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Financial reporting requirements for Dutch listed and other public interest entities

SERIE 2020/b

Entities with securities other than shares listed on a regulated market in the EU/EER

For accounting periods beginning on or after 1 January 2020

March 2021

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Introduction

Overtime, the regulations and legislation with respect to the financial reporting requirements of entities whose registered office is in the Netherlands has increased significantly.

This publication is one of a series[1] that provides an overview of the financial reporting requirements that Dutch Public Interest Entities (PIEs) need to comply with. The aim of this particular publication is to provide a comprehensive list of specific[2] financial reporting requirements that entities with issued securities other than shares[3] listed on a regulated market in the EU/EER, not having listed shares, whose registered office is in the Netherlands and whose home member state is the Netherlands, (hereinafter referred to as 'entity/entities with listed securities other than shares'), need to apply.

This publication covers requirements for financial years starting on or after 1 January 2020.

Regulated market in the EU/EER

As referred to in article 4 paragraph 21 of Directive 2014/65/EU, a regulated market of a Member State of the European Union is a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with Title III of the aforementioned Directive.

Markets such as Euronext Amsterdam, Frankfurter Wertpapier Börse and Euronext Paris are considered to be regulated markets, while markets such as Alternext, which is aimed at the listing of securities for small and medium-sized entities, are not. As required by article 56 of MiFID II, a searchable register of regulated markets within the European Economic Area (EEA) is maintained on the website of the European Securities and Markets Authority (ESMA)[4].

Home member state

The home member state is an important starting point for determining the competent authority and the applicable legislation that an issuer of securities shall comply with. In case of listed debt securities with a nominal value of less than EUR 1,000, the home member state is:

- the member state in which the issuer has its registered office, where the issuer is incorporated in the European Union; or
- where the issuer is not incorporated in the European Union, the member state chosen by the issuer from amongst the member states where its debts securities are admitted to trading on a regulated market.

If the nominal value of the listed debt securities is at least EUR 1,000, the home member state is the member state chosen by the issuer from among the member state in which the issuer has its registered office, where applicable, and those member states where its debts securities are admitted to trading on a regulated market (article 2 of Directive 2004/109/EC, the Transparency Directive).

[1] This publication forms part of a series of publications which collectively, list the various reporting requirements that all Dutch listed and other public interest entities are required to apply. The publications are as follows:
a) Entities not being an investment entity with shares listed on a regulated market in the EU/EER
b) Entities with securities, other than shares, listed on a regulated market in the EU/EER
c) Entities not being an investment entity with shares listed on a MTF and other securities listed on a regulated market in the EU/EER
d) Entities not being an investment entity with shares listed outside the EEA on a market, comparable to a regulated market
e) Listed investment entities
[2] Our publication 'The Annual Accounts in the Netherlands' gives an overview of the general financial reporting requirements of the Netherlands Civil Code and is available on https://www.iasplus.com/en/tag-types/member-firms/netherlands.
[3] This includes hybrid, convertible bonds and exchange traded derivatives issued by the entity but excludes both shares and depositary receipts.
[4] https://registers.esma.europa.eu/publication/; select MiFID/UCITS/AIFMD/TICOU entities.

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1. Reporting requirements

In general, the legal requirements relating to financial reporting and the annual accounts are included in Part 9 of the Netherlands Civil Code (NCC), based on the EU Accounting Directive 2013/34/EU. In addition, for entities with listed securities other than shares, the Financial Supervision Act *("Wet Financieel Toezicht",* "Wft") requires that so-called 'regulated information' must be made public (article 1-1 Wft). Other reporting requirements for entities with listed securities other than shares are included in several Decrees, other NCC articles and the Dutch Accounting Standards (DAS) issued by the Dutch Accounting Standards Board (DASB).

1.1 Annual financial reporting

Pursuant to article 5:25c Wft, each entity with listed securities other than shares of which the Netherlands is the home Member State must make its annual financial reporting publicly available within four months of the end of the financial year. This includes:

- the management board report (refer to Chapter 2);
- the audited financial statements, including auditors report (refer to Chapter 3);
- other information (refer to Chapter 4); and
- statements made by the management board that both the financial statements and the management board report give a true and fair view and that the main risks are described in the management board report (article 5:25c-2c Wft) (refer to paragraph 2.2.7).

An entity with listed securities other than shares and active in the extractive industry (oil, gas and mining) or in the primary forest logging shall also make an annual report on payments to governments publicly available within six months of the end of the financial year, pursuant to article 5:25e Wft (refer to Chapter 5).

Entities with listed securities other than shares must prepare the financial statements, management board report and other information in accordance with Part 9, Book 2 NCC. The consolidated financial statements have to be prepared in accordance with IFRS-EU and as a consequence some of the sections of Part 9, Book 2 NCC are not applicable to these financial statements (refer to Chapter 3).

An entity with listed securities other than shares is designated as a public interest entity, and consequently is deemed to be a large entity in terms of article 2:398-7 NCC. As such it cannot benefit from the exemptions for micro, small and medium-sized entities that are available for non-public interest entities and must publish its full annual financial statements. The exemption for group entities of article 2:403 NCC also is not available for entities with listed securities other than shares. This is because article 2:403-4 NCC states that the exemption for group companies does not apply to PIEs as referred to in article 2:398-7 NCC. Under this exemption a group entity is exempt from the usual disclosure, publication, and audit requirements relating to its financial statements if it meets certain conditions. entities. This is because article 2:403-4 NCC states that the exemption for group companies does not apply to PIEs as referred to in article 2:398-7 NCC. Under this exemption a group entity is exempt from the usual disclosure, publication, and audit requirements relating to its financial statements if it meets certain conditions.

Exemption
The requirements of article 5:25c Wft as described above are not applicable for issuers who only issue bonds or other non-equity securities[5], whose denomination per unit amounts to at least EUR 100,000[6] or the equivalent in another currency on the date of the issue (article 5:25g-2 Wft).

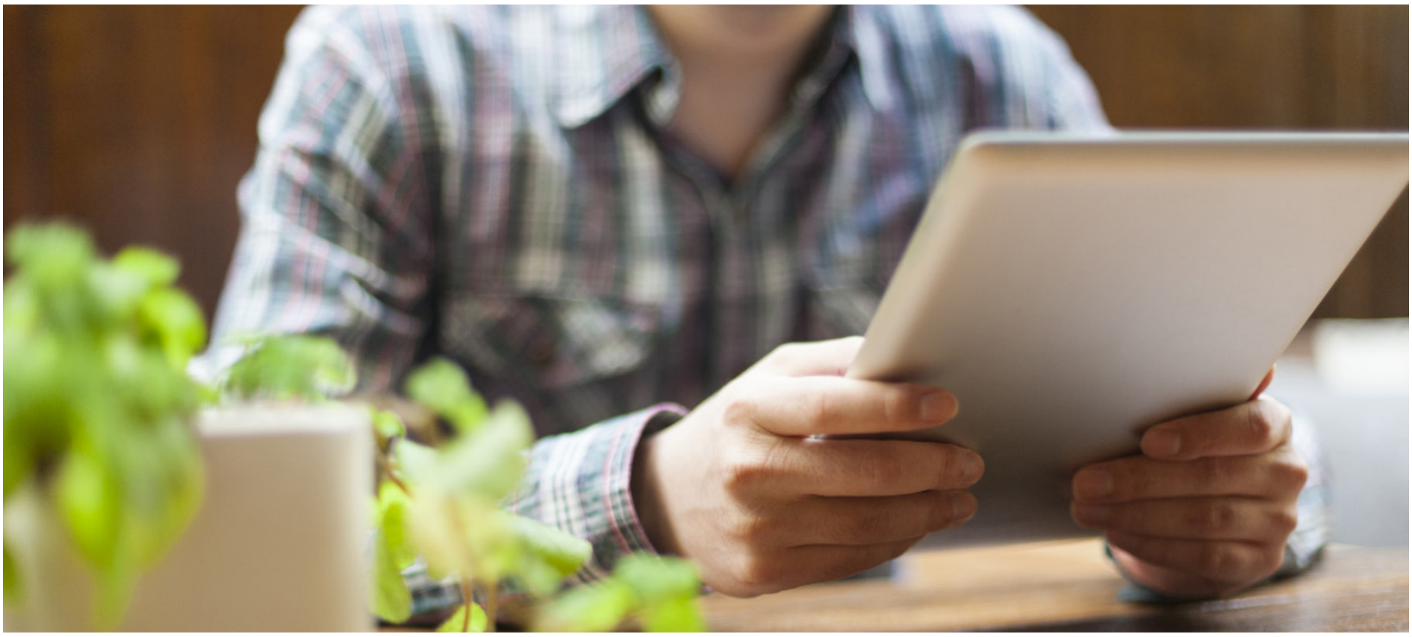
1.2 Half-yearly financial reporting
Pursuant to article 5:25d-1 Wft, an entity with listed securities other than shares must make its half-yearly financial reports publicly available as soon as possible, but no later than three months after the end of the first six months of the financial year. This half-yearly financial reporting includes (article 5:25d-2 Wft):

- half-yearly financial statements;
- a half-yearly management board report; and
- statements made by the persons designated as responsible by the issuer, clearly indicating their names and functions, that, to the best of their knowledge:
  - the half-yearly financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in the consolidation taken as a whole; and
  - the half-yearly management board report gives a true and fair view of (1) the most important events that have occurred during the reporting period and their effect on the half-yearly accounts, (2) a description of the principal risks and uncertainties for the remaining six months of the financial year and (3) the most important transactions with related parties.

If an entity with securities other than shares is required to prepare consolidated financial statements, the half-yearly financial statements must be prepared on the basis of IFRS-EU - in accordance with IAS 34 'Interim Financial Reporting'. If there is no obligation to prepare consolidated financial statements, the half-yearly financial statements must contain an abridged balance sheet, a condensed profit and loss account and explanatory notes (article 5:25d-5 Wft). In the half-yearly financial statements the same accounting policies are applied as for annual financial statements (article 5:25d-7 Wft). For the half-yearly financial statements of an entity with listed securities other than shares, that has to comply with article 5:25d Wft but does not have to prepare consolidated financial statements, i.e. does not prepare half-yearly financial statements in accordance with IAS 34, further requirements are set out in the Decree implementing the Directive on the Transparency of Issuing Institutions in the Wft (Bulletin of Acts and Decrees 2008, 578). These requirements are not included in this publication.

Refer to Appendix 1 for an overview of the obligations concerning making annual and half-yearly financial reporting publicly available under this (transparency) legislation.

Exemption
Like the exemption for the annual financial reporting requirements as described in paragraph 1.1, the requirements of article 5:25d Wft as described above are not applicable for issuers who only issue bonds or other non-equity securities, whose denomination per unit amounts to at least EUR 100,000 or the equivalent in another currency on the date of the issue (article 5:25g-2 Wft).



[5] Non-equity securities are all securities that are not equity securities. Equity securities are shares and other transferable securities equivalent to shares in companies, as well as any other type of transferable securities giving the right to acquire any of the aforementioned securities as a consequence of their being converted or the rights conferred by them being exercised, provided that securities of the latter type are issued by the issuer of the underlying shares or by an entity belonging to the group of the said issuer (article 2 of the EU Prospectus Regulation 2017/1129).
[6] At least EUR 50,000 in case an issuer only issues listed bonds that were already admitted to trading on a regulated market in the European Union prior to 31 December 2010 (article 5:25g-3 Wft).

2. Management Board Report

2.1 General

2.1.1 Introduction
The management board of an entity with listed securities other than shares must prepare a written management board report. Like the financial statements, the management board report must be made available for inspection by the shareholders (article 2:101-1 NCC). It is recommended, but not necessary, to include the financial statements and the management board report in 'one booklet' and to add the Other information (see also Chapter 4).

The management board report may not conflict with the financial statements (article 2:391-4 NCC). The management board report relates to the legal entity and the group entities whose financial data are included in its financial statements. The management board report must give a true and fair view of (article 2:391-1 NCC):

- the situation on the balance sheet date;
- the development during the financial year; and
- the results.

2.1.2 Language
The management board report shall be in Dutch, unless the general meeting has decided to use another language (article 2:391-1 NCC).

2.1.3 References to the financial statements
References to and additional explanations of items in the financial statements must be included in the management board report if this is necessary for a true and fair view in the management board report (article 2:391-4 NCC). This information can be integrated with the information as required by article 2:391-1 NCC. Incidentally, the legislative history shows that it is not the intention of the legislator for the management board report to contain information that belongs in the financial statements (MvT by bill 29 737, no. 3, p. 25).

2.1.4 Key figures, key ratios and multi-annual overview
For the use of key figures, key ratios and multi-annual overview in the management board report, DAS 430 'Key figures, key ratios and multi-annual overview' applies.

The key figures and key ratios in financial statements can be distinguished into key figures and key ratios that are directly and not directly derived from the financial statements. The key figures and key ratios that cannot be derived from the financial statements must be clearly described and explained, including the definition, method of calculation and, as far as possible, a numerical reconciliation with items in the financial statements (article 430.104 DAS).

Key figures and key ratios that cannot be derived directly from the financial statements are not presented with more emphasis than key figures and key ratios that can be derived directly from the financial statements (article 430.106 DAS).

To the extent possible, for each key figure and key ratio included, the number of the respective key figure and key ratio of the previous year must be given. For the sake of comparability, key figures and key ratios from previous years should be calculated in the same way as the present reporting period. If there has been a change in the choice or method of calculating data, the data for previous years should be calculated in accordance with the new system, unless this is impracticable. In that case, this fact shall be disclosed. The reason for changes in the choice or method of calculation of key figures and key ratios shall be explained (article 430.105 DAS).

If financial statements consist of both separate financial statements (*"enkelvoudige jaarrekening"*) and consolidated financial statements, it is generally preferable to derive the key figures and key ratios from the consolidated financial statements (article 430.107 DAS).

It is customary for entities whose shares are listed to present multi-annual overviews. These overviews considerably facilitate examination of trends in the financial position of the entity (article 430.108 DAS).

2.2 Contents of the management board report

2.2.1 General information to be provided

In order to be able to interpret the financial statements in a meaningful manner, the management board report must contain general information about the legal entity and the associated enterprise(s) (article 400.108 DAS). When discussing (in the management board report) the backgrounds and causes of developments in the financial data, as included in the financial statements, attention should at least be paid to the following aspects (article 400.109 DAS):

- developments during the financial year;
- the turnover and results achieved;
- the situation on the balance sheet date (solvency and liquidity);
- the main risks and uncertainties; and
- cash flows and financing requirements.

Attention should also be paid to the actual development during the year under review of important issues on which expectations were expressed in the previous management report or a significant degree of uncertainty was mentioned (article 400.110 DAS). The management board report also contains announcements regarding (article 2:391-2 NCC):

1. the expected course of business;
2. the work in the field of research and development; and
3. special events not to be taken into account in the financial statements.

Re 1. The expected course of events
In the section on the expected course of events, in so far as there are no important interests against it, special attention should be given to:

- investments;
- financing;
- staffing; and
- conditions on which the development of turnover and profitability depends.

Re 2. Research and development activities
The management board report shall contain information on the work in the field of research and development. It is recommended that the announcements provide information on the nature of the research and development activities and their significance for the position and expected course of affairs of the legal entity (article 400.125 DAS).

Re 3. Special events not to be taken into account in the financial statements
It shall be disclosed to what extent particular events, not required to be disclosed in the financial statements, have affected expectations. This refers to events occurring after the balance sheet date.

With regard to the use of financial instruments by the legal entity, the management board report must pay attention to the objectives and policy regarding the management of risks relating to financial instruments ...

2.2.2 Information about financial instruments

With regard to the use of financial instruments by the legal entity, the management board report must pay attention to the objectives and policy regarding the management of risks relating to financial instruments (article 2:391-3 NCC). This concerns the objectives and policy of the legal entity and the group entities whose financial data are included in its financial statements. Attention should be paid to the policy on hedging risks associated with all major types of intended transactions. After all, the use of financial instruments as tools for hedging financial risks can give rise to risks. Attention should also be paid to the price, credit, liquidity and cash flow risks incurred by the legal entity and the group entities.

2.2.3 Risk paragraph

The management board report also provides a description of the main risks and uncertainties confronting the legal entity (article 2:391-1 NCC). In DAS 400 this legal requirement is further elaborated. According to the DASB, it is not about providing an exhaustive explanation of all possible risks and uncertainties, but about a selection and representation of the most important risks and uncertainties facing a legal entity (article 400.110a DAS). Uncertainties arise as a result of the complete or partial absence of information about, insight into or knowledge of an event, its consequences, or the probability that an event will occur. Risks are the effects of uncertainties on the achievement of objectives. In the selection of the main risks and uncertainties, at least the following categories are important (article 400.110b DAS):

- strategy: risks and uncertainties, often with an external orientation/ initiative, that impede the realisation of the strategy and/or business plans of the legal entity and may have an impact on the long-term objectives (e.g. relating to or associated with the strategy or governance of the legal entity, technological or social developments and sustainability aspects);

- operational activities: risks and uncertainties that influence the effectiveness and efficiency of the legal entity's operational activities and therefore primarily relate to the processes within the legal entity and may influence the short-term objectives (which are related to, for example, the internal organisation and administration, the implementation of new information systems and the legal entity's remuneration system);
- financial position: risks and uncertainties relating to the legal entity's financial position (e.g. exchange rate risks, currency risks, interest rate risks, and uncertainties in its ability to raise finance);
- financial reporting: risks and uncertainties that affect the reliability of internal and external financial reporting (for example, uncertainties in complex allocation problems, the degree of subjectivity in valuation issues and risks relating to the design of financial reporting systems);
- legislation and regulations: risks and uncertainties arising from laws and regulations (both internal and external) that have a direct impact on the organization and/or the business processes of the legal entity (e.g. risks and uncertainties of operating in an environment with many and complex regulations, uncertainties relating to insider trading and risks resulting from changing tax legislation).

Furthermore, the willingness to hedge or not hedge risks and uncertainties (so-called risk appetite) should be described in broad terms. A legal entity must also provide the following information (article 400.110c DAS):

- a description of the measures taken to control the main risks and uncertainties. If no control measures have been taken for one or more of the main risks and uncertainties, this fact must be explained;
- a description of the expected impact on the results and/or financial position should one or more of the principal risks and uncertainties materialise;
- a description of the risks and uncertainties that have had a significant impact on the legal entity during the past financial year, and their consequences for the legal entity; and
- whether and, if so, what improvements have been or are being made to the legal entity's risk management system.

A legal entity should preferably indicate how the risk management system is embedded in the organisation and what measures ('soft controls') the legal entity has taken to influence the culture, behaviour and motivation of its employees.

The extensiveness of the information to be provided is partly determined by the size and complexity of a legal entity and its activities and the related risks and uncertainties (article 400.110c DAS).

2.2.4 Information on social aspects of entrepreneurship

In order to give a true and fair view, the law requires a balanced and complete analysis of the situation on the balance sheet date, the developments during the financial year and the results. This analysis must be in line with the size and complexity of the entity and group entities. Where necessary for proper understanding, the analysis includes both financial and non-financial performance indicators, including environmental and personnel matters (article 2:391-1 NCC). The DASB recommends that the management board report should also include an explanation of the main corporate social responsibility aspects relevant to the legal entity, including the (international) chain management of the legal entity (article 400.114 DAS). Responsible chain management is understood to mean the voluntary but not non-binding commitment of legal entities to exert a positive influence on the social policy and/or the environmental policy of their suppliers and customers. In the context of corporate social responsibility, it is recommended that the following aspects be included in the reporting (the management board report and/or a separate report) (article 400.118 DAS):

- general social aspects, such as the chain in which a legal entity operates and the products/services offered, the influence of the main problems and challenges on the strategy, the role of stakeholders, governance and ethics, and the interrelationship between the aspects listed below;
- environmental aspects, e.g. information on consumption, discharges, emissions and waste and what protective measures have been taken to prevent environmental pollution;
- social aspects, which may include labour matters, including employment conditions, employment, social security, diversity and fulfilment, as well as information on human rights, fundamental principles and rights at work and social inclusion; and
- economic aspects, including both financial and non-financial aspects. Financial aspects include, for example, financial contributions to society (e.g. taxes) and to stakeholders. Non-financial

aspects include the creation and dissemination of knowledge through research and development and training.

When reporting on these aspects, it is recommended that a distinction be made between the entity's own business operations and business activities on the one hand and the chain in which a legal entity operates on the other hand (article 400.119 DAS).

It is also recommended that attention be paid to (1) the dialogue with stakeholders, (2) which policy is pursued in relation to the aspect and the main considerations herein, (3) the organisation (governance structure and management information systems), (4) the implementation of the policy and the results achieved, and (5) the expectations with regard to internal and external developments that may have an effect on the societal aspects of entrepreneurship referred to above (article 400.120 DAS). The inclusion of segment information may be important in this respect.

A conceptual framework for the preparation of the report on social aspects is included in the Guidance on Corporate Social Responsibility Reporting (*"Handreiking voor Maatschappelijke verslaggeving"*, which is included in DAS 920).

2.2.5 Information about unbalanced distribution of seats on the management board and supervisory board

Book 2 NCC contained, among other things, regulations for a balanced distribution of the seats of the management board and the supervisory board (articles 2:166 and 2:276 NCC). If the seats were not equally divided between women and men, an explanation had to be provided in the management board report (article 2:391-7 NCC). These regulations lapsed with effect from 1 January 2020.

Based on earlier recommendations by the Social and Economic Council (SER), a bill was submitted to the (Dutch) House of Representatives in November 2020. This bill introduces a statutory quota of at least one-third women/men on the supervisory boards of listed entities (new article 2:142b NCC). If a supervisory board of more than one person does not consist

When reporting on these aspects, it is recommended that a distinction be made between the entity's own business operations and business activities on the one hand and the chain in which a legal entity operates on the other hand...

of at least one-third women and one-third men, a person whose appointment will not result in a more balanced distribution cannot be appointed as supervisory board member, unless it concerns a reappointment within eight years or in case of exceptional circumstances. The same applies for non-executive board members if the entity has a one-tier board. Furthermore, as a large company an entity with listed securities other than shares must have appropriate and ambitious targets for a balanced distribution of the seats of the management board and senior management.

According to this bill within ten months after year-end an entity with listed securities other than shares must report to the SER (new articles 2:166 and 2:276 NCC):

- the number of female and male supervisory board members, management board members and senior management;
- the targets and the plan to achieve them; and
- the reasons if the targets are not achieved.

It is not yet known when the bill will be implemented.

2.2.6 Additional information to be provided

On the basis of article 2:391-5 NCC further requirements may be imposed on the content of the management report by a Decree (an *"AMvB"*). For entities with listed securities other than shares , decisions are in force that relate to:

- including a corporate governance statement; and
- providing non-financial information in a non-financial statement.

Including a corporate governance statement

Entities with listed securities other than shares are not in scope of the Netherlands Corporate Governance Code. However, such entities are obliged to publish a 'corporate governance statement' which forms part of the management board report. This statement may also be published separately electronically. In that case, the management board report must state where the statement can be obtained (article 2a paragraph 1 Decree on the contents of the management board report).

With reference to the above contents, the following statements form part of the corporate governance statement (article 3a letters a and d Decree on the contents of management board reports):

i. the main features of the management and control system relating to the financial reporting process of the entity and of the group whose financial data are included in the financial statements;
ii. the diversity policy regarding the composition of the executive board and the supervisory board. In doing so, the entity shall state the objectives of the policy, the manner in which the policy has been implemented and the results thereof in the past financial year. If the entity does not have a diversity policy, it shall state the reasons.

The European Commission has published non-binding guidelines on non-financial reporting. These include advice on drawing up the description of the diversity policy, in which the following subjects are put forward...

Only large entities (i.e. entities that do not meet the criteria for medium-sized legal entities under article 2:397 NCC) are required to disclose the diversity policy mentioned above (article 1.4 Decree on the contents of management board reports). All non-large entities are exempt from this requirement.

Regarding the diversity policy (point ii), the following can be noted:

The European Commission has published non-binding guidelines on non-financial reporting. These include advice on drawing up the description of the diversity policy, in which the following subjects are put forward:

- diversity aspects: the criteria applied and the reason for their choice. These aspects generally relate to age, gender, educational background and professional experience and - where relevant in the context of the entity - geographical origin, international experience, experience with sustainability and employee participation;
- objectives: the specific, quantified as far as possible, measurable targets for the relevant aspects); and
- implementation and results: (i) the policy on succession planning, selection, appointment and evaluation, (ii) the status of the policy and (iii) the plan to meet the objectives if they are not met.

Providing non-financial information in a non-financial statement
Pursuant to the Decree on the Disclosure of Non-Financial Information, entities with listed securities other than shares that on average have more than 500 employees and do not meet the criteria for medium-sized legal entities in article 2:397 NCC must include a non-financial statement in the management board report.

An exemption applies to a large public interest entity that is part of a group as a subsidiary and whose group head includes a non-financial statement in its management report. The head of the group will then provide the non-financial information for the entire group.

According to article 3 of the Decision, a legal entity shall at least disclose:

- the business model by means of a brief description;
- the policy, including the due diligence procedures applied, and the results of the environmental, social and human resources policies, respect for human rights and the fight against corruption and bribery. If the legal entity does not have such a policy, the reasons must be explained;
- the main risks related to the subjects mentioned in the previous point in relation to the activities of the legal person, including – where relevant and proportionate – the business relations, products or services of the legal person likely to have negative effects on those subjects and how the legal person manages those risks; and
- non-financial performance indicators relevant to the specific business activities of the legal entity.

Where deemed appropriate, the non-financial statement shall include references to and additional explanations of items in the financial statements. Information need not be given if that would seriously damage the commercial position of the legal entity. This can only be the case in exceptional situations. The omission of information should not prevent a true and balanced understanding of the development, results, position of the legal entity and the impact of its activities. It is possible that the management report for the next financial year will address the reasons why certain disclosures were not included in the previous financial year.

2.2.7 Statements made by the management board

Article 5:25c-2c Wft requires that the annual financial reporting of entities with listed securities other than shares shall also include statements made by the persons designated as responsible by the issuer and clearly indicating their names and functions, that, to the best of their knowledge:

- the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in the consolidation taken as a whole; and
- the management board report gives a true and fair view of the situation on the balance sheet date, the course of business during the financial year of the issuing institution and of its affiliated entities, the details of which are included in its financial statements, and that the management board report describes the essential risks with which the issuing institution is confronted.

This requirement is not applicable for issuers who only issue bonds or other non-equity securities whose denomination per unit amounts to at least EUR 100,000 or the equivalent in another currency on the date of the issue (article 5:25g-2 Wft) (refer to paragraph 1.1).

3. Financial statements

3.1 General

Entities with listed securities other than shares are required under the IFRS Regulation to prepare the consolidated financial statements in accordance with IFRS-EU. IFRS-EU concerns the standards and interpretations adopted by the European Commission. Entities with listed securities other than shares are not required to prepare their separate financial statements (*"enkelvoudige jaarrekening"*; article 2:361-1 NCC) in accordance with IFRS-EU. However, they are allowed to do so (article 2:362-8 NCC). For entities with listed securities other than shares that prepare consolidated financial statements the combinations that are available[7] under NCC are:

[7] Combination 1 is to prepare both the consolidated and the separate financial statements in accordance with Part 9, Book 2 NCC (plus DAS). This combination is not available for entities with listed securities other than shares.

	Consolidated financial statements	Separate financial statements
2.	IFRS-EU	Part 9, Book 2 NCC without application of the option to apply the measurement policies that have been used for the consolidated financial statements (plus DAS)
3.	IFRS-EU	Part 9, Book 2 NCC with application of the option to apply the measurement policies which the entity used for preparing the consolidated financial statements
4.	IFRS-EU	IFRS-EU plus certain applicable articles of Part 9, Book 2 NCC

Below those combinations are described in more detail.

3.2 Combination 2

In combination 2 the separate financial statements are prepared in accordance with Part 9, Book 2 NCC (without application of the option to apply the measurement policies that have been used for the consolidated financial statements) and the DAS. The application of combination 2 will, in most cases, produce differences in shareholders' equity when comparing the consolidated financial statements and the separate financial statements. These differences must be disclosed in the notes to the separate statements (article 2:389-10 NCC).

Article 2:362-9 NCC determines that a legal entity that prepares the financial statements in accordance with IFRS-EU applies a limited number of the provisions of Part 9, Book 2 NCC. Question is whether these provisions apply to the consolidated financial statements prepared under IFRS-EU. In article 2:362-9 NCC 'financial statements' shall be read as 'separate financial statements'. After all, if only the consolidated financial statements are prepared in accordance with IFRS-EU, then the separate financial statements are prepared in accordance with Part 9, Book 2 NCC. In that case the provisions as mentioned in article 2:362-9 NCC already apply to the separate financial statements. Therefore, article 2:362-9 NCC does not apply to combination 2. This means that consolidated financial statements that are prepared in accordance with IFRS-EU, should meet IFRS-EU, but not the provisions of Part 9, Book 2 NCC.

3.3 Combination 3

3.3.1 General

In combination 3 the separate financial statements are prepared in accordance with Part 9, Book 2 NCC with application of the option to apply the measurement policies which the entity uses for preparing the consolidated financial statements. The application of combination 3 enables keeping equity according to the separate financial statements equal to equity according to the consolidated financial statements.

Measurement policies include policies on classification which affect the distinction between equity and debt (article 100.107 DAS). This means in fact that the legal entity that applies combination 3 in the separate financial statements bases the distinction between equity and debt on the economic reality as prescribed by IFRS-EU (IAS 32.15). By following the classification policies of IFRS-EU also in the separate financial statements it is consequently possible to keep equity in the separate financial statements equal to equity in the consolidated financial statements. This would not be the case if Part 9, Book 2 NCC was being followed for the distinction between equity and debt. That is since article 240.207 DAS provides the opportunity to classify issued financial instruments as equity or debt on the basis of the legal form.

Article 2:362-9 NCC determines that a legal entity that prepares the financial statements in accordance with IFRS-EU applies a limited number of the provisions of Part 9, Book 2 NCC. As explained under combination 2, this only relates to the separate financial statements and hence article 2:362-9 NCC does not apply to combination 3. This means that consolidated financial statements that are prepared in accordance with IFRS-EU, should meet IFRS-EU, but not the provisions of Part 9, Book 2 NCC.

3.3.2 Participating interests

The option to apply combination 3 means that a legal entity prepares the separate financial statements in accordance with the IFRS-EU measurement policies applied in the consolidated financial statements. This raises the question

of how participating interests that are consolidated should be measured in the separate financial statements. After all, there is no measurement policy for this in the consolidated financial statements. IFRS-EU requires such participating interests in the separate financial statements to be measured at cost, fair value, or according to the equity method. The application of cost or fair value would create a difference between equity in the separate financial statements and the consolidated financial statements respectively. Article 2:362-8 NCC allows an entity to measure these participating interests at net asset value and to apply the IFRS-EU measurement policies that have been applied in the consolidated financial statements when determining the net asset value. Article 100.107 DAS clarifies that these participating interests can also be presented according to the equity method, in addition to measurement at net asset value. The value for which these participating interests are included in the separate financial statements is determined on the basis of the policies as applied in the consolidated financial statements. The presentation method has no influence on this. For example, in accordance with the consolidated measurement policies, when presenting according to the equity method, an impairment of goodwill is not reversed. For that reason, this is also not carried out when measuring at net asset value. The difference between the two options therefore only concerns the presentation of the goodwill. In case of measurement at net asset value, the goodwill is presented separately under the intangible fixed assets. When applying the equity method, goodwill is part of the participating interest item. By applying one of these alternatives, the equality can be maintained between equity in the separate financial statements and equity in the consolidated financial statements.

This form of application of the equity method differs from the equity method as applied under IFRS (IAS 28) for the measurement of participating interests that are subject to significant influence on the business and financial policy, the so-called 'associates'. We emphasize that in combination 3, non-consolidated participating interests that qualify as 'associates' or as 'joint ventures' are recognised, measured and presented in the separate financial statements in accordance with the equity method as applied under IFRS. This is in line with the recognition of those non-consolidated participating interests in the consolidated financial statements under IFRS.

3.3.3 Expected credit losses

In the measurement of the consolidated participating interests in the separate financial statements using the equity method, the participating interest is considered as a combination of assets and liabilities and not as an indivisible asset. This generally means that expected credit losses as prescribed in IFRS 9 on loans and receivables from participating interests in the separate financial statements are eliminated. Such an elimination follows from the principles of DAS 260 'Treatment of results on intragroup transactions in the financial statements'. The elimination can be processed in the book value of the participating interest or in the book value of the loans and receivables (article 100.107a DAS). By processing this elimination no difference will be caused between the equity and result in the separate financial statements and the equity and result in the consolidated financial statements.

3.3.4 Presentation and disclosure requirements

The separate financial statements in combination 3 are prepared on the basis of Part 9, Book 2 NCC. Therefore, the presentation and disclosure requirements of Part 9, Book 2 NCC should be followed. So, the presentation and disclosure requirements of IFRS-EU in this combination cannot be followed in the separate financial statements if they deviate from them. For example, an interest that qualifies as participating interest on the basis of article 2:24c NCC is presented as an associate in the separate financial statements, even if this interest is presented in a different way under IFRS-EU in the consolidated financial statements. If IFRS-EU requires more explanation, there is of course nothing against including that information in the separate financial statements. See also the explanation at combination 4 for the applicable provisions of Part 9, Book 2 NCC.

3.3.5 Specific situations

In combination 3 some specific situations might become relevant in preparing the separate financial statements. These are caused by the fact that the accounting for some transactions as prescribed or permitted in IFRS-EU is not possible when applying Part 9, Book 2 NCC and DAS. These concern, for example:

- the accounting for a step by step acquisition;
- the loss of control in a subsidiary; and
- changes in parent's ownership interest in a subsidiary that does not result in loss of control.

A number of standards include provisions for the accounting for such transactions in the separate financial statements when applying combination 3. These provisions are explained below and all have in common that these transactions are accounted for in accordance with the method prescribed under IFRS-EU in the consolidated financial statements. Therefore, as a result of the accounting for these transactions, no differences arise between equity and result in the separate financial statements and equity and result in the consolidated financial statements.

In combination 3 some specific situations might become relevant in preparing the separate financial statements.

Step by step acquisition

In a step by step acquisition, resulting in a business combination as defined in IFRS 3, the legal entity measures the existing interest at fair value on the acquisition date. The change in value of the existing capital interest as a result of this revaluation is recognised through profit or loss. Pursuant to article 2:390-1 NCC, the legal entity forms a revaluation reserve for the increase in value of the remaining interest, unless there are frequent price quotations for the interest held (article 214.312 DAS).

Loss of control in a subsidiary

In some situations a parent loses control over a subsidiary while retaining a non-controlling interest. In such a situation, the legal entity measures the remaining interest at fair value at the moment control is lost. The change in value of the interest is recognised through profit or loss. Pursuant to article 2:390-1 NCC, the legal entity forms a revaluation reserve for an increase in value of the remaining interest, unless there are frequent price quotations for the interest held (article 214.312a DAS).

Changes in parent's ownership interest in a subsidiary that does not result in loss of control

In these situations the difference between the transaction price and the carrying amount of the part of the net assets concerned is recognised through equity (article 214.312b DAS).

3.4 Combination 4

If the entity applies combination 4 and prepares both the consolidated and the separate financial statements in accordance with IFRS-EU, the following articles of Part 9, Book 2 NCC also apply (article 2:362-9 NCC):

- the second last sentence of article 2:362-6 NCC, with provisions regarding financial statements that subsequently prove to be seriously deficient;
- the last sentence of article 2:362-7 NCC, in which it is stipulated that the items in the financial statements are being described in Dutch, unless the general meeting has decided to use another language;
- article 2:362-10 NCC regarding disclosure of standards used;
- article 2:365-2 NCC with respect to the legal reserve for research and development costs;
- article 2:373 NCC regarding the presentation and disclosures on equity;
- articles 2:379-1 and 2:379-2 NCC with respect to details of participating interests (at least 20%);
- article 2:380b-d NCC regarding disclosure of the trade register number;
- article 2:382 NCC with respect to disclose the average number of employees;
- article 2:382a NCC regarding the disclosure of auditor's fees;
- articles 2:383 and 2:383b through 2:383e NCC with respect to the disclosure of remuneration, loans, advances and warrantees for the benefit of the management and supervisory board;
- article 2:389-8 NCC regarding the foreign exchange translation reserve;
- article 2:389-10 NCC with respect to notes on differences between equity and result in the separate financial statements and equity and result in the consolidated financial statements;article 2:390 NCC regarding the revaluation reserve;
- article 2:391 NCC (Chapter 7 of Part 9, Book 2 NCC) with respect to the management board report;
- article 2:392 NCC (Chapter 8 of Part 9, Book 2 NCC) regarding the other information;
- article 2:393 NCC (Chapter 9 of Part 9, Book 2 NCC) with respect to the audit; and
- articles 2:394 and 2:395 NCC (Chapter 10 of Part 9, Book 2 NCC) regarding the publication of the financial statements.

3.5 Particulars valid for both combination 3 and combination 4

There are some particulars that are valid for both combination 3 and combination 4. This concerns the determination of:

- the revaluation reserve for 'fair value through OCI' financial instruments;
- the revaluation reserve for the application of a 'deemed cost'; and
- events after the reporting date.

3.5.1 Revaluation reserve for 'fair value through OCI' financial instruments

There may be financial instruments that, according to IFRS-EU, should be classified as 'fair value through OCI', where changes in value are recognised in equity until sale (or impairment). Under IFRS-EU this can lead to a negative amount under equity. Part 9, Book 2 NCC states that a negative revaluation reserve is not allowed though. The question is how a negative revaluation reserve should be presented in the separate financial statements when using combination 3 or combination 4.

The provisions of Part 9, Book 2 NCC regarding the revaluation reserve (article 2:390 NCC) are in conflict with IFRS-EU. The DASB is of the opinion that the provisions of IFRS-EU should be leading in the determination and presentation of the relevant revaluation reserve in case of combination 3 or 4. This means that when one of these two combinations is applied in the separate financial statements of the legal entity, in the outlined circumstance a negative revaluation reserve must be presented. This has no effect on capital protection. If IFRS-EU is applied the other reserves may be higher than if Part 9, Book 2 NCC is applied. On the other hand, when applying IFRS-EU to determine the free distributable earnings, the negative positions of the legal reserves should be deducted from the other freely distributable reserves. Therefore, there is only a difference in presentation under shareholders' equity. So, these treatments do not lead to a different distributable amount. In should be stated in the notes that for the determination of the free distributable earnings, this negative revaluation reserve is deducted from the freely distributable reserves (article 240.227b DAS).

3.5.2 Revaluation reserve for the application of a 'deemed cost'

A legal entity has the once-only option, on adoption of IFRS-EU, to designate the fair value of tangible fixed assets and certain intangible fixed assets on the adoption date as 'deemed cost'. The difference between this fair value and the carrying amount measured according to Part 9, Book 2 NCC must be recognised in Other reserves processed in the consolidated financial statements according to IFRS-EU. The question is how the valuation difference should be determined in the shareholders' equity in the separate financial statements. On the basis of article 2:390-1 NCC a revaluation reserve should be held for increases in value of tangible fixed assets and intangible fixed assets. Maintaining a revaluation reserve is therefore not related to the application of the current value system, but to increases in value compared to the historical cost price. This means that as a principle the legal entity shall maintain a revaluation reserve in the separate financial statements for the increase in value arising from a 'deemed cost' measurement. This revaluation reserve shall be released proportionately to Other reserves as the asset is depreciated or amortised and/or is disposed of (article 240.224a DAS).

3.5.3 Events after the reporting date

Under IAS 10 'Events After the Reporting Period' a legal entity shall recognise the effects of events after the reporting date in the financial statements (if those events relate to the current or preceding reporting period) until the financial statements are prepared ('authorised for issue'). Under NL GAAP these events must be accounted for until the financial statements are adopted by the general meeting. The question is how to deal with this in the separate financial statements when using combination 3 or combination 4. The DASB states that in this situation the events after the reporting date should be accounted for in accordance with IAS 10. This means that effects of events occurring after preparing the financial statements and that provide further information on the actual situation on the reporting date to be recognised pursuant to article 2:362-6 NCC, are not recognised (article 160.202a DAS).

4. Other information

The law also prescribes that the legal entity must add some information of a diverse nature to the financial statements and management board report in the 'Other information' section. This concerns the following information (article 2:392-1 NCC):

a. the auditor's report referred to in article 2:393-5 NCC or a statement as to why it is missing;
b. a statement of the rules laid down in the articles of association regarding the appropriation of profit;
c. a statement of the rules laid down in the articles of association regarding the contribution to a deficit of a cooperative or mutual insurance company, insofar as these deviate from the statutory provisions;
d. a list of names of those to whom a special right under the articles of association with respect to control of the legal entity accrues, with a description of the nature of that right, unless this information has been disclosed in the management board report on the basis of article 2:391-5 NCC. In that case, disclosure under Other information is not required as well;
e. a statement of the number of shares without voting rights and the number of shares giving no or only a limited right to share in the profits or reserves of the entity, stating the powers they confer; and
f. a statement of the existence of branch offices and of the countries in which there are branch offices, as well as their trade name if this differs from that of the legal person.

With respect to item d., if a right is embodied in a share, the number of such shares each of the entitled parties holds shall be stated. If such a right accrues to a company (*"vennootschap"*), association (*"vereniging"*), cooperative (*"coöperatie"*), mutual guarantee company (*"onderlinge waarborgmaatschappij"*) or foundation (*"stichting"*), the names of the directors thereof shall also be communicated (article 2:392-3 NCC). These provisions shall not apply to the extent that Our Minister of Economic Affairs has, upon request, granted an exemption to the legal entity for important reasons; this exemption may be granted for a maximum of five years each time. No exemption can be granted if this information must be reported in the management board report pursuant to article 2:391-5 NCC (article 2:392-4). Entities with listed securities other than shares are obliged to include this information in the management board report as part of the corporate governance statement (refer to paragraph 2.2.6).

Our Minister of Economic Affairs has, upon request, granted an exemption to the legal entity for important reasons; this exemption may be granted for a maximum of five years each time.

5. Reporting on payments to governments

5.1 Entities active in the extractive industry or in the primary forest logging

Pursuant to article 2:392a NCC and to article 2 of the Decree of Disclosing Payments to Government Entities (*"Besluit rapportage van betalingen aan overheden"*; in this paragraph referred to as 'the Decree'), entities with listed securities other than shares and active in the extractive industry or in the primary forest logging shall prepare a report on payments to government entities and publish that report. This publication does not describe the content of the report. For that we refer to the Decree.

This report is a separate report prepared and published alongside the financial statements, the management board report and the other information. The report does not have to be adopted by the general meeting or audited by an external auditor.

The Explanatory Memorandum to the Decree states the following on this report: 'The annual report on payments to government entities ('country-by-country-reporting') by entities in the extractive industry or in the primary forest logging is principally intended to provide insight into payments to government entities in exchange for extracting certain raw materials in the country concerned. The reporting reminds government entities of their responsibilities for the use of raw materials in their country. The proceeds from raw materials extraction are a significant part of government income in some countries. In the case of developing countries, those proceeds do not always flow to citizens or towards building up the state and the economy. Thanks to systematic reporting, citizens and civil-society organizations are able to get insight into the government's income at the national, regional and local levels. This allows them to put pressure on government entities in commodity-rich countries to exercise openness in the use of raw materials and the way income flows arising from them are spent. This can contribute to limiting bribery and corruption and encouraging good governance and political stability and so to improving the investment climate in those countries'.

In accordance with article 3-2 of the Decree, this report does not apply to listed entities whose payments to government entities are included in a consolidated report on payments to government entities prepared in accordance with article 5 of the Decree or the laws of a Member State.

Entities with listed securities other than shares which prepare and publish a report that meets the reporting requirements of a third country that, pursuant to article 47 of Directive 2013/34/EU, are considered equivalent to the requirements of chapter 10 of that Directive, are exempt from the requirements of the Decree except for the obligation to publish that report as meant by article 2:392a-2 NCC and article 5:25e of the Financial Supervision Act (article 6 of the Decree).

The report must be made publicly available and sent to the AFM within six months of the end of the financial year (article 5:25e and m Wft).

5.2 Banks and investment firms

Banks (as referred to in article 1:1 Wft) and investment firms (as referred to in article 4-1.2 of the Capital Requirements Regulation) are also subject to specific provisions to disclose specific country-by-country information (article 3 Decree Implementing Disclosure Requirements of the Capital Requirements Directive). They are required to disclose the following information on a consolidated basis, for each state in which they or their participating interests have an establishment:

a. the name, nature of the activities and geographical location;
b. the turnover;
c. the average number of employees, expressed in full-time equivalents;
d. the profit or loss before tax;
e. the tax on profit or loss and
f. government subsidies received.

This information can be included in the financial statements or in a separate report, which in the case of a statutory audit is audited by an external auditor.

The report must be made publicly available and sent to the AFM within six months of the end of the financial year (article 5:25e and m Wft).

6. Deadlines

6.1 Preparation of financial statements

The period for preparing the annual accounts - consisting of the financial statements, the management board report, other information as well as the statements made by the management board in accordance with article 5:25c-2c Wft (not applicable for entities that have bonds with a nominal value of at least EUR 100,000 per bond, refer to paragraph 1.1) - is set at four months after the end of the financial year. This period cannot be extended (articles 2:101-1 and 2:210-1 NCC) and no exemption to prepare financial statements can be granted (articles 2:101-7 and 2:210-8 NCC).

6.2 Disclosure period for annual accounts

In accordance with article 5:25c-1 Wft, the annual accounts of entities with listed securities other than shares – except entities that have bonds with a nominal value of at least EUR 100,000 per bond, refer to paragraph 1.1 - must be made publicly available within four months after the end of the financial year. This must be announced by means of a press release issued in the Netherlands and every other member state in which the listed securities other than shares are admitted to trading on a regulated market (article 5:25m-2 Wft), with a reference to the website of the issuer where the information is fully available (article 5:25m-3 Wft).

The financial statements must be adopted by the general meeting. A general meeting is to be held at least once a year. Where the articles of association of a public limited liability company (*"naamloze vennootschap, NV"*) do not provide for a shorter term, the annual meeting shall be held within six months after year-end (article 2:108 NCC).

The AFM has been appointed as the official mechanism for central storage of regulated information including annual accounts (article 5:25m Wft). The annual accounts of an entity with listed securities other than shares with its registered office in the Netherlands must be sent to the AFM when prepared and when published (art.5:25m-5 Wft) and within five days after adoption of the financial statements (article 5:25o-1 and 4 Wft), but not later than six months after the end of the financial year (article 5:25o-2 Wft). Subsequently, the AFM sends the adopted annual accounts to the Trade Register within three days (article 5:25o-3 and 5 Wft). By sending these documents to the AFM the entity has met its filing obligations for these documents (article 2:394-8 NCC).

If the financial statements are not adopted within six months after the end of the financial year, this must be notified to the AFM and the AFM sends the annual accounts drawn up earlier (within four months after the end of the financial year) as well as the notification that the annual accounts have not yet been adopted to the Trade Register (article 5:25o-3 Wft).

6.3 Electronic filing

From 1 January 2021[8], entities with listed securities other than shares must prepare and publish their annual accounts using the European Single Electronic Format (ESEF), which requires the use of XHTML (refer to next paragraph). If the annual financial report includes consolidated financial statements prepared in accordance with IFRS-EU, the following elements must be marked up using Inline XBRL, a variant of XBRL:

- the numbers disclosed in:
  - the statement of financial position;
  - the statement of profit or loss and other comprehensive income;
  - the statement of changes in equity; and
  - the statement of cash flows; and
- certain disclosure notes. For financial years starting on or after 1 January 2022 most disclosure notes must be marked up. For financial years 2020 and 2021 only a few notes have to be marked up in the financial reports. This is further specified in a separate Annex to the Regulation.

Appendix 1 contains an overview of the deadlines for preparing, adopting, making publicly available and filing financial reporting.

[8] As from financial year 2020 and in accordance with Commission delegated regulation (EU) 2018/815 of 17 December 2018, issuers had to file and publish their annual reports digitally in accordance with the ESEF. Because of the ongoing Covid-19 pandemic, the European commission offered the member states an option to grant issuers a one-year grace period. On 18 January 2021 the Dutch Ministry of Finance announced that the Netherlands is making use of this option. Companies are still allowed to prepare the 2020 annual report in ESEF.

7. Penalties for non-compliance with financial reporting obligations

In general, the consequences for non-compliance with financial reporting obligations for entities with listed securities other than shares are the same as for non-listed entities. Differences for these entities are:

- additional situations that constitute an economic offence; and
- term for institution of annual account proceedings before the Enterprise Chamber.

7.1 Criminal penalties

Failure to comply with certain statutory provisions concerning the financial statements, as laid down in Part 9, Book 2 NCC, constitutes an economic offence (article 1 sub 4 of the Economic Offences Act). In addition to the failures for non-listed entities, for entities with listed securities other than shares these are:

- compliance with an order of the Enterprise Chamber by the entity regarding the manner in which it must provide further information to the Netherlands Authority for the Financial Markets (AFM) on the application of the financial statements' regulations (article 2:452-4 NCC);
- compliance with an order of the Enterprise Chamber by the entity established under the law of another state to make a public announcement explaining that the annual financial reporting does not comply with certain provisions of the Wft or explaining how those provisions will be applied in the future (article 2:455-2 NCC).

7.2 Enterprise Chamber

If the financial statements of an entity with listed securities other than shares do not meet the statutory requirements, interested parties may institute annual account proceedings before the Enterprise Chamber of the Amsterdam Court of Appeal (Book 2 Title 16 NCC Judicial procedure). An interested party may submit a petition regarding a financial statements procedure to the Enterprise Chamber of the Amsterdam Court of Appeal within a period of nine months after the adoption or filing of the financial statements with the Chamber of Commerce, or within nine months after the discovery of a shortcoming that was not apparent from the financial statements. For non-listed entities this term is two months.

In general, the consequences for non-compliance with financial reporting obligations for entities with listed securities other than shares are the same as for non-listed entities. Differences for these entities are...

8. Supervision by the AFM of financial reporting

In general, the financial reporting of listed entities of which the Netherlands is the home member state must comply with several laws and regulations. In accordance with the Financial Reporting Supervision Act (*"Wet toezicht financiële verslaggeving"*, "Wtfv"), the AFM supervises compliance thereof. This supervision also covers entities with listed securities other than shares, except for those entities only issuing bonds or non-equity securities with a nominal value of at least EUR 100,000 or its equivalent, on the date of issue, in another currency (refer to paragraph 1.1). The latter entities are not subject to supervision over the financial reporting by the AFM (article 1a-1 Wtfv), but are required to send the adopted annual accounts to the AFM though (refer to paragraph 6.2).

8.1 General

The most important task of the AFM under the Wtfv concerns the supervision of the application by entities with listed securities other than shares of the financial reporting requirements with respect to:

- the adopted financial statements;
- the management board report;
- other information;
- the statements concerning the financial statements and the management board report as referred to in article 5:25c-2c Wft;
- the half-yearly financial reporting (financial statements, management board report and the statements as referred to in article 5:25d-2c Wft);
- the annual report on payments to governments by entities active in the extractive industry or in the primary forest logging in accordance with article 5:25e Wft.

The AFM exercises this task based on the financial reporting submitted to it. The AFM tests a number of the financial reporting submitted to it on a random basis and on the basis of a risk analysis and performs thematic research into the manner in which the rules for reporting certain items have been applied. The AFM also compares the application of the reporting requirements within a sector. The AFM will therefore not assess all financial reports or subject all financial publications to an in-depth investigation. The AFM's supervision takes place after adoption of the financial statements and is based on the financial reporting and public information drawn up by an entity with listed securities other than shares. The AFM can use public information, other external sources or the requested and obtained further explanation. However, the AFM is not permitted to use information obtained in the context of another supervisory duty, for example the supervision of public accountants, for the supervision of financial reporting.

If the AFM has reason to doubt whether the annual financial reporting complies with the regulations, it may request a further explanation. The AFM is obliged to maintain the confidentiality of this request. If the entity fails to comply or complies insufficiently with the request of the AFM, the AFM may try to enforce this through the intervention of the Enterprise Chamber. If the requested further explanation, whether or not provided through the intervention of the Enterprise Chamber, dispels the doubts raised by the AFM, the latter will close the internal review. However, if the further explanation does not remove the doubts that have arisen, this may lead to the AFM's opinion that the financial reporting does not comply with the relevant regulations.

The AFM is obliged to maintain the confidentiality of information obtained during the performance of its supervisory duties regarding financial reporting. Further disclosures provided by an entity at the request of the AFM also remain confidential. This information may only be used by the AFM to assess whether the financial reporting complies with the applicable regulations. Such information obtained in this so-called pre-procedural phase may, however, be used at a later stage of the proceedings.

If the AFM is of the opinion that the financial reporting does not comply with the requirements to be imposed on it, it will notify the entity of this opinion in writing. The AFM may accompany this notification with a recommendation to the entity to publish a notice in which the entity (article 3-2 Wtfv):

- explains how the reporting requirements will be applied in the future and describes their consequences for financial reporting; or
- explains which parts of the financial reporting do not comply with the reporting requirements of Part 9, Book 2 NCC or of IFRS-EU.

If the entity has provided this notice to the public and the AFM agrees with the content of this notice, the matter is closed. If the entity does not comply with the recommendation of the AFM, the AFM may appeal to the Enterprise Chamber.

8.2 Annual accounts proceedings at the request of the AFM

The AFM may also request an annual accounts procedure (1) if the entity has failed to comply sufficiently with the request of the AFM for a further explanation, (2) if the AFM has made a notification to the entity without making a recommendation or (3) if the entity has insufficiently complied with a recommendation to make a notice publicly available in case the AFM is of the opinion that the financial reporting, or part thereof, does not comply with the regulations (article 4 Wtfv).

If the AFM has filed a petition with the Enterprise Chamber for the revision of the financial statements, it will make this fact public, but not before the AFM has given the entity the opportunity (within a reasonable period) to make this public itself.

If the entity has provided this notice to the public and the AFM agrees with the content of this notice, the matter is closed. If the entity does not comply with the recommendation of the AFM, the AFM may appeal to the Enterprise Chamber.

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Appendix 1. Overview of deadlines and content financial reporting

	Deadline	Content
Annual reporting		
Preparation by the board and publication by the entity	Within four months after the end of the financial year	• Annual financial statements with auditor's report; • Annual management board report; • Other information; • Statements made by management board* (refer to paragraph 1.1).
	Within six months after the end of the financial year	• Report on payments to governments (certain listed entities, refer to paragraph 5.1).
Adoption and voting by general meeting	• NV: Within six months after the end of the financial year, or a shorter term if required by the articles of association; • BV: no fixed term; general meeting to be held at least once a year.	• Adoption: Annual financial statements with auditor's report; • Voting: Profit appropriation.
Filing with AFM	Simultaneously with publication by the entity	• Adopted financial statements with auditor's report; • Annual management board report; • Other information.
	Within 5 days after adoption, but ultimately 6 months after the financial year-end, or ultimately 6 months after financial year-end a notification that the annual accounts have not yet been adopted	• Adopted financial statements with auditor's report • Annual management board report • Other information.
	Within six months after the end of the financial year	• Report on payments to governments (certain listed entities, refer to paragraph 5.1).
Half-yearly reporting*		
Preparation and publication	As soon as possible, but no later than 3 months after the end of the first six months financial period	• Half-yearly financial statements; • Half-yearly management board report; • Statements made by management board (refer to paragraph 1.2); • If audited / limited reviewed, the report of the auditor.

* Not applicable for entities that have listed securities other than shares with a nominal value of at least EUR 100,000 per security (refer to paragraph 1.1).

Appendix 2. List of abbreviations

AFM	Autoriteit Financiële Markten (Netherlands Authority for the Financial Markets)
AMvB	Algemene Maatregel van Bestuur (Decree)
BV	Besloten vennootschap (private limited liability company)
DAS	Dutch Accounting Standards
DASB	Dutch Accounting Standards Board
EEA	European Economic Area
EER	Europese Economische Ruimte
ESMA	European Securities and Markets Authority
EU	European Union
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
MiFID	Markets in Financial Instruments Directive
MTF	Multilateral Trading Facility
MvT	Memorie van Toelichting (Explanatory Memorandum)
NCC	Netherlands Civil Code
NL GAAP	Netherlands Generally Accepted Accounting Principles
NV	Naamloze vennootschap (public limited liability company)
PIE	Public Interest Entity
SER	Sociaal-Economische Raad (Social and Economic Council)
Wft	Wet op het financieel toezicht (Financial Supervision Act)
Wtfv	Wet toezicht financiële verslaggeving (Financial Reporting Supervision Act)