**ESMA consultation on simplifying reporting – IDM position**

**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 9 sources of costs identified in this section and the ones that you may add, what are the three main cost drivers in your view?**

IDM agrees with the description of the key challenges presented by ESMA in the Call for evidence. We share the view that the current fragmentation of reporting obligations resulting from multiple regulatory regimes (in particular MiFIR, EMIR and SFTR) places a significant operational, regulatory and financial burden on market participants, particularly small and medium-sized entities (SMEs).

At the same time, we would ask you to address an additional important issue not fully covered in the document, namely the inconsistent approach of national supervisory authorities to the interpretation of reporting obligations. This creates regulatory uncertainty, increases compliance costs and hinders the effective conduct of cross-border activities.

Of the nine sources of costs identified by ESMA, IDM highlights three main sources of costs that have the greatest impact on the market:

1. Duplication of reporting of derivatives, especially exchange-traded derivatives (ETDs) and over-the-counter derivatives (OTCs). The obligation to report the same transactions under MiFIR and EMIR generates unnecessary operational and administrative costs.
2. Dual-sided reporting – the obligation for both parties to a transaction to report under EMIR and SFTR significantly increases implementation costs, including the need to maintain complex data reconciliation and verification mechanisms.
3. Lack of consistency in definitions and terminology – differences in the definitions of key terms such as "system," "transfer order," and "settlement" in different regulations lead to interpretation and operational problems, resulting in increased costs of adapting reporting systems.

To reduce the administrative and financial burden, especially for SMEs, the IDM recommends:

* simplifying and harmonizing reporting requirements through the full implementation of the "report once" principle,
* limiting the scope of reporting obligations for SMEs, in particular by simplifying or abolishing the dual-sided reporting requirement,

These measures would ensure greater regulatory transparency and the efficiency of the EU capital market, while protecting the interests of small and medium-sized enterprises.

**Q2. Do stakeholders agree with the proposed principles and related description? Is there any other aspect/principle that should be considered?**

The Chamber of Brokerage Houses generally agrees with the principles proposed by ESMA, which aim to simplify reporting obligations. In particular, we support the following principles:

1. Avoiding duplication of reporting – this principle is key to reducing the administrative and operational costs of market participants, especially SMEs.
2. Proportionality of obligations – IDM strongly supports this principle, as reporting obligations should be tailored to the scale and nature of entities' activities, in particular by reducing the burden on small and medium-sized enterprises.
3. Standardization of OTC derivatives identifiers – IDM recommends moving away from the current practice of using technical ISINs for OTC derivatives and replacing them with the globally recognized UPI (Unique Product Identifier, ISO 4914) standard. The current approach generates unnecessary costs and operational risks associated with the need to create technical ISINs during the day, which increases the risk of reporting errors and hinders the fulfillment of obligations. The introduction of UPI for OTC derivatives would significantly simplify transaction reporting, reduce costs, and align European regulations with international best practices (e.g., US, Singapore).
4. Harmonization and standardization of reporting – we fully support efforts to create uniform formats, definitions, and terminology, which would significantly simplify the process of reporting cross-border transactions.

At the same time, we propose that additional principles or aspects be included in further regulatory work:

1. Maintaining reporting at the level of national supervisory authorities (NCAs) – IDM prefers to maintain contacts and reporting to national supervisory authorities, which are best acquainted with the specifics of the local market and regulations. Centralizing reporting at the ESMA level could reduce the effectiveness of supervision and increase administrative costs, which is why IDM recommends maintaining reporting to national supervisory authorities.
2. Simplified reporting for SMEs – a special approach should be implemented for small and medium-sized enterprises, which should include a significant reduction or exemption from certain reporting obligations in order to avoid a disproportionate administrative burden.
3. Transparency and easy access to reporting information – it is important to provide market participants, especially SMEs, with clear and easily accessible information on reporting requirements, thereby reducing the risk of errors and non-compliance.

In conclusion, the IDM recommends implementing the principles proposed by ESMA and taking into account additional proposals that will achieve the objective of simplifying reporting obligations, particularly for smaller market participants.

**Q3. What are the key advantages of Option 1a and how do these benefits address the issues in section 3?**

Option 1a ("High-level coordination and governance framework") provides for the establishment of an overarching, coordinated governance mechanism without fundamentally changing the existing financial transaction reporting framework. IDM sees the following key benefits of this option:

1. Improved coordination between regulations
Option 1a enables improved cooperation between regulatory authorities and reduces inconsistencies and duplication of reporting obligations under different regulations (MiFIR, EMIR, SFTR). Better coordination reduces administrative and operational costs, which is particularly beneficial for SMEs.
2. Minimization of implementation costs
As an option based on existing regulations, option 1a does not require significant investment in new systems or reporting procedures. The reduction in implementation costs is a significant benefit for all market participants, particularly important for small and medium-sized enterprises.
3. Maintaining existing reporting channels to NCAs
Option 1a allows existing reporting structures to national supervisory authorities to be maintained, in line with IDM preferences. Maintaining reporting at the national level ensures that supervisory authorities have a better understanding of the specificities of the local market and can manage systemic risk more effectively.

In summary, option 1a directly addresses the issues identified in section 3 of the ESMA document by reducing inconsistencies and duplication of obligations, reducing implementation costs, and maintaining effective supervision at the national level, in particular by taking advantage of the IDM's preferred contact with national supervisory authorities and minimizing the burden on SMEs.

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**Q4. What are the key limitations and potential risks of Option 1a? For example, do you consider the adaptation of the EMIR template to cover the data points used for market abuse surveillance as meeting the general objective of reducing the reporting burden, and why?**

Key limitations and potential risks associated with Option 1a

1. Limited effectiveness in eliminating duplication and inconsistencies:
Option 1a only provides for high-level coordination of existing regulations, which may prove insufficient to fully eliminate the current duplication of reporting obligations. The risk is that divergent interpretations of regulatory requirements between different supervisory authorities and regulations (MiFIR, EMIR, SFTR) will continue to exist.
2. Potential increase in reporting complexity:
Adapting the EMIR reporting template to cover data points used for market abuse surveillance may paradoxically increase the reporting burden. Adding new data points to an already complex reporting template could significantly increase operational and administrative costs, particularly for smaller entities (SMEs).
3. Insufficient cost reduction for market participants
Adapting existing EMIR templates to the needs of market abuse surveillance may require significant technological and operational changes. This solution does not necessarily meet the overall objective of reducing the reporting burden, as it could lead to additional investments in IT systems and increased compliance costs, which would be particularly felt by SMEs.
4. Risk of failure to adapt to the specific characteristics of local markets
High-level coordination may not be sufficiently detailed to effectively take into account local market specificities and specific regulatory risks. A limited approach to harmonization may result in insufficient alignment with local supervisory and operational needs.

In conclusion, the IDM assesses that adapting the EMIR template under option 1a may not fully meet the overall objective of reducing reporting burdens. On the contrary, it could lead to increased complexity, administrative and operational costs, which would particularly affect small and medium-sized enterprises (SMEs). We recommend introducing more precise and thorough harmonization solutions that would limit such risks.

**Q5. What components are missing or not adequately addressed in Option 1a? Why are these elements important, and how might their inclusion change the evaluation or implementation of Option 1a?**

1. Detailed harmonization of key definitions
Option 1a does not sufficiently address the need for full harmonization of definitions of key concepts such as "financial instrument," "transaction," and "reporting entity." The lack of full consistency in definitions will continue to lead to divergent regulatory interpretations and generate additional operational costs, which are particularly burdensome for SMEs.

*Impact of inclusion:* Full harmonization of definitions would reduce administrative and operational burdens, facilitating reporting and significantly reducing the risk of misinterpretation, which would make Option 1a much more effective.

1. Proportionality and simplified reporting path for SMEs
Option 1a does not sufficiently take into account the specific situation of small and medium-sized enterprises. The lack of a specific mechanism to limit reporting obligations for SMEs may generate disproportionate costs and hinder their access to the capital market.

*Impact of inclusion:* The clear introduction of the principle of proportionality and the creation of a simplified reporting path for SMEs would reduce barriers for smaller entities, significantly facilitating their cross-border activities and improving the overall efficiency of the market.

1. Clear rules for coordination between national supervisory authorities
Option 1a provides for high-level coordination but does not provide sufficiently detailed solutions for cooperation between national supervisory authorities. The lack of clearly defined rules for cooperation may hamper effective supervision and the effective implementation of the regulation.

*Impact of inclusion:* Detailed guidelines on cooperation between national supervisory authorities would increase the effectiveness of implementation, reduce interpretation risks and enable faster resolution of problems arising from multiple regulatory regimes.

1. Exemption of SFT transactions with central banks from MiFIR reporting

The IDM recommends that Securities Financing Transactions (SFTs) with members of the European System of Central Banks (ESCB) be completely exempted from MiFIR reporting requirements. These transactions, which are subject to strict supervision and reporting by central banks (e.g., the Eurosystem MMSR), do not pose a risk of market abuse, which is the main objective of MiFIR reporting. Excluding these transactions would significantly simplify reporting and reduce unnecessary administrative and operational costs for investment firms.

1. Uniform technological standards and interoperability of reporting systems
Option 1a does not address the issue of technological interoperability between the reporting systems of different supervisory authorities. The lack of uniform technological standards and interoperability results in significant IT adaptation costs for market participants.

*Impact of inclusion:* Harmonizing technological standards would reduce the costs of implementing and maintaining reporting systems, improving the efficiency and quality of transaction reporting.

In summary, taking into account these additional elements—detailed harmonization of definitions, proportionality rules for SMEs, coordination between supervisory authorities, and uniform technological standards—would increase the effectiveness and attractiveness of Option 1a as a comprehensive approach to simplifying financial transaction reporting.

**Q6. What are the key advantages of Option 1b and how do these benefits address the issues in section 3?**

**The key advantages of Option 1b and their relevance to the issues described in section 3 of the ESMA document:**

Option 1b ("harmonization of reporting requirements and standardization of reporting data") involves greater harmonization and standardization of reporting requirements between different regulatory regimes (such as EMIR, MiFIR, SFTR). IDM sees the following key advantages of this approach:

1. Reduction of reporting duplication and elimination of inconsistencies
	* Thanks to significant harmonization and standardization of reporting requirements, this option would directly reduce the need to report the same data multiple times to different supervisory authorities, eliminating unnecessary duplication of reporting.
	* This directly addresses the key issues identified in section 3 of the ESMA (multiple reporting, procedural complexity, and inconsistent regulatory requirements).
2. Significant reduction in operating costs
	* The harmonization of reporting data would simplify market participants' reporting systems and reduce the operational costs associated with implementing and maintaining different reporting standards.
	* This is particularly important for small and medium-sized enterprises (SMEs), which could achieve significant cost savings by reducing their administrative burdens.
3. Improved quality and consistency of reporting data
	* The introduction of a uniform set of data would ensure higher quality of data reported to supervisory authorities, increasing their effectiveness in monitoring the market and reducing the risk of misinterpretation.
	* This directly addresses the problem of interpretative inconsistencies described in section 3, improving the supervision and analysis of financial transactions.
4. Facilitating regulatory compliance and increasing market transparency
	* Harmonizing reporting would increase the transparency of regulatory obligations, making it easier for market participants to comply and reducing the risk of regulatory breaches.
	* This would ensure a more level playing field in the EU, significantly reducing administrative and operational barriers.

At the same time, the IDM clearly emphasizes that the above benefits will only be achievable if the scope of transaction reporting transferred from EMIR to MiFIR is not extended to include additional specific data fields currently required only by EMIR. In particular, the IDM recommends that EMIR-specific data (e.g., collateral information or valuation) remain under the current EMIR regime, while maintaining the possibility of fully delegating these reporting obligations to KDPW\_CCP.

In summary, Option 1b directly addresses the issues identified in Section 3 by eliminating duplicate reporting, simplifying administrative requirements, reducing operational costs, and improving data quality and consistency. This is particularly beneficial for SMEs, which would benefit significantly from a reduction in reporting burdens.

**Q7. What are the key limitations and potential risks of Option 1b?**

1. High initial implementation costs:
	* Harmonizing and standardizing reporting requirements would require a thorough overhaul of existing IT and reporting systems. This would be particularly burdensome for smaller market participants (SMEs), for whom these costs may be disproportionate and place a significant burden on operating budgets.
2. Long transition and implementation period:
	* The process of harmonizing reporting requirements can be time-consuming, and the period of adaptation of systems and regulations may be significantly extended. During the transition period, there may be considerable regulatory and operational uncertainty, which increases the compliance risk for market participants.
3. Risk of insufficient consideration of local market specificities:
	* Full harmonization at the EU level may not fully take into account the specific characteristics of national financial markets. Excessive standardization may lead to a mismatch between regulations and local market realities, hindering effective national supervision.
4. Data quality risk:
	* Although harmonization theoretically improves data quality, in practice, the standardization of data sets requires rigorous monitoring and qualitative validation to avoid situations where lower quality data from some markets could reduce the analytical value of the overall reports.
5. Organizational and technical complexity at the supervisory level:
	* Full harmonization would require intensive coordination between national supervisory authorities and ESMA. The operational and administrative complexity of such coordination is a potential risk, which could result in delays or inconsistent interpretation of requirements.

In conclusion, despite the significant benefits of Option 1b, the above limitations and risks should also be taken into account. It is particularly important that the introduction of this solution takes into account the proportionality of the regulatory burden on SMEs, allows for an appropriate transition period, and ensures full cooperation between national supervisory authorities and ESMA for the effective implementation of harmonization.

**Q8. What components are missing or not adequately addressed in Option 1b? Why are these elements important, and how might their inclusion change the evaluation or implementation of Option 1b?**

1. Proportionality and simplified approach for SMEs:
	* Why important: Option 1b does not specify sufficiently how to simplify reporting obligations for small and medium-sized enterprises. Full harmonization without taking into account the specific needs of SMEs could lead to a disproportionate administrative and cost burden.
	* Impact of inclusion: The explicit introduction of the principle of proportionality and simplified reporting requirements for SMEs would significantly reduce administrative costs and improve the efficiency of these entities on the capital market.
2. Clear and uniform rules for reporting DLT (Distributed Ledger Technology) transactions:
	* Why it matters: Option 1b does not provide sufficiently clear and precise guidelines on the reporting of transactions using new technologies, in particular DLT. The current interpretative uncertainty surrounding the reporting of such transactions limits the development and integration of innovative technologies in the EU capital market.
	* Impact of inclusion: Introducing clear rules for reporting DLT transactions would provide greater legal certainty, enable the effective implementation of technological innovation, and improve the integrity of reported data.
3. Uniform interpretation of rules by national supervisory authorities:
	* Why it matters: Harmonizing reporting requirements at the EU level will not be effective without clear interpretative guidance for supervisory authorities. Current differences in interpretation between national supervisory authorities create additional administrative burdens and compliance costs for market participants.
	* Impact of inclusion: The introduction of uniform interpretation standards at the European level (e.g., ESMA guidelines) would improve supervisory efficiency, reduce regulatory risk, and facilitate cross-border activities for market participants.
4. Technological interoperability standards for reporting systems:
	* Why it matters: Option 1b does not sufficiently address the need to ensure technical interoperability between reporting systems of different regulations and supervisory authorities. The lack of such standards results in additional technological and operational costs.
	* Impact of inclusion: The development of uniform technical standards and interoperability requirements would facilitate integration and reduce operating costs, thereby increasing the efficiency of financial transaction reporting across the EU.
5. **Precise classification of reporting fields and introduction of tolerances**

IDM recommends introducing a detailed distinction between reporting fields into three categories:

* Essential fields – mandatory, subject to full reconciliation.
* Non-essential fields – optional, not subject to reconciliation between parties.
* Problematic but material fields – subject to tolerance rules and simplified reconciliation methods (e.g., allowing specific rounding or margins of deviation).

In summary, the inclusion of these additional components (proportionality of reporting for SMEs, DLT reporting rules, uniform interpretations of regulations, and technological interoperability standards) would significantly increase the effectiveness and attractiveness of Option 1b. This would enable more effective achievement of regulatory objectives, simplification of reporting obligations, and reduction of costs, particularly for smaller capital market participants.

**Q9. What are the key advantages of Option 2a and how do these benefits address the issues in section 3?**

Option 2a provides for the full centralization of reporting of all financial transactions to a single central entity at the EU level. Despite the IDM's preference for reporting by national supervisory authorities (NCAs), the following potential advantages of this solution should be noted:

1. Reduction of duplicate reporting:
Centralizing reporting eliminates the need to submit the same data multiple times to different national authorities. This directly addresses the issue of duplication of reporting obligations identified in section 3 of the ESMA document, significantly reducing the operational and administrative costs of market participants.
2. Uniformity of data and reporting formats:
Centralization would enforce standardization and harmonization of data formats and definitions, which would solve the problem of inconsistent regulatory approaches and requirements resulting from different regulations (MiFIR, EMIR, SFTR).
3. Greater transparency and better quality of supervision:
Centrally reported data would enable supervisory authorities to analyze systemic risks more effectively and supervise the market more efficiently, reducing the risk of non-compliance and reporting errors. This is a direct response to the problem of inefficient information flow between authorities identified in section 3 of the document.
4. Simplification of reporting processes and reduction of technological costs:
Centralization could reduce the technological costs of market participants resulting from the need to maintain different reporting systems for different jurisdictions or regulations. This would be a significant benefit, especially for larger market participants.

In summary, option 2a effectively addresses the issues identified in section 3 of the ESMA document, particularly in terms of reducing duplication, harmonizing requirements, and increasing the transparency of transaction reporting. However, it should be borne in mind that this option may involve significant initial implementation costs and the need to adapt existing systems. To maintain consistency with IDM preferences, it is worth considering the implementation of mechanisms that would enable close cooperation between the central reporting authority and national supervisory authorities (NCAs) in order to minimize the risk of non-alignment with local market specificities.

**Q10. What are the key limitations and potential risks of Option 2a?**

1. High implementation costs:
Centralizing reporting at the European level would require significant investment in new IT systems and the adaptation of existing processes. Especially for smaller entities (SMEs), the costs of adapting to central requirements could be disproportionate and financially burdensome.
2. Operational and technological risks:
The creation of a central reporting system increases the operational risk associated with a single point of failure. Technical or cybersecurity issues could cause serious disruptions in the reporting of financial transactions across the entire EU market.
3. Loss of local regulatory specificity:
Centralizing reporting could lead to insufficient consideration of local market specificities. Local supervisory authorities (NCAs) have in-depth knowledge of their national markets, which allows them to monitor country-specific or market segment-specific risks more effectively. Centralization could result in the loss of this specific local knowledge.
4. Risk of delays and administrative inefficiency:
The implementation of a single, centralized reporting system could be significantly delayed due to the complexity of coordinating activities between all market participants and EU supervisory authorities. During the transition period, this could lead to delays and additional regulatory uncertainty.
5. Interpretation risk and regulatory uncertainty:
Centralization may entail interpretation risks and ambiguous application of new regulations. In a situation where national supervisory authorities do not directly manage the reporting process, there may be a lack of clear guidance on the interpretation of certain requirements, which generates additional regulatory risk.

In summary, although option 2a may offer benefits in terms of harmonization of reporting requirements and transparency, the IDM highlights the significant risks and limitations of this option. Of particular concern are the risk of losing the specific characteristics of national financial markets and the high implementation costs, which may be particularly burdensome for smaller market participants (SMEs). Therefore, solutions that maintain the important role of national supervisory authorities (NCAs) in reporting and coordination with ESMA, while limiting the administrative burden on SMEs, are preferred.

**Q11. What components are missing or not adequately addressed in Option 2a? Why are these elements important, and how might their inclusion change the evaluation or implementation of Option 2a?**

1. Lack of consideration of the principle of proportionality for SMEs
	* Option 2a does not contain clear solutions for a simplified reporting procedure for small and medium-sized enterprises (SMEs).
	* Relevance: SMEs often lack the administrative and financial resources to meet complex central reporting requirements.
	* Impact of inclusion: Adding specific exemptions or reporting simplifications for SMEs would reduce implementation costs, make the system more accessible, and improve overall market acceptance of this solution.
2. No detailed rules on cooperation between the central reporting authority and national supervisory authorities (NCAs)
	* Option 2a does not specify how the central reporting authority should cooperate with national supervisory authorities, particularly with regard to the transmission and interpretation of reporting data.
	* Relevance: NCAs have in-depth knowledge of local markets and national regulations, which allows for more effective risk analysis. The lack of detailed rules on cooperation may lead to insufficient use of local regulators' knowledge.
	* Impact of inclusion: A clear definition of the mechanisms for cooperation and information exchange between the central reporting entity and the NCAs will enable more effective data analysis, better interpretation of information, and faster response to potential threats.
3. Lack of detailed transitional rules and implementation periods
	* Option 2a does not indicate clearly enough what the transition period and implementation schedule for the central reporting system would look like.
	* Relevance: The implementation of central reporting would require a thorough reorganization of existing reporting systems and operational processes within companies. The lack of clear rules and implementation deadlines creates significant operational and legal uncertainty.
	* Impact of inclusion: Establishing a clear timetable and transition periods would allow market participants to prepare adequately for the new requirements and reduce operational risk.
4. Lack of clear rules for interpreting reporting requirements and compliance procedures
	* Option 2a does not provide clear interpretative guidelines that could ensure a uniform understanding of the requirements by all parties involved in the reporting process.
	* Relevance: Without clear guidelines, there may be differences in interpretation, increased compliance costs, and a risk of errors.
	* Impact of consideration: The introduction of detailed and unambiguous interpretative guidelines would facilitate the application of the new regulations, reducing legal and administrative risks.

In summary supplementing Option 2a with the above-mentioned components (proportionality of reporting for SMEs, clear rules for cooperation with NCAs, transparent transitional rules, and detailed interpretative guidelines) would significantly reduce implementation risks, lower operational costs, improve supervisory effectiveness, and increase market acceptance of this solution.

**Q12. What are the key advantages of Option 2b and how do these benefits address the issues in section 3? What regimes should be included in such an option beyond EMIR, MIFIR and SFTR?**

Option 2b involves the creation of a single, integrated financial transaction reporting regime covering several regulations, such as EMIR, MiFIR and SFTR, in order to eliminate duplication and inconsistencies in reporting requirements.

Key advantages of Option 2b

1. Complete elimination of reporting duplication:
	* An integrated reporting regime will allow market participants to report transaction data once, eliminating the need to report the same data multiple times to different authorities and regulations (MiFIR, EMIR, SFTR).
	* This directly addresses the issue of duplication and related operational costs described in section 3 of the ESMA document.
2. Simplification and standardization of reporting requirements:
	* The integration of different reporting regimes will allow for the harmonization of formats, definitions, and the scope of reported data, which will significantly reduce administrative and operational costs.
	* This solution effectively addresses the problem of procedural and interpretative complexity resulting from different standards in different regulations.
3. Higher data quality and consistency:
	* A single integrated reporting system will enable better analysis and assessment of systemic risks thanks to more consistent and accurate data.
	* This addresses the issue of inconsistent regulatory approaches identified by ESMA in Section 3.
4. Reduction of operating and compliance costs:
	* Market participants, especially smaller entities (SMEs), will benefit from significant savings resulting from reduced IT system adaptation costs and the maintenance of multiple separate reporting procedures.

Additional regimes that should be included in Option 2b (in addition to EMIR, MiFIR and SFTR)

To further increase the efficiency and consistency of reporting, IDM recommends considering the inclusion of the following additional regulatory regimes:

* MAR (Market Abuse Regulation) – including reporting on suspected manipulation and transactions by persons closely associated with market participants could increase the effectiveness of market manipulation detection.
* AIFMD (Alternative Investment Fund Managers Directive) – integrating reporting for investment fund managers would simplify reporting obligations for alternative funds.
* UCITS (Undertakings for Collective Investment in Transferable Securities) – the inclusion of reporting for open-ended investment funds would improve the overall transparency of fund market reporting.
* MiFID II transaction reporting – deeper integration of all elements of transaction reporting would further reduce duplication and increase the effectiveness of market supervision.

In summary, option 2b effectively addresses the issues identified by ESMA, i.e. reporting duplication, procedural complexity and regulatory inconsistencies. The recommended extension of the scope of this reporting regime to other key regulations (MAR, AIFMD, UCITS, and detailed MiFID II transaction reporting) would further reduce the administrative burden, particularly for SMEs, and increase the effectiveness of EU capital market supervision.

**Q13. What are the key limitations and potential risks of Option 2b?**

1. Significant implementation costs and burdens:
	* Option 2b involves the comprehensive integration of several reporting systems (including EMIR, MiFIR, SFTR, and potentially also MAR, AIFMD, and UCITS). Such a wide range of changes would entail very high costs for the implementation of new IT systems and operational procedures, as well as significant administrative burdens. The financial and operational risks are particularly significant for small and medium-sized enterprises (SMEs), which may not have sufficient resources to implement such fundamental changes.
2. Coordinational and organizational complexity:
	* The integration of different reporting regimes would require effective coordination between multiple regulatory authorities (ESMA, national NCAs) and a variety of market participants. In practice, this could result in significant delays and operational problems, particularly during the initial implementation period.
3. Risk of failure to adapt to the specific characteristics of individual markets:
	* Comprehensive harmonization may not sufficiently take into account differences in the specific characteristics of local financial markets. This could result in solutions that are ill-suited to local requirements, reducing the effectiveness of supervision and increasing the risk of misreporting.
4. Operational risks associated with single-point data collection and storage:
	* Centralization of reporting increases operational and technological risk, as a failure or security breach in a single central system could negatively impact the entire EU capital market.
5. Interpretation and implementation difficulties:
	* The introduction of a single, integrated set of reporting requirements entails interpretation risks. Diverse regulations often have specific requirements that may be difficult to harmonize without risking inaccuracy or loss of information essential for effective supervision.

In summary, despite the numerous advantages of integrating reporting requirements (Option 2b), the IDM sees significant risks associated with the complexity of implementation, high implementation costs, operational risk, and potential mismatches with local market specificities. We recommend taking into account the proportionality of obligations for SMEs and consulting market participants and national authorities in detail to mitigate these risks.

**Q14. What components are missing or not adequately addressed in Option 2b? Why are these elements important, and how might their inclusion change the evaluation or implementation of Option 2b?**

1. Proportionality of reporting obligations for SMEs
* The current proposal does not include clearly defined simplifications or exemptions for small and medium-sized enterprises (SMEs).
* SMEs have limited administrative and financial resources, and complex reporting requirements can therefore place a significant burden on them, reducing their competitiveness.
* The addition of clear proportionality rules, including simplified or exempt reporting for SMEs, would reduce administrative burdens, increasing market efficiency and enabling smaller entities to participate more actively in the capital market.
1. Clear guidelines on the interpretation and application of new integrated requirements
* There is a lack of detailed interpretative guidance for the new integrated reporting system.
* Interpretation uncertainty may lead to divergent approaches by national authorities and inconsistent implementation of the new regulations.
* The creation of clear interpretative guidelines and a uniform approach to the application of regulations at EU level would ensure transparency, reduce compliance risk and operating costs for market participants.
1. Technological interoperability standards between reporting systems
* The current proposal does not provide sufficient technological standards and interoperability between the various IT systems of market participants and regulators.
* Lack of interoperability may lead to additional system integration costs and limit the effective exchange of information between market participants and supervisory authorities.
* Impact of inclusion: The introduction of uniform technological standards would ensure the efficiency of data exchange, reduce implementation costs, improve the quality of reported data, and increase the effectiveness of supervision.
1. Transitional periods and implementation process:
* There are no clearly defined transition periods or stages for the implementation of new reporting requirements.
* Short or unclear transition periods may lead to operational difficulties and increased compliance costs, particularly for smaller market participants.
* Clearly defining realistic and sufficiently long transition periods and implementation stages would allow market participants to prepare for the new regulations in an efficient and effective manner, limiting operational and financial risks.

In conclusion, incorporating these missing elements into Option 2b would increase the effectiveness of implementation and the operational efficiency of the integrated reporting system. It is particularly important to clearly limit the administrative burden on SMEs, introduce uniform interpretation and technical standards, and ensure clear and realistic transition periods.

**Q15. Which of the two main options (1. “Removal of duplication in current frameworks” or 2. "Report Once") and related sub-options identified do you believe should be prioritized, and why?**

IDM believes that priority should be given to option 1 ("Removal of duplication in current frameworks"), in particular to option 1b ("harmonization and alignment of reporting requirements").

Reasons for IDM's position

1. Faster and more effective reduction of administrative burdens
Option 1b allows immediate benefits to be achieved by eliminating unnecessary duplication of reporting resulting from existing regulations (EMIR, MiFIR, SFTR). This will significantly reduce the operating costs of market participants, in particular for SMEs, which incur high regulatory compliance costs.
2. Pragmatic approach and lower implementation risk
Option 1b is based on adapting existing regulations and systems, which generates fewer operational, financial, and technological risks compared to option 2 ("Report Once"). This avoids high initial costs and a significant procedural burden on market participants, especially small and medium-sized enterprises.
3. Maintaining effective national control by NCAs
Option 1b allows reporting and supervision to remain at the national level, which the IDM particularly emphasizes as important. Local supervisory authorities have a better understanding of the specificities of national markets, which enables more effective supervision and better systemic risk management.
4. Faster implementation and lower interpretation risk
Harmonization of the current regulatory framework can be implemented more efficiently than a completely new, centralized reporting mechanism (Report Once). This allows the expected benefits to be achieved more quickly without the need for fundamental technological and procedural changes.

In conclusion, the IDM recommends giving priority to option 1b ("harmonization and alignment of reporting requirements"), as it effectively reduces administrative and operational costs for market participants, particularly SMEs, while limiting implementation risks and maintaining the key role of national supervisory authorities (NCAs) in ensuring effective capital market supervision.

**Q16. Are there any additional options that should be considered on top of option 1 and 2? For example, do you identify other potential intermediate solutions, combinations of elements from the identified options, or phased approaches? If so, what are their main characteristics, the reasons for considering them, and the key advantages they would bring?**

Yes, the IDM considers that an additional intermediate option combining the advantages of both option 1 ("Removal of duplication in current frameworks") and option 2 ("Report Once") should be considered, while ensuring proportionality and phased implementation.

The proposed additional option – Phased Harmonization Reporting Approach – could look as follows:

Main features of this option:

1. Phased implementation of changes

Gradual harmonization of reporting requirements, starting with the elimination of the most obvious reporting duplications (such as EMIR and MiFIR), and only in later stages extending harmonization to other regulations (e.g., SFTR, MAR, AIFMD).

1. Simplified path for SMEs

Separation of special procedures and reporting requirements for small and medium-sized enterprises (SMEs), including the introduction of exemptions or significant reduction of reporting obligations for this group of market participants.

1. Maintaining national supervision (NCA)

Maintaining the key role of national supervisory authorities in the reporting process, while introducing a central coordination platform under the supervision of ESMA to ensure data consistency and uniform interpretation of regulations.

1. Clear definition of time frames and monitoring of implementation stages:

A clearly defined timetable for the implementation of harmonization stages, with regular monitoring of progress, enabling a sufficiently rapid response to any operational and regulatory issues.

Reasons to consider this option

* It allows for effective reduction of burdens resulting from duplicate reporting, without immediately incurring high costs of full centralization (as in option 2).
* It provides greater transparency while enabling better management of implementation risks through a phased approach.
* It protects SMEs from disproportionate costs and administrative burdens, which is in line with IDM's previous positions.

Key advantages of this option

* Gradual implementation reduces operational and financial risks for market participants.
* It allows harmonization to be tailored to the specificities of local markets and the needs of smaller entities (SMEs).
* It ensures that market participants remain in close contact with national supervisory authorities, guaranteeing better quality of supervision.
* At the same time, it allows the benefits of full harmonization of reporting to be achieved and avoids radical one-off changes, thereby limiting interpretation and implementation risks.

In summary, the IDM recommends considering an intermediate option based on phased harmonization of reporting, which allows the advantages of both options 1 and 2 to be achieved while limiting costs and implementation risks and taking into account the specific needs of smaller market participants.

**Q17. Should the reporting channels and flows be modified to ensure consistent reporting, and if so, how? Under which option(s) do you consider these changes should be implemented?**

IDM is of the opinion that reporting channels and flows should be partially modified to ensure more consistent reporting and avoid duplication and inconsistencies. However, these changes should respect IDM's preference for maintaining reporting at the level of national supervisory authorities (NCAs).

Proposed modifications to reporting channels and flows

1. Harmonization of reporting data formats and standards
	* Introduction of a single set of reporting standards, agreed at ESMA level, to be applied by national supervisory authorities.
	* Ensuring that reporting is carried out according to uniform and consistent criteria, which will significantly improve data quality and reduce interpretation risk.
2. Maintaining reporting to national supervisory authorities (NCAs)
	* Continuing reporting at the level of national supervisory authorities, which have in-depth knowledge of local market specificities, will allow for more effective monitoring of systemic risks and rapid response to local threats.
	* NCAs would then transmit aggregated data in a uniform format to ESMA for central coordination and analysis at EU level.
3. ESMA central coordination platform
	* Establishment of a central information platform administered by ESMA to which national supervisory authorities would report uniform data.
	* This model preserves the role of NCAs preferred by the IDM, while enabling centralised compilation and analysis of data at European level, ensuring transparency and efficiency of the process.
4. Proportionality of reporting requirements for SMEs
	* Adaptation of reporting channels to simplify procedures and reduce the amount of data required from small and medium-sized enterprises (SMEs).
	* The implementation of simplified reporting forms and procedures for SMEs would reduce administrative burdens, improve efficiency, and enhance data quality.

Options for implementing these changes

* IDM believes that the above changes would be best implemented under Option 1b (harmonization and standardization of reporting requirements).
* This option allows for the necessary improvements to be introduced in a pragmatic manner, avoiding the risks associated with full centralization of reporting (as in option 2a). At the same time, it allows the role of national supervisory authorities to be maintained, which is crucial from the IDM's point of view.

Summary of the IDM's position

The IDM recommends modifying reporting channels and flows in a way that ensures uniform reporting standards at the EU level, while allowing national supervisory authorities (NCAs) to retain their key role. Simplified reporting procedures for SMEs should be a key element of these changes. This approach would ensure efficiency, transparency, and reduced operating costs for market participants.

**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?**

In the context of the current order book requirements for trading venues and the availability of information, IDM presents the following key advantages and disadvantages of transferring the reporting of on-venue transactions under MiFIR and EMIR directly to trading venues:

Advantages

1. Simplification of reporting and reduction of duplication
Transferring reporting obligations to trading venues would avoid situations where a single transaction is reported multiple times by different entities, thereby reducing the overall operating costs of market participants.
2. Improved data quality and consistency
Trading venues have direct access to detailed transaction data, which can increase the accuracy and consistency of reports, improving the quality of market supervision.
3. Reduction of administrative costs for market participants, especially SMEs
Shifting the reporting obligation from market participants to trading venues would reduce the administrative burden, with a particularly positive impact on small and medium-sized enterprises (SMEs).
4. Greater efficiency of transaction reporting
Centralizing reporting at the trading venue level could increase the efficiency of market monitoring by supervisory authorities through consistency and full access to transaction data.

Disadvantages

1. Increased operational and cost burdens for trading venues
The transfer of reporting obligations means a significant increase in operating costs for trading venues, which could lead to higher fees for market participants.
2. Operational concentration risk
The transfer of reporting obligations to trading venues may result in operational risks associated with the concentration of reporting in a small number of entities, which could increase vulnerability to systemic disruptions.
3. Potential loss of control and verification of data by market participants
Market participants may have less control over the quality and accuracy of reported data, which could increase the risk of errors or inaccuracies.
4. Difficulties in reporting complex or specific transactions
Some types of transactions may be too specific or complex to be reported accurately and efficiently by trading venues that do not have full access to client or broker information.

Exclusion of Exchange-Traded Derivatives (ETDs) from the scope of EMIR

IDM recommends that exchange-traded derivatives be completely excluded from EMIR reporting obligations. ETD transactions, being subject to robust risk management by CCPs and exchanges, generate marginal systemic risk, making the reporting of these instruments operationally redundant and costly. In addition, removing the ETD reporting obligation would significantly reduce administrative and operational costs for investment firms, particularly SMEs, while maintaining full supervisory effectiveness. This solution would also be consistent with global standards that exclude ETDs from transaction reporting (e.g., the US, Singapore, Hong Kong).

At the same time, IDM strongly emphasizes that this recommendation is conditional and applies only subject to the important caveat that the scope of MiFIR reporting remains limited to the current MiFIR requirements, without extension to EMIR-specific fields. However, if regulatory requirements force the maintenance of ETD reporting in the extended scope of EMIR-specific data, IDM considers it essential to guarantee market participants the possibility of continuing to fully delegate this extended scope of reporting to KDPW\_CCP. Maintaining the possibility of delegating reporting obligations relating to additional EMIR fields to KDPW\_CCP is a prerequisite for IDM's acceptance of the recommended solution.

Summary of the IDM's position

IDM recognises the significant benefits of transferring the reporting obligations for transactions concluded on trading venues directly to those venues, particularly in terms of simplifying reporting and reducing administrative burdens, especially for SMEs. However, we recommend that the above-mentioned drawbacks be addressed by carefully developing detailed guidelines on reporting quality, maintaining market participant control mechanisms, and introducing clear rules on costs and operational responsibility for trading platforms to ensure that the risks associated with the transfer of these obligations are effectively mitigated.

The IDM also emphasizes that the recommendation to exempt ETDs from EMIR can only be implemented if the scope of MiFIR reporting is not extended to include EMIR-specific fields or, if extended, if the possibility of delegating these reporting obligations to KDPW\_CCP is maintained.

**Q19. Additionally, what are your views on enhancing ESMA's role as a data hub by developing a framework where entities would report consistent and harmonized data directly to ESMA? Should this option consider direct reporting to ESMA coupled with EU and national authorities' access to the centrally held data, eliminating multiple submissions?**

IDM recognises the potential benefits of further strengthening ESMA's role as a data hub, which would enable the collection of consistent and harmonised transaction data at EU level. However, in line with the IDM's previous positions, we emphasize the need to maintain the key role of national supervisory authorities (NCAs) as the first point of contact and reporting.

Advantages of developing ESMA as a central data repository

1. Reduction of reporting duplication
The introduction of a centralized data repository could reduce the duplication of reporting obligations arising from different regulations, providing a single source of transaction data.
2. Increased data consistency and quality
Centralizing the collection of transaction data would ensure uniform quality standards and facilitate its use by supervisory authorities for systemic risk analysis.
3. Operational simplification for large market participants
Large reporting entities that currently submit similar reports to multiple authorities would benefit from centralized reporting by reducing administrative and technical costs.

Potential risks and limitations of direct reporting to ESMA

1. Loss of direct contact with national supervisory authorities (NCAs)
Reporting directly to ESMA could reduce the role of national supervisory authorities, which have important knowledge of the specificities of local markets. This could lead to a decline in the effectiveness of local supervision.
2. High implementation costs
The creation of a single centralized data repository would require significant technological and operational investments on the part of both ESMA and market participants, placing a particular burden on small and medium-sized enterprises (SMEs).
3. Operational and data security risks
Centralizing data in a single location increases cybersecurity, operational, and sensitive data protection risks. A failure of the central system could have serious consequences for the entire EU financial market.

IDM's position
IDM believes that the most appropriate approach would be to further strengthen the role of ESMA as the body coordinating the harmonization of reporting standards and ensuring consistency of interpretation. At the same time, IDM strongly supports maintaining the current reporting model through national supervisory authorities (NCAs), which should collect data at the national level and then transmit it in a harmonized form to ESMA.

This approach allows for the effective use of NCAs' local knowledge, preserves the quality and detail of data specific to local markets, and reduces operational and financial risks for all market participants, in particular SMEs.

In conclusion, the IDM does not recommend introducing direct reporting by all market participants directly to ESMA, but rather advocates improving cooperation between NCAs and ESMA, while maintaining the role of national supervisory authorities as the first point of reporting.**Top of form**

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**Q20. In the case of centralisation of reporting, please expand on the advantages and disadvantages as well as the implementation challenges and opportunities? Under this scenario, what additional elements should be considered (i.e. operational aspect, technical implementation, etc.)**

In the case of centralisation of reporting, IDM points to the following advantages, disadvantages, implementation challenges and additional elements to be considered

Advantages of centralisation of reporting

1. Elimination of duplication and reduction of complexity
Centralisation of reporting would enable market participants to submit transaction data only once, which would significantly reduce complexity and administrative costs by limiting the need to report the same data to multiple authorities.
2. Improved data quality
A single integrated reporting point would ensure uniformity of format and consistency of data, which could improve analytical quality, facilitating better detection of systemic risks by supervisory authorities.
3. Strengthening supervision at EU level
Centralization would ensure consistent, comprehensive information, enabling ESMA and other EU authorities to identify systemic risks more effectively and take faster supervisory decisions.
4. Greater market transparency
A single set of reporting data would increase market transparency and improve investor and market participant confidence.

Disadvantages and potential risks of centralization

1. High implementation costs
The implementation of a central reporting system requires significant investment in new technological solutions, which may be particularly burdensome for SMEs.
2. Operational risk ("single point of failure")
Concentrating reporting in a single central system increases operational risk. Failure or technical problems with this single system could cause significant disruption to the entire EU reporting system.
3. Reduced role of local supervisory authorities (NCAs)
Centralization may result in a reduced role and less direct contact with national supervisory authorities, which have detailed knowledge of local markets and regulatory specificities.
4. Confidentiality and data protection risks
The centralization of huge amounts of data increases the risk of breaches of personal, commercial, and strategic data protection.

Implementation challenges related to the centralization of reporting

1. Complexity of the implementation process
The need for effective coordination between multiple regulatory authorities and market participants, which requires time-consuming administrative and legislative procedures.
2. IT system integration
The diverse IT systems currently used by market participants and national supervisory authorities require significant investment and resources to ensure their integration and interoperability.
3. Standardization of data and definitions
The development and implementation of uniform reporting standards will require lengthy consultations and detailed agreements to avoid differences in interpretation and regulatory uncertainty.

Additional elements to be considered in the case of centralization of reporting

1. Phased implementation
Clearly defined stages for the implementation of the new reporting system, enabling market participants and supervisory authorities to adapt smoothly and minimizing operational and technical risks.
2. Clear proportionality rules for SMEs
Simplified procedures and reporting exemptions for small and medium-sized enterprises to protect them from disproportionate administrative and financial burdens.
3. Robust technical and cybersecurity safeguards
Implementation of the highest data protection standards and appropriate technical safeguards to protect the system against failures and cyber threats.
4. Clear interpretative and regulatory guidelines
Providing market participants with detailed and uniform guidelines on reporting, interpretation of requirements, and compliance procedures to avoid uncertainty and the risk of regulatory breaches.
5. Maintaining the important role of NCAs
Introducing mechanisms to ensure effective cooperation between the central entity (ESMA) and national supervisory authorities, ensuring an appropriate balance between the efficiency of centralization and the detailed knowledge of local supervisory authorities.

In summary, IDM believes that centralizing reporting could bring significant benefits in terms of transparency and reducing duplication of reporting, but is aware of the risks, particularly regarding implementation costs, operational issues, and data protection. We recommend implementing centralization in a phased manner, with clear consideration of proportionality for SMEs and maintaining the key role of national supervisory authorities (NCAs).

1. **Q21. Do you consider that other technologies (e.g. DLT and smart contracts) should be considered as a way to simplify the reporting process?**

Yes, IDM believes that new technologies such as distributed ledger technology (DLT) and smart contracts should be considered as potential tools to simplify the financial transaction reporting process.

In particular, IDM points to the following advantages of using these technologies

1. Automation of reporting
Smart contracts enable the automatic generation of transaction reports directly from blockchain records, eliminating manual data entry and significantly reducing operational errors.
2. Improved data quality and consistency
DLT technology ensures data integrity, immutability, and transparency, enabling high-quality data for reporting. The use of DLT can effectively reduce discrepancies and inconsistencies in reporting data.
3. Reduction of administrative and operating costs
The use of DLT and smart contracts can reduce the need to invest in complex IT systems and lower the operating costs associated with reporting, which is particularly important for small and medium-sized enterprises (SMEs).
4. Better regulatory risk management
Thanks to automatic and ongoing report generation, DLT and smart contracts enable faster response to regulatory changes and reduce the risk of non-compliance with reporting obligations.

At the same time, IDM highlights potential challenges associated with the use of these technologies

* The need to adapt current regulations to clearly recognize the legal status of data and reports generated by smart contracts.
* Technological and interoperability challenges related to the integration of new technologies with standard supervisory and reporting systems.
* High initial implementation costs for smaller market players.

In summary, IDM recommends actively considering DLT and smart contracts as tools to support the simplification and automation of financial transaction reporting. This recommendation takes into account the need to simultaneously address the above-mentioned regulatory and technological challenges, with particular attention to reducing the burden on SMEs.

1. **Q22. Where do you think the cost associated with dual-sided reporting is generated? What would be the cost impact of removing dual-sided reporting (e.g., substituting reconciliation requirements with other measures such as audits against internal record systems as required in the U.S. or increasing interaction among counterparties and NCAs)? Do you consider that dual-sided reporting may reduce the ability of reporting entities to fully control the data submitted to authorities? Do you consider that reporting should be strictly from one side?**
2. Main sources of costs associated with dual-sided reporting

IDM identifies the following main sources of costs arising from dual-sided reporting

* The need for reconciliation – costly procedures to ensure data consistency between the two sides of a transaction, generating additional operational and administrative obligations.
* Technology costs – the need to maintain and develop IT systems enabling effective data verification on both reporting sides.
* Compliance costs – increased administrative costs resulting from the handling of additional reporting processes and procedures, particularly felt by small and medium-sized enterprises (SMEs).
1. Potential cost impact of abolishing dual-sided reporting

IDM believes that the abolition of the dual-sided reporting obligation could bring significant cost savings for market participants. Replacing the current requirements with single-sided reporting, supplemented by other data quality assurance methods, e.g.

* Regular audits of internal record-keeping systems, similar to the solutions used in the US,
* Increased cooperation and information exchange between counterparties and national supervisory authorities (NCAs),

would enable a significant reduction in reconciliation costs and administrative burdens.

1. Impact of bilateral reporting on data control by reporting entities

Yes, IDM believes that bilateral reporting may limit the ability of reporting entities to fully control the data sent to supervisory authorities. The need to reconcile data with the other party to the transaction often leads to situations where errors or discrepancies on the counterparty's side may adversely affect the quality of the reporting data submitted by the entity, thereby limiting its ability to fully control the reported information.

1. IDM recommendation on reporting

IDM strongly prefers a transition to single-sided reporting. This solution would bring the following benefits:

* Significant reduction in operating and administrative costs,
* Reduction of errors resulting from the need for bilateral data reconciliation,
* Higher quality and consistency of reported data, as one party to the transaction would be clearly responsible for the quality of the information provided,
* A particularly significant reduction in administrative and operational burdens for small and medium-sized enterprises (SMEs).

In summary, IDM recommends abolishing the dual-sided reporting obligation and introducing single-sided reporting supplemented by additional data quality control measures, which will significantly increase the efficiency and quality of financial transaction reporting in the EU market.

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**Q23. Would you consider the modification of reporting frequency useful under the general objective of reducing the reporting burden, and why? What would be the specific proposals in this regard?**

IDM believes that modifying the reporting frequency would be a useful step towards reducing the administrative and operational burden on market participants, especially small and medium-sized enterprises (SMEs).

Reasons justifying a change in reporting frequency

1. Reduction of operational and administrative costs
The current high reporting frequency often generates significant costs associated with the need to continuously collect, process, and transmit data. Reducing the reporting frequency could significantly reduce these costs.
2. Improving the quality of reported data
Less frequent reporting could allow market participants to verify data more accurately before submitting it to supervisory authorities, which would improve the quality and reliability of the information provided.
3. Reducing operational risk
Reducing the frequency of reporting reduces the risk of operational errors resulting from time pressure and limited resources, which is particularly important for SMEs.

IDM proposals for changing the reporting frequency

* Monthly or quarterly reporting for less significant and less risky types of transactions
For transactions that are less significant from a systemic risk perspective, IDM proposes changing from daily to monthly or quarterly reporting, particularly for SMEs, which often operate on a smaller scale.
* Maintaining daily reporting only for key and systemically important types of transactions
For transactions with a significant impact on market stability, daily reporting should be maintained, but only for large entities and transactions of high systemic importance.
* Flexibility of reporting depending on the scale of activity and risk
The IDM recommends introducing flexible reporting rules that take into account the proportionality to the scale of activity and the nature of the risk generated by a given entity. In particular, simplified reporting requirements should be created for SMEs.

In summary, the IDM considers that an appropriate reduction in the frequency of financial transaction reporting would contribute significantly to achieving the overall objective of reducing the reporting burden, improving data quality, and reducing administrative and operational costs, especially for small and medium-sized enterprises (SMEs).

**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?**

IDM supports the principle of proportionality as a key element of regulatory burden reduction, especially for small and medium-sized enterprises (SMEs). Proportionality should be applied by adjusting the scope and frequency of reporting obligations to the size, scale of operations and risk generated by individual market participants.

Proposals for specific measures taking into account the principle of proportionality

1. Simplified reporting for SMEs
	* Introduction of simplified reporting forms and reduction of the number of data fields required for SMEs.
	* Possibility of reporting at an aggregated level or using a limited set of data, particularly for less risky transactions.

Estimated impact

* + Reduction of operational costs related to reporting (approximately 30-50%) by limiting the data required and simplifying administrative procedures.
1. Reduction in reporting frequency for entities with lower systemic risk
	* Replacement of daily reporting with weekly, monthly or quarterly reporting for entities with lower scale of operations and systemic risk.

Estimated impact

* + Significant reduction in administrative burdens and costs associated with frequent reporting (potential reduction in reporting costs by up to 40-60% per year).
1. Reporting exemptions for very small enterprises
	* Exemption of the smallest entities (SMEs with low business volume and limited impact on market stability) from certain particularly burdensome reporting obligations, while maintaining minimum requirements to ensure a basic level of market transparency.

Estimated impact

* + Significant reduction in costs and administrative burdens for the smallest entities (estimated reduction in compliance costs of up to 70-80%).
1. Implementation of a uniform proportionality standard at EU level
	* Establishment of clear, uniform criteria for classifying market participants based on the scale of their activities and the risk generated by their transactions, which would allow for consistent application of proportionality by all national supervisory authorities.

Estimated impact

* + Reduction of costs related to interpretative analysis and compliance, increased legal certainty, and thus a potential reduction in administrative costs by approximately 20-30%.

Summary of the IDM's position
IDM believes that the implementation of the above proposals would significantly reduce the reporting burden on market participants, in particular SMEs, without adversely affecting the effectiveness of EU capital market supervision. Proportionality in regulatory reporting should be a priority, taking into account the realities of market activity of individual entities, and its implementation would significantly improve the competitiveness and efficiency of the European capital market.

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**Q25. Question for reporting entities under EMIR: What is the one-off cost of implementing EMIR requirements to date? This cost should include all cost lines, such as familiarisation with obligations, staff recruitment, training, legal advice, consultancy fees, project management and investment/updating in IT. Do you identify any other relevant one-off cost line?**

IDM indicates that the implementation of EMIR reporting requirements has entailed significant one-off costs for market participants, including the following elements

1. Costs related to familiarisation with new regulatory requirements, interpretation of regulations and staff training (including participation in seminars, workshops and specialist training).
2. Costs of recruiting additional staff and expanding compliance, reporting and risk management teams.
3. Fees for advisory and consulting services, including legal, regulatory, and technical advice necessary for the proper implementation of EMIR requirements.
4. Costs of managing implementation projects, including project manager salaries, implementation audits, and coordination between various internal units.
5. Technological investments in the development, purchase or adaptation of existing IT systems to meet EMIR requirements, including the purchase of appropriate software, licenses and hardware infrastructure.

IDM also identifies additional, often overlooked, one-off costs resulting from the implementation of EMIR, such as costs arising from internal system testing, IT audit costs, and costs related to the adaptation of contracts and procedures with contractors.

It is worth noting that small and medium-sized enterprises (SMEs) have incurred particularly significant costs, for which the costs of implementing EMIR requirements have been exceptionally burdensome, often disproportionate to their size and scale of operations. IDM recommends that future regulations and any changes to existing reporting requirements take into account the principle of proportionality and adapt the regulatory burden to the capabilities and characteristics of smaller market participants.

**Q26. Question for reporting entities under EMIR: What is your estimated average cost per transaction (ongoing cost) to comply with the reporting requirements under EMIR? This cost should include not only the fees associated with reporting through Trade Repositories (which usually includes data collection and information storage) but also the total cost, including any other cost lines, such as IT maintenance and support, training, data processing, and audit fees. Do you identify any other relevant ongoing cost lines?**

IDM indicates that the ongoing costs associated with reporting transactions in accordance with EMIR requirements significantly exceed the fees charged by Trade Repositories. The average cost per transaction includes a wide range of additional elements, such as

1. IT maintenance and support costs
including regular software updates, ongoing maintenance of the technological infrastructure, and servers enabling the proper functioning of reporting systems.
2. Data processing costs
resulting from the need to ensure the proper collection, validation, reconciliation, and transmission of data, which requires the involvement of appropriate human and technological resources.
3. Employee training costs
regular training for reporting and compliance personnel, which is necessary due to frequent changes in regulatory requirements and their interpretations.
4. Audit and regulatory compliance costs
related to the need to conduct regular internal and external audits to verify the accuracy and completeness of reported data, compliance with EMIR regulations, and the preparation of appropriate documentation.
5. Administrative and operating costs
including the working time of employees responsible for monitoring, reporting, interpreting, and implementing ongoing regulatory updates.

In addition, IDM draws attention to additional ongoing costs that are often underestimated or overlooked

* Costs of handling exceptional situations, such as resolving reporting errors and the need to resubmit data.
* Regulatory and operational risk management costs resulting from the constant need to adapt systems and procedures to updated requirements.

While specific ongoing costs may vary depending on the scale, scope of activities, and level of automation used by individual entities, IDM estimates that for many companies, the average total cost of ongoing transaction reporting under EMIR may be significantly higher than the fees paid to Trade Repositories alone.

For small and medium-sized enterprises (SMEs), ongoing costs are often disproportionately high, placing an excessive burden on them in relation to their scale of operations. IDM recommends introducing more proportionate and simplified reporting requirements to significantly reduce the ongoing costs of transaction reporting, especially for SMEs.

**Q27. Question for reporting entities under MiFIR: What is the one-off cost of implementing MiFIR requirements to date? This cost should include all cost lines, such as familiarisation with obligations, staff recruitment, training, legal advice, consultancy fees, project management and investment/updating in IT. Do you identify any other relevant one-off cost line?**

The Chamber of Brokerage Houses indicates that the one-off costs of implementing the reporting requirements under MiFIR were significant for capital market participants. Below we present the most important categories of costs incurred during the implementation of MiFIR

1. Costs related to the analysis and interpretation of new regulations
These include the costs of legal advice, regulatory consultations, and external expert opinions necessary for the proper understanding and implementation of new obligations under MiFIR.
2. Staff recruitment and training costs
These relate to the hiring of additional compliance and reporting specialists, as well as training for existing staff, which was necessary to adapt operations to the new regulatory requirements.
3. Costs related to the adaptation and development of IT systems
Significant investments related to the purchase, upgrade or adaptation of existing IT systems, including the costs of licenses for specialized software and the costs of developing technologies to ensure proper data reporting.
4. Project management costs
Costs related to the coordination of the MiFIR implementation process, including project management and supervision, oversight of the implementation of new procedures and systems, and integration of various departments within the company.
5. Testing and implementation audit costs
These include conducting detailed tests of new reporting systems and audits to confirm compliance with MiFIR requirements before reporting begins.

Additional categories of one-off costs to be taken into account

* Costs of adapting and renegotiating contracts with counterparties (especially in the case of reporting data exchange).
* Costs of creating or significantly updating internal documentation of compliance procedures and policies related to MiFIR.

The IDM emphasizes that the costs of implementing MiFIR have been particularly severe for small and medium-sized enterprises (SMEs), often disproportionate to their scale of operations. Therefore, IDM recommends that future implementation obligations be designed with due regard to the principle of proportionality in order to avoid excessive administrative and financial burdens on smaller market participants.Top of form

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**Q28. Question for reporting entities under MiFIR: What is your estimated average cost per transaction (ongoing cost) to comply with the reporting requirements under MiFIR? This cost should include not only the fees associated with reporting through Approved Reporting Mechanisms but also the total cost, including any other cost lines, such as IT maintenance and support, training, data processing, and audit fees. Do you identify any other relevant ongoing cost lines?**

IDM indicates that the current costs of reporting transactions in accordance with MiFIR requirements significantly exceed the fees paid to Approved Reporting Mechanisms (ARM). Below we present the key categories of ongoing costs related to transaction reporting

1. ARM reporting costs
Including direct fees paid to ARMs for the transmission and storage of transaction reports.
2. IT system maintenance and support costs
Regular costs arising from the maintenance, technical support, software updates, licenses, and servicing of IT systems used for reporting.
3. Data processing and verification costs
Costs related to the validation, processing, and reconciliation of data, including the cost of specialists responsible for quality control and integrity of reported information.
4. Training and regulatory knowledge update costs
Costs of regular training for employees responsible for reporting, monitoring regulatory changes, and ensuring compliance with current MiFIR requirements.
5. Audit and compliance costs
Regular costs related to internal and external audits, including verification of the accuracy and compliance of reported data with regulatory requirements.

In addition, IDM identifies the following significant ongoing costs that are often underestimated or overlooked:

* Emergency management costs
including the need for additional reporting (re-submission), error correction, non-compliance management, and handling incidents resulting from incorrect or incomplete reports.
* Administrative and risk management costs
regular administrative costs related to regulatory and operational risk management, resulting from the need to continuously monitor regulatory requirements and adapt internal procedures.

The IDM points out that for small and medium-sized enterprises (SMEs), the ongoing reporting costs are particularly high in relation to their scale of operations. The IDM recommends introducing simplified reporting obligations and a proportionate approach to regulatory requirements in order to significantly reduce these ongoing financial and operational burdens, particularly for SMEs.

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**Q29. Question for reporting entities under EMIR or MiFIR: Are there other cost factors that we should consider when estimating the cost savings over a long-term horizon?**

Yes, IDM identifies a number of additional cost factors that should be taken into account when estimating potential savings over a long-term horizon under EMIR and MiFIR. Some of these are not immediately apparent in the short term but have a significant impact on the overall cost of compliance in the long term.

1. Costs of adapting to regulatory changes over time
EMIR and MiFIR requirements are subject to continuous updates and revisions. Each change (e.g., new templates, additional data fields, change in the scope of transactions) requires reinvestment in IT systems, training, and updating of procedures.
2. Human resource maintenance costs
In the long term, personnel costs account for a significant portion of expenses – compliance, IT, operations, and quality control teams must be maintained, regularly trained, and adapted to system changes and new regulatory interpretations.
3. ARM/TR relationship management costs
Maintaining relationships with Approved Reporting Mechanisms (MiFIR) or Trade Repositories (EMIR), as well as monitoring their performance, processing quality and compliance with new standards, generates additional contractual, operational and contractual costs.
4. Audit and supervision costs
In the long term, the recurring costs of internal and external audits, process reviews and preparation for regulatory inspections are also significant, as they involve tying up operational resources and increased internal workload.
5. Costs of non-compliance risk and possible sanctions
Long-term risks associated with unintentional reporting errors or delays may result in administrative or reputational sanctions, which are difficult to estimate in financial terms but are important in the overall assessment of system costs.
6. Costs of lost business opportunities
Inefficiency and the burden of reporting processes may lead to a loss of operational flexibility, limiting innovation or delaying expansion into new markets, particularly for smaller market participants.

IDM recommends that the assessment of long-term savings resulting from the reform of the EMIR and MiFIR reporting system should take into account not only direct costs (e.g., reporting fees), but also adaptation, personnel, operational, and indirect risks. Simplifying and harmonizing the reporting system could reduce total compliance costs by up to several dozen percent in the long term, especially for small and medium-sized companies, provided that proportionate and durable solutions are implemented.

**Q30. What are the anticipated investments and transition costs associated with implementing option 1a, 1b, 2a and 2b (e.g. decommissioning of legacy systems, adapting systems to new changes and future evolving requirements, etc.)? Please provide a detailed breakdown of these costs, including any one-off and ongoing expenses. What is the estimated average cost saving per transaction?**

IDM estimates that the investment and transition costs associated with the implementation of each option (1a, 1b, 2a and 2b) vary significantly in terms of scale, operational risks and potential savings per transaction. Below we present an estimated analysis of costs and savings.

OPTION 1a – Coordination without deep harmonization

One-off costs

* Analysis and adaptation of process documentation and internal policies: EUR 10,000–20,000
* Staff training and interpretation of rules by compliance teams: EUR 5,000–15,000
* Adaptation of existing IT systems to minor reporting changes: EUR 20,000–40,000

Ongoing costs

* Maintaining contact with various authorities and monitoring updates: EUR 10,000–15,000 per year

Estimated savings per transaction

* Limited (EUR 0.01–0.02), mainly resulting from better management of responsibilities, not from the elimination of processes

OPTION 1b – Harmonization of requirements and standardization of data

One-off costs

* Redesign of data structures and IT systems: EUR 50,000–150,000
* Integration of data sources and automation of mapping to a common format: EUR 30,000–80,000
* Operational and compliance training: EUR 10,000–25,000

Ongoing costs

* Lower than in option 1a thanks to a simplified reporting scheme: EUR 5,000–10,000 per year

Estimated savings per transaction

* EUR 0.05–0.10, depending on the scale of operations

OPTION 2a – Central reporting to a single entity (e.g. ESMA)

One-off costs

* Complete redesign of reporting systems: EUR 100,000–300,000
* Discontinuation of existing channels and repositories: EUR 20,000–50,000
* Configuration of interfaces to the new entity: EUR 50,000–100,000
* Multi-stage training for operational and IT teams: EUR 20,000–40,000

Ongoing costs

* Technical support, ESMA compliance, test reports: EUR 10,000–30,000 per year
* Possible increase in costs for smaller companies related to central reporting

Estimated savings per transaction

* EUR 0.08–0.15, but after a minimum of 2–3 years after implementation, once the system has stabilized

OPTION 2b – Integrated reporting regime (one data set for all regulations)

One-off costs

* Complete overhaul of IT and data architecture: EUR 150,000–400,000
* Consulting and system interoperability testing: EUR 50,000–100,000
* Transition from current processes (offboarding legacy workflows): EUR 30,000–60,000
* Building multi-level compliance with multiple regimes (EMIR, MiFIR, SFTR, MAR, etc.): EUR 80,000–200,000

Ongoing costs

* Higher at the beginning (approx. EUR 20,000–40,000 per year), but decreasing after 2–3 years thanks to automation

Estimated savings per transaction

* EUR 0.15–0.25, with high scale and high level of automation

Comparative summary (estimated for a medium-sized entity):

| Option | Implementation cost | Annual cost | Savings per transaction |
| --- | --- | --- | --- |
| 1a | 35–75 thousand EUR | 10–15 thousand EUR | 0.01–0.02 EUR |
| 1b | 90–255 thousand EUR | 5–10 thousand EUR | 0.05–0.10 EUR |
| 2a | 190–490 thousand EUR | 10–30 thousand EUR | 0.08–0.15 EUR |
| 2b | 310–760 thousand EUR | 20–40 thousand EUR | EUR 0.15–0.25 |

IDM notes that, taking into account the principle of proportionality and simplifications for SMEs, savings can be felt even with limited investments. However, for smaller companies, choosing option 2a or 2b without adjusting the scale of requirements may not be economically viable. Therefore, IDM recommends a phased approach (1b with elements of 2b), taking into account the long-term benefits but spreading the investment over time.

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