European Securities and Markets Authority

Date: 27 October 2015
ESMA/2015/1606

PRESS RELEASE

ESMA sets enforcement priorities for listed companies' 2015 financial statements

The European Securities and Markets Authority (ESMA) has published its annual Public Statement on European Common Enforcement Priorities (Priorities) for 2015.

The Statement on Priorities identifies topics which ESMA, together with European national enforcers, see as key areas when they examine listed companies' 2015 financial statements. The common enforcement priorities focus on recurring issues identified in the application of IFRS requirements and the current economic climate where it may pose challenges to issuers, in particular, the current interest rate environment, foreign exchange rate and country risks.

Steven Maijoor, ESMA Chair, said:

> "The common enforcement priorities play an important role in achieving a high level of harmonisation in the enforcement and application of IFRS across the EU.
>
> "The current financial markets conditions are expected to impact financial information and ESMA urges listed companies and auditors to pay particular attention to ensure that these impacts are correctly reflected in financial statements and investors are duly informed."

The common enforcement priorities encompass the following topics:

1. Impact of financial markets conditions on financial statements; ESMA urges listed companies and their auditors to pay particular attention to the current interest rate environment, country risk in relation to where their business is located and exposure to foreign exchange rates and high volatility for commodities.

2. Statement of cash flows and related disclosures: issuers should ensure the statement and disclosures are consistent with the other primary financial statements.

3. Fair value measurement and related disclosures: ESMA considers there is substantial room to improve measurement and disclosure related to non-financial assets and liabilities in particular.

Application will be monitored and supervised

ESMA and European national enforcers will monitor and supervise the application of the IFRS requirements outlined in the Priorities, with national authorities incorporating them into their reviews and taking corrective actions where appropriate. ESMA will collect data on how European listed entities have applied the Priorities and will publish its findings in early 2017.

Notes for editors

1. 2015/1608 ESMA Public Statement - European common enforcement priorities for 2015 financial statements

2. 2014/807 ESMA Guidelines on enforcement of financial information

3. 2015/1057 ESMA Guidelines on Alternative Performance Measures

4. 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).

5. 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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