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## AFME's Consultation Response

### FCA Discussion Paper 24/2: Improving the UK transaction reporting regime

[Link to Discussion Paper](#)

14 February 2025

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#### Executive Summary

The Association for Financial Markets in Europe (AFME) welcomes the opportunity to comment on the FCA's Discussion Paper (DP) 24/2: Improving the UK transaction reporting regime.

AFME supports FCA's intention to improve the UK transaction reporting regime and achieve a balance between the value offered to the regulator for market surveillance purposes and the level of reporting burdens on market participants. Market participants incur significant costs to maintain adequate resources in order to comply with the various transaction reporting obligations.

AFME members believe that some of the existing reporting fields are of limited or no use to the FCA to detect market abuse and should, therefore, be removed given the disproportionate costs to reporting firms.

Streamlining the various reporting regimes to remove duplicate reporting, implementing industry-wide practices and standards, aligning with approaches in other key jurisdictions, where sensible, and simplifying the existing complexity in the workflow of information, can ensure better quality of data, increase efficiency and reduce cost of regulatory compliance on businesses.

We welcome FCA's pragmatic approach on the following issues:

- **TVTIC:** We believe that first option which is proposed by the FCA in the DP (i.e. requiring TVs to disseminate the TVTIC as a clearly labelled single piece of information) can help address the existing data quality issues with the reporting of TVTIC.
- **Reporting of instrument reference data by Systematic Internalisers ("SI"):** We support the removal of the obligations for SIs to report instrument reference data in FCA FIRDS.
- **Use of new technologies and data format:** We do not believe prescriptiveness is an effective mean to promote innovation and growth. Any changes to the existing data format should be justified from a cost-benefit perspective.
- **Indicator fields:** We agree with the FCA's proposal to remove the indicator fields from the transaction reporting regime as this will simplify reporting processes.

In addition, we encourage the FCA to be ambitious in its review and suggest, among others, the following areas of focus for the review:

- **Duplicative reporting:** Reporting obligations across different regimes can often overlap. A holistic review UK MiFIR, UK EMIR & UK SFTR could simplify reporting processes and remove reporting burdens that currently exist.

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- **Back reporting:** This is a mounting burden on firms, and the value to the regulator is minimal in certain instances. Firms should be able to back report either by submitting a new transaction report or by correcting any data points, without having to cancel the previously submitted report.
- **Reporting of UK branches of third country investment firms:** A better delineation of the scope of reporting would be welcome given the treatment of UK nexus for reporting purposes post-Brexit.

Furthermore, we advise against the introduction of new reporting fields that do not serve the goal of detecting and preventing market abuse. By way of an example, the proposed client categorisation field, the introduction of which is expected to cause additional challenges for reporting firms without delivering better data quality, does not appear to be justified by market monitoring purposes.

AFME remains available to discuss the feedback provided to this DP and provide additional technical input to inform the FCA's thinking in this area.

Our full and detailed response has been submitted using the online form available on the FCA website and is also available below.

No	Question
1	How should we balance alignment between international transaction reporting regimes with the benefits from a more streamlined UK regime? Are there particular areas where divergence would result in more significant operational challenges or costs? These could be specific to field content, trading scenarios, reporting arrangements, or any other area.
<b>Response</b>	
<p>AFME members believe that the streamlining of the UK transaction reporting regime can help facilitate the FCA's growth and competitiveness objective which underpins the FCA's approach in Discussion Paper 24/2 ("DP"). As the transaction reporting regime developed piecemeal over time, there is large scope to enhance its efficiency by removing duplication, unnecessary burdens, and reconsider areas where the overall cost of reporting clearly exceeds the supervisory benefit.</p> <p>A robust cost-benefit analysis will help ensure the appropriate balance between streamlining the MiFIR transaction reporting regime and its alignment with other regimes.</p> <p>Proportionality of costs for reporting firms can be missed when fields are amended or new fields are added, without delivering any meaningful benefit to support market surveillance. For example, regulators may have access to the same information through different datasets and this is, in particular, the case for certain derivative instruments which are subject to reporting both under MiFIR and EMIR. A more streamlined regime should avoid that duplication, and a possible solution could be to remove the reporting obligation under MiFIR for OTC derivatives as regulators can still have a complete and accurate view of a transaction in those instruments by looking at the data reported under EMIR.</p> <p>Likewise, the adoption of industry-wide accepted global standards (e.g. CDE fields, LEIs) would add to the overall efficiency of the framework.</p> <p>Divergence between reporting regimes has increased in recent years. This divergence can increase compliance costs for reporting firms that are subject to both EU and UK transaction reporting obligations. For that reason, additional guidance from regulators would be welcome to delineate the scope of reporting</p>	

in complex scenarios, as well as with respect to reporting obligations of UK branches of third country firms. Although changes to the reporting regime inevitably involve a transitional cost, a sufficiently meaningful burden reduction can help justify the investment by firms.

If successful, the FCA review on improving the UK transaction reporting regime will position the UK well to continue to attract capital markets activity as other jurisdictions undertake their own reviews.

As a general observation, where the costs or burdens for firms are not justified by commensurate benefit, we recommend that having changes simply for the sake of alignment between international transaction reporting regimes should be avoided. However, there are instances where alignment with other reporting regimes globally should be considered, with a view to promote UK competitiveness.

We also recommend that, when any changes happen across jurisdictions, there is some level of coordination between regulators (and especially between the FCA and ESMA, given the existing similarities of regimes in the UK and EU) so that implementation timelines are largely aligned.

We would encourage the FCA to be ambitious in its review and would suggest the following areas of focus:

- **Back reporting:** This is a mounting burden on investment firms (“IFs”), and the value to the regulator is minimal in certain instances. Our recommendation to the FCA is that firms are given the option to limit back reporting to only material changes and to simplify back reporting requirements. Based on their internal organisational models, IFs should be able to determine whether they need only to correct the impacted data point, rather than resubmitting an entire report. Additionally, with respect to backward compatibility we ask that the FCA follows a pragmatic approach to address any issues of comparability of format with ISO standards. In particular, where back reporting is required on transactions predating any rule changes, the original format of the report should continue to be able to be submitted and IFs should be offered the flexibility to decide whether they will back report by using the old format or switching to the new one.
- **Duplicative reporting:** Given the expansion of reporting obligations over time, AFME members have experienced increased duplication across reporting regimes, adding undue burden on IFs. We would propose that these duplicative requirements be removed:
- **UK MiFID/UK EMIR:** The current reporting regime is particularly complex for certain derivative products, resulting in reporting that does not accurately reflect the product being traded. For example, amending the scope of the UK MiFID transaction reporting regime to remove OTC derivatives would reduce the need for duplicate reporting under UK EMIR without reducing the transparency or data points available to the FCA. This approach would align the UK with the approach that has been taken in the US.
- **FCA FIRDS:** We recommend that the UK’s transaction regime excludes from its scope any transactions that are not executed on a UK trading venue (“TV”). Accordingly, FCA FIRDS should not include instrument reference data reported to ESMA by EEA TVs and systematic internalisers (“SIs”). This leads to duplicate transaction reporting volumes given that the same transaction is eligible to be reported both in the EU and UK due to the fact that reference data are reported both in FCA FIRDS and ESMA FIRDS.
- **Delegated reporting/Reception and Transmission of Orders:** We recommend that the FCA considers a single sided reporting model to limit the impact on firms to have to report on behalf of others. We would also propose that approved reporting mechanisms (ARMs), trade repositories (TRs) and central counterparties (CCPs) be required to support reporting for firms where they do not currently have the capability to report.

- **ToTV:** For instruments to be classified as “ToTV” there is currently a seven-day window for that product to become available on FIRDS prior to a transaction report being rejected. This window aims to allow for time to process and receive instrument reference data. Occurrences of delayed reporting of instrument reference data, which are recurring particularly for data on transactions executed on EEA TVs, necessitates reporting firms to reconcile against historically reported data to ensure accurate reporting. A timebound limit on the period in which an instrument can be classified as TOTV for the purpose of reporting, would remove the risk to reporting firms and tighten the requirement on TVs to report timely and accurate reference data. In this regard, we would recommend an instrument to become ToTV from the time of first publication.

Separately, we call for **new reporting guidelines** that harmonise all bilateral advice the FCA has given to reporting firms since MiFID II reporting began. Such guidelines should include in particular: remote booking, where the order originates outside the reporting entity, routing orders to entities in the same group, and any intra-group outsourcing activity.

No	Question
2	What changes could we make to the UK’s transaction reporting regime now to remove duplication or provide synergies with requirements in other UK wholesale market reporting regimes?
<b>Response</b>	
<p>We welcome the FCA’s efforts to remove duplication, and we think that there are opportunities for synergies with requirements in other regimes.</p> <p>In particular, harmonisation between MiFIR and EMIR can improve data quality and proportionality of costs for IFs. For example, the definition of a complex trade in Article 12 RTS22 and ESMA Guidelines 2016/1452 on transaction reporting, order record keeping, and clock synchronisation under MiFID II (the “ESMA Guidelines”) and similar concepts under EMIR should be aligned for consistency.</p> <p>However, <b>we disagree with an approach that would expand the scope of MiFIR transaction reporting in order to align with EMIR by inserting new reporting fields into MiFIR reports that already exist in the context of EMIR.</b></p> <p>This approach would lead to unnecessary duplication and increase of volume of reporting activity.</p> <p><b>Instead, harmonisation should be achieved by removing the obligation to submit MiFIR reports for those transactions that are within the scope of EMIR.</b> Removing OTC derivatives from the scope of UK MiFIR transaction reporting regime would help in reducing the burden on reporting firms.</p> <p>If, however, the FCA were to proceed with adopting into MiFIR reporting some of the reporting fields that already exist in EMIR, then we would request as a minimum that the same naming conventions and reporting logic are maintained.</p> <p>Additionally, we believe there will be potential synergies that can support streamlining the transaction reporting regime with data on various categories of individuals that is available in ‘Connect’.</p> <p>AFME members also think this DP can be an opportunity for the FCA to carry out a detailed analysis assessing a potential move towards a TR model. The latter could reduce costs and address tech connectivity</p>	

complexity. TRs offer a range of ancillary services to reporting firms, including several data quality services around feedback messaging, which appear to be more comprehensive than similar services offered by ARMs. Any such move would also require changes to the existing UK MiFIR provisions.

No	Question
3	Which areas of the transaction reporting regime do you find most challenging? Please explain why.
<b>Response</b>	
<p>The main challenges of the existing MiFIR transaction reporting regime include reporting of TVTIC, back reporting, reporting fields related to the branches in the UK of third country IFs as well as granularity of reporting fields for bespoke products.</p> <p>We further clarify our concerns below:</p> <ul style="list-style-type: none"> <li>• <b>TVTIC:</b> The lack of a common prescribed format and structure has resulted in diverging implementation between TVs, increasing the data maintenance cost for reporting firms. This would be avoided with a clearly defined format and structure and a requirement for TVs to disseminate a fully formed TVTIC as a single data point to reporting firms (pursuant to the first option currently being considered by the FCA at page 41 of the DP). Some TVs currently require market participants to derive a TVTIC from multiple data points and introduce format changes which are difficult for firms to track. Without a centralised point of maintenance, reporting firms must reconcile their data against each TV to ensure the accuracy, introducing the risk of an error in reporting.</li> <li>• <b>Back reporting:</b> We propose that the FCA provides flexibility by giving reporting firms the option to decide whether they will only correct single data elements of a transaction report, or cancel a report and submit a new one. This would allow firms to adjust back reporting more closely to their internal organisational set up and thus reduce costs and burdens. A typical example is corporate actions resulting in changed LEIs where the client of a reporting firm does not communicate the corporate action or change in LEI on time resulting to firms having to cancel the report and resubmit a corrected one. In that case, it could be more efficient for reporting purposes if a firm could have the option to correct a report and provide the updated information. Moreover, we recommend that any instance of back reporting should be agreed with the regulator before submission to ensure that the back reporting represents a meaningful change to the data already submitted. For example, if the country of branch field for a head office was omitted from a report, correcting it would provide no meaningful improvement to the data available to the regulator.</li> <li>• <b>UK branches of third country IFs:</b> Since the withdrawal of the UK from EU, there have been multiple issues that have led to confusion and overall duplicative reporting at the point of execution of a transaction between TVs and UK branches of third country IFs. As we further mention in our response to Q24 below, there are concerns about the knock-on effects and additional burdens that some of the FCA's proposals can have for UK branches in view of existing market practices when reporting under Article 26(5) of MiFIR transactions by non-UK MiFID IFs.</li> <li>• <b>Bespoke reporting scenarios:</b> Certain reporting scenarios should be excluded from MiFID transaction reporting, due to the complex and varying nature of the activity and/or the limited value from a supervisory perspective. We recommend that corporate actions and novations should be excluded from transaction reporting, since the decision to execute the trade would have already been taken and an original report would have been submitted with the information of the individuals or algorithms that had made the decision to execute. The processing of corporate actions or novations is often manual in nature and does not form part of the reporting firm's execution</li> </ul>	

records, complicating the reporting process. Additionally, where the buyer and seller fields cover the same party, an exemption from reporting should apply given the lack of usefulness that a transaction report would have in that scenario from a market oversight perspective.

AFME members appreciate the importance of guidance from the FCA and the value of publication and update of regulatory guidance to address the challenges in all the above areas. As stated in our response to question 1 above, we would recommend the FCA issues guidelines with a view to harmonise all bilateral advice the FCA has given to reporting firms since MiFID II reporting began. Such guidelines should include in particular: remote booking, where the order originates outside the reporting entity, routing orders to entities in the same group, and any intra-group outsourcing activity

No	Question
4	Could data quality be improved through new technologies or messaging standards? If so, how, and what can the FCA do to support this?
<b>Response</b>	
<p>Although new technologies and standards could help improve data quality, we are concerned that changes will lead to high compliance costs for reporting firms which will have to invest in resources to adapt their internal systems.</p> <p>In this regard, we do not believe that a potential move from XML to JSON format can offer any benefits that would outweigh the costs and overall burdens on market participants. Human readability should not be the reason to move from XML to JSON. XML schemes offer built in validations to improve data quality. Further, ISO20022 publish XML schemas whereas JSON is not officially supported, forcing firms to use or build proprietary data translations that introduce the risk of reduced reporting data quality.</p> <p>Furthermore, we expect further complexities, e.g. back reporting could become quite complex if reports previously submitted under XML format will have to be amended and resubmitted under the JSON format.</p> <p>Moreover, interoperability with other reporting regimes and related data schemes that are based on XML will become more burdensome and can lead to inconsistencies due to the structural differences between XML and JSON across different reporting regimes.</p> <p>In view of the above, <b>we recommend that regulators both in the EU and UK should prioritise a more consistent approach to formats and standards across different jurisdiction and reporting regimes.</b></p> <p>We also believe that <b>moving from reporting through ARMs to a TR model could give reporting firms access to better data quality services</b> such as data reconciliation and quality reporting.</p>	

No	Question
5	Do you use FCA FIRDS? If so, do you access via the GUI or through file download and what is your predominant reason for using FCA FIRDS?
<b>Response</b>	
<p>AFME members acknowledge the informational value of FIRDS, whose reference data can be used for various purposes, e.g. to determine transactions that are reportable, perform daily controls as well as for analysis/issue remediation.</p>	



AFME members access FIRDs both via the GUI and through file download. We believe there is merit in re-designing the existing GUI to improve user experience. We would also recommend that the FCA should provide the ability for real time access through API.

No	Question
6	Should CPMI firms be subject to UK MiFIR transaction reporting requirements for MiFID activity they conduct? Please explain why.
<b>Response</b>	
AFME members support the buy-side position that CPMI firms should not be subject to MiFIR transaction reporting requirements for the MiFID activity they conduct.	
From a sell-side perspective, we are concerned about a potential operational knock-on impact to sell-side firms which would expose IFs to greater risk.	

No	Question
7	What difficulties do you have in determining whether a financial instrument is TOTV, if any? Please make your response asset class specific, if applicable.
<b>Response</b>	
From an equity and bond cash instrument perspective, generally AFME members do not perceive any difficulties, but understand there may be problems across other asset classes.	

No	Question
8	Does the daily rolling ISIN issue impact your firm? If so, please explain for which asset classes and sub-asset classes. We would welcome any data you can provide on associated costs.
<b>Response</b>	
AFME is not responding to this question as our consultation response focuses on equity and bond cash instruments.	

No	Question
9	Would reporting the UPI for instruments in scope under UK MiFIR Article 26(2)(b) and (c) require firms who would not otherwise have to obtain UPIs to do so?
<b>Response</b>	
AFME is not responding to this question as our consultation response focuses on equity and bond cash instruments.	

No	Question
10	What would be your preferred identifier for OTC derivatives in the transaction reporting regime? Please indicate why and explain which types of OTC derivative it should be applied to.
<b>Response</b>	
AFME is not responding to this question as our consultation response focuses on equity and bond cash instruments.	

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No	Question
11	Would you support a change to the scope of reportable instruments to align with UK EMIR?
<b>Response</b>	
AFME is not responding to this question as our consultation response focuses on equity and bond cash instruments.	

No	Question
12	Trading venues: is further guidance required on when instrument reference data should be submitted?
<b>Response</b>	
N/A	

No	Question
13	Trading venues: Would you support making all instrument reference data reportable only the first time there is a reportable event and for any subsequent changes? Please explain why.
<b>Response</b>	
N/A	

No	Question
14	Trading venues: Do you anticipate any issues with applying the concept of admission to trading across all trading venue types? Please explain why.
<b>Response</b>	
N/A	

No	Question
15	Trading venues: Do you agree that the obligation to submit instrument reference data should apply from the date on which a request for admission is made? Please explain why.
<b>Response</b>	
N/A	

No	Question
16	Trading venues: How do you currently determine and source the request for admission date?
<b>Response</b>	
N/A	

No	Question
17	Trading venues: Would defining “request for admission to trading” help determine what date should be applied for this field? If so, please suggest how this could be defined?
<b>Response</b>	
N/A	

No	Question
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<b>18</b>	Do you support removing the obligation for SIs to report instrument reference data? Please explain why.
<b>Response</b>	
<b>AFME members are strongly supportive of the proposal to remove the obligation for SIs to report instrument reference data.</b>	
We stipulate, however, the obligation for SIs should not be replaced by an obligation for another entity type, i.e. designated reporters (DR).	

<b>No</b>	<b>Question</b>
<b>19</b>	Would you support the introduction of an opt-in register of UK investment firms willing to act as a receiving firm? Are there any other challenges associated with the transmission mechanism that limit the potential effectiveness of this solution?
<b>Response</b>	
AFME members note a similar mechanism has already existed since MiFID II and there observed no demand for this. AFME members also note they have refrained from providing this service due to the associated risks and liability on the executing firm to correct the report if it is wrong.	
For these reasons, <b>AFME members strongly oppose the introduction of an opt-in register of UK IFs willing to act as a receiving firm.</b> AFME believes the requirement for an opt-in register will only add unnecessary complexity and may create an expectation that this service should be provided when there is no client demand.	

<b>No</b>	<b>Question</b>
<b>20</b>	Do you have any other suggestions that could help reduce the reporting cost for smaller firms?
<b>Response</b>	
AFME members suggest smaller firms could use ARMs to reduce their reporting costs. We also suggest firms should be able to make targeted amendments for field-specific transaction reporting errors, and preferably via ARM. There is currently disproportionate cost and effort associated with field-specific reporting errors.	

<b>No</b>	<b>Question</b>
<b>21</b>	Would you support UK MiFID investment firms (including a UK branch of a third country investment firm) being able to act as a receiving firm for non-MiFID investment firms (which are not subject to transaction reporting obligations)?
<b>Response</b>	
<b>AFME members do not support the proposal</b> to allow UK MiFID investment firms (including a UK branch of a third country investment firm) to act as a receiving firm for non-MiFID investment firms as we do not see any benefit.	
In the event this proposal is implemented, AFME members suggest the proposal should be optional for UK branches of non-UK firms themselves to decide whether or not to implement.	

<b>No</b>	<b>Question</b>
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22	Trading venues: are there fields or trading scenarios that are particularly challenging to report accurately under Article 26(5)? If so, please provide details.
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#### Response

N/A

No	Question
23	Trading venues: do you currently report negotiated transactions under Article 26(5)? If so, do you face any difficulties reporting these transactions? If not, would you anticipate any difficulties reporting these transactions?

#### Response

N/A

No	Question
24	Would you support reporting under Article 26(5) for all UK branches of third country firms? Please explain why.

#### Response

AFME agrees that removing the obligation of UK branches of third country IFs to report transactions executed on UK TVs and requiring from TVs to report those transactions could in principle eliminate the duplicative reporting volume that the FCA has observed. TVs already have the obligation to report on venue transactions executed by non-UK MiFID investment firms under Article 26(5) of MiFIR.

By supplementing this obligation with the requirement to also report on venue transactions by UK branches of non-UK MiFID investment firms, a better delineation of the scope of reporting could be achieved.

However, **AFME observes that existing contractual arrangements between UK TVs and non-UK MiFID members of the TV can be disproportionately burdensome on IFs and have the effect of shifting the regulatory obligations from TVs onto the IFs.**

For example, some TVs currently ask member firms to provide full transaction reports (and sometimes submit their transaction reports through an ARM).

However, there are also other TVs who are able to meet their reporting obligations under Article 26(5) MiFIR without asking for unnecessary information from their members.

**While AFME appreciates the need to ensure that the FCA receives good quality data from TVs, it should be noted that TVs already have access to the key data points that would enable them to submit accurate transaction reports. In particular, the majority of data required for RTS22 reports is already provided to TVs at the point of execution of a trade.**

By relying on those data points, TVs are expected to be able to fulfil their obligations under Article 26(5) of MiFIR without creating, due to duplicative submissions, a highly inefficient and costly process. **This is further amplified by the differing contractual obligations (both in terms of content and format) which IFs, as members of TVs, need to abide by.**

With the expanded scope of TV reporting as per FCA proposals, this inefficiency could be further exacerbated by the possible proliferation of agreements between TVs and non-UK MiFID IFs (including their UK branches).

To address the above implications, we would propose the FCA to consider the following:

- (1) provide guidance to TVs that will help them to effectively comply with their obligations without imposing unnecessary and disproportionate burdens on IFs.** This guidance could further include ways to make reporting more straightforward, such as by explaining how TVs could leverage RTS24 reporting fields and FCA Connect. In this regard, there will also be merit in considering whether there is need to apply a simplified transaction reporting regime with less reporting fields for the reporting obligations of TVs;
- (2) third country IFs should be given the option to decide how they report to the FCA their activities on UK TVs (carried out via a UK branch or not).** In those cases, the third country IF shall enter into a bilateral agreement with the FCA that would specify the terms of reporting and the TVs (or types of products/instruments) that this reporting shall cover.

No	Question
25	Do you have a preferred option for improving the usefulness of the TVTIC? Are there other options we should consider?
Response	
<p>AFME members appreciate the FCA's pragmatic approach to address the challenges that reporting firms face due to the lack of standardisation in the generation and dissemination process of TVTIC by TVs.</p> <p>Reporting of TVTIC represents one of the greatest sources of compliance cost for reporting firms and requires immediate attention. Until the current issues are fully resolved, <b>it would be premature to consider a possible expansion of the scope of TVTIC in the future</b> (e.g. to capture negotiated trades in its perimeter, or extend it to non-UK TVs, or to use a transaction identification code for transactions occurring off-venue). AFME has expressed its opposition to similar proposals included in the ESMA consultation paper on the review of RTS 22 published in October 2024 (please see our response <a href="#">here</a>).</p> <p>With regard to the two options that the FCA is currently considering in the DP in order to improve the usefulness of TVTIC, <b>we are supportive of the first option, whereby UK TVs will be required to disseminate the TVTIC as a clearly labelled single piece of information and thus, buying and selling parties will no longer have to transform data received.</b></p> <p>Additionally, it would also be worth exploring ways to ensure standardisation of format and structure of TVTIC especially in the case where a trading venue does not disseminate the TVTIC in accordance with option 1. This could be achieved through the second option that the FCA is considering in the DP.</p> <p>Therefore, we think that the FCA should adopt the first option and, in conjunction with that option, support the consolidation and publication of relevant information on the expected format and structure of TVTIC. This can be also a valuable piece of information to all market participants.</p>	

No	Question
26	Do you think changing the name and content of RTS 22 Field 5 would improve data quality?
Response	

If the FCA were to change the name of the field, we would suggest 'reporting firm covered by UK MiFIR' or similar as this would capture both investment firms under Article 26(1) of UK MiFIR and TVs under Article 26(5) of UK MiFIR.

AFME members would also welcome clearer guidance on the usage of this field.

No	Question
27	Do you agree that an investment firm should be able to report the underlying client instead of a trust LEI in all instances where the identity of the client(s) is known? Should we allow the use of the appropriate national identifier for the client(s) in this scenario?
<b>Response</b>	
AFME disagrees with that proposal. Identification of trusts is at this time quite challenging, and it is also not clear from the FCA's proposal whether the term 'underlying client' shall capture the trustee or the beneficiary of the trust.	
We expect that there will be considerable challenges to obtain, store, and update that type of data especially when data is related to a family office.	
There are also various concerns around confidentiality and compliance with data protection law due to the sensitive nature of any personal information of underlying clients.	
As a minimum we would urge the FCA to provide optionality for this requirement, i.e. allow reporting firms to use a trust LEI or to report the identity of the underlying client.	

No	Question
28	Would you support simplification of the requirements for the buyer and seller field when trading on a trading venue where the counterparties are not known at the point of execution?
<b>Response</b>	
AFME supports simplification of requirements where the identity of the counterparty is not known at the point of execution.	
Currently, a buyer or seller who is not a clearing member of the CCP that the TV uses as central counterparty can have difficulty in providing the LEI of the CCP in their transaction reports.	
In those cases, having the obligation to report only the segment MIC of the trading venue could be a solution.	
However, AFME members think that the FCA should provide the optionality to reporting entities to continue to report the LEI of the CCP where that information is available to them.	

No	Question
29	Do you have any suggestions for how data quality could be improved for transactions involving transmission?
<b>Response</b>	

We think that further guidance from the FCA addressing different trading scenarios would be useful to ensure greater consistency of data.

We further think that the FCA should revisit the approach on transmission of orders. There are various complexities with data quality in delegated reporting where order transmission applies due to banking secrecy and data protection rules.

In order to avoid the risk of misreporting, it should be made clear in the FCA's guidance that parties should be required to transaction report for themselves (given cost of overheads, legal agreements etc.).

The requirement for reporting firms to submit reports on behalf of other market participants places an onerous burden on larger IFs.

We propose the removal of the mandatory aspect of this requirement and the concept of transmission of orders to be abandoned, since it places reporting firms at risk of non-compliance due to data submitted on behalf of a client.

As mentioned in our response to Q1 above, a move to a single sided reporting model to limit the impact on firms to have to report on behalf of others should be considered by the FCA.

No	Question
30	What challenges do you have reporting the quantity type and price type tags for particular asset classes, if any? What further guidance could we issue to help firms?
<b>Response</b>	
As also noted by the FCA in par. 5.29 of the DP, different reporting firms use different conventions for reporting of price and quantity.	
If the FCA aims for greater consistency across firms, this can be achieved via additional guidelines covering different types of asset classes as well as through aligning across all the reporting regimes where possible.	
Furthermore, where the current FCA guidelines are not sufficient to capture trading scenarios, harmonisation can be improved via publication of regulatory guidance or through adoption of industry best practices and standards.	

No	Question
31	Do you anticipate any challenges with aligning the reporting of the price for single name equity swaps with the reporting of forwards with a CFD payout trigger? Could this be applied to swaps with multiple underlying instruments?
<b>Response</b>	
AFME is not responding to this question as our response focuses on equity and bond cash instruments.	

No	Question
32	Would you support removal of the indicator fields from the transaction reporting regime? Please explain why.
<b>Response</b>	

Yes. We believe such removal can support simplification of reporting process.

No	Question
33	What difficulties, if any, would you anticipate in being able to provide a linking code for aggregated transactions? Which of the options outlined would you prefer and why? Do you have alternate suggestions to improve data quality for transactions which use INTC?
<b>Response</b>	
<p><b>AFME members oppose the inclusion of a new identifier/linking code for each set of market executions and client allocations</b> (option 1 discussed on page 47 of the DP) due to the various implementation challenges associated with linking aggregate trades. The ESMA Guidelines (section 5.23.2) also demonstrate that adding the aggregated linking code for every market side transaction when there are several market fills for several clients transactions would be challenging to implement and lead to a marked increase in complexity. Accordingly, this would negatively impact data quality.</p> <p>If the FCA were to adopt that option, we believe that the new identifier field should remain internal only, and should not be disseminated further.</p> <p>More generally, in the event that the FCA intends to make any changes affecting INTC, we think that option 2 (replacement of INTC) could be viewed as more suited, although our belief is that no changes are required at this stage.</p> <p>Furthermore, we would urge the FCA to provide appropriate guidelines for all applicable trading scenarios to demonstrate how any changes should be implemented.</p>	

No	Question
34	Do you anticipate any difficulties in reporting DTIs for an instrument or underlying? Are there other solutions that could allow us to identify when trading is in a tokenized security or has a tokenised security as an underlying?
<b>Response</b>	
<p>From an equity and bond cash instruments perspective, AFME does not support the proposed additional fields for the DTI. We do not believe the inclusion of a DTI is helpful for transaction reporting at this stage, particularly due to the immaturity of the market and consequent potential differing interpretations for the reporting of DTI.</p> <p>We have concerns with the introduction of these fields in MiFIR transaction reporting, which we do not see as relevant in MiFIR or for market abuse surveillance.</p> <p>We suggest the cost-benefit needs to be assessed (including workflow costs and operational costs), particularly as the DLT financial instrument market is still maturing, and it is too early to pre-judge developments. It is also important to maintain technological neutrality with treating financial instruments and DLT financial instruments in the same way.</p>	

No	Question
35	Do you support the inclusion of a new client category field? Please explain why.
<b>Response</b>	
No. AFME disagrees with the FCA's proposal to include a new "client category" field in transaction reports.	

Such an inclusion would introduce unnecessary technical complexity in transaction reporting and increase compliance costs without delivering any benefits:

- It is unclear how that new client category field can enhance market surveillance given that the indication of a client's MiFID categorisation does not seem to serve any of the goals of detecting market abuse, which is the key goal of a transaction reporting regime.
- Client categorisation is a dynamic process and subject to changes particularly for clients treated as professionals on request. In addition, some clients may opt-in to be treated as professionals only for certain categories/types of products and not overall. This assessment can further change upon their request.
- Due to the evolving nature of client categorisation and the technical complexities around static data maintenance at the point of execution of each trade, there is risk that any changes to classification based on a client request (either overall or for specific asset classes) will not be timely or accurately reflected on the relevant field in transaction reports. This would lead to incorrect submissions of reports.

In addition, under regulatory conduct of business rules in some jurisdictions there are scenarios where it is permitted to treat an agent as a client, but principal in other cases, and thus the distinction between instructing parties and clients can be blurred. Maintenance of distinct static sets to identify a client's categorisation for MiFID transaction reporting vs conduct of business rules would create unnecessary complexity and high operational costs.

We further note that client categorisation is under consultation by the FCA in CP24/24, and there are various proposals to refine the current approach that has been inherited from MiFID II in order to reflect and recognise the different ways that clients can present as 'professional clients'. As a result, it will be premature to discuss the impact of this transaction reporting proposal for a new client category field until the new overall approach to client categorisation has been finalised.

No	Question
36	Would you support either of the above options to enhance our oversight of DEA activity? If so, do you have a preference?
<b>Response</b>	
<p><b>AFME members have a preference for Option 2</b> i.e., the addition of a new reporting value in RTS 22 Field 59 (execution within firm).</p> <p>In the event Option 1 (new "true/false" field) is selected, AFME members would suggest the values used to populate the fields be "yes/no" rather than "true/false" as yes/no values are generally easier for users to complete correctly.</p>	

No	Question
37	Would you support the inclusion of two price fields? Please explain why.
<b>Response</b>	



**AFME members would caution against splitting up complex trades into individual components** of the complex trade with two price fields, purely for the purpose of transaction reporting, **as this adds unnecessary complexity.**

AFME notes that there are various practical challenges in the context of EMIR reporting when splitting complex trades and linking different reports for a single complex transaction, and AFME is therefore concerned about applying that approach with respect to transaction reporting under MiFIR.

No	Question
38	Would you have concerns with providing full names and dates of birth for the individuals within the firm responsible for investment decision or execution decision? Please explain why.
<b>Response</b>	
<b>AFME members have significant data protection concerns and caution that providing and storing this information could be considered a breach of GDPR in some countries.</b>	
It is typical for CONCAT identifiers to be stored at ARMs using short code and CONCAT only.	
The proposed data set requires names to be associated with the personal information, which would require connectivity to HR systems which adds complexity and increases risk. Additional connectivity to HR systems would also be a costly change in practice compared to if the data is stored at an ARM.	
We therefore query the cost benefit of providing these personal details for the investment decision and execution decision makers. AFME does not view as efficient or pragmatic to have all firms providing this information when there is a small number of scenarios when the identifiers for the investment decision maker and the execution decision maker are the same.	
<b>AFME believes it would be more prudent to ask for the information when these scenarios arise, or suggest, as an alternative, the FCA could leverage data already obtained via SMCR submissions in Connect.</b>	

No	Question
39	What difficulties, if any, do you encounter when submitting transaction reports for transactions in FX derivatives? Please provide details on how data quality could be improved in this area.
<b>Response</b>	
AFME is not responding to this question as our consultation response focuses on equity and bond cash instruments.	

No	Question
40	For all parties involved in chains with intermediary brokers, please can you provide further information on the trade flows and your understanding of reporting obligations.
<b>Response</b>	
<b>We would ask the FCA to provide some additional clarity on what constitutes an intermediary broker, a definition for brokerage activity in general, and some examples of the trade scenarios that would be captured.</b>	

There appears to be variation in how reporting firms interpret the reporting of transactions within a brokerage chain.

Different parties approach this from entirely different perspectives: some focus on the legal clearing arrangements established with clients, others consider the entity originating the transaction at the desk level, while some take an operational or systems-based view.

Clear definitions and examples would foster more consistency throughout the industry.

No	Question
41	What guidance on reporting of chains with intermediary brokers can we provide to improve data quality?
Response	
<b>Clear guidance on the key terms for intermediary broker, brokerage activity, and some examples would help ensure a more uniform approach across the industry.</b>	
Complexity increases further when, within the same entity group, the front-office, clearing functions, IT systems, and legal documentation are associated with different legal entities within the group.	
It would be beneficial if the FCA could provide a clear definition of what constitutes an executing broker's involvement in a transaction.	
Additionally, incorporating this definition across other MIFID streams would be helpful, as they are all affected by the same challenges and consistencies.	

## AFME Contacts

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## AFME

AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. We advocate stable, competitive, sustainable European financial markets that support economic growth and benefit society.

AFME is the European member of the Global Financial Markets Association (GFMA) a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) in Asia.

AFME is registered on the EU Transparency Register, registration number 65110063986-76.

We summarise below our high-level response to the consultation, which is accompanied by answers to the individual questions raised.