



E-Disclosure using
eXtensible Business
Reporting Language (XBRL)



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Introduction

The availability of information in the appropriate time and form is one of the most important elements that contribute to increase the attractiveness of the financial markets, where information will help investors to make investment decisions in a better, easy and efficient way. One of the most important characteristics that should be available in these information to be easy, fast obtained at the same time for all, the information must be prepared and presented in a way that ease its reading and understanding, in addition to the possibility of comparing these information between the listed companies in the same financial market and with the information provided by the other financial markets.

With regard to the large technical evolution in the financial markets in all areas, including the preparation, presentation and dissemination of information methods, which have evolved significantly in all aspects, as well as the openness of the financial markets, the diversity of investors, the increased requirements for the investment environment and its complexity that require speed and accuracy in providing information; therefore, there was a need for adopting unified methods and mechanisms for preparing and presenting financial and non-financial information for listed companies that are universally acceptable, besides the ability to represent these data in more than one language. As a result, most of the financial markets requested from the listed companies to prepare their financial statements in accordance with International Financial Reporting Standards (IFRS). Also, a number of these markets started using the XBRL as an international standard to view the financial reports and non-financial information, which enable investors with different languages to read and use the information easily and fast.

Undoubtedly, using a unified language for the e-Disclosure that is universally acceptable like the XBRL will cause significant development on the quality of disclosure in financial markets and thereby increase transparency in these markets. Within this framework, in light of the keenness of the Capital Market Institutions in Jordan to apply the latest international practices in the field of financial markets, the Amman Stock Exchange (ASE) has initiated in cooperation with the Jordan Securities Commission (JSC) during 2016 to move forward to apply the e-Disclosure System using XBRL in the Jordanian Capital Market, which would reflect positively on it and all interested parties.

The Beneficiaries Parties from Applying the E-Disclosure System Using XBRL

Regulatory Authorities represented by the JSC, ASE, Central Bank, Insurance Administration and Companies Control Department besides Investors, listed companies, securities issuers, brokerage and auditing firms, accountants, financial advisers, accounting software providers, information dissemination companies and financial analysts.

The e-Disclosure System Definition:

It is an E-System using XBRL enables companies to prepare and disseminate their financial and non-financial disclosures in several formats for the electronic exchange, as this system assembles and classifies or categorizes financial and non-financial information for listed companies as well as unifies the titles of accounts and terminologies that used in the financial reports by the so-called Taxonomies, which are special dictionaries include the definition and classification of hundreds of accounting terms of financial reports according to the international accounting standards and the prevailing standards in the country. e-Disclosure system is a classification system describes the contents of the financial statements using international terms, and then classify these terms in a clear and expressive structural form, in order to achieve this, the ASE in cooperation with the JSC prepared special forms to be filled by the companies when preparing their financial statements, containing all the items that must be indicated. Where these forms that were prepared for this end took into account various sectors of the listed companies (Financial, Service and Industry Sectors), accounting titles and terminologies that are internationally unified as this will enable all the relevant parties to compare the financial statements of companies on a local and global level in less time and effort as well as reducing the likelihood of errors that are due to different accounts titles and terminologies used by companies in their financial reports.

The Importance of the XBRL

Before using the XBRL in the e-Disclosures, investors and financial analysts used to extract financial information from the reports of the listed companies and other financial disclosures providers then enter them manually to the computers, after that they analyze these data as the user need, but with the shifting toward using XBRL, the entering process will be done once by the disclosing entities in accordance with specific standards , thereby a comprehensive and comparable database will be built in more than one language as the information can be electronically extracted for the preparation of all required reports. Also, the use of the XBRL will enable the regulatory authorities and financial markets to develop standard forms for the non-financial disclosure, contain the acceptable level of information and data needed by investors to make investment decisions.

Within this framework, there are many benefits from using the XBRL, including:

1. **Reliability:** Entering the financial data for once will reduce the human error, therefore, there are auditing companies as a part of the e-Disclosure System, and auditors who review and approve the validity of the data before being submitted to the official authorities and presented to those who are interested, hence, this will increase the accuracy of the information for its users, to avoid errors resulting from the iterative manual transmission and input.
2. **Flexibility:** although XBRL provides a specific framework for the financial disclosure that depends mainly on International Financial Reporting Standards (IFRS) for all the listed companies but it gives enough flexibility to customize multiple forms that commensurate with the needs of all companies.

3. **Efficiency:** Encoding and entering data only once will enable addressing and preparing documents and reports shortly with minimum resources, in addition to the information retrieval and dissemination processes through the Internet where all will save time, effort and cost required.
4. **Data Integrity:** assembling information electronically instead of the manual process and provide sophisticated and validation mechanisms to ensure its integrity and validity will improve and accelerate the analysis of financial information and reduce the proportion of errors in the data to the minimum.
5. **Providing reports continuously**, and keeping them electronically usable in case of need.
6. **Cover the needs of Investors, Analysts and Others:** through preparing various financial reports, annual and periodic reports and providing them in different formats.
7. **Reduce the cost of exchanging information and financial statements** due to adopting the Internet as a method for this end.
8. **Quick sending and receiving data and disclosure reports among various stakeholders**, which reinforce transparency principle while disseminating the information.
9. **Contribute to increase the disclosure level** by adding new disclosure requirements, for instance, risk management and governance in companies and others.
10. **The possibility of publishing information in different languages** like Arabic, English, French and others.

Australia is one of the first countries that applied the e-Disclosure System since 2002 to be used in public institutions and investment funds for preparing financial reports, followed by the United States started, now there are many countries that have adopted and applied the XBRL, including Japan, the United Arab Emirates, Saudi Arabia and Kuwait.

The Most Important Data to be Disclosed Through The e-Disclosure System Using XBRL:

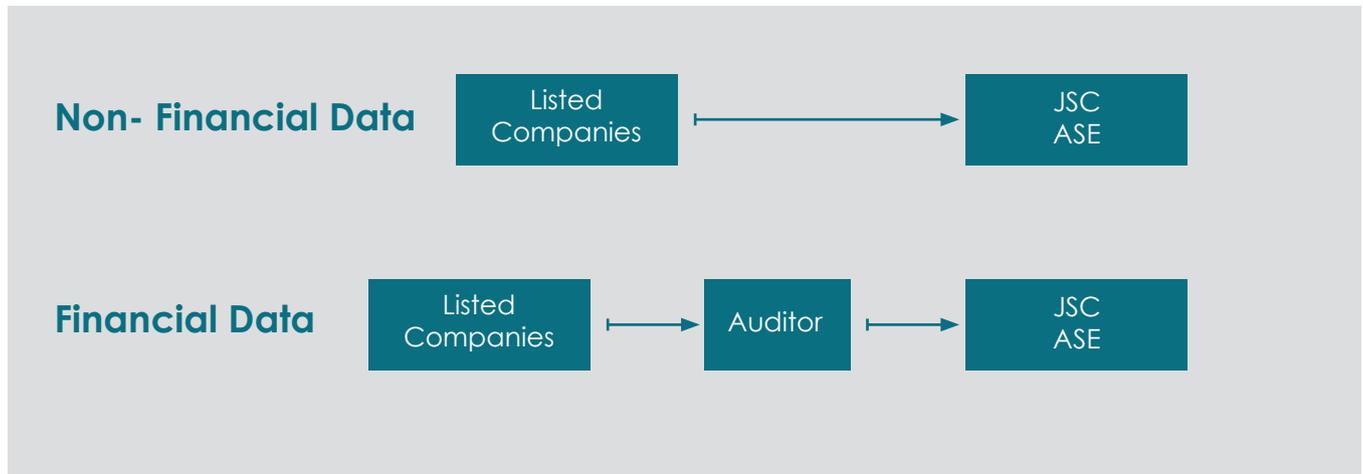
- Annual and periodic financial reports.
- Prospectuses.
- Listing Applications.
- Reports relating to disclosure of governance commitment
- Material disclosures.
- Corporate actions (increase and decrease capital, Merger, etc.)
- Other reports required by the ASE or the JSC

System Functioning

Bodies charged with entering the e-Disclosure System sign in through a username and password and fill their own disclosure according to certain forms, then send the concerned disclosure to the ASE and/or JSC in order to be reviewed and disseminated noting that every company is responsible for the validity of its disclosure.

The Sequence of the Disclosure Process

Disclosure process can be done in any or both of the following methods, depending on the nature of the disclosed data:





FAQs:

- **Is XBRL considered to be a new accounting standard?**

No, because the XBRL does not replace or change any international accounting standards, hence it is a programming language used to prepare and address financial and non-financial data that can be used in the process of disclosure, it does not interfere in adopting or choosing the accounting standards, but it aimed at improving the process of preparing and analyzing information involved in the published financial reports.

- **How the e-Disclosure System using XBRL will affect the work of Financial Analysts?**

The use of this system would avoid the financial analysts from entering the financial statements of the issuers manually on computers and programs used by them, where the financial information will be extracted through the e-Disclosure system that was entered directly from the issuers and will be retrieved and displayed electronically. On the other hand, when the listed companies entirely apply the XBRL, the entered information will be transferred to the financial analysts in a faster and more accurate and less costly than ever before.

It is well known that the financial analyst spend a lot of time in the collecting and classifying the companies' financial and non-financial information, while it takes less time in its analysis, therefore, applying the e-Disclosure System will minimize a lot of time as the required information are already saved in the database, also the XBRL unifies the accounts titles and terminologies used in the financial reports, which allow analysts to compare many of the companies' financial data with less time and effort, also reduce the likelihood of errors that could happen due to differences in accounts designations and terminologies used by companies in their financial reports.

- **What is the impact of applying the e-Disclosure System using the XBRL to raise the efficiency of the Jordanian Capital Market?**

The efficiency of financial markets is measured by the rapid response of the traded securities prices for all available information quickly and accurately, the financial information are an essential part of the necessary information for pricing of securities, which are taken on the basis of investment decisions, since the e-Disclosure of the financial and non-financial information as well as any other material information that may affect the stock prices in an appropriate and timely manner to all dealers in securities markets, therefore updating this information at any time will help to achieve a higher level of transparency and reducing the phenomenon of information asymmetry, which will lead to increase the efficiency of the Capital Market.



Tel: 00962 6 5664109 - 00962 6 5664081
Fax: 00962 6 5664071



Amman Stock Exchange
Arjan Area - Near Ministry of Interior
P.O. Box 212466
Zip Code 11121 – Amman - Jordan
info@ase.com.jo



www.exchange.jo



@ASEofficialJo



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