To: European Securities and Markets Authority (ESMA)
Regarding: Call for evidence on a comprehensive approach for the simplification of financial transaction reporting

Dear ESMA,

We write to you in our capacities as co-chairs of the Standards Advisory Group (SAG) of Technical Committee 68 of the International Organization for Standardization (ISO) TC 68/AG2.

ISO is an independent, non-governmental international organization with a membership of 163 national standards bodies. Through its members, it brings together experts to share knowledge and develop voluntary, consensus-based, market relevant International Standards that support innovation and provide solutions to global challenges.

ISO/TC 68 is the Technical Committee within ISO tasked with developing and maintaining international standards covering the areas of banking, securities, and other financial services. The Standards Advisory Group (SAG) as an Advisory Group of ISO/TC 68 acts as an advisory sounding board to support and engage with regulators on financial services standards requirements, for the effective and efficient use and development of financial services standards, delivered using a cooperative relationship approach. The SAG enables a proactive dialogue with regulators on financial services standards matters.

The SAG's objectives are:

- Provide a forum for mutual assistance between the global regulatory community and ISO in carrying out their respective authorities and responsibilities with respect to financial services standards;
- Aid the adoption and promotion of consistent standards, where possible;
- Effectively deal with common issues collectively and consistently; and
- Encourage strong and open communication within the regulatory community and with the industry concerning financial services standards.

The SAG's response represents a collective view of its membership and draws upon its knowledge as an expert standards setting body with practitioner-led experience in the development and use of standards.

Question 1 – Inconsistent terminology and definitions:

The challenges are real, but the issue is not the absence of a dictionary. ISO 20022 already provides a data dictionary The problem is that regulations like EMIR, SFTR, and MiFIR applied it in isolation, at different times, and often supplemented it with invented fields later retrofitted into the standard. This fragmented approach has led to inconsistent terminology, duplicative reporting flows, and costly reconciliations.

To resolve these issues, regulators must:

- Use ISO 20022 more smartly, ensuring no new fields are created outside the standard.
- Apply ISO TC 37 methods to create unambiguous semantic anchors from legal text to data fields, ensuring that definitions also express the meanings commonly intended by financial industry writers and speakers for their use of the term in communication.
- Establish a governed, central dictionary across EU regimes.
- Align governance between ESMA, EBA, and ECB to avoid competing Common Domain Model (CDM)-like frameworks.

These steps will directly address the top three cost drivers: duplicative infrastructures, reconciliation costs, and uncoordinated change.

Question 2 – Decrease overlaps, enhance data quality and ensure global alignment:

In considering other aspects of the proposed principles, mechanisms to achieve the stated principles need to be embedded into the framework. The SAG recommends ESMA continue to leverage the existing adoption, integration and utilisation of International Organization for Standardization (ISO) standards for financial services. These standards are subject to a proven governance framework to ensure they evolve in line with user requirements, are globally recognised, drive market efficiency, reduce operational risk, and contribute to the development and proper functioning of capital markets. ISO standards are established and maintained based on the needs of the industry who use them, with a consensus-based approach where comments from all stakeholders are considered. Standards evolution is aligned with market evolution, so each standard remains fit for purpose and aligned with market practice to minimise disruption and cost to stakeholders.

The capital markets depend on timely, quality data, enabling straight through processing and interoperability throughout the trade lifecycle including to fulfil reporting obligations. ISO standards, such as Legal Entity Identifier (LEI – ISO 17442), International Securities Identification Numbers (ISIN - ISO 6166), Unique Product Identifier (UPI – ISO 4914), Classification of Financial Instruments (CFI - IS0 10962), Financial Instrument Short Names (FISN - ISO 18774), Market Identification Codes (MIC – ISO 10383), Country Codes (ISO 3166) and Currency Codes (ISO 4217) are fundamental to transaction reporting and feed directly into authorities supervisory functions.

Each of the ISO financial services standards can be used independently but are also complementary in nature, increasing their benefits to stakeholders in providing high quality data. This is done through enabling consistent interpretation and validation, ensuring harmonisation of the reported reference data. Furthermore, with the continued utilization of ISO identifiers for reporting, duplicative reporting of the data fields which are embedded within the identifier itself are not required to be reported separately, which will assist in decreasing the overlap of reporting.

Question 21 – Role of DLT and smart contracts:

Technologies such as DLT and smart contracts may offer benefits in the long term, but their relevance to reporting simplification is contingent on first resolving semantic and governance issues. Today's fragmentation stems from inconsistent use of ISO 20022, fields created outside of the standard, and separate governance by EU authorities. Without fixing these, distributed technologies would risk embedding ambiguity in code and multiplying costs.

Semantics before infrastructure: The priority is to leverage ISO 20022 correctly, stop creating custom fields or supplementary data, and apply ISO TC 37 terminology science to anchor definitions in legal text. These definitions must reflect the meanings commonly intended by financial industry practitioners, so that regulation and industry practice remain aligned. This responds directly to the cost drivers identified in Question 1.

Governed model first: A central EU dictionary and common data model, maintained with transparent change control, is essential. This avoids competing CDM-like efforts and ensures all parties share the same semantic foundation.

Technology as an exploratory enabler: Once terminology meanings and governance are stable, there may be opportunity to test whether DLT or smart contracts can add value, for example by providing shared views or automating validation. However, such trials should be exploratory, carefully bounded, and not treated as a default solution.

Entry criteria: Any pilot use of DLT or smart contracts must meet strict conditions: semantic readiness, common conformance testing, legal clarity on code versus text, operational performance evidence, and continued reliance on ISO 20022 outputs.

Conclusion: DLT and smart contracts should not be positioned as a primary answer to reporting challenges. They may play a supportive role later, once semantics are harmonised and governed. The first step is to strengthen dictionary discipline and governance. This sequencing ensures that any future use of technology supports clarity rather than distributing confusion.

The SAG remains ESMA's disposal to further discuss and support your work. Do not hesitate to engage us in your discussions and questions related to standards.

Thank you and regards,

Todd Albers
Karla McKenna
Co-Conveners of the ISO/TC68/AG2