ISDA Safe, Efficient Markets

ISDA Commentary on EP Reporting Amendments to MISP Master Regulation and Master Directive

Introduction

ISDA welcomes the opportunity to comment on European Parliament (EP) amendments (AMs) to the European Commission's proposals for a Market Integration and Supervision Package (MISP) Master Regulation and Master Directive. This paper addresses those AMs that seek to reform financial transaction reporting under EMIR and MiFIR and sets out recommendations on how the simplification of transaction reporting should proceed to ensure optimal results. For completeness, it considers both AMs contained in Rapporteur Markus Ferber's Master Regulation compromise texts for EMIR and MiFIR and the AMs excluded from those texts, as well as one AM to MiFID in the Master Directive.

Executive Summary

ISDA strongly supports the objective of simplifying and reducing the burden placed on market participants by financial transaction reporting, including in principle a "report once" framework and the revision of dual-sided reporting, and commends Rapporteur Ferber and the EP for their clear commitment to this aim.

However, we caution that this is a highly complex area, particularly when it involves the integration of existing sectoral reporting obligations, and that what may appear able to be achieved simply through the proposed amendments instead risks adding to that burden. While well intentioned, pursuing structural reform through MISP without adequate time and resources being allocated to ensure the legislation is sound and robust is highly likely to lead to complication rather than simplification.

ISDA's view is that simplification of transaction reporting should be addressed through a separate legislative vehicle that will give the Commission time to produce robust proposals for reporting simplification and would likewise provide the co-legislators with adequate time to scrutinise these. We strongly believe that such primary legislation should be informed by input from the industry.

To ensure that reporting simplification is addressed in a timely fashion, we propose that amendments are made to the MISP Master Regulation requiring the Commission to submit legislative proposals to simplify and reduce the burden of financial transaction reporting to the co-legislators within 12 months.

About ISDA
Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 1,000 member institutions from 78 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association's website: www.isda.org. Follow us on LinkedIn and YouTube.

We also propose that the Commission establishes an expert stakeholder group to advise on the development of those legislative proposals, analogous to the Data Expert Group established to support the MiFIR review.

Examples of areas that need to be designed carefully to avoid unintended consequences are the current need under MiFIR Article 26 for both reporting parties to provide highly sensitive personally identifiable information (PII), the question of responsibility and legal liability under single-sided or delegated reporting constructs, and the need to ensure that any consolidation or integration of sectoral reporting neither results in the reporting of a superset of all data currently required for transactions that at present are reportable under each of the separate sectoral obligations, nor pulls a party to a transaction into the scope of a sectoral obligation to which it is not currently subject.

While much of the detail of what should be reported, and how, under a reformed framework would of course be addressed in Level 2 legislation, it is essential that primary legislation is not constructed in such a way as to inadvertently constrain the ability for these details to be optimally developed in the technical standards.

In the event that the EP feels it is essential to make some progress on transaction reporting simplification through MISP, ISDA strongly believes that this should be restricted to those amendments that can be implemented most simply while providing material benefits. Structural reform, including the integration of sectoral reporting regimes, must be deferred to future legislation.

ISDA recommendations should reporting simplification be pursued through MISP

The draft EP report on the Master Regulation published by Rapporteur Ferber in June 2026 contained several AMs that appeared designed to address ESMA's short-to-medium term recommendations in its Final Report on the Call for Evidence on the simplification of financial transaction reporting[1].

AMs 14, 91 and 92 appear designed to implement ESMA's short-to-medium term recommendation #1 to revise dual-sided reporting through the expansion of mandatory delegated reporting under EMIR Article 9. AM 15 and 90 appear designed to implement short-to-medium term Level 1 recommendation #2 to streamline the intragroup reporting exemption framework under EMIR Article 9.

ISDA considers that these amendments, in some cases subject to revisions outlined below, can offer material simplification and burden reduction for market participants, while incurring limited risk of unintended consequences. This could be of particular benefit to non-financial counterparties such as corporates and industrial entities.

[1] Final Report on the Call for Evidence on a comprehensive approach for the simplification of financial transaction reporting

Should the EP deem it necessary to incorporate some level of transaction reporting simplification in MISP, ISDA would support AMs 15 and 90. However, AM 90 should be revised to stipulate that the exemption should apply upon acknowledgment of receipt of a notification, rather than after three months, as proposed by ESMA in its short-to-medium term Level 1 recommendation #2.

Expanding mandatory delegated reporting can provide relief, provided:

- It is explicitly clear that responsibility and legal liability lie with the reporting party, and the delegating party's obligation is limited to provision of static referential data that is not known to the reporting party.
- There is no requirement for trade-by-trade reconciliations at a data element level, and no obligation on the delegating party to either check or validate reports of its transactions, or to transmit data to the reporting party on a trade-by-trade basis.

However, expanding mandatory delegated reporting to transactions between financial counterparties (FCs) would introduce the need to define a hierarchy to designate the party that holds the reporting obligation, with that hierarchy needing to cater for a wide array of complex scenarios. This is a level of change that would be better addressed in a subsequent legislative vehicle, particularly as it may need to interact with a framework that fully integrates EMIR Article 9 and MiFIR Article 26 reporting.

ISDA considers that mandatory delegated reporting can be safely expanded to transactions between FCs and all non-financial counterparties beyond those which currently benefit from mandatory delegated reporting (i.e. NFC+ as well as NFC-).

Accordingly, should the EP deem it necessary to incorporate some level of transaction reporting simplification in MISP, ISDA would support AM 14. We would support a revised AM 91 that, instead of expanding mandatory delegated reporting to transactions between two FCs, expands it instead to transactions between an FC and an NFC+. We would oppose AM 92, as that is only necessary for mandatory delegated reporting for transactions between two FCs.

ISDA would also support AMs 636-639, which would restrict the scope of reporting under EMIR Article 9 to OTC derivatives. However, this would require further amendment to either EMIR Article 2(7) or EMIR Article 9 to consider third-country exchange traded derivatives (ETDs) as ETDs rather than OTC derivatives for the purposes of Article 9 reporting. We note that should AMs 636-639 not be contained in the EP's final position while AM 91 is, the latter should be revised to include ETDs in the scope of expanded mandatory delegated reporting between FCs and NFCs.

We would also support AM 860, which would provide legal certainty to the existing practice of trading venues reporting to ARMs under MiFIR Article 26. This AM would

require revision to clarify that submission through an ARM does not create an additional reporting obligation or alter the existing allocation of responsibility and liability.

Finally, if, as ISDA recommends, structural reform of transaction reporting such as integration of EMIR Article 9 and MiFIR Article 26 under a "report once" framework is deferred to be addressed under a separate legislative vehicle, we further recommend an additional amendment to either EMIR or MiFIR requiring the Commission to present legislative proposals for the simplification of financial transaction reporting to the EP and Council within 12 months of entry into force of the MISP Master Regulation.

This amendment should also require the Commission to establish an expert stakeholder group, similar to that established for the MiFIR Review[2], to inform the development of legislative proposals to ensure that these proposals are robustly designed and avoid the unintended consequence of complicating and increasing the burden of transaction reporting.

ISDA believes that this combination of amendments, with the necessary revisions, would achieve short-to-medium term transaction reporting simplification with material benefits for market participants, in particular corporates and industrial firms. It would also ensure that the momentum of structural reform of transaction reporting to achieve the end state of a "report once" framework is maintained.

Should the EP deem it necessary to pursue reporting simplification through MISP, ISDA would support the following Master Regulation AMs:

- **AMs 15 and 90** to streamline the intragroup reporting exemption framework, **with AM 90 revised such that the exemption should apply immediately** upon acknowledgment of receipt of a notification.
- **AM 14 and 91** to expand mandatory delegated reporting (MDR), **with revision to remove the expansion of MDR of transactions between two financial counterparties and replace it with expansion of MDR of transactions between FC and NFC+ entities**, and with clarification that:
    - Responsibility and legal liability lie with the reporting party, and the delegating party's obligation is limited to provision of static referential data that is not known to the reporting party; and
    - There is no requirement for trade-by-trade reconciliations at a data element level, and no obligation on the delegating party to either check or validate reports of its transactions, or to transmit data to the reporting party on a trade-by-trade basis.

[2] Expert stakeholder group on equity and non-equity market data quality and transmission protocols (E03938)

We would oppose AM 92 as unnecessary for MDR between FCs and NFCs.

N.B. - if AMs 636-639 (addressed immediately below) are not adopted in the EP's final position while AM 91 is, AM 91 should also be revised to include ETDs in the scope of MDR.

- **AMs 636-639** to restrict the scope of reporting under EMIR Article 9 to OTC derivatives, **with revision to either EMIR Article 2(7) or EMIR Article 9 to consider third-country ETDs as ETDs**, ensuring they are also excluded from the scope of reporting under EMIR Article 9.
- **AM 860** to provide certainty that trading venues may report to ARMs under MiFIR Article 26, **with revision to clarify that submission through an ARM does not create an additional reporting obligation** or alter the existing allocation of responsibility and liability.
- **Additional amendment requiring the Commission to present legislative proposals for the simplification of financial transaction** reporting to the EP and Council **within 12 months** of entry into force of the MISP Master Regulation, **and to establish an expert stakeholder group to inform the development of those legislative proposals.**

Under all circumstances, we oppose:

- **Master Regulation AMs 3-4, 67-70, 89, 92, 94, 124-125, 640, 854-859, 861, 944-946**
- **Master Directive AM 640**

Detailed review of and rationale for opposition to the remaining EP amendments to the MISP Master Regulation and Master Directive:

AMs 640, 861 and 1116 (Master Regulation): These are the key AMs that would implement the integrated "report once" framework, so have been grouped together below.

- **AM 861:** Inserts a new Article 26a in MiFIR that appears to:
  - Specify that where a transaction is reportable under MiFIR Article 26 and one or both of EMIR Article 9 and SFTR Article 4, it shall only be reported once using an integrated template.
  - Specify that such a transaction can be reported through any of the following reporting channels: an ARM, a trade repository or the trading venue on which the transaction was concluded. This appears designed to preserve flexibility as to the reporting channel – and by extension, flexibility of choice by the reporting party of its appropriate internal infrastructure – through which the integrated report may be submitted, as long as the integrated template is used.

  - Mandate ESMA to develop RTS to specify:
    - A reporting hierarchy to determine the single entity responsible for submitting the report.
    - The details of the integrated reporting template referred to above.
    - The authority responsible for receiving, processing, storing and analysing the reported details.
  - Specify that submission of the report by the entity determined to be responsible under the hierarchy referred to above discharges the reporting obligation of all parties to the transaction.
  - Specify that all EU and national public authorities with a supervisory, resolution, macroprudential or market-integrity mandate should have access to the reported data.
- **AM 640:** Amends EMIR such that the reporting obligations under Article 9 are met if the transaction is reported in accordance with the new MIFIR Article 26a proposed by AM 861.
- **AM 1116:** Amends SFTR such that reporting obligations under Article 4 are met if the transaction is reported in accordance with the new MIFIR Article 26a proposed by AM 861.

These amendments illustrate why structural reform of transaction reporting to achieve a "report once" framework must be carefully designed with input from market participants. While these amendments appear to present an elegant solution, they contain significant flaws that could in fact create additional complexity and reporting burden. ISDA strongly supports the principle of a "report once" framework achieved through integration of sectoral reporting obligations, but consider it is essential that the detailed design of such a framework should be specified in technical standards following close consultation with market participants directly involved in the interpretation, implementation and operation of regulatory reporting, without constraints being imposed within primary legislation.

For example, ISDA believes strongly that a requirement for an integrated template should not be enshrined in primary legislation. Doing so would risk predetermining the design solution before adequate analysis is carried out and potentially prevent implementation of a more suitable solution resulting from such analysis.

Future proposals for the integration of sectoral reporting obligations should exclude any possibility that the data reported for a transaction under the "report once" framework would be the superset of all data currently reported for that transaction under each of the sectoral obligations to which it is subject, as well as

any possible interpretation that a non-reporting party to a transaction would be brought into the scope of a sectoral reporting regime to which it is not currently subject, by virtue of the reporting party being in scope of that regime. Either of these outcomes would significantly diminish any benefits of a "report once" framework.

There are several further areas of ambiguity in the drafting of these amendments. For example, AM 861 stipulates that each party shall remain responsible for the accuracy and completeness of the details it provides, leaving an open question whether the non-reporting party must transmit data to the reporting party for each trade (potentially including highly sensitive PII). It also leaves open the possibility that the non-reporting party may need to reconcile each submitted report with its books and records. Any such requirements would largely negate the intended benefits of this amendment. Future legislative proposals should clearly place the reporting obligation and legal liability on the reporting entity and make clear that trade-by-trade transmission of data is not required. An alternative solution to the provision of PII on transaction reports must be developed.

While presumably the intended outcome of these amendments is collectively that a single entity involved in a transaction would submit a single report for that transaction, the drafting could be interpreted to mean that the reporting entity should submit one report for each side of the trade, akin to the delegated reporting construct. That could in turn be taken to mean that transaction-by-transaction reconciliation would continue to be required at ARM or trade repository level, preserving rather than eliminating the existing reconciliation burden. Future proposals should exclude any possible interpretation under which "report once" nevertheless requires separate submissions reflecting each side of the transaction.

ISDA agrees with the provision in AM 861 that "the criteria for designating the single entity responsible for submitting the report, on the basis of which entity is best placed to ensure timely, accurate and complete reporting, having regard to the nature of the parties and of the transaction, and taking into account internationally agreed standards" should be defined in Level 2, and consider that this should be preserved in future legislative proposals. We note that this entity may be neither of the parties to the trade, but instead a CCP or trading venue, and recommend that this should be explicitly identified in the future Level 1 text.

If it is deemed necessary that future legislative proposals contain provisions similar to those in AM 861 specifying that those authorities exercising supervisory, resolution, macroprudential or market-integrity mandates should have access to data reported under an integrated reporting framework to the extent necessary to fulfil their respective mandates, the drafting of those provisions

should specify that this access should only be to the extent that is necessary and proportionate for their statutory functions and subject to confidentiality and data protection safeguards.

Finally, ISDA believes strongly that future proposals for an integrated "report once" framework should include explicit reference to their underlying objective of burden reduction and require ESMA to consider that objective when fulfilling its mandate to develop draft regulatory technical standards.

AM 92 (Master Regulation): Would create a hierarchy to establish the reporting party under EMIR Article 9 for a transaction between two financial counterparties. As ISDA's recommendation for a revised AM 91 means that such transactions would not fall in the scope of mandatory delegated reporting, AM 92 is no longer necessary.

AMs 3-4, 67-70, 89, 94, and 124-125 (Master Regulation): Variously expand the scope of a proposed centralised data platform to include supervisory data/regulatory reporting, tie the EMIR and MiFIR central databases to the centralised data platform, formalise the "report once" principle, empower ESMA to develop and maintain harmonised reporting templates, enable streamlining of reporting channels, and embed the ability to share data into the various sectoral modules of the data sharing platform.

These amendments appear intended to underpin AMs 640, 861 and 1116, and therefore are unnecessary. Analogous provisions may be required in future legislative proposals to implement a fully integrated reporting framework, and these should be developed holistically with the input of market participants.

AMs 854, 855, 856, 857 and 858 (Master Regulation): Multiple duplicative amendments that appear designed to allow the use of data reported under MiFIR Article 26 for the purposes of the Market Abuse Regulation, specifically in respect of equity trading. We agree with the exclusion of these AMs from the MiFIR compromise text.

These amendments as they are drafted, as well as being duplicative, are disproportionate as they would allow access to data from transactions in all asset classes. ISDA would therefore oppose similar provisions in future legislative proposals.

AM 859 (Master Regulation): Amends MiFIR Article 26(2) to explicitly state that transactions executed on EU trading venues are in scope, and that transactions executed by third country branches of EU firms are out of scope.

ISDA agrees that transactions executed by third country branches of EU firms should be excluded from the scope of reporting under an integrated "report once" framework and would support a provision to this effect in future legislative proposals. We note that the explicit inclusion of transactions executed on EU trading venues in this amendment is

redundant and would have been likely to create confusion, providing a further illustration of the need for careful development of the future Level 1 text for an integrated reporting framework. We agree with the exclusion of this AM from the MiFIR compromise text.

AM 944, 945 and 946 (Master Regulation): Collectively specify the MiFIR central database as the repository for reporting under MiFIR Article 26, EMIR Article 9 and, in original form, REMIT Article 8. (We note that references to REMIT have been removed from these amendments in the MiFIR compromise text but oppose them nonetheless.)

Provisions exist in the MISP Master Regulation to create a centralised database. Certain of the enabling AMs in the draft EP report extend the scope of this database to include supervisory and regulatory reporting data by AMs. Further enabling AMs in the draft EP report appear to envisage sectoral central databases operating as modules of the centralised database. AM 861 specifies that all EU and national public authorities with a supervisory, resolution, macroprudential or market-integrity mandate should have access to the reported data, by implication agnostic of which sectoral database into which it is submitted.

In principle, ISDA supports a centralised data repository to support an integrated reporting framework. However, these multiple overlapping amendments and the inclusion of REMIT Article 8 in AMs 944-946 when it is not included elsewhere illustrate perfectly the need for careful development of coherent legislative proposals with a clear purpose and scope.

We note that there are multiple technical solutions to achieve such a centralised repository and believe strongly that future legislative proposals to implement such a repository should be developed holistically along with the future proposals for the integrated reporting framework, with the involvement of market participants.

AM 646 (Master Directive): Requires the European Commission to report on the feasibility of establishing a single reporting mechanism for energy commodity derivatives and a unique identifier format for transactions reported under both MiFID and REMIT.

This amendment again illustrates the need for holistic development of legislative proposals for reporting simplification, as it would create a parallel reporting/simplification track outside the integrated MiFIR/EMIR/SFTR framework contemplated by ESMA's Final Report on the Call for Evidence on the simplification of financial transaction reporting. While there may be an argument for including REMIT Article 8 in integrated reporting framework, as articulated in its response to the Call for Evidence, ISDA considers that this is secondary to the need to simplify EMIR Article 9 and MiFIR Article 26 reporting. In any case, were REMIT Article 8 reporting to be included in an integrated reporting framework, it should be considered holistically, not as an adjunct as it appears to be under this amendment.

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Annex

ISDA is strongly of the view that reform of financial transaction reporting is too complex to be pursued through MISP, and instead should be addressed in a subsequent dedicated legislative package.

Should the European Parliament consider it essential to make some progress on reporting reform through MISP, the table below identifies which amendments could be implemented safely with minimal impact.

Master Regulation AMs 3-4, 67-70, 89, 92, 94, 124-125, 640, 854-859, 861, 944-946 and Master Directive AM 640 should be OPPOSED.

SUPPORT:

Amendments	Objective	Regulation & Articles
AMs 15, 90 *Subject to revision of AM 90 such that the exemption should apply immediately on acknowledgment of receipt of a notification*	Simplify intragroup reporting exemption notification	Master Regulation Recital 26b, EMIR Article 9(1)
AMs 14, 91 *Subject to revision of AM 91 to remove the expansion of mandatory delegated reporting of transactions between two FCs and replace it with expansion to transactions between FCs and all NFCs*	Expand mandatory delegated reporting	Master Regulation Recital 26a, EMIR Article 9(1a)
AMs 636-639	Remove ETDs from the scope of EMIR Article 9 reporting	EMIR Article 9(1),(1e),(2),(3),(4),(5),(6)
AM 860	Clarify use of ARMs	MiFIR Article 26(5)
New amendment	Require EC to submit legislative proposals on transaction reporting reform within 12 months, and establish an expert stakeholder group to inform those proposals	Either EMIR Article 9 or MiFIR Article 26

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