting that the size of annual reports often makes it hard for users to identify key information.

Steven Maijor, ESMA Chair, said:

“We are urging listed companies to ensure that disclosures in IFRS financial statements are clearly focused on the relevant facts specific to the entity. Companies need to move away from “disclosure overload”.

“We hope that the actions resulting from this statement, together with our annual statement on enforcement priorities, will contribute to increasing the relevance and consistency of financial information, and improve the information available to investors in Europe’s capital markets.”

ESMA encourages all parties involved in preparing financial statements to contribute to improving the quality of disclosures:

- issuers should focus on preparing disclosures which are relevant and material, making them as specific and readable as possible;
- auditors should encourage issuers to focus on materiality and entity-specific information; and
- European national enforcers should promote best practice amongst issuers and reflect on their enforcement practices in the light of this statement.

Next steps

European national enforcers will monitor and discuss together progress on improvements to the quality of disclosures and reflect on their enforcement practices in the light of this statement.



Notes for editors

1. 2015/1608 ESMA Public Statement - European common enforcement priorities for 2015 financial statements
2. 2015/1609 ESMA Public Statement - Improving the quality of disclosures in the financial statements
3. ESMA is an independent EU Authority that was established on 1 January 2011 and works closely with the other European Supervisory Authorities responsible for banking (EBA), and insurance and occupational pensions (EIOPA), and the European Systemic Risk Board (ESRB).
4. ESMA's mission is to enhance the protection of investors and promote stable and well-functioning financial markets in the European Union (EU). As an independent institution, ESMA achieves this aim by building a single rule book for EU financial markets and ensuring its consistent application across the EU. ESMA contributes to the regulation of financial services firms with a pan-European reach, either through direct supervision or through the active co-ordination of national supervisory activity.

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