ISDA Safe, Efficient Markets
Celebrating 40 Years

Joint trade association response to the ESMA Call for Evidence (CfE) on a comprehensive approach for the simplification of financial transaction reporting

Link to CfE

19 September 2025

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A. Executive Summary

The Association for Financial Markets in Europe ("AFME"), the Futures Industry Association ("FIA"), the Global Foreign Exchange Division ("GFXD") of the Global Financial Markets Association ("GFMA") and the International Swaps and Derivatives Association ("ISDA") (collectively, the "Associations") welcome the goals set by the European Commission ("EC") to achieve simplification and burden reduction in the area of financial reporting and are supportive of ESMA's decision to pause the review of RTS 22, 23 and 24 and perform a comprehensive exercise to identify opportunities to integrate, streamline, and simplify reporting.

Efficient reporting can ensure regulators have timely and accurate information from the firms they supervise, helping them to improve the detection of market abuse and any other objective which may differ across relevant legislations. Further, it can assist firms in identifying anomalies and potential risks, while aligning the resources that firms deploy to comply with reporting requirements with the value of the information to regulators.

Regulatory reporting is currently one of the most significant sources of burden on investment firms and, consequently, offers one of the most fertile areas in which burden can be reduced. To achieve a meaningful simplification and burden reduction the Associations make the following proposals, which are further outlined in our response.

1. Key challenges

The existing overlapping and inconsistent requirements across major transaction reporting frameworks can be attributed to various factors. Amongst those included in the CfE, the Associations have identified the following as the main cost drivers:

- *Frequent regulatory changes and lack of flexibility to enable a phased implementation, synchronisation and coordination of the changes in the different reporting regimes*
- *Duplicative reporting of the same derivative instruments under MiFIR, EMIR, and REMIT*
- *Duplication of IT systems and processes*
- *Dual-sided reporting obligation under EMIR and SFTR*

We elaborate on these challenges in our response, as well as on other related issues of concern.

2. Simplification Options and Key Principles

The Associations believe that **Option 1a (Delineation by instrument) will be the most effective and cost-efficient way to eliminate duplication and streamline reporting** for two key reasons:

- a clear delineation of reportable instruments between MiFIR and EMIR can ensure that **a single transaction in a specific type of instrument will only be reported once**. Firms currently face duplicative reporting obligations for the same derivative instruments under MiFIR, EMIR, and REMIT. In our response, we call for each transaction to be reported under a single regime only, supporting the removal of Exchange Traded Derivatives (ETDs) from EMIR and Over The Counter (OTC) derivatives from MiFIR.
- the introduction of **single-sided reporting under a clear logic to identify the report submitting entity**. The dual-sided reporting model under EMIR and SFTR is identified as a major cost driver. The Associations advocate for a shift to single-sided reporting, which would reduce the number of reports, simplify processes, and align with global standards.

Furthermore, the Associations believe that the CfE offers a unique opportunity to identify not only *how* data is collected, but also (and most importantly) *why* and *whether* it needs to be collected. Therefore, **we propose a thorough assessment of the data which is required with the aim to limit the reportable fields to only those that are necessary for regulators to perform the supervisory functions associated with each reporting regime**.

In this regard, **we strongly oppose a potential transfer of all existing reporting fields in MiFIR to EMIR (and vice versa) to enable reporting of over the counter ("OTC") derivatives under EMIR only and of exchange traded derivatives ("ETDs") under MiFIR.**

With respect to the alternative simplification options included in the CfE, we acknowledge that there is merit in examining whether additional benefits can be achieved should there be a single reporting template as per Option 2a or Option 2b. However, **we think that a clear delineation of the scope of reporting between MiFIR and EMIR according to Option 1a could lead to a similar end state as Option 2a and 2b**, i.e. a truly "report once" framework without the additional cost and complexity that would arise if the existing EMIR and SFTR templates were to be incorporated into the MiFIR template.

To avoid the possibility of scope creep and excessive complexity, the Associations would welcome the establishment of a permanent industry taskforce with the aim to carefully calibrate in the long-term a unified reporting template across various reporting regimes. We refer to that proposal as "**Option 3**".

To advance the EU simplification and burden reduction agenda and enhance the attractiveness and competitiveness of European capital markets, we recommend that policymakers and co-legislators prioritise the necessary amendments to Level 1 and Level 2 rules with a view to

accelerate the adoption of the preferred simplification option. **Following the adoption of revised rules, it is essential that market participants are granted adequate implementation time to adapt their reporting systems and processes. We therefore urge greater clarity on expected timelines to avoid delays in rulemaking and to enable effective planning and execution by firms.**

3. Additional Recommendations

The Associations support the following proposals that touch upon other issues raised in the CfE:

- We highlight the need for a regular, predictable change cycle (e.g., annual consultations and fixed implementation periods) to enable better planning and harmonisation across reporting regimes.
- We stress the importance of balancing regulatory objectives with industry costs. We propose proportionality measures, such as limiting back reporting to material changes and simplifying exemption processes for intragroup transactions, to ensure that reporting requirements remain efficient and effective.
- We make certain recommendations to streamline transaction reporting in the short to medium term without any legislative changes. These include the suspension of phase 2 of EMIR REFIT, the exclusion of optional fields from EMIR reconciliation, as well as the consolidation and streamlining of ESMA Guidelines and Q&As.
- We support the development of an unambiguous, machine executable logic in the form of a code that can be implemented directly into the reporting systems and processes. In this regard, we propose ESMA to consider existing standards developed through industry collaboration.
- In view of ESMA's suggestion on a potential reform of the process for the submission of reports and the establishment of a centralised data hub, we are sceptical about the additional costs that may arise and consider certain refinements to that suggestion as well as alternative proposals that may involve the role of other intermediaries, such as trade repositories.

In a nutshell, we propose that the removal of duplication via Option 1a (and accompanied by the additional measures outlined in our response) can deliver significant cost savings and operational efficiencies that are fully aligned with the four guiding principles identified by ESMA in the CfE. In parallel, it is expected that data quality will improve for both regulators and market participants.

B. <u>Response to Questions 1-30</u>

Q1. Do stakeholders agree with the description of the key challenges outlined above? Is there any other issue linked to multiple regulatory regimes with duplicative or inconsistent requirements that is not reflected in this section? Out of the 10 sources of costs identified in this section and the ones that you may add, what are the three main cost drivers in your view?

The Associations agree that the main issues and challenges outlined in the CfE (Section 3) have contributed to increased costs for reporting firms and necessitate a thorough review of reporting rules to ensure that unnecessary burdens are removed while areas where the overall cost of reporting clearly exceeds the supervisory benefit are reconsidered.

In terms of prioritisation, noting that a "top 3" approach is reductive due to the interplay of several of these issues, the Associations view amongst the top challenges repeatedly identified by the industry to be:

- *Frequent regulatory changes and lack of flexibility to enable a phased implementation, synchronisation and coordination of the changes in the different reporting regimes*
- *Duplicative reporting of the same derivative instruments under MiFIR, EMIR, and REMIT*
- *Duplication of IT systems and processes*
- *Dual-sided reporting obligation under EMIR and SFTR*

"*Frequent regulatory changes and lack of flexibility to enable a phased implementation, synchronisation and coordination of the changes in the different reporting regimes*" is a key issue causing proliferation of reporting costs. This issue can also be seen as the root cause for many of the existing challenges, such as the duplicative reporting of the same transaction or same data. Piecemeal development of the various reporting regimes creates excessive compliance costs for firms, and can lead to inconsistent and duplicative fields. A regular and predictable change cycle should be implemented to enable the industry to better plan and manage changes to reporting requirements. For example, annual consultations on potential changes to RTS, ITS, and/or Q&As could be published only during a limited and predetermined time period, with any resulting implementation date also being within a limited and predetermined period. This approach to implementing any changes will by itself simplify the change-process for market participants, allow for better future planning, and more harmonised requirements across the regimes.

"*Duplicative reporting of the same derivative instruments under MiFIR, EMIR, and REMIT*" is a challenge we explain further in our response to Q3. **We support the removal of duplication and ensuring each transaction will be reported under a single reporting regime only**. To that end, we agree with the entire removal of Exchange Traded Derivatives (ETDs) from the scope of EMIR Article 9 reporting, and of Over The Counter (OTC) derivatives from the scope of MiFIR Article 26, as set out within Option 1a.

In this regard, we also stress the existing duplication of reported data within the same message (under both MiFIR and/or EMIR). In particular, data attributes captured within a product or instrument identifier i.e. an OTC ISIN, UPI and CFI, should not need to be reported again within the transaction message data fields. Removing the need to separately report data attributes inherent within identifiers avoids duplication of data with a single message, and regulators need no long receive the same information multiple times.

Further, the duplicative reporting of the same instruments (across regimes) and data (within a single report) has led to "*Duplication of IT systems and processes"*, which the Associations recognise as an avoidable cost. Ultimately, this has led to unnecessarily complicated and overlapping data, with increased potential for data mismatches, which risks distorting the overall data picture available to regulators.

Collectively, the removal of duplication across all the above areas is expected to realise considerable benefits and cost savings and achieve a meaningful simplification of reporting (as detailed in our response to Q25-30). It also could lead to more manageable, readily comparable and collatable reporting data sets being available to regulators.

"*Dual-sided reporting obligation under EMIR and SFTR*" is a major challenge that should be addressed in the context of the current review of the transaction reporting framework. We elaborate further on this proposal in our response to Q3.

We also note the following items from a cost perspective that could be addressed as part of the review:

- Different reporting channels across MiFIR, EMIR, SFTR, and REMIT: a move to a single channel could reduce complexity and cost (which we explore further in response to the options proposed). However, these four regimes do have notably disparate reporting channels at present, in particular REMIT compared to the others. It may therefore be preferable, and quicker to implement, so primarily focus on MiFIR, EMIR and SFTR.

- Intragroup derivative reporting: the process regarding the intragroup derivatives reporting exemption under Article 9 EMIR (valid notification of NCAs) is a key challenge for groups active in multiple EU countries and represents an additional burden not existing under CFTC No-Action Letter 13-09, which effectively exempts most inter-affiliate reporting for CFTC. Furthermore, the current notification process does not leverage existing channels to trade repositories via establishing a central submission process, as with "CFTC Clearing Exemptions" in order to "File Annual End User and Inter-Affiliate Exemptions for CFTC Reporting". Similarly, intragroup transactions under RTS 22, Article 2, and intragroup arrangements under RTS 22, Article 4, both under MiFIR, also pose challenges and an exemption for these would be beneficial to the industry without unduly compromising regulators supervisory oversight.

Finally, and in addition to the items mentioned within the CfE, we urge ESMA to consider the review of the **back reporting** framework. This is a mounting burden on firms and there is arguably minimal value to the regulators in certain instances. **Our recommendation is that back reporting requirements are simplified and firms are given the option to limit back reporting to (i) only material economic changes, and (ii) only reporting the corrected data point / fields rather than resubmitting an entire report**.

Q2. Do stakeholders agree with the proposed principles and related description? Is there any other aspect/principle that should be considered?

Overall, the Associations agree with the proposed principles in Section 4.1 of the CfE, subject to the following qualifications:

(1) Preserve information scope

The Associations believe that ESMA should not necessarily start from the position that the scope of information currently reported ought to be preserved in all cases. Certainly, one of the key principles should be that **transaction reporting should not go beyond the scope/remit envisaged by the relevant regulatory framework** and, wherever possible, there should be a review to critically consider how valuable and usable the scope of the information currently reported is in practice, and the opportunities for burden reduction where this test is not met, which may include a reduction of information scope.

Currently, there are various fields in MiFIR and EMIR that do not align clearly to the purpose of the respective reporting framework and this has created complexity and costs. For example, several of the new fields proposed by ESMA in the Consultation Paper Review of RTS

22[1] (October 2024) to perform transparency calculations for equity instruments are inconsistent with the goal of market abuse prevention, which is the key regulatory purpose of MiFIR transaction reporting.

Likewise, the Associations are of the view that valuation and margin fields are not necessary at the level of EMIR to ensure systemic risk management as regulators will already have access to this information, with firms separately reporting any breaches to valuations and collateral via other reporting channels. It is understood that data received via EMIR and MiFIR transaction reporting (including but not limited to valuation and margin data) can prove useful when applied by regulators for purposes beyond the remit of the two aforementioned regimes. However, where that is the case, it would be better to address gaps within the regimes for which such data is being used as opposed to increasing the field requirements in regimes that have clear and separate purposes.

For the purpose of any future reform, **the Associations stress that any unnecessary proliferation of data reporting fields should be avoided to prevent an unintended scope creep** and that **requirements already in place outside of EMIR and MiFIR transaction reporting should be utilised and/or enhanced to achieve the same controls and regulatory oversight.** We strongly recommend that ESMA carry out **a comprehensive review of existing fields for the revocation of all data elements that do not serve the purpose of the respective regime, across all regimes,** which should enable the removal of duplicative data between regimes, as well as avoid the need to include fields that go beyond the remit of a given regime.

Some specific suggested changes, which may not necessarily require Level 1 rule amendments and so could be implemented in the short to medium term, are included in the **Appendix** to this response.

We reiterate that a complete assessment of the required data should be carried out regardless of the simplification option eventually implemented. Reducing the number of reportable fields to only those specifically required for the purposes of a specific regime will reduce the reporting burden to the industry, but importantly it will still provide regulators with the information necessary to have sufficient oversight and arguably result in **better quality data** being submitted as market participants. The improvement to the quality of data will result from enabling reporting entities to have increased scope to focus on the essential data elements being reported without dedicating resources to validating and potentially resolving issues on fields that are either non-essential to the scope of the regime, or can be obtained elsewhere (e.g. from other regulations or derived from other data points). Within these parameters, the Associations agree that **data relevant to the legal scope of each respective regime and of material use to regulators should be preserved**.

(2) Ensure global alignment

Although global alignment of reportable fields and reporting framework is a desirable outcome and is supported by the Associations, it is not something that can be “ensured”. Therefore, we deem advisable to replace the word “ensure” which is currently used in the CfE by a more suitable term, such as “pursue”.

[1] ESMA12-2121844265-3745 Consultation Paper - Review of RTS 22 on transaction data reporting under Art. 26 and RTS 24 on order book data to be maintained under Art. 25 of MiFIR

Further, as we will explain below in our response to Q3, the current dual sided reporting requirements under EMIR and SFTR as well as the reporting of ETDs under EMIR are among the top barriers that prevent achieving alignment with other jurisdictions.

(3) Balance cost and benefit

There is scope to reduce burden on firms while ensuring regulatory authorities receive necessary information in an accurate and timely fashion. The current regimes have been developed piecemeal over time and, as a consequence, there are disproportionate and avoidable compliance costs on firms that do not necessarily provide a supervisory benefit.

Identifying the cost of reporting (to reflect both ongoing costs and costs of change) and cost saving opportunities is dependent upon various factors, which we explore further in the answers to Q25-30.

Q3. What are the key advantages of <u>Option 1a</u> and how do these benefits address the issues in section 3?

The Associations identify several advantages of Option 1a:

The removal of duplication of reporting across regimes. Through a clear delineation of the instrument types reportable under either EMIR and MiFIR, a single transaction in a specific type of instrument will only be reported once. For completeness, we note that transparency reporting will always be separate due to timing requirements so the "report once per transaction" concept excludes post-trade transparency reporting.

In this context, and in order to achieve the goal of "*report once per transaction*", we agree with the proposals made and clarify the following changes to be made to Level 1 rules:

- <u>MiFIR scope</u> – MiFIR Article 26 reporting should only include cash instruments and ETDs (the latter should be removed from the scope of EMIR). OTC derivatives should not be subject to reporting under MiFIR.
- <u>EMIR scope</u> – We agree with ESMA's proposal that EMIR reporting should include OTC derivatives only.
- <u>SFTR scope</u> – Although not mentioned as part of Option 1a, the Associations consider that SFTs shall continue to be subject to reporting under SFTR.

Furthermore, taking into consideration the principle of "preserving the information scope of each regime" (Section 4.1 of the CfE), any new fields that were to be introduced in EMIR (for the purposes of systemic risk) or in MiFIR (for market abuse) should be limited and justified to the extent they serve a specific regulatory goal associated with the respective reporting regime. Were it to transpire that all EMIR specific fields are added to MiFIR (and *vice versa*), there would arguably be: (i) no burden reduction for market participants, (ii) no guarantee that the quality of data provided is improved, and (iii) would hinder the potential to use Option 1a as a step towards achieving an Option 2 end state (as the cost to implement a superset of fields to both EMIR and MiFIR would negate any future cost savings that could be achieved under Options 2).

The move to **single sided reporting** for EMIR will help ensure that fewer reports are submitted and managed, thus achieving greater global alignment (including alignment with the US).

The existing dual-sided reporting construct under EMIR places a burden on firms, and particularly smaller / buy-side firms that would ordinarily benefit from a single-sided framework, as it results in a significantly increased number of reporting parties and reports being submitted compared to

a single-sided reporting regime. There will be also fewer voluntary delegated reporting arrangements required, which will benefit sell-side firms. All entities would benefit due to the removal of the need to exchange a UTI, removal of pairing and matching requirements (consistently identified as a significant part of reporting costs), and fewer submissions of reports to Trade Repositories (TR).

We strongly believe that the reconciliation of fields does not in itself ensure accuracy of data, and in fact can be detrimental to overall data quality by taking resources away from ensuring the submitted data is complete and correct.

However, **the introduction of single-sided reporting should be supported by clear logic to determine which entity is responsible for reporting**. There are some challenges with a single-sided reporting regime that could result in more work for some firms to manage the process if not implemented effectively. This is not insurmountable though and the details will need to be worked though effectively to achieve the intended reduction in burden to all firms. Firms should be provided with appropriate guidance and adequate implementation time to be able to operate under a single-sided reporting model.

We believe the reporting obligation should not *only* lie with the counterparties to a trade in all cases. In our view, other intermediaries should be responsible for submitting transaction reports in certain circumstances. For example, we would propose that **all trades carried out on a trading venue and centrally cleared shall be reported to the competent NCA by the trading venue or the CCP**. This approach leverages CCPs and trading venues as the golden sources for cleared and execution venue transactions, respectively, and would not only reduce reporting burden for numerous firms that currently submit transaction reports but will also help enable a move to single-sided reporting.

We acknowledge that it may be required for firms to provide a trading venue with more data than is currently required in order for the trading venue to successfully report the transaction. While such details will require due consideration and engagement with all relevant stakeholders to implement successfully, conceptually the approach would streamline the reporting process, and should be accompanied by a reduction of the number of reportable fields to only those specifically required for the purposes of a specific regime.

Should ESMA support the adoption of a single-sided reporting approach we would recommend the industry are engaged and consulted on the means to implement these changes, particularly on how to determine the entity responsible for reporting, considering the role of venues, CCPs, sell-side and buy-side firms. We would also encourage that where a third-country reporting regime is considered as equivalent, the single-sided reporting framework would equally apply where one of the counterparties are within such third-country.

Q4. What are the key limitations and potential risks of Option 1a? For example, do you consider the adaptation of the EMIR template to cover the data points used for market abuse surveillance as meeting the general objective of reducing the reporting burden, and why?

The Associations reiterate that, in order to realise the advantages of Option 1a, ESMA should carefully **review and adjust the reporting fields in EMIR (for OTC derivatives) and MiFIR (for ETDs)** to ensure that they do not include more than is absolutely necessary for regulators to perform the supervisory functions related to systemic risk and market abuse monitoring. Simply **transferring all existing reporting fields in MiFIR to EMIR (and *vice versa*) will lead to duplication of data, increased complexity, and limited streamlining benefit**. This should not

prevent ESMA from being ambitious in their approach to streamlining reporting, and instead, a meaningful review and adjustment of reporting fields will provide the opportunity to remove duplication of reported data and improve both the relevance and quality of data received by regulators.

Improved delineation of ETD products is required to ensure that ETD transactions, irrespective of where they are executed, are reported under MiFIR. In particular, the current regulations lead to ETDs executed on a non-recognised third country trading venue are treated as OTC derivatives for reporting. If this approach were to persist, such ETDs would be reportable under EMIR rather than MiFIR. It is essential for this definition of ETDs executed on non-recognised third country trading venues to be remedied in order to achieve the goal of "*report once per instrument type*" and for regulators to receive relevant and accurate information. We expand upon this point further under Q5.

With respect to the costs associated with the move to a single-sided reporting model under EMIR and a better delineation of the scope of reportable instruments between EMIR and MiFIR, we acknowledge that implementation costs for those changes could prove high. Nevertheless, we expect that, in the medium term, many firms with a large volume of transactions will be able to offset part of that cost due to the removal of duplication and the economies of scale that this can achieve. Longer term, the simplified process is expected to realise operational savings that outweigh implementation costs for such firms. However, due consideration should be given to all types and sizes of entities that would need to change their reporting requirements and processes and appropriate time given to make any required changes, recognising that not all firms have access to the same level of resources.

Q5. What components are missing or not adequately addressed in Option 1a? Why are these elements important, and how might their inclusion change the evaluation or implementation of Option 1a?

While ESMA's focus on *how* data is collected is helpful, a review of *why* and *whether* it needs to be collected across the three regimes is also important (as previously identified above). Our position below aims to fit this approach into the framework of proposals put forward by ESMA, favouring an expanded Option 1a as a workable solution.

The Associations point out to the following issues and proposed solutions:

- **ETDs on non-recognised third country venues**: All ETDs (including any ETDs traded on a non-recognised third country venue) should be assessed for reporting under MiFIR only. ESMA should adopt a market-based definition to delineate the scope of reporting for ETDs to ensure that any transactions on ETDs, i.e. all exchange traded options and futures, irrespective of the type of trading venue (i.e. all trading venues with an ISO 10383 MIC code) and irrespective of any decisions on equivalence shall not be treated as OTC derivative transactions. We also stress the need for appropriate guidance and sufficient implementation time to allow firms that currently report ETDs under EMIR and are not subject to MiFIR reporting to be able to effectively report ETDs under the new scope of MiFIR. Also, see our response to Q10 with respect to non-financial counterparties.

- **ETD valuation and margin calculations:** ESMA mentions the following among the key components of Option 1a: "*ETD Post-trade events. i.e. valuation/margins will need to be sourced from the CCPs and ETD and OTC positions to be calculated based on transaction data".* However, it is unclear who will be the party that will perform the relevant calculations. Furthermore, it is unclear how this data will be sourced if cleared through a non-EU CCP. We assume that this is referring to the positions of the (EEA) CCPs against

their clearing members, and not to any other positions (such as clearing member against their clients and any non-EEA positions). We also assume that ESMA will perform those calculations. This needs to be specified to ensure clarity of obligations.

- **"Report once" framework for each transaction**: The Associations think that there is an interplay between Option 1a and Option 2a. In particular, by delineating more clearly the scope of reporting between MiFIR and EMIR, the ultimate goal of reporting once can be achieved as each transaction shall be reported under a single regime only. Compared to Option 2a, where the goal of "report once" would also require extensive changes in the structure and substance of MiFIR reports as well as the relevant reporting systems, **Option 1a could achieve a similar outcome over a shorter time period and with considerably less costs for reporting firms**. This is because Option 2a, as proposed in the CfE, and without any reduction to the number of reportable datapoints, would essentially be a larger single "superset" reporting template based on an amalgamation of reporting fields across the three reporting regimes. Were this the case, it would actually lead to additional burdens for firms as many of these fields would not always be relevant for certain transactions or products.

  While we do not rule out a target end state akin to Option 2a, there should be a careful comparison and assessment of the additional benefits Option 2a achieves to determine to what extent it goes above and beyond what can be achieved via a carefully implemented modified Option 1a.

- **Systematic internalisers (SIs) & Designated Publishing Entities (DPEs):** As part of the effort to reduce the provision of duplicative data, **we recommend the removal of the obligation of SIs or DPEs (pending the updated RTS 23) to report financial instrument reference data under RTS 23**.

- **UCITS & AIFMs:** Further, we support the view of buy-side associations to maintain the existing exemption of UCITS management companies and AIFMs from reporting under Article 26 MiFIR.

- We would also recommend that ESMA considers the proposals included in the Appendix, which detail cost reduction opportunities in the near term not expected to require extensive legislative changes, providing an immediate benefit to the industry.

Q6. What are the key advantages of <u>Option 1b</u> and how do these benefits address the issues in section 3?

The Associations think that Option 1b is more complicated to implement and operationally manage than Option 1a and thus less preferrable. Nevertheless, we acknowledge that this option also has the potential to reduce duplication across MiFIR, EMIR and SFTR through a delineation of reportable event types between the respective regimes.

Additionally, the proposal for single sided reporting on which this option lies (albeit not explicitly mentioned in the CfE) is expected to contribute to a meaningful reduction of reporting burdens. However, as mentioned previously, such a change would require a clear reporting logic to determine the party that will be responsible to report.

Q7. What are the key limitations and potential risks of Option 1b?

Despite the goal of reducing duplication, **Option 1b is still expected to maintain situations where a single transaction may be reported twice**, under both EMIR and MiFIR. Ultimately, the

Associations are concerned that duplication will be maintained with added levels of complexity associated with the implementation of Option 1b.

Additional challenges and limitations that should be considered include the following:

- **Linkage between EMIR & MiFIR**: Based on Option 1b, we understand that post-trade events under EMIR need to be linked to the transaction reported under MiFIR. Potentially this will be a more complex and costly process to manage compared to a transaction being submitted to one regime only. We note that under Option 1b, some entities, which nowadays perform reporting activities pursuant to one reporting scheme only (for example, fall within the EMIR or SFTR perimeter, such as non-financial counterparties), would be required to adopt a second reporting scheme (pursuant to MiFIR) in order to be able to provide two different sets of information (for the execution and post-trade phase) for the same transaction. The need to link post trade event(s) related to a transaction (reported in EMIR) with execution (reported under MiFIR) will likely lead to additional costs and unnecessary complexity, also taking account of the fact that quite often the data relating to transactions of different types (e.g. repos, ETDs, OTC derivatives, cash securities) is contained in different reporting applications. With regards to OTC derivatives in particular, firms usually have their business system segregated by asset class rather than by type of trade or post-trade events, so Option 1b would require very costly developments feeding each regulatory regime to build "unnatural" segregations from each asset class source. In that option, implementation costs would be high and running costs would probably be higher than they currently are.

- **Additional data points for EMIR**: Some of the MiFIR data points may still be required for EMIR reporting, thus reducing global alignment.

- **Additional data points for MiFIR and EMIR due to integration of SFTR data points**: This is a major concern due to the possibility of scope creep. Embedding the SFTR reporting logic processes into MiFIR and EMIR is also expected to cause complexities and lead to additional costs.

- **Cost reduction:** A move to single sided reporting is expected to reduce costs. However, under Option 1b this may not be realised for some years due to the development costs, whereas a delineation of instruments under Option 1a will realise some cost reduction far more quickly (dependent on the size of the entity and current reporting obligations).

Q8. What components are missing or not adequately addressed in Option 1b? Why are these elements important, and how might their inclusion change the evaluation or implementation of Option 1b?

We refer to our response to Q5 for a detailed overview of issues that appear to be missing and require careful consideration.

Furthermore, given that Option 1b would also require the integration of SFTR fields into MiFIR and EMIR, we are concerned that such an integration can risk creating a scope creep that would be contrary to the principle of "preserving information scope" and the simplification aim of this CfE. It is also expected to bring additional challenges and costs due to the complexities arising from the need to amend MiFIR and EMIR to incorporate different reporting logic and methodology.

Q9. What are the key advantages of Option 2a and how do these benefits address the issues in section 3?

As explained in previous responses, the Associations think that there is an interplay between Option 1a and Option 2a. However, if appropriately calibrated, Option 1a can achieve the goal of reporting each instrument type under a single regime only (i.e. reported once) thus, leading to a similar outcome with Option 2a but in a more cost-efficient way.

Taking the above into account, we proceed to examining below some of the key advantages of Option 2a. However, these advantages should be viewed in conjunction with the risks and limitations described in our response to Q10 which helps demonstrate the lack of synchronisation of Option 2a with the principle of "balancing costs and benefits".

- **Remove duplication:** Each transaction will only be reported once under a single template.
- **Central location for data:** Reporting entities only need to use a single template for transaction reporting and connect to a single repository for submitting trade data. All reporting can be sent directly to ESMA/NCA, presumably with no fees or charge from regulators/supervisors, although we also note some concerns with the set-up of a single ESMA data hub, as expanded upon in our answer to Q19.
- **Single set of requirements:** Given the consolidation of Level 1 rules in a single set of reporting rules (which the CfE proposes to be MiFIR), it can be expected that it will be simpler for firms to manage the reporting process.
- **Single sided reporting:** As previously explained, this is expected to lead to significant reduction in reporting burden as fewer reports will be submitted and managed. It can also promote greater global alignment.

Q10. What are the key limitations and potential risks of Option 2a?

In principle, firms support a "report once" approach and believe it should be a long term goal. However, Option 2a as currently proposed is associated with significant limitations and risks that may prevent achieving a meaningful reduction of reporting burden. Instead, it is likely to add new layers of complexity, additional costs and investments in resources that would add to the burden of financial reporting. This complexity stems from: i) the heterogenous nature of the relevant financial instruments which, as of today, constitute the object of different reporting requirements and activities as well as, ii) the coexistence, as of today, of a plurality of reporting logics which should be made mutually consistent and integrated.

We note the high-level nature of the CfE, however, there is currently insufficient clarity in Option 2a to fully analyse the pros and cons, and Option 2a would not be viable if it were simply an amalgamation of all the reporting fields across the three reporting regimes. Even though there are some overlapping data fields across the three regimes, this is not the case for the majority of fields due to the notable and fundamental differences in the types of instruments and events that are reportable under MiFIR, EMIR and SFTR. The Associations are therefore concerned that numerous additional fields will be inserted into the existing Article 26 MiFIR reports that will blur the distinction between the scope of MiFIR and the other reporting regimes (EMIR and SFTR). This would actually increase the burden on firms, rather than reduce it.

A potential alternative that has been mooted to achieve the aims of Option 2a (a single report to regulatory across EMIR, MiFIR and SFTR), is to **utilise the role of Trade Repositories** (TRs). The proposal is for TRs to both (i) accept the single message template applicable for all instrument types, but also (ii) enable TRs to accept separate EMIR, MiFIR and SFTR messages from reporting entities. For this second scenario, the TRs would consolidate the data received into the single

message format prior to disseminating to regulators. This would provide reporting entities with the option to either use the single message format themselves or maintain current message formats specific to OTC derivatives, ETDs and securities. It also means, the regulatory authorities would still receive the information using the single report framework. An ESMA run data hub (Q19) could operate in this same way, although as we identify within our response to Q19, this should not come at an increased cost to the industry.

Consideration will need to be given to the details of how this approach would be implemented. For example, were such an approach to be employed, it should not necessarily compel market participants to exclusively report to a single TR. Assuming that is the case, TRs would need to share transactional data across EMIR, MiFIR and SFTR in order to consolidate into a single message, but conceptually it could meet much of what Option 2a sets out to achieve without unduly overburdening reporting entities.

In the event TRs were to accept either the single message format or separate message types for each regime in parallel for an extended period of time, this would allow for a more controlled and less dramatic change to the existing reporting framework that would lay the foundations to achieving the overarching aim of Options 2a and 2b of bringing several regimes under one rule set. Nonetheless, **we reiterate that such a consolidation of regimes must not simply be a "superset" of fields, but a considered and reduced set of datapoints**.

For **non-financial counterparties** (NFCs) which do not currently submit MiFIR transaction reports, a requirement to implement the new expanded MiFIR template will be a major challenge and source of high costs. Should ESMA decide to move forward with Option 2a, we argue that there should be significant changes to the approach and as a minimum NFCs should be excluded from the scope of the new reporting regime and maintain the *status quo* for them.

Therefore, to avoid the possibility of scope creep and the lack of balance between costs and benefits, the Associations recommend maintaining autonomous reporting regimes in the short term with a better delineation of instruments which will be subject to each of them. This can be achieved through the implementation of Option 1a. A longer term adoption of Option 2 (or any version of Option 2) should be justified on the basis of a sound, evidence-based cost-benefit analysis, that would allow comparison with Option 1a, and allow for an extended period of time where both the Option 1 and Option 2 frameworks (with the additional parameters suggested by the Associations above) are supported, enabling the industry to implement a controlled transition to the reporting end state.

Q11. What components are missing or not adequately addressed in Option 2a? Why are these elements important, and how might their inclusion change the evaluation or implementation of option 2a?

In view of the risks and challenges highlighted in our response to Q10, **should ESMA proceed to implement Option 2a, it would be recommended to ensure that this is implemented in a phased manner rather than aiming for a "big bang" implementation date**. This would allow time for all industry participants to familiarise themselves with the new regime and be able to support it effectively following implementation. For example, allowing TRs to support and accept existing message templates for each regime, while concurrently accepting a single 'super-set' message format (as expressed within the answer to Q10), would be less stringent for reporting entities to move over to the 'report once' framework over a longer and more controlled period of time.

In addition, establishing a single set of reporting rules for the different types of instruments captured under MiFIR, EMIR and SFTR will require comprehensive and detailed rules. Although

rules will be consolidated in a single place, the increase in available fields, products, and reportable events will increase the risk of inconsistent implementation of the rules by market participants. To address this risk, the rules should be published as machine executable code, alongside the legal text, as this will enable market participants to implement the requirements in a consistent and accurate manner (see Q20 for additional details).

Finally, we reiterate our belief that Option 2a does not appropriately consider the principle of "preserving information scope" but instead could lead to scope creep. Currently, each distinct reporting framework serves different regulatory purposes (e.g. MiFIR: market abuse surveillance; EMIR: systemic risk mitigation) and fields are supposed to be appropriately calibrated to reflect the unique scope of each regime. **However, the amalgamation of many different regimes to establish a single set of rules risks creating imbalances/inconsistencies due to multiple/different regulatory goals being commingled**.

Q12. What are the key advantages of <u>Option 2b</u> and how do these benefits address the issues in section 3? What regimes should be included in such an option beyond EMIR, MiFIR and SFTR?

Similar to our response to Q9 on the advantages of Option 2a, we think that in principle Option 2b has the potential to bring similar positive outcomes as it combines the full integration of MiFIR, EMIR, SFTR and other reporting regimes that are to be assessed.

Nevertheless, the Associations remain sceptical about Option 2b for the reasons that we explained in our responses to Q9-11. **As Option 2b aims for a more ambitious integration of different regimes, we think that it should only be considered after the successful rollout and application of Option 2a** (should Option 2a ultimately be selected), and only after further consultation with the industry as to whether the additional incremental benefits could be expected to justify the additional associated costs**.** This will allow time for lessons to be learned and for industry and regulators to develop solutions to any challenges that will arise while firms adopt their reporting flows to comply with the "report once" framework.

Q13. What are the key limitations and potential risks of Option 2b?

We refer to our response to Q10. We think that the risks and challenges described therein can be of greater magnitude as a larger number of distinct reporting rules, processes and systems will have to be harmonised and integrated into a single reporting format.

Q14. What components are missing or not adequately addressed in Option 2b? Why are these elements important, and how might their inclusion change the evaluation or implementation of option 2b?

We refer to our response to Q11.

Q15. Which of the two main options (1. "removal of duplication in current frameworks" or 2. "report once") and related sub-options identified do you believe should be prioritised, and why?

As outlined above, the proposal under Option 1a for the delineation of instruments (OTC derivatives to EMIR and ETDs to MiFIR), essentially achieves a "report once" framework more immediately, while also realising other changes that will streamline the reporting process. There are other elements we believe could also be incorporated, including but not limited to changes to the back reporting process, removal of duplicative data within a transaction message, and a comprehensive review of reportable fields with the aim of reducing the total number.

Many of these same benefits will be achieved through the Option 2 proposals, but these options, as currently proposed by ESMA, will lead to higher implementation costs and more complex requirements. If a cost-benefit analysis of *how* Option 2a were to be achieved indicates limited additional costs, then that could be merited as being the end target state. Without a clearer understanding of these details though, it is not possible to definitively state this to be the case.

<u>Therefore, on balance, and on the assumption additional proposals put forward above are also incorporated, Option 1a should be prioritised as the benefits can be realised more swiftly than via Option 2 changes</u>.

Q16. Are there any additional options that should be considered on top of Option 1 and 2? For example, do you identify other potential intermediate solutions, combinations of elements from the identified options, or phased approaches? If so, what are their main characteristics, the reasons for considering them, and the key advantages they would bring?

As mentioned in the previous answers, we support Option 1a as a more immediate objective but believe moving to a true "report once" framework should be the longer term goal. This would be effectively an improved "Option 2" (a new "Option 3"), which would involve a holistic, comprehensive re-think of the reporting regimes and what purpose they serve.

Rather than continually making incremental changes to the reporting regimes, which have developed in a piecemeal fashion and at different times and for different purposes, we believe that a more ambitious approach to burden reduction should be taken as a longer term goal – a "blank sheet of paper" approach – rather than continuing to adjust the status quo. **This would aim to better and more accurately identify exactly what information regulators need and what information firms can provide**. To achieve this, we recommend that ESMA/the EC carry out a full analysis on the reporting regimes with engagement from market participants, with a view to developing a proposal for a more ambitious reporting regime for the future.

Irrespective of the changes ultimately implemented, we would encourage the establishment of an industry group/taskforce to support this work to ensure industry engagement and input.

Furthermore, as expanded on in our answer to Q10, there may be a proposal where TRs can receive regime-specific templates, and aggregate the data across all regimes into a consolidated report to be provided to the regulators. Regulators can extract information specific to a given requirement from a single source / data lake or even receive transaction reports directly from reporting entities. This approach could be further enhanced such that reporting firms submit the minimum data necessary to meet the reporting obligation, and any further supplementary information required by the EU NCAs or by ESMA is derived from the identifiers in a consistent, centralised manner, for example, product information from the UPI, and entity information from the LEI.

Regardless of the simplification option that ESMA will decide to progress with, the Associations would welcome more clarity on the expected timelines for implementation of changes. Firms had already started work on adapting IT applications and systems, based on the draft text of RTS 22 published by ESMA last year, and are currently in the process of planning activities for the coming years, including budget allocations for FY2026. Therefore, we would welcome if, in its final report (if not earlier), ESMA clarified its planned initiatives in the field of transaction reporting and set out a timeline to allow firms to plan for implementation. Moreover, we recommend that policymakers and co-legislators prioritise the necessary amendments to Level 1 and Level 2 rules with a view to accelerate the adoption of the preferred simplification option. This would allow the benefits of simplification to be realised in a shorter timeframe than the estimated timeframes in

the CfE and can provide firms with more time for implementation, thus supporting the objectives of the EU simplification and burden reduction agenda as well as the attractiveness and competitiveness of European capital markets.

Finally, we have identified changes that could be made outside of the Level 1 rules, (i.e. to the technical standards, validation and reconciliation rules, and/or guidance/Q&A), which can form part of the overall effort to streamline reporting, but be implemented in a shorter timeframe compared to Level 1 changes. Please see the **Appendix** to this response for further details.

Q17. Should the reporting channels, and flows be modified to ensure consistent reporting, and if so, how? Under which option/s do you consider these changes should be implemented?

See Q16.

Q18. In this regard, and based on the current order book requirements for trading venues and the availability of information, what are the advantages and disadvantages of transferring the reporting of on-venue transactions under MiFIR and EMIR to trading venues?

As part of a move to single-sided reporting, which will require a clear methodological framework to determine the entity responsible for reporting, it is expected that requiring trading venues to submit transaction reports for on-venue transactions will achieve simplification of the reporting process. However, based on experience from transactions that are currently reported by trading venues, there are instances where trading venues request additional information from the parties to a transaction to complete their transaction reports (such as for the IDM field in MiFIR RTS 22 reports). This can create additional costs, challenges and risks for firms required to provide trading venues with this information on a timely fashion.

Therefore, while we support the proposal that trading venues be required to report all on-venue transactions, further analysis would be needed by ESMA to streamline reporting fields and ensure that trading venues can seamlessly submit transaction reports by relying on existing order book data. In the event that supplementary information is required by the trading venues in order to fulfil the reporting requirements it is important that this information is requested by, and provided to, the trading venues in a consistent format across all venues. For example, this could be achieved via a standard template in order to maximise the cost reduction for trading venue members under this approach and minimise the cost and complexity associated with providing the same information to different trading venues in different mechanisms and formats.

Q19. Additionally, what are your views on enhancing ESMA role as data hub by developing a framework where entities would report consistent and harmonised data directly to ESMA? Should this option consider direct reporting to ESMA coupled with EU and national authorities' access to the centrally held data, eliminating multiple submissions?

The Associations agree that the establishment of a central data hub can contribute to the simplification of the reporting process. However, the development and operation of a central ESMA data hub would require considerable investments in technology to ensure that this proposal can be effectively implemented. If ESMA would proceed with that, reporting firms should not incur costs and charges when they use this service. Furthermore, it is not clear what will be the role and monitoring powers of NCAs if ESMA takes on a more centralised role in the transaction reporting process. We would also encourage an ESMA data hub to be an option in addition to the existing TRs and ARMs, as opposed to it being the only means to submit reports.

Overall, we encourage due consideration is given as to whether benefits from moving to an ESMA data hub would be outweighed by costs and complexities at a time when other arguably more impactful changes are being made.

Q20. In the case of centralisation of reporting, please expand on the advantages and disadvantages as well as the implementation challenges and opportunities? Under this scenario, what additional elements should be considered (i.e. Operational aspect, technical implementation, etc.)

See response to Q19.

Q21. Do you consider that other technologies (e.g. DLT and Smart Contracts) should be considered as a way to simplify the reporting process?

An ongoing challenge with regulatory reporting has been the consistent interpretation and implementation of reporting rules across all market participants. While the introduction of more reporting standards over recent years (for example, the Critical Data Elements (CDE) and Unique Product Identifier (UPI)), alongside more complete guidelines from regulators (for example the ESMA Guidelines for reporting under EMIR[2]), have led to greater consistency in how market participants report transactions, each entity ultimately implements its own reporting logic within the reporting systems. Additionally, regardless of how extensive regulatory guidelines may be, there will always be products and scenarios not catered for.

To address this perennial problem of inconsistent interpretation and implementation of reporting requirements the Associations advocate for establishing regulatory rules as unambiguous, machine executable, logic that is published alongside legal text. The logic would use a standardised and freely available model and will allow market participants to either benchmark their own reporting code against the regulator published "golden source", or to implement the transaction reporting rules as code directly into their reporting systems and processes. This second approach would require limited additional interpretation or manual intervention, and once in place, only minimal costs would be incurred when future changes to requirements are published.

Market participants (representing a cross-section of the industry) have already commenced work to establish a common model for representing financial products and lifecycle events, and to represent the reporting rules as code. We encourage ESMA to consider the work that has already been carried out and is being used today, and expand upon those efforts to meet the requirements of EMIR, MiFIR and SFTR as required. Establishing a centrally available, machine executable model of the reporting requirements should be carried out regardless of the Option(s) ultimately implemented, and the cross-industry work can be leveraged while ESMA is considering a more standardised and automated reporting process based on DLT technology.

Prior to establishing a machine executable model of reporting rules, the transaction and reference data required for reporting must be fully standardised and freely available to the industry. To reduce development time and help ensure any such standard is fit for purpose, we encourage ESMA to explore existing standards within the market as opposed to developing them from scratch. Once such example of an existing common, open-source data standard for financial products already being utilised is the Common Domain Model[3] (CDM), which is under the governance of the Fintech Open Source Foundation (FINOS). This provides the foundation for initiatives to digitise regulatory reporting, key collateral management processes, and other post-

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[2] ESMA74-362-2281_Guidelines_EMIR_REFIT.pdf

[3] Common Domain Model (CDM) Resources

trade lifecycle processes. The CDM is a standardised, machine-readable and machine-executable data and process model facilitating the trade processing of repo, securities lending, bond and derivatives transactions and is based on cross-industry collaboration. As an open source model, the CDM is freely available to all market participants, including regulators, and can be applied as the foundation for producing machine executable reporting rules.

The Associations also highlight the ISDA Digital Regulatory Reporting[4] (DRR) initiative as an example of how reporting rules can be represented as machine executable logic. The DRR presents a single, unambiguous model to implement reporting requirements. As an open access model, market participants can utilise the DRR logic within their own reporting systems to ensure consistency of reporting across the industry, and accuracy in populating data fields. Because DRR is a single and openly available digital representation of the reporting requirements, any updates to the code only needs to be done once to the central model, and all market participant using the DRR can reflect that same change within their own reporting systems. This enables cross-industry consistency, compliance with the rules, a drastic reduction in manual intervention, and lower costs.

We encourage ESMA to consider the DRR as a template for producing EMIR, MiFIR and SFTR reporting rules as machine executable code, and recognise that any such digital model of the requirements should be technology agnostic. As previously highlighted, this will result in a more consistent and cost-effective implementation of reporting requirements, and simultaneously lead to more accurate and reliable data received by regulatory authorities.

We also highlight that the DLT has the potential to reduce reporting burdens in some scenarios by providing real time automated transaction records and enabling on-chain data synchronisation among market participants, and is immutable and transparent. It can further relieve reconciliation requirements and lower operation costs longer term. However, the barrier entries costs are high due to legacy system and DLT technologies in the market are still at a relatively immature state, so any realisation of benefits may be longer term.

Q22. Where do you think the cost associated with dual sided reporting is generated? What would be the cost impact of removing dual-sided reporting (e.g. Substituting reconciliation requirements with other measures such as audits against internal record systems as required in the U.S. or increase interaction among counterparties and NCAs)? Do you consider that dual sided reporting may reduce the ability of reporting entities to fully control the data submitted to authorities? Do you consider that the reporting should be strictly from one side?

"Switching off" dual-sided reporting should in itself have a limited impact on costs. Market participants should already have internal validation and reconciliation processes to ensure the completeness and accuracy of what is being reported. These checks would be *in addition to* the current reconciliation requirements, and not *instead of* such requirements. Therefore, many of the controls already in place will still apply, or can be adapted with limited cost, to ensure the quality and completeness of what is reported under a single-sided reporting framework.

As a consequence of reducing reporting costs and removing the requirement to perform pairing and matching checks, market participants will have more scope to ensure the data populated on transaction reports is accurate and in line with regulatory requirements. As such, reporting entities will arguably have enhanced ability to control what is submitted to authorities, and regulators will receive higher quality data.

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[4] ISDA Digital Regulatory Reporting – International Swaps and Derivatives Association

Q23. Would you consider the modification of reporting frequency useful under the general objective of reducing the reporting burden, and why? What would be the specific proposals in this regard?

T+1 reporting is generally considered sufficient and the current reporting frequency requirement does not need to be changed.

An alternative proposal has been suggested for: (i) the reduction of the reporting frequency in relation to specific data (e.g. valuation and collateral once a week), and (ii) the increase of the delay of reporting from T+1 to T+2. Rationale of the proposal: (i) it would be useful to assess the reduction of the frequency of reporting only for specific data (for example, for valuation and collateral once a week as indicated above), on the assumption that the data sent weekly is not the aggregation of reports that would otherwise have been sent on a daily basis and (ii) the proposal to move from T+1 to T+2 will give reporting agents more time to review reports and correct any errors.

Q24. Proportionality measures: how do you consider proportionality can be taken into account in the context of burden reduction in regulatory reporting? What specific measures would you propose and how would you quantify their impact?

We have mentioned above that part of the package of changes should include a comprehensive review of all the data elements to be submitted in order to meet the requirements of each regime, without placing undue burden on reporting entities by including data points that go beyond the regimes scope. This exercise alone could make notable positive differences towards streamlining transaction reporting without compromising the data regulators require to have sufficient market oversight.

Additionally, duplication of data should be avoided. For example, attributes inherent within identifiers should be fully utilised, thereby reducing the total number of data points to be submitted per transaction.

Q25. Question for reporting entities under EMIR: what is the one-off cost of implementing EMIR requirements to date? This cost should include all cost lines, such as familiarisation with obligations, staff recruitment, training, legal advice, consultancy fees, project management and investment/updating in it. Do you identify any other relevant one-off cost line?

A cost survey has been conducted to quantify costs under the various reporting regimes. The findings of the survey will be separately submitted to ESMA on a confidential basis.

Q26. Question for reporting entities under EMIR: what is your estimated average cost per transaction (on-going cost) to comply with the reporting requirements under EMIR? This cost should include not only the fees associated with reporting through trade repositories (which usually includes data collection and information storage) but also the total cost, including any other cost lines, such as, IT maintenance and support, training, data processing and audit fees. Do you identify any other relevant ongoing cost line?

A cost survey has been conducted to quantify costs under the various reporting regimes. The findings of the survey will be submitted separately to ESMA in anonymised form and on a confidential basis.

Q27. Question for reporting entities under MiFIR: what is the one-off cost of implementing MiFIR requirements to date? This cost should include all cost lines, such as familiarisation with obligations, staff recruitment, training, legal advice, consultancy fees, project

management and investment/updating in it. Do you identify any other relevant one-off cost line?

A cost survey has been conducted to quantify costs under the various reporting regimes. The findings of the survey will be submitted separately to ESMA in anonymised form and on a confidential basis.

Q28. Question for reporting entities under MiFIR: what is your estimated average cost per transaction (on-going cost) to comply with the reporting requirements under MiFIR? This cost should include not only the fees associated with reporting through Approved Reported Mechanisms but also the total cost, including any other cost lines, such as, IT maintenance and support, training, data processing and audit fees. Do you identify any other relevant ongoing cost line?

A cost survey has been conducted to quantify costs under the various reporting regimes. The findings of the survey will be submitted separately to ESMA in anonymised form and on a confidential basis.

Q29. Question for reporting entities under EMIR or MiFIR: Are there other cost-factors that we should consider when estimating the cost saving over a long term horizon?

A cost survey has been conducted to quantify costs under the various reporting regimes. The findings of the survey will be submitted separately to ESMA in anonymised form and on a confidential basis.

Q30. What are the anticipated investments and transition costs associated with implementing Option 1a, 1b, 2a and 2b (e.g. Decommissioning of legacy systems, adapting systems to new changes and future evolving requirements, etc.)? Please provide a detailed breakdown of these costs, including any one-off and ongoing expenses. What is the estimated average cost saving per transaction?

A cost survey has been conducted to quantify costs under the various reporting regimes. The findings of the survey will be submitted separately to ESMA in anonymised form and on a confidential basis.

C. Appendix – Identifying opportunities to streamline reporting in the short to medium term

Outside of the proposed Level 1 changes outlined with our responses to the questions above, the Associations have identified additional ways to streamline transaction reporting in the short to medium term. Some of them do not necessarily require legislative changes. These are detailed below.

- The full **removal of corporate actions obligations** from the scope of MiFIR reporting. The reportability of corporate action events is inconsistent and complicated to accurately determine as the processing of corporate actions is often manual in nature and does not form part of the reporting firm's execution records. An exemption for corporate actions should be considered in line with the existing exemptions for settlement and clearing events.

- **A considered analysis on the requirements for identifying investment and execution decision makers under MiFIR**. We believe there are alternatives to the

personally identifiable information (PII) currently being used that will maintain the rigor of the data provided on decision makers to allow the detection of market abuse.

- Removing the **reporting obligation attached to EU branches of third country investment firms** when executing on an EU trading venue under MiFIR. Coupling this with requiring EU trading venues to report all transactions executed on their systems by third country investment firms, irrespective of whether an EU branch was involved in the transaction, would simplify: i) the reporting obligations and process for many market participants, ii) remove some of the duplicative reporting, and iii) align with the approach put forward in the FCAs discussion paper on the UK MiFIR transaction reporting (see question 3).

- **EMIR Reconciliation**: In light of the removal of dual-sided reporting within the Options presented in the CfE, and therefore the removal of matching requirements between counterparties, we would propose the suspension of phase 2 of EMIR REFIT (scheduled for 2026), which will expand matching activities to a very broad array of fields. Additionally, we recommend all fields identified as optional should not be subject to reconciliation, including those fields already required to be matched. This would further pave the way for a move to a single sided reporting model.

- **Guidelines & Q&A**: The Guideline documents ESMA have produced for transaction reporting have been extremely useful. Additional ESMA guidance is then published as a Q&A. ESMA will also provide bilateral responses to firms and/or trade associations to questions submitted. While this guidance is welcomed and helps lead to complete and accurate reporting, it does become challenging to manage the information across several sources. Consolidating all the latest ESMA feedback into updated Guideline documents, which would then be updated periodically and act as the single source or ESMA Level 3 guidance, would be easier for the industry to manage and more likely lead to consistent interpretations of requirements.

- **Regular timeframe for change process:** Further to the above point on additional guidance provided by ESMA, updates to the Guideline documents should be only published once or twice a year at predetermined time periods, e.g. end of Q1 and end of Q3. Establishing a predetermined timeframe for producing updates to the reporting guidance will allow market participants to plan and budget for such changes more easily, and implement any updates more efficiently.

About AFME

The Association for Financial Markets in Europe (AFME) is the voice of the leading banks in Europe's financial markets, providing expertise across a broad range of regulatory and capital markets issues. We represent over 150 leading global and European banks and other significant market players. Our members play a vital role in Europe's financial ecosystem, underwriting around 90% of European corporate and sovereign debt, and 85% of European listed equity capital issuances. Importantly, AFME members are market makers, providing liquidity, which is essential for ensuring financial markets can function efficiently. We also represent law firms and

other associate members which advise market participants and support AFME's legal and regulatory initiatives.

About FIA

FIA is the leading global trade organization for the futures, options and centrally cleared derivatives markets, with offices in Brussels, London, Singapore and Washington, DC. Our membership includes clearing firms, exchanges, clearinghouses, trading firms and commodities specialists from about 50 countries as well as technology vendors, law firms and other professional service providers.

About the GFXD

The Global Foreign Exchange Division (GFXD) of the Global Financial Markets Association (GFMA) was formed in co-operation with the Association for Financial Markets in Europe (AFME), the Securities Industry and Financial Markets Association (SIFMA) and the Asia Securities Industry and Financial Markets Association (ASIFMA). Its members comprise 25[5] global foreign exchange (FX) market participants, collectively representing the majority of the FX inter-dealer market[6]. Both the GFXD and its members are committed to ensuring a robust, open and fair marketplace and welcome the opportunity for continued dialogue with global regulators.

About ISDA

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 1,000 member institutions from 77 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association's website: www.isda.org. Follow us on Twitter, LinkedIn, Facebook and YouTube.

[5] Bank of America, Bank of New York Mellon, Barclays, BBVA, BNP Paribas, Citi, Credit Agricole, Deutsche Bank, Goldman Sachs, HSBC, ING, JP Morgan, Lloyds, Mizuho, Morgan Stanley, MUFG, NatWest Markets, Nomura, Northern Trust, RBC, Standard Chartered Bank, State Street, UBS, US Bank and Wells Fargo

[6] According to Euromoney survey