

John Glen MP
 Economic Secretary to the Treasury and City Minister
 HM Treasury
 1 Horse Guards Road
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14 June 2019

Dear Minister,

UK approach for digital reporting post Brexit

Many thanks for your letter dated 5 November 2018, regarding our correspondence on the European Single Electronic Format (ESEF). As noted in your response, ESEF is not due to be implemented in EU law until 2021. As such, assuming that Brexit happens, we consider this to be a significant opportunity for the UK to choose a digital reporting methodology which is most advantageous and least burdensome for UK businesses.

In our view, in order to keep pace with the US and Europe, it's likely that the UK will want to introduce a form of digital reporting. The pertinent questions are what type of reporting and when to implement. Below we have proposed two steps we think should be considered for proposed UK adoption. We would be more than happy to discuss these proposals with you further and provide practical examples of what they will mean for UK companies if this would be helpful.

- 1) UK businesses should have a choice of which tagging methodology they wish to use, either the approach adopted by the European Securities and Market Authority (ESMA) or the US approach. In our view, this will be highly beneficial as it will avoid unnecessary duplication for businesses with dual listings who may otherwise have to submit multiple sets of accounts. It also provides businesses with the flexibility to select a taxonomy tagging which is most suited to their business.
- 2) Implement a stage-gate system in which the mandatory tagging does not initially extend beyond the primary statements. We note that as currently proposed by ESMA, this will be the case for the first two years of adoption, with block tagging of the notes being introduced in year three. From a UK perspective, if there is a demonstrable benefit to investors and users of accounts of block tagging the notes this should be considered in due course. We would suggest that this could be done after ESMA has adopted block tagging of notes for 2022 accounts, to ascertain how beneficial it is and the extent to which the tagged data is being used.

We have proposed the above as we feel that digital reporting is still in infancy stages and therefore the UK can learn from other countries to determine which methodology is most favourable for both businesses and users of accounts. We note that some of our members have dual listings, so it will be critical that the UK adopt a methodology which is flexible and, where possible, prevents duplication of effort.

Please feel free to contact us if you wish to discuss our proposals further.

Yours sincerely,



Russ Houlden
 Chairman, The 100 Group Financial Reporting Committee