

Questions & Answers

Q-Disclosure & XBRL

The Background

Q. What is Q-Disclosure (and XBRL in this context)?

A. Q-Disclosure is a proprietary, secure submission platform for financial and non-financial disclosures based on XBRL. XBRL language submissions allow listed companies to present financial statements and non-financial disclosures such that they can be retrieved from online records and transferred directly to users such as auditors, regulators and financial analysts.

Q. Why is Qatar Stock Exchange introducing Q-Disclosure and XBRL?

A. QSE believes that the use of XBRL will achieve the objectives of providing more value-added financial information to stakeholders and enhancing the regulatory environment with improved transparency and timely dissemination of relevant financial and non-financial information.

The intent is that Q-Disclosure will be another step in building 'trust' in the Qatari market.

Q. Why is Qatar Stock Exchange introducing Q-Disclosure now?

A. XBRL is either in mandated or in voluntarily use in an increasing number of countries. XBRL has been mandatory in the UK since April 2011; mandated in the United States since December 2008, beginning in 2009 for the largest companies and for all public companies in 2015.

Closer to home, all of the UAE (ESCA, ADX and DFM); KSA (Tadawul); Kuwait (CMA and Borsa Kuwait); Jordan and Bahrain have implemented an XBRL systems whilst Oman (CMA) is in the process of mandating such a platform.

In not providing this type of information Qatar is at risk of falling behind in the area of transparency and thus putting Qatari listed companies at a disadvantage in terms of cost of capital. Separately, QFCRA have introduced an XBRL-based financial reporting system.

Q. The current financial statements' system is already based on IFRS; isn't that sufficient?

A. All listed companies are already required to publish accounts on the basis of IFRS; this still allows for significant latitude in terms of the quality and quantity of disclosure from Qatari listed companies. What we are talking about is doing more by (i) standardising the submissions (both financial and non-financial) (ii) increasing the quality of disclosure within sectors and (iii) providing such information in a readily usable machine-readable format.

The Q-Disclosure Platform will be entirely consistent with IFRS and the Qatar market to the extent there are differences.

Q. Isn't this just an unnecessary additional costs for listed companies?

A. Access to permanent equity capital through the public markets is of course subject to a number of 'costs' both in terms of outside shareholders, corporate governance and ongoing disclosure. Providing regulatory disclosures in XBRL format, should be seen as part of that essential trade-off but as importantly a tool for the benefit of listed companies themselves.

Q. So what are the benefits of Q-Disclosure for listed companies?

A. We anticipate that listed companies will see benefits in the form of (i) improving the transparency and utility of companies' financial information (ii) enabling simpler submission of both financial and non-financial disclosures within a structured environment with approval authorities providing protections and audit trail for listed companies (iii) providing investors access to more reliable information in a form that is beneficial to the analysis, analytical coverage and understanding of your company (iv) adopting best practice in the area of financial reporting/company disclosure and (v) making the process of company data collection more efficient, comprehensive, and reliable.

Q. Will this change the existing disclosure mechanism through 'Company News'?

A. Not immediately, for the moment the existing disclosure mechanism for both financial and non-financial regulatory disclosure will remain unchanged.

Information that is required for either immediate or periodic disclosure by the QSE Rulebook will still be required to be released to the market via Company News under articles 6.7.13 and 6.7.14 of the QSE Rulebook.

In summary, the first time an XBRL financial statements submission will be required will be as a back-up submission for the Q3 2020 results at which time the existing Company News mechanism will still be the regulatory requirement. Alongside that XBRL-based non-financial disclosure will be required from 1st October 2020 again in parallel to Company News. The Annual 2020 results will be required to be submitted in XBRL as the main regulatory requirement with Company News mechanism as back up. From 1st January 2021 non-financial disclosure via Q-Disclosure will be the regulatory requirement with Company News the back-up.

Until further notice, QSE will run the systems in parallel to ensure the continuity of regulated information to the market.

See 'Implementation' for further detail.

The Rules

Q. How does the introduction of Q-Disclosure relate to the QFMA Offering & Listing Rules and QSE Rulebook?

A. Listed companies' disclosure obligations themselves, under QFMA Offering & Listing Rules and the QSE Rulebook, will not change but the manner in which the financial statements and non-financial disclosures is submitted will.

In the future (from Q3 2020) financial and non-financial disclosures must be submitted to QSE using the dedicated Q-Disclosure Platform.

Responsibilities required under either immediate or periodic disclosure covered by Articles 47 & 48 (and captured under articles 6.7.13 and 6.7.14 of the QSE Rulebook) will remain the same; we are not changing the information required, its scope or timing but only changing the way and format in which it is sent to QSE for onward publication.

Q. Will the timing of disclosures remain the same?

A. Financial Statements - Yes, the requirements as to annual audited (90 days), semi-annual reviewed (45 days) and quarterly (30 days) will remain the same. Similarly, the timing of announcements related to the financial statements, for example, the release dates of periodic information will remain unchanged.

A. Non-Financial Disclosures - Yes, the timing requirements as to for example, AGM announcements, Board Meetings etc. will remain the same.

Announcements that are required for 'Immediate Disclosure' will remain subject to the existing timing and price sensitive considerations.

It will remain the case that listed company announcements cannot be made during trading hours.

Q. What will be the mechanism for 'enforcement' and who will be responsible for that?

A. As Q-Disclosure will be incorporated in the QSE Rulebook and by way of Market Notice, QSE will be primarily responsible for the monitoring and enforcement of the XBRL implementation.

The QSE Rulebook (Chapter 8) sets out the investigative procedures and sanctioning powers of QSE; after a duly constituted investigation committee has delivered a recommendation to the CEO and if penalties are envisaged QSE has the power to issue letters, require re-dress and impose fines.

Q. Will there be an appeals procedure?

A. Yes, Chapter 8 of the QSE Rulebook allows for a listed company to appeal to the QFMA within 21 days of a decision by QSE under the investigative procedures set out in the same chapter.

Q-Disclosure Platform

Q. How can I access the Q-Disclosure Platform?

A. The Company Users (CUs) and Super Users (CSUs) can access the Q-Disclosure platform through any browser, as long as they are connected to the internet. CUs and CSUs can then login into the Q-Disclosure platform through the link provided by QSE.

Q. How do CUs and CSUs get registered?

A. The CU will be registered by CSU, after which an email with the username and a One Time Password (OTP) will be sent to the CU on the registered email address. The CU can login into the Q-Disclosure platform with the username and the OTP. This portal can be accessed in either English or Arabic.

CSUs can register themselves on the portal. On submitting the details, request for registration will be sent to QSE functional admin/Section Head or Department Head from MOC Department for approval. Once approved by QSE an email with the username and a One Time Password (OTP) will be sent to the CSU on the registered email address.

Q. Are there special requirements for CUs and CSUs?

A. No, CUs and CSUs can be nominated on the basis of listed company requirements. The approval of QSE for CUs and CSUs is a security/control mechanism to ensure only approved users enter the system but it is not designed to enable QSE to necessarily vet the Users.

Q. Can I add additional CUs?

A. Yes, the CSU can add additional CUs for the Company at any time.

Q. What do I do if authorisation of CUs or CSUs changes?

A. For security and control purposes listed companies have an obligation to inform QSE of changes to the CU and CSU. Listed companies should send written notice of changes to: Mr. Nasser A. Al-AbdulGhani, Market Operations Director, Qatar Stock Exchange – and by e-mail to mohd.alrumaihi@qe.qa and Lamia@qe.qa.

Q. How do CUs and CSUs navigate the Platform?

A. Financial Statements - on logging into the portal successfully, the CU and CSU will be navigated to the Financial Statements Dashboard from where the CU or CSU can (i) upload filings (ii) view the validation status of the filing (iii) view pending filings (iv) view the history of the filings and (v) download the relevant taxonomy templates.

A. Non-financial Disclosures - on logging into the portal successfully, the CU and CSU will be navigated to the Disclosure Dashboard from where the CU or CSU can (i) create filings (ii) view the validation status of the filing (iii) view pending filings and (iv) view the history of the filings.

Q. Who can create and correct filings?

A. Both CUs and CSUs can create and correct financial statement or non-financial disclosure filings. Upon correction any previous filing will be discarded and the filing list will have a new entry with an updated version number, submission date, and updated date.

Q. Who can approve/reject and submit filings?

A. Only CSUs can approve/reject and submit financial statements or disclosure filings.

Q. How do auditors fit into this Q-Disclosure workflow?

A. QSE expects your auditors to be central to the filing process but do not seek to change the workflow.

Firstly, a CSU must initiate an association of his/her company with an audit firm who will be responsible for auditing their filing. To do so, the CSU must link/add the auditor to the Q-Disclosure Platform who, upon receiving an e-mail can accept the initiation.

See 'How do AUs and ASUs get Registered' below.

The Auditor User (AU) or Auditor Super User (ASU) can view only the list of companies associated with them for auditing their financial filings.

We anticipate that auditors will 'certify' the financial statements, whilst pending final approval from the CSU who will in turn submit the filing to QSE.

Q. Will this mean more fees for our audit?

A. We anticipate the scope of work for your auditors will incorporate their involvement in the sign-off of audited and/or reviewed accounts. However, we do not mandate how this process will work (in fact the sign-off should be the same as audited accounts historically) and leave it to each company to discuss with their auditors; the fee element is outside of QSE control and should be part of that discussion.

Q. How do AUs and ASUs get registered?

A. The AU will be registered by ASU, after which an email with the username and a One Time Password (OTP) will be sent to the CU on the registered email address. The AU can login into the Q-Disclosure platform with the username and the OTP. This portal can be accessed in either English or Arabic.

ASUs can register themselves on the portal. On submitting the details, request for registration will be sent to QSE functional admin/Section Head or Department Head from MOC Department for approval. Once approved by QSE an email with the username and a One Time Password (OTP) will be sent to the ASU on the registered email address.

Q. Which auditors can view/approve and reject filings?

A. Both AUs and ASUs can view financial statement filings but only ASUs can approve/reject financial statement filings pending final approval from the CSU.

Q. What are the operating system requirements to install the iFile tool?

A. In order to check the OS version of the machine, the CU or CSU can click on 'Steps to identify Operating System (OS) Version'.

Implementation

Q. What will happen for the Q3 2020 Reporting cycle i.e. for Quarterly Accounts dated 30th September 2020?

Quarterly Accounts announcement for the period ending 30th September 2020 should be submitted in the existing manner to 'Company News' with the XBRL quarterly financial statements template submission also required as a back-up submission. The existing Company News mechanism will still be the sole regulatory requirement.

Alongside that, the XBRL-based Quarterly Financial Taxonomies should be submitted from 1st October 2020 again as a back-up to Company News.

Q. Do listed companies have to submit under both formats (i.e. Company News and XBRL) simultaneously?

For Financial Reporting, for Q3 2020, QSE will allow listed companies to submit their XBRL-based taxonomies within a period not more than 3 days after the Company News and Quarterly Results submission.

For Non-Financial Reporting (i.e. the Quarterly Results template submission) listed companies will be required to submit both formats simultaneously.

Q. How will the information be displayed on the QSE website in Q3 2020?

For the Q3 2020 reporting cycle, both the Company News PDF and the XBRL-based taxonomies will be available on the QSE website.

Q. What will happen for the Annual 2020 Reporting cycle i.e. for Annual Accounts dated 31st December 2020?

Annual Accounts announcement for the period ending 31st December 2020 is required to be submitted via an XBRL-based financial statements template but a 'Company News' submission will also be required as a back-up submission. The XBRL-based announcement template will be the sole regulatory requirement.

Alongside that, the XBRL-based Annual Financial Taxonomies will be required again in parallel but with the Company News now as back-up.

Q. Do listed companies have to submit under both formats (i.e. Company News and XBRL) simultaneously?

For Financial Reporting, for Annual 2020, QSE will allow listed companies to submit their XBRL-based taxonomies within a period not more than 3 days after the Company News and Annual Results submission.

For Non-Financial Reporting (i.e. the Annual Results template submission) listed companies will be required to submit both formats simultaneously.

Q. How will the information be displayed on the QSE website in 2021?

For the Annual 2020 reporting cycle, both the Company News PDF and the XBRL-based taxonomies will be available on the QSE website.

Q. Will listed companies be required to re-submit historic financial statements in XBRL-based formats for comparison purposes?

A. No, the current scope of work does not include migration of historic data.

To the extent listed companies are able to provide like-for-like data this will however, be beneficial for all stakeholders.

Further Questions

Q. Where can I learn more about Q-Disclosure?

A. There are dedicated User Manuals for listed companies which will be made available to all Users.

Q. I am not comfortable that listed companies have had enough time to be trained on Q-Disclosure?

A. From formal announcement, listed companies have had nearly eleven months to prepare, test and familiarise themselves with Q-Disclosure. Each listed company has had the opportunity to go through at least 2 reporting cycles before the Q3 2020 deadline. Even then, the Company News mechanism will remain the regulatory requirement with the Q-Disclosure submission in parallel and as back-up.

Similarly, on non-financial disclosures, listed companies will continue to use the existing Company News mechanism until 1st October 2020 after which we will run a parallel system.

Q. Where can listed companies receive additional training?

A. XBRL is an open-source solution and as such many professional firms offer training and expertise in the area of XBRL generally. However, we have developed Q-Disclosure Platform alongside a leading XBRL provider, IRIS, who can provide additional training specifically on QSE's Platform. Listed companies should contact IRIS directly.

Q. Can our existing Excel-based reports be converted automatically into an XBRL file?

A. The Q-Disclosure Platform does not automatically do this.

Listed companies with their auditors will need to either populate the XBRL file manually or use off-the-shelf software which is widely available from XBRL vendors on the market. In the first instance, listed companies should contact IRIS directly.

Q. Will QSE support the Q-Disclosure Platform 24/7?

A. QSE and our Platform provider IRIS will put in place a support facility during normal Qatar working hours.

Initial queries should be directed to QSE between 8.00am – 2.15pm.

Q. Will QSE be charging listed companies for the Q-Disclosure Platform?

A. To date, QSE has covered the full costs related to the design, development and roll-out of the Q-Disclosure Platform. However, it our intention that in due course, subject to normal regulatory procedures, QSE will charge an annual fee to cover ongoing costs; we will provide prior notification on any changes to our pricing policy and/or fees.

Q. Can companies change the Taxonomy to account for customized requirements?

A. The Taxonomies are designed, having been 'mapped' to cover all listed companies and cannot be individually customized.

Listed companies, in discussion with their auditors, should be able to apportion every line item to an appropriate line in the Taxonomy. In addition, companies have the flexibility to add comments to line items and insert additional free text in the Notes.

Q. I had taxonomy changes during the UAT which have not been incorporated?

A. QSE evaluated all feedback on the basis of frequency, materiality and significance amongst listed companies.

It is not possible at this stage to have customized taxonomies for every company but we believe that listed companies, in discussion with their auditors, should be able to apportion every line item to an appropriate line in the Taxonomy.

Q. What happens when IFRS changes?

A. IFRS is of course not static; in the same way that companies' have to stay current with reporting requirements QSE will ensure that future changes to IFRS and how they impact Qatar will be incorporated appropriately in our taxonomies. Part of our maintenance of the system will include updates to the taxonomies to ensure they remain in line with IFRS. In similar systems globally these changes tend to happen only once a year and/or for significant developments.

Q. Why is there no dedicated taxonomy framework for the two listed Funds?

A. A significant element in our move toward XBRL-based financial reporting was the investor driven demand for comparability across companies and sectors.

ETF reporting is relatively straightforward and does not yet command the same type of investor-driven analysis that demands the features of XBRL-based reporting.

However, we intend to add fund-based taxonomies in due course.

Q. So the two ETF listed vehicles will not use Q-Disclosure?

A. No, both ETFs will be required to submit non-financial disclosures (including quarterly, semi-annual and annual results announcements) via the Q-Disclosure Platform from 1st October. The only element that will be different will be the ETF's exemption from providing taxonomy-based financial statements.

However, we intend to add fund-based taxonomies in due course.

Q. What do I do if I have further questions?

A. For further information, listed companies should contact the support number below depending on the issue concerned:

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