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Final Report

On the Call for Evidence on a comprehensive approach for the simplification of financial transaction reporting

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1 Executive Summary

Reasons for publication

Transaction reporting obligations have expanded over time across multiple EU legislative regimes, most notably MiFIR, EMIR and SFTR, largely through a siloed approach to rulemaking. This has resulted in duplication, fragmented reporting processes and increasing compliance costs, raising concerns among market participants and authorities alike.

In line with its mandate under Article 26(11) of MiFIR, and building on the Interim Report[1] setting out stakeholder input, ESMA publishes this Final Report to provide EU policymakers with a clear, evidence-based assessment and a focused set of recommendations to support the simplification and integration of transaction reporting.

Contents

The report sets out the analytical basis for policy action by combining simplification principles with the main cost drivers behind reporting burdens. It then presents the policy options considered to address those drivers, including independent intermediate measures to deliver early relief and support the transition to more efficient long term structural solutions.

These options are assessed through a twofold cost-benefit analysis: one strand conducted by an independent consultancy focusing on impacts on market participants, and a second strand carried out by ESMA in cooperation with national and EU authorities assessing implications for supervisory authorities. Drawing on this assessment, ESMA recommends a staged approach combining short-term intermediate measures with a longer-term target scenario based on the “report once” principle which will include the creation of a single transaction reporting framework.

Next Steps

Following the publication, ESMA will support discussions with EU institutions and stakeholders on the proposed policy recommendations. In the near term, efforts will focus on implementing intermediate simplification measures. In parallel, work will be initiated to advance the target scenario, including the establishment of an appropriate implementation governance framework ensuring effective coordination and the participation of all relevant stakeholders.

Acronyms used

ACER	Agency for the Cooperation of Energy Regulators
ARM	Approved Reporting Mechanism
CCP	Central Counterparty
CfE	Call for Evidence
CSD	Central Securities Depository
DLT	Distributed Ledger Technology
DRSP	Data Reporting Service Provider
EC	European Commission
ECB	European Central Bank
ESAs	European Supervisory Authorities
ESRB	European Systemic Risk Board
ESMA	European Securities and Markets Authority
ETD	Exchange-Traded Derivative
EU	European Union
ISIN	International Securities Identification Number
MIC	Market Identifier Code
MTF	Multilateral Trading Facility
NCA	National Competent Authority
NFC	Non-Financial Counterparty
OIS	Overnight Index Swap
OTC	Over-the-counter
PoC	Proof of Concept
RTS	Regulatory Technical Standard
SME	Small and Medium Enterprise
TR	Trade Repository

[1] Interim Report on the Call for Evidence on a comprehensive approach for the simplification of financial transaction reporting (04 May 2026): https://www.esma.europa.eu/sites/default/files/2026-05/ESMA12-1406959660-3175_Holistic_review_of_the_regulatory_reporting_-_Interim_report.pdf

AIFMD	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010
EMIR	Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories
MAR	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation)
MiFID II	Directive 2014/65/EU of the European Parliament and the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU
MiFIR	Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments and amending Regulation (EU) No 648/2012
MMSR	Regulation (EU) No 1333/2014 of the European Central Bank of 26 November 2014 concerning statistics on the money markets (ECB/2014/48)
REMIT	Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency
SECR	Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012
SFTR	Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012
UCITSD	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities

2 Introduction

1. Transaction reporting plays a central role in the EU supervisory framework, supporting market transparency, the detection of market abuse and the effective oversight of financial markets. Over time, however, reporting requirements have expanded incrementally across multiple legislative frameworks, most notably MiFIR, EMIR and SFTR, largely as a result of a siloed approach to rulemaking across sectoral regimes. This evolution has contributed to a complex and fragmented reporting landscape, characterised by overlapping obligations, duplicative data submissions, and rising operational costs for both market participants and authorities.

2. Against this background, and in line with its mandate under Article 26(11) of MiFIR[2], ESMA has undertaken a comprehensive assessment of transaction reporting frameworks with the objective of identifying opportunities to simplify reporting requirements, reduce unnecessary costs, and improve the consistency and quality of reported data, while preserving the information necessary for effective supervision. As per the given mandate, the assessment presented in this Final Report focuses on the key structural changes needed in the respective Level 1 frameworks for reporting to allow for the simplification exercise to be implemented in more detailed Level 2 and 3 measures at ESMA level. The recommendations are not based on prescribing granular templates or detailed technical configurations upfront, but on establishing a clear mandate to develop the target simplification model through an iterative process, in dialogue with market participants and competent authorities. Detailed implementation matters, such as specific reporting scenarios or data points to be included in the revised reporting templates are not considered at this stage. This approach allows for maximum flexibility at the technical level which is the precondition for the creation of a more agile framework that can be implemented according to an inclusive governance to ensure close coordination with the market participants experts.

2.1 Reasons for publication

3. This Final Report is published in response to the concerns raised by market participants and national competent authorities (NCAs) regarding the cumulative burden generated by transaction reporting obligations across sectoral frameworks. Stakeholders consistently highlighted that frequent and unsynchronised regulatory changes, inconsistent definitions, duplicative reporting of the same transactions, data quality issues and associated resource implications in a fragmented reporting landscape, and the multiplication of reporting

[2] Please see Annex I

channels have substantially increased compliance costs without always delivering commensurate supervisory benefits.

4. In particular, this report is intended to provide policymakers with a clear, prioritised and evidence-based set of recommendations to address the most significant cost drivers identified in the current transaction reporting framework. These recommendations are designed to support informed decision-making by EU institutions, distinguishing between measures capable of delivering short-term relief and more structural options requiring longer-term consideration.

5. More broadly, the report contributes to ongoing EU initiatives aimed at regulatory simplification and burden reduction, supporting market efficiency and competitiveness while maintaining high standards of investor protection, data quality and market integrity.

2.2 Approach

6. ESMA assessment is based on a structured and iterative approach combining stakeholder engagement, data collection and analytical work. The objective is to ensure that the conclusions and recommendations set out in this report are grounded in robust evidence, reflect operational realities, and take into account both market and supervisory perspectives.

7. Stakeholder input was first gathered through a CfE, which served to identify the main areas of concern related to transaction reporting and to collect initial views on potential simplification avenues. The feedback received was subsequently analysed and summarised in an Interim Report, which provided a factual representation of stakeholder input and highlighted the main recurring themes, without drawing policy conclusions.

8. This evidence-gathering phase was complemented by targeted outreach activities, including dedicated workshops, a Data Day[3] and an open hearing[4], which allowed ESMA to engage directly with market participants and authorities, test preliminary findings and deepen its understanding of the operational drivers of reporting costs and inefficiencies.

9. In parallel, ESMA conducted a twofold cost-benefit analysis (CBA) to support the assessment of policy options. One strand of the analysis was carried out by an independent consultancy and focused on the impact of potential simplification measures on market

[3] ESMA. ESMA News. ESMA organises its first Data Day focused on burden reduction and digitalisation (07 October 2025): https://www.esma.europa.eu/press-news/esma-news/esma-organises-its-first-data-day-focused-burden-reduction-and-digitalisation

[4] ESMA. ESMA Events. Public hearing on comprehensive approach for the simplification of financial transaction reporting (28 May 2026): https://www.esma.europa.eu/press-news/hearings/public-hearing-comprehensive-approach-simplification-financial-transaction

participants. The second strand was undertaken by ESMA, in cooperation with public authorities, NCAs and relevant EU bodies, and assessed the implications of different options for authorities, including supervisory effectiveness, data availability and operational feasibility.

10. The insights derived from stakeholder engagement and CBAs were used jointly to inform the identification of policy options, to assess their relative merits, and to support the development of proportionate and targeted recommendations. This approach allowed ESMA to move beyond a purely descriptive assessment towards a policy-oriented analysis, while ensuring continuity with the evidence and findings presented in the Interim Report.

2.2.1 Simplification principles

11. The simplification principles outlined below provide the conceptual foundation for the policy options and recommendations developed in this report. They build directly on the evidence and conclusions presented in the Interim Report and reflect areas of broad convergence identified through the CfE and subsequent stakeholder engagement.

12. Stakeholders consistently emphasised that simplification should focus on addressing the main structural sources of reporting burden, rather than pursuing isolated or incremental adjustments. In this context, a strongly shared view emerged that any simplification initiative must be anchored in a careful and informed use of supervisory data. Authorities highlighted that transaction reporting data is actively and extensively used for market monitoring, risk analysis, market abuse detection, financial stability assessments and policy decisions, and that its systematic and exhaustive analysis has materially contributed to safer, more resilient and better functioning EU financial markets. As a result, preserving access to information that is genuinely used by supervisors and other authorities was identified as a critical constraint and guiding consideration throughout this review.

13. Against this background, feedback converged around a limited set of core principles that have guided ESMA analysis and the formulation of the proposals set out in this report. These principles are:

- **Preserve information value**, ensuring that simplification does not undermine the availability of data effectively used by supervisors and other authorities, while allowing for a critical reassessment of data elements that provide limited or marginal supervisory value.

- **Reduce overlaps and duplication** across reporting regimes, identified as a primary source of operational complexity and cost, particularly where the same transactions are reported multiple times under different frameworks.

- **Pursue global alignment**, notably through the consistent use of internationally recognised standards and identifiers, to support interoperability, data reuse and convergence with key jurisdictions.

- **Balance costs and benefits**, based on a holistic assessment of implementation, transition and long-term effects for both market participants and authorities, underpinned by robust CBA.

14. Taken together, these principles form a stable and transparent reference against which policy options are assessed. They ensure continuity with the analytical framework established in the Interim Report and provide the foundation for the recommendations presented in this Final Report.

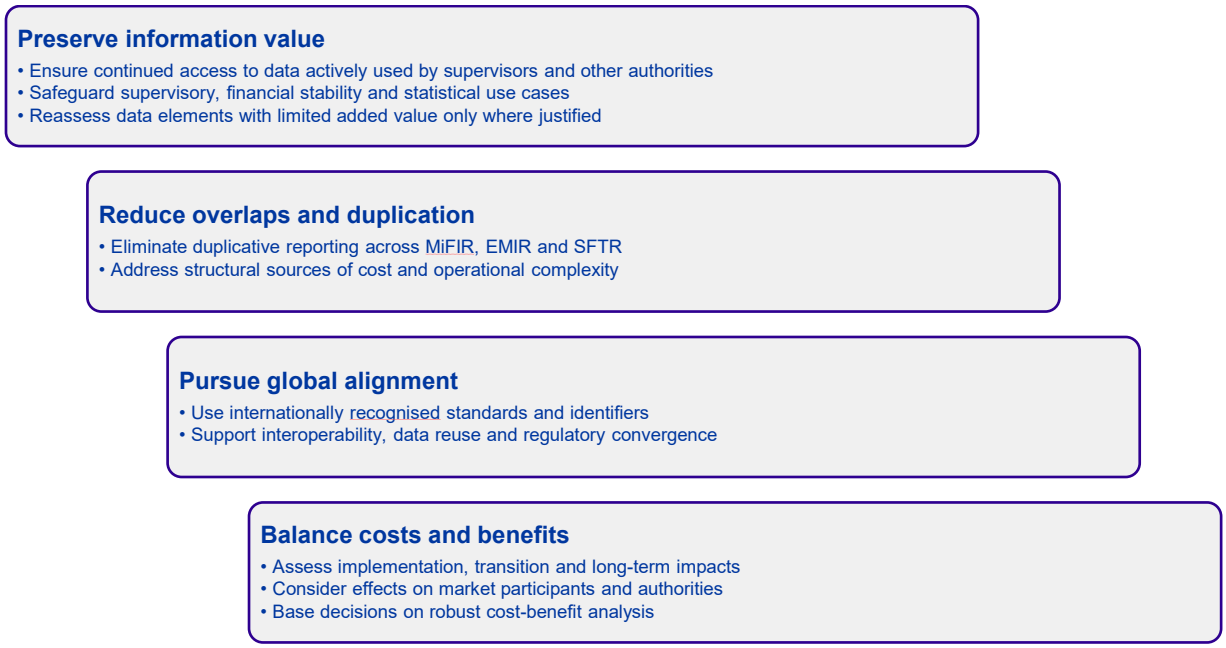

FIGURE 1: SIMPLIFICATION PRINCIPLES

2.3 Structure of the report

15. This report presents the outcome of ESMA comprehensive review of transaction reporting and is structured to progressively move from analytical assessment to policy-oriented conclusions.

16. Following this Introduction, the report first sets out the analytical foundations underpinning the recommendations. This includes the simplification principles that have guided ESMA assessment, together with the key cost drivers that have been confirmed as the most

material sources of burden in the current reporting framework. These elements build on the evidence and key takeaways already presented in the Interim Report and are brought together here as the conceptual and empirical basis for subsequent policy analysis.

17. Building on these foundations, the report then outlines the main policy options under consideration. These options illustrate the range of approaches explored to address the identified cost drivers, spanning incremental measures within the existing reporting architecture, intermediate options aimed at greater coordination across frameworks, and more structural approaches reflecting the “report once” principle. This section delineates the policy space assessed by ESMA.

18. The report subsequently presents the results of a dual CBA on market participants and public authorities. Together, these complementary analyses support a balanced assessment of the relative benefits, costs and feasibility of the options under consideration. Detailed methodological aspects and results are presented in the Annexes.

19. On this basis, the report sets out ESMA recommendations, prioritising a longer-term approach aimed at a more structural evolution of the transaction reporting framework, while also identifying independent short-term measures capable of delivering tangible relief to market participants. The final section of the report outlines the envisaged next steps and timing for further policy discussion and implementation.

3 Key conclusions

20. On the basis of the analytical assessment and evidence set out in this report, ESMA draws two overarching conclusions:

    - First, the analysis confirms that meaningful simplification of transaction reporting cannot be achieved through isolated or purely incremental adjustments alone. While targeted changes within the existing framework can deliver important efficiency gains in the short term, a more coherent and strategic approach is required to address the structural sources of duplication and complexity identified.

    - Second, the assessment demonstrates that a staged policy response is both feasible and warranted. The evidence, supported in particular by the CBA, shows that a clearly defined and integrated modular target scenario based on the “report once” principle is expected to deliver substantial net benefits over the longer term and addresses the main sources of duplication and fragmentation identified in the current frameworks. This target scenario is centred on the establishment of a single transaction reporting framework capable of serving multiple regulatory and supervisory needs. In addition, and to complement this long-term objective, without substituting it, a set of independent intermediate measures can be implemented in the near term to provide timely relief by

addressing material cost drivers within the current reporting architecture. These measures are designed to be fully compatible with, and supportive of, the transition towards the target scenario.

21. Taken together, these conclusions provide the basis for the recommendations set out in this report, which are centred on a clearly defined target scenario, complemented by targeted short-term measures aimed at shaping a more efficient, coherent and future-proof transaction reporting framework in the European Union.

4 Analytical foundation of the recommendations

22. This section explains the structure of ESMA underlying analysis and how it informs the recommendations in this report. It outlines the basis of ESMA assessment, including the simplification principles, key challenges, and policy options considered. Section 5 then draws on this analysis to present recommendations to reduce reporting burdens while maintaining effective supervision.

23. The analytical foundation underpinning ESMA assessment is grounded in a structured, evidence-based process combining extensive stakeholder input with robust quantitative analysis.

24. Taken together, this approach ensured a comprehensive and balanced assessment, combining qualitative insights with quantitative evidence, and capturing both market and supervisory perspectives. It provided a robust foundation for identifying the key cost drivers, assessing policy options and formulating the recommendations set out in this report.

FIGURE 2: KEY MILESTONES

4.1 Key challenges

25. The Interim Report identified a broad set of structural challenges and cost drivers affecting the current transaction reporting framework across MiFIR, EMIR and SFTR. These challenges were subsequently confirmed by the qualitative feedback received through the CfE, which showed a high degree of convergence across stakeholder types. Building on this foundation, the independent CBA commissioned by ESMA provides additional validation from a market-based perspective, confirming both the relevance and the relative materiality of the key drivers and allowing a clearer prioritisation of the most significant sources of cost.

4.1.1 Comprehensive mapping of identified challenges

26. Stakeholders consistently confirmed that the reporting burden arises from a combination of interrelated factors embedded in the siloed design and operation of the current framework. The Interim Report identified, in particular, challenges linked to:

- Frequent regulatory changes driven by sectoral frameworks.
- Duplicated reporting due to parallel sectoral regimes;
- Inconsistent terminology and definitions across frameworks;
- Transaction level vs position level reporting design choices that increase complexity;

- Dual-sided reporting, notably under EMIR / SFTR, particularly due to reconciliation, pairing, matching and correction processes;
- Intragroup reporting complexities under EMIR;
- Duplication in reference data and related enrichment requirements;
- Different reporting channels and fragmented submission architectures;
- Duplication of IT systems and processes to support multiple regimes and interfaces.

27. While this set of challenges provides a comprehensive picture of the reporting landscape, both the CfE feedback and the subsequent CBA indicate that a limited number of structural drivers account for the majority of recurring costs and operational inefficiencies.

4.1.2 Convergence on the most material cost drivers

28. Across the qualitative CfE feedback and the independent consultancy's analysis, three cost drivers clearly emerge as the most material and pervasive across stakeholder groups.

1. Regulatory complexity driven by frequent and unsynchronised changes

29. A dominant driver concerns the frequency, unpredictability and lack of coordination of regulatory changes across MiFIR, EMIR and SFTR. Stakeholders consistently emphasised that repeated sectoral policy updates and reviews generate continuous waves of implementation activity rather than isolated one-off costs. This is due to the fact that reporting rules are embedded in broader sectoral frameworks that are reviewed independently according to different timelines. The independent analysis shows that change-management costs, covering requirements definition, project management, data model adjustments, testing and deployment, represent a material share of total reporting costs across stakeholder categories. For example, reported "As-Is" change-management costs for major reporting entities are of a similar order of magnitude to their recurring run costs, illustrating the structural nature of this driver.

2. Duplicative reporting and fragmentation of reporting channels

30. The second major driver is duplicative reporting stemming from overlapping scopes across frameworks, compounded by fragmented reporting channels and infrastructures. Stakeholders repeatedly highlighted that economically equivalent transactions, in particular derivatives, are reported multiple times under different regimes, using different schemas, validation rules and submission routes. The CBA confirms that this duplication translates directly into higher operational costs, notably in reporting operations, external service

provider fees and overheads, as firms are required to maintain parallel pipelines, controls and connectivity to multiple reporting infrastructures.

3. Dual-sided reporting and reconciliation requirements

31. Lastly, dual-sided reporting under EMIR and SFTR, is consistently identified as a primary cost driver. Reporting the same transaction by both counterparties generates extensive reconciliation obligations, including pairing, matching, exception management and repeated corrections. Industry feedback indicates that reconciliation activities alone can absorb a substantial share of ongoing reporting effort. The CBA confirms this assessment, highlighting reconciliation-related processes as a significant contributor to reporting operations and change-management costs, without delivering commensurate supervisory value where reported information is largely duplicative.

4.1.3 Overall implications

32. Taken together, the evidence confirms that reporting costs are driven primarily by structural design features of the current framework rather than by the volume of data *per se*. Regulatory fragmentation, overlapping scopes and dual-sided reporting, operate as mutually reinforcing drivers, generating recurring costs and limiting the effectiveness of incremental adjustments. The alignment between the Interim Report, the qualitative CfE feedback and the independent CBA provides a robust basis for prioritising simplification measures that address these structural drivers in a coherent manner, while preserving the information value required for supervisory and other public-interest uses.

4.2 Policy options under consideration

33. Building on the analysis set out in the Interim Report, this section briefly summarises the policy options retained for further consideration. For clarity, ESMA distinguishes between:

- policy scenarios, which represent structural approaches to the future design of transaction reporting; and
- independent intermediate measures, which consist of targeted actions that can be implemented within the existing framework without requiring a full structural redesign.

4.2.1 Policy scenario: a two-steps approach

34. The feedback enabled the identification of two main steps, which were assessed in the CBA[5]:

    - The first is an intermediate step, formerly referred to as **option 1a** and articulated through three variants[6]. This step focuses on targeted adjustments within the existing reporting framework, addressing selected cost drivers. It is not intended as a final state, but rather as a pathway towards the target scenario.

    - The second step is the long-term target solution based on the "**report once**" principle focused on integrating the three regulations into a single framework, referred as **2a**. The feedback shows a clear support around this option as the intended future state, centred on an integrated, modular and streamlined reporting framework in which data is reported once and to meet the requirements of EMIR, SFTR and MiFIR. Stakeholders broadly recognise this approach as the most effective to address the structural duplications and fragmentations identified in the aforementioned frameworks.

35. In relation to the first step, from the outcome of feedback raised by the industry to the CfE and the assessment performed in conjunction with the CBA, ESMA has identified a set of additional independent intermediate measures that can be implemented without a full redesign of the reporting framework. While these measures do not, in isolation, address the structural issues identified in the current reporting frameworks, however they can deliver a meaningful burden reduction in the short-medium term. The final list of intermediate measures considered have been included in Section 5.2.

[5] For more information on the policy scenarios under assessment please see ESMA. Section 4.4.3 Key takeaways and next steps. Interim Report on the Call for Evidence on a comprehensive approach for the simplification of financial transaction reporting (04 May 2026): https://www.esma.europa.eu/sites/default/files/2026-05/ESMA12-1406959660-3175_Holistic_review_of_the_regulatory_reporting_-_Interim_report.pdf

[6] To recall, the intermediate step was articulated into the following three variants: Option 1ai with schema changes. This sub-variant of Option 1a follows the approach outlined in the CfE, with all measures explained in the proposal. It includes changes to the schemas, primarily to preserve NCAs' ability to perform market abuse monitoring with EMIR data on OTC derivatives, and to ensure central banks can continue systemic risk monitoring with MiFIR data on ETDs. Additionally, this Scenario includes a review of dual-sided reporting obligations under both EMIR Refit and SFTR, notably by expanding mandatory delegated reporting to all counterparties, along with the removal of the associated reconciliation process, which is linked to the pure dual-sided reporting logic. Option 1aii without schema changes and no delineation. This simplified sub-variant of Option 1a focuses on reducing the cost linked with dual-sided reporting. This Scenario includes a review of dual-sided reporting obligations under both EMIR Refit and SFTR, notably by expanding mandatory delegated reporting to all counterparties, along with the associated reconciliation process. However, there is no full delineation between ETDs and OTC derivatives. Option 1aiii without schema changes and delineation. This sub-variant, also a simplified proposal, introduces a partial split between ETDs and OTC derivatives. Specifically, it excludes "EU ETDs" from EMIR, in line with global standards, while maintaining the current MiFIR scope for OTC derivatives. This Scenario also includes a review of dual-sided reporting obligations under both EMIR Refit and SFTR, notably by expanding delegated reporting to all counterparties, along with the associated reconciliation process.

36. Taken together, these two steps frame a coherent and phased approach, combining a clear target vision that includes transitional steps to deliver early relief while preparing the ground for the full revision in a “report once” framework.

37. While ESMA considers that structural changes to transaction reporting should primarily be underpinned by amendments at Level 1, the set of the identified policy measures also implies, where relevant and possible, intermediate adjustments at Level 2 and Level 3 to allow for burden reduction in the short-medium term.

4.3 Dual cost-benefit analysis and validation of policy options

38. In line with the European Commission’s recommended practices for underpinning policy development, ESMA has supported its assessment of the policy options through a structured CBA. This analytical work complements the predominantly qualitative evidence gathered during the initial phase of the review, by incorporating quantitative insights, thereby strengthening the overall evidence base underpinning the assessment. The CBA combines two main components. First, an independent study with market participants assessed implementation costs, recurring savings and impacts across different types of reporting entities, complemented by an ESMA extrapolation to estimate the potential impact at the level of the wider population. Further details on the study are included in Annex II along with the link to the full assessment, which is published as a standalone independent document[7]. Second, ESMA carried out a higher-level assessment for NCAs and other public authorities, focusing on operational, technical and supervisory aspects.

4.3.1 Deloitte cost-benefit analysis towards market participants

39. The CBA focuses on the evaluation of the main policy identified in Section 4.2. In line with the principle of proportionality, it does not seek to assess granular measures or technical adjustments for which implementation costs are expected to be limited or negligible, but rather prioritises -with the most significant potential impact on reporting costs and supervisory outcomes. As this approach requires a redesign of the reporting frameworks, it naturally entails higher transition costs, which should be carefully assessed against the benefit benefits associated with the full implementation,

40. At this stage, the CBA has been used primarily to validate and further substantiate the feedback received through the CfE. In particular, it assesses, from an economic perspective, the feasibility and implications of the transition towards the target “report once”

[7] Deloitte cost-benefit analysis towards market participants is published in full in the Annex II, in order to ensure transparency on the underlying assumptions, data and results used to support the assessment.

model (Scenario 2a), in comparison with the baseline scenario where the current reporting frameworks remain unchanged ("As-Is" scenario).

41. In parallel, for the intermediate scenarios (Scenario 1a), the CBA assesses the relative merits of the three variants identified in the Interim Report, with the objective of identifying the most efficient intermediate step from a cost-benefit perspective.

42. The key findings of the CBA can be summarised as follows:

- **Validation of cost drivers**. The results of the CBA with market participants confirm the main cost drivers identified through the CfE, notably dual-sided reporting and reconciliation processes, regulatory complexity driven by frequent changes, duplicative reporting across frameworks, and the maintenance of parallel reporting infrastructures.

- **Overall viability of Scenario 2a**. The analysis shows a positive NPV for the target Scenario 2a at the level of the sample considered, demonstrating that the transition to an integrated 'report once' framework is economically sound and results in clear net benefits for the industry overall. Implementation costs are absorbed within approximately the first three years, after which the model generates sustained net savings. Annual net savings exceed €1m for the sample considered, with cumulative benefits for the sample reaching approximately €9m over the 10-year horizon.

- **Distributional impacts across stakeholders**. The benefits are not evenly distributed across stakeholder groups. Buy side, sell side and non-financial corporates are expected to realise net cost savings under Scenario 2a. By contrast, market infrastructure entities may face higher costs, reflecting structural changes in reporting volumes and business models.

- **Assessment of intermediate scenarios (1a variants)**. The analysis indicates that implementation costs for the three variants of Scenario 1a are non-negligible, and in some cases relatively high, particularly for variant 1ai due to the need for schema changes. Among the intermediate options:

  - Variant 1ai is associated with the highest implementation burden and is therefore considered less efficient as an intermediate step;

  - Variant 1aii, focused on the revision of dual-sided reporting without broader structural changes, emerges as the most feasible and proportionate intermediate option;

- Variant 1aiii, while potentially delivering some operational benefits, raises concerns regarding potential data gaps and higher implementation costs relative to its benefits.

- **Sensitivity to implementation design**. Participants highlighted that the magnitude of the benefits, particularly those linked to the revision of dual-sided reporting, depends critically on the detailed design of the implementation, including the allocation of reporting responsibilities and residual oversight requirements. Limited granularity at this stage therefore affects the precision of cost and benefit estimates.

Extrapolation of results to the wider population

43. Building on the results of that study, ESMA performed a separate extrapolation exercise with the objective of estimating the potential impact of the proposed measures across the broader population of reporting entities. The extrapolation combines cost estimates obtained from Deloitte's survey with information extracted from ESMA's reporting databases under EMIR, SFTR and MiFIR. More details on the data and methodology used, can be found in Annex II, Section 7.2.1.2.

44. **Extrapolation approaches**: To estimate the impact on the full market, ESMA applied three alternative extrapolation approaches using the transaction volumes reported by survey participants and the corresponding transaction volumes observed in the reporting systems. The use of multiple methodologies reflects the uncertainty associated with scaling cost estimates from a limited sample to the broader market population. The results obtained from the three approaches are presented as a range of potential impacts rather than a single point estimate. This range should be interpreted as an indicative estimate of the order of magnitude of costs and benefits associated with the proposed measures.

45. Recognising the limitations inherent in extrapolating results from a relatively small sample to the broader market population, ESMA explored three alternative extrapolation methodologies. Encouragingly, despite their methodological differences, all three approaches produce broadly comparable outcomes, with a positive NPV and estimated recovery periods ranging between approximately three and four years. This convergence provides additional confidence that the overall conclusions are reasonably robust.

46. Under **the first extrapolation method**, the costs coming from the surveyed entities were weighted on the basis of the share of LEIs observed in the full reporting population, as derived from ESMA's databases. The corresponding distribution was as follows: NFCs 51.75%, buy-side entities 38.62%, sell-side entities 9.37%, market infrastructure 0.22%, and TRs / ARMs 0.03%. Cost-per-transaction ratios were then calculated separately for each category and scaled using the total reporting volumes observed in the databases. This approach has the advantage of reflecting the actual composition of the reporting

population and limiting the influence of categories that may be over-represented in the survey sample. At the same time, it has a few limitations: it relies on the accuracy of the categorisation and mapping of entities into sectors, is sensitive to data quality issues affecting LEI identification and sector allocation and may understate the impact of very large reporting entities where economies of scale exist.

47. Under **the second method**, sector weights were aligned with the assumptions and sector distribution used in Deloitte's survey (NFC – 25%, buy side – 25%, sell side – 25%, market infrastructure 12.5% and TRs / ARMs 12.5%). Cost-per-transaction ratios were calculated in the same manner as under the first method and applied to the full reporting volumes. In terms of advantages, this method preserves consistency with the original survey design, facilitating direct comparison between survey results and extrapolated outcomes. The main limitation for this approach is that it relies on the representativeness of the survey weighting assumptions, and may not fully reflect the actual distribution of reporting entities.

48. Under **the third method**, no weighting adjustments were applied. Cost-per-transaction ratios were derived directly from the raw survey responses and scaled to the total reporting volumes observed in all three databases. As an advantage, we consider this to be the most transparent and straightforward methodology, relying directly on observed survey responses without introducing additional weighting assumptions. A key limitation is that the results may be skewed if the survey sample is not fully representative of the broader population, in particular where the sample is disproportionately composed of larger reporting entities or the main contributors in terms of reporting volumes. In such cases, the extrapolated cost-per-transaction ratios may not accurately reflect the cost structures of smaller or medium-sized entities.

TABLE 1: EXTRAPOLATION RESULTS

Cost line	Method 1	Method 2	
Yearly Average AS IS operating costs for MiFIR/EMIR/SFTR	1,617,800,045	1,041,727,327	
Implementation cost from AS IS to Option 2a	1,540,520,586	905,109,246	
Yearly Average Option 2a operating cost	1,266,827,135	788,787,770	
Annual cash-flow	350,972,910	252,939,557	
Estimated recovery period	after 4th year	after 3rd year	
10-year cumulative net benefit (NPV)	1,453,349,529	1,252,516,477	

49. The extrapolated results indicate that current annual operating costs under the existing MiFIR, EMIR and SFTR reporting frameworks range from approximately €1bn to €4.2bn, depending on the methodology applied. While the transition to Option 2a entails material one-off implementation costs, the analysis suggests that these would generally be recovered within a relatively limited period, namely after the third or fourth year. Over a ten-year horizon, the estimated cumulative net benefits remain positive under all three methods, with the corresponding discounted NPV ranging from around €1.2bn to €4.9bn. Measured in terms of recurring annual operating costs, there is a positive annual cash-flows ranging from €250m to €1bn, thus the estimated annual reduction under Option 2a ranges from around 22% to 24%[8] across the three methods, i.e. close to the European Commission's objective of reducing reporting and administrative burdens by 25%[9], while recognising that the methodologies and scope are not fully identical.

50. In our assessment we also performed NPV calculations for each entity category separately. However, for the reasons explained above, these results should be interpreted with caution, as in some cases they may not be fully conclusive. In particular, for NFCs, the cost estimates appear quite high despite the clear reporting burden reduction expected under Option 2a, due to the fact that respondents were not always able to isolate costs specifically linked to the relevant EU reporting frameworks. As a result, the calculations indicate that, after ten years, NFCs would recover only around 30% of their implementation costs. For market infrastructure entities, the survey results point to a negative cash-flow profile and, on that basis, no individual NPV was calculated. By contrast, buy-side entities show a clearly positive net saving profile and would recover their implementation costs already from the first year. As regards the sell side, implementation costs would be recovered after the third year under all three methods, while the ten-year NPV is estimated at around €86m under the first method, €231m under the second method, and €925m under the third method, which relies directly on the information reported in Deloitte's survey without additional weighting

Overall conclusion

51. Taken together, the external CBA provides quantitative confirmation of the main findings of the CfE. In particular, it supports the conclusion that the transition to the target "report once" scenario is expected to deliver net cost savings for the industry overall, both in the

[8] The burden reduction percentage is calculated as the difference between current annual operating costs and annual operating costs under Option 2a, divided by current annual operating costs and expressed as a percentage.
[9] European Commission. Reducing burden and rationalising reporting requirements – factsheet (17 October 2023): https://commission.europa.eu/document/download/cf15e2da-9548-41a0-bd00-0fbba0eb99f9_en?filename=Factsheet_CWP_Burdens_10.pdf&prefLang=cs

medium and long term, while also highlighting that certain intermediate options would not provide a sufficiently efficient pathway and may need to be deprioritised.

52. More specifically, the extrapolation of the market participants' results to the wider population indicates that the transition to Option 2a would entail a recovery period of approximately three to four years across the three methods applied. Current annual operating costs under the existing MiFIR, EMIR and SFTR frameworks are estimated to range from around €1bn to €4.2bn, while the corresponding ten-year cumulative net benefit (NPV) remains positive under all methods and ranges from approximately €1.2bn to €4.9bn. Measured in terms of recurring annual operating costs, the estimated burden reduction under Option 2a ranges from around 22% to 24%, i.e. close to the European Commission's objective of reducing reporting and administrative burdens by 25%.

53. As a broad cross-check, the extrapolated results were compared against findings from the European Commission study on the costs of compliance with EU financial services legislation.[10]For MiFID/MiFIR and EMIR, the study estimated annual ongoing compliance costs of approximately €0.8bn (median) and €3.5bn (mean). While these figures are not directly comparable, as they cover a broader set of compliance activities than reporting obligations and exclude SFTR, they nevertheless provide a useful order-of-magnitude benchmark. The extrapolated results presented in this report are broadly consistent with the ranges identified in that study and therefore provide an additional indication of plausibility.

4.3.2 ESMA cost-benefit analysis towards public authorities

54. ESMA, in close collaboration with 18 participating national competent authorities (NCAs) and the ECB-ESRB, conducted the second strand of the CBA to assess the operational, technical, and supervisory implications of potential changes to transaction reporting under EMIR, MiFIR, and SFTR. The exercise focused on understanding how policy options could affect public authorities, with the goal of supporting evidence-based decision-making and fostering harmonisation across the EU supervisory landscape. The CBA was designed around a set of targeted questions, aiming to capture both quantitative and qualitative information from each participating authority.

Key findings on the EU supervisory transaction reporting landscape

55. Responses from participating authorities indicate that the current annual cost of transaction reporting activities under EMIR, MiFIR and SFTR amounts to approximately €19m. Costs are unevenly distributed, with six authorities accounting for around 71.7% of the total

[10] European Commission, ICF, and CEPS. Study on the costs of compliance for the financial sector - Final Report (2020): https://op.europa.eu/en/publication-detail/-/publication/4b62e682-4e0f-11ea-aece-01aa75ed71a1/language-en

reported expenditure. Where authorities were able to provide reporting-regime-specific figures, MiFIR-related activities were generally found to be the most resource-intensive, generating costs approximately 1.5 to 2 times higher than those associated with EMIR and SFTR.

Foreseen impact of Option 2a on public authorities

56. Looking ahead, participating authorities expect the implementation of Option 2a to entail significant, and in some cases fundamental, one-off costs. These costs are expected to arise mainly from IT-related changes, including modifications to data models, reporting workflows and validation frameworks, as well as extensive testing activities. Additional resource requirements are expected for training, transition management and coordination efforts.

57. Views on the longer-term impact on annual running costs are more varied. On average, authorities anticipate a reduction of approximately 9-11% compared with the current situation. Many respondents noted that their assessments depend on assumptions regarding the future reporting architecture, particularly the extent to which key functions are centralised. In general, authorities tended to anticipate higher recurring costs in scenarios where validation and data-quality controls remain largely decentralised. It is worth nothing that at this stage, Option 2a has been defined only to the extent needed to identify the necessary Level 1 changes; its full implications for authorities can only be assessed once the implementation model is further specified.

Challenges, benefits and preconditions for a centralised EU reporting platform

58. Authorities identified several operational, technical and supervisory challenges associated with a centralised EU reporting platform. Key concerns included maintaining unrestricted access to raw reporting data, ensuring adequate analytical functionality, preserving system flexibility and integrating with existing national infrastructures.

59. Migration was widely seen as a complex undertaking, involving challenges related to data quality, completeness, historical continuity and transition management. Significant IT development would also be required, including system redesign, schema changes, API integration and adaptations to supervisory tools. Authorities further noted potential risks from increased centralisation, including operational dependencies, processing bottlenecks, delays in data availability, business continuity concerns and cyber-security risks. Some also highlighted reduced flexibility to address national supervisory needs and the need for legal, organisational and training-related adjustments.

60. At the same time, respondents identified potential benefits, including improved data quality, greater consistency and harmonisation, enhanced cross-border supervisory cooperation,

and reduced duplication in reporting, routing and validation processes. Additional efficiencies could arise from shared infrastructure, streamlined processes and a single reporting entry point.

61. Authorities stressed that these benefits depend on key preconditions, notably unrestricted data access, strong system performance, reliable connectivity, clear governance, effective operational processes, sustainable funding and detailed technical specifications.

5 Recommendations

62. The recommendations set out are centred on a longer-term target scenario based on the "report once" approach, as presented in Section 5.1, which represents the primary outcome of the comprehensive review initiated by ESMA through the CfE, subsequent stakeholder engagement and the CBAs. This target scenario constitutes the key strategic recommendation for achieving a structurally simplified and more coherent transaction reporting framework. In addition, and in order to complement this long-term objective, without substituting it, a set of independent intermediate measures is proposed, as set out in Section 5.2. These measures are fully compatible with the target scenario and are designed to deliver tangible burden reduction in the short term, while facilitating a smooth transition towards the envisaged integrated framework.

63. Taken together, these proposals form a coherent and phased policy response: a clear long-term direction anchored in the target scenario is complemented by targeted and proportionate measures aimed at delivering early and practical simplification benefits. Viewed holistically, they have the potential to significantly reduce the reporting burden for all stakeholders involved, both in the near term and in a more sustained manner over time.

64. All recommendations are fully aligned with the simplification principles set out in Section 2.2.1 and are designed to address the key cost drivers identified in Section 4.1.2.

5.1 Long-term "report once" approach (Scenario 2a)

65. Building on the evidence gathered through the CfE and the analytical work carried out in the context of the CBA, ESMA considers that a transition towards a "report once" framework (Scenario 2a) represents the most effective and future-proof approach to simplify transaction reporting across MiFIR, EMIR and SFTR.

A converging evidence base supporting the recommendation

66. Three elements align consistently behind this recommendation:

- First, the qualitative feedback to the CfE points to a clear convergence on integrated reporting of MiFIR/EMIR/SFTR as the long-term target option, reflecting the fact that one of top three cost drivers identified across market participants relates to the frequency, inconsistency and unpredictability of changes stemming from various sectoral reviews. In other words, the most material inefficiencies are embedded in the current sectoral setup whereby reporting rules are developed in isolation for a specific regulatory purpose as set in the specific framework.

- Second, the CBA with market participants provides quantitative confirmation that a transition to Scenario 2a is economically viable and delivers net benefits over time with implementation costs offset at the end of the third year of implementation and consistent savings thereon ranging from 22 to 24% annually and in the range of combined €1.2bn to €4.9bn EUR over a ten-year horizon across all stakeholders.

- Third, the complementary CBA with public authorities further validates the impact from the supervisory perspective, including a moderate reduction in public-sector costs linked to data intake, controls, and downstream use. From the authorities' perspective, Option 2a is also the one that best guarantees the preservation of information value principle as outlined under Section 2.2.1. While authorities anticipate significant one-off implementation costs associated with the transition, they estimate that Option 2a could lead to an average reduction of around 9-11% in ongoing annual running costs compared with the current framework.

67. Taken together, these streams of work provide a coherent basis for recommending Scenario 2a as the target state: it is supported by stakeholder preference, underpinned by quantified evidence, and consistent with supervisory usability considerations.

Strong support from the CBA: viability, payback and scale of achievable burden reduction

68. The CBA with market participants confirms that the transition to Scenario 2a entails non-negligible implementation costs, but that these are fully absorbed within a limited timeframe. Based on the NPV assessment, the overall investment is recovered in approximately three years, after which the model generates sustained net savings. The quantified results extrapolated for the whole industry show a positive NPV with consistent savings from the end of the 3rd year of implementation ranging from 22 to 24% annually and around €1.2bn to €5bn over a ten-year horizon combined across all stakeholders.

69. This evidence is particularly important in the context of the wider simplification and burden-reduction agenda, which aims at reducing the overall regulatory cost base by 25%. Based on the magnitude of the quantified savings identified in the CBA, this level of burden

reduction is considered fully achievable under a credible implementation of Scenario 2a, subject to the final design choices and implementation governance.

70. Importantly, due to the high-level nature of this first assessment, which is aimed at identifying the Level 1 structural changes to the frameworks, the CBA figures do not fully capture potential additional savings associated with the implementation of streamlined reporting infrastructures and reporting/data flows. In particular, Option 2a explicitly envisages further streamlining of reporting channels as a core component of the target framework, as already reflected in the design of the scenario submitted in the CBA survey. The assessment therefore recognises that further efficiencies may materialise depending on how the future reporting architecture is implemented, especially in relation to streamlining reporting channels, rationalising submission points, and harmonising validations and feedback loops. However, these elements, while embedded in the Option 2a design, were not quantified with full granularity in the CBA but were highlighted in the qualitative feedback as key enablers of the "report once" benefits[11].

Sector relevance: one target model, different channels of benefit

71. Scenario 2a is recommended as a single target model precisely because it addresses cross-cutting structural problems. At the same time, the assessment acknowledges that the channels through which benefits materialise differ across stakeholders, which reinforces the need for careful design of roles, responsibilities and safeguards.

72. For buy-side and sell-side reporting entities, the integrated model is expected to deliver the most direct efficiency gains through the removal of duplicative reporting obligations and the simplification of operating models and controls. For non-financial corporates, the relevance of Scenario 2a lies primarily in eliminating structural duplication and reducing complexity that these entities are least equipped to absorb efficiently. For market infrastructures, the transition requires careful calibration of the end-state architecture and responsibilities, recognising that some impacts are linked to changes in volumes and operating models, and that the final outcome depends heavily on the design of the future reporting chain and the governance model.

73. This differentiated view supports the policy conclusion that a single integrated target is preferable to piecemeal adjustments: the framework should solve the structural problem once, while being implemented in a way that is proportionate and operationally feasible for each category. Targeted adjustments within existing regimes, while potentially beneficial for specific issues in the short-medium term, cannot deliver the same outcome in the long

[11] For further details, please see Annex II

term. They may reduce certain frictions, but they inherently leave the underlying duplication and fragmentation in place.

This is the first step: a mandate to design the target model through an iterative process

74. Finally, it is important to underline that Scenario 2a is recommended as the long-term target framework and as the structural anchor for policy action. At this stage, the holistic review is identifying the key structural reforms and the Level 1 changes required to enable the future integrated model. The recommendation is not based on prescribing granular templates or detailed technical configurations upfront, but on establishing a clear mandate to develop the integrated "report once" framework through an iterative process, in continuous dialogue with market participants and competent authorities.

75. The final model will need to preserve the information value required for supervision, statistics and financial stability purposes, while ensuring that the "report once" principle is implemented in practice (and not recreated through parallel residual flows). ESMA therefore intends to develop the technical configuration of Scenario 2a through phased design work, strong governance arrangements to ensure a more inclusive dialogue with industry technical experts similar to the model used for the T+1 transition, supported by additional evidence and targeted assessments, to ensure the resulting framework is operationally feasible, proportionate, and delivers sustained burden reduction without undermining supervisory effectiveness.

5.1.1 Reporting channels

76. The assessment in the Interim Report and the outcome of the CBA confirmed broad stakeholder convergence on the key issues and cost drivers of the current reporting frameworks, notably the fragmentation of reporting channels and infrastructures across the MiFIR, EMIR and SFTR regimes. In their CfE responses, stakeholders broadly emphasised that any future reform should be capable of absorbing the costs arising from the multiplication of reporting channels.

77. Such fragmentation is consistently identified as a structural source of complexity and cost within the EU transaction reporting landscape. It drives duplicated systems, parallel processes and operational inefficiencies, limiting data reuse, increasing reconciliation costs and complicating firms' internal reporting architectures, particularly for entities with reporting obligations across multiple regimes. As a result, reporting channels are widely perceived as a constraint on achieving meaningful simplification, even where data requirements are otherwise rationalised.

78. Stakeholders further highlighted this fragmentation leads to inconsistent validation rules and feedback mechanisms resulting in a heavy reliance on intermediaries, as well as

duplicative IT processes linked to parallel infrastructures, including incident management arrangements and multiple fees to the relevant market infrastructures. Taken together, these factors require firms to maintain multiple technical connections, submission points and data controls; significantly increasing operational complexity and ongoing compliance costs.

79. Against this background, respondents to the CfE express broad support for a reduction in the number of reporting channels as a necessary condition for achieving substantial cost savings and operational efficiency. The review of reporting channels is therefore situated within a longer term “report once” approach, which is widely seen as advantageous for the industry

80. The CfE feedback further suggests that the reduction of multiple channels would eliminate separate technical connections, governance arrangements and control frameworks. A more integrated or consolidated channel model, departing from the current set-up, is therefore viewed as a durable and efficient means of addressing the underlying duplication of infrastructures and processes, with the potential to enhance data consistency, facilitate data sharing among authorities and improve further their use for supervisory purposes.

81. The further streamlining of the reporting channels was assessed in the CBA as one of the key components of the option 2a scenario and was assessed in the cost survey conducted in the context of the CBA as part of the structural “reporting-once” framework aimed at removing the overlaps. The implementation model described in that cost survey envisages a single type of infrastructure for data submission and the sourcing of post-trade events from CCPs reporting (notably for ETD post-trade events such as valuations and margins). The associated impacts relate to (i) merging of parallel EMIR / SFTR and MiFIR reporting infrastructures; and (ii) the decommissioning of parallel reporting channels, i.e. TRs and ARMs to become one single type of reporting infrastructure.

82. Beyond the elements assessed in the CBA, further considerations and possible approaches have been discussed with the NCAs and industry regarding the streamlining of reporting channels and their implementation. These are reflected in a set of alternative and independent implementation models illustrating how such streamlining could be operationalised in practice. In this context, the figure below provides an overview of the possible three models, namely the existing model, a hybrid implementation model and a fully centralised implementation model.

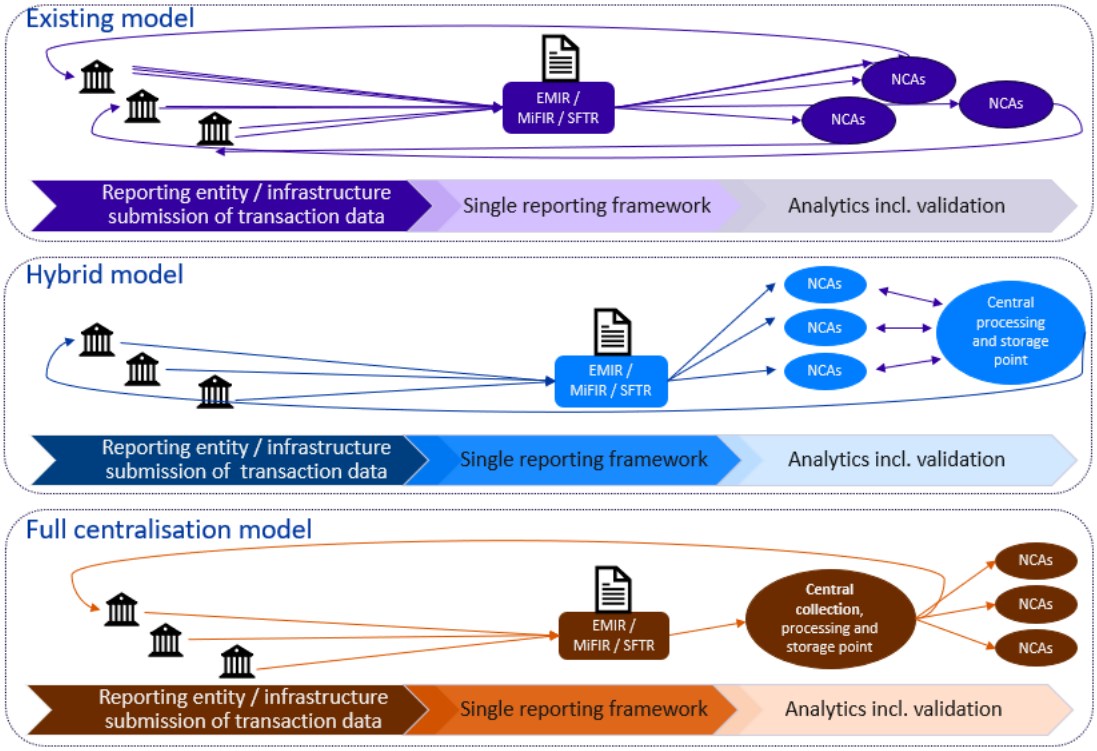

FIGURE 3: IMPLEMENTATION MODELS FOR STREAMLINING REPORTING CHANNELS

83. All models assume some level of streamlining of reporting channels at the level of reporting infrastructures submitting the data to authorities due to the single reporting template across EMIR, MiFIR and SFTR. However, once data is submitted, the various components of the data sharing, processing and storing can be subject to different levels of centralisation depending on the model. Due to the wider MiFIR scope, it is assumed that the MiFIR channels would be the basis for the data submission under all models, otherwise, the multiple channels will not be reduced for the numerous firms trading both derivatives and securities. The existing model retains data collection, validation, processing and storage functions at national level as it is the case today under MiFIR. The hybrid implementation model keeps national-level collection while centralising storage, processing, validation and analytics at EU-level without prejudice to NCAs complementary local analysis. The fully centralised implementation model would replace all national channels and functions with a single EU-level reporting hub.

84. Feedback from both authorities and industry indicates that further assessment is needed to identify the best implementation model across the three models to fully meet the intended objectives. No specific recommendation for any model is provided here as the aim of this report is to provide a strategic direction of travel, notably considering the outcome of the industry CBA.

5.1.2 Long-term Level 1 recommendation – Establish a long-term integrated “report once” framework and streamlining reporting channels (Scenario 2a)

“Report once” requires redesigned data flows, not only legal integration

85. A central implication of Scenario 2a is that the “report once” approach cannot be achieved by simply merging legal obligations while keeping the current reporting chain intact. To maximise benefits, the future framework must be accompanied by a reformulation of reporting infrastructures and data flows. This is critical because many inefficiencies are driven not only by what is reported, but also by how data is collected, processed, validated and transmitted across multiple channels.

86. The future framework should therefore not replicate existing reporting chains but enable a more efficient end-to-end architecture, where all data necessary for supervisory purposes is reported once, sourced from the entities best placed to provide it, and made available to all relevant authorities without duplication. This includes, for example, reducing the need for multiple submission points, rationalising validation and feedback processes, ensuring consistent data formats and controls across the system or redesigning where and how certain information is constructed and sourced (e.g. constructing positions from transaction-level information where appropriate, or sourcing specific post-trade attributes from the entities that hold them most reliably to avoid unnecessary re-processing, including valuation and collateral-related elements).

87. ESMA is aware that stakeholders have flagged operational and technical challenges for some of these components and these challenges can be addressed by the three implementation models. This is precisely why the recommendation at this stage focuses on establishing the mandate and the direction of travel, while the implementation aspects will be elaborated through subsequent work, consultation, testing, and, where appropriate, additional CBAs to validate specific architectural choices and trade-offs.

TABLE 2: LONG-TERM LEVEL 1 RECOMMENDATION – ESTABLISH A LONG-TERM INTEGRATED "REPORT ONCE" FRAMEWORK AND STREAMLINING REPORTING CHANNELS (SCENARIO 2A)

Long-term Level 1 recommendation – Establish a long-term integrated "report once" framework and streamlining reporting channels (Scenario 2a)
ESMA recommends introducing targeted Level 1 amendments to establish a coherent legal basis for the rationalisation of reporting channels across MiFIR, EMIR and SFTR, and enabling a gradual transition towards a more integrated, efficient and proportionate reporting framework across MiFIR, EMIR and SFTR based on a "report once" principle (Scenario 2a). The recommendations are based on the following principles: **Establishment of an integrated "report once" framework across regimes** ESMA recommends amending the Level 1 frameworks under MiFIR, EMIR and SFTR to establish a clear legal basis to enable the development of a single integrated reporting model ("report once"), whereby market participants submit transaction-related data through streamlined reporting channels covering the relevant reporting requirements across regimes. This framework should allow for the integration of reporting data into a common and modular structure, containing the relevant data elements applicable, to the extent possible, to the reported transaction. Under this approach, ESMA would develop an integrated reporting model encompassing a single, coherent set of reporting templates covering the information needs across regimes. These templates should be designed in a modular way to ensure data completeness and quality while avoiding the duplications across reported transactions. This approach should be implemented without reliance on intermediate structural scenarios, in order to minimise cumulative implementation efforts, reduce overall implementation timelines and maximise the benefits associated with the integrated framework. The development of the final technical configuration will take place through an iterative process, in close cooperation with market participants and competent authorities, and will be supported by further consultations, technical analyses and additional cost-benefit assessments, as appropriate. **Rationalisation of reporting channels and removal of duplication** Level 1 legislation should provide a legal basis for the progressive reduction of parallel reporting channels and infrastructures, with a view to eliminating duplicative reporting obligations and associated technical connections, submission points and control frameworks. In this context, the legal framework should enable the merging of existing

reporting infrastructures under MiFIR, EMIR and SFTR into one single type of reporting infrastructure, while ensuring continuity of supervisory access to relevant data.

Ensuring a clear allocation of responsibilities

Level 1 should provide for a clear allocation of responsibilities between national and EU-level functions, ensuring legal certainty and effective supervisory coordination. In particular, reporting obligations and their enforcement would remain with NCAs and nothing in the reporting flows and logic affects the supervisory responsibilities and other mandates of the different authorities that need continued access to the reported information whilst minimising the costs of data collection.

Enabling phased implementation of integrated reporting

Level 1 provisions should enable a phased implementation approach, starting with an implementing model aimed at further reducing reporting channels as an initial step, while allowing for further evolution towards more integrated solutions over time. Such an approach would support cost-efficient implementation, while providing flexibility for future developments in reporting formats, data models and transmission protocols. This would also require defining high-level reporting principles and essential requirements at Level 1, while avoiding detailed technical specifications, in order to preserve flexibility and adaptability over time.

As a first step, Level 1 legislation should establish the foundations for the implementation of the above principles with the inclusion of amendments to reflect the following key policy recommendations:

Provide an appropriate mandate in the Level 1 for the development of integrated templates. Level 1 should provide a mandate under MiFIR, EMIR and SFTR for ESMA to develop, at Level 2 and Level 3, a consolidated reporting architecture, including integrated templates, harmonised data definitions and consistent validation processes.

Establish a legal basis for a single type of reporting infrastructure based on streamlined reporting functions. ESMA recommends introducing provisions at Level 1 to a allow for a single type of reporting infrastructure. Such provisions should ensure that the integrated reporting model remains compatible with the different reporting entities scopes and use cases foreseen under MiFIR, EMIR and SFTR.

5.2 Medium/short-term relief for market participants

88. While the evidence gathered through the CfE and the CBAs provides a strong basis to support the implementation of the target "report once" scenario, its implementation will necessarily require time as well as material one-off adjustments by both market participants and authorities[12].

89. In this context, ESMA considers it essential to complement this medium to long term structural approach with a targeted set of independent measures that can be implemented in the short term and that directly address some of the most significant cost drivers identified by stakeholders. These independent intermediate measures should be understood as distinct from the intermediate scenarios assessed in Section 4.2.1. While those scenarios represent alternative structural pathways, the measures set out in this section constitute targeted actions that can be implemented on a standalone basis in the short to medium term.

90. On top of the simplification principles outlined in Section 2.2.1, in order to ensure that all potential independent measures were identified and effectively contribute to the overarching objectives of simplification and burden reduction, while remaining consistent with the broader reform ahead of the longer-term structural reform and the full rollout of the target scenario, ESMA considers that the following conditions should be preserved:

    - **Rapid implementability**: measures should be capable of being implemented in the short term. Even where Level 1 amendments are required, the overall implementation timeline should remain limited as no L2 is needed to implement such amendments, with a view to maximising the delivery of benefits ahead of the rollout of the target scenario;

    - **Proportionate implementation costs**: implementation costs should be limited or negligible, ensuring that the expected benefits are not offset or undermined by material transition efforts;

    - **Full compatibility with the target scenario**: measures should be fully aligned with, and supportive of, the target "report once" framework. This is a critical condition to avoid duplicative implementation costs and efforts, with the risk of creating sunk costs over a limited time horizon prior to the transition to the target model.

91. Based on the above conditions, and in parallel with the long-term option, ESMA delineated a defined list of independent intermediate simplification measures aimed at delivering

[12] Section 6 provides an overview on the implementation timeline.

burden reduction in the short to medium-term, while preserving supervisory and information value of the data for authorities. Most of these measures were further validated during dedicated workshops with the participants to the CBA.

92. From a practical perspective, the assessment shows that some of the independent simplification measures would require Level 1 changes, and are therefore primarily addressed to the EU co-legislators, whereas a more limited subset of measures could be implemented through Level 2 or Level 3 adjustments, falling within ESMA regulatory or supervisory remit[13].

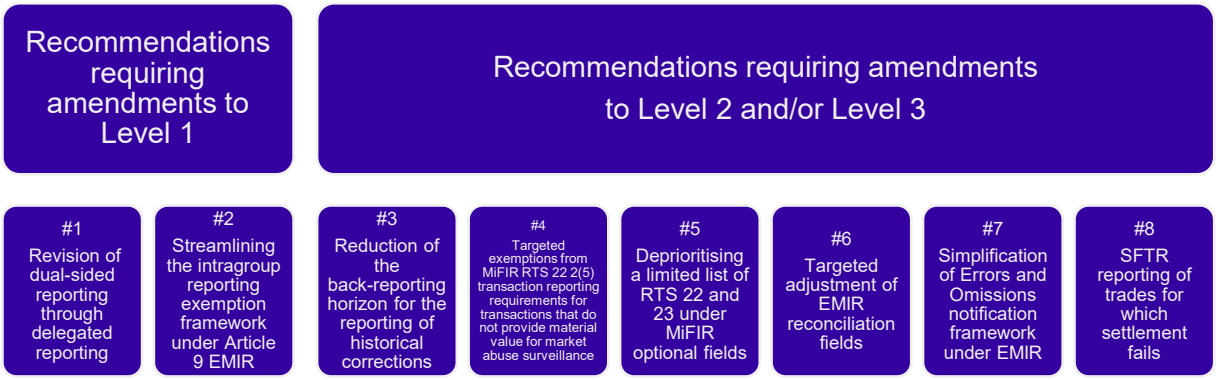

FIGURE 4: INDEPENDENT INTERMEDIATE MEASURES

93. The list of well-defined and concrete measures identified as requiring Level 1 amendments pertain to:

    1. Expansion of delegated reporting, and;

    2. Streamlining intragroup exemption notifications and reporting frequency;

94. The second list of independent simplification measures that do not require Level 1 changes:

    3. Historical corrections and back-reporting horizon;

    4. Targeted MIFIR RTS 22 2(5)[14] exemptions that are not crucial for market abuse;

[13] European Commission. The Lamfalussy architecture. Regulatory process in financial services (02 August 2019): https://finance.ec.europa.eu/regulation-and-supervision/regulatory-process-financial-services_en#the-lamfalussy-architecture
[14] European Commission. Commission Delegated Regulation (EU) 2017/590 of 28 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the reporting of transactions to competent authorities (31 March 2017): https://eur-lex.europa.eu/eli/reg_del/2017/590/oj/eng

5. Deprioritising targeted MiFIR RTS 22 and 23 optional fields;

6. SFTR reporting of trades for which settlement fails;

7. Targeted adjustments to EMIR reconciliation fields;

8. Simplification of Errors and Omissions notification framework.

5.2.1 Short-medium term Level 1 recommendation #1 – Revision of dual-sided reporting through delegated reporting

Dual-sided reporting under EMIR and SFTR: cost implications and supervisory value

95. The feedback received through the CfE, and further analysed also in the Interim Report and the CBA, confirmed that dual-sided reporting obligations under EMIR and SFTR regimes represent one of the top three significant sources of cost in the current regulatory framework. In particular, for non-financials, this obligation represents the top cost driver. While the cost of submitting transaction reports is material, stakeholders consistently identified the associated reconciliation process as the primary cost component. In particular, the need to match submissions across counterparties, investigate breaks, and manage ongoing correction processes as a follow up to the TR reconciliations exercise results in substantial operational burden, including dedicated systems, staffing, and coordination efforts across reporting entities.

96. At the same time, the Interim Report highlights that dual-sided reporting has delivered important benefits in terms of data quality and supervisory information. In particular, the availability of two independent reports allows competent authorities to verify data consistency, identify mismatches, and detect potential reporting issues or gaps. Moreover, dual-sided reporting contributes to the monitoring of elements such as intermediation chains, risk transfers, and inconsistencies in reported economic terms, which are relevant for both market abuse supervision and financial stability analysis.

Delegated reporting: reducing costs while safeguarding data quality

97. At the same time, both EMIR and SFTR already include provisions aimed at reducing the reporting burden for certain categories of counterparties through the use of delegated reporting arrangements. Under EMIR, Article 9(1a) provides that, for transactions concluded between a financial counterparty and a non-financial counterparty below the clearing threshold (NFC-), the financial counterparty is “solely responsible, and legally liable, for reporting on behalf of both counterparties, the details of OTC derivative contracts concluded with a non-financial counterparty [..] as well as for ensuring the correctness of the details reported”, thereby effectively centralising the reporting function. In the EMIR

framework, while the reporting entity assumes responsibility for the completeness and accuracy of the report submitted, the counterparty on whose behalf the report is made remains responsible for "providing the financial counterparty with the details of the OTC derivative contracts concluded between them, which the financial counterparty cannot be reasonably expected to possess" and for "ensuring that those details are correct". These mechanisms are designed to alleviate the operational burden for small non-financial counterparties, while ensuring that competent authorities continue to receive complete and consistent transaction data.

98. In this context, ESMA considers that the existing frameworks for delegated reporting under EMIR provide a robust and tested model capable of combining the objective of burden reduction with the preservation of supervisory information.

99. In addition, the elimination of transaction reporting reconciliation requirements at the level of trade repositories represents a key opportunity for immediate and material cost reduction. These processes are intrinsically linked to dual-sided reporting and have been consistently identified by stakeholders as one of the most resource-intensive components of the current framework. Their removal, in scenarios where reporting is effectively centralised through delegation, would therefore deliver significant operational relief.

100. A key consideration emerging from the assessment is that data quality remains critical irrespective of the reporting model, including in scenarios where dual-sided reporting is replaced by delegated reporting arrangements. Where only one report becomes operationally relevant, or where there is increased reliance on data provided by one counterparty, the importance of robust data quality controls is expected to increase further. In such cases, both reporting entities and counterparties providing input data will need to maintain strong internal controls to ensure the completeness and accuracy of reported information.

101. Hence, the implementation of an expanded delegation model based on existing arrangements should preserve key mechanisms that underpin data quality. First, it should maintain an appropriate level of effective communication between counterparties prior to reporting, ensuring that the entity responsible for submitting the report has access to accurate and complete information. However, such communication should not imply the same frequency, granularity or operational intensity as existing transaction reporting reconciliation processes. Instead, a proportionate approach should be followed, whereby only the necessary information exchange is ensured to support data quality. The specific modalities and level of such interactions can be further specified, where appropriate, in Level 2 and Level 3 measures. Second, TR reconciliations should not be confused with existing portfolio reconciliation obligations established for risk mitigation purposes (Article

11 of EMIR)[15] which still remain in place as they are key for ensuring the continued monitoring of exposures and counterparty risk independently of transaction reporting arrangements.

102. A full transition to single-sided reporting was not retained as it would imply a loss of independent data points currently used to assess data consistency and completeness. Such an approach would effectively reduce the quality of information available to authorities because it does not preserve the accuracy of the information about the two sides of the trade and would not be aligned with the objective of preserving information value underpinning the simplification agenda.

Allocation of responsibilities across counterparties

103. As anticipated in the Interim Report, ESMA has further explored the possibility of extending delegated reporting arrangements across all sectors. The analysis conducted, supported by stakeholder engagement and the CBA, indicates that the impact of such an expansion would be positive but not uniform and would require further assessments.

104. ESMA considers that the obligation to report on behalf of both counterparties should be assigned to the entity best placed to fulfil it effectively. In practice, this translates into allocating the reporting responsibility to the entity that is more sophisticated in terms of regulatory reporting capabilities, or that operates across multiple roles within the transaction chain and is therefore better positioned to access and process the relevant information.

105. At the same time, ESMA recognises that the definition and allocation of responsibilities under delegated reporting arrangements is inherently complex and requires further careful consideration. This is particularly the case given the diversity of market structures, counterparties, and transaction types.

106. Based on the considerations outlined above, the results of the CBA and taking into account the existing frameworks and the typical roles assumed by counterparties, ESMA considers that the expansion of delegated reporting offers clear and tangible benefits for non-financial counterparties. These entities already benefit from mandatory delegation arrangements under certain thresholds, but not across the full population. At the same time, non-financial counterparties represent a significant share of the entities subject to reporting obligations (approx. 55%), despite contributing a relatively smaller share of total reported trades (less than 10%). Simplifying and extending delegation for this category would therefore deliver meaningful burden reduction for a large number of entities in the

[15] Article 11(1)(b) of Regulation (EU) No 648/2012 requires counterparties to have “formalised processes which are robust, resilient and auditable in order to reconcile portfolios, to manage the associated risk and to identify disputes between parties early and resolve them”.

real economy, alleviating compliance costs and operational complexity, while maintaining the necessary level of supervisory information. For the reasons above, ESMA considers that in transactions involving a non-financial counterparty and a financial counterparty, the latter should be responsible for reporting on behalf of both sides.

107. However, for transactions concluded between two non-financial counterparties, or between two financial counterparties, a more granular and detailed specification of reporting arrangements is required. This reflects the multiplicity of possible scenarios and operational configurations, which need to be carefully assessed to ensure a proportionate and operationally feasible allocation of responsibilities, as illustrated in the figure below.

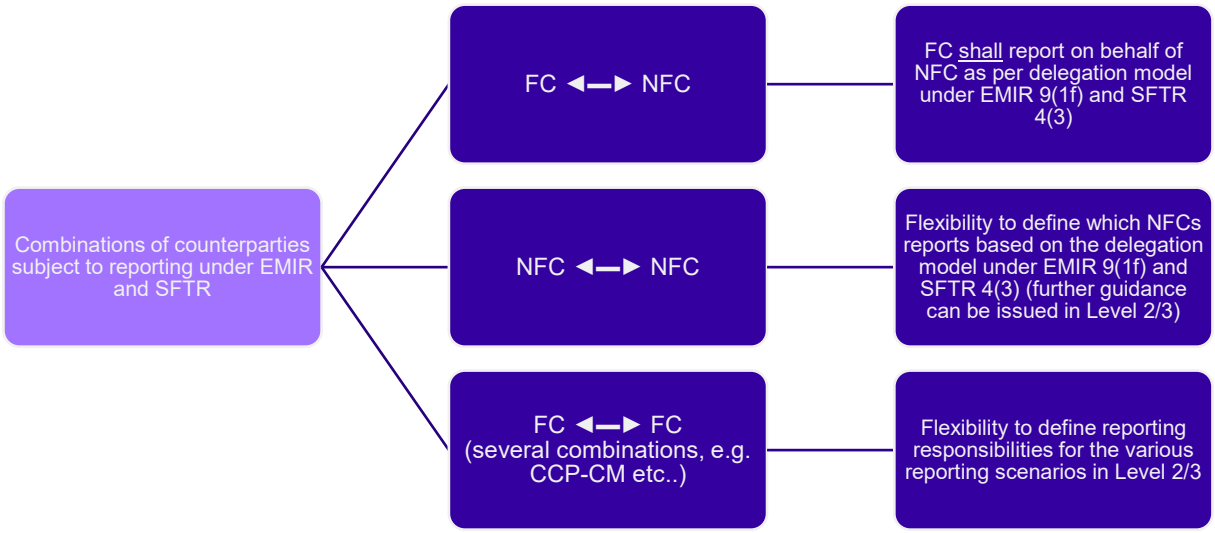

FIGURE 5: POSSIBLE MODEL FOR MANDATORY DELEGATED REPORTING

108. In this context, financial counterparties are typically characterised by high reporting volumes, complex trading roles, and multi-jurisdictional obligations, which require the establishment of a clear, simple and well-defined framework governing the allocation of reporting responsibilities. Given this complexity, and in order to ensure compatibility with the target integrated “report once” framework (Scenario 2a), it is essential to ensure that the reporting model provides legal certainty and operational clarity as to who reports and under which conditions. In particular, this requires taking into account scenarios where financial counterparties may also be subject to MiFIR reporting obligations, without implying any extension of the MiFIR scope of application. Rather, the objective is to ensure a coherent allocation of reporting responsibilities across frameworks, avoiding duplication and additional burden.

109. This may include, where appropriate, preserving the possibility for both counterparties to continue reporting a subset or all datapoints, depending on the specific circumstances and operational setup, in order to ensure robustness and flexibility of the framework.

Implications for the implementation timeline of delegated reporting

110. Implementation timelines are a key consideration in the design of delegated reporting arrangements. On the one hand, an earlier implementation can deliver meaningful burden reduction in the short term, providing operational relief to the most impacted entities. On the other hand, any changes introduced should remain fully compatible with the future target scenario, in order to avoid duplication of efforts, transitional inefficiencies, or the need for subsequent re implementation. In particular, in an integrated reporting framework combining EMIR, SFTR and MiFIR, the extension of delegated reporting between financial counterparties would need to consider the need of supervisors to obtain sensitive information, including personal client data. In the cases where one or both financial counterparties are Investment Firms subject to MiFIR, the extension of the delegated reporting should not impact in any way the obligation to provide personal information when it is required. Feedback from stakeholders indicates that such exchanges raise significant operational, legal and data protection concerns, and are therefore not considered feasible or desirable, in particular in view of MiFIR requirements.

111. In this context, ESMA considers that a balanced approach is required. For transactions between financial counterparties and non-financial counterparties, the implementation of delegated reporting should be prioritised and accelerated in the short to medium term, building on existing and well tested arrangements under EMIR and SFTR. This would allow for immediate and tangible burden reduction, while remaining fully consistent with the direction of travel towards the target framework.

112. By contrast, for other transaction types, including those between two financial counterparties and between two non-financial counterparties, the definition of reporting arrangements for EMIR and SFTR requires a more granular assessment, reflecting the multiplicity of possible operational configurations, as illustrated in Figure 4. ESMA therefore considers that the development of these models is too detailed to be enshrined in the Level 1 framework; instead it should be further defined in more flexible Level 2 and 3 measures in a subsequent phase, and as part of the broader work linked to the design and implementation of the target “report once” scenario, in order to ensure overall coherence and avoid rework.

TABLE 3: SHORT-MEDIUM TERM LEVEL 1 RECOMMENDATION #1 – REVISION OF DUAL-SIDED REPORTING THROUGH DELEGATED REPORTING

Short-medium term Level 1 recommendation #1 – Revision of dual-sided reporting, under EMIR and SFTR, through delegated reporting

ESMA recommends:

Expanding the use of delegated reporting for transactions between financial counterparties and non-financial counterparties, building on the existing frameworks under Article 9(1a) of EMIR and Article 4(3) of SFTR, with a view to delivering burden reduction in the short to medium term.

Assigning the reporting obligation to the counterparty best placed to fulfil it, based on its regulatory reporting capabilities, access to relevant data and operational role. In particular, for transactions between financial and non-financial counterparties, the financial counterparty should generally report on behalf of both sides.

Preserving the current allocation of responsibilities under delegated reporting, whereby:

- Financial counterparties shall be solely responsible, and legally liable, for reporting on behalf of both counterparties, the details of OTC derivative contracts concluded with a non-financial counterparty, as well as for ensuring the correctness of the details reported.

- To ensure that the financial counterparty has all the data it needs to fulfil the reporting obligation, the non-financial counterparty shall provide the financial counterparty with the details of the OTC derivative contracts concluded between them, which the financial counterparty cannot be reasonably expected to possess. The non-financial counterparty shall be responsible for ensuring that those details are correct.

Ensuring robust data quality safeguards, including effective information exchange between counterparties prior to reporting; and continued internal controls by both reporting and non-reporting entities.

Maintaining flexibility to define the reporting responsibilities in Level 2 and 3 for trades involving counterparty combinations other than FC-NFC, depending on the specific operational setup. This approach will be based on the Level 1 principle of mandatory delegation to the “most sophisticated counterparty” accompanied with a mandate for ESMA to define “most sophisticated” depending on the specific trading scenario. This flexibility allows for a phased approach for other transaction types, whereby arrangements for FC-FC and NFC-NFC transactions are clarified in Level 2 and 3 and their specification is developed

in conjunction with the development of the Level 2 measures necessary for the target “report once” integrated reporting framework, ensuring consistency and avoiding rework.

5.2.2 Short-medium term Level 1 recommendation #2 – Streamlining the intragroup reporting exemption framework under Article 9 EMIR

113. Under Article 9 of EMIR, an exemption from the reporting obligation is provided for intragroup derivative transactions, subject to specific conditions and prior notification to the relevant NCAs. The exemption is not automatic: it becomes effective only after notification has been submitted to all relevant NCAs and either explicitly confirmed or not objected within the prescribed period of three months.

114. In addition, entities making use of this exemption remain subject to supplementary transparency requirements, notably the reporting of net aggregated positions at parent level on a weekly basis.

115. While industry broadly values the availability of the intragroup exemption provided under EMIR, feedback collected through the CfE, and targeted engagement consistently highlighted several sources of operational burden associated with its current design and implementation:

116. Fragmented notification process across NCAs. Groups operating across multiple jurisdictions are required to notify each relevant NCA separately. Stakeholders report that this leads to duplicative submissions of similar documentation, uncertainty as to the competent authorities to be approached, and risks of incomplete or inconsistent notifications.

117. Repetition of notifications following group changes. The notification must be updated and re-submitted when there are changes in the group structure or in the conditions underpinning the exemption. For large groups or groups under frequent structure changes, this creates recurring administrative effort disproportionate to the benefit of the control exercised.

118. Delayed usability of the exemption. The exemption can only be relied upon after expiry of the non-objection period (or explicit confirmation), which may take several months. During this interim period, firms must implement and operate reporting arrangements and systems despite intending to rely on the exemption, leading to duplicative system costs and operational complexity.

119. Additional reporting of aggregated positions. Stakeholders also point to the requirement to weekly report positions at parent level as an additional burden layered on top of the

exemption. This obligation entails further system development and ongoing reporting costs, while its incremental supervisory value is questioned by respondents.

120. Overall, CfE feedback and industry engagement underline that the current intragroup exemption framework is characterised by fragmentation, duplicative processes, and residual reporting obligations, which together reduce its effectiveness as a simplification tool and generate disproportionate operational costs for cross-border groups. This process is particularly burdensome for non-financial counterparties, which typically rely on the intragroup exemption to a greater extent and may have more limited resources to manage complex, multi-jurisdictional notification and reporting requirements.

121. At the same time, NCAs need to retain sufficient visibility over the entities making use of the exemption and the associated risk exposures at group level, in order to ensure effective supervision.

122. In light of the feedback received and the analysis carried out, ESMA recommends the following targeted measures to streamline the EMIR intragroup exemption framework while preserving the necessary level of supervisory visibility.

TABLE 4: SHORT-MEDIUM TERM LEVEL 1 RECOMMENDATION #2 – STREAMLINING THE INTRAGROUP REPORTING EXEMPTION FRAMEWORK UNDER ARTICLE 9 EMIR

Short-medium term Level 1 recommendation #2 – Streamlining the intragroup reporting exemption framework under Article 9 EMIR
ESMA recommends: Centralising the intragroup exemption notification at EU level, replacing multiple NCA notifications with a single submission covering all group entities, clearly demarcated by Member State and based on a standardised template. Once received, the information would be disseminated to the relevant NCAs. The exemption would apply upon acknowledgement of the receipt of a complete notification containing all the elements necessary to verify whether the conditions to apply the exemption are met, while fully preserving NCAs' powers to perform ongoing supervisory assessments and withdraw the exemption where conditions are no longer met, including the ability to require the resumption of reporting where necessary to ensure completeness and avoid data gaps. Reducing the reporting frequency of net aggregated positions at parent level, from weekly to monthly, in order to ensure a more proportionate regime that continues to meet supervisory needs while significantly lowering ongoing operational and reporting burdens for counterparties.

5.2.3 Short-medium term Level 2/3 recommendation #3 – Reduction of the back-reporting horizon for the reporting of historical corrections

123. From the stakeholders' feedback to the CfE emerged that with regards to the reporting of historical corrections changes to back reporting provisions should be considered in conjunction with a proper cost-benefit assessment of the impacted data and entities. This approach is consistent with the direction taken by the UK FCA in its review of the transaction reporting framework under MiFIR, which emphasises proportionality, supervisory relevance promoting a targeted and supervisory-driven requests for older data along with a cost-benefit assessment to historical reporting and corrections. ESMA has assessed the revision of the back-reporting horizon from the current default five years period (in line with record-keeping obligations) to three years, concluding that in most of cases there is a limited incremental supervisory value beyond this period set in the requirements.

124. In addition, the external CBA explicitly sought stakeholder input on the costs associated with historical corrections and back-reporting requirements. The results of this exercise confirm that back-reporting obligations constitute a non-negligible source of operational and change-management costs across several stakeholder groups, in particular for market infrastructure entities and sell-side firms. Respondents consistently highlighted the resource intensity of maintaining extended historical reporting horizons, including the need to retain and process legacy data, perform system re-configurations, and manage repeated back-loading and correction processes.

125. More broadly, the feedback indicates that, beyond a certain timeframe, the incremental supervisory value of historical data could be considered limited relative to the operational burden imposed, supporting a more proportionate approach to the default back-reporting horizon and to the treatment of historical corrections.

126. On this basis, ESMA recommends reducing as part of the intermediate measures the default back-reporting horizon from five to three years in MiFIR, while allowing NCAs to request back-reporting for targeted and severe cases where such data is required, for example for supervisory, market integrity or enforcement purposes. At the same time and in the context of the implementation of the target scenario ESMA will assess how to streamline and harmonise the back-reporting requirements currently impacting EMIR and SFTR. It is relevant to note that current record-keeping obligation requirement of 5 years will be maintained[16].

[16] Record keeping obligations for counterparties and investment firms are included in SFTR Article 4(4), EMIR Article 9(2) and MiFIR Article 25(1).

TABLE 5: SHORT-MEDIUM TERM LEVEL 2/3 RECOMMENDATION #3 – REDUCTION OF THE BACK REPORTING HORIZON FOR THE REPORTING OF HISTORICAL CORRECTIONS

Short-medium term Level 2/3 recommendation #3 – Reduction of the back reporting horizon for the reporting of historical corrections
ESMA intends: Reducing the default back-reporting horizon by revising it from five to three years in MiFIR, reflecting the limited incremental supervisory value of historical data beyond this period in most cases. Allowing for a proportionate supervisory override for extended back reporting by enabling competent authorities to request back reporting beyond three years (up to five years) for targeted and severe cases where such data is required, for example for supervisory, market integrity or enforcement purposes. Harmonising, as part of the implementation of the target solution the back-reporting periods of the transactions currently reported under EMIR and SFTR.

5.2.4 Short-medium term Level 2/3 recommendation #4 – Targeted exemptions from RTS 22 2(5) under MiFIR transaction reporting requirements for transactions that do not provide material value for market abuse surveillance

127. ESMA has identified a set of targeted Level 2 amendments to the existing exclusions under MiFIR RTS 22 2(5), with the objective of addressing specific reporting inefficiencies while preserving the effectiveness of market abuse monitoring. These potential adjustments include: (i) extending the current exclusion for fund unit creation and redemption to cover transactions carried out by fund managers; (ii) exempting certain corporate actions that are not material for market abuse purposes, while maintaining reporting for key events such as initial public offerings (IPOs), mergers or takeover bids, and placements; and (iii) simplifying the reporting framework for employee share incentive plans through the introduction of higher and streamlined thresholds.

128. These targeted adjustments aim to remove sources of complexity and operational burden that have been consistently identified by stakeholders, notably in relation to high-volume transactions with limited relevance for market abuse analysis. At the same time, the proposed approach ensures that reporting continues to capture transactions that are materially relevant for supervisory purposes, thereby preserving the effectiveness of the regime.

TABLE 6: SHORT-MEDIUM TERM LEVEL 2/3 RECOMMENDATION #4 – TARGETED EXEMPTIONS FROM MIFIR RTS 22 2(5) TRANSACTION REPORTING REQUIREMENTS FOR TRANSACTIONS THAT DO NOT PROVIDE MATERIAL VALUE FOR MARKET ABUSE SURVEILLANCE

Short-medium term Level 2/3 recommendation #4 – Targeted exemptions from MiFIR RTS 22 2(5) transaction reporting requirements for transactions that do not provide material value for market abuse surveillance
ESMA intends: Extending the exemption for fund-related transactions by broadening the scope of Article 2(5)(g) of MiFIR RTS 22 to cover the creation and redemption of units of a collective investment undertaking carried out by both the administrator and the fund manager, ensuring consistent treatment of operational fund activities. Introducing a targeted exemption for corporate actions and events, through the expansion and consolidation of existing exclusions under MiFIR RTS 22 2(5)(i) and (n). This measure would eliminate the reporting of transactions that are operational in nature and do not generate meaningful market abuse signals, while preserving the reporting of key market events, such as IPOs, takeover bids, placings and debt issuance, which remain essential for effective supervision. Simplifying the regime for employee share incentive plans, through the introduction of a single, proportionate reporting threshold (e.g. €2,000 cumulative on a monthly basis) combined with aggregation requirements under Article 2(5)(m). This measure would allow for the effective exclusion of high number, low risk transactions that do not provide meaningful market abuse signals, while preserving the reporting of transactions exceeding the threshold and therefore of potential supervisory relevance.

5.2.5 Short-medium term Level 2/3 recommendation #5 – Deprioritising a limited list of RTS 22 and 23 of MiFIR optional fields

129. Based on the assessment of the consolidated list of independent measures, ESMA has identified a limited set of MiFIR RTS 22 / 23 fields, which could be subject to deprioritisation through Level 2 and Level 3 actions, without requiring amendments to the existing reporting schemas.

130. This assessment focused on fields that are not currently used for supervisory, transparency, or analytical purposes, or where equivalent information is available through

other reliable sources. ESMA would therefore expect that NCAs do not prioritise their supervisory actions in relation to reporting of the deprioritised fields and will work on developing a coordinated supervisory approach in relation to the reporting of this specific list of RTS 22 / 23 fields under MiFIR.

131. The table below outlines the list of identified fields of RTS 22 and 23 under MiFIR that are currently optional and considered to be subject to deprioritisation:

TABLE 7: OPTIONAL MIFIR RTS 22 AND 23 FIELDS FOR DEPRIORITISATION

MiFIR RTS 22 and 23 optional field	Deprioritisation approach for supervisory actions
RTS 22 F32 - Derivative notional increase/decrease	For any reported data
RTS 22 F50 - Option type	For any reported data
RTS 22 F53 - Option exercise style	For any reported data
RTS 22 F62 - Short selling indicator	For any reported data
RTS 23 F23 - Seniority of the bond	For any reported data
RTS 23 F30 - Option type	For any reported data
RTS 23 F33 - Option exercise style	For any reported data
RTS 22 F63 - OTC post-trade indicator	Only for values: • 'LRGS' = Post-trade large-in-scale transactions

	• 'ILQD' = Illiquid instrument transaction • 'SIZE' = Above specific size transaction

TABLE 8: SHORT-MEDIUM TERM LEVEL 2/3 RECOMMENDATION #5 – DEPRIORITISING A LIMITED LIST OF RTS 22 AND 23 OF MIFIR OPTIONAL FIELDS

Short-medium term Level 2/3 recommendation #5 – Deprioritising a limited list of RTS 22 and 23 of MiFIR optional fields
ESMA intends: Ensuring a coordinated supervisory approach whereby NCAs would not prioritise supervisory actions for the identified optional RTS 22 and RTS 23 fields, provided that their reporting does not raise material data quality or supervisory concerns. Limiting the deprioritisation of Field 63 to the LRGS, ILQD and SIZE values of the OTC post-trade indicator, which are no longer aligned with the revised RTS 2 deferral flags. Reporting entities may maintain existing reporting arrangements where changes would create disproportionate burden.

5.2.6 Short-medium term Level 2/3 recommendation #6 – Targeted adjustment of EMIR reconciliation fields

132. ESMA considers that the Level 1 proposal on the expansion of delegated reporting arrangements is compatible with an immediate re-assessment of reconciliation-related burden under the current framework. In particular, following the implementation of EMIR Refit Phase II reconciliation. ESMA continues to monitor closely key performance metrics, including pairing and matching rates.

133. At the same time, ESMA observes that some of the newly introduced fields are inherently more complex to reconcile in practice. In particular, certain fields, by their nature or format, are more prone to inconsistencies between counterparties, thereby increasing reconciliation breaks and operational effort. ESMA is mindful that this has direct

implications in terms of costs for reporting entities, notably in relation to data validation, exception management and ongoing correction processes.

134. While, pending the validation and potential adoption of the Level 1 proposals set out in this report, the current reconciliation framework continues to apply in full, ESMA considers that targeted and proportionate adjustments can already be envisaged to address these operational challenges. In this context, ESMA identifies scope to exclude certain fields from reconciliation processes, including the "Name of the underlying index"[17], which, as a free-text field, presents inherent limitations for consistent matching across counterparties.

TABLE 9: SHORT-MEDIUM TERM LEVEL 2/3 RECOMMENDATION #6 – TARGETED ADJUSTMENT OF EMIR RECONCILIATION FIELDS

Short-medium term Level 2/3 recommendation #6 – Targeted adjustment of EMIR reconciliation fields
ESMA intends: Working on developing a coordinated supervisory approach on the treatment of the reconciliation of the field 2.16 'Name of the underlying index', taking into account the results observed following EMIR Refit Phase II implementation, provided that any discrepancies in this field do not raise material data quality or supervisory concerns. Continue monitoring reconciliation metrics across the full set of fields and the impact of current tolerance levels and, where appropriate, considering further refinements to ensure a proportionate balance between data quality and operational burden.

5.2.7 Short-medium term Level 2/3 recommendation #7 – Simplification of Errors and Omissions notification framework under EMIR

135. The feedback received highlights that the operational burden associated with the Errors and Omissions (E&O) notification framework under EMIR Refit arises primarily not from the act of notifying competent authorities, but from the continuous infrastructure required to assess whether a notification is necessary.

136. In particular, stakeholders highlight that firms are required to maintain continuous capabilities to identify potential reporting issues, assess their materiality against

[17] ESMA. Section 7.4.3 EMIR fields for data filtering. Table 102. Field 2.16 'Name of the underlying index'. Final report on the Guidelines for reporting under EMIR (14 December 2022): https://www.esma.europa.eu/sites/default/files/library/esma74-362-2281_final_report_guidelines_emir_refit.pdf

quantitative and qualitative criteria, and document internal decisions and remediation actions. This generates significant and recurring compliance costs, including in cases where no notification is ultimately submitted. More broadly, feedback suggests that the current framework may lead to extensive ex ante assessment and documentation efforts, which are not always proportionate to the supervisory value of the outcomes, especially for issues that are ultimately considered non-material or are promptly resolved.

137. In this context, feedback from both market participants and authorities points to the need to review the current framework, in particular the approach to the identification and assessment of errors and omissions and the application of materiality thresholds. The objective would be to ensure a more proportionate and operationally efficient framework, while maintaining appropriate supervisory visibility over significant reporting issues and preserving the overall effectiveness of the regime.

TABLE 10: SHORT-MEDIUM TERM LEVEL 2/3 RECOMMENDATION #7 – SIMPLIFICATION OF ERRORS AND OMISSIONS NOTIFICATION FRAMEWORK UNDER EMIR

Short-medium term Level 2/3 recommendation #7 – Simplification of Errors and Omissions notification framework under EMIR
ESMA intends: Reviewing the current E&O notification framework and associated thresholds, with a view to simplifying their assessment and reducing operational burden; Assessing possible simplifications to the overall E&O process and Level 3 guidance, while preserving adequate supervisory visibility over significant reporting issues.

5.2.8 Short-medium term Level 3 recommendation #8 – SFTR reporting of trades for which settlement fails

138. The CfE feedback highlighted the unnecessary reporting under SFTR of transactions for which settlement has failed (as the existing requirement under Art 4 of SFTR is on contractual basis instead of settlement basis) and its duplicative reporting due to the existence of similar obligation under the CSDR. We would like however to remind that CSDR and SFTR serve different supervisory objectives and collect fundamentally different information. While CSDR captures settlement fails at the level of settlement instructions and reports them in aggregated form for the purposes of monitoring settlement efficiency and settlement discipline, SFTR captures transaction-level information on SFTs and their lifecycle to monitor financing exposures, collateral chains and systemic risk. ESMA has

still explored whether some SFT transactions could be excluded from reporting obligations for cases when the opening-leg settlement fails before the reporting deadline (T+1), on the basis that these transactions do not result in a completed opening leg and therefore may not warrant to be reported. The rationale is to avoid lifecycle reporting for transactions that never generate economic exposure, while ensuring that all transactions that create actual risk exposures remain visible to supervisors. This approach would take into account the forthcoming transition to T+1 settlement (foreseen for 2027 in EU). The exclusion of non-settled SFTs from SFTR reporting would represent a targeted proportionality measure, significantly reducing unnecessary reporting costs for market participants, while preserving supervisory visibility over transactions that materialise and generate risk.

TABLE 11: SHORT-MEDIUM TERM LEVEL 3 RECOMMENDATION #8 – SFTR REPORTING OF TRADES FOR WHICH SETTLEMENT FAILS

Short-medium term Level 3 recommendation #8 – SFTR reporting of trades for which settlement fails
ESMA intends: Amending the SFTR Level 3 to exclude securities financing transactions from SFTR reporting obligations where the opening leg settlement fails prior to the reporting deadline (T+1). In such cases, the transaction does not result in a completed opening leg and does not generate an actual economic exposure. Transactions that fail to settle and never generate such exposure should not trigger lifecycle reporting under SFTR. The SFTR reporting obligation should be explicitly limited to transactions that give rise to an effective transfer of securities or cash and therefore create a risk exposure relevant for supervisory purposes.

5.2.9 Assessment and prioritisation of additional proposals not retained

139. All proposals listed in the Interim Report[18] have been carefully assessed as part of ESMA's holistic review. This assessment has been guided by the need to prioritise a coherent and effective policy approach, centred on the transition towards the target "report once" framework and the corresponding Level 1 amendments envisaged to enable its implementation. In this context, ESMA has prioritised those measures that are consistent

[18] Reflected in ESMA. Section 4.9 Additional options and medium-term burden reduction measures identified. Interim Report on the Call for Evidence on a comprehensive approach for the simplification of financial transaction reporting (04 May 2026): https://www.esma.europa.eu/sites/default/files/2026-05/ESMA12-1406959660-3175_Holistic_review_of_the_regulatory_reporting_-_Interim_report.pdf

with this direction and capable of delivering tangible benefits while facilitating, or at least not hindering, the future integrated reporting model.

140. Consequently, a number of additional proposals have not been retained in the final set of recommendations. This is not due to a lack of relevance, but rather reflects the application of a clear set of prioritisation criteria. In particular, measures have not been pursued where they would require disproportionate implementation efforts relative to their expected benefits, where their implementation would be unlikely to deliver timely relief ahead of the target reform, or where they could create duplication, re-implementation needs or inconsistencies with the future integrated framework. These considerations are particularly relevant for proposals that would entail significant operational or IT changes without addressing the structural drivers of reporting burden, or that would risk becoming redundant once the target model is implemented.

Additional proposals not retained

141. In this context, a number of specific proposals made by market participants and listed in the Interim Report are not part of ESMA recommendations for short term relief for the following reasons:

142. **Removal of SFTs with central banks from MiFIR:** while potentially reducing reporting scope, this measure would require ensuring that the corresponding information is fully captured under SFTR in order to preserve the information value principle. This would imply additional reporting requirements or adjustments under SFTR ahead of the target integrated reporting solution under option 2a, potentially generating new reporting costs for entities within scope and offsetting part of the expected burden reduction. As this measure can only be implemented once the fully integrated reporting option 2 is rolled out (because it is conditional to these transactions being included in the integrated template), ESMA considered that it cannot really be presented as an intermediate step measure.

143. Certain data-related simplification proposals (including full harmonisation of definitions and fields across regimes, broad reprioritisation or removal of reportable fields based on supervisory use, and the use of identifiers as a substitute for reported data): ESMA considers these proposals conceptually useful and aligned with the long-term simplification objective. However, their implementation at this stage would require extensive changes to reporting schemas, instructions and data models, which would need to be revisited and redesigned in the context of the target integrated framework. As such, implementing them upfront would risk creating duplication of effort and unnecessary transition costs. These aspects will therefore be further analysed and developed as part of the design and implementation of the target “report once” solution, in particular in the development of integrated Level 2 templates.

144. **Removal of FX derivatives from MiFIR transaction reporting:** some stakeholders suggested removing FX derivatives from MiFIR transaction reporting, on the basis that these instruments are already comprehensively covered under EMIR. While this proposal aims to reduce duplication, ESMA considers that its implementation at this stage would not be consistent with the principle of preserving the information scope across frameworks and risks introducing intermediate changes that might not be compatible with the target framework. In particular, removing FX derivatives from MiFIR ahead of the implementation of the target integrated reporting framework would entail a reduction of the current information set available under MiFIR without a fully coordinated redesign of reporting obligations. This would risk creating temporary data gaps or inconsistencies in supervisory datasets. In addition, such a change would require a further reconfiguration of reporting systems in the short term, followed by subsequent adjustments when transitioning to the target "report once" scenario. This would introduce avoidable implementation costs and operational burden, contrary to the objective of ensuring full compatibility of intermediate measures with the future integrated framework. From a practical perspective, the implementation of the target scenario will inherently address overlapping reporting scopes across MiFIR and EMIR, including for FX derivatives, by eliminating duplicative reporting of the same instruments within a single, integrated reporting architecture. In this respect, the outcome of the target framework is expected to be functionally equivalent to removing FX derivatives from MiFIR, while ensuring a more comprehensive, consistent and future-proof redesign of reporting requirements and information sets.

Intermediate scenario not retained (Scenario 1a)

145. The policy options under consideration included three sub-variants of Scenario 1a (see Section 4.2), which were assessed as potential intermediate steps within a phased approach towards the target "report once" scenario.

146. However, based on the feedback received through the CfE and the results of the CBAs, ESMA does not recommend the implementation of any of these scenarios as a standalone or structured intermediate step.

147. Instead, ESMA considers that the implementation of a broad intermediate scenario would entail non negligible implementation costs or data gaps, in some cases without delivering commensurate benefits, and could risk introducing additional complexity or generating transitional costs that would not be fully recovered prior to the transition to the target model.

148. In this context, ESMA recommends focusing on the implementation of the targeted set of independent intermediate measures described previously. These measures, by design, can be implemented with limited or negligible implementation costs and provide tangible

burden reduction in the short term, while remaining fully compatible with the target scenario.

149. With regard to the underlying elements of Scenario 1a, the variant 1ai, a full split of ETD and OTC will entail high implementation costs with the expectation of these costs to be sunk when transitioning to the target scenario. ESMA acknowledges that the variant centred on the expansion of delegated reporting (1aii) addresses one of the key cost drivers identified by stakeholders, namely dual-sided reporting and reconciliation processes. However, rather than implementing this scenario in its entirety, ESMA proposes a more targeted and proportionate approach, focusing in the short-term in particular on sectors where the burden is most pronounced, notably non-financial counterparties, with further flexibility on the adoption for other sectors as part of the long-term option. This targeted implementation ensures consistency with the longer-term policy direction and guarantees full compatibility with the target "report once" framework (see Recommendation 1), while delivering immediate and meaningful burden reduction for the most impacted segment of the market. At the same time, variant 1aiii (dropping ETD from EMIR without schema changes), although favoured in the external CBA will generate significant data gaps and associated risks for authorities in the short term, gaps that would have to be assessed during the implementation of the target scenario.

150. Overall, ESMA considers that policy efforts should be directed towards the implementation of a clear and consistent target scenario as described in the next section, complemented by targeted intermediate measures. This approach allows for the delivery of immediate burden reduction while avoiding fragmented or duplicative implementation efforts and ensuring that resources are allocated towards the transition to the integrated "report once" framework.

6 Next steps

151. Any next step is dependent on ESMA Level 1 recommendations being translated into concrete legislative changes in the context of the ongoing negotiations of the relevant legislative provisions under MiFIR, EMIR and SFTR.

152. In the optimistic scenario of swift conclusion of the Level 1 negotiations with all the necessary changes to the Level 1 framework made by mid-2028, ESMA expects the new integrated reporting model to be operational within 5 years from now. Once sufficient certainty on the Level 1 change, ESMA will set up the necessary governance arrangements to enable an inclusive dialogue with the technical experts at the industry-level and ensure an agile framework for the implementation phase. With this set up, ESMA could aim to complete the work on the integrated Level 2 template by mid-2029.

153. Following policy development and the allocation of NCAs budget for the implementation, the IT development phase will start and could be concluded by mid-2030. In this respect, it should be considered that five phases are typically observed when developing a system for data reporting/collection. These are first the business requirements, then functional specifications, followed by programming, testing and deployment. These phases are sequential and the first one (business requirements) cannot be completed before the final version of the Level 2 measures specifying how the data should be reported and subsequently published are sufficiently mature and stable. Once the business requirements are finalised, based on previous experience, a minimum time of one year should be accounted for to ensure proper execution of the subsequent phases and the effective deployment of the IT change. The dependency on the technical standards impacts all stakeholders, i.e., market participants, NCAs and ESMA, as they all must have the final technical standards in place to build their respective systems on time.

154. Considering this and the need to allow for 12-18 months lead time for market participants' implementation, the fully integrated solution could be expected to be in place toward H2 2031. The main element of uncertainty in the timeline remains the process for making the necessary Level 1 changes as the process at ESMA level is rather predictable and should take approximately three to four years in total.

155. In parallel, the implementation timeline for independent intermediate measures will depend on their legal nature. Measures requiring amendments at Level 1 will be subject to co-legislator discussions, introducing uncertainty in timing. For measures within ESMA's remit, more complex changes requiring coordinated Level 2 and Level 3 adjustments are expected to be delivered over the medium term, while simpler Level 3-only measures could be implemented in the short term. This differentiated approach supports early burden reduction while ensuring consistency with the transition towards the integrated "report once" framework.

7 Annexes

7.1 Annex I – Commission mandate under MiFIR Article 26(11)

MiFIR Article 26(11)

11. By 29 March 2028, ESMA shall submit to the Commission a report assessing the feasibility of **more integration in transaction reporting and streamlining of data flows** pursuant to this Article to:

> *(a) reduce **duplicative or inconsistent requirements for transaction data reporting**, and in particular duplicative or inconsistent requirements laid down in this Regulation and Regulations (EU) No 648/2012 and (EU) 2015/2365, and in other relevant Union legal acts;*
>
> *(b) **improve data standardisation and efficient sharing and use of data** reported within any Union reporting framework by any relevant authority at Union or national level.*

When preparing the report, ESMA shall, where relevant, work in close cooperation with the other bodies of the European System of Financial Supervision and the European Central Bank.

7.2 Annex II – Deloitte cost-benefit analysis towards market participants

156. This independent study on a sample of representative firms has been used as a basis for ESMA to evaluate the broader market impact of the proposed recommendations.

Methodology and sample

157. **Selection of participants**. The study was built around a targeted sample of market participants invited to contribute on a voluntary basis. Participants were primarily selected among respondents to ESMA CfE, while additional stakeholders were invited to address gaps in representation, in particular for non-financial corporates. The selection was carried out in collaboration with NCAs and based on objective criteria, including reporting volumes, with the aim of capturing views across all relevant sectors.

158. In total, 30 entities participated in the exercise, spanning the main stakeholder groups involved in transaction reporting (non-financial corporates, buy side, sell side and market infrastructure entities). While limited in size, the sample was constructed to ensure a balanced representation of the different segments of the market.

159. **Engagement and common understanding**. Participants were engaged through introductory workshops, during which the methodology and the policy options under consideration were presented and discussed. This allowed the external provider to ensure a broadly shared understanding of the scenarios and the data required. Following this phase, a structured data collection template (questionnaire) was developed and validated with participants prior to its formal distribution.

Data collection and cost coverage

160. The questionnaire was designed to collect both quantitative and qualitative information, mainly covering:

a. Baseline ("As-Is") costs, including:

i. Recurring operating costs ("run costs");

ii. Costs related to ongoing regulatory change ("change management");

b. Target scenario (2a):

i. Expected operating costs post implementation;

ii. Implementation costs, including:

c. Transition costs from the current situation to each of the intermediate variants of Scenario 1a (1ai, 1aii, 1aiii);

d. Transition costs to the target Scenario 2a.

161. The questionnaire followed the principles of the European Commission's Better Regulation[19] approach to CBA, notably through the identification of standardised cost categories, the distinction between one-off and recurring costs, and the use of consistent

[19] European Commission. Better regulation guidelines (03 November 2021): https://commission.europa.eu/document/download/d0bbd77f-bee5-4ee5-b5c4-6110c7605476_en?filename=swd2021_305_en.pdfhttps://commission.europa.eu/document/download/d0bbd77f-bee5-4ee5-b5c4-6110c7605476_en?filename=swd2021_305_en.pdf

definitions across respondents. Participants were allowed to provide data either at a detailed cost-line level or on an aggregated basis, to ensure feasibility of the exercise.

Analytical framework and Net Present Value

162. The core quantitative output of the external study is the Net Present Value (NPV) associated with the implementation of the target Scenario 2a, assessed against the baseline scenario.

163. The NPV represents the present value of the expected future benefits, measured as the net savings in operating costs compared to the baseline, discounted over time and net of the initial implementation costs. It provides an assessment of whether the expected benefits of the reform outweigh the up-front investment required.

164. The analysis is conducted over a 10-year time horizon, using a standard discount rate of 3%, and allows for a comparison of the long-term economic viability of the target scenario relative to the status quo.

165. Due to data limitations, in particular the absence of sufficient quantitative information on the operating costs of the intermediate scenarios (1a variants) and on the transition from 1a to 2a, a fully comparable NPV analysis could only be performed for Scenario 2a relative to the baseline.

Practical challenges and limitations

166. While significant efforts were made to ensure a common understanding of the options and a consistent methodology, the exercise was conducted at a stage where the policy options remained relatively high-level. As a result, participants were required to provide estimates in the absence of detailed implementation specifications, which introduces a degree of uncertainty in the results and reflects inherent limitations associated with respondent-provided estimates.

167. Additional limitations stem from:

- Size and composition of the sample, which does not fully cover the entire population of reporting entities;
- Differences in interpretation of cost concepts and reporting structures across participants.
- Data gaps for certain stakeholder groups or cost categories;

168. Despite these limitations, the results provide a sufficiently robust basis to draw meaningful conclusions at an aggregated level.

7.2.1.1 Cost-benefit analysis

169. Deloitte cost-benefit analysis report is available here.

7.2.1.2 Extrapolation

170. **Data used:** the extrapolation relies on two main sources:

- First, the assessment used the cost estimates collected and calculated by Deloitte for the survey participants, including yearly average current ("As-Is") operating costs, implementation costs associated with the transition to Option 2a, and yearly average operating costs under Option 2a. In addition, we used the information submitted by the surveyed entities on the number of records they reported under EMIR, SFTR and MiFIR in 2025. This made it possible to calculate an average reporting volume by entity category and to relate the reported cost estimates to the approximate size of the entities concerned.

- Second, ESMA used data extracted directly from the EMIR, SFTR and MiFIR reporting systems. For the purposes of the extrapolation, the number of reports submitted under the three regimes was used as a proxy for reporting burden. This includes all reports received by all systems for regulatory reporting purposes, including lifecycle events and other report updates. Where an entity reports under more than one regime, the corresponding reporting activity is counted separately under each regime, reflecting the burden generated by the applicable reporting obligations rather than the number of unique entities. Across the three regimes, the total reporting volumes considered were approximately 1.27bn records for NFCs, 1.38bn for market infrastructure, 19.5bn[20] for TRs and ARMs, 7.36bn for the buy side, and 14.65bn for the sell side.

171. **Categorisation of reporting entities**: to ensure consistency between the survey sample and the market population, entities extracted from ESMA databases were mapped to the same categories used in Deloitte's survey.

[20] The record volume includes both EMIR records and MiFIR investment firm reports submitted through ARMs. While this results in a comparatively high number of records, its impact is mitigated by the average reporting volumes observed in the survey sample and, where relevant, the relatively small share of entities in this category.

TABLE 12: METHODOLOGY FOR CATEGORISATION OF ENTITIES

Category	EMIR / SFTR Field Mapping	Additional Scope / Notes
NFC	Field 5 = N (Non-Financial Counterparty)	
Market infrastructure	Field 6 = CSDs	CSDs
	Field 5 = C	CCPs
		TRs
		Under MiFIR, Trading Venues and ARMs were also included under this category
Sell side	Field 6 = INVF, CDTI	Investment firms / credit institutions Under MiFIR, all investment firms reported through an ARM or directly into ESMA system
Buy side	Field 6 = INUN, UCIT, ORPI, AIFD	Insurance undertakings, UCITS, occupational pension institutions, AIFs / AIFMs

172. **Data quality considerations**: Several data quality considerations were identified during the construction of the market population. Where multiple classifications were reported for the same entity, a priority rule was applied to ensure a single category assignment. In cases of inconsistent reporting over time, the category most frequently reported was retained. Where no clear majority existed, the most recent value was used. A limited number of records could not be mapped due to missing or invalid LEI information. Depending on the reporting regime, such records represented approximately 2% to 6% of total reported records. Given their limited share and the low value added to create a reliable allocation methodology, these records were excluded from the analysis.

173. **Interpretation of survey results**: Before presenting the extrapolation approaches, it is important to highlight certain characteristics of the cost estimates provided by Deloitte's survey that influence the resulting market-wide cash-flow projections. The survey results indicate significant differences across entity categories in terms of implementation costs, operating cost reductions and resulting payback periods.

174. **NFCs**: The survey results for NFCs show relatively high implementation costs compared to the expected operational savings. Based on the survey responses, NFCs would recover only a limited proportion of their initial investment over the ten-year assessment period. However, discussions with Deloitte suggest that respondents may not always have been able to clearly separate costs related specifically to the reporting frameworks covered by this assessment from costs associated with broader compliance, governance or operational processes coming from non-EU regulatory frameworks. As a result, the quantified benefits reported by NFCs may not fully capture the reduction in

reporting burden expected under Option 2a and its incremental simplification measures. While the extrapolation uses the survey results without adjustment, we consider that the resulting estimates may understate the benefits for this category. Consequently, the aggregate market results presented in this report should be regarded as a conservative estimate.

175. **Buy-side entities**. Based on the figures included in the CBA, buy-side entities represent the main driver of positive net cash-flows within the surveyed population. This reflects the combination of comparatively lower implementation costs and more significant recurring operational savings.

176. **Sell-side entities.** Sell-side entities report both substantial implementation costs and substantial operational costs under the current framework. While the proposed measures generate meaningful recurring savings, these are partly offset by the higher transition costs, resulting in a more balanced but still positive cash-flow profile over the assessment period.

177. **Market infrastructure entities.** Market infrastructure entities exhibit no operational savings relative to implementation costs, resulting in slightly negative net cash-flows after implementation. However, the overall contribution of this category to the aggregate market impact remains limited due to its relatively small population size.

TABLE 13: DATA USED FOR DELOITTE'S NPV CALCULATIONS

Category	Yearly Average "As-Is" operating costs for MiFIR / EMIR / SFTR	Implementation cost from "As-Is" to Option 2a	Yearly Average Option 2a operating cost
NFC	976,139	1,149,762	935,543
Market Infrastructure	2,166,271	2,117,225	2,649,850
Market Infrastructure Trade Repository (TR)	3,303,000	6,658,500	3,305,000
Buy side	6,272,425	3,018,750	2,332,175
Sell side	11,985,830	7,791,250	9,598,011

7.3 Annex III – ESMA cost-benefit analysis towards public authorities

178. Results of the CBA undertaken by 18 participating NCAs and the ECB-ESRB in the context of the Holistic Review of transaction reporting

Current annual running costs

179. Respondents reported approximately €19m in total current annual running costs related to transaction reporting under EMIR, MiFIR and SFTR. Staff costs consistently represent the largest component of expenditure, followed by IT infrastructure, while external services and contractors form a third, more variable cost category. Costs are concentrated among a limited number of authorities, with the six largest contributors accounting for approximately 71.7% of the total (DE BaFin, NL AFM, FR AMF, ECB-ESRB, IE CBI, CZ CNB). The number of FTEs varies widely and strongly correlates with total costs and organisational approach. For those NCAs providing disaggregated data, MiFIR emerges as consistently more costly than EMIR and SFTR, at approximately 1.5 to 2 times higher.

180. Most NCAs (14 out of 19 respondents) report costs for external services and contractors, representing a third, more variable cost category. In relative terms, outsourcing constitutes a larger share of total costs for authorities with smaller teams, whereas in authorities with larger teams it serves to complement substantial in-house resources.

181. A majority of NCAs (14 out of 19 respondents) incur operational and IT costs related to routing, validation, processing and storage of MiFIR Article 26 transaction reports. However, these costs are generally limited to moderate, with routing errors and resubmissions usually not a material cost driver and absorbed into routine IT and staff processes.

182. Only a minority of NCAs (8 out of 19 respondents) reported requesting additional national-level data, and where such requests exist, the associated costs are generally negligible or represent a low share of overall running costs, often absorbed within existing IT infrastructure or relying on limited additional staff effort.

Key impacts of Option 2a

Costs incurred

183. Looking ahead, most authorities expect significant to fundamental one-off implementation costs for Option 2a. These are primarily driven by system maintenance and IT changes, including redesign of implementing data models, reporting pipelines and validation logic, extensive testing, and staff effort related to training, transition and coordination. External services show mixed impacts, while operational costs are generally moderate to significant due to transition complexity and data quality stabilisation.

184. In terms of ongoing annual costs, estimated impacts vary widely. On average, a reduction of around 9-11% is foreseen compared to the status quo, although outcomes range from no change to moderate increases or, in some cases, substantial savings. IT and infrastructure costs are generally expected to remain stable or slightly decrease, while

external services and operational costs show mixed expectations. Several NCAs based their cost estimates on assumptions about the future reporting flow and, in particular, on the degree of centralisation of the new system - an understandable approach given the limited technical specifications available from ESMA at this stage. In general, respondents tended to flag higher ongoing costs in scenarios where validation and data quality checks were assumed to remain decentralised at national level.

Challenges and benefits

185. Regarding challenges, many NCAs highlight the need for full access to raw, unvalidated data, including cancellations and updates. Restrictions on data analysis, download capacity and flexibility are major concerns, alongside the need for local storage and seamless integration into national systems. Migration is widely viewed as fundamental and complex, with key issues relating to data quality, completeness, historical continuity and transition management.

186. Significant IT development, system redesign and schema changes would be required, together with integration with EU APIs and adaptation of existing systems. Centralisation is also seen to introduce bottlenecks, time lags, dependency on the EU platform, business continuity risks and increased cyber risk. It may reduce flexibility to address national needs and complicate integration with national reporting frameworks. Clear allocation of responsibilities, legal adjustments, and staff training are additional challenges.

187. It is important to understand these concerns already at this stage, so that they can be duly considered and addressed in the design, ahead of defining the more granular technical details of the future reporting structure.

188. At the same time, NCAs identify potential benefits from a centralised EU platform, particularly in terms of improved data quality, harmonisation and consistency through centralised validation and unified data models. Enhanced data sharing and cross-border accessibility could facilitate supervision and reduce the need for ad hoc exchanges. The removal of duplicative reporting, routing and validation processes is expected to improve efficiency and reduce operational complexity.

189. Operational efficiency and cost reductions may arise from centralised infrastructure, reduced duplication and lower resource needs, alongside a single point of entry for reporting. However, these benefits are conditional on key preconditions, including full access to raw data without limitations, high system performance and robust connectivity.

190. Finally, clear governance frameworks, well-defined processes, strong decision-making structures, appropriate financing mechanisms, and clear technical specifications are considered essential to ensure a successful transition and to realise the expected benefits.

7.4 Annex IV – Recommendations

7.4.1 Table 2: Long-term Level 1 recommendation – Establish a long-term integrated "report once" framework and streamlining reporting channels (Scenario 2a)

Long-term Level 1 recommendation – Establish a long-term integrated "report once" framework and streamlining reporting channels (Scenario 2a)
ESMA recommends introducing targeted Level 1 amendments to establish a coherent legal basis for the rationalisation of reporting channels across MiFIR, EMIR and SFTR, and enabling a gradual transition towards a more integrated, efficient and proportionate reporting framework across MiFIR, EMIR and SFTR based on a "report once" principle (Scenario 2a). The recommendations are based on the following principles: **Establishment of an integrated "report once" framework across regimes** ESMA recommends amending the Level 1 frameworks under MiFIR, EMIR and SFTR establish a clear legal basis to enable the development of a single integrated reporting model ("report once"), whereby market participants submit transaction-related data through streamlined reporting channels covering the relevant reporting requirements across regimes. This framework should allow for the integration of reporting data into a common and modular structure, containing the relevant data elements applicable, to the extent possible, to the reported transaction. Under this approach, ESMA would develop an integrated reporting model encompassing a single, coherent set of reporting templates covering the information needs across regimes. These templates should be designed in a modular way to ensure data completeness and quality while avoiding the duplications across reported transactions. This approach should be implemented without reliance on intermediate structural scenarios, in order to minimise cumulative implementation efforts, reduce overall implementation timelines and maximise the benefits associated with the integrated framework. The development of the final technical configuration will take place through an iterative process, in close cooperation with market participants and competent authorities, and will be supported by further consultations, technical analyses and additional cost-benefit assessments, as appropriate. **Rationalisation of reporting channels and removal of duplication** Level 1 legislation should provide a legal basis for the progressive reduction of parallel reporting channels and infrastructures, with a view to eliminating duplicative reporting obligations and associated technical connections, submission points and control

frameworks. In this context, the legal framework should enable the merging of existing reporting infrastructures under MiFIR, EMIR and SFTR into one single type of reporting infrastructure, while ensuring continuity of supervisory access to relevant data.

Ensuring a clear allocation of responsibilities

Level 1 should provide for a clear allocation of responsibilities between national and EU-level functions, ensuring legal certainty and effective supervisory coordination. In particular, reporting obligations and their enforcement would remain with NCAs and nothing in the reporting flows and logic affects the supervisory responsibilities and other mandates of the different authorities that need continued access to the reported information minimising the data collection.

Enabling phased implementation of integrated reporting

Level 1 provisions should enable a phased implementation approach, starting with an implementing model aimed at further reducing reporting channels as an initial step, while allowing for further evolution towards more integrated solutions over time. Such an approach would support cost-efficient implementation, while providing flexibility for future developments in reporting formats, data models and transmission protocols. This would also require defining high-level reporting principles and essential requirements at Level 1, while avoiding detailed technical specifications, in order to preserve flexibility and adaptability over time.

As a first step, Level 1 legislation should establish the foundations for the implementation of the above principles with the inclusion of amendments to reflect the following key policy recommendations:

Provide an appropriate mandate in the Level 1 for the development of integrated templates. Level 1 should provide a mandate under MiFIR, EMIR and SFTR for ESMA to develop, at Level 2 and Level 3, a consolidated reporting architecture, including integrated templates, harmonised data definitions and consistent validation processes.

Establish a legal basis for a single type of reporting infrastructure based on streamlined reporting functions. ESMA recommends introducing provisions at Level 1 to a allow for a single type of reporting infrastructure. Such provisions should ensure that the integrated reporting model remains compatible with the different reporting entities scopes and use cases foreseen under MiFIR, EMIR and SFTR.

7.4.2 Table 3: Short-medium term Level 1 recommendation #1 – Revision of dual-sided reporting, under EMIR and SFTR, through delegated reporting

Short-medium term Level 1 recommendation #1 – Revision of dual-sided reporting, under EMIR and SFTR, through delegated reporting
ESMA recommends: Expanding the use of delegated reporting for transactions between financial counterparties and non-financial counterparties, building on the existing frameworks under Article 9(1a) of EMIR and Article 4(3) of SFTR, with a view to delivering burden reduction in the short to medium term. Assigning the reporting obligation to the counterparty best placed to fulfil it, based on its regulatory reporting capabilities, access to relevant data and operational role. In particular, for transactions between financial and non-financial counterparties, the financial counterparty should generally report on behalf of both sides. Preserving the current allocation of responsibilities under delegated reporting, whereby: ○ Financial counterparties shall be solely responsible, and legally liable, for reporting on behalf of both counterparties, the details of OTC derivative contracts concluded with a non-financial counterparty, as well as for ensuring the correctness of the details reported. ○ To ensure that the financial counterparty has all the data it needs to fulfil the reporting obligation, the non-financial counterparty shall provide the financial counterparty with the details of the OTC derivative contracts concluded between them, which the financial counterparty cannot be reasonably expected to possess. The non-financial counterparty shall be responsible for ensuring that those details are correct. Ensuring robust data quality safeguards, including effective information exchange between counterparties prior to reporting; and continued internal controls by both reporting and non-reporting entities. Maintaining flexibility to define the reporting responsibilities in Level 2 and 3 for trades involving counterparty combinations other than FC-NFC, depending on the specific operational setup. This approach will be based on the Level 1 principle of mandatory delegation to the “most sophisticated counterparty” accompanied with a mandate for ESMA to define “most sophisticated” depending on the specific trading scenario. This flexibility

allows for a phased approach for other transaction types, whereby arrangements for FC-FC and NFC-NFC transactions are clarified in Level 2 and 3 and their specification is developed in conjunction with the development of the Level 2 measures necessary for the target “report once” integrated reporting framework, ensuring consistency and avoiding rework.

7.4.3 Table 4: Short-medium term Level 1 recommendation #2 – Streamlining the intragroup reporting exemption framework under Article 9 EMIR

Short-medium term Level 1 recommendation #2 – Streamlining the intragroup reporting exemption framework under Article 9 EMIR
ESMA recommends: Centralising the intragroup exemption notification at EU level, replacing multiple NCA notifications with a single submission covering all group entities, clearly demarcated by Member State and based on a standardised template. Once received, the information would be disseminated to the relevant NCAs. The exemption would apply upon acknowledgement of the receipt of a complete notification containing all the elements necessary to verify whether the conditions to apply the exemption are met, while fully preserving NCAs’ powers to perform ongoing supervisory assessments and withdraw the exemption where conditions are no longer met, with reporting resuming as necessary to avoid data gaps. Reducing the reporting frequency of net aggregated positions at parent level, from weekly to monthly, in order to ensure a more proportionate regime that continues to meet supervisory needs while significantly lowering ongoing operational and reporting burdens for counterparties.

7.4.4 Table 5: Short-medium term Level 2/3 recommendation #3 – Reduction of the back reporting horizon for the reporting of historical corrections

Short-medium term Level 2/3 recommendation #3 – Reduction of the back reporting horizon for the reporting of historical corrections
ESMA intends:

Reducing the default back-reporting horizon by revising it from five to three years in MiFIR, reflecting the limited incremental supervisory value of historical data beyond this period in most cases.

Allowing for a proportionate supervisory override for extended back reporting by enabling competent authorities to request back reporting beyond three years (up to five years) on an ad hoc and justified basis where such data is required, for example for supervisory, market integrity or enforcement purposes.

Harmonising, as part of the implementation of the target solution the back-reporting periods of the transactions currently reported under EMIR and SFTR.

7.4.5 Table 6: Short-medium term Level 2/3 recommendation #4 – Targeted exemptions from MiFIR RTS 22 2(5) transaction reporting requirements for transactions that do not provide material value for market abuse surveillance

Short-medium term Level 2/3 recommendation #4 – Targeted exemptions from MiFIR RTS 22 2(5) transaction reporting requirements for transactions that do not provide material value for market abuse surveillance

ESMA intends:

Extending the exemption for fund-related transactions by broadening the scope of Article 2(5)(g) of MiFIR RTS 22 to cover the creation and redemption of units of a collective investment undertaking carried out by both the administrator and the fund manager, ensuring consistent treatment of operational fund activities.

Introducing a targeted exemption for corporate actions and events, through the expansion and consolidation of existing exclusions under RTS 22 2(5)(i) and (n). This measure would eliminate the reporting of transactions that are operational in nature and do not generate meaningful market abuse signals, while preserving the reporting of key market events, such as IPOs, takeover bids, placings and debt issuance, which remain essential for effective supervision.

Simplifying the regime for employee share incentive plans, through the introduction of a single, proportionate reporting threshold (e.g. €2,000 cumulative on a monthly basis) combined with aggregation requirements under Article 2(5)(m). This measure would allow for the effective exclusion of high number, low risk transactions that do not provide

meaningful market abuse signals, while preserving the reporting of transactions exceeding the threshold and therefore of potential supervisory relevance.

7.4.6 Table 8: Short-medium term Level 2/3 recommendation #5 – Deprioritising a limited list of RTS 22 and 23 of MiFIR optional fields

Short-medium term Level 2/3 recommendation #5 – Deprioritising a limited list of RTS 22 and 23 of MiFIR optional fields
ESMA intends: Ensuring a coordinated supervisory approach whereby NCAs would not prioritise supervisory actions for the identified optional RTS 22 and RTS 23 fields, provided that their reporting does not raise material data quality or supervisory concerns. Limiting the deprioritisation of Field 63 to the LRGS, ILQD and SIZE values of the OTC post-trade indicator, which are no longer aligned with the revised RTS 2 deferral flags. Reporting entities may maintain existing reporting arrangements where changes would create disproportionate burden.

7.4.7 Table 9: Short-medium term Level 2/3 recommendation #6 – Targeted adjustment of EMIR reconciliation fields

Short-medium term Level 2/3 recommendation #6 – Targeted adjustment of EMIR reconciliation fields
ESMA intends: Working on developing a coordinated supervisory approach on the treatment of the reconciliation of the field 2.16 ‘Name of the underlying index’, taking into account the results observed following EMIR Refit Phase II implementation, provided that any discrepancies in this field do not raise material data quality or supervisory concerns. Continue monitoring reconciliation metrics across the full set of fields and the impact of current tolerance levels and, where appropriate, considering further refinements to ensure a proportionate balance between data quality and operational burden.

7.4.8 Table 10: Short-medium term Level 2/3 recommendation #7 – Simplification of Errors and Omissions notification framework under EMIR

Short-medium term Level 2/3 recommendation #7 – Simplification of Errors and Omissions notification framework under EMIR
ESMA intends: Reviewing the current E&O notification framework and associated thresholds, with a view to simplifying their assessment and reducing operational burden. Assessing possible simplifications to the overall E&O process and Level 3 guidance, while preserving adequate supervisory visibility over significant reporting issues.

7.4.9 Table 11: Short-medium term Level 3 recommendation #8 – SFTR reporting of trades for which settlement fails

Short-medium term Level 3 recommendation #8 – SFTR reporting of trades for which settlement fails
ESMA intends: Amending the SFTR Level 3 to exclude securities financing transactions from SFTR reporting obligations where the opening leg settlement fails prior to the reporting deadline (T+1). In such cases, the transaction does not result in a completed opening leg and does not generate an actual economic exposure. Transactions that fail to settle and never generate such exposure should not trigger lifecycle reporting under SFTR. The SFTR reporting obligation should be explicitly limited to transactions that give rise to an effective transfer of securities or cash and therefore create a risk exposure relevant for supervisory purposes. Clarifying at Level 1 that settlement fail monitoring and transparency objectives should remain addressed under CSDR, thereby avoiding duplicative reporting of settlement fail events under SFTR where no completed SFT exists.