

6 October 2025

To: European Securities and Markets Authority, Data Standards & Governance team

**Re: Supplementary feedback for the ESMA ‘Call for Evidence on a Comprehensive Approach for the Simplification of Financial Transaction Reporting’**

The International Swaps and Derivatives Association, Inc. (“ISDA”) and its members (“the Industry”) appreciate the opportunity to provide additional commentary to the European Securities and Markets Authority (“ESMA”) Call for Evidence on a Comprehensive Approach for the Simplification of Financial Transaction Reporting (the “CfE”).

ISDA submitted a response to the CfE jointly with the Association for Financial Markets in Europe (“AFME”), the Futures Industry Association (“FIA”), and the Global Foreign Exchange Division (“GFXD”) of the Global Financial Markets Association (“GFMA”), (collectively, the “Associations”). As part of the analysis of the CfE, ISDA sent a questionnaire to its members on the actual or expected implementation costs, as well as the expected change to operational costs, for the various options for change that have been proposed. Gathering, collating and analysing the answers from the questionnaire was a lengthy process and it was not possible to include this feedback within the main CfE response submitted by the Associations. However, as discussed and agreed with yourselves in June and September of this year, we trust you will consider the below feedback as part of your review.

**Executive Summary**

The questionnaire was designed to identify the various elements inherent within each of the options proposed in the CfE, along with a question related to a change to back reporting (a suggestion made within our response, but not captured within the CfE itself). This was to help identify the most beneficial and/or costly components of each Option put forward, and lead to a more focused and beneficial set of changes to reporting requirements.

While many member firms were unable to provide costs to ISDA, we received 17 responses in total, comprising of 13 sell-side firms and 4 buy-side firms. A blank copy of the questionnaire is included as Appendix 1 to this document.

The feedback from the questionnaire has been anonymised and aggregated, with our findings presented below.

**Current operational costs**

**Question 1: Current annual operational budget for EMIR Article 9 reporting (in EUR)**

The feedback received reflected a wide range in the annual operational budgets each firm carries for EMIR reporting. At the lower end, a small number of firms are spending under EUR 1mm per annum on operational costs, but more commonly firms have budgets in the millions, with several firms spending over EUR 10mm per annum.

To establish an estimate of cost per transaction, we calculated the average annual number of transactions reported by a firm, divided by their annual EMIR operational budget. This data was then further split out by (i) firms submitting less than 1mm transactions per month and (ii) firms submitting over 1mm transactions per month to provide a clearer picture on the cost of reporting based on the size of a firm.

The results showed an average cost per EMIR transaction as:

- Firms reporting less than **1mm** = EUR 9.0718 per transaction
- Firms reporting more than **1mm** = EUR 0.2974 per transaction

### **Question 3: Current annual operational budget for MiFIR Article 26 / RTS 22 transaction reporting (in EUR).**

Similar to EMIR reporting, there was a wide range in the annual operational budgets across the firms that answered the questionnaire. As with EMIR, there are firms with budgets under EUR 1mm, but in most cases firms' budgets are in the millions and often in excess of EUR 10mm per annum.

The total number of submissions were higher under MiFID than under EMIR, so when identifying cost per transaction, the firms were grouped by (i) firms submitting less than 2.5mm transactions per month and (ii) firms submitting over 2.5mm transactions per month.

The average cost per MiFID transaction was:

- Firms reporting less than **2.5mm** = EUR 1.3557 per transaction
- Firms reporting more than **2.5mm** = EUR 0.0408 per transaction

There is a stark difference in the cost per transaction between the firms submitting high volumes of transactions and those with comparatively low volumes. On average, while larger firms have higher budgets in absolute numbers, the cost to report per transaction is much lower compared to the firms with lower reporting volumes.

There will be several reasons why this is the case, but one indication is that all entities with EMIR reporting obligations must implement at the very minimum a base level of operational processes, controls and supporting framework. The ongoing costs for running these core processes may well come to comparable amounts regardless of the number of transactions actually submitted by an entity, and so operational costs are proportionately higher for smaller firms. This would mean that as and when additional requirements are to apply equally

to **all** reporting entities, the cost to manage any new obligations is likely to have a bigger impact on smaller firms due to ongoing operational costs being relatively standard across the board.

### **Implementation costs**

Respondents commented on the difficulty of providing a total cost for implementing EMIR and MiFID requirements, with several firms responding with a cost range (rather than a single figure) and other firms unable to provide any numbers at all. For EMIR, implementation costs ranged from under EUR 1mm to significantly over EUR 10mm. MiFIR also sees some firms spending under EUR 1mm, but the overall trend is that firms spent more implementing MiFIR with some approaching EUR 20mm in implementation costs. Higher implementation costs tended to be with sell-side firms, but there was otherwise no overriding correlation between the number of transactions a firm reports and the total implementation costs incurred.

It is notable that while this analysis is based on feedback from a relatively small number of firms, the combined total cost of implementation of EMIR and MiFIR is approaching EUR 200mm for those 17 firms.

From the responses received, buy-side firms and sell-side firms with small reporting volumes have lower implementation costs compared to the sell-side firms submitting high volumes of reports.

Common feedback from firms was the challenge of identifying implementation and operational costs specific to EMIR and / or MiFIR, as such costs tend to be shared across multiple reporting regimes, including those in other jurisdictions. With increased harmonisation across global regimes, firms reporting under multiple reporting regimes and jurisdictions are able to re-use reporting logic and systems, thereby gaining efficiencies across regimes. Nonetheless, the responses provided are our members' best efforts to segregate EU EMIR and MiFIR costs.

### **Main cost drivers**

**Question 5: Out of the 9 sources of costs identified in section 3 of ESMA's Call for Evidence, what are the three main cost drivers in your view?**

Of the 'Key issues related to multiple regulatory regimes with duplicative or inconsistent requirements' set out Section 2 of the CfE, the responses to the questionnaire identified three primary items:

1. Frequent regulatory changes and lack of flexibility to enable a phased implementation, synchronisation and coordination of the changes in the different reporting regimes

2. Dual-sided reporting obligation under EMIR and SFTR
3. Duplicative reporting of the same derivative instruments under MiFIR, EMIR, and REMIT

The three priorities identified above are already covered in some detail within the main response submitted by the Associations.

It is worth noting that all nine of the items listed in the CfE were identified at least once within the responses, along with some additional costs not captured within the CfE but which have been highlighted within the response submitted by the Associations, for example the cost of pairing and matching and back reporting requirements.

### **Simplification options**

Respondents provided a score from 1 to 10 for each of the different elements requiring change inherent in the four options presented within the CfE. Scores were allocated based on (i) the **cost to implement** the change and (ii) the **operational cost reduction** such changes would bring. Firms were also encouraged to provide additional commentary where relevant.

We assess the feedback to each answer below, with occasional reference to a 'net' rating. This is the 'operational cost reduction' rating minus the 'cost to implement' rating. A positive net rating implies that the change will reduce costs for firms, whereas a negative rating may lead to enhanced costs overall. Firms were also encouraged to provide commentary alongside the ratings which have helped inform our analysis.

This approach helped to identify not only which options are likely to realise the biggest benefits, but also which elements within those options will have the largest cost impact. Furthermore, it recognises which changes may require more carefully managed implementation in order to achieve more streamlined reporting, or conversely avoid potentially making reporting more complex and costly.

The answers provided to these questions have been aggregated across all respondents, and also separately aggregated by buy-side and sell-side. These can be found under Appendix 2.

**Question 6 - What are the anticipated investments and transition costs associated with implementing the separate proposals captured within options 1a, 1b, 2a and 2b, and/or proposed by the Associations? These costs may include, but are not limited to, decommissioning of legacy systems, adapting systems to new changes and future evolving requirements.**

The main observations from these answers were:

- a) Single-sided reporting:** There is an overall preference to move to a single-sided reporting framework, but as indicated within the main response, this comes with its own challenges. The prime challenge appears to be the development and implementation of logic to identify the report submitting entity, but this is generally considered to be a relatively moderate cost.

The biggest benefit identified as a result of single-sided reporting is the **removal of pairing and matching reconciliation requirements**. This would have a relatively minimal cost impact to firms, (essentially ‘switching off’ the reconciliation), but result in notable cost savings. Overall, the stopping of pairing and matching received a positive net rating of 4.1, but reaching positive 6.3 for buy-side firms. Robust internal data quality controls will already be in place, so any additional checks that may be required as a result of removing matching reconciliation should be minimal.

Efficiencies will also be gained as a result of less voluntary delegated reporting being carried out. While delegated reporting is unlikely to be removed entirely (for example non-EU banks may still provide a delegated reporting service to EU clients), operational costs will be lower mainly due to less client service work, fewer queries, and reduced burden in resolving reporting issues.

- b) Delineation by instrument (EMIR/MiFIR) as proposed under Option 1a:** This was the most favoured change proposed, supported equally by sell and buy-side firms.

The cost to ‘switch off’ ETD reporting under EMIR, and OTC derivatives under MiFIR, is seen as a low to moderate transition cost, while at the same time realising significant operational cost reduction. The net ratings for this change were positive numbers of 4.6 for EMIR and 2.5 for MiFIR. Buy-side firms envisage an even bigger benefit for their EMIR reporting, returning a net benefit of positive 7.7.

There are, however, clear concerns that any potential cost reductions from delineation by instrument could be negated depending on how this change is implemented. If all EMIR specific fields were to be added to the MiFIR reports, and likewise all MiFIR specific fields added to the EMIR reports, the transition costs are expected to be more significant, with a strong potential that any operational cost reduction will be more

than outweighed by the cost of implementation. Across all firms, the cost of change (to add more fields to the existing EMIR and MiFIR templates) was expected to outweigh any cost reduction, giving net scores of minus 3.5 for EMIR and minus 3.6 for MiFIR.

Overall, the delineation by instruments has the potential to lead to significant cost savings provided reportable data fields are limited to only those absolutely necessary for regulatory objectives. If all current data points under EMIR and MiFIR are simply included under both regimes, the change will introduce **more costs and complexity** compared to the current framework. It is essential that the opportunity is taken to perform a full review of all data points required under each regime and remove fields that fall outside of a regimes given remit.

- c) Delineation by events (EMIR/MiFIR/SFTR) – option 1b:** As expressed within our main response to the CfE, Option 1b is much less favourable compared to Option 1a (in particular, compared to the modified version of Option 1a proposed in our main response). Potentially, option 1b could add more complexity rather than streamlining reporting. The results from the questionnaire support this view, with the expectation being higher implementation costs compared to Option 1a, primarily due to the need for significant changes to logic, and development of interconnected flows between regimes.

The difference between the cost to implement and the reduction in operational costs averaged around minus 5, i.e. implementation costs were five points *higher* than cost reduction. This was even more pronounced amongst buy-side firms where the average was just over minus 6.

Option 1b is expected to deliver minimal or no operational costs savings, but will introduce a higher degree of complexity and high implementation costs. Given this, there is no notable support for this option.

- d) Back reporting (report the corrected data only) – additional proposal outside of ESMA options:** This question relates to a proposal made within our response to the CfE (see Q1) as opposed to being a proposal within the CfE itself.

Firms expect there to be reasonable implementation costs associated with revising remediation activities, updating workflows, and developing new processes for managing updates and corrections, but with the potential for significant operational cost reduction if the revised approach focuses only on correcting live contracts and avoids (or at least limits) the need to back-report historical transaction, collateral, or valuation reports.

The average rating for implementation costs versus the reduction in operational costs were very similar (a net score of minus 0.3), with buy-side firms envisioning a slight benefit overall (net score of positive 0.7). Commentary provided by several firms indicates the cost benefits could be higher depending how this requirement is implemented, for example if back reporting were applicable to the latest version of live contracts only. If that were the case, the operational cost savings would be rated higher and savings would increase over time.

Based on the comments received, the majority view is marginally **positive** toward this change to back reporting, with firms seeing benefits in terms of efficiency and cost reduction, provided the scope is limited to live contracts. Cost savings can be maximised further if a revised approach applies only to the latest version of each live contract and not require back reporting of historic data.

- e) **Single repository for all regimes (consolidate EMIR TRs and MiFIR ARMs) – relevant to Options 2a, 2b and additional proposal outside of ESMA options (see response to Q16):** The feedback and ratings provided for this change were primarily negative, with only buy-side firms showing a very narrow benefit towards submitting to a single TR. Buy-side firms returned a positive average net rating of 0.3 compared to sell-side firms that gave a average net rating of minus 3.1.

Limited operational costs savings (at least in the short to medium term) are envisaged, with the highest benefits potentially being achieved if a single repository were free of charge. Longer-term, a single repository and single schema could offer more significant efficiencies and cost savings, but without a more detailed understanding of how such a repository would be set up and operated, or how complex a single message across instruments would be, it is not possible to know how substantial the long-term benefits would be.

The greatest concern with a move to a single repository is that it may result in a ‘super-set’ message covering all data points currently required under EMIR, MiFIR and SFTR. The cost to implement such a message received very high ratings by both the sell-side and buy-side, with only minimal reduction in operational costs expected, resulting in net scores of minus 5.4 (sell-side) and minus 5.0 (buy-side).

We acknowledge that the CfE does not state under either Option 2a and 2b that a single message covering all instrument types will *inevitably* mean a ‘super-set’ message will be required, but if this were to be the end result, the feedback from the questionnaire strongly indicates that the cost for reporting would increase for all market participants driven by both the initial implementation costs and the ongoing



complexities of maintaining such a super-set. Therefore, as we have expressed within our main response to the CfE, we are cautious of this proposal. If it were to be pursued, a comprehensive review of the required data points would be needed so that only fields intrinsic to the scope of the regime(s) are retained, to minimise complexity as far as possible.

- f) Reporting requirements published as machine executable code (EMIR/MiFIR) – additional proposal:** This is still an emerging area of regulatory reporting with huge potential to reduce or remove the manual processing elements within a firm's reporting infrastructure, but also with unavoidable initial implementation costs. While commentary from several firms cited the full extent of the cost to implement machine executable code is difficult to predict, firms also envisage **long-term operational cost reductions**. Once the new processes are embedded, benefits will include streamlined change management, reduced interpretive burden, and improved data quality. The average rating for the initial implementation costs is 7.8 (reflecting the expected initial outlay), but comments received added that thereafter, ongoing costs to maintain and remain aligned to a centrally published machine executable representation of the reporting requirements will be more negligible with greater operational benefits.

Some of the wider dependencies identified that would lead to the effective introduction of a machine executable representation of reporting requirements include cross-industry cooperation, good governance, and the accessibility of the code (e.g., open source). However, this framework need not be developed from a blank page, with a growing number of firms already having experience with similar approaches such as the ISDA Digital Regulatory Reporting (DRR) model.

It is entirely possible for a machine executable version of reporting requirements to be provided as technical standards in their own right (alongside the text), or as level 3 regulatory guidance to supplement the technical standards.

Overall, the feedback received envisages the publication of reporting requirements as machine executable logic as a strategic investment for the future of regulatory reporting, requiring careful planning, industry collaboration, and clear regulatory guidance. In the long term, it should deliver significant cost savings.



## **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 77 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](http://www.isda.org). Follow us on Twitter, LinkedIn, Facebook and YouTube.