



ESRB response to ESMA's call for evidence

on a comprehensive approach for the simplification of financial transaction reporting

The European Systemic Risk Board (ESRB) welcomes the call for evidence launched by the European Securities and Markets Authority (ESMA) on a comprehensive approach for the simplification of financial transaction reporting.¹ ESMA is seeking feedback to identify ways to reduce the burden of financial regulatory reporting while maintaining strong supervisory oversight. The aim is to identify key cost drivers and collect input on streamlining transaction reporting rules.

Following the recent review, Article 26(11) of the Markets in Financial Instruments Regulation (MiFIR)² tasks ESMA with submitting to the European Commission a comprehensive report evaluating the feasibility of greater integration in transaction reporting and the streamlining of data flows. When preparing this report, ESMA is required collaborate closely with other bodies of the European System of Financial Supervision (ESFS), which includes the ESRB, as well as the European Central Bank (ECB).

Accordingly, the ESRB would like to share its perspectives and proposals in response to ESMA's call for evidence. The ESRB stands ready to collaborate closely with ESMA and all relevant stakeholders on this initiative.

The ESRB is responsible for the macroprudential oversight of the EU financial system and for the prevention and mitigation of systemic risk. The ESRB's remit encompasses a wide range of financial entities and markets, including banks, insurers, asset managers, non-bank financial intermediaries, financial market infrastructures and other financial institutions.

Access to timely and comprehensive data across all segments of the financial system is essential for the ESRB to effectively deliver on its macroprudential mandate. Under the ESRB Regulation,³ the ESRB is given the explicit task of "*determining and/or collecting and analysing all the relevant and necessary information, for the purposes of achieving [its] objectives (...)*".⁴

¹ See [Call for evidence on a comprehensive approach for the simplification of financial transaction reporting](#), ESMA, 23 June 2025.

² Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012. See <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:02014R0600-20250117>

³ Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board.

⁴ Article 3(2) of the ESRB Regulation.

The recent report produced by the High-Level Group on the ESRB Review⁵ has further emphasised this aspect and underscored the importance of advancing efforts to create a comprehensive, detailed map of the European Union's financial system. Central to this endeavour is access to and use of comprehensive, granular financial transaction data, which forms the foundation for robust systemic risk monitoring. The availability and systematic analysis of such data are indispensable for capturing the complex interconnections within the financial sector and for enabling informed risk assessments and policy development. Further strengthening this approach would not only enhance the ESRB's capacity to fulfil its mandate but would also contribute significantly to the overall stability and resilience of the EU financial system. The sharing of data and knowledge constitutes a foundational element in the continued development of this framework. For the ESRB to effectively fulfil its mandate of ensuring financial stability, it is imperative to implement a monitoring system that delivers precise and timely assessments of systemic risk. Achieving this objective necessitates immediate and automated access to relevant data, enabling the comprehensive mapping of interdependencies among financial intermediaries and between these entities and the non-financial sector.

To enable the timely identification and mitigation of emerging risks, the ESRB has been granted access to data pertaining to specific activities and sectors. This access is instrumental in enhancing the ESRB's capacity for effective macroprudential oversight and informed and timely intervention. Specifically, the ESRB is granted access to datasets explicitly referenced in ESMA's call for evidence as follows:

- The European Market Infrastructure Regulation (EMIR),⁶ a cornerstone of post-crisis financial reforms for derivatives markets, grants the ESRB access to a comprehensive EU-wide dataset on derivatives transactions.
- The Securities Financing Transactions Regulation (SFTR)⁷ grants the ESRB access to a comprehensive EU-wide dataset on securities financing transactions.

Over the years, the ESRB and its member institutions have acquired significant expertise in the understanding and use of these datasets. They have made extensive use of this information for both monitoring systemic risk and informing policy development. Accordingly, the ESRB welcomes the opportunity to contribute its perspective in response to the present call for evidence.

This response is organised into five sections:

- The opening section summarises the key messages and proposals put forth by the ESRB in this response.

⁵ See [Report by the High-Level Group on the ESRB Review](#), ESRB 2024.

⁶ 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.

⁷ 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.

- The second section presents preliminary considerations and offers reflections on the current framework for financial transaction reporting.
- The third section offers a perspective on reporting costs, including the underlying drivers, methodological approach and estimations.
- The fourth section examines ESMA's proposed simplification options, assessing both potential opportunities and associated risks.
- The fifth section concludes by illustrating the ESRB's advice and specific proposals for the further development and streamlining of the reporting framework.

Key messages and proposals

The ESRB wishes to put forward the following key messages:

- **The existing framework for financial transaction reporting represents a success story for the European Union.** This accomplishment is attributable to strategic vision and effective implementation by the co-legislators, ESMA, and the relevant EU and national authorities (including the ESRB). Over the years, the ESRB and its member institutions have developed considerable expertise in utilising these data, employing them extensively for both systemic risk monitoring and policy development.
- **All the components of the current framework operate synergistically to enhance the capacity for timely risk monitoring and the formulation of informed policy responses, outcomes that would have been unattainable prior to the global financial crisis.** The existing reporting framework supports both event-driven analysis and policy development; it also constitutes a foundational instrument for analytical endeavours undertaken by the decision-making and advisory bodies of the ESRB and its member institutions.
- **The ESRB and its member institutions underscore that preserving the integrity and comprehensiveness of the reported data is an essential condition for delivering on their mandate.** Accordingly, the ESRB and its member institutions wish to highlight potential risks inherent in the simplification options advanced by ESMA, particularly where such measures may compromise the scope or quality of the information required by the ESRB and its member institutions.
- **In order to realise significant and targeted reductions in reporting costs, it is essential to establish a methodological framework that quantifies and clarifies the determinants of reporting costs.** Accordingly, any measures proposed for simplification should be firmly grounded in the precise identification of key cost drivers and their targeted mitigation, thereby maximising the effectiveness of such initiatives.
- **The ESRB supports the European Commission's objectives, emphasising that efforts to reduce reporting burdens should target cost factors, with digitalisation as a key enabler.** The modernisation of internal IT systems and adoption of standardised, automated reporting practices are crucial for achieving meaningful cost savings.

In alignment with the objectives articulated by the European Commission and the principles outlined in ESMA's call for evidence, the ESRB would like to introduce the following proposals as a potential "Option 3", structured across three phases:

- **Short term: Consistent with the "report once" principle, the ESRB proposes the consolidation of all derivative transaction-level reporting under EMIR,** rather than splitting reporting requirements for derivatives between EMIR and MiFIR. This approach could effectively replace equivalent requirements within MiFIR, thereby aligning with the legislative objectives underpinning MiFIR and serving to eliminate duplications in transaction reporting.
- **Medium term: Develop and disseminate best practice guidelines to reduce reporting costs and harmonise frameworks by analysing and adopting robust internal processes from reporting entities.** This approach would improve data quality, reduce costs and make it possible to gradually implement changes at Level 3 as new evidence emerges.

- **Medium to long term: Establish a methodological framework to assess costs and potentially eliminate redundant data elements by leveraging mature international standards.** This would simplify reporting processes, reduce data requirements and enhance overall reporting efficiency once quality and adoption levels are sufficient.

The current financial transaction reporting framework: an EU success story

The current framework governing financial transaction reporting constitutes a substantial accomplishment within the European Union. It has demonstrably enabled EU authorities, the ESRB and its member institutions to monitor systemic risks and formulate policies, serving as a model of regulatory oversight and data-informed supervision.

This success is attributable to strategic vision and effective implementation by the co-legislators, ESMA, and relevant EU and national authorities. The ESRB has also played a role by advancing the use of financial transaction data by developing –in cooperation with ESMA, the ECB and its member institutions – both the necessary IT infrastructure and analytical frameworks to fully leverage the extensive information provided by these datasets.

In recent years, several episodes of financial turmoil have been monitored and analysed using the comprehensive datasets provided by EMIR and SFTR reporting. During the periods of instability in derivatives markets, the availability of detailed transaction-level information has demonstrably enabled effective oversight, analysis and prompt policy development.

The following table presents a high-level overview of these episodes, outlining (i) their significance for systemic risk monitoring, (ii) the nature of the risks addressed, (iii) the characteristics of the financial instruments involved, (iv) the data level utilised in the analysis of each episode, and (v) the institutions or entities involved in the respective events.

| Year | Event | Instrument | Relevance | Data level | Entities involved |
|------|---|-------------------------|---|--|--|
| 2018 | Default of a clearing member at Nasdaq clearing | ETDs on energy products | Default of a clearing member, deficiencies in CCP's operations, ⁸ concerns regarding the potential for wider contagion effects | Intraday transaction level, end-of-day position level. Margin and collateral data. Dual-sided reporting essential for enhancing data quality | CCP, non-financial institution (individual trader) |

⁸ See [Nasdaq Clearing Aktiebolag receives a warning and an administrative fine](#), Finansinspektionen, 27 January 2021.

| | | | | | |
|---------|--|---|--|--|--|
| 2020 | March 2020 market turmoil | ETDs and OTC derivatives on several asset classes | Significant margin calls affected multiple asset classes and CCPs, leading to a dash-for-cash and disruptions across key markets | Intraday transaction-level data, end-of-day positions. Margin and collateral data. Dual-sided reporting essential for enhancing data quality | CCPs, banks, non-bank financial intermediaries |
| 2021 | Archegos | OTC derivatives | Some G-SIBs experienced notable losses, risk of broader disruption and contagion | Transaction level and state level. Margin and collateral data | Banks and a non-bank financial intermediary |
| 2021-22 | European energy crisis | ETDs | Disruptions in key energy benchmarks triggered large margin calls and liquidity feedback loops | Transaction level and state level. Margin and collateral data. Dual-sided reporting essential for enhancing data quality and closing data gaps | CCPs, banks, non-financial firms (energy producers and energy traders) |
| 2022 | UK gilt turmoil | OTC interest rate derivatives | Margin calls triggered fire sales and feedback loops in the underlying asset | Transaction level and state level. Margin and collateral data. Dual-sided reporting essential for enhancing data quality and closing data gaps | CCPs, banks, non-bank financial intermediaries (pension funds) |
| 2023 | Banking turmoil | ETDs and OTC derivatives | Interest rate risk hedging issues; significant CDS spread volatility | Transaction level and state level. Margin and collateral data. Dual-sided reporting essential for enhancing data quality and closing data gaps | CCPs and banks |
| 2025 | Market disruption following US tariff announcement | ETDs and OTC derivatives | Equity price volatility, concerns for margin calls and position unwinding. Credit spreads widened | Transaction level and state level. Margin and collateral data. Dual-sided reporting essential for enhancing data quality and closing data gaps | CCPs, banks, non-bank financial intermediaries |

These cases clearly illustrate how the key components of the current reporting framework synergistically enhance the capacity to monitor risks and inform the development of policy responses, an outcome that would have been inconceivable prior to the global financial crisis. These achievements would not have been possible without the comprehensive coverage of all derivatives transactions, as mandated by Article 9 of EMIR, combined with transaction-level reporting for exchange-traded derivatives (rather than solely relying on end-of-day position data) and dual-sided reporting.⁹

The ESRB therefore asserts the view that all components of the current reporting framework must be retained in an integrated way to ensure the continued effectiveness of risk monitoring and policy development. Any fragmentation or elimination of these elements would significantly diminish the capacity not only to monitor systemic risks but also to comprehensively analyse the underlying drivers of such risks. Specifically:

- **Dual-sided reporting represents a foundational pillar of the reporting framework.** Far from presenting redundant information, dual-sided reporting functions as a vital instrument for enhancing data quality,¹⁰ addressing data gaps¹¹ and facilitating the comprehensive reconstruction of intermediation chains and risk transfers within derivatives markets.
- **Retaining both transaction-level and end-of-day reporting for exchange-traded derivatives is indispensable,** as together they enable comprehensive mapping and quantification of risk formation and concentration within this segment of the financial system. Such granularity affords supervisors and policymakers the necessary insights to monitor intraday dynamics and the subsequent evolution of profit and loss, as well as the triggers for margin calls, factors that are key for understanding systemic risks.
- **Reporting from all market participants (including CCPs, banks, non-bank financial intermediaries and non-financial corporations) remains essential.**¹² This holistic approach ensures that risk can be assessed in a manner that reflects the interconnectedness and complexity of modern financial systems, thereby supporting the effective monitoring of vulnerabilities across the financial system. It also reduces the likelihood of data gaps.
- **Reporting of post-trade events, including margins, valuations and other post-trade activities, constitutes a key pillar.** Such data are indispensable for effectively monitoring the build-up and transfer of

⁹ Both EMIR and the SFTR mandate dual-sided reporting obligations, whereby each counterparty to a transaction is required to independently submit detailed information to an authorised trade repository. Under EMIR, this requirement extends to all derivative contracts (both OTC and ETD), whereas the SFTR encompasses securities financing transactions, including repurchase agreements and securities lending. The principal objective of these measures is to enhance market transparency and enable regulatory authorities to effectively monitor systemic risks. Dual-sided reporting has proven instrumental in improving data quality, facilitating comprehensive data validation and addressing data gaps.

¹⁰ See, for instance, the framework developed in **Anomaly intersection: disentangling data quality and financial (stability) developments in a scalable way**, BIS, 2022. The ESRB and the ECB leverage on this framework to execute a comprehensive set of automated daily checks for data quality and completeness. This process makes it possible to immediately identify potential data quality issues and detect emerging data gaps. Furthermore, the framework functions as an immediate early warning system to detect potential anomalies, such as concentration risks or significant shifts in positions.

¹¹ See, for instance, the **ESRB Secretariat staff response to the European Commission's consultation document "Fitness check on supervisory reporting"**, ESRB, 2018.

¹² Reporting exemptions due to proportionality that align with the established framework should be retained.

risk throughout the lifecycle of derivatives transactions. Moreover, they provide essential insights into the emergence of risks stemming from margin calls.

The European energy crisis: a case study in leveraging synergies within the current reporting framework

The European energy crisis of 2021-22 provides a compelling case study of how the key components of the current EMIR reporting framework operate synergistically for analytical and policy purposes. Significant price volatility in major exchange-traded energy derivative benchmarks, exacerbated by Russia's full-scale invasion of Ukraine, led to substantial margin calls, particularly for non-financial corporations active in energy markets. This volatility had significant repercussions on the real economy, as also recognised in the "Draghi report".¹³ In response, some entities expanded their credit facilities with banks to satisfy margin requirements, while others opted to unwind a considerable portion of their positions, frequently within short intraday timeframes.¹⁴ The key elements of the current reporting framework have demonstrated their critical value in facilitating the monitoring of risk exposures and margin calls, as well as in elucidating the fundamental mechanisms underlying their drivers from a market microstructure and liquidity dynamics perspective:

- **End-of-day position data** provided an initial basis for analysing the main trading and hedging strategies and portfolio positions adopted by market participants.
- **Dual-sided reporting** proved essential in addressing data gaps and data quality issues (including those present in CCP-reported data) and in providing a comprehensive mapping of the entire clearing chain.
- **Transaction-level data for exchange-traded derivatives** constituted a critical foundation for analysing the responses of market participants, particularly in relation to the unwinding of intraday positions and the subsequent development of liquidity feedback mechanisms.
- **Margin data** played a pivotal role in assessing how this repositioning affected the portfolios of market participants. Furthermore, the ability to link this information to additional data sources proved essential for understanding and anticipating the ways in which ongoing margin calls would be met.

This case clearly illustrates how the components of the existing reporting framework function in a *mutually reinforcing manner*. The absence of any single element would have made it impracticable for the ESRB to adequately inform the General Board, the Steering Committee and ESMA regarding ongoing market developments, the underlying determinants and the spectrum of potential policy interventions.

Moreover, the current reporting framework has demonstrated its indispensability not only in the context of event-driven analyses and policy responses, but also as a foundational tool for ongoing analytical

¹³ See [The future of European competitiveness](#), Publications Office of the European Union, 2024.

¹⁴ For further details, see the [ESRB Secretariat's response to the European Commission's Targeted Consultation document](#), ESRB, 22 April 2025, and the [ESRB response to ESMA's Final Report on Emergency measures on collateral requirements, including draft RTS amending Commission Delegated Regulation \(RTS\) 153/2013](#), ESRB, 14 October 2022.

work conducted by the ESRB's decision-making and advisory bodies. The current reporting framework is now an integral part of both regular and ad hoc input to virtually all the bodies of the ESRB.

- The *General Board* has received regular data deliveries, notably on Brexit-related developments and during the energy crisis. Analyses derived from these data have now become an integral part of its risk discussion.
- The *Steering Committee* has monitored the energy crisis, enabled by the *daily* delivery of key indicators.
- The *Advisory Technical Committee* has consistently used these data in its risk assessments and ad hoc policy dossiers.
- The *Advisory Scientific Committee* has played a role by providing both input into the analytical use of these datasets and substantive contributions to a range of policy papers.
- The *Expert Group on Clearing* relies extensively on EMIR and SFTR data, not only for ongoing surveillance, but equally for fulfilling statutory mandates such as monitoring the implementation of the active account requirement and supporting the EMIR Joint Monitoring Mechanism.
- The *ATC-ASC Expert Group on Non-bank financial intermediation* has embedded these datasets into its regular assessment framework, most notably within the EU Non-bank Financial Intermediation Risk Monitor.
- Both the *Analysis Working Group* and the *Instruments Working Group*, including their respective sub-groups, have increasingly leveraged these data sources to inform their decisions.
- The *Joint ATC-FSC and ASC Informal Network on macroprudential dimensions of interest rate changes* has made extensive use of the framework to evaluate the magnitude and underlying drivers of interest rate hedging activities.
- The *Joint ATC-ASC Task Force on Credit default swaps markets* has further capitalised on the reporting framework, yielding in-depth analytical insights concerning price formation and market microstructure.
- The *ATC-ASC Task Force on Crypto-assets and decentralised finance* uses these datasets to conduct comprehensive analyses of emerging activities within the crypto-derivatives market, as evidenced by the findings presented in the [2023 ESRB report on crypto-assets](#).

The ESRB therefore wishes to emphasise that any modifications to the reporting framework should be undertaken with caution and subject to thorough evaluation to avoid the risk of impairing its ongoing and planned activities, creating data gaps and reducing the quality of the data. The risk of data gaps emerging during such processes (e.g. under Options 1a and 1b presented in the call for evidence) is considerable and may not necessarily yield significant cost savings. These considerations are examined further in the next section.

Reporting costs: drivers, analysis and estimation

The ESRB supports the aim of streamlining reporting obligations and alleviating reporting burdens, in line with the objectives articulated in the recent communication from the European Commission to the European Parliament, the European Council, the European Economic and Social Committee and the Committee of the Regions.¹⁵ The European Commission set out clear objectives to reduce reporting burdens for reporting entities which should be sustained and measurable.

The ESRB concurs with the objectives set out by the Commission, emphasising that efforts to reduce reporting burdens should be principally cost-focused, with digitalisation playing a central role.

Accordingly, the ESRB advocates for a rigorous, standardised and methodologically robust assessment of the current reporting costs associated with financial transactions, aligning with the objectives outlined in ESMA's call for evidence.

Therefore, any proposed simplification measure must first pinpoint and subsequently target the key sources of costs, to ensure their effectiveness. To date, a robust estimation of reporting costs and their drivers remains unavailable, and the information provided by industry stakeholders has been notably limited, lacking the concrete data and information necessary to support a comprehensive analysis.

This challenge can be partially attributed to the lack of a structured framework for systematically quantifying and attributing costs across the entire data reporting chain. Current estimates,¹⁶ including those cited by the European Commission and ESMA, are largely based on unaudited and less current survey data. These are often related to a limited number of respondents,¹⁷ which means that do not take into account recent advancements in data processing technologies or shifts in the composition of market participants and their different reporting strategies (including the emergence of fintech companies specialised in regulatory reporting). Moreover, industry evidence providing precise quantification of these costs is scarce. In the absence of a robust and comprehensive framework, analyses remain dependent on self-reported, qualitative evidence, which makes them inadequate for developing effective cost-reduction strategies. Consequently, isolating the primary cost drivers and identifying actionable pathways for cost mitigation remains a significant challenge.

Reducing regulatory burdens cannot be viewed as a unilateral effort. While it is essential for authorities to simplify rules and attempt to reduce costs for reporting entities, the latter also bear a responsibility to ensure they possess the requisite tools and infrastructure to achieve efficient regulatory compliance.

¹⁵ See [A Competitive Compass for the EU](#), European Commission, 29 January 2025.

¹⁶ See [Study on the costs of compliance for the financial sector](#), Publications Office of the European Union, 2019.

¹⁷ The report assesses aggregate compliance costs as of 2017, drawing upon survey data collected from fewer than 200 respondents.

It is important to note that inefficiencies in managing internal processes or limited investment in regulatory infrastructures should not justify reducing reporting requirements that are crucial for authorities. Striking an appropriate balance is essential for safeguarding the integrity and effectiveness of the post-crisis regulatory framework, extending well beyond the scope of reporting alone.

Therefore, an additional critical aspect that warrants attention is the necessity to distinguish clearly between (i) costs attributable to external regulatory reporting obligations, (ii) costs attributable to internal reporting requirements, and (iii) costs attributable to compliance with non-reporting regulatory requirements.¹⁸ While these elements are closely intertwined, they should be separated when assessing the overall cost of reporting. For example, for counterparties reporting under EMIR, margin requirements introduce three distinct categories of cost, within the same data flow. First, there are compliance costs associated with the development of the IT systems required to exchange margins. Second, institutions incur costs when developing IT systems that leverage the generated data flow for internal risk management purposes. Third, additional costs arise from the need to establish systems capable of fulfilling external regulatory reporting obligations. Costs connected with *internal* reporting and with *compliance with non-reporting regulatory requirements* are unavoidable and should not be included within *external* regulatory reporting costs. Achieving a detailed disaggregation of these cost components would enable authorities to improve the accuracy of cost quantification and facilitate a targeted identification of potential areas for reducing costs.

The heterogeneity observed across entities in reported costs (and in the quality of the data reported) may reflect the influence of internal organisational practices and business model complexity on both individual and aggregate costs. This variability also presents an opportunity to develop more systematic approaches to cost reduction. For example, within the banking sector – the largest segment subject to reporting obligations under EMIR and the SFTR – persistent deficiencies in IT and data systems have been well-documented. The Basel Committee on Banking Supervision (BCBS) has highlighted that during the 2007-08 financial crisis, inadequacies in banks' IT infrastructures hindered timely and accurate risk aggregation and reporting, thereby impairing risk management and jeopardising financial stability. To address these shortcomings, the BCBS introduced its *Principles for effective risk data aggregation and risk reporting*. However, ECB Banking Supervision has stated that, as of 2018, no significant banking institution had fully implemented these principles.¹⁹ In 2024, it further concluded that “the progress made by significant institutions to date has been generally insufficient”. Additionally, ECB Banking Supervision has noted that addressing these deficiencies could yield significant operational and IT cost savings²⁰ through automation and IT modernisation and that “*in the longer*

¹⁸ See *Study on the costs of compliance for the financial sector*, Publications Office of the European Union, 2019. The methodology in the report is based on developing a counterfactual cost that would have been incurred in the absence of the post global financial crisis EU regulations.

¹⁹ See *Report on the Thematic Review on effective risk data aggregation and risk reporting*, ECB, May 2018.

²⁰ See *Guide on effective risk data aggregation and risk reporting*, ECB, May 2024.

term, more accurate data can also help to lower operational and information technology (IT) costs through enhanced automation and the modernisation of IT architectures".

Taking these points into account, the ESRB is of the view that substantial cost efficiencies may be realised by reporting entities through the systematic adoption of best practices, targeted enhancements in internal IT infrastructures and an increased reliance on standardisation and automation within internal and external reporting processes. Such measures could be expected not only to streamline operational workflows and reduce redundancies but also to strengthen the overall quality and reliability of reported data. Furthermore, fostering an organisational culture that emphasises continuous improvement and technological modernisation will position entities to respond more effectively to evolving regulatory requirements and mitigate future cost pressures.

The current margin management practices in the financial industry serve as a clear illustration of the transformative potential of automation and standardisation within risk management frameworks and data reporting. Industry analyses increasingly highlight how collateral and margin management systems still largely depend on manual procedures (email, phone calls, etc.) which not only increase operational costs but also exacerbate reporting inefficiencies and costs.²¹ Mitigating this reliance on manual intervention through targeted technological upgrades, standardisation and process optimisation has emerged as a central priority among market participants. Such advances are widely recognised for their capacity to enhance data accuracy, streamline workflows and yield substantial reductions in both operational and reporting costs.²² In view of these considerations, it is recommended that ESMA prioritise this domain as a strategic lever for achieving sustained cost efficiencies across the reporting ecosystem.

Therefore, the degree to which reporting entities modernise their internal IT infrastructures remains a critical determinant of cost reduction. Without concerted efforts to address inefficiencies in internal risk management and risk reporting systems which, as mentioned above, often rely on manual interventions, achieving substantial cost reductions will remain elusive.

From a qualitative perspective, discussions with reporting entities and trade repositories (TRs) have identified several key drivers of reporting costs. According to industry representatives, a substantial portion of these costs arises from fixed costs, such as understanding and adapting to regulatory standards, implementing international standards introduced post-crisis and developing IT systems capable of meeting regulatory requirements. These fixed costs may often exceed the ongoing operational costs of maintaining IT systems, processing and storing data and distributing these data to TRs or competent authorities. Consequently, modifications to existing frameworks can impose considerable costs, not only on reporting entities but also on TRs tasked with collecting and distributing data, as well as on regulatory authorities relying on these data to fulfil their mandates. Any potential changes to the regulatory reporting regime should therefore undergo a detailed

²¹ See [Automation and Data Standards in Collateral](#), ISDA, 20 February 2023.

²² See [Collateral and Liquidity Efficiency in the Derivatives Market: Navigating Risk in a Fragile Ecosystem](#), ISDA, May 2025.

cost-benefit analysis. This consideration is particularly pertinent given the recent implementation of the EMIR Refit in April 2024, which has already necessitated extensive revisions to IT systems across the industry.

The ESRB concurs with ESMA's assessment that inconsistencies in terminology, definitions and guidance across reporting regimes pose significant challenges for both reporters and data users. Aligning data structures and terminology across EMIR, SFTR and MiFIR reporting frameworks would likely reduce the operational and compliance costs associated with distributing data across multiple reporting frameworks. Addressing these inconsistencies could deliver substantial cost savings for market participants and authorities alike.

Even within a single regulatory framework, ambiguities in the interpretation of specific rules and provisions frequently lead to inconsistent reporting, thereby increasing costs for both reporting entities and authorities. Unclear, inconsistent or untimely guidance not only creates uncertainty for reporting entities but also undermines the quality and usability of the reported data for regulators. Enhancing and consolidating definitions and guidelines could therefore constitute a quick win in improving the efficiency and reliability of the reporting process.

In this regard, the ESRB believes that a key determinant in achieving substantive cost reductions lies in the active engagement of skilled data users and market participants throughout the process of formulating reporting standards and guidelines. Their expertise and operational insights would be invaluable in fostering the precision, clarity and coherence essential for effective regulatory frameworks.

Importantly, the ESRB advocates for the establishment of iterative channels of communication between regulatory authorities and reporting entities. Such interaction should be characterised by prompt, bidirectional feedback mechanisms, facilitating an open dialogue that considers the rationale underlying specific reporting requirements and explains the broader regulatory objectives being pursued. This approach would not only enhance mutual understanding but also foster adaptive responses to emerging challenges in data collection and reporting.

By integrating the perspectives of practitioners directly affected by reporting obligations, authorities can ensure that new standards are both practicable and aligned with industry realities, thereby mitigating ambiguities and inefficiencies. In turn, such a collaborative approach could be expected to contribute to the development of more streamlined, robust and cost-effective reporting regimes that effectively balance compliance imperatives with operational feasibility.

However, it is equally important that authorities, including ESMA, take a cautious approach when evaluating proposals advanced by reporting entities. Such proposals may, at times, rest on assumptions that lack solid grounding in basic financial principles, thereby posing the risk of introducing significant data gaps. A rigorous, methodologically sound assessment of these suggestions, involving experts and data users, is essential to ensure that any adjustments to reporting frameworks do not inadvertently compromise the completeness or integrity of regulatory data. By adopting this approach, authorities can more effectively safeguard the transparency and reliability of financial reporting frameworks.

For instance, ESMA highlights that certain stakeholders have questioned the relevance of reporting trade-level activity data for risk monitoring purposes, particularly in the context of exchange-traded derivatives (ETDs), arguing that risk is ultimately determined at the position level. This perspective, however, overlooks fundamental financial principles. In the case of ETDs, intraday transaction dynamics are critical for understanding the evolution of risk exposures and the mechanisms underlying the calculation of profit and loss, as well as subsequent margin calls. Relying solely on end-of-day position data would remove visibility into the intraday dynamics and therefore hinder effective risk monitoring. A comprehensive approach to data collection, which includes both trade-level and position-level information, is therefore essential to accurately capture the complexities of risk formation in these markets.

Another significant challenge pertains to regulatory divergence across jurisdictions. Implementing changes to reporting frameworks without aligning them with global standards risks increasing costs and undermining the intended simplification.

Finally, while the consultation primarily addresses industry costs, it is important to acknowledge the potential financial and reputational costs borne by regulatory authorities. Incomplete or inconsistent data on risks, or the inability to reconstruct transaction chains due to the elimination of dual-sided reporting, could severely impair systemic risk assessments. Simplification measures must therefore take into account not only the reporting burden on market participants but also the costs associated with weakened risk detection and oversight.

ESMA's proposed simplification options: opportunities and risks

The ESRB broadly concurs with the considerations articulated in ESMA's call for evidence, recognising the significance of the guiding principles outlined therein, specifically including the preservation of the scope of information, the reduction of redundancies to alleviate the reporting burden, the necessity for global alignment and the need to balance costs and benefits. The consultation serves as a key step in systematically identifying the principal cost drivers and in proposing pathways to optimise and simplify reporting requirements without undermining the integrity or utility of the data.

In this context, the ESRB and its member institutions stress that safeguarding the comprehensiveness of reported information is essential for the fulfilment of their mandate. Any attempts to streamline reporting frameworks must be critically examined to ensure that they do not inadvertently remove the information required by authorities to deliver on their mandates.

Global alignment of reporting standards remains important, as regulatory divergence across jurisdictions may not only exacerbate costs for market participants but could also impede the comparability and usability of transaction data. It is therefore crucial that simplification initiatives be pursued with a comprehensive understanding of the broader international regulatory landscape, thereby avoiding fragmentation and fostering coherence across jurisdictions.

Fundamentally, the ESRB underscores the need to maintain a careful balance between the operational costs imposed on market participants and the overarching benefits for regulatory oversight and financial stability. It is imperative to bear in mind that financial transaction reporting constitutes a foundational element of the post-crisis transparency framework. Any measures that compromise the accessibility, coherence or quality of data would risk undermining the substantial progress achieved within the EU to strengthen financial stability over recent years.

Several elements within ESMA's proposals raise risks regarding the capacity of authorities to fulfil their mandates, notably through the potential reduction of essential information and potentially cost increases. These risks are present across all the options proposed by ESMA.

In its call for evidence, ESMA sets out two principal options for simplification, each comprising two distinct sub-options, as outlined below.²³

²³ For more details, see Section 4 of [Call for evidence on a comprehensive approach for the simplification of financial transaction reporting](#), ESMA, 23 June 2025.

Option 1: Removal of duplications in current frameworks

- **(1a) Delineation by instrument: Simplify EMIR/MiFIR by organising reporting according to instruments and applying dual-sided revision.**
- **(1b) Delineation by events: Streamline EMIR, MiFIR and SFTR by distinguishing post-trade events from transactions and revising both sides accordingly.**

Option 2: “Report once” principle

- **(2a) Report once principle: Revise MiFIR to integrate EMIR and SFTR into a single unified reporting template.**
- **(2b) Report once principle expanded: Extend the unified reporting approach to include MiFIR, EMIR, SFTR and potentially other regimes for overlapping requirements.**

The ESRB would like to draw attention to some key risks related to Option 1 and its sub-options. The proposed changes would require authorities, trade repositories and market participants alike to invest substantial financial and operational resources, while the extent to which the reporting burden would be alleviated appears modest.

From the ESRB’s perspective, it is unclear how the limited reduction in reporting obligations would compensate for the fixed costs required to overhaul existing infrastructures within a feasible timeframe. It is also important to emphasise that the MiFIR framework is specifically designed to serve the objectives of transparency and investor protection. In its current configuration, MiFIR lacks the scope and granularity necessary to address broader regulatory mandates, such as the effective monitoring of systemic risk in derivatives markets. Moreover, only national competent authorities (NCAs) and ESMA currently have access to, and operational familiarity with, the data collected under MiFIR, in contrast to the broader accessibility, use and expertise provided under EMIR. Reporting of ETDs under MiFIR only could also create significant data gaps, as the data would be reported by investment firms and venues rather than the counterparties entering into the contract. In the absence of substantive amendments to Level 1 legal acts, ambiguity remains regarding whether non-bank financial intermediaries would be obligated to report their ETD transactions involving non-EU venues or non-EU investment firms. Such uncertainty could result in diminished transparency concerning the exposures of these entities from the perspective of EU authorities.

Risks relating to the usefulness of the reported data are evident under both Options 1a and 1b. As a broad consideration, the separation of reporting requirements between EMIR and MiFIR would introduce significant operational and technical complexity. This complexity arises primarily from the need to develop new identifiers to enable precise linking of transactions across regulatory frameworks. Additionally, the divergent reporting mechanisms and data structures inherent to EMIR and MiFIR further compound this challenge, adding additional layers of difficulty to the process.

These issues are particularly relevant in the context of post-trade event reporting, such as margining practices, which are increasingly undertaken on a portfolio basis encompassing both ETD and OTC transactions.

- Considering that margin calculations increasingly rely on cross-margining methodologies spanning portfolios including both ETD and OTC transactions, the differentiation of margin reporting between these categories is not currently operationally feasible in a straightforward way. In scenarios where post-trade events are obtained from other sources, it becomes essential to implement a cross-framework collateral or margin unique identifier – such as a portfolio code – developed and standardised at the international level (similar to the LEI, UPI or UTI). Such an identifier would be vital to ensure the robust and precise association of post-trade events with their respective portfolio positions. At present, collateral portfolios are identified using codes devised by reporting entities themselves, in the absence of a universally accepted international standard. The development and adoption of such a practice would necessitate substantial collaborative efforts and coordination among regulatory authorities and industry stakeholders over an extended period. Furthermore, comprehensive margin analysis is based on granular visibility into portfolio composition, thus providing the information required to understand the drivers of margin calls.
- Furthermore, it is crucial that any transition of reporting obligations safeguard the comprehensive coverage currently afforded by EMIR. Limitations in this coverage would significantly impede the capacity to fully reconcile post-trade events with their originating transactions. Therefore, proposed modifications must ensure the integrity of data availability and quality for regulatory authorities, in terms of both the scope of transactions included and the granularity of lifecycle event reporting.

Additional risks could emerge under Option 1. The risk of creating data gaps among non-bank financial intermediaries would increase, alongside risks of regulatory arbitrage for transactions conducted on non-EU venues. Accordingly, adapting the MiFIR regime to fulfil these additional regulatory functions would require significant and complex amendments to the underlying legal acts, with potentially far-reaching implications for the coherence of the regulatory and reporting landscapes. Moreover, relying exclusively on data obtained solely from CCPs for the purposes of transaction and margin monitoring would raise notable concerns regarding data quality and completeness. Evidence indicates that CCP-provided data frequently suffer from inconsistencies and gaps, thereby undermining the accuracy and reliability of the analyses. Furthermore, such limitations would make it virtually impossible to comprehensively trace risk flows and margin calls throughout the whole clearing chain.

Under Option 1, we differentiate risks for the ESRB connected to data access across two scenarios. The first scenario pertains to the case in which the ESRB is not granted access to MiFIR data. The second scenario considers the potential outcome whereby the ESRB is granted access to comprehensive transaction-level information for ETDs under the MiFIR regime.

In the first scenario (the ESRB and some of its member institutions are *not* granted access to MiFIR data), four key risks emerge:

- The ESRB and some of its member institutions would be de facto precluded from effectively monitoring the entirety of the derivatives market. This would impede fundamental analyses on datasets that have so far proved invaluable for delivering on their mandate.
- Furthermore, the ESRB and some of its member institutions would be unable to reconstruct the full derivatives portfolios of counterparties. This would create the potential for substantial underestimation of systemic risk and an incomplete view of market participants' overall positions, including their full margin portfolios and margin calls.
- Additionally, should aggregate or disaggregated data on ETDs be exchanged with ESMA, the ESRB would be required to invest large amounts of time in data processing to reconstruct positions and portfolios. This would introduce the risk of delays in market monitoring and in formulating timely policy responses.
- Finally, there is a significant risk that the ESRB might be unable to fulfil its statutory obligations, such as monitoring the active account requirements under EMIR, since some of the systemically relevant products identified are ETDs.

In the second scenario (the ESRB and the relevant member institutions are granted access to MiFIR data), we identify two risks:

- The transition would necessitate a comprehensive reassessment of monitoring frameworks not only for the ESRB but also for all relevant EU and national authorities. Integrating the new data source with the existing OTC segment under EMIR would require extensive merging and harmonisation of datasets. Such efforts are likely to result in considerable delays in effective market monitoring, as well as increased costs associated with the adaptation of IT infrastructures and the validation of data across multiple sources and regulatory frameworks.
- The risk of data gaps, particularly concerning exposures involving non-EU venues, would increase substantially, unless counterparties not currently obligated to report were required to submit all ETDs. Such a legislative amendment would not, in practice, yield cost reductions; rather, it would result in increased costs, as counterparties currently reporting solely under EMIR would also need to establish frameworks for MiFIR reporting.

To comprehensively assess the implications and impact of Option 1, it is instructive to perform a counterfactual analysis. Specifically, the goal is to identify and evaluate those instances of market instability that the ESRB would have been unable to monitor effectively, had Option 1 been in place. Such an approach makes it possible to understand the potential limitations introduced by the proposed option.

| Year | Event | Instrument | Impact under Option 1a | Impact under Option 1b |
|------|---|-------------------------|--------------------------------------|---|
| 2018 | Default of a clearing member at Nasdaq clearing | ETDs on energy products | Very high (no access to ETDs) | High (access to aggregated data from the venue) |

| | | | | |
|-------------|--|--|--|--|
| 2020 | March 2020 market turmoil | ETDs and OTC derivatives on several asset classes | Very high (no access to ETDs, issues in reconstructing margin calls) | High (issues in reconstructing transaction-level changes) |
| 2021 | Archegos | OTC equity derivatives | Low | Low |
| 2021- 22 | European energy crisis | ETDs | Very high (no access to ETDs, issues in reconstructing margin calls) | High (issues in reconstructing transaction-level changes) |
| 2022 | UK gilt turmoil | OTC interest rate derivatives | Moderate | Moderate |
| 2023 | Banking turmoil | ETDs and OTC derivatives | Very high (no access to ETDs, issues in reconstructing margin calls) | High (issues in reconstructing transaction-level changes) |
| 2025 | Market disruption following US tariff announcement | ETDs and OTC derivatives | Very high (no access to ETDs, issues in reconstructing margin calls) | High (issues in reconstructing transaction-level changes) |

Under either scenario, Option 1 is likely to introduce substantial risks to the ongoing and planned activities of the ESRB. Most ESRB bodies would experience significant problems, with both current and planned initiatives subject to potentially significant adverse effects. Consequently, the ESRB would be compelled to undertake immediate and comprehensive replanning in order to adapt to the new conditions and mitigate the emerging risks. The likelihood that several activities and tasks would be adversely affected is very high, presenting a substantial risk to the ESRB's capacity to fulfil its mandate effectively.

The ESRB believes that Option 2b ("Report once principle expanded"), involving the integration of MiFIR, EMIR and the SFTR (without eliminating dual-sided reporting, however), offers significant potential in the medium to long term. This approach is deemed particularly advantageous for enhancing the efficiency of data

access, data sharing and the integration of analytical activities. The ESRB encourages ESMA to continue its efforts in further developing this option and to explore the legislative initiatives necessary for its successful implementation.

Nevertheless, Option 2 is not without risks that warrant careful evaluation either. The instruments under consideration, while sharing certain clear, common characteristics, also have their own notable idiosyncrasies. Their incorporation within a unified reporting framework would require a data model to be constructed that is sufficiently robust to capture these unique characteristics. It is therefore crucial that such a model accurately delineate the intrinsic distinctions among instruments, while simultaneously offering a coherent model to represent the complete lifecycle of transactions, encompassing orders, execution and post-trade activities. The omission of critical information at any stage of this process could result in significant data gaps or the potential misinterpretation of reported information. For instance, there is a possibility that Option 2a would not properly incorporate critical information currently mandated under EMIR, such as end-of-day positions and valuation updates, post-trade activities (including novations to CCPs) and post-trade risk-reduction techniques. Furthermore, the extent to which this approach might achieve cost efficiencies in the medium term remains uncertain and requires further analysis.

The ESRB emphasises that, should any option proposed by ESMA ultimately be adopted, it would be essential to amend MiFIR and other relevant legal frameworks to ensure that the ESRB and its member institutions retain access to, at a minimum, the same level of information currently available to them. Any solution adopted, despite the legitimate aim of simplification, must guarantee that the access to existing information remain unimpaired for the ESRB and its member institutions, as any restriction could compromise its ability to identify, prevent and mitigate risks to financial stability within the EU. Furthermore, legislative amendments must maintain the availability of all information necessary for the ESRB and its member institutions to effectively fulfil their mandates. In the absence of appropriate legislative amendments, the proposed options would fail to align with the foundational principles set out in the call for evidence, specifically that *“changes must not unduly restrict the information needed by authorities and other entities to perform their supervisory and other duties”*.

ESRB feedback and proposals

Based on the points outlined in this response, and the scope and objectives of the call for evidence, the ESRB wishes to offer concrete proposals to the European Commission and ESMA. These proposals align with the fundamental principles set out in the call for evidence and are intended to provide a strategic pathway towards reducing reporting costs while preserving information scope.

1. **It is paramount to preserve data access for the ESRB and its member institutions.** The existing reporting framework has repeatedly demonstrated its value. It is widely regarded as an EU success story, positioning the EU among the jurisdictions that have most effectively enhanced transparency in response to the global financial crisis. Careful consideration must be given to any initiative aimed at streamlining regulatory reporting processes to ensure that supervisory authorities retain access to the comprehensive

datasets they need to deliver on their mandates. Foremost among these considerations is the imperative not to compromise the depth, granularity, integrity or analytical usefulness of the data. The ESRB and its member institutions must continue to receive robust and complete data, regardless of any modifications to reporting frameworks. Moreover, any proposed modifications should be accompanied by corresponding amendments at Level 1 and Level 2, thereby ensuring that supervisory authorities continue to receive the information they need to fulfil their mandates effectively.

2. **It is crucial that any efforts to streamline the reporting framework are designed to enable the rapid and comprehensive integration of available information.** Fragmentation of reporting frameworks would significantly hinder both the comparability and the utility of data, thereby undercutting the progress achieved to date far in enhancing transparency in the aftermath of the global financial crisis.
3. **It is essential to establish a comprehensive methodology capable of systematically quantifying and illuminating the determinants and variability of reporting costs.** In the absence of such a framework, any initiatives aimed at reducing costs would lack both precision and measurable effectiveness. Once this analytical foundation is in place, efforts should then be directed towards mitigating the most significant cost drivers, as addressing these elements would yield the greatest impact and relevance in terms of cost reduction.
4. **It is crucial to promote the digitalisation, standardisation and automation of processes within the financial sector.** As previously discussed, numerous operations involving derivatives and securities financing transactions (SFTs) remain manual and lack a cohesive, integrated automation framework. This challenge has been acknowledged by both the financial industry and banking supervisors, indicating a pivotal moment to facilitate such transformation. Recent technological advances in data processing and management provide a unique opportunity to accelerate this process, thereby promoting further digitalisation and enhancing efficiency and risk management across the financial system, well beyond data reporting.
5. **It is essential to strengthen mechanisms for data and knowledge sharing among relevant authorities.** Establishing robust frameworks for the systematic exchange and reuse of information collected by supervisory bodies within the financial sector would not only support more consistent regulatory oversight but also foster enhanced supervisory convergence. By enabling greater access to high-quality, standardised data, authorities can improve the coordination of supervisory activities, reduce duplicative reporting efforts and promote more informed and timely decision-making across the EU.
6. **It is important to achieve a higher degree of harmonisation and alignment of concepts, definitions and standards across the various reporting frameworks.** In alignment with ESMA's position, this represents a principal source of complexity. The established reporting frameworks under EMIR, MiFIR and the SFTR are sufficiently advanced to initiate this harmonisation process. Furthermore, data users within ESRB member institutions have developed significant expertise that should be leveraged in support of these efforts.
7. **It is paramount to maintain the dual-sided reporting obligation for all derivatives transactions and SFTs, which is also a critical component supporting risk management processes such as reconciliations.** This requirement serves as a fundamental safeguard for ensuring data accuracy. The dual-sided reporting model was originally introduced to address well-documented issues in reporting and has played a pivotal role in enhancing the *completeness* and the *reliability* of transaction data. Removing this

requirement without compelling support for an alternative would risk undermining both market transparency and oversight effectiveness and would introduce considerable uncertainty for supervisory authorities.

8. **It is crucial to establish more robust channels of communication between reporting entities and data users.** These channels would not only demonstrate the utility of the data collected but also facilitate constructive dialogue regarding reporting requirements, the gathering of feedback and the development of a shared understanding of reporting obligations. Such a forum would significantly enhance the timely exchange of information, foster common perspectives and provide reporting agents with valuable insights into both data utilisation and market developments. The ESRB's experience indicates that implementing such communication mechanisms would lead to substantial improvements in data quality and offer a more effective means for addressing industry concerns.
9. **The ESRB invites ESMA to critically evaluate industry proposals to ensure their alignment with established financial principles, thereby preventing the emergence of critical data gaps.** For example, the assertion that position reporting for ETDs alone is sufficient for the monitoring of risks reflects a clear misunderstanding of the way these markets operate, how risks form and the determinants of margin requirements. The ESRB has already expressed the view that past proposals by European CCPs to remove valuation and margin data under specific accounting models "challenges basic asset valuation principles and makes it impossible for authorities to accurately assess the risks associated with derivatives and the liquidity risks related to margin calls".²⁴ Consequently, it is essential that only those proposals underpinned by robust financial and economic rationale be considered for implementation, while those lacking such a foundation should be excluded from further consideration.

²⁴ See [A system-wide approach to macroprudential policy](#), ESRB, November 2024, p. 48.

Streamlining financial transaction reporting: “Option 3”

The ESRB would like to put forward an additional approach – referred to here as “**Option 3**” – that is consistent with the proposals and aligned the objective of streamlining reporting requirements. Nevertheless, the ESRB emphasises that this proposed option should also be subject to a thorough ex ante assessment of prospective efficiency gains. Such an evaluation should carefully consider the substantial fixed costs already incurred by market participants as well as the transitional costs that would be borne by both market participants and supervisory authorities prior to implementation. This option is structured across three distinct implementation phases:

- **Short term:** Integration of all derivative transaction-level reporting under EMIR, keeping dual-sided reporting for both EMIR and the SFTR and potentially removing transaction-level reporting in MiFIR. This approach would entail centralising the reporting of all derivatives under the EMIR framework, thereby potentially discontinuing the requirement for ETD transaction-level reporting within the scope of MiFIR. Such a realignment would represent a more rational approach, consistent with the challenges previously identified. Importantly, it would align with the legislative objectives underpinning MiFIR²⁵ and would also serve to remove duplication of transaction reporting. Indeed, MiFIR explicitly required avoiding the imposition of overlapping regulatory reporting obligations where equivalent data are already provided to trade repositories pursuant to EMIR.²⁶
- **Medium term:** Collection, formulation and dissemination of best practice guidelines aimed at reducing reporting costs and harmonising reporting frameworks. The significant variability observed in both the magnitude of reporting costs and the overall quality of submitted data suggest that certain entities have already developed and implemented internal processes that are not only robust but also more cost-efficient. By carrying out a systematic mapping and analysis of these processes, authorities could provide targeted guidance to reporting entities, thereby facilitating the adoption of more resilient and cost-effective reporting frameworks. Such an initiative would contribute to several objectives, including harmonising reporting practices, improving data quality and minimising unnecessary costs, and ultimately enhancing the efficacy and sustainability of regulatory compliance mechanisms. Moreover, it would entail changes at Level 3 only, meaning that it could be progressively implemented as new evidence becomes available.

²⁵ Recital (35) of MiFIR states “Double reporting of the same information should be avoided. Reports submitted to trade repositories registered or recognised in accordance with Regulation (EU) No 648/2012 for the relevant financial instruments which contain all the required information for transaction reporting purposes should not need to be reported to competent authorities, but should be transmitted to them by the trade repositories. Regulation (EU) No 648/2012 should be amended to that effect.”

²⁶ Nevertheless, the ESRB wishes to underscore the critical importance of MiFIR transaction reports for market supervision purposes, noting that exclusive reliance on this approach may entail risks for authorities that currently utilise MiFIR data for supervisory functions. Accordingly, it is important to enhance access to EMIR reporting and to ensure that all pertinent information is incorporated within the EMIR framework to support comprehensive oversight.

- **Medium to long term:** Development of a methodological framework for cost assessment and the elimination of selected data elements where established reference datasets can effectively supplement the required information. For example, certain reporting fields may be rendered redundant when internationally recognised standards, such as the Legal Entity Identifier (LEI), Unique Product Identifier (UPI), Unique Transaction Identifier (UTI) and International Securities Identification Number (ISIN), reach full maturity and full adoption by market participants and reporting counterparties. Harnessing these standards has the potential to significantly simplify transaction reporting. However, it is essential that reporting entities and the industry more broadly fully comprehend the significance of adopting such standards and consistently enhance the quality of their reports. Once reporting quality reaches an appropriate level, these mechanisms could be leveraged to streamline the dataset further, thereby reducing the amount of data elements required for regulatory reporting.