ESAP and transformation of corporate data access in the EU for post pandemic world

Presentation by Michal Piechocki of BR-AG
DISCLAIMER

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European Single Access Point

The why?
Anne is an investor who is looking for opportunities on pan-European capital market.
Peter is an M&A manager who is looking for possible synergy opportunities among the European capital market participants.
Maria is an auditor who is searching for peers necessary in transfer prices analysis.
Since there is no central platform for analysts and investors to obtain that information conveniently, reliably and promptly...
...and also because financial reporting data is available in different languages...
...and often in various file formats...
...and is accessed using different methods...
...making informed decisions for Anne, Maria and Peter is much harder, or in some cases impossible
European regulators have undertaken several initiatives to help Anne, Peter and Maria to tackle these challenges.
In 2005 the European Union has introduced unified accounting and reporting standards called the International Financial Reporting Standards (IFRS).
From 2017 the EU will require capital market participants to start using the Legal Entity Identifier (LEI) as a unique company identification mechanism.
From 2020 all EU listed companies are required to apply a common European Single Electronic Format which adopts the Inline XBRL standard for digital representation of financial reports.
Yet still, for an investor, the European capital market information is not conveniently accessible.
Currently in each country there is an official registry called the Officialy Appointed Mechanism (OAM) that is responsible for distribution of regulated information received from listed companies.
At present these registries are not connected in any usable manner.
But what if these registries were connected through a single access point?
What if they became a „cloud-based” commonly accessible registry that synchronises national regulatory information automatically?
This is what we call the European Single Access Point
Report Metadata

- Issuer Name
- Unique Issuer ID (LEI)
- Type of regulated information
- Report URL (OAM)
- Report URL (Issuer’s IR website)
- Issuer’s Home Member State etc.
Report Metadata

- Issuer Name
- Unique Issuer ID
- Type of regulated information
- Report URL (OAM)
- Report URL (Issuer)
- Issuer’s Home Member State
- Etc.
I would like to invest in European companies that have at least 30% ROI
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I am looking for a steel producer in east Europe with a low debt ratio to merge with a shipbuilding company.
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I am looking for peers with more than 50 million EUR assets and revenue more than 70 million EUR and profit more than 5 million EUR.
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European Single Access Point

The how?
ESAP key components

• Machine-readable data (iXBRL, ISO 20022)
• Common identifiers (LEI, ISIN)
• Digital accessibility (APIs)
Layer of open-source developed applications (analysis, use, deployment) based on ESAP data

- Bulk download
- Web application
- Quality assurance
- Linking datasets
- Security
- Administration & users
- Machine learning
eIDAS & LEI
- Data submission API
- Data storage (cloud)
- Metadata management
- Innovation

Layer of open-source developed applications allowing interaction with ESAP via Push API

- OAMs and regulated repositories or regulated data disseminators
- Registries
- SMEs
- Listed companies

Innovators
- Investors associations
- Analysts associations
- Stock exchanges
- OAMs
- NCAs
- Listed comp. associations
- Data vendors
- Academia
- EFRAG
- Banking associations
- Business registers
- CRAs
- Standard setters
- SME associations
- EU programs
- Other stakeholders
- ESMA
- Investors associations
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European Single Access Point

The what?
ESAP key data

• Financial reports (IFRS)
• Investment information (Prospectus)
• Sustainability data (CSDR)
• Other (EIOPA, EBA and other)
### Corporate data scope

#### Company establishment
- Registration of a company
- Certification of product/service
- Application for public grants / funding
- Exemptions and privileges
- Tax reporting and registers
- Social contributions registers
- Procurement procedures
- Initial Coin/Token Offering

#### Growth and gaining maturity
- Initial Public Offering
- Prospectuses and KIIDs publication
- Issuance of debt securities
- Corporate actions publication
- Registration of related parties and subsidiaries
- Licences and permissions
- Application for public grants / funding
- Tax reporting and registers

#### Company transformation, limitation or discontinuity
- Splits / mergers / acquisitions
- Nationalisation
- Filing for bankruptcy / insolvency
- Deregistration
- Going dormant
- Sanctions
- Prosecutions and regulatory warnings
- Internationalisation

#### Other actions and market-driven activities

<table>
<thead>
<tr>
<th>Advertising</th>
<th>Ratings publication</th>
<th>Announcements of recovery plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website, social media</td>
<td>Rankings and indices</td>
<td>Bankruptcy auctions</td>
</tr>
<tr>
<td>Investment and business plans publication</td>
<td>Certificates</td>
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<tr>
<td>Forecasts, prospects and plans announcements</td>
<td>Corporate sustainability reporting</td>
<td></td>
</tr>
<tr>
<td>Major internal corporate announcements</td>
<td>International cooperation and trade events</td>
<td></td>
</tr>
</tbody>
</table>

*383 disclosure requirements across EU legal acts for listed entities only*
European Single Access Point

The when?
2004: Transparency Directive
2017: European Financial Transparency Gateway
2020: High-level Forum on Capital Markets Vision
2020: EC DG FISMA Cost-benefit analysis
2021: European Commission COM/2021/723
2022: Council of the EU Position
2025/2026*: Planned launch of ESAP
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What’s in it for business registers?
What are companies expecting?

1. Access to finance
2. Regional and global promotion
3. Trust (trade, grants, procurement)
## Boosting post-pandemic economy

### Type of financing

<table>
<thead>
<tr>
<th>Type of financing</th>
<th>Micro (≤ 2m EUR)</th>
<th>Small (≤ 10m EUR)</th>
<th>Medium (≤43/50m EUR)</th>
<th>Large (&gt; 43/50m EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal funds/Founders</td>
<td>Likely</td>
<td>Possible</td>
<td>Unlikely</td>
<td>Unlikely</td>
</tr>
<tr>
<td>Bank loans / credit cards / leasing / factoring</td>
<td>Likely</td>
<td>Likely</td>
<td>Likely</td>
<td>Likely</td>
</tr>
<tr>
<td>Grants / subsidies</td>
<td>Likely</td>
<td>Likely</td>
<td>Possible</td>
<td>Possible</td>
</tr>
<tr>
<td>Crowdfunding</td>
<td>Likely</td>
<td>Possible</td>
<td>Unlikely</td>
<td>Unlikely</td>
</tr>
<tr>
<td>Trade credit</td>
<td>Likely</td>
<td>Likely</td>
<td>Likely</td>
<td>Likely</td>
</tr>
<tr>
<td>SME Growth Market</td>
<td>Unlikely</td>
<td>Possible</td>
<td>Likely</td>
<td>Unlikely</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>Unlikely</td>
<td>Unlikely</td>
<td>Possible</td>
<td>Likely</td>
</tr>
<tr>
<td>Seed funds / Angel investors</td>
<td>Likely</td>
<td>Possible</td>
<td>Unlikely</td>
<td>Unlikely</td>
</tr>
<tr>
<td>Financial VCs</td>
<td>Unlikely</td>
<td>Possible</td>
<td>Likely</td>
<td>Likely</td>
</tr>
<tr>
<td>Strategic VCs</td>
<td>Possible</td>
<td>Possible</td>
<td>Likely</td>
<td>Likely</td>
</tr>
<tr>
<td>Equity listing (IPO)</td>
<td>Unlikely</td>
<td>Possible</td>
<td>Likely</td>
<td>Likely</td>
</tr>
</tbody>
</table>

### Financing Needs

- **Smaller financing needs**
  - Internal funds/Founders
  - Bank loans / credit cards / leasing / factoring
  - Grants / subsidies
  - Crowdfunding
  - Trade credit
  - SME Growth Market
  - Corporate bonds
  - Seed funds / Angel investors
  - Financial VCs
  - Strategic VCs
  - Equity listing (IPO)

- **Larger financing needs**
  - Internal funds/Founders
  - Bank loans / credit cards / leasing / factoring
  - Grants / subsidies
  - Crowdfunding
  - Trade credit
  - SME Growth Market
  - Corporate bonds
  - Seed funds / Angel investors
  - Financial VCs
  - Strategic VCs
  - Equity listing (IPO)
Ideas

- EU: Provide listed companies data to ESAP
- Non-EU: Connect to ESAP to promote economy and SMEs
- Non-EU: Additional information for BO/AML checks
- All: Innovate comparison of companies data
- All: Global ESG data sharing and access
Thank you for your time

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