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 will be 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.
In 2017 the European Commission has started researching the possibility to use Blockchain technology to create a distributed record of financial reports across the EU.

European Financial Transparency Gateway powered by Distributed Ledger Technology
Currently in each country there is an official registry called the Officially 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 decentralized network?
What if they became a „cloud-based” commonly accessible registry that synchronises national regulatory information automatically?
This is what we call the European Financial Transparency Gateway
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.
Accessing information

European Financial Transparency Gateway
powered by
Distributed Ledger Technology
I would like to invest in European companies that have at least 30% ROI.
I would like to invest in European companies that have at least 30% ROI

ANNE
I am looking for a steel producer in east Europe with low debt ratio to merge with a shipbuilding company.
I am looking for a steel producer in east Europe with a low debt ratio to merge with a shipbuilding company.
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.
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.
What are Distributed Ledger Technology advantages?

European Financial Transparency Gateway powered by Distributed Ledger Technology
Blockchain is a data structure that enables the creation of a digital ledger of transactions and share it within a distributed network of computers. It utilizes advanced cryptography to enable each participant on the network to use the ledger in a secure way without a central authority.
Because every node has their own copy of the complete ledger, even if some of them are compromised or offline, the system is still fully operational.
Because every node has their own copy of the complete ledger, even if some of them are compromised or offline, the system is still fully operational.
Due to the consensus protocol, the majority of the nodes (OAMs) have to approve information submitted by one of the nodes. When an outside party tries to submit a fraudulent information, it will be rejected.
Due to the consensus protocol, the majority of the nodes (OAMs) have to approve information submitted by one of the nodes. When an outside party tries to submit a fraudulent information, it will be rejected.
Due to the consensus protocol, the majority of the nodes (OAMs) have to approve information submitted by one of the nodes. When an outside party tries to submit a fraudulent information, it will be rejected.
Concept
Environment

OAM - Officially Appointed Mechanism
HMSA - Home/Host Member State Authority
Token

The term ‘token’ here is synonym for ‘meta data’.
The nodes of the NCAs are identical subsystems that work the same for every NCA. Each node has multiple software components, the DLT client is one of them.
Overview

Deploy to cloud nodes

Local OAM simulation in Java

Access

Local Investor simulation
Under browser

Cloud node – 1

Cloud node – 2

OAM - 1

OAM - 2

iXBRL parser

Access

Search Notification

Issuer

OAM

EC

Investor

Deploy to cloud nodes

XBRL files from https://www.esma.europa.eu/field-test-esef
Extension scenarios

What is the EFTG capable of?

European Financial Transparency Gateway powered by Distributed Ledger Technology
Can DLT improve the cooperation between business registers in Europe?

*Business Registers Interconnection System*

Can an investor identify small and medium entity by standardised code in DLT?

*LEI central repository*

Can an investor have instant and open public access to company prospectus?

*The Prospectus Database*

Can DLT be used to prove legal contracts?

*Smart Contracts*
## Way ahead

<table>
<thead>
<tr>
<th>Company establishment</th>
<th>Growth and development stage</th>
<th>Company transformation, limitation or discontinuity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Common actions</strong> (reporting, registration, announcements, notifications etc.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Registration of a company</td>
<td>Initial Public Offering</td>
<td>Splits / mergers / acquisitions</td>
</tr>
<tr>
<td>Initial Coin/Token Offering</td>
<td>Prospectuses and KIIDs publication</td>
<td>Nationalisation</td>
</tr>
<tr>
<td>Application for public grants / funding</td>
<td>Issuance of debt securities</td>
<td>Filing for bankruptcy / insolvency</td>
</tr>
<tr>
<td>Exemptions and privileges</td>
<td>Corporate actions publication</td>
<td>Deregistration</td>
</tr>
<tr>
<td>Tax reporting and registers</td>
<td>Registration of related parties and subsidiaries</td>
<td>Going dormant</td>
</tr>
<tr>
<td></td>
<td>Licences and permissions</td>
<td>Sanctions</td>
</tr>
<tr>
<td></td>
<td>Application for public grants / funding</td>
<td>Prosecutions and regulatory warnings</td>
</tr>
<tr>
<td></td>
<td>Tax reporting and registers</td>
<td></td>
</tr>
<tr>
<td><strong>Other actions and market-driven activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment and business plans publication</td>
<td>Ratings publication</td>
<td>Announcements of recovery plans</td>
</tr>
<tr>
<td>Forecasts, prospects and plans announcements</td>
<td>Rankings and indices</td>
<td>Bankruptcy auctions</td>
</tr>
<tr>
<td></td>
<td>Certificates</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Corporate sustainability reporting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Major internal corporate announcements</td>
<td></td>
</tr>
<tr>
<td></td>
<td>International cooperation and trade events</td>
<td></td>
</tr>
</tbody>
</table>
Contact

michal.piechocki@br-ag.eu