

ESMA Data Day 2025

Burden Reduction: Reassessing Regulatory Requirements



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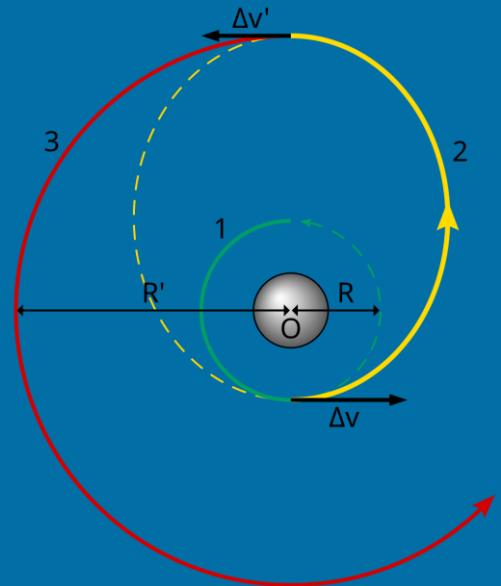
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1 General considerations

a) A tale of two burden reductions

- ▶ Burden reduction can be about designing regulation and processes to **generate the minimum burden necessary while achieving set objectives.**
 - That is what the simplification of reporting, or the review of CSRD / CS3D is about.
 - Finding the best transfer orbit.
- ▶ Burden reduction can also be about **questioning the objectives.**
 - For instance by integrating competitiveness / attractiveness as an upstream requirement.
 - That is required when designing the prudential framework.

Hohmann transfer orbits



1 General considerations

b) The international context matters

- ▶ When re-designing the reporting framework, European authorities cannot ignore steps taken elsewhere.
- ▶ The FCA recently launched a consultation (CP 25/32) aimed at **tuning the reporting obligation to suit the UK market, improving data quality and reducing the reporting burden on firms**.
- ▶ The consultation notably proposes:
 - fewer reporting fields and leaner data requirements,
 - smaller instrument universe,
 - shorter back-reporting period,
 - conditional single-sided logic.

2 Reporting of financial transactions in the EU

a) *Three main regulatory frameworks with distinct objectives*

- ▶ **EMIR (2012, refit in 2019)**
 - **Objective** : Monitoring systemic risk and enhancing transparency in the derivatives market
 - Reporting of all derivatives (OTC and listed)
 - Reporting to a trade repository (TR) registered with ESMA
- ▶ **MiFIR (2018, ongoing review in 2024)**
 - **Objective** : Market integrity and surveillance, detection of market abuse and investors protection
 - Reporting of all transactions in financial instruments
 - Reporting directly to NCAs or via an Approved reporting mechanism (ARM)
- ▶ **SFTR (2020)**
 - **Objective** : Transparency regarding risk related to securities reuse and collateral market liquidity
 - Reporting of securities financing transactions : repos, securities lending/borrowing, etc.
 - Reporting to a trade repository (TR) registered with ESMA

2 Reporting of financial transactions in the UE

b) A framework burdened by duplications and inefficiencies

- ▶ **A framework built layer by layer after 2008, lacking an overall vision**
 - Duplications and overlap (e.g. ETDs reported under both EMIR and MiFIR).
 - **Overall cost of EMIR/SFTR/MiFIR reporting estimated at €1-4 billion per year in 2019.**
- ▶ **Draft review MiFIR (EU) 2024/791 RTS 22**
 - RTS 22 : technical standard defining the fields and format for transaction reporting (MiFIR, Art. 26).
 - Objective: Improve data quality and harmonisation, enhance detection of market abuse and monitoring of market activity.
 - **Finding : Almost a doubling of MiFIR fields from 65 to 127 (+95%), with duplications of fields already reported under EMIR/SFTR (81%), resulting in a disproportionate burden.**

2 Reporting of financial transactions in the UE

c) A welcome *Call for Evidence*

► Context

- **Ongoing European initiatives**, with the objective set by the European Commission to simplify and reduce administrative burden by 25% (35% for SMEs).
- **Suspension by ESMA of the revisions of MiFIR RTS 22, 23 et 24**, awaiting an overall simplification to avoid future adaptation costs and to promote a cross-cutting approach.

► Objectives

- Broad reflection to simplify and harmonise the reporting frameworks.
- Identify and reduce cost and duplication factors.
- Assess and propose simplification scenarios for a more coherent and proportionate framework by 2026.

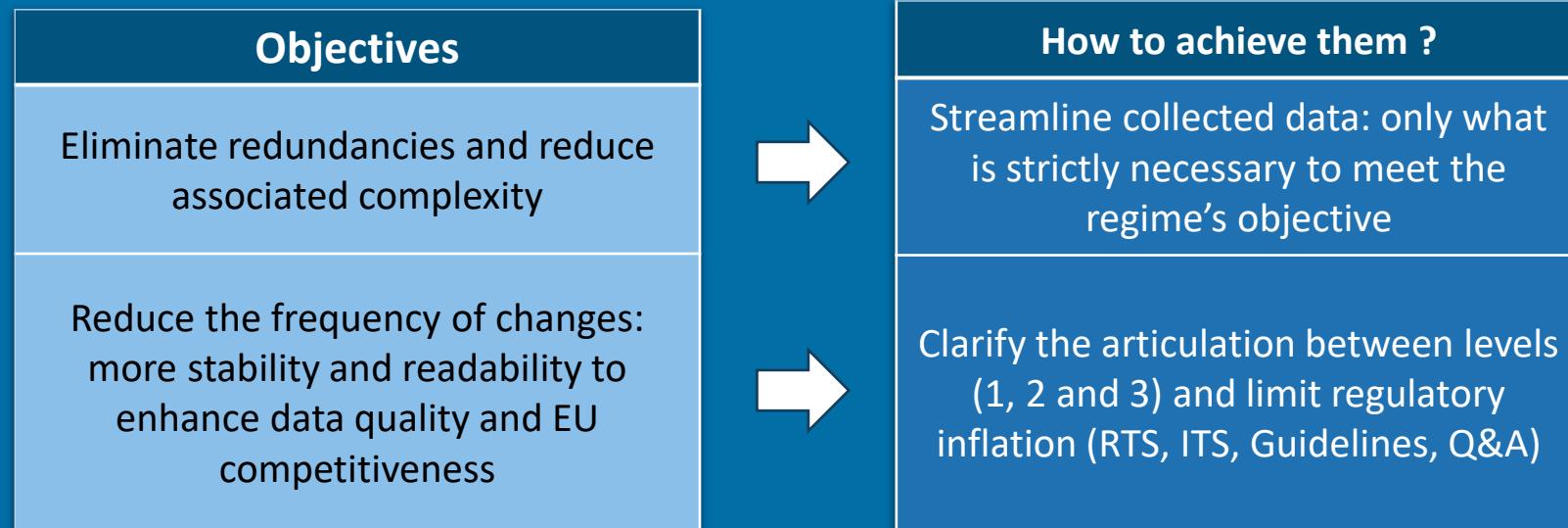
► Proposal

- Four simplification scenarii proposed by ESMA, with potentially incremental options towards the objective of a single reporting framework.

3 Proposals for simplification

a) Guiding principles

► Preparing tomorrow's EU reporting: solid foundations and a flexible, competitive framework



3 Proposals for simplification

b) A phased approach

► Long term → Single reporting

▪ Principles

- Centralisation via ESMA's Data Hub: one format, one single channel.
- Data collection and validation by ESMA, supervision by NCAs.
- Optional use of intermediaries (TRs/ARMs).

▪ Limitations

- Lack of consensus and concerns over ESMA's capacity + complexity of a single format → **Solution: establishment of an EU Task Force** to define and steer the project.
- Long-term horizon, hence the need for quick wins in the interim.

► Short term → *Quick wins to reduce the burden*

- Remove ETDs from EMIR reporting.
- Exclude SFTs with Central Banks from MiFIR.
- Reduce reconciliation fields under EMIR/SFTR to essential fields only and apply tolerances.
- Remove low-value FIRDS obligations for SIs/DPEs.
- Remove dual-sided reporting where it adds no supervisory value.
- Harmonise definitions (cross-regime data dictionary), use global identifiers, and harmonise data quality controls and validation rules.
- Limit static data re-reporting (Authorities could retrieve them from APIs in ANNA DSB).

c) Cost considerations

- ▶ Single reporting
 - Higher upfront investment but **greater long-term structural savings**
- ▶ Elimination of duplications
 - **Estimated savings of 20-25%**
 - Limited initial investment
- ▶ Role of intermediaries (TRs)
 - **Up to 50% of EMIR/SFTR cost for an institution**
 - **Investing in a single European infrastructure** → more cost-effective solution, stronger in terms of governance and sovereignty, and overall less expensive for the ecosystem than reliance on fragmented private actors (often non-EU).

Appendix 1 – Short-Term Simplification Measures

▪ Remove ETDs from EMIR reporting

ETDs are already captured through MiFIR transaction reporting and bring limited relevance to EMIR systemic-risk monitoring. Removing them from EMIR would address duplication and align with international practice (CFTC, MAS, HKMA).

▪ Exclude SFTs with central banks from MiFIR

These SFTs are already comprehensively covered under MMSR for monetary-policy purposes and offer limited relevance for market-abuse monitoring under MiFIR.

▪ Reduce reconciliation fields under EMIR/SFTR

The current matching scope includes many fields that are non-essential or highly sensitive to internal methodologies (valuations, floating-rate components), resulting in frequent mismatches. Prioritising a limited set of essential fields and introducing tolerances would reduce false breaks and better align reconciliation with supervisory needs.

▪ Remove dual-sided reporting where it adds no supervisory value

Under EMIR (mandatory delegation for NFC-) and SFTR (agency lending), the second report is strictly

duplicative, as the financial counterparty or agent lender is already legally responsible for reporting. These additional reports are frequently auto-generated, do not provide additional supervisory insight, and create unnecessary pairing and reconciliation workload.

▪ Promote global identifiers and avoid EU-specific codes

Consistent use of global identifiers (LEI, UPI) across EMIR, MiFIR and SFTR would improve standardisation and reduce mapping issues. New EU-specific codes (TIC, INTC, chain IDs) would add fragmentation and operational burden, while existing global standards already serve the intended purpose.

▪ Limit static and reference data re-reporting

A large share of transaction reports contains static information (e.g. UPI reference data) that does not change and is already available through established databases such as ANNA. Supervisors could retrieve this information directly rather than requiring repeated submissions, thereby reducing high-volume, low-value reporting.

▪ Harmonise ESMA/NCA validation and feedback rules

A single, coherent set of validation controls and feedback processes would remove diverging national practices and materially reduce resubmissions.

▪ Remove low-value FIRDS obligations for SIs/DPEs

This obligation is misaligned with the role of SIs/DPEs, generates disproportionate workload for limited supervisory benefit. The UK plans to remove it entirely. It would simplify the reference data framework without reducing regulatory insight.

▪ Establish a cross-regime data dictionary

EMIR, MiFIR and SFTR currently rely on definitions and data standards that diverge in scope and interpretation. A cross-regime data dictionary would foster consistent definitions, reduce interpretative gaps and support harmonised implementation across regimes, in line with ESMA's data-quality objectives (Build on the ROC's Critical Data Elements and extend them to listed derivatives and reference data).

QUESTIONS



THANK YOU



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