Views from the team

ESMA’s Final Report on the Call for Evidence on the simplification of financial transaction reporting

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ESMA sets direction for simplification of EU transaction reporting

As we have been aware, over the last year ESMA has, with the help of the industry, been reviewing transaction reporting with the view of addressing the growing complexity and cost. In its July 2026 Final Report, ESMA highlights that reporting obligations under MiFIR, EMIR and SFTR have evolved in a fragmented manner, resulting in duplication, inconsistent requirements and significant operational burden for firms. A concern that our clients will be all too familiar with.

This fragmentation has led to parallel reporting infrastructures, reconciliation challenges and increasing costs, with firms often required to report economically identical transactions multiple times across different channels. For regulators, this complexity also limits the usability and consistency of supervisory data.

A central theme of the report is that incremental fixes alone will not deliver meaningful simplification. Instead, ESMA concludes that a more coordinated and structural reform is required, supported by a staged implementation approach balancing short-term relief with longer-term transformation.

Key drivers of complexity

ESMA identifies several structural drivers underpinning the current reporting burden:

- **Duplication across regimes:** Overlapping requirements between MiFIR, EMIR and SFTR result in the same data being reported multiple times.
- **Fragmented reporting channels:** Use of different submission routes (e.g. ARMs, TRs and NCAs) increases operational complexity.
- **Dual-sided reporting:** Particularly under EMIR and SFTR, reconciliation requirements create significant overhead and data mismatches.
- **Frequent regulatory change:** Uncoordinated updates drive ongoing implementation and change management costs.

These factors collectively contribute to an estimated €1–4 billion annual cost of transaction reporting across the EU ecosystem, reinforcing the case for reform.

A move towards a “report once” framework

At the core of ESMA’s recommendations is a long-term vision for a single, integrated reporting framework built around a “report once” principle.

Under this model:

- Firms would submit transaction data once through a harmonised, modular structure
- Reported data could be reused across supervisory mandates, reducing duplication
- Product-specific requirements would be captured within a single unified framework

This approach aims to streamline reporting processes while improving data quality and consistency for regulators.

The proposal represents a significant structural shift and is not a small undertaking. ESMA's Final Report targets implementation of the new framework in H2 2031, although ESMA acknowledge that the timeline depends on amendments to the Level 1 legislation by the European Commission, which are outside ESMA's control.

Short- to medium-term relief measures

Recognising the time required for structural reform, ESMA also outlines a set of **intermediate measures** to alleviate reporting burdens in the near term. These include:

- Refinement of reporting scope to focus on data most relevant for supervision
- Potential adjustments to back-reporting requirements
- De-prioritisation of lower-value data fields within existing frameworks
- Revision of dual sided reporting

These actions are intended to deliver incremental improvements without waiting for full-scale legislative change

Quantified benefits and impact

The report is supported by a comprehensive cost-benefit analysis, indicating that simplification could deliver material industry-wide benefits:

- €250 million to €1 billion annual net savings
- 22–24% reduction in recurring reporting costs
- €1.2–4.9 billion cumulative net benefits over 10 years
- Implementation costs recovered within 3–4 years

Beyond cost reduction, ESMA emphasises improvements in data quality, consistency and supervisory effectiveness, supporting more efficient market oversight.

Implications for market participants

For firms, the direction of travel is clear: transaction reporting is moving towards greater integration, standardisation and reuse of data.

While immediate rule changes are not introduced, firms should begin to:

- Assess their current reporting architecture and duplication points
- Identify opportunities to rationalise data models across regimes
- Prepare for increased emphasis on data consistency and interoperability

Our view

We welcome the proposals set out by ESMA in its Final Report and agree that the transition to a "report once" framework (Scenario 2a) represents the most effective and future-proof approach to simplifying transaction reporting across MiFIR, EMIR and SFTR.

This proposal marks a significant evolution in the EU transaction reporting landscape and will require substantial collaboration and commitment from both regulatory authorities and industry participants to ensure its successful implementation. Throughout its review of the transaction reporting regimes, ESMA has maintained a constructive and collaborative dialogue with the industry. We are therefore encouraged by its commitment to continue engaging with market participants in the development of the technical specifications and operational arrangements necessary to support the new framework.

At the core of ESMA's Final Report is the move to a single reporting infrastructure. We believe the proposed model aligns closely with the capabilities of LSEG's existing ARM infrastructure, which already supports large-scale regulatory reporting through extensive connectivity, robust data management, and operational resilience. This places LSEG in a strong position to support the implementation of the Report Once Mechanism and the transition to a more integrated reporting framework, drawing on the complementary strengths of our established ARM and Trade Repository infrastructures, together with our proven regulatory reporting expertise and operational resilience.

As this new framework takes shape, LSEG remains committed to working closely with the industry, ESMA and other EU authorities to help shape a more efficient, streamlined and future-ready reporting ecosystem that meets the evolving needs of both regulators and market participants.

LSEG will continue to be a trusted partner to the industry, providing a unified regulatory reporting platform underpinned by high-quality data management, seamless interoperability and value-added services, supporting regulatory compliance and market integrity for the long-term working closely with EU and UK authorities as the regulatory landscape evolves.

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