

EDMA Response**ESMA Call for evidence on a comprehensive approach
for the simplification of financial transaction reporting**

EDMA welcomes the opportunity to submit the following responses.

Q1. Do stakeholders agree with the description of the key challenges outlined above? Is there any other issue linked to multiple regulatory regimes with duplicative or inconsistent requirements that is not reflected in this section? Out of the 10 sources of costs identified in this section and the ones that you may add, what are the three main cost drivers in your view?

MiFIR Article 26(5) is an additional inconsistent requirement linked to regulatory reporting regimes that is not reflected in this section. EDMA have authored a paper which outlines in full the opportunity to simplify financial transaction reporting. We summarise the main points below and append the full paper as an attachment to this submission.

Given the priority of enabling European competitiveness via simpler, lighter and faster EU regulation, it would be important to review the challenges and implications arising from the transaction reporting obligations under Article 26(5) of MiFIR (Regulation (EU) No 600/2014). We wish to raise awareness regarding problems in the regulatory treatment of transactions executed on a trading venue (TV) compared to transactions executed outside a trading venue. Under Article 26(5) of MiFIR, TVs must submit transaction reports in relation to the transactions in financial instruments traded on their platforms which are executed through their systems by firms that are not subject to MiFIR. The TV must populate all the details that the firm would have to report if it were subject to MiFIR. The venue must collate not only market side information, such as the economics of the trade and the identity of the non-MiFIR and/or third country firm involved, but also client side information, such as fields containing information about the underlying client or clients of that non-MiFIR and/or third country firm. The collection and reporting of these underlying client data requires significant ongoing investment in operational infrastructure by TVs; a cost that is ultimately borne by market participants.

To address the challenges described above, EDMA proposes that the transaction reporting requirements under Article 26(5) of MiFIR be limited to the market side of transactions only. Namely, the information related to the transaction itself and direct participant of the TV, rather than the client side allocations information on the clients of the TV participant.

For more information on this topic, please refer to EDMA's position paper on the Impact of MiFIR Article 26(5) in the EU (available [here](#) and attached to this submission). EDMA welcomes the opportunity to discuss these challenges further.

Q18. In this regard, and based on the current order book requirements for trading venues and the availability of information, what are the advantages and disadvantages of transferring the reporting of on-venue transactions under MiFIR and EMIR to trading venues?

EDMA does not believe transferring more of the reporting of on-venue transactions under MiFIR and EMIR to trading venues would be advantageous. Whilst trading venues provide quality data to support the market side of a transaction their proximity to client side data is, by definition, one or two steps removed from being the entity responsible. EDMA members would also highlight that, if the purpose of this review is to simplify financial transaction reporting adding another layer of reporting logic, to move more responsibility to trading venues would seem counterproductive to that objective.

Please refer to our EDMA Q48 response to ESMA's CP on RTS 22-23-24 in January 2025 as below.

Q48: Do you agree with the amendments listed above for the existing fields?

EDMA would like to highlight that the order record keeping requirements of RFQ systems are largely specified by ESMA level 3 Guidelines on transaction reporting, order record keeping and clock synchronisation under MiFID II (Section 6.14, [ESMA/2016/1452](#)). This demonstrates clearly that the wording of RTS 24 does not fit RFQ systems, by taking the field 21 as a clear example (where RFQS and RFQR are introduced beyond the options described in RTS 24).

EDMA would therefore suggest to further amend Article 1(1) of RTS 24 to be *'Operators of trading venues shall keep at the disposal of their competent authority the details of each order advertised through their systems set out in Articles 2 to 13 as specified in the second and third columns of Table 2 of the Annex, where applicable to relevant trading system types, insofar as they pertain to the order concerned.'*

EDMA would thus encourage ESMA to review the level 3 guidance according to the recommendation made in this answer to Q48.

Thus, it is important to distinguish the role of different trading venues operating different trading system types and what that distinction means for a trading venues ability to improve the quality of clientside data associated with a particular transaction versus the executing investment firm's ability.

Also, as outlined in detail in our answer to question 1 of this call for evidence trading venues do not routinely collect client-side information. This information is collected through an operationally intensive continuous exercise that can introduce errors and is subject to timing delays. For more information on this topic, please refer to EDMA's position paper on the Impact of MiFIR Article 26(5) in the EU (available [here](#) and attached to this submission). EDMA welcomes the opportunity to discuss these challenges further.

Q24. Proportionality measures: how do you consider proportionality can be taken into account in the context of burden reduction in regulatory reporting? What specific measures would you propose and how would you quantify their impact?

EDMA would suggest, as outlined in our answer to Q1 and in our attached paper, that Article 26(5) can be reformed to remove the disproportionate burden it places on trading venues to collect clientside information and be restricted to marketside only. This simple discontinuation would have a material impact on the burden of financial transaction reporting regulation on trading venues and improve the liquidity and competitiveness of EU markets.

EDMA believes the likelihood and effectiveness of stopping market abuse by insisting on double-sided reporting for venues to such a granular level is not proportional to the efforts required. Equally, it is not consistent with the application of policy consistently to both on and off venue trading.

For more information on this topic, please refer to EDMA's position paper on the Impact of MiFIR Article 26(5) in the EU (available [here](#) and attached to this submission). EDMA welcomes the opportunity to discuss these challenges further.

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About EDMA

Electronic Debt Markets Association represents the common interests of companies whose primary business is the operation of regulated electronic fixed income trading venues (multilateral trading facilities and regulated markets) in Europe. EDMA seeks to foster and promote liquid, transparent, safe and fair markets and act as the voice and a source of consultation between the members in their roles as operators of such venues. EDMA projects collective views on regulatory matters and market structure topics to governments, policy makers and regulators for the benefit of the electronic fixed income markets. Our 6 members are: BGC Fenics, Bloomberg, BrokerTec, MarketAxess, Euronext MTS and Tradeweb. More information at www.edmae.org

