



EUROPEAN COMMISSION

Directorate-General for Financial Stability, Financial Services
and Capital Markets Union



Claryon

European Financial Transparency Gateway ECRF 2018 | Gibraltar

Michal Piechocki

CEO | BR-AG



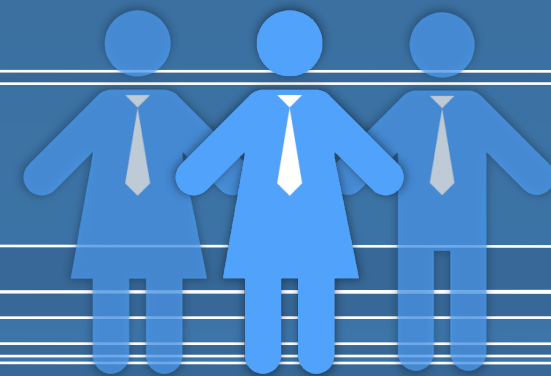
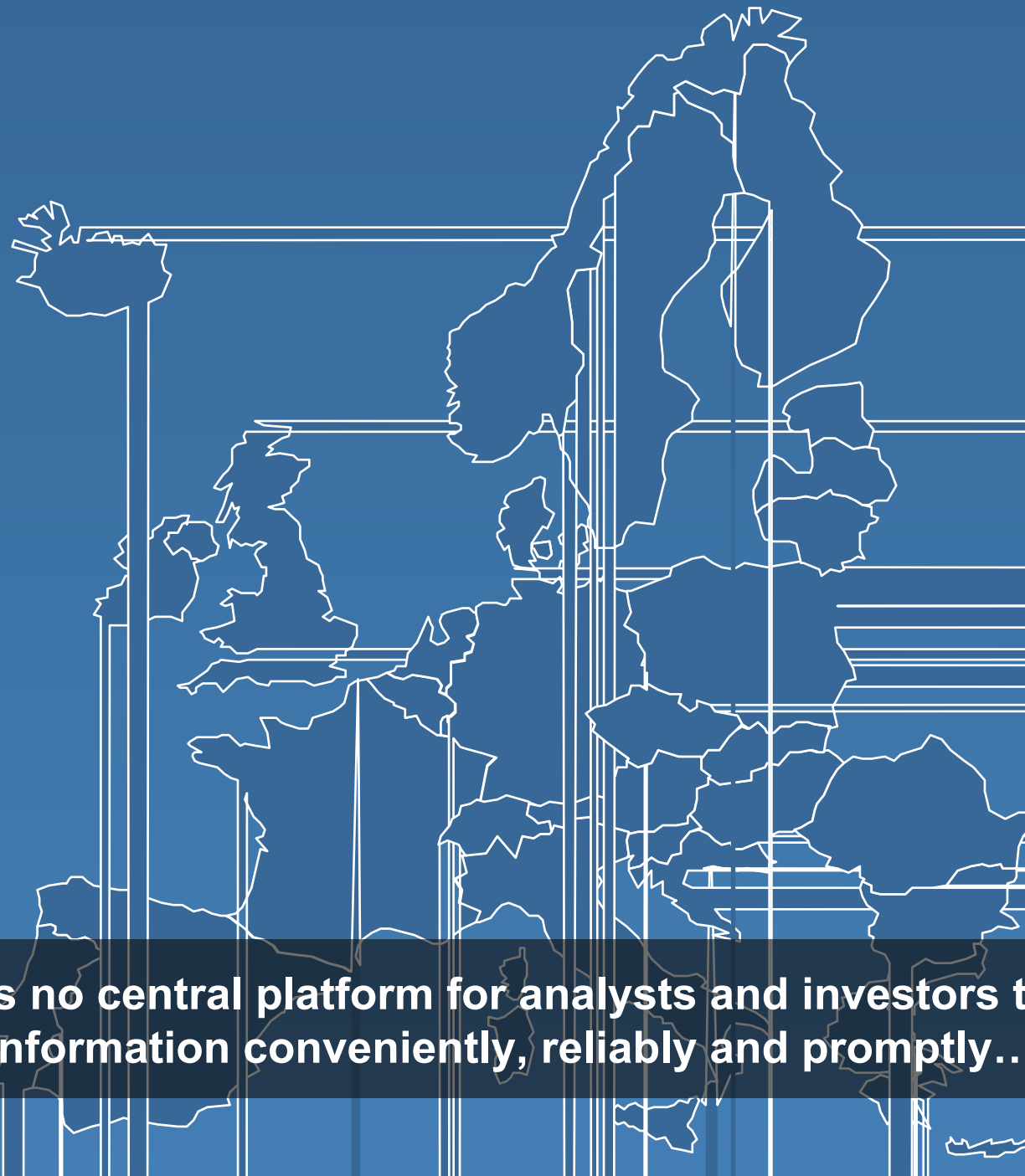
Anne is an investor who is looking for opportunities on pan-European capital market



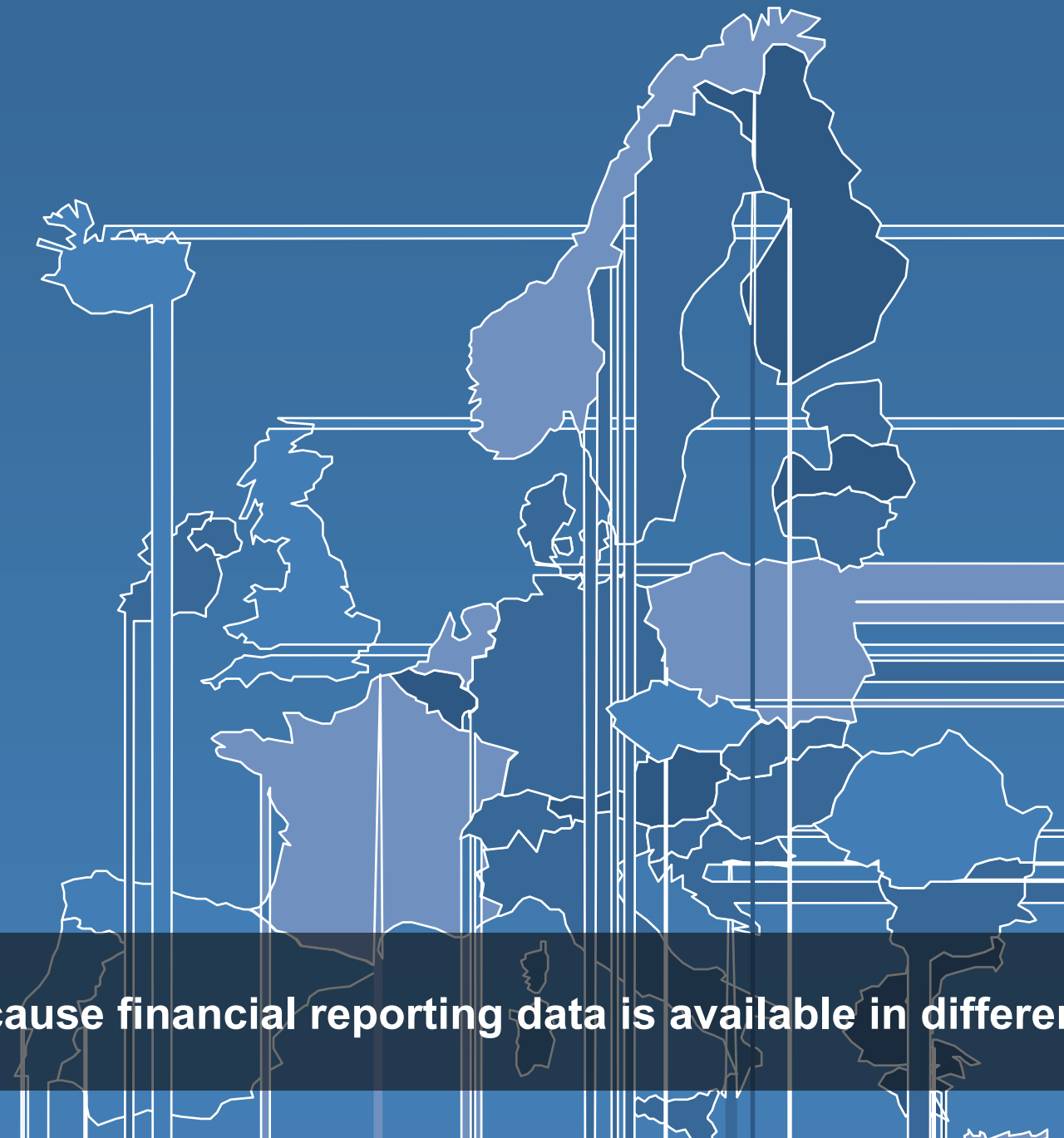
Peter is an M&A manager who is looking for possible synergy opportunities among the European capital market participants



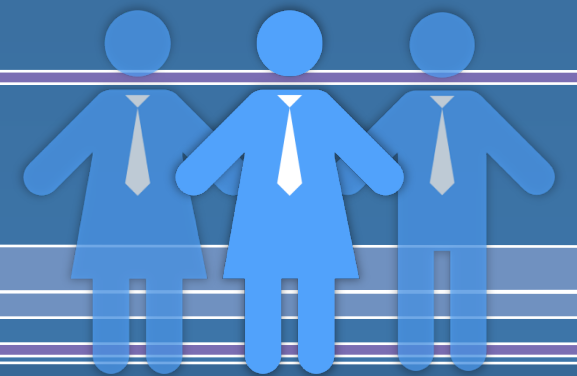
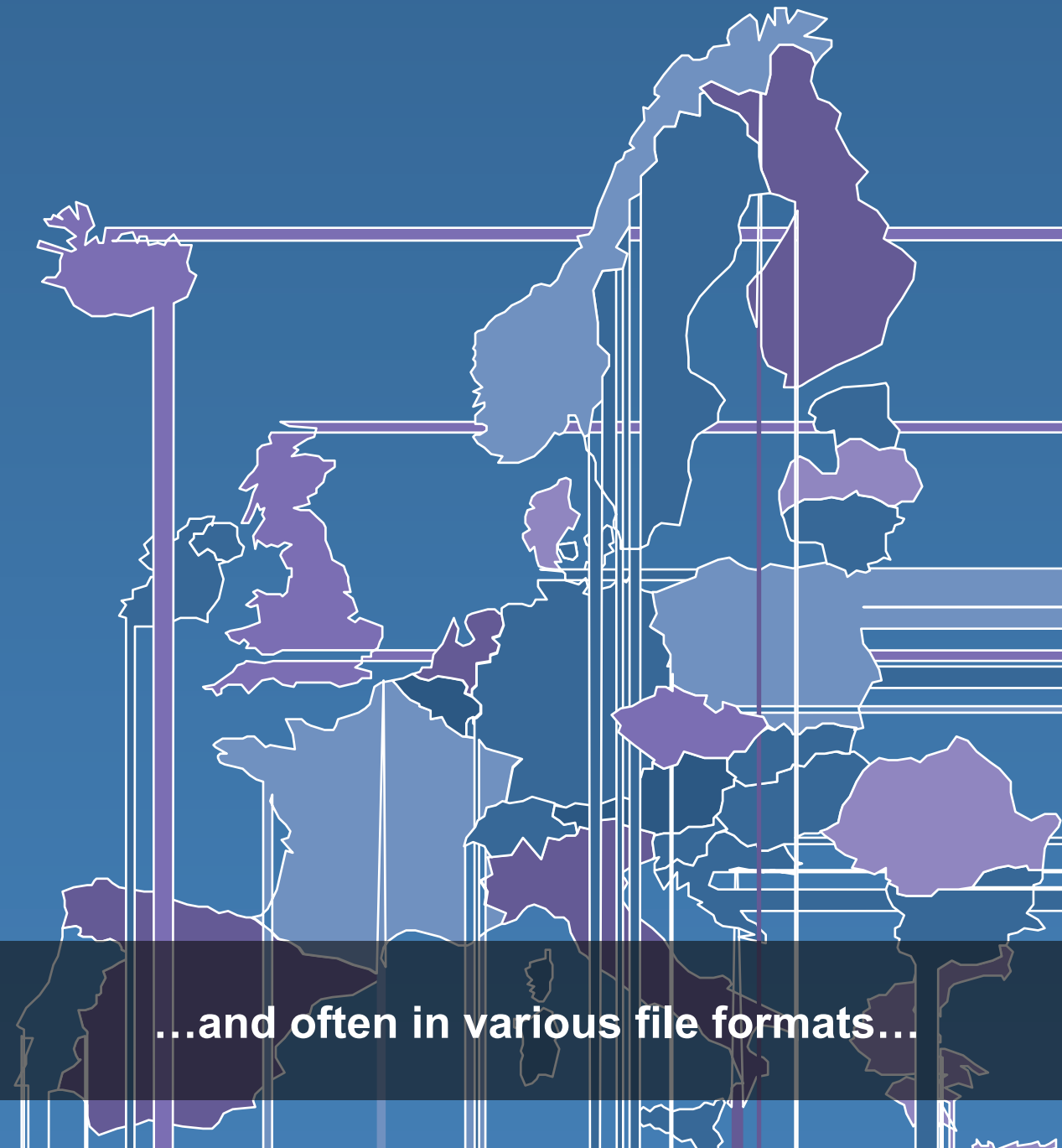
**Maria is an auditor who is searching for peers
necessary in transfer prices analysis**



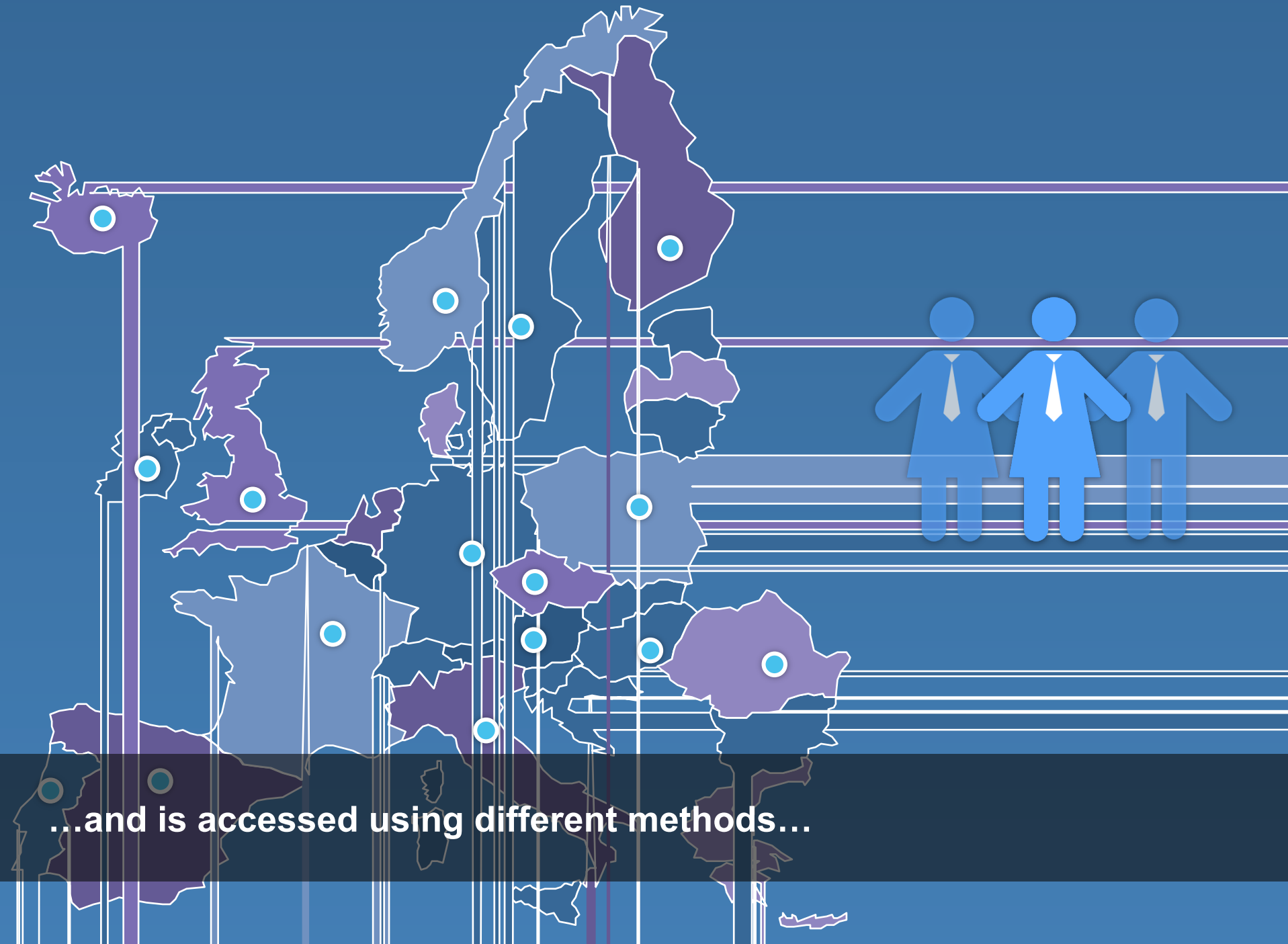
Since there is no central platform for analysts and investors to obtain that information conveniently, reliably and promptly...



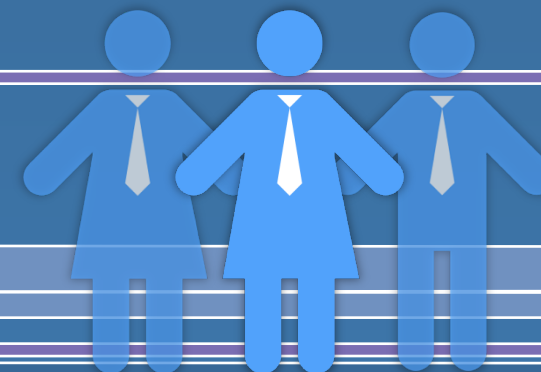
...and also because financial reporting data is available in different languages...



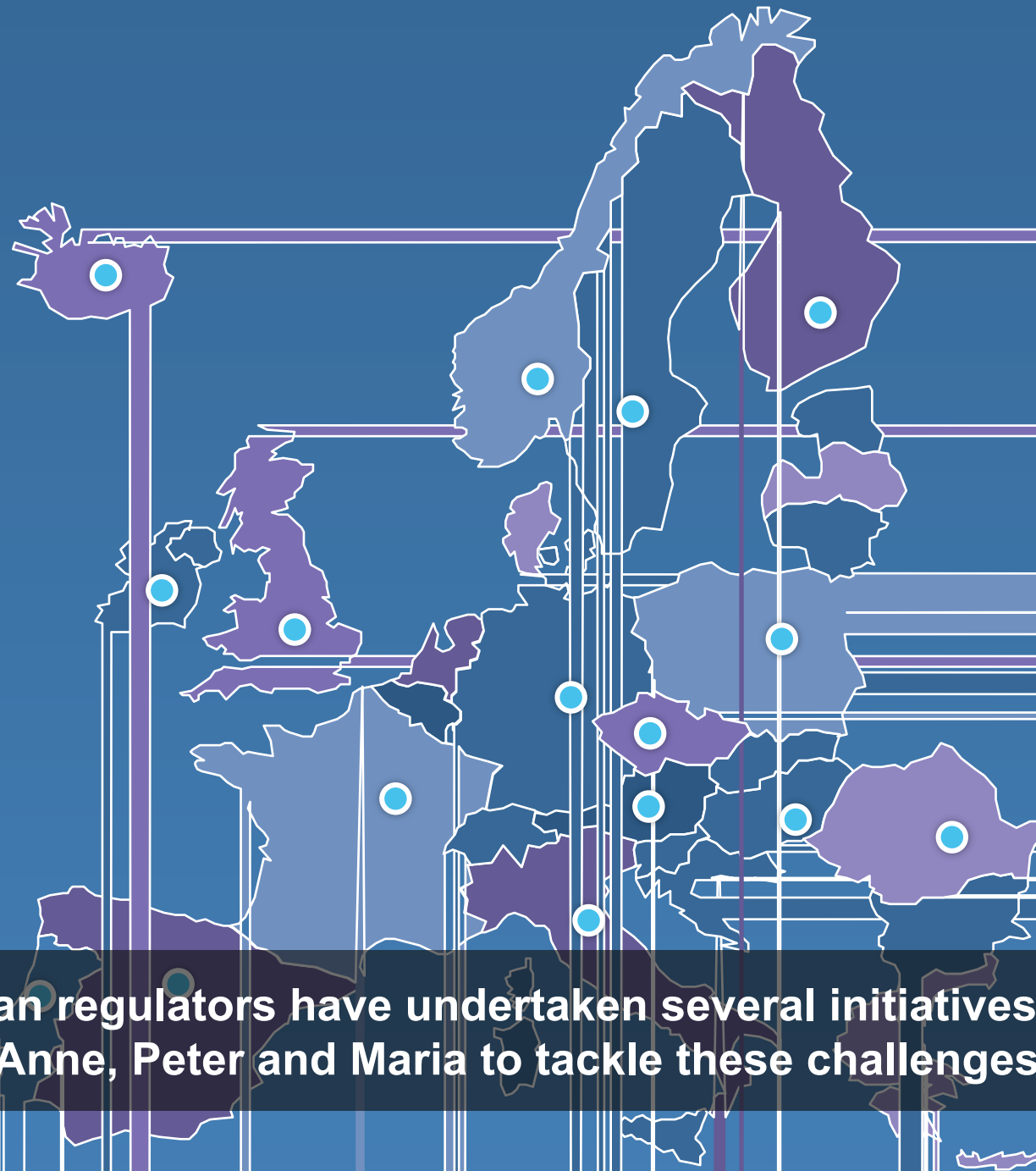
...and often in various file formats...



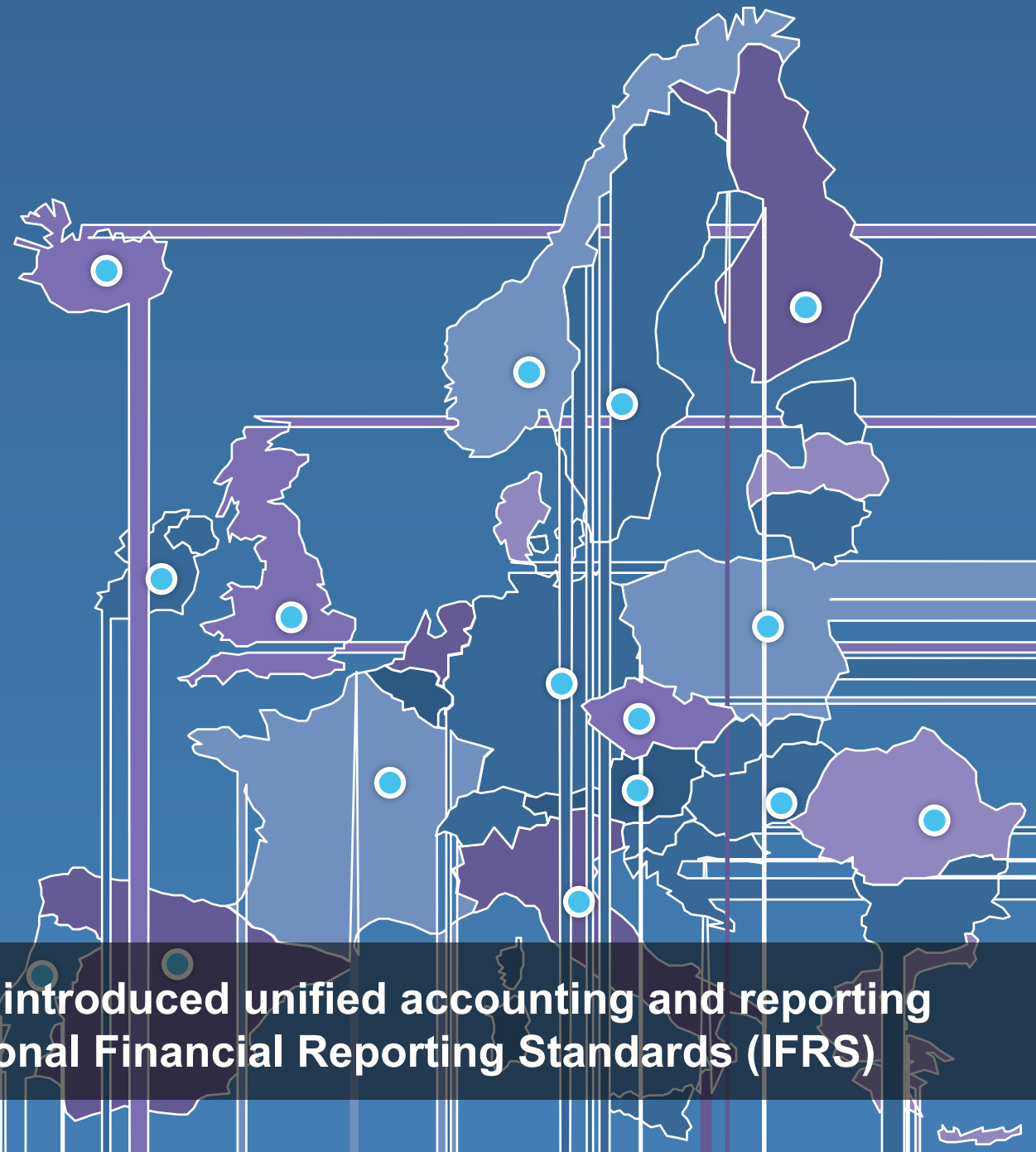
...and is accessed using different methods...



...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



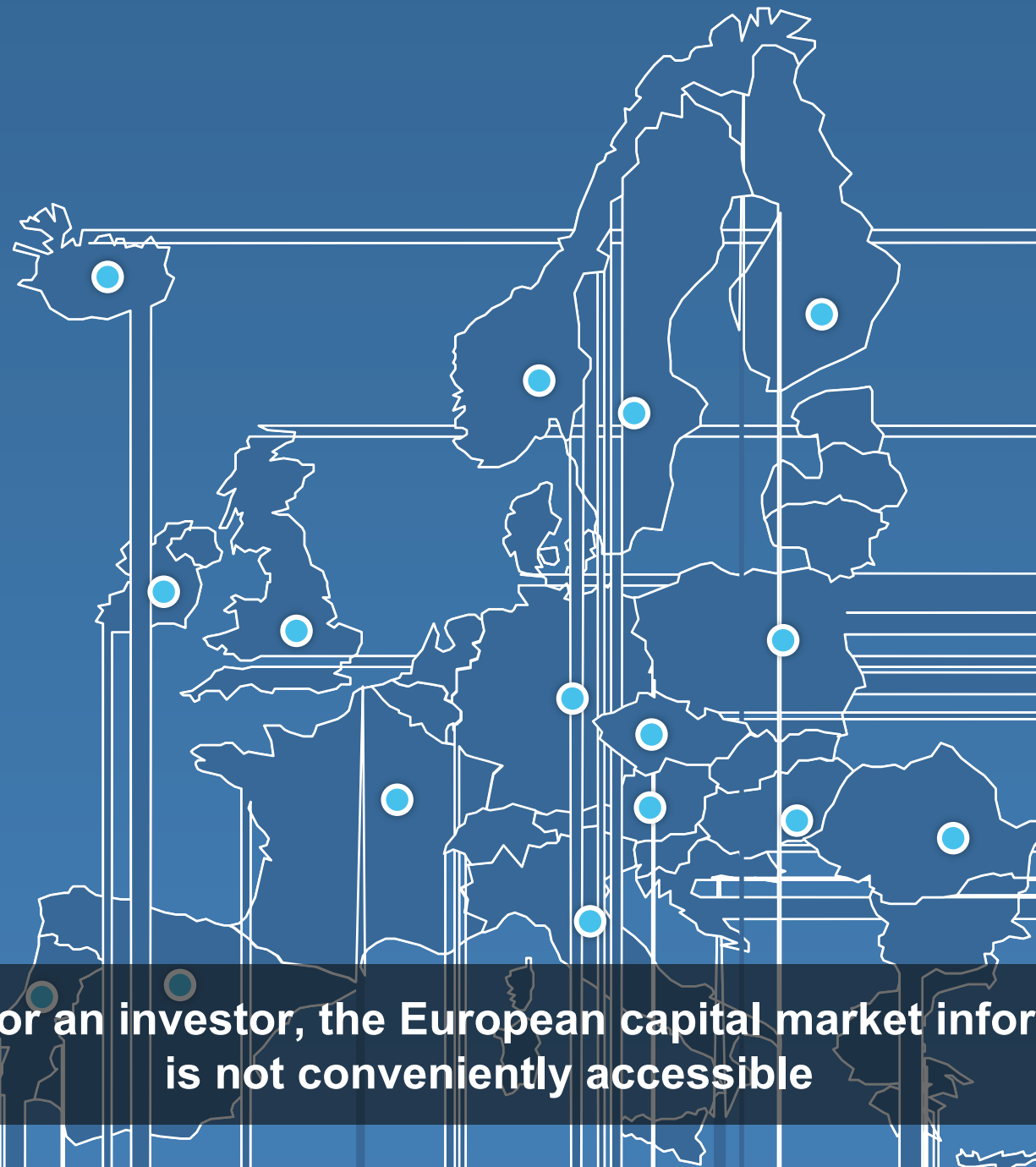
In 2005 the European Union has introduced unified accounting and reporting standards called the International Financial Reporting Standards (IFRS)



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**

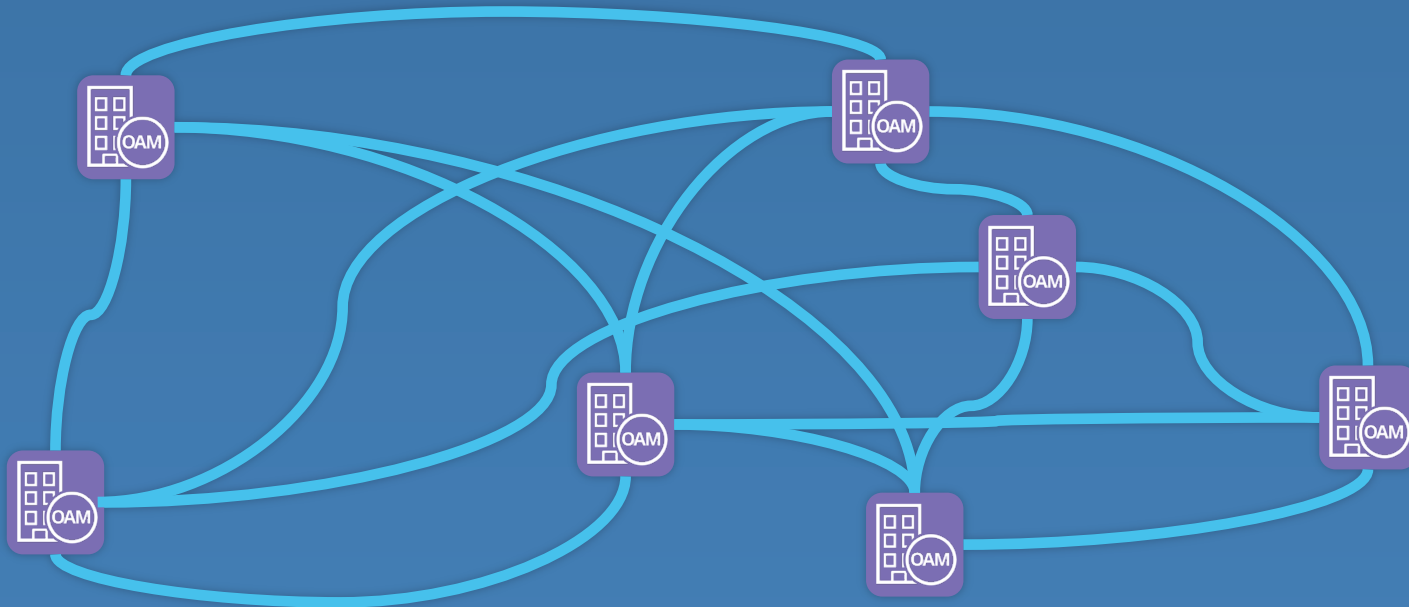
Currently in each country there is an official registry called the Officially Appointed Mechanism (OAM) that is responsible for distribution of regulated information received from listed companies



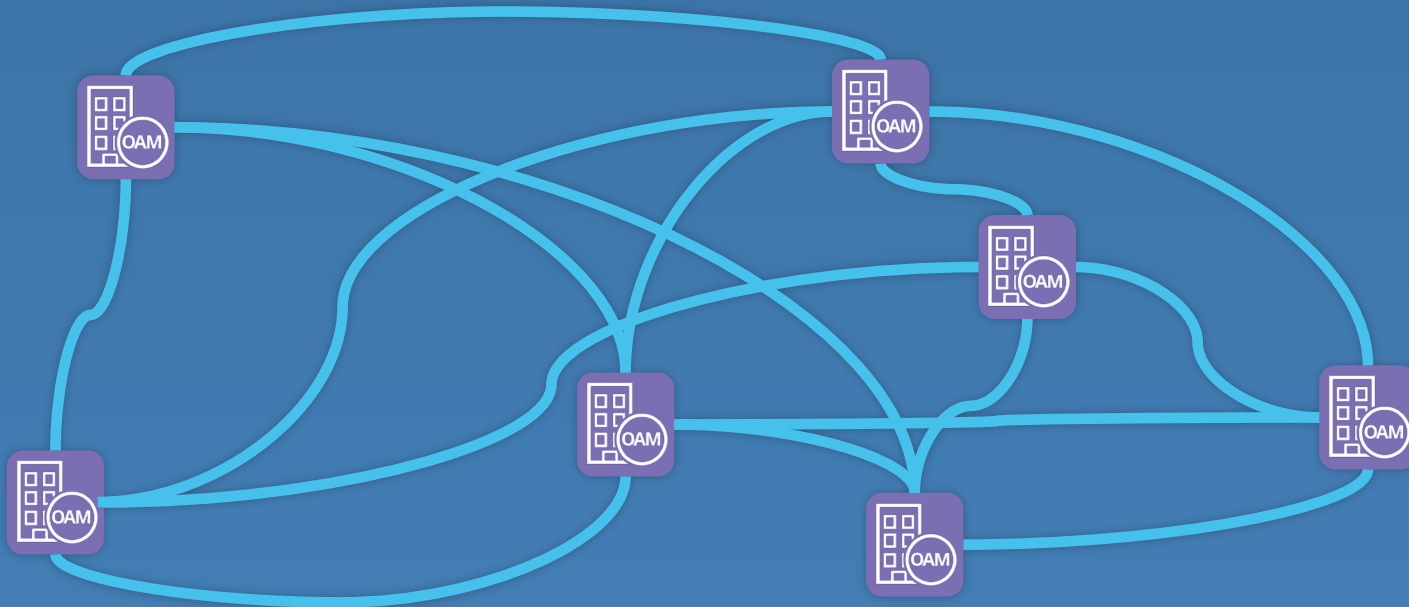
**At present these registries are not connected
in any usable manner**



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



EFTG

EFTG





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

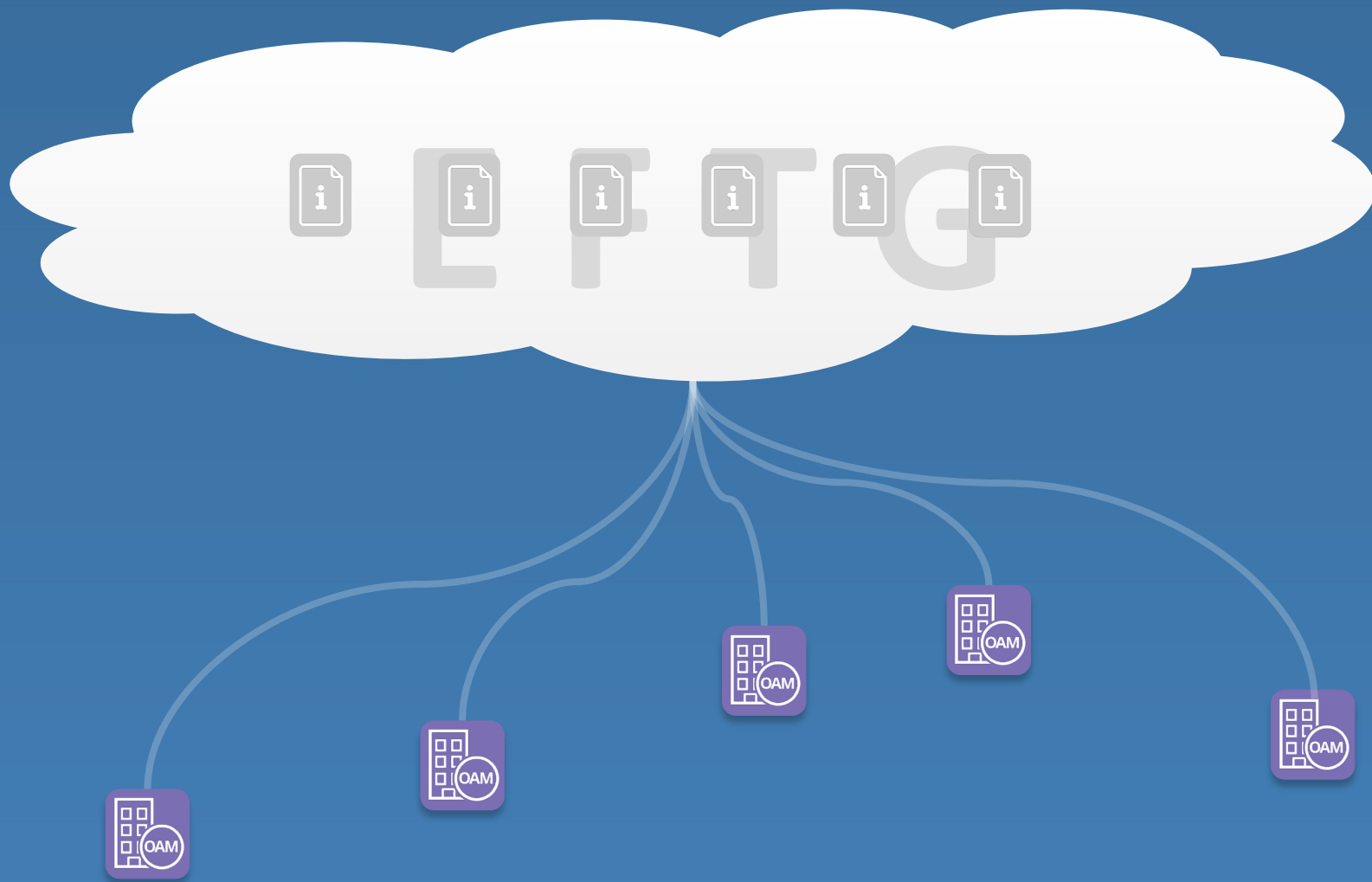
- **Issuer Name**
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- **Report URL (Issuer)**
- **Issuer's Home Member State**
- **Etc.**





Accessing information

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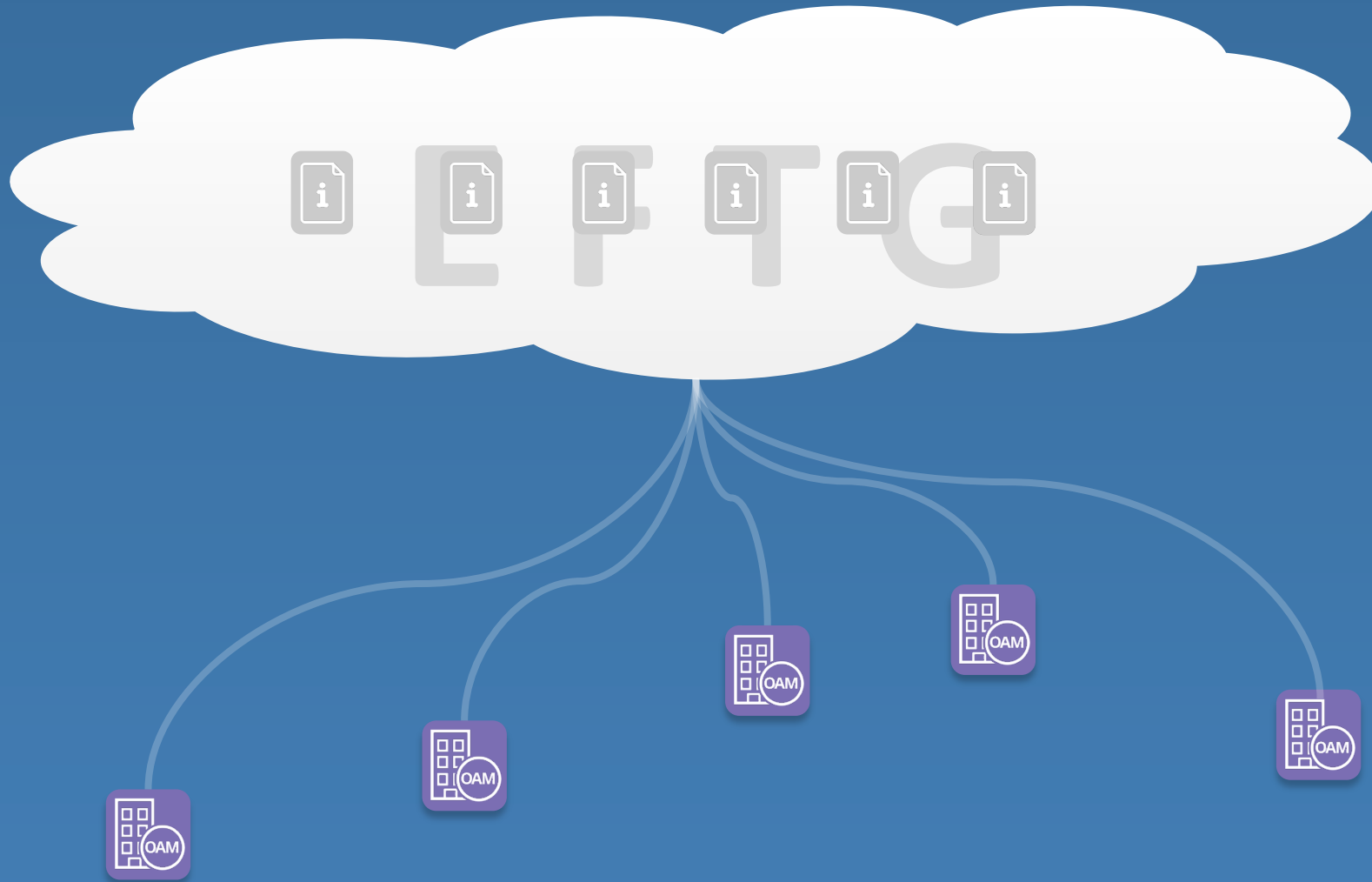




I would like to invest in European companies that have at least 30% ROI



ANNE

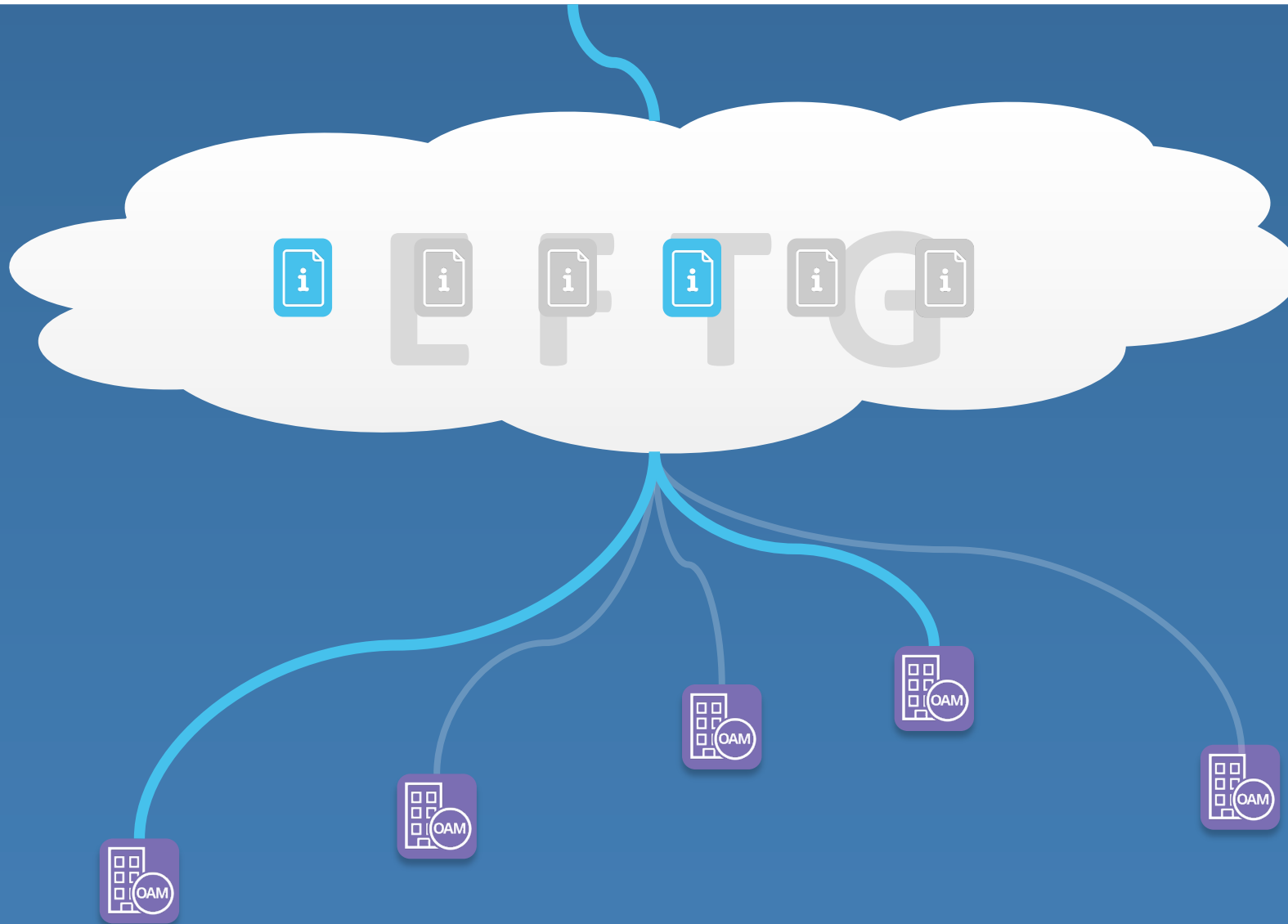




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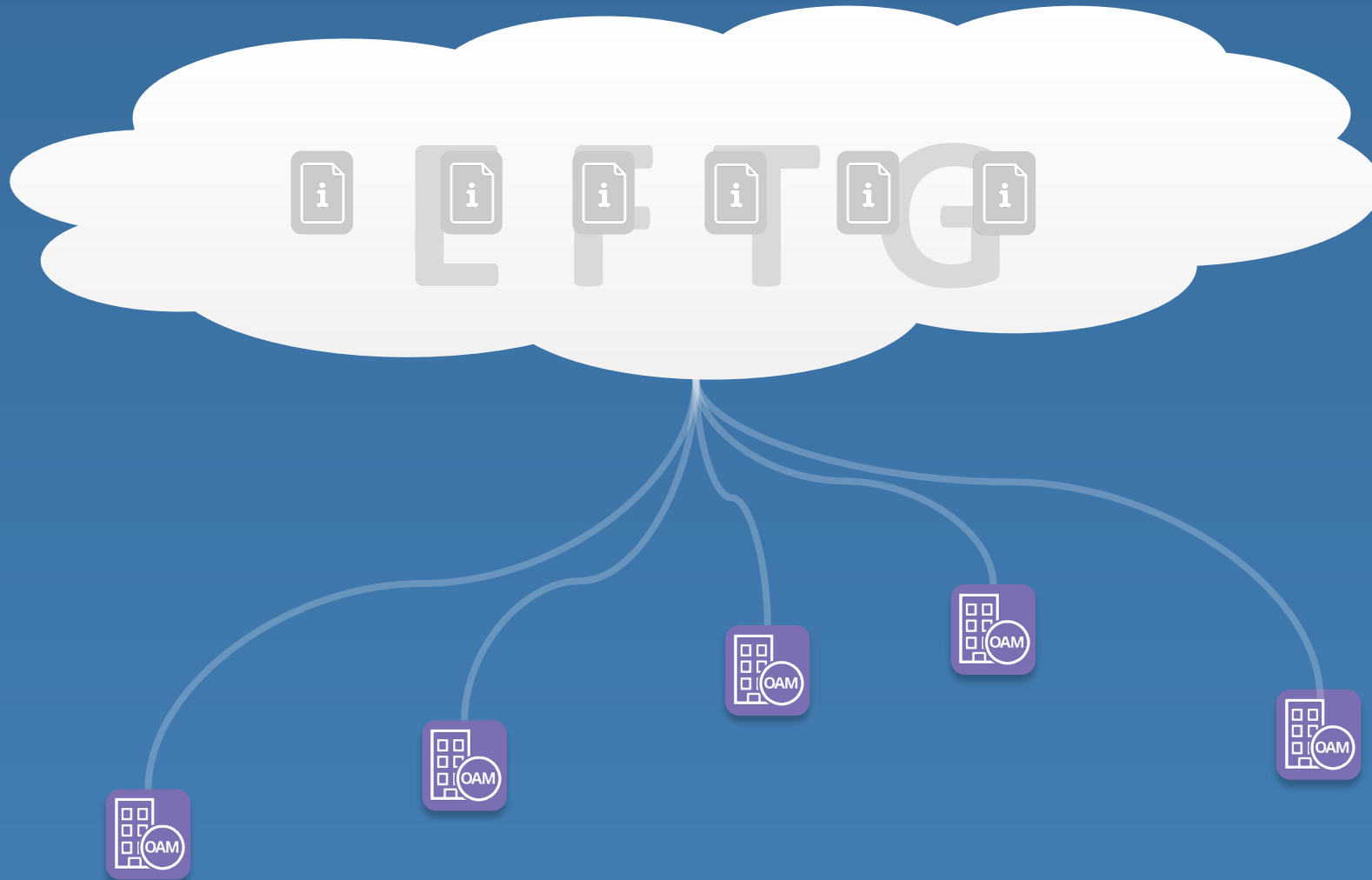




I am looking for steel producer in east Europe with low debt ratio to merge with a shipbuilding company



PETER

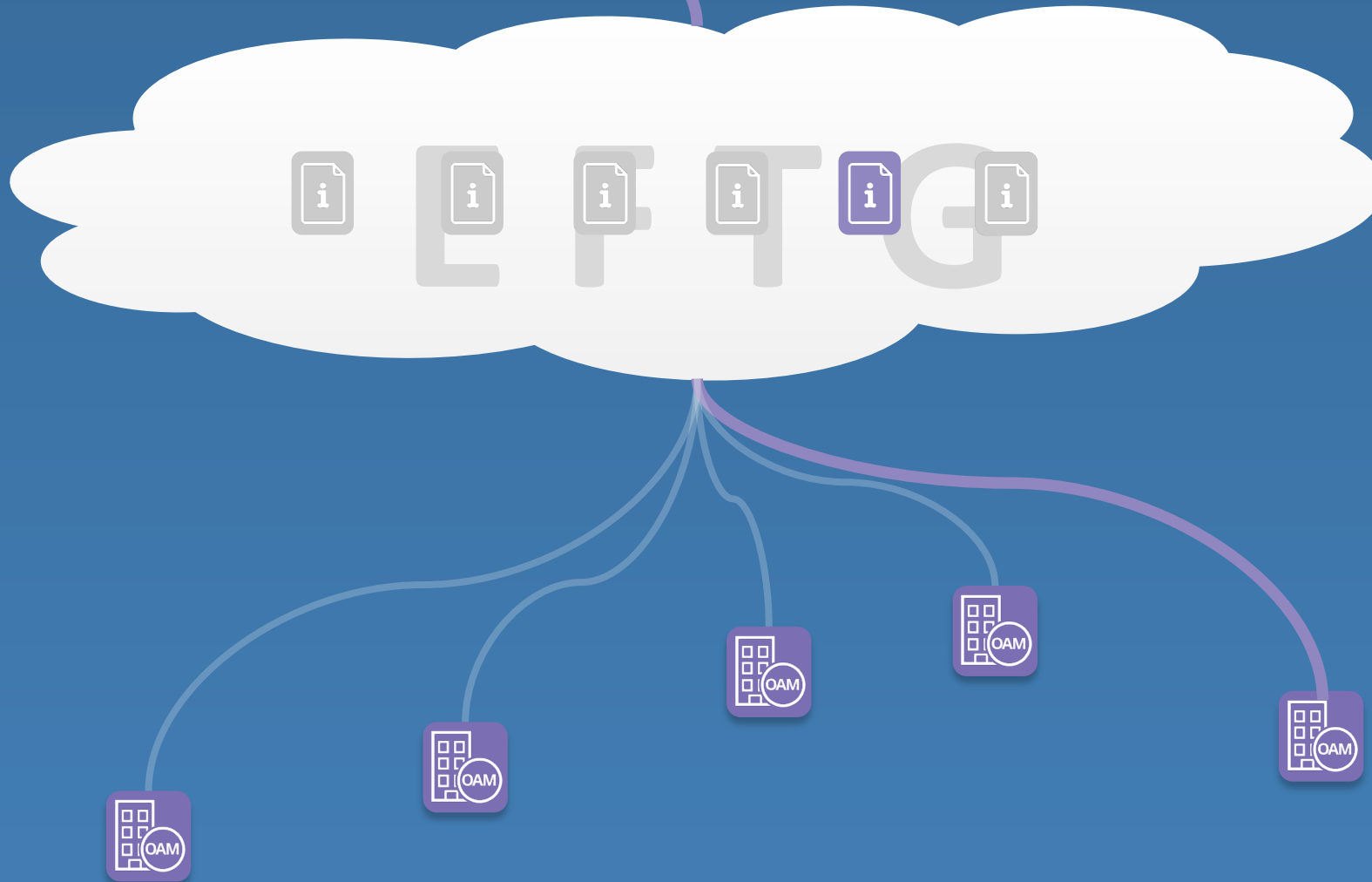




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PETER

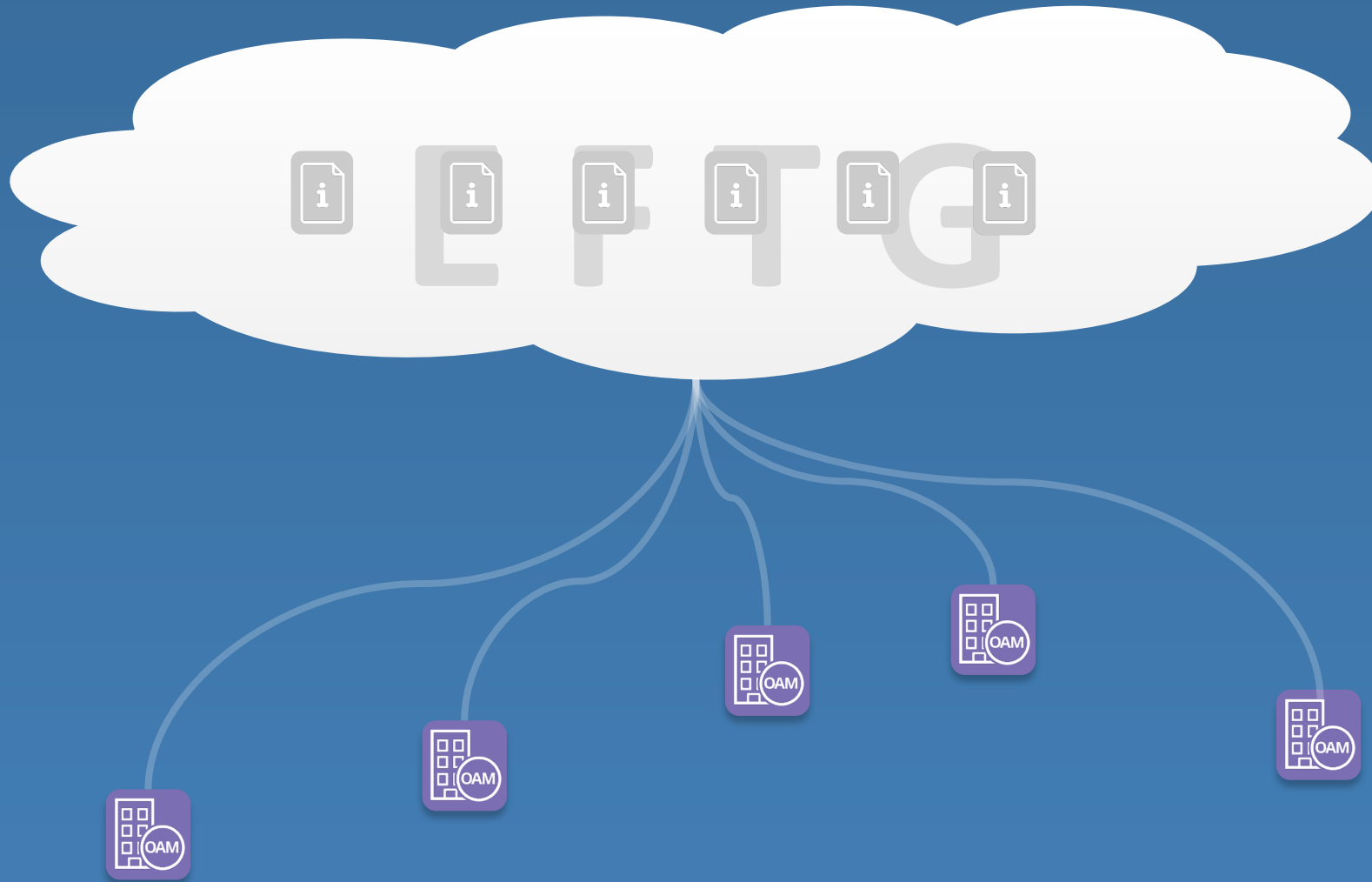




I am looking for peers with more than 50 million EUR assets and revenue more than 70 million EUR and profit more than 5 million EUR



MARIA

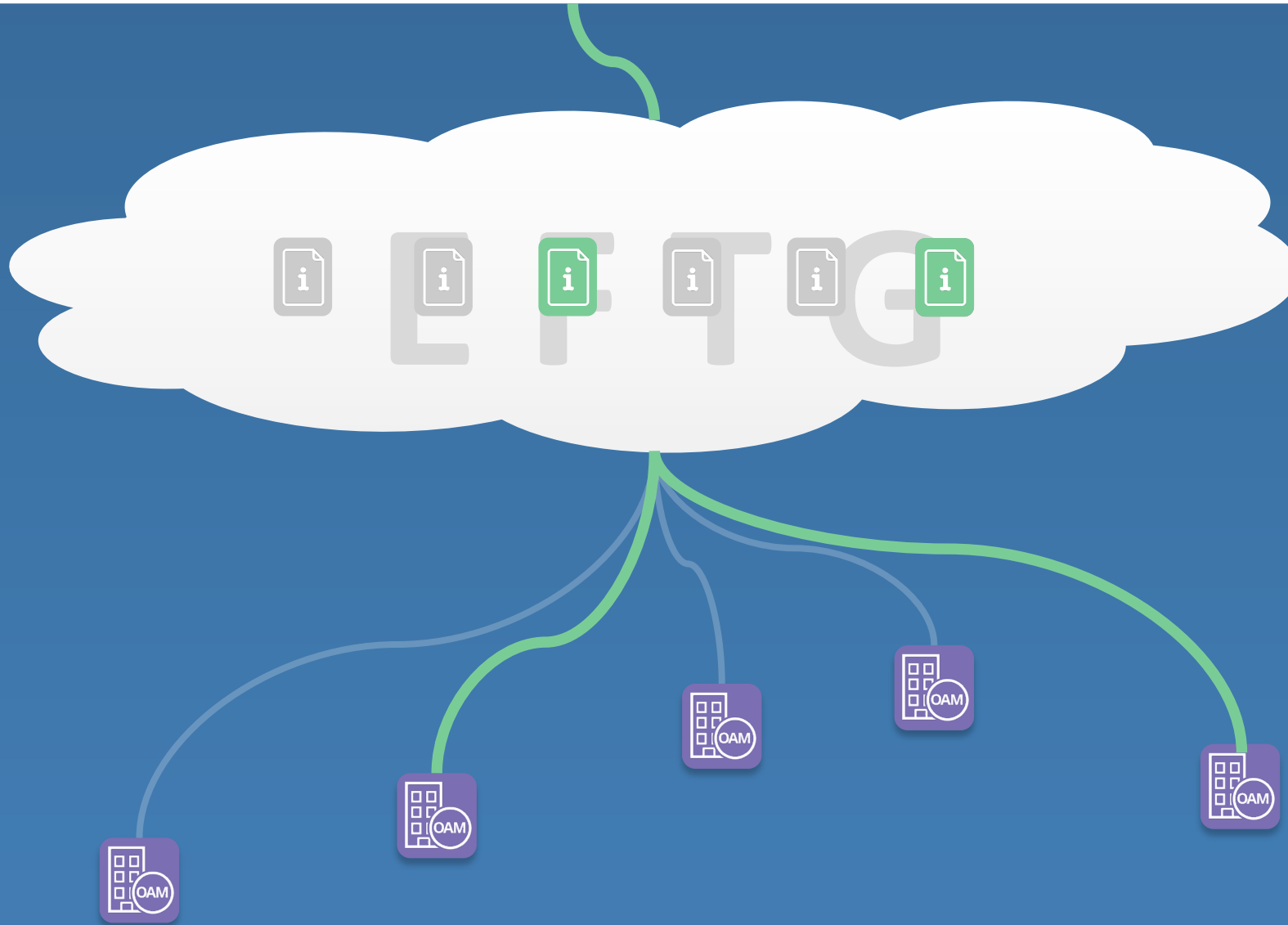




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MARIA



What are Distributed Ledger Technology advantages?

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SECURITY

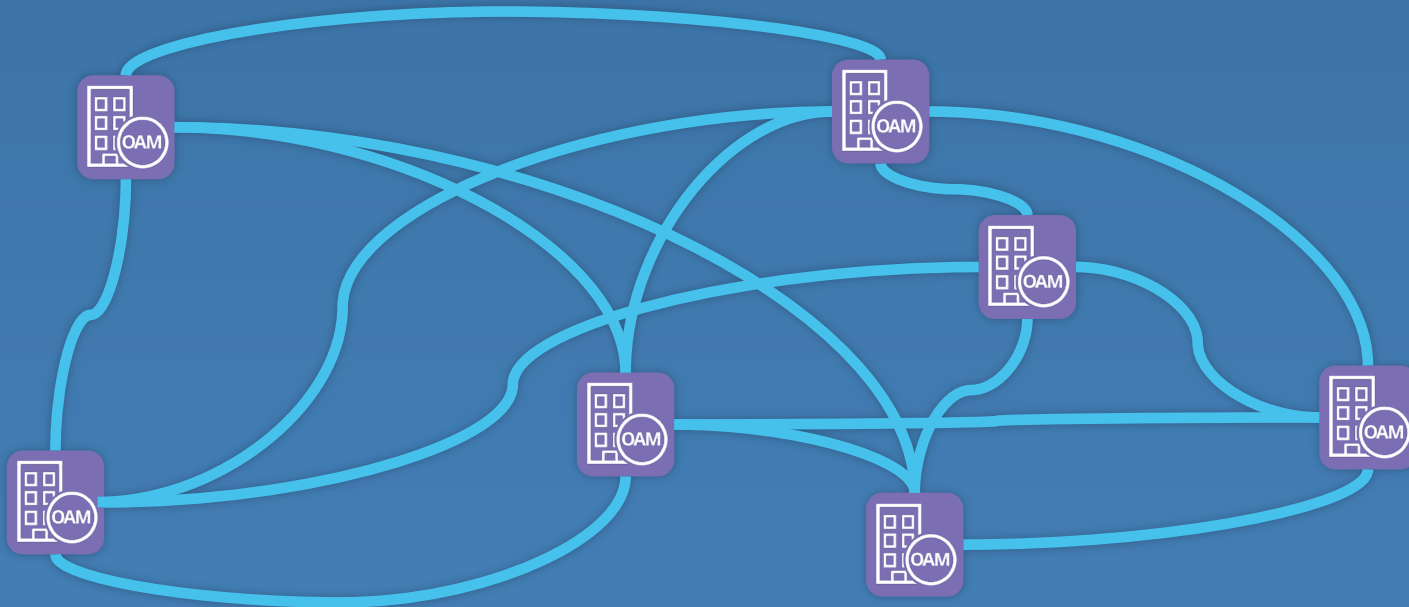
Blockchain is a data structure that enables the creation of a digital ledger of transactions and share it within a distributed network of computers.

It utilizes advanced cryptography to enable each participant on the network to use the ledger in a secure way without a central authority.



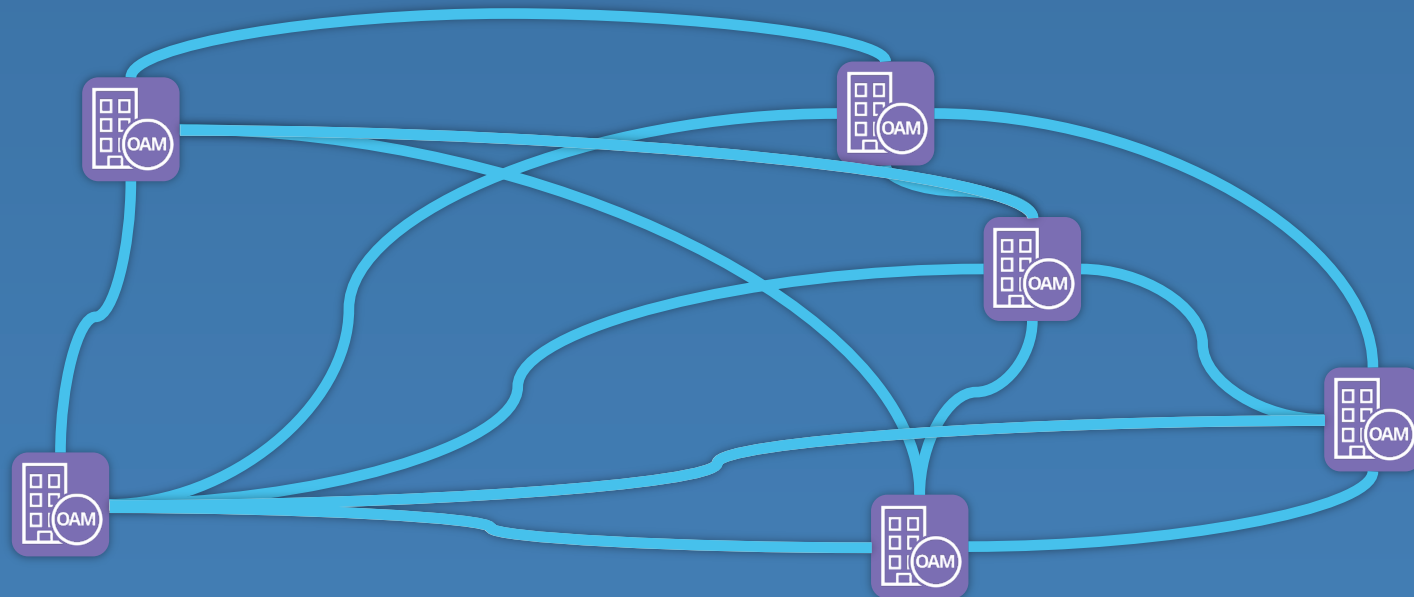
RESILIENCE

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



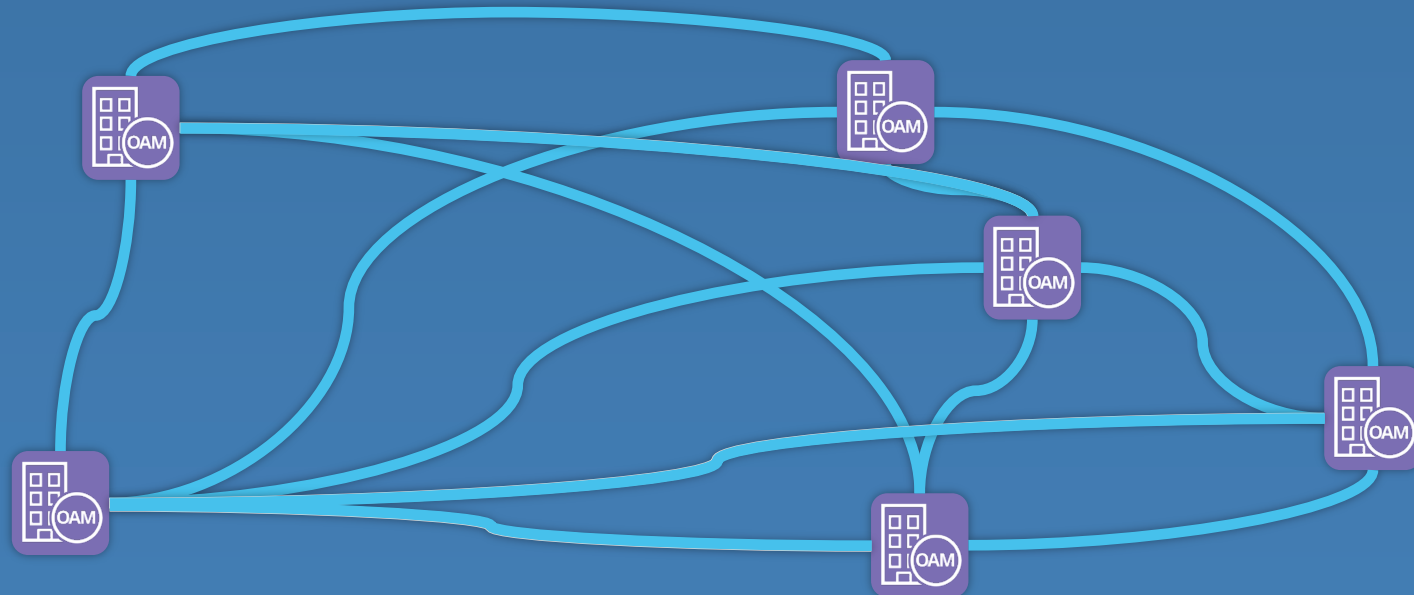
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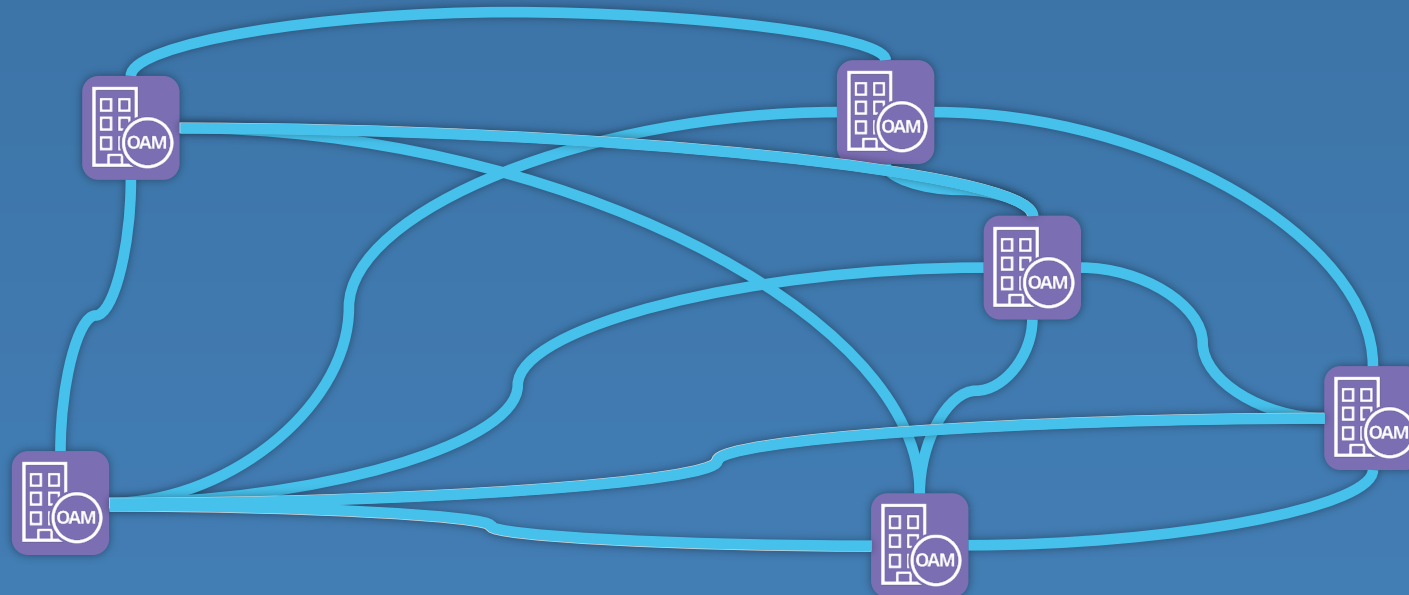
IMMUTABILITY

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.



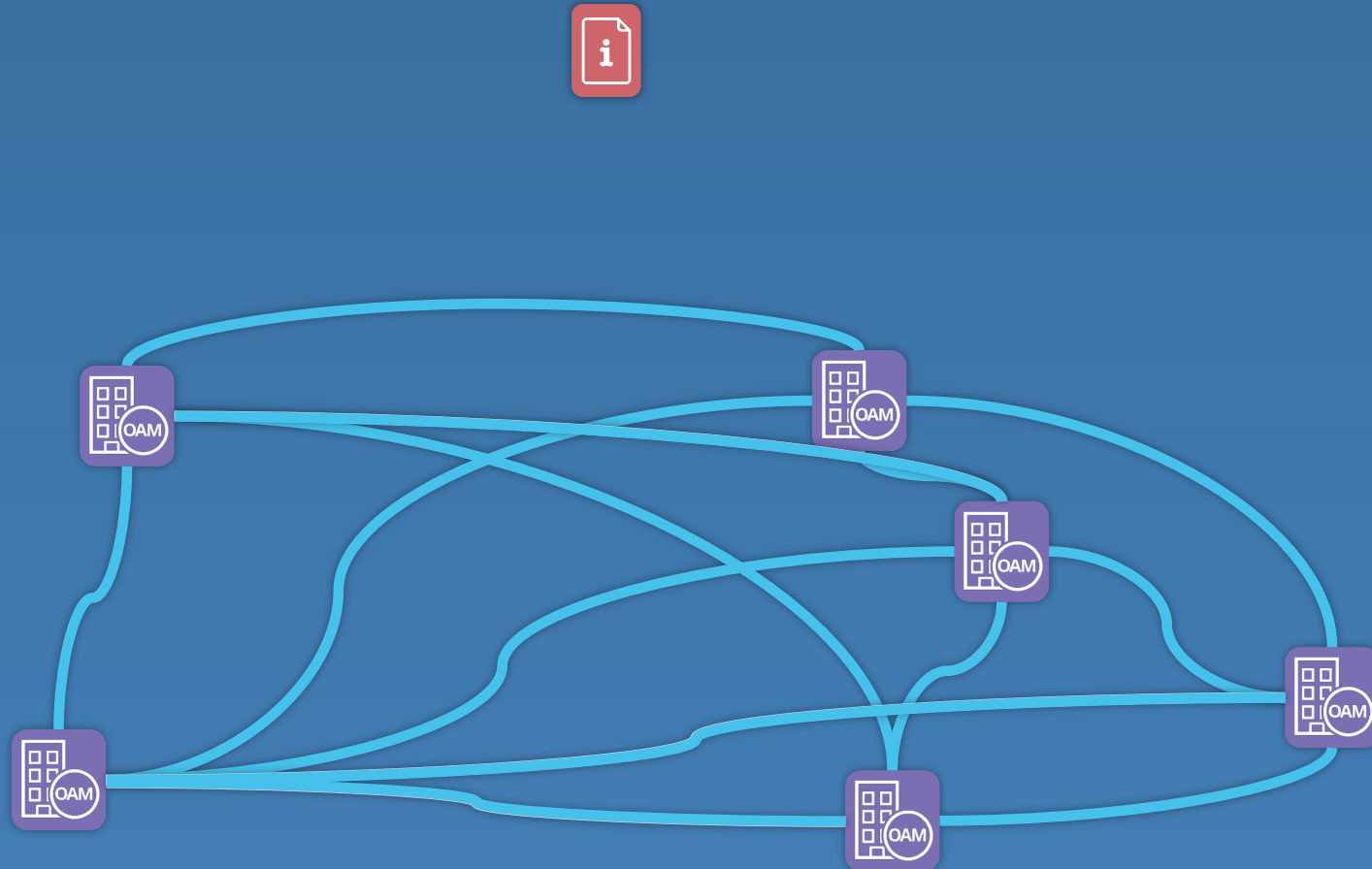
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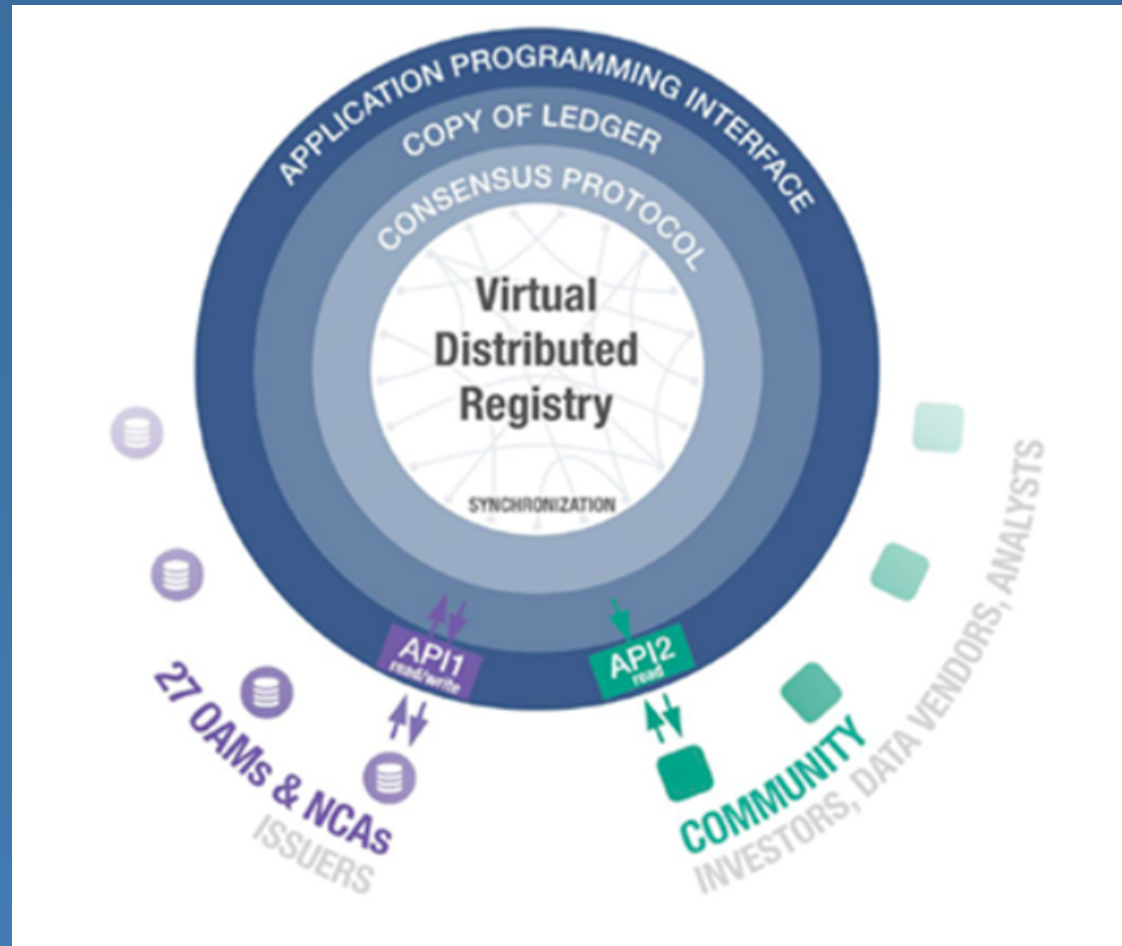


IMMUTABILITY

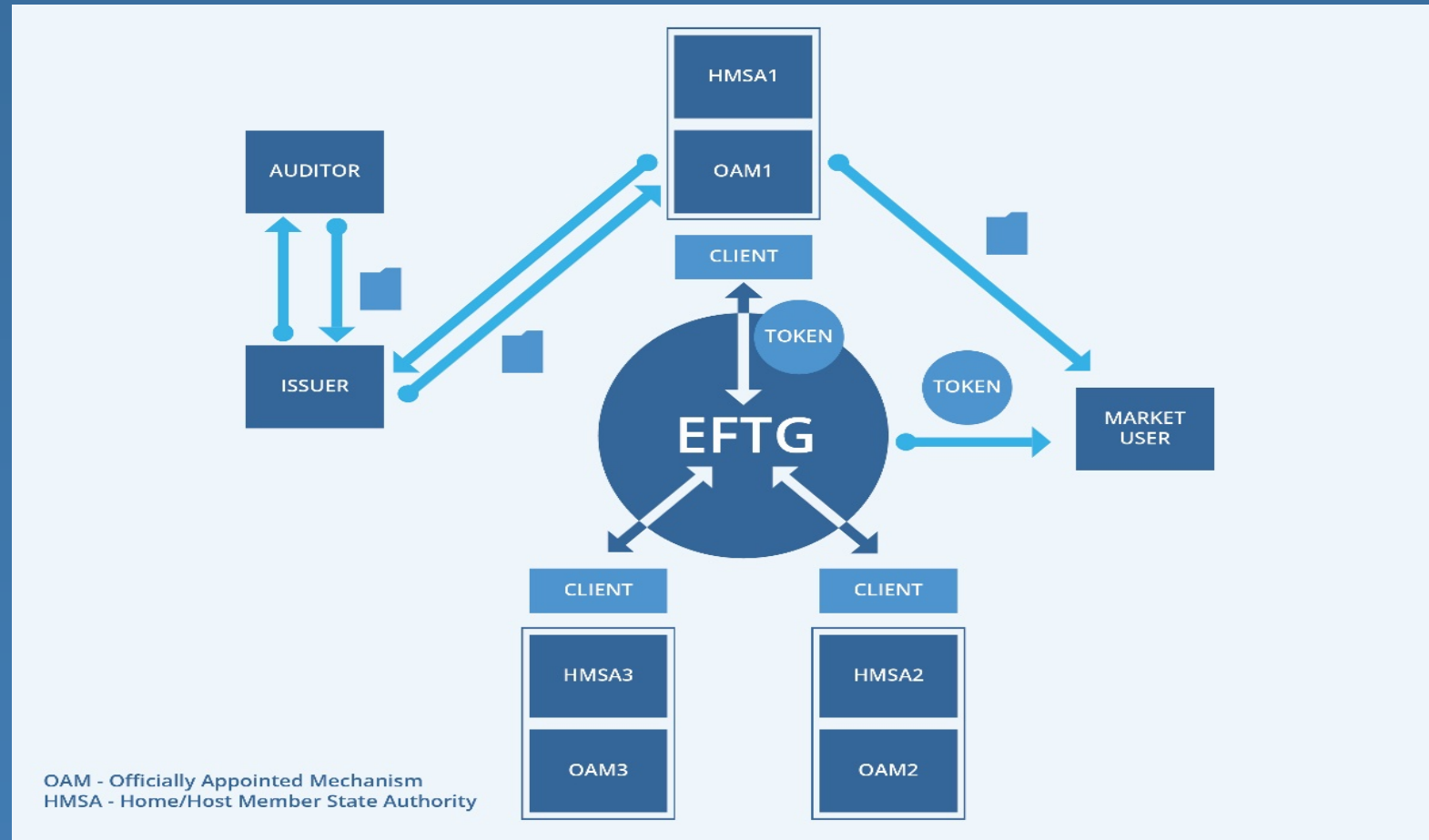
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Concept

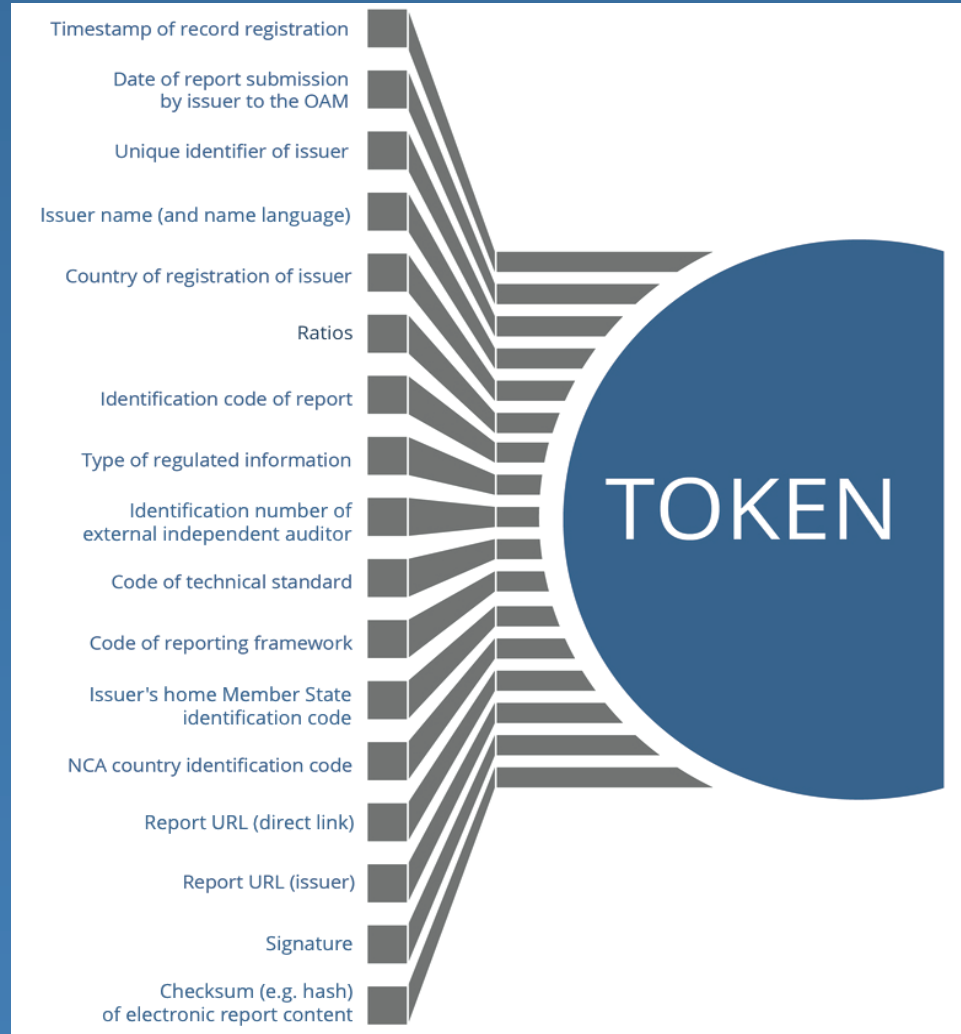


Environment

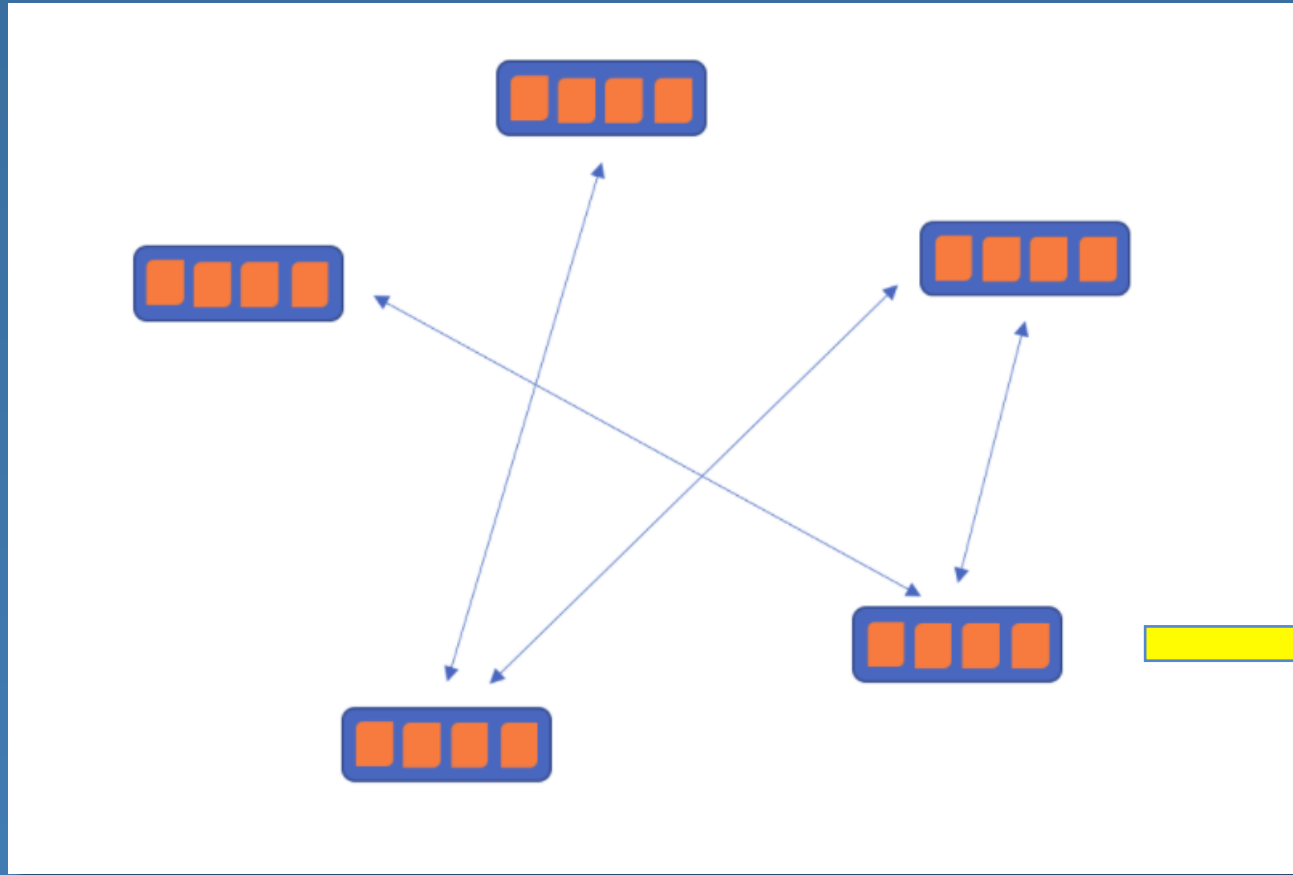


Token

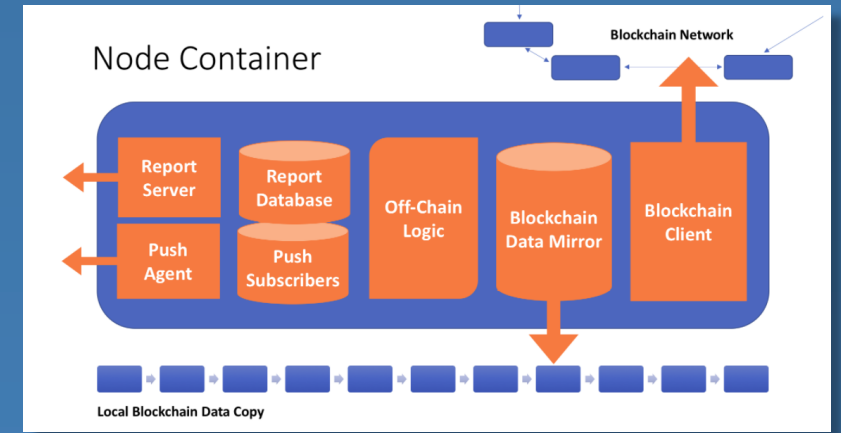
The term 'token' here is synonym for 'meta data'.



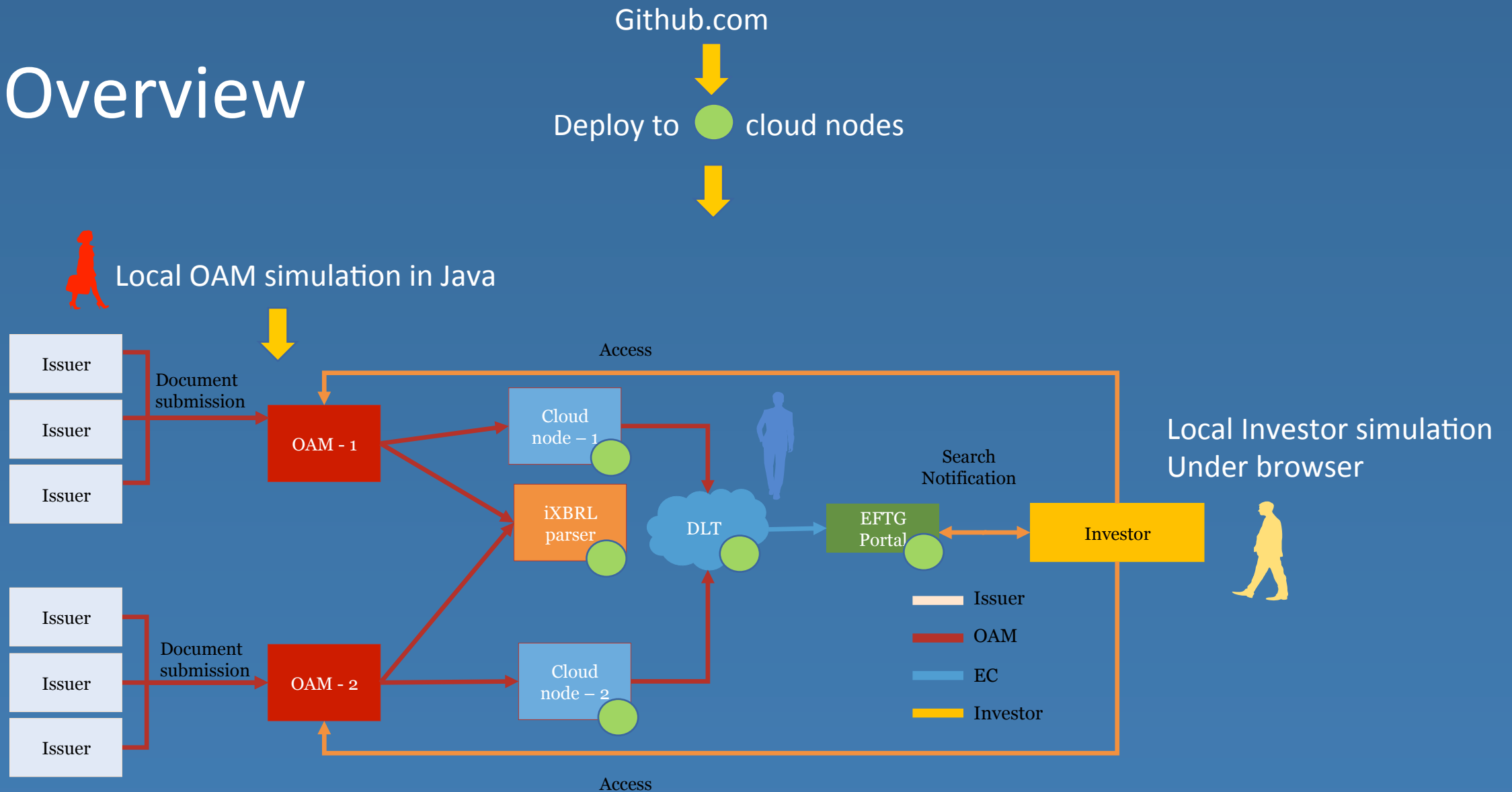
Technical Architecture



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



XBRL files from <https://www.esma.europa.eu/field-test-esef>

Extension scenarios

What is the EFTG capable of?

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**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

Company establishment	Growth and development stage	Company transformation, limitation or discontinuity
Common actions (reporting, registration, announcements, notifications etc.)		
Registration of a company Initial Coin/Token Offering Application for public grants / funding Exemptions and privileges Tax reporting and registers	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	Splits / mergers / acquisitions Nationalisation Filing for bankruptcy / insolvency Deregistration Going dormant Sanctions Prosecutions and regulatory warnings
Other actions and market-driven activities		
Investment and business plans publication Forecasts, prospects and plans announcements	Ratings publication Rankings and indices Certificates Corporate sustainability reporting Major internal corporate announcements International cooperation and trade events	Announcements of recovery plans Bankruptcy auctions

Contact

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