

2022 Report on Quality and Use of Transaction Data

Online webinar 26 April 2023

Transaction data reporting regimes focus of the report



EMIR

16 billion life cycle events reported in 2022

30 million average number of open derivatives in 2022

160 thousand reporting counterparties

SFTR

450 million life cycle events reported in 2022

3 million average number of open SFTs in 2022

17 thousand reporting counterparties

MiFIR

12 billion (Art. 26) transactions reported in 2022

24 million (Art. 26) transactions reported daily

7 thousand (Art. 26) executing firms

700 thousand average number of (Art. 20-22) transactions published daily*

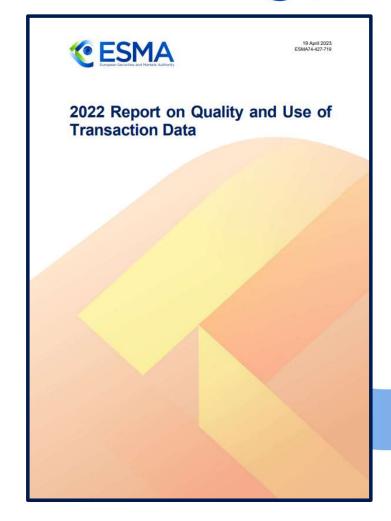
^{*} Includes APAs under ESMA direct supervision only

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ESMA European Securities and Markets Authority

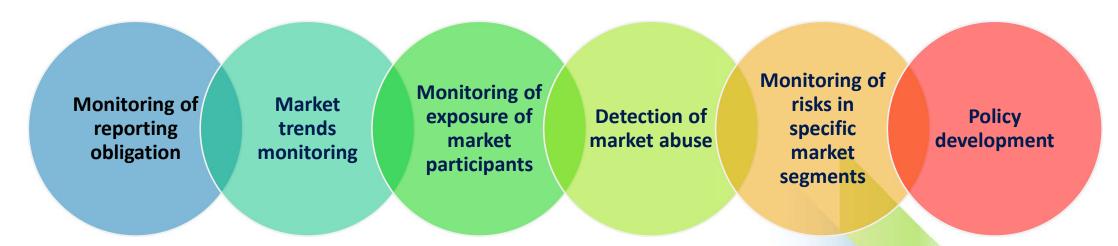
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Use of EMIR, SFTR and MiFIR transaction data





- Transaction data plays a critical role in the identification and monitoring of risks to the integrity, orderly functioning and stability of financial markets.
- Data directly supports ESMA, NCA, ECB and ESRB decision making in the areas of policy making, supervision and monitoring of financial markets risk analysis.
- The report provides a broad overview of use-cases implemented by data users. Where possible, links to publicly available the report included.

New approach to monitoring data quality



NCAs data sharing frameworks & data quality dashboards

Automated/ ad-hoc indicators and dashboards

 Regular (daily / weekly) code executions to update indicators Regular review and dissemination of aggregate results

- Review of all updated DQI indicators
- Prioritization of all identified issues based on thresholds
- Dissemination of aggregate and instrument/transaction level results to NCAs

Follow-up

- •Agreed list of follow-ups and allocation of issues
- Depending on the issue followup with TRs or NCAs (for counterparty reporting issues)

Post follow-up

 Monitoring of the implementation of remediating actions by NCAs/CPs

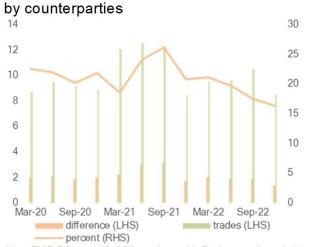
- ESMA and NCAs agreed methodology on 19 EMIR data quality indicators covering all key data quality domains (timeliness, completeness and reconciliation).
- First round of follow ups in Q4 2022 (covering 5 DQIs, 19 NCAs, 67 reporting counterparties) has led to an improvement in all DQIs.

Key developments impacting data quality: EMIR and SFTR



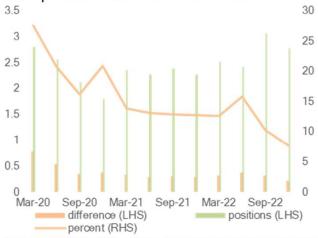
EMIR DQIs and dissemination of the results to NCAs

DQI 1 – Difference in trades reported A persistent issue, requiring immediate attention



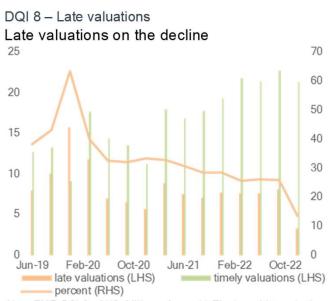
Note: EMIR DQI 1 - LHS (Millions of records): Total outstanding pairable trades and the sum of absolute differences in reporting between two parties. RHS (%): Difference as a percent of outstanding trades. Sources: EMIR Trade State Report and ESMA calculations

DQI2 – Difference in positions reported More positions and smaller difference



Note: EMIR DQI 2 - LHS (Millions of records): Total outstanding pairable positions and the sum of absolute differences in reporting between two parties.

RHS (%): Difference as a percent of outstanding positions. Sources: EMIR Trade State Report and ESMA calculations



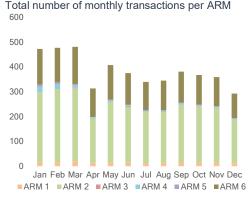
Note: EMIR DQI 8 - LHS (Millions of records) Timely and late valuations. RHS (%): Percent of records with late valuations out all records. Sources: EMIR Trade State Report and ESMA calculations

- Difference in the number of trades/positions reported by the two counterparties of each derivative has significantly dropped in the last 6 months.
- The percentage of outstanding derivatives with late valuations rapidly declined continued and reached a low of 13.2% in the latest observations.
- The overall trend has been a decrease in the percentage of late valuations, which is a **strong signal of the work being done on enhancing data quality in EMIR.**

Key developments impacting data quality: MiFIR



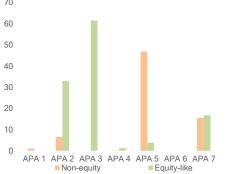
ESMA becomes the supervisor of significant DRSPs



Note: Total number of monthly transactions (in millions) per ARM, grouped by execution date.

Sources: Transaction Reports received under MiFIR article 26.

Number of published transactions per APA and type of instrument



Note: Number of published transactions (in millions) per APA and type of instrument. APAs are anonymised. Sources: Periodic reporting from supervised entities.

- The supervision of DRSPs was the exclusive responsibility of NCAs until December 2021.
- Following the results of the 2022 assessment, nine DRSPs are directly supervised by ESMA due to their relevant market activity in the EU.
- They represent almost 99% of the transactions reported among registered ARMs under article 26 of MiFIR and more than 99% of the transactions published by APAs.

Next steps on data quality



- ➤ ESMA and the NCAs will continue to work on extending the new monitoring framework beyond EMIR and SFTR in 2023.
- ➤ Continued collaboration with NCAs and stakeholders such as Repositories, DRSPs and reporting entities is crucial to achieving further improvements to data quality under the relevant reporting regimes.



Thank you! Q&A

