

FESE Considerations on the ESMA Final Report on simplification of financial transaction reporting

Brussels, 1st October 2026

Introduction

FESE welcomes ESMA's continued work on the simplification of financial transaction reporting and strongly supports the overall objective of moving towards a more efficient and proportionate reporting framework, including the long-term ambition of a "report once" model. This objective is consistent with FESE's longstanding support for reducing unnecessary duplication, streamlining reporting obligations and improving the consistency and usability of regulatory data across the relevant reporting regimes.

Against this background, we would like to share a few considerations, as set out below. These are intended as technical observations and implementation recommendations to support the upcoming ESMA work and the ultimate success of the simplification objectives. While certain aspects of the Final Report would benefit from further clarification, refinement and targeted industry discussion, FESE considers the overall direction of travel to be positive and appreciates ESMA's efforts to develop a more coherent, less burdensome and future-proof reporting architecture.

1. Overall approach

FESE supports ESMA's pragmatic decision to focus on a targeted set of independent intermediate measures capable of delivering tangible burden reduction in the near term while remaining compatible with the longer-term vision for establishing a "report once" framework. We understand that pursuing intermediate scenarios, such as the three variants of Option 1a, would have required significant implementation efforts. However, we would like to reiterate our belief that a clear split of ETD and OTC reporting between MiFID/R and EMIR (including dropping ETD reporting from EMIR) would have represented a "quick win" for true simplification and burden reduction, in the lead up to the establishment of the single reporting template in the long term.

Overall, the proposals provide a useful basis, although further ambition on content and timeline would be welcome. We also see an element of uncertainty in the transition towards the "report once" framework requiring Level 1 changes, where ESMA has limited power to drive the process forward. Given that the legislative changes required mean that a fully integrated solution would be available only in the second half of 2031, FESE would encourage further consideration of how the approach could deliver more timely genuine simplification, cost efficiency and regulatory effectiveness.

2. Reporting infrastructures, data flows and reporting responsibilities

As ESMA's preferred direction of travel appears to point towards a centralized reporting architecture, further analysis and industry discussion will be required to assess the most effective implementation model across the reporting value chain. Decisions relating to reporting channels, data flows and responsibility allocation will have long-term implications

for market participants, reporting infrastructures and competent authorities, and should therefore be subject to detailed impact assessment before a target model is defined.

In general, any future architecture should clearly define the roles and responsibilities of all actors involved in the reporting process. In the absence of a clear, legally binding allocation of responsibilities, market infrastructures face significant operational and legal uncertainty on the obligations they might be subject to. This risk is amplified by the CBA's own findings, which indicate that the envisaged centralised model would deliver substantial cost relief to buy- and sell-side firms while increasing operational burdens and costs for market infrastructures. FESE considers that any redesign of reporting architectures must be guided by a principle of proportionate and equitable burden-sharing. The simplification exercise should not result in a disproportionate shift of operational responsibilities, compliance costs, or – importantly – future supervisory fees and potential liability exposure from reporting entities onto market infrastructures.

From a data flow perspective, to support the effective design of any centralized model, FESE would recommend defining from the outset the rights, obligations, processing standards and cost allocations applicable across the reporting value chain. These definitions must ensure that no single category of market participant is required to absorb a disproportionate share of the costs and operational risks of the transition. Clear rules on which entities are responsible for submitting different data, and to which recipient, on how data is handled centrally, and on its possible redistribution, would provide legal certainty and support consistent implementation. In this context, it is worth noting that comparable simplification exercises in other jurisdictions – such as the FCA's recent transaction reporting overhaul in the UK – have pursued burden reduction through the elimination of duplicative or low-value reporting fields, rather than through a redistribution of responsibilities onto infrastructure providers.

A possible way forward could be the development of a unified regulated reporting channel, potentially building on existing market infrastructure and the capabilities of existing reporting intermediaries, such as TRs and ARMs, where appropriate. Such a model could provide an effective foundation for achieving the objectives of a "report once" framework by allowing firms to submit relevant information through a single channel, with data subsequently made available to the competent authorities on a need-to-know basis. Any such model should preserve the principle that data is reported by the entity best placed to generate, access and verify it, avoid the creation of a one-size-fits-all reporting template, and ensure that costs and operational burdens are not unfairly reallocated across the industry. If carefully designed, this approach could leverage existing dedicated regulated infrastructure, such as ARMs, support consistent validation and data quality controls, and enhance supervisory oversight across multiple reporting regimes.

Building on this, we would encourage ESMA to clearly distinguish between any centralised reporting database for transaction reporting and EMIR reporting and the consolidated tape. These frameworks serve fundamentally different purposes and should not be combined or interconnected. Maintaining a clear separation between these frameworks is essential to avoid overlaps, prevent scope creep, and preserve the integrity of existing arrangements.

3. Cost implications for market participants

The CBA confirms that the "report once" model would deliver significant cost relief to buy- and sell-side firms while increasing operational burden and costs for market infrastructures. FESE notes that this is not merely a difference in impact: it represents a shift in the location of responsibilities and costs within the reporting chain, which requires careful assessment. This shift is not limited to ongoing operating costs: it extends to the substantial upfront investment required to design, build and certify a centralised reporting infrastructure, as well as to the downstream costs of supervisory self-servicing by NCAs, which experience shows may ultimately be passed on to the market infrastructures operating the system.

At the same time, transfers between market participants may occur through the introduction of the consolidated tape, which is a dynamic that the FCA has itself acknowledged in its own market analysis. The combined effect of higher costs on the reporting side and these parallel changes affecting revenue models should therefore be carefully assessed to avoid an imbalanced outcome that could undermine the resilience of market infrastructures.

In this context, the experience of the Consolidated Audit Trail (CAT) in the United States serves as a cautionary precedent. The CAT's costs escalated from an initially planned \$55 million to approximately \$248 million, and the system's governance and cost structure have become so problematic that a transfer of ownership to the SEC or even a full replacement of the system is now under active consideration. The EU reporting landscape, with its multi-jurisdictional complexity, multiple reporting regimes and diverse market structures, would therefore benefit from clear ex ante safeguards to mitigate comparable cost escalation.

FESE therefore urges ESMA to ensure that the simplification exercise delivers burden reduction across the reporting ecosystem as a whole, without creating a disproportionate shift of costs, operational responsibilities and liability onto any single category of actors. Any target model must be accompanied by a comprehensive and transparent cost-benefit assessment that captures the full lifecycle costs (including build-out, transition, ongoing operation and supervisory cost pass-through) and distributes these equitably across all categories of market participants. A simplification exercise should ensure that costs and responsibilities are clearly and fairly allocated and should not be limited to mere cost redistribution between groups.

4. Expanded delegated reporting

FESE supports in principle measures aimed at reducing reporting burdens for smaller market participants, provided that such measures do not result in a disproportionate transfer of reporting obligations, operational costs and liability to the entities – in particular market infrastructures – to which reporting is delegated. Any expansion of delegated reporting should be accompanied by clear rules on cost recovery and liability allocation, ensuring that the delegate is not required to absorb costs that properly belong to the delegating party. As discussions progress on the expansion of delegated reporting, we would recommend that ESMA establish clear and consistent rules allocating reporting responsibilities across different counterparty relationships. In particular, further consideration is required regarding scenarios involving two NFCs or two FCs. In our view, counterparties should retain the flexibility to agree on delegated reporting arrangements where appropriate and proportionate.

5. Field-level rationalisation

To support an effective rationalisation and streamlining of reporting fields, FESE would recommend a detailed analysis of the technical specifications. This could be pursued through a coordinated industry exercise, including through engagement with the ongoing work of the FIX Trading Community on its detailed reporting fields matrix. The use of this matrix would provide valuable field-level information and help ensure that any future proposals for field rationalisation are technically robust, well targeted and aligned with existing industry work.

Conclusion

Looking ahead, FESE would encourage ESMA to pursue simplification in a way that remains both ambitious and operationally workable and fair as regards the operational and cost burdens shifted. A clear separation between the CTPs and the Financial Transaction Reporting Infrastructure should be kept. In particular, future work should continue to be supported by legal certainty, proportionate implementation choices, and close technical

engagement with the industry, so that the reporting framework can evolve in a coherent and effective manner and deliver meaningful burden reduction across the reporting ecosystem. The parallel work in the context of the Market Integration and Supervision Package currently being negotiated by co-legislators will also be decisive for driving concrete progress forward towards the identified objectives. We remain at ESMA's disposal for any future discussions.