

Cost-Benefit Analysis of simplification scenarios under MiFIR, EMIR and SFTR Transaction Reporting



17 May, 2026

This study is carried out for the European Securities and Markets Authority by

Deloitte.

DISCLAIMER

This document has been prepared for the European Securities and Markets Authority (ESMA) by Deloitte. It reflects the views only of its authors, and the European Securities and Markets Authority is not liable for any consequence stemming from the reuse of this publication.

Contents

Executive summary	4
1. Introduction	5
1.1 Purpose and background of the document	5
1.2 Structure of the document	5
2. Options considered in the analysis.....	6
2.1 Introduction to the options.....	6
2.2 Line-by-line definition of the intermediate options	6
2.3 Options only consider the Level 1 legislative change	8
2.4 Interconnectedness of options	8
3. Methodology	9
3.1 Cost-Benefit Analysis: Purpose and Methodology	9
3.2 Setting up the data request	10
3.3 Data collection	10
3.4 Scope and sample of the study	10
4. Market overview and cost drivers	12
4.1 Understanding the cost drivers	12
4.2 Overview of categories included in the analysis	13
4.3 As-is running cost per category – analysis of cost lines.....	14
5. Assessment of the options.....	16
5.1 Implementation of sub options 1a.....	16
5.2 Implementation and running of report-once model (2a)	20
5.3 Net Present Value.....	22
5.4 Additional impact not fully captured in the NPV calculation	24
5.5 Conclusion.....	25
ANNEX	26
Annex 1 – Cost line Glossary	26
Annex 2 – Cost line breakdown as-is cost, per category, and per regime	30
Annex 3 – Implementation cost breakdown per cost line, per category, per option	36

Executive summary

This Cost-Benefit Analysis (CBA) quantifies the costs and benefits of policy options simplifying transaction reporting across three major European financial regulations: MiFIR (Markets in Financial Instruments Regulation), EMIR (European Market Infrastructure Regulation), and SFTR (Securities Financing Transactions Regulation). Following ESMA's June 2025 Call for Evidence, this is a deepening analysis into two of the original four simplification options including assessment on impact for stakeholders across all different sectors (i.e. Non-Financial Corporates (NFCs), Buy-side Firms, Sell-side Firms, Market Infrastructure entities, and Trade Repositories). The impact on Competent Authorities (CA) and other stakeholders is out of scope of this exercise.

The analysis evaluates whether transitioning from the current (“as-is”) reporting framework to a report-once model (Option 2a) is beneficial, and which of the three intermediate variants (Options 1ai, 1aii and 1aiii) provides the most cost-effective implementation pathway. The intermediate options are assessed as transitional steps aimed at achieving measurable reductions in reporting burdens in the short term, with effects expected approximately three years after implementation, while also providing a credible and orderly progression toward the target report-once model (Option 2a), to be implemented around four years after either of the intermediate steps.

The options within scope are the following:

Intermediate Option 1a (three variants): Delineation by instrument and removal of duplication through the revision of dual-sided reporting requirements through the expansion of delegation provision:

- **Variant 1ai:** Full ETD/OTC split with schema updates
- **Variant 1aii:** Only expanded delegated reporting without instrument reallocation
- **Variant 1aiii:** Partial ETD split without schema updates and expanded delegated reporting.

Target Option 2a: Structural "report-once" model integrating all three frameworks into a single unified reporting regime (highest complexity, highest long-term benefit potential)

The Net Present Value (NPV) calculation - a quantitative framework for evaluating the economic viability of regulatory proposals - for implementing Option 2a is positive, with a recovery of the investment in approximately 3 years. The positive NPV indicates that Option 2a is expected to be generally overall advantageous for the industry. For the 1a variations, the data collected to assess costs and benefits is mostly qualitative with some quantitative insights on the implementation effort involved and the impact on reporting volume.

Whereas the overall industry perspective is positive, differences per stakeholder group are noted. Non-financial corporates, Sell-side and buy-side firms realize cost reductions with a move to the report-once model 2a, while within the market infrastructure category there are different perspectives, as some types of institutions face slightly increased costs and, in some cases, revenue pressure from reduced reportable volumes.

1. Introduction

1.1 Purpose and background of the document

In June 2025, ESMA launched a Call for Evidence (CfE) to collect input on possible measures to simplify, integrate and streamline transaction reporting across MiFIR, EMIR, and SFTR frameworks.

The purpose of this Cost Benefit Analysis (CBA) is to present a quantitative analysis following the CfE by ESMA on the cost and benefits of simplification scenarios. This report sets out the implications of different options defined for delineation and simplification of financial transaction reporting regulations (MiFIR¹, EMIR², and SFTR³).

The CBA quantifies the overall costs and benefits of the target Option 2a across the stakeholder groups identified (i.e. buy-side institutions, sell-side institutions, Market Infrastructures parties and Non-Financial Corporates) and three alternative intermediate variations of Option 1a (1ai, 1ai and 1aiii) that would be implemented as an intermediate step before implementing the target Option 2a.

1.2 Structure of the document

This report is structured as follows:

- **Section 2: Presentation of Options** provides a detailed description of the proposed simplification options, including a high level description of anticipated implications.
- **Section 3: Methodology**, outlines the methodological approach applied, including the scope of the study and limitations and assumptions.
- **Section 4: Market overview and cost drivers**, describes the relevant market participants that have been considered in this analysis and what the main challenges and cost drivers and cost lines are considered and identified by market participants.
- **Section 5: Assessment of the Options and Conclusion**, details the average overall cost impact and includes impact per stakeholder group on the implementation of the sub options and the anticipated run costs upon implementation of 2a. Analysis on the implementation cost in relation to the 1a options is present before NPV conclusion is presented regarding the 2a scenario.

¹ Regulation (EU) No 600/2014 of the European Parliament and of the Council (15 May 2014) on markets in financial instruments.

² Regulation (EU) No 648/2012 of the European Parliament and of the Council (4 July 2012) on OTC derivatives, central counterparties and trade repositories, as amended, including Regulation (EU) 2019/834 (EMIR Refit).

³ Regulation (EU) 2015/2365 of the European Parliament and of the Council (25 November 2015) on transparency of securities financing transactions and of reuse.

2. Options considered in the analysis

2.1 Introduction to the options

The purpose of this exercise is to quantify the impact on costs and benefits of the identified options across relevant markets participants. To be able to do so, a consistent and common understanding of the options is essential. The options originally presented for consideration in the CfE⁴ were:

Option 1: Removal of duplication in current frameworks. This option presented an approach based on the elimination of duplications in the scope of the reporting requirements without directly changing the legal setup for the current reporting channels and the relevant infrastructures to collect the data. There were two mutually exclusive sub-options:

- Option 1a: This sub-option proposed a delineation of reporting scope based on the type of trading of the instrument, splitting the reporting between ETD (exchange traded derivatives) and OTC (over-the-counter derivatives).
- Option 1b: This sub-option suggested a delineation of reporting scope based on events (i.e. transactions versus post-trading reporting).

Both sub-options would review the dual-sided reporting requirements currently present in EMIR.

Option 2: Report-once principle. Option 2 is built as an incremental step from Option 1, and focuses on the implementation of the "report-once" principle. This involves creating a unified regime for reporting information that was previously distributed across various reporting frameworks. This option presented two mutually exclusive incremental sub-options:

- Option 2a where the "report-once" principle is applied in full to both MiFIR, EMIR and SFTR.
- Option 2b with a more comprehensive option where, in addition to MiFIR, EMIR and SFTR, other regimes are also included.

For the CBA, it was decided to drop options 1b and 2b. These options were excluded based on the qualitative feedback to the call for evidence. Option 1a was further elaborated through the definition of three sub variants under 1a. From the responses to the CfE it was noted that some respondents viewed the 1a and 1b options as a standalone exercise. Therefore, as part of the data collection for the cost-benefit analysis, and based also on the feedback collected in the CfE where it was noted that the option 2a should be considered as the target scenario, it was clarified respondents should take into account that the implementation of 1a would in any case be an intermediate step and be followed by the implementation of 2a.

2.2 Line-by-line definition of the intermediate options

The three variants of the intermediate Option 1a, have a common factor, the revision of dual-sided reporting under EMIR and SFTR. They differentiate further in whether a change in the reporting schema will have to be implemented which is only the case for 1ai, while for 1aii and 1aiii no changes in the schema will have to be processed. Further to that, under 1ai, Over-The Counter (OTC) derivatives and Exchange-Traded Derivatives (ETDs) duplications between EMIR

⁴ See section 4.2 of ESMA12-437499640-3021, Call for evidence on a comprehensive approach for the simplification of financial transaction reporting.

and MiFIR will be fully removed and for 1aiii only ETDs will be removed from EMIR reporting. Under 1aii the only change is revision of dual-sided reporting.

This is the overview of the variants as presented to the respondents, including the envisaged impact the changes would have. Please note, all 1a-variants are intermediate solutions before moving to Option 2a, and are not considered as stand-alone simplification measures.

Opt.	Name	Description	Anticipated practical Implications
1ai	Delegated reporting expanded, ETD/OTC split with schema updates ⁵	<ul style="list-style-type: none"> Expanded delegated reporting replaces dual-sided reporting across EMIR and SFTR following EMIR Refit model Clear ETD/OTC split between MiFIR and EMIR - ETD transaction reporting moves from EMIR to MiFIR, all (including MiFIR) OTC reporting and all post-trade events under EMIR The reporting schemas will be updated 	<p>Implementation:</p> <ul style="list-style-type: none"> High complexity, schema changes required in both frameworks MiFIR and EMIR reporting systems adaptation <p>Impact on Market Participants:</p> <ul style="list-style-type: none"> Alignment of definitions and scope adjustments Reporting changes per instrument Burden reduction through expanded delegated reporting Reduced reconciliation burden
1aii	Delegated reporting expanded, no ETD/OTC split, no schema updates	<ul style="list-style-type: none"> Expanded delegated reporting replaces dual-sided reporting across EMIR and SFTR following EMIR Refit model No change to current allocation of instruments between MiFIR and EMIR No schema modifications 	<p>Implementation:</p> <ul style="list-style-type: none"> Changes limited to delegation arrangements <p>Impact on Market Participants:</p> <ul style="list-style-type: none"> Burden reduction through expanded delegated reporting Reduced reconciliation burden
1aiii	Delegated reporting expanded, ETD split, no schema updates	<ul style="list-style-type: none"> Expanded delegated reporting replaces dual-sided reporting across EMIR and SFTR following EMIR Refit model ETD trading activity reported only under MiFIR (using existing schema) - OTC reportings remain under EMIR and MiFIR. No schema modifications 	<p>Implementation:</p> <ul style="list-style-type: none"> Significantly lower IT costs than 1ai Changes limited to reporting scope logic and delegation arrangements <p>Impact on Market Participants:</p> <ul style="list-style-type: none"> Substantial reduction in EMIR trade reporting volumes Simplified reconciliation landscape Burden reduction through expanded delegated reporting Reduced reconciliation burden
2a	Structural “report-once” model	<p>Builds on implementation of 1a variants; will not be a standalone option to implement</p> <p>Key Changes:</p> <ul style="list-style-type: none"> Merging of remaining information into one integrated reporting framework 	<p>Implementation:</p> <ul style="list-style-type: none"> Comprehensive schema and data model changes Decommissioning/merging of parallel EMIR/MiFIR reporting infrastructures IT and architectural changes required <p>Impact on Market Participants:</p> <ul style="list-style-type: none"> Burden reduction due to reduced reporting channels

⁵ In case of 1ai, it is important to note that even ETDs are no longer reported under EMIR, and OTCs no longer under MiFIR, for those transactions the objectives of EMIR and MiFIR will still have to be met, hence additions and updates to the schema are in order.

Opt.	Name	Description	Anticipated practical Implications
		<ul style="list-style-type: none"> • Single integrated framework across EMIR, MiFIR and SFTR • Relevant fields applicable to specificity of transaction • Removal of overlaps • Integrated reporting to single point of data collection 	<ul style="list-style-type: none"> • Reduced frequency with more predictable and synchronised changes • Reduction of most cost drivers identified by industry (e.g. duplication of IT/reporting systems, regulatory uncertainty, diverging terms/definitions).

Table 1. Simplification options considered

2.3 Options only consider the Level 1 legislative change

For the purposes of this analysis, options have been developed considering amendments at Level 1 legislation as included in relevant Directives and Regulations only. This circumscribed approach was adopted to (i) avoid undue granularity to leave discretion to define technical details on reporting in more flexible L2 and 3 measures (i.e. Level 2 delegated and implementing acts, and Level 3 guidelines and Q&As)⁶ and (ii) acknowledge that it would be premature to anticipate the many technical or implementing measures that could follow any Level 1 amendment. This does imply that respondents to the data collection questionnaire may have diverging interpretations of the practical implementation measures that will derive from the options.

2.4 Interconnectedness of options

In line with the feedback received in the CfE, respondents have been asked to take into account that any variant of Option 1a will be followed by the implementation of Option 2a. The options for 1a are conceived as an interim and incremental step towards the longer-term target architecture described under Option 2a, rather than as a standalone effort. This means that schema changes involving Option 1ai will be costs that are forgone upon implementing Option 2a, as the entire reporting flow will have to be updated under 2a. For 1a ii and 1a iii, that is not the case and the benefits are integrally maintained under both the implementation and running of 2a.

⁶ This methodology aligns with the EU legislative architecture, whereby Level 1 instruments set out the fundamental principles and objectives and subsequent Level 2 and 3 measures provide technical detail and supervisory guidance.

3. Methodology

3.1 Cost-Benefit Analysis: Purpose and Methodology

A Cost-Benefit Analysis (CBA) is a systematic approach, commonly used for assessing the impacts of proposed regulatory changes by identifying, quantifying, and comparing the costs and benefits that would result from different policy options with the aim of selecting the most favourable. For this CBA, the EC’s Better Regulation Toolbox was considered as the leading set of principles for evidence-based policy development and evaluation.⁷

The CBA set out to analyse the cost and benefits of transitioning to the 2a option versus the current reporting regimes (as-is), considering the 1a option variants (1ai, 1aii and 1aiii) as intermediate steps to Option 2a.

From the questionnaire distributed to each stakeholder group, the following data points were collected:

- Recurring operating costs (run cost and change management costs⁸) for the current reporting regimes
- Recurring operating costs after implementation of the reporting under option 2a
- Implementation costs for transitioning from as-is to variants 1ai, 1aii, 1aiii and option 2a

The NPV of each of the intermediate steps of scenarios 1a cannot be derived from the data obtained. However, as the long-term benefits over a 10-year horizon will predominately arise from the full 2a implementation, and benefits are expected to be less material over a shorter timespan following the intermediate steps, NPV calculation for the 1a scenarios was considered not to be essential.

Short-term simplification benefits are anticipated from one of the variants of option 1a implemented after 3 years, and Option 2a after another 4 years. The implemented Option 2a would be a strategic solution that upon implementation will be in effect for at least 10 years.



Figure 1. Overview of the collected data points

⁷ ‘Better regulation’ toolbox – December 2025, European Commission, pg. 560.

⁸ For clarity, institutions were asked to provide insights in their ongoing operation for processing change (change management costs), separate from the implementation costs foreseen implementing the changes caused by the options.

3.2 Setting up the data request

Based on the participants in the CfE, and with the aim to have a representative number of stakeholders in all sectors impacted, ESMA contacted a number of respondents to request their participation to the CBA. Most of the stakeholders were selected among those participating in the CfE but ESMA also invited stakeholders to participate that were less represented in the CfE (in particular Non-Financial Corporates) with the aim of having views across all sectors impacted. The selection was done in collaboration with NCAs and based on quantitative criteria, e.g. reporting volumes. The selected respondents were invited to introductory workshops to discuss the options to be analysed and the feasibility to provide cost data on a detailed or an aggregated level.⁹

Following the introductory workshops, a data collection template was developed and shared with the respondents for review and validation. After validation, the structured questionnaire was sent to the respondents for gathering the relevant data and perform the CBA. To optimize a common understanding of the data requested, respondents were presented with a glossary of terms (Annex 1).

3.3 Data collection

Participants were requested to provide information from a quantitative but also qualitative perspective, to ensure a reference was available to how they anticipate the different options would affect them, for example in terms of reporting volume reduction, but also the impact on FTEs involved in the reporting operation.

As part of the data request related to the recurring operating cost, participants were given the option to either report the combined costs of the operation for multiple regimes or to provide input per reporting regime.

Key considerations presented to respondents when providing their inputs;

- The respondents were requested to provide cost input on an individual cost line (e.g. requirements definition, project management, etc.) or on an aggregated level (e.g. implementation costs) if more granular data could not be provided. In total 10 implementation cost lines were considered, 11 run cost lines and 11 change management cost lines.
- Respondents were invited, where data was not available, to include fair estimates and only include cost impacts if deemed significant.
- The analysis is limited to transactions related to MiFIR/EMIR/SFTR, other reporting regimes were not considered as part of this exercise.
- Ongoing/run costs were expected to be presented on a per annum basis in EUR.
- Respondents were asked to not consider non-EEA transactions as those are not within the remit of the option which consider EU legislative changes only.

3.4 Scope and sample of the study

3.4.1 Sample size

This study aims to provide insights on the cost impact of the different options across a broad range of institutions that are involved in the transaction reporting chain. This categorization is in

⁹ Respondents have shared data with Deloitte under an NDA, stating the data will not be shared beyond the scope of this CBA (in some cases data was shared with ESMA on an anonymized basis only). Participants are known with ESMA, but will not be made publicly available.

line with the analysis of the responses to the call for evidence and is made in accordance with the expected impact the scenarios would have. Though only a limited number of institutions participated, ESMA considers the sample to be representative for the industry, and balanced within each stakeholder group.

Category	Number of participants requested to participate	Received inputs total
NFC	8	4
Market Infrastructure	10	11
Buy-side	5	5
Sell-side	10	10
Total	33	30

Table 2. Respondents included in CBA assessment.¹⁰

3.5 Additional considerations

This exercise has been carried out with a number of considerations:

- The relevant sources for information are existing data available to ESMA, the responses to the Call for Evidence and the in depth analysis executed following the call for evidence.
- It should also be noted that the institutions that participated in the CBA represent only a sample of the overall concerned industry.
- The CBA questionnaire took into account a number of different cost lines. It should be noted that not all potential costs lines and benefits were quantifiable based on the data collected and some were considered in combination with qualitative feedback.

¹⁰ Given that the initial selection of participants by ESMA led to limited responses in some categories, additional respondents were invited by industry representatives resulting in a higher number of questionnaires received from Market Infrastructure parties.

4. Market overview and cost drivers

The cost benefit analysis is conducted for the overall industry across four stakeholder groups of market participants to guarantee a proper representation of stakeholders impacted.

Category	Description	Example Entity Types
NFC	Non-financial corporations and entities that engage in hedging or trading activities to manage operational risks or support business objectives, rather than as a primary business function.	Energy companies, manufacturing and industrial corporations; Commodity producers and traders
Market Infrastructure	Organizations that provide essential infrastructure and services to support the functioning and integrity of financial markets.	Trading venues (exchanges and multilateral trading facilities); Central counterparties (CCPs); Trade repositories (TRs); Clearing houses; Settlement systems; Data service providers
Buy-side	Financial institutions and investment managers that acquire financial instruments and services on behalf of clients or their own portfolios, primarily for investment purposes.	Asset managers; Mutual funds and collective investment schemes; Hedge funds; Other institutional investment managers
Sell-side	Financial institutions that provide trading, market-making, and intermediation services, facilitating transactions and liquidity in financial markets, also providing reporting services to their clients.	Retail and commercial banks; Investment banks; Dealer banks; Clearing banks; Broker-dealers; Market makers

Table 3. Respondents categorisation

4.1 Understanding the cost drivers

Further analysis of the call for evidence feedback from 108 market participants responding to the Call for Evidence on simplifying EU transaction reporting regimes provides additional context. The analysis identifies the five cost drivers most frequently cited across respondent submissions. Respondents include banks, asset managers, trading venues, infrastructure providers, and non-financial corporates. The five drivers are ranked by frequency of mention and presented with supporting context from the responses.

In the call for evidence respondents provided their views on the main cost drivers.

#	Cost Driver	Frequency	Key Context & Impact
1.	Frequent Regulatory Changes & Lack of Flexibility and predictability	~95% of respondents	Root cause of cascading costs. Continuous IT adjustments, staff retraining, compliance reviews. Uncoordinated implementation across MiFIR/EMIR/SFTR creates operational uncertainty. Insufficient lead times prevent phased deployment. Impact: High recurring operational costs, increased compliance risk, diverts resources from strategic initiatives.
2.	Duplicative Reporting Obligations	~90% of respondents	Same derivatives reported under MiFIR, EMIR, REMIT, SFTR with different formats, channels, and validation rules. Overlap between regimes (e.g., ETDs under both EMIR & MiFIR). Impact: Redundant workload, higher mapping/validation costs, inconsistent data quality, complicates supervisory analysis, no proportional regulatory value.
3.	Dual-Sided Reporting (EMIR/SFTR)	~85% of respondents	Both counterparties report largely identical data; requires UTI generation, exchange, and line-by-line reconciliation. Persistent mismatches due to tight tolerances and different

			source datasets. NFCs often lack capability/incentive to report accurately. Impact: Significant IT development & operational overhead, high cost of non-compliance, limited supervisory value, competitive disadvantage vs. single-sided regimes.
4.	Duplication of IT Systems & Processes	~85% of respondents	Separate infrastructures for MiFIR (ARM), EMIR/SFTR (TRs), and NCAs. Different protocols, file formats, validation controls per regime. Lack of integration. Impact: Disproportionate setup & maintenance costs, hinders automation, disadvantages smaller firms, increased technical support burden, avoidable parallel development costs.
5.	Inconsistent Terminology & Definitions	~75% of respondents	Different definitions across regimes (e.g., ETD vs. OTC, "system," "settlement"). Inconsistent mapping to ISO 20022. Regulations define master data differently or not at all. Impact: Complicates implementation & reconciliation, increases error risk, requires separate codebases per regime, raises data quality concerns, confusion for reporting entities.

Table 4. Call for evidence responses on main cost drivers

The analysis of respondent feedback indicates that the five identified cost drivers reflect overlapping challenges in the current reporting framework. Respondents across market stakeholder groups report that frequent regulatory changes, duplicative reporting obligations, dual-sided reporting requirements, multiple IT systems, and inconsistent terminology contribute to implementation costs and operational complexity.

Respondents indicate that these issues are related and that addressing them requires coordination across MiFIR, EMIR, SFTR, and related regimes. Multiple respondents note that the costs associated with certain reporting requirements are expected to be limited in relation to the supervisory benefits delivered.

4.2 Overview of categories included in the analysis

The data collection provides deeper insights on a per category level of the challenges encountered. Each category provided input on the main cost drivers of their reporting operation, these vary per type of market participant. In this analysis cost drivers are separated from cost lines. Cost lines are considered to be the cost carrying activities within the organisation, while cost drivers are considered causes of in- or decreases of costs incurred across the cost lines. Below, an overview is given of which cost drivers market participants have indicated they encounter mostly, further in this chapter it is described how these drivers impact the cost lines of market participants across three main cost lines; run costs and the cost of change management,

Main Cost Drivers experienced	
NFC	
Dual-sided reporting: Primary driver under EMIR and SFTR; narrow scope of delegated reporting under SFTR. reconciliation and counterparty alignment.	
Regulatory complexity: Different reporting regimes and requirements; unpredictable/unsynchronized changes. Ongoing changes in guidance and report formats.	
Additional drivers: REMIT alignment; duplication of IT systems; intragroup derivative reporting; intragroup exemption monitoring and application.	
Market Infrastructure	
Change management: Regulatory changes and updates. Lack of synchronization across regimes.	
Regime complexity: Different reporting regimes and requirements.	
Operational complexity: Trading activity monitoring; Separate physical connection with each NCA position data ownership currently not assigned to parties actually holding the data.	

Technology and staffing: ; duplication of IT systems and processes, need for skilled staff, maintenance of distinct pipelines for data validation and quality assurance
Buy-side
Frequent regulatory changes: Complex updates and multiple revisions to guidance. Staffing and operations: Reporting engine, cross-team staffing, assurance testing, governance. Duplicative reporting: Derivatives across MiFIR and EMIR; duplicated IT systems and processes. External costs: Service providers, consultants, data providers. Data interpretation: Lack of guidance on complex trading flows; unclear definitions;. Dual side reporting: extensive reconciliation due to numerous fields
Sell-side
Frequent and unpredictable regulatory changes: RTS updates as primary driver. Ambiguity in texts; increasing field complexity and definitions; deal detail options. IT complexity: Broad range of instruments and platforms; extensive controls. Staffing and costs: Specialized staff; trade repository costs scale with volume; UTI generation complexities. Duplicative reporting: Derivatives across MiFIR and EMIR; duplicated IT systems and processes. Dual-sided reporting: Dual-sided EMIR and ETD/OTC classification drive high reconciliation workloads. Non-EEA reporting: Global institutions, differing regulatory interpretations and data requirements.

Table 5. Market participant overview

The market participant category breakdown indicates that these drivers manifest differently across participant types and that certain drivers carry disproportionate weight depending on the institution's market role. Buy-side entities emphasize staffing and operational complexity alongside duplicative reporting, while sell-side institutions highlight the specific burden of reconciliation workloads and trade repository costs. Market infrastructure providers focus on change management and technology infrastructure, whereas non-financial corporates identify dual-sided reporting as their primary concern, with particular emphasis on the narrow scope of delegated reporting under SFTR. The data suggests that while the cost drivers are valid across all groups, their relative priority and implementation impact vary significantly by participant type.

4.3 As-is running cost per category – analysis of cost lines

With a view to the cost drivers defined by industry, respondents were requested to provide an estimation of the operational costs related to the current reporting regimes per cost line.

Below, the average of the as-is costs are presented per category. These are the aggregated costs of a number of cost lines

Category	Average of as-is aggregated cost ¹¹ for MiFIR/EMIR/SFTR	Average of as-is cost per regime: MiFIR	Average of as-is cost per regime: EMIR	Average of as-is cost per regime: SFTR
NFC				
Cost of Change Management	245.530	No data	242.190	50.000
Run costs	730.627	No data	657.633	673.000
Market Infrastructure				
Cost of Change Management	1.139.853	683.890	394.667	175.000

¹¹ All costs in EUR.

Run costs	1.026.418	1.049.418	415.000	230.000
Market Infrastructure TR				
Cost of Change Management	760.000	171.000	391.000	198.000
Run costs	2.543.000	783.000	1.230.000	717.000
Buy-side				
Cost of Change Management	2.565.000	800.000	1.100.000	665.000
Run costs	3.707.425	1.532.175	1.493.375	681.875
Sell-side				
Cost of Change Management	4.970.072	2.697.587	2.912.533	1.470.000
Run costs	7.015.758	4.088.979	5.073.388	1.763.400

Table 6. Average of as-is costs per regime

For each category, a breakdown in terms of cost lines was made. Below table describes the top 3 cost lines in the current reporting function considered highest. Annex 2 provides a complete overview of the relative impact of reporting requirements per regime across each cost line.

Category	Run costs: top 3 main cost lines	Change Management: top 3 main cost lines
NFC	<i>No data</i>	1. Requirements definition 2. Data Management restructuring 3. Governance
Market Infrastructure	1. Reporting operations 2. Overhead 3. Fees to trade repositories	1. Data Management restructuring 2. Requirements definition 3. Project Management
Market Infrastructure TR	1. External service providers 2. Overhead 3. Reporting operations	<i>No data</i>
Buy-side	1. Reporting operations 2. Overhead 3. Fees to trade repositories	1. Project Management 2. Data Management restructuring 3. Requirements definition
Sell-side	1. Reporting operations 2. External service providers 3. Overhead	1. Requirements definition 2. Data Management restructuring 3. Project Management

Table 7. Run costs and Change Management costs per categorisation

5. Assessment of the options

As stated above the cost-benefit with regard to the target Option 2a and the delta with the as-is state is assessed. As a first step, the implementation costs of moving to one-sided reporting and additional changes such as reducing the duplicative reporting requirements under EMIR and MiFIR has been assessed.

5.1 Implementation of sub options 1a

The implementation of either of the sub options of 1a can be derived from a number of cost lines, such as project management, data restructuring and defining the requirements involved. Below table demonstrates the average cost of the transition/implementation of Option 1a per category.

	Average of Implementation cost option 1ai	Average of Implementation cost option 1aii	Average of Implementation cost option 1aiii
NFC	371.590	214.000	298.000
Market Infrastructure	691.144	18.368	111.048
Market Infrastructure TR	738.500	131.500	395.000
Buy-side	<i>No data</i>	<i>No data</i>	<i>No data</i>
Sell-side	3.539.950	2.157.771	3.292.125

Table 8. Implementation costs option 1

What stands out in these responses is the lacking data on the side of buy-side institutions. Buy-side institutions reported expected implementation effort to be quite low, given they would benefit from the revision to single sided reporting, requiring them to simply stop reporting. Alternative previous research conducted suggests that where buy-side firms would carry a cost of change varying between 392,000 to 850,000 depending on product complexity. The ongoing maintenance and run cost is estimated at 231,000-411,000 Euro. However, uncertainty on continued effort streamlining data with counterparties remained. The relatively high costs anticipated on the sell-side for the implementation of 1aii and 1aiii is not easily explained, respondents expect substantial work in terms of requirements definition and alignment with stakeholders in the reporting chain.

Overall, the implementation effort and cost involving the implementation of a new option are considered highest for 1ai, followed by 1aiii and then 1aii, which aligns with the expected implementation burden.

5.1.1 In-depth analysis on duplicative reporting

As the three options of 1a that have been defined based on the original 1a option in the call for evidence, CfE responses provide an appreciation of the main attributes of the three variants investigated further in the CBA: (1) expanded delegated reporting, (2) clear delineation of ETD and OTC reporting (Option 2: ETDs under MiFIR only, OTC derivatives under EMIR only), and (3) ETDs reported under MiFIR only. Each measure offers distinct operational and cost benefits but faces specific implementation challenges. This analysis presents the benefits and impediments for each measure, based on feedback from the CfE and CBA.

Measure	Primary benefits expected by industry	Key Impediments	Common observations
---------	---------------------------------------	-----------------	---------------------

<p>1. Expanded Delegated Reporting</p>	<p>Eliminates dual-sided reporting and reconciliation burden, removes need for UTI exchange, clearer allocation of responsibility to best-placed party, reduces IT infrastructure and compliance costs (beneficial for smaller firms), creates single source of truth, improves data consistency and supervisory analysis, aligns with global jurisdictions with lighter reporting regimes.</p>	<p>Requires clear logic to determine which entity reports (uncertainty increases complexity), entity making investment decisions may no longer have reporting obligation (creating potential blind spot for market abuse surveillance).</p>	<p>Multiple respondents identify reconciliation burden as significant cost driver. Success requires clear allocation to best-placed party. Implementation timelines and guidance critical for effective transition.</p>
<p>2. ETDs under MiFIR, OTC under EMIR</p>	<p>Eliminates duplicate reporting of same derivatives under both regimes, reduces data processing and reconciliation volume, streamlines compliance, reduces parallel reporting infrastructures, consolidates under single regime with consistent templates and definitions, lower operational costs, less costly implementation vs. other options, allows EMIR to focus on OTC exposures and MiFIR on ETD transparency.</p>	<p>Requires clear, unambiguous ETD/OTC definition, different demarcation options present varying development effort, substantial amendments to EMIR may be needed to capture market abuse data points (risk of merely transferring fields rather than achieving genuine simplification), firms must maintain two separate reporting systems and split trades by venue, asset managers may face higher costs if required to build MiFIR infrastructure solely for ETDs, transactions not in MiFID scope would not be reported under either regime (creating data gaps).</p>	<p>Multiple respondents stress that simplification cannot be achieved by merely transferring fields, each field must be reassessed against specific regulatory objective. Asset managers highlight unclear net benefit if required to build new MiFIR infrastructure while currently operating only under EMIR. Clear ETD/OTC demarcation essential to obtain burden reduction.</p>
<p>3. ETDs Reported under MiFIR only</p>	<p>Eliminates overlap where ETDs reported under both MiFIR and EMIR, significant reduction in reporting obligations, clearer delineation (reduces confusion), eliminates parallel reporting infrastructures for</p>	<p>Requires clear, consistent ETD definition, current EMIR definition (based on equivalence) classifies many exchange-traded options/futures as OTC (still reportable under EMIR if not revised), risk that non-financial counterparties currently outside MiFIR scope</p>	<p>Multiple respondents note that ETDs are typically centrally cleared, reducing counterparty risk, and question whether they should have been included in EMIR. Public</p>

	ETDs, reduces ongoing operational costs, returns EMIR to core objective of tracking OTC exposures, aligns with global practices, removes need for separate delegated reporting arrangements for ETDs, dismisses reporting of ETD post-trade events (margins/valuations) and positions (sourced from CCPs or calculated from transaction data).	would be brought into it (fundamental changing increasing burden), asset managers may face higher costs building MiFIR infrastructure solely for ETDs (no net benefit if currently only in EMIR scope), assumes CCPs can provide sufficient valuation/margin data (concerns about CCP data quality and ESMA's capacity to calculate positions accurately, especially for non-EEA venues), non-EEA listed instruments and commodity derivatives would not be reported under either regime, public authorities concerned about impact on systemic risk monitoring and ability to fulfil mandates, requires amendments to Level 1 and 2 texts.	authorities express significant concerns that removing ETDs from EMIR could impair financial stability monitoring and systemic risk assessment. Multiple respondents emphasize that non-financial counterparties must not be brought into MiFIR scope.
--	--	---	--

Table 9. CfE feedback on simplification measures of 1a

5.1.2 Volume impacts option 1a

Per category respondents were asked to provide expected impact on reporting volumes across the three sub options of 1a. Overall trends can be derived from the inputs received. The below table indicates the overall view to the responses bearing in mind that the appreciation of the impact of revision to single sided reporting may only be partially reflected, mostly due to the relatively large amount of non-EEA/non-EU transactions left untouched. The table therefore provides some insights into the differentiation of impact in terms of reporting volume between the three sub options.¹²

Option	Description presented to respondents	MiFIR Volume Impact expected	EMIR Volume Impact expected	SFTR Volume Impact expected
1ai	Full ETD/OTC split, revision to one-sided reporting and removal of reconciliations	MiFIR reporting buy-side respondents anticipate 10-20% reduction in OTC reporting. Sell-side anticipate slight increased MiFIR reporting.	Overall significant reduction in EMIR reporting anticipated. Buy-side institutions expect up to 25% reduction in ETDs (effects are limited overall due to amount of non-EEA/EU transactions left	Buy-side institutions expect a reduction up to 25%. Sell-side institutions expected limited impact. NFCs expect decline up to 100%.

¹² Reference data on the responses related to volume reductions per category, per regime, per option can be found in Annex 2.

			unchanged. NFCs expect a high reduction	
1aii	Revision to one-sided reporting and removal of reconciliations, no additional ETD/OTC split	Buy- and sell side institutions mostly report no reduction in reportable transactions.	Overall Moderate reduction anticipated. NFCs expect a more substantial reduction.	Buy-side institutions expect a reduction up to 25%. Sell-side institutions expected limited impact. NFCs expect reduction up to 100%.
1aiii	Full ETD/OTC split (only ETD move to MiFIR, OTC unchanged), revision to one-sided reporting and removal of reconciliations	Buy-side institutions report up to 10% reduction, with other buy-side and sell-side institutions reporting no change.	Overall Moderate to high reduction anticipated. Around 25% reduction in ETD reporting anticipated by buy-side firms. NFCs expect a high reduction.	Buy-side institutions expect a reduction up to 25%. Sell-side institutions expected limited impact. NFCs expect decline up to 100%. ¹³

Table 10. Volume impact per option

5.1.3 Assessment of the responses on option 1a

The three variants of 1a that have been defined based on the original Option 1a in the call for evidence differ in terms of which changes may be expected compared to the original Option 1a in the call for evidence. Additionally, the definition of the described variants clarified what it means to have to process schema updates or not. It was clarified that schema changes (1ai) imply that the reporting operation is expected to be updated, including the templates for reporting. Without schema changes (1aii and 1aiii) would mean that institutions continue their reporting as-is currently the case, but with the shift to delegation of reporting they may stop reporting or with the exclusion of ETDs from EMIR

Combining the CfE responses with those of market participants in the CBA per intermediate step, the overall conclusions are as follows.

Variante 1ai produces the largest shifts in reportable transactions and therefore the most significant qualitative and quantitative consequences. Market infrastructure and trade repositories report the greatest volume effects, of the full ETD and OTC split leading to removals on the order of several hundred million transactions. These groups also point to impact on fee income and the need for substantial IT and schema rework that may be lost upon implementation of the Option 2a. Sell-side firms and some buy-side firms see clear operational simplification. Concretely, respondents foresee FTE reductions in their reporting operation. It is expected that benefits offset by high one-off implementation and architectural costs during

¹³ The expected reduction in EU reporting volume of 100% for NFCs is not fully reflected in the anticipated reduction in operating costs, this is due to the difficulty of separating operating costs for EU reporting affected by the scenarios, from the ongoing non-EU reporting activities.

transition. NFCs generally report little material impact. In short, 1ai delivers the most simplification but provokes the strongest commercial and technical objections due to schema updates.

Variant 1aii is appreciated as the least disruptive while it also generates the smallest direct volume effects. This option provides insights in what the actual benefits from moving to fully delegated reporting could be. This option is expected shorter implementation effort and less technical change. However, from the call for evidence it is noted that many buy-side institutions already delegate most of their reporting to their sell-side counterparties, therefore reports are mostly identical, moving to single sided reporting avoids reconsolidation and data quality issues that come with it. NFCs expect a high reduction of reportable volumes and therefore a reduction in costs. Trade repositories report only partial relief from reconciliation burdens rather than meaningful revenue loss. Sell-side institutions expect the reduction in reconciliation burden to be the greatest benefit, especially in relation to institution specific data. As a result, 1aii is low in disruption, but it is noted excluding ETD reporting MiFIR, and limiting EMIR reporting to OTCs would make most sense in removing unnecessary duplication or complexity for many stakeholders.

Variant 1aiii consistently emerges as the most pragmatic intermediate step in the qualitative feedback. By placing ETDs under MiFIR while leaving OTC reporting unchanged, it achieves material reductions in duplicated reporting and delivers meaningful simplification for a broad set of firms, yet it typically requires less wholesale re-architecture and generates fewer commercial objections than a full 1ai. Trade repositories and market infrastructure still expect lower billable volumes under 1aiii, but they assess the impact as more manageable; the buy-side and sell-side recognise substantial operational benefit, provided implementation and delegated reporting arrangements are well managed. NFCs prefer its lower disruption. Overall, stakeholders view 1aiii as the best balance between benefits and effort to implement.

5.1.4 Intermediate conclusion on 1a option

From the responses it is quite clear that 1ai ensures the largest reduction in volume of reportable transactions. At the same time, it is most costly, with a level of certainty some of those implementation costs implementing changes to the reporting schema will be forgone with the implementation of Option 2a that follows after. Variants 1aii and 1aiii are clearly favoured, given the limited implementation impact, but a great effect through the revision to dual sided reporting were mostly sell- and buy-side institutions indicate a strong decrease in the burden of reconciling reports. The implementation costs for 1aiii are expected to be significantly higher than 1aii (with no clear explanation provided). As the possibility to exclude ETD reports from EMIR is an additional feature of 1aiii it is considered most favourable.

5.2 Implementation and running of report-once model (2a)

5.2.1 Implementation cost from as-is to 2a

While respondents have indicated it will be difficult to estimate cost impact given the expected duration of a report-once model, the impact of having to run the old and new model in parallel for some time and overall uncertainty of what the new model will look like, sufficient data has been collected to establish expected implementation cost per category.

Category	Implementation cost option 2a
NFC	1.149.762

Market Infrastructure	2.117.225
Market Infrastructure TR	6.658.500
Buy-side	3.018.750
Sell-side	7.791.250

Table 9. Implementation costs per category

Implementation impact expected to be highest amongst Market infrastructure and sell-side parties. Respondents expect that if 1ai is implemented first, and the move to single sided reporting would be completed, a large portion of the work for 2a would already be covered. Market infrastructure parties note that 2a implies very costly and significant system redevelopment.

The most main cost lines expected across the five stakeholder groups are:

- Project management
- Data management restructuring
- Requirements definition

5.2.2 Operating costs 2a

Below, the average of the operating cost after Option 2a is presented per category.

Category	Average of expected operating costs after 2a
NFC	
Cost of Change Management	120.739
Run costs	814.804
Market Infrastructure	
Cost of Change Management	1.336.493
Run costs	1.313.357
Market Infrastructure TR	
Cost of Change Management	760.000
Run costs	2.545.000
Buy-side	
Cost of Change Management	<i>No data</i>
Run costs	<i>No data</i>
Sell-side	
Cost of Change Management	3.992.600
Run costs	5.605.411

Table 1210. Average of operating costs for Option 2a per category

Given that no data was provided by the Buy-side for 2a operational costs, it was assumed 2a operational costs will be equal to the current reporting costs associated with MiFIR reporting. Since, with the move to mandatory delegated reporting, they are assumed to no longer report under these regimes in the new setup and the remaining reportable transactions (within the EEA scope of this exercise) would be MiFIR based. Therefore, for buy-side the operating cost is assumed:

- Cost of Change Management: 800.000
- Run costs: 1.532.175

The responses on the question which cost lines are anticipated to be highest under 2a indicate a continued expectation of reliance on external service providers. The highest anticipated cost lines:

- Reporting operations
- External service providers
- Fees to trade repositories
- Overhead

5.3 Net Present Value

5.3.1 Introduction to the NPV calculation

The Net Present Value (NPV) calculation provides a quantitative framework for evaluating the economic viability of regulatory proposals. As reported higher in this report, the NPV assessment in the context of this CBA, translates the identified costs and benefits into present-value terms for the target Option 2a in comparison with the as-is state.

As the target Option 2a could be preceded by an intermediate Option 1a but may also be considered as a standalone scenario, the NPV calculation does not take the three possible intermediate Options 1a into consideration. Respondents provided estimated implementation costs for the variants of Option 1a, and to avoid an overly burdensome data request were not asked to provide estimations of run costs per variation of 1a, which meant costs to implement 2a starting from 1a cannot be assessed. While the effects of 1a variations are not fully reflected in the NPV, the effects of the measures considered under 1a (at least the move to single sided reporting) are considered as an effect within this NPV calculation. As a result, one cannot compare the NPV for a scenario where Option 2a is implemented direct from as-is, with a scenario where Option 2a is implemented via an intermediate Option 1a.

The NPV calculation is based on the following formula:

$$NPV = \sum [(Benefits_t) / (1 + r)^t] - Investment$$

Where:

- Benefits represent the monetized benefits in year t, in the context of this CBA measured as the difference between the average operating costs for 2a and the as-is operating costs.¹⁴
- r denotes the discount rate, in this CBA defined at 3%.¹⁵
- t represents the time period (years), in this CBA defined at 10 years.¹⁶
- Investment represents the one-off implementation cost for 2a, starting from the current reporting framework.
- Each stakeholder group has an equal weighting of 25% in the calculation of the average benefits and costs. Market Infrastructures and Market Infrastructures TR are being considered as one single stakeholder group, representing each a weighting of 12.5%.

¹⁴ This represents an estimation of the savings associated with operating under the target model, compared with the baseline, on a yearly basis.

¹⁵ The 3% discount rate is derived from the EC's better regulation toolbox. The discount rate used is a standard used across all EU policies, it was decided not to adopt a financial sector specific rate and to align with the common rate adopted by the EC.

¹⁶ The 10-year period aligns with the lifespan of relevant reporting frameworks currently applicable.

5.3.2 Calculation of the NPV

Collected data points, supporting the NPV calculation:

Category	Yearly Average as-is operating costs for MiFIR/EMIR/SFTR	Implementation cost from as-is to Option 2a	Yearly Average Option 2a operating cost
NFC	976.139	1.149.762	935.543
Market Infrastructure	2.166.271	2.117.225	2.649.850
Market Infrastructure TR	3.303.000	6.658.500	3.305.000
Buy-side	6.272.425	3.018.750	2.332.175
Sell-side	11.985.830	7.791.250	9.598.011

Table 11. collected data points, supporting the NPV calculation

NPV terms			
Benefit in year t	1.531.469	EUR	(Year Avg as-is - Yearly Avg 2a)
Implementation Cost	4.086.906	EUR	(Avg Implementation Cost)
r	3%		Discount factor
t	10	year	Time period

Table 124. NPV terms

NPV breakdown:

Year	Benefits -Costs in EUR	Discount Factor (1.03 ^{-t})	Present Value in EUR
0	-4.086.906	1,00	-4.086.906
1	1.531.469	0,97	1.486.863
2	1.531.469	0,94	1.443.556
3	1.531.469	0,92	1.401.511
4	1.531.469	0,89	1.360.690
5	1.531.469	0,86	1.321.059
6	1.531.469	0,84	1.282.581
7	1.531.469	0,81	1.245.224
8	1.531.469	0,79	1.208.956
9	1.531.469	0,77	1.173.743
10	1.531.469	0,74	1.139.557
		NPV	8.976.835

Table 135. NPV breakdown per year

The NPV for the industry on 10 year is 8.976.835 EUR, or a recovery of the investment in approximately 3 years. The positive NPV indicates that Option 2a is expected to be generally overall advantageous for the industry.

5.4 Additional impact not fully captured in the NPV calculation

As the move to integrated reporting under 2a is costly, intermediate burden reduction through the 1a scenarios or additional measures is required to allow market participants to build reserves to make the investment towards implementation of the 2a scenario. The analysis provides some insights into the major cost drivers defined by respondents for which measures can be developed.

5.4.1 Back reporting

Respondents were also asked to indicate the expected impact linked to back reporting obligations. Estimates were provided while respondents indicated a high concern for the burden linked of back reporting requirements.

Category	Relative to as-is cost of change management	Relative to average as-is running costs	Relative to projected to-be cost of change management after 2a	Relative to projected to-be run costs after 2a
NFC	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>
Market Infrastructure	3%	3%	8%	1%
Buy-side	3%	1%	<i>No data</i>	<i>No data</i>
Sell-side	2%	9%	2%	2%

Table 14. Costs of back reporting as part of as-is cost per regime

Category	Transition to 1a	Transition to 2a
NFC	<i>No data</i>	<i>No data</i>
MK Infrastructure	8%	7%
Buy-side	4%	2%
Sell-side	4%	1%

Table 15. Expected costs of back reporting as part of total implementation costs per option

Main impacts in run costs can be found in the relative cost of back reporting for market infrastructure parties and sell-side participants. The market infrastructure category indicates relative high ongoing back reporting effort from a change management perspective under the report-once setup. While the sell-side category anticipates a decline in the relative ongoing costs due to back reporting. Adaptations such as the reducing the default back reporting period from 5 to 3 years, would decrease the amount of back reports significantly, while involving very limited implementation costs. This would therefore be a measure that could lead to material savings.

In their qualitative responses, participants indicated they expect the requirements on back-reporting to be proportionally implemented, to prevent overly burdensome rework.

5.4.2 Revision of dual-sided reporting

Further discussion on how the revision of dual-sided reporting would work in practice may clarify the benefit for the sector as a whole, as the move to single-sided reporting is expected to result in an immediate reduction of transaction reports, with limited implementation effort from relevant market participants. Which, however, cannot be derived from the limited data on the impact in terms of reporting volume has been provided in the CfE and in the CBA analysis. More

qualitative responses from buy-side institutions indicated that about 50-70% of monthly effort is devoted to reconciliation tasks.

Respondents have indicated uncertainty about what the rules governing it would be like, especially in terms of oversight of the counterparty (e.g. implementation of (audit) controls). Also, what is viewed as dual sidedness requires clarification as to which activities it relates to (e.g. the reconciliation process of SFTR/EMIR, or two entities reporting the same transaction), in many cases reporting is already effectively handled by one of the parties. Also, institutions would suggest the revision should imply the reporting to be generated by CCPs, TVs or Clearing members who generate all relevant data.

5.4.3 Definition of future centralized report-model

Though the overall NPV is positive, respondents indicate that the overall benefit from the options depend on further details in terms of practical execution and the details envisaged in implementing the legislative changes (such as regulatory technical standards):

1. Uncertainty regarding single-sided reporting implementation and residual oversight burdens;
2. Complexity of managing non-EEA transaction reporting requirements;
3. Risk of improper implementation creating additional operational costs;
4. System redevelopment and current system decommissioning challenges.

5.5 Conclusion

The 1a scenarios imply limited implementation costs with scenario 1a iii considered most optimal as an intermediate step. Overall, the 1a scenarios are considered beneficial, decreasing the number of reportable transactions and providing additional savings and simplification that will accelerate the subsequent move to 2a. The positive NPV indicates that Option 2a is expected to be generally overall advantageous for the industry. Whereas the overall industry perspective is positive towards the scenarios presented, differences per stakeholder group are noted. NFCs, sell-side and buy-side firms realize significant cost reductions with a move to the report-once model 2a, while market infrastructure entities face slightly increased costs.

ANNEX

Annex 1 – Cost line Glossary

DEFINITION	MEANING
A. GENERAL	
Direct costs/ benefits	Can be clearly linked to the intervention as they result from the respective legal provisions
Indirect costs/ benefits	Are observed in related upstream or downstream markets or experienced by consumers, government or other stakeholders (e.g. third countries) that are not directly targeted by the initiative/regulation.
One-Off costs/ benefits	Often appear shortly after an initiative is implemented (including the grace periods where relevant).
Recurring costs/ benefits	Appear more or less regularly over a certain period of time (or indefinitely) and they should be discounted to take into account the time preference
Direct compliance costs	Are the costs that need to be borne to comply with the provisions of the regulation
Adjustment costs	Which encompass those investments and expenses that businesses, citizens, or public authorities have to bear in order to adjust their activity to the requirements contained in a legal rule
Administrative costs	Are those costs borne by businesses, citizens, civil society organisations and public authorities as a result of administrative activities performed to comply with administrative obligations included in legal rules;
Indirect costs of regulation	Incurred costs in related markets or experienced by consumers, government agencies or other stakeholders that are not directly targeted by the initiative/regulation
Indirect regulatory benefits	Similarly to indirect costs, indirect benefits occur as secondary impacts to the intended achievements of the intervention, they are not explicitly formulates as objectives. They are often referred to as co-benefits (or ancillary benefits).
Implementation costs	The costs regulated entities incur in familiarising themselves with new or amended regulatory compliance obligations, developing compliance strategies, and allocating responsibilities for completing compliance-related tasks. In large part, therefore, they are short-term one-off costs.
Direct labour costs	The costs of staff time devoted to completing the activities required to achieve regulatory compliance. Only the costs of staff directly involved in undertaking these activities should be included: the costs of staff supervision/management are included in the overhead cost category (see below). Direct labour costs include two main elements: the cost of wages paid and non-wage labour costs.
B. IMPLEMENTATION COST FACTORS	
Requirements definition	Regulatory analysis/legal analysis/consultancy cost
	Requirement definition (business, functional, technical incl. data architecture)
	Adherence to industry associations/industry standards
Vendor selection and onboarding	Vendor selection (market data, reporting, valuation)
	Vendor due diligence (market data, reporting, valuation)

	Vendor implementation (market data, reporting, valuation)
	Software, and licenses (acquisition costs/renegotiation costs)
	Hardware/cloud acquisition
Data management restructuring	Template and interface
	Field mapping and reclassification adjustments
	Inhouse developed software and/or tools, new developments/upgrades
	Inhouse data storage solutions
	Data dictionary and identifier alignment
	Dual running and testing, data migration, historical rework
Back reporting	Any costs pertaining to the process of back reporting, not covered through other cost lines
Reporting operations	Inhouse reporting software changes and updates
	Reporting operations, including changes to tools and monitoring, error/incident management and governance in relation to reporting (including policy/procedure updates and roles and responsibilities mappings etc.)
Project management	Project management
	Deployment
	Quality assurance and management
Data aggregation	Costs involving acquiring additional data, for example from clients (static data) for the purpose of reporting- (drafting letters to clients on classification and processing)
TR and NCA onboarding and testing	Connectivity set-up/onboarding cost of TR and NCA provider and internal and external testing
Regulator interaction	Testing (internal and with regulator)
	Regulatory notification/internal process validations
Governance	Revision of control frameworks
	Set-up of audit plan/compliance monitoring plan
	Governance set-up (policy and procedure review/creation/update) and validation
	Learning and development of staff, recruitment fees
	Policies and procedures review
Other	Other (please specify) - any additional cost factor not covered through any of the other categories (please include comment)
C.RUNNING COSTS	
External service providers - direct costs	External data storage and back-up costs
	Tooling/systems for reporting (e.g. software licenses, scrubbing, data monitoring)
	Data feed licenses
	Software, and licenses (subscription costs)
	ARM and TR run cost
	For SFTR/EMIR on certain TR: onboarding cost for new entities in the group or subfunds (buy-side)
External service providers - indirect costs	Ongoing due diligence on providers
Overhead	Overhead

	Inhouse hardware or data storage and other services provided internally
	IT-monitoring, system maintenance
Reporting operations	Reporting monitoring ops side, data quality monitoring and data scrubbing (rejection management, reconciliation)
	Data quality monitoring tools
	Periodic backtesting on reporting
	Ongoing client data management
	Consultancy cost
Correction management	Correction system running, incident management and backloading
Back reporting	Any costs pertaining to the process of back reporting, not covered through other cost lines
Risk management activities	Impact on risk management function and inclusion of additional activities in the risk management plan following implemented changes to the data management and reporting systems, testing and reviewing controls to ensure data accuracy, and continually monitoring for compliance errors or reporting failures.
Compliance function activities	Execution of compliance management plan and yearly update
	Annual policy and procedures review
Requirements definition	Regulatory changes around governance (ie DORA, resolution)
	Adherence to industry associations/industry standards
Audit	Internal and external audit costs that can be attributed to the transaction reporting framework
Direct regulatory costs	Levies by regulator
	Regulatory notification/internal process validations
	Ongoing and ad hoc interactions and inclusion in on-sites etc
Other	Other (please specify) - any additional cost factor not covered through any of the other categories (please include comment)
D.COST OF CHANGE MANAGEMENT	
Requirements definition	Regulatory watch and analysis
	Regulatory analysis/legal analysis/consultancy cost
	Requirement definition (business, functional, technical incl. data architecture)
	Adherence to industry associations/industry standards
Vendor selection and onboarding	Vendor selection (market data, reporting, valuation)
	Vendor due diligence (market data, reporting, valuation)
	Vendor implementation (market data, reporting, valuation)
	Software, and licenses (acquisition costs)
	Hardware/cloud acquisition
Datamanagement restructuring	Template and interface
	Inhouse development of software and/or tools, new developments or updates
	Field mapping and reclassification adjustments
	Data dictionary and identifier alignment
	Dual running and testing, data migration, historical rework
Back reporting	Any costs pertaining to the process of back reporting, not covered through other cost lines.

Reporting operations	Inhouse reporting software changes and updates
	Reporting operations and governance in relation to reporting (including policy/procedure updates and roles and responsibilities mappings etc.), updates
Project management	Project management
	Deployment
	Quality assurance and management
Data aggregation	Costs involving acquiring additional data, for example from clients (static data) for the purpose of reporting- (drafting letters to clients on classification and processing)
TR and NCA onboarding and testing	Connectivity set-up/onboarding cost of TR and NCA provider and internal and external testing
Regulator interaction	Cost of change following issue/on site inspection/regulatory review
Governance	Revision of control frameworks
	Set-up of audit plan/compliance monitoring plan
	Governance set-up (policy and procedure review/creation/update) and validation
	Learning and development of staff
	Policies and procedures review
Other	Other (please specify) - any additional cost factor not covered through any of the other categories (please include comment)

Table 16. Costs glossary

Annex 2 – Cost line breakdown as-is cost, per category, and per regime

Buy-side	Cost % for MIFIR/EMIR/SFTR reporting collectively	Cost % for MiFIR (If applicable and available)	Cost % for EMIR (If applicable and available)2	Cost % for SFTR (If applicable and available)	Cost % of operating 2a
Run costs	100,00%	100,00%	100,00%	100,00%	100,00%
Back reporting	0,59%	0,00%	1,67%	0,00%	0,00%
Compliance function activities	3,86%	3,26%	3,83%	8,40%	0,00%
Correction management	1,39%	1,42%	1,67%	1,83%	0,00%
Direct supervisory costs	0,88%	0,82%	0,84%	1,83%	0,00%
External service providers - direct costs	9,22%	19,91%	5,02%	1,83%	0,00%
External service providers - indirect costs	0,94%	0,98%	0,84%	1,83%	0,00%
Fees to trade repositories	22,75%	10,44%	12,56%	10,41%	100,00%
Other	0,00%	0,00%	0,00%	0,00%	0,00%
Overhead	13,27%	11,42%	16,07%	22,00%	0,00%
Reporting operations	39,07%	44,61%	48,88%	36,66%	0,00%
Requirements definition	4,50%	3,87%	5,26%	7,86%	0,00%
Risk management activities	3,52%	3,26%	3,35%	7,33%	0,00%
Cost of Change Management	100,00%	100,00%	100,00%	100,00%	<i>No data</i>
Back reporting	2,92%	3,13%	2,27%	3,76%	<i>No data</i>
Data aggregation	2,53%	3,13%	2,27%	2,26%	<i>No data</i>
Datamanagement restructuring	17,54%	18,75%	13,64%	22,56%	<i>No data</i>
Governance	5,85%	6,25%	4,55%	7,52%	<i>No data</i>
Other	0,00%	0,00%	0,00%	0,00%	<i>No data</i>
Project management	31,19%	25,00%	45,45%	15,04%	<i>No data</i>
Regulator interaction	10,72%	12,50%	9,09%	11,28%	<i>No data</i>
Reporting operations	11,70%	12,50%	9,09%	15,04%	<i>No data</i>
Requirements definition	11,70%	12,50%	9,09%	15,04%	<i>No data</i>
TR/NCA onboarding and testing	2,92%	3,13%	2,27%	3,76%	<i>No data</i>

Vendor selection and onboarding	2,92%	3,13%	2,27%	3,76%	No data
---------------------------------	-------	-------	-------	-------	---------

Table 19. Buy-side single cost % for reporting regimes

NFC	Cost % for MIFIR/EMIR/SFTR reporting collectively	Cost % for MiFIR (If applicable and available)	Cost % for EMIR (If applicable and available)2	Cost % for SFTR (If applicable and available)	Cost % for operating 2a
Run costs	100,00%	No data	100,00%	100,00%	100,00%
Back reporting	1,20%	No data	0,32%	3,71%	1,10%
Compliance function activities	1,65%	No data	0,00%	0,00%	2,54%
Correction management	3,65%	No data	0,32%	3,71%	4,89%
Direct supervisory costs	0,08%	No data	0,13%	0,00%	0,00%
External service providers - direct costs	4,55%	No data	0,90%	9,66%	5,54%
External service providers - indirect costs	9,96%	No data	16,03%	0,00%	9,20%
Fees to trade repositories	6,06%	No data	9,23%	1,19%	7,85%
Other	3,39%	No data	5,45%	0,00%	2,58%
Overhead	1,77%	No data	1,92%	0,00%	0,88%
Reporting operations	54,90%	No data	54,81%	59,26%	53,59%
Requirements definition	7,17%	No data	7,69%	8,92%	6,63%
Risk management activities	5,63%	No data	3,21%	13,55%	5,20%
Cost of Change Management	100,00%	No data	100,00%	100,00%	100,00%
Back reporting	0,00%	No data	0,00%	0,00%	0,00%
Data aggregation	1,66%	No data	0,95%	10,00%	1,49%
Datamanagement restructuring	31,79%	No data	33,33%	50,00%	30,06%
Governance	21,18%	No data	33,33%	0,00%	17,12%
Other	0,00%	No data	0,00%	0,00%	0,00%
Project management	3,33%	No data	1,90%	20,00%	2,98%
Regulator interaction	0,00%	No data	0,00%	0,00%	0,00%
Reporting operations	0,00%	No data	0,00%	0,00%	0,00%
Requirements definition	42,04%	No data	30,48%	20,00%	48,35%

TR/NCA onboarding and testing	0,00%	No data	0,00%	0,00%	0,00%
Vendor selection and onboarding	0,00%	No data	0,00%	0,00%	0,00%

Table 20. NFC single cost % for reporting regimes

Sell-side	Cost % for MIFIR/EMIR/SFTR reporting collectively	Cost % for MiFIR (If applicable and available)	Cost % for EMIR (If applicable and available)2	Cost % for SFTR (If applicable and available)	Cost % for operating 2a
Run costs	100,00%	100,00%	100,00%	100,00%	100,00%
Back reporting	8,67%	11,19%	9,00%	13,25%	2,01%
Compliance function activities	2,30%	3,23%	2,49%	3,47%	0,19%
Correction management	2,41%	0,55%	0,79%	1,39%	6,74%
Direct supervisory costs	0,00%	0,00%	0,00%	0,00%	0,00%
External service providers - direct costs	22,94%	25,42%	20,38%	16,31%	34,00%
External service providers - indirect costs	0,70%	0,00%	0,00%	0,00%	3,02%
Fees to trade repositories	13,50%	0,19%	25,61%	1,39%	16,87%
Other	0,69%	0,26%	0,20%	0,49%	2,19%
Overhead	20,58%	26,66%	20,94%	13,74%	12,84%
Reporting operations	26,32%	32,28%	15,65%	49,97%	20,96%
Requirements definition	0,05%	0,09%	0,07%	0,00%	0,97%
Risk management activities	1,84%	0,12%	4,87%	0,00%	0,19%
Cost of Change Management	100,00%	100,00%	100,00%	No data	100,00%
Back reporting	2,10%	27,78%	27,78%	No data	2,26%
Data aggregation	0,42%	5,56%	5,56%	No data	0,75%
Datamanagement restructuring	24,16%	13,89%	13,89%	No data	24,13%
Governance	0,21%	2,78%	2,78%	No data	0,30%
Other	0,00%	0,00%	0,00%	No data	0,00%
Project management	24,16%	13,89%	13,89%	No data	23,38%
Regulator interaction	0,21%	2,78%	2,78%	No data	0,15%
Reporting operations	1,05%	13,89%	13,89%	No data	2,26%

Requirements definition	47,27%	13,89%	13,89%	No data	46,30%
TR/NCA onboarding and testing	0,42%	5,56%	5,56%	No data	0,45%
Vendor selection and onboarding	0,00%	0,00%	0,00%	No data	0,00%

Table21. Sell-side single cost % for reporting regimes

MK Infrastructure	Cost % for MIFIR/EMIR/SFTR reporting collectively	Cost % for MiFIR (If applicable and available)	Cost % for EMIR (If applicable and available)2	Cost % for SFTR (If applicable and available)	Cost % for operating 2a
Run costs	100,00%	100,00%	100,00%	100,00%	100,00%
Back reporting	2,73%	0,88%	3,86%	0,00%	1,21%
Compliance function activities	1,40%	5,20%	0,39%	0,70%	4,35%
Correction management	8,82%	3,50%	6,18%	7,01%	4,50%
Direct supervisory costs	0,00%	0,00%	0,00%	0,00%	0,00%
External service providers - direct costs	0,47%	58,27%	0,00%	0,00%	46,83%
External service providers - indirect costs	0,00%	0,00%	0,00%	0,00%	0,00%
Fees to trade repositories	11,92%	0,00%	38,61%	20,76%	6,77%
Other	26,81%	6,32%	23,17%	42,08%	10,16%
Overhead	15,32%	8,73%	3,86%	7,01%	8,65%
Reporting operations	29,59%	15,24%	23,17%	21,04%	16,22%
Requirements definition	0,95%	0,67%	0,00%	0,00%	0,54%
Risk management activities	1,98%	1,19%	0,77%	1,40%	0,77%
Cost of Change Management	100,00%	100,00%	100,00%	100,00%	100,00%
Back reporting	3,16%	11,41%	4,76%	0,00%	7,57%
Data aggregation	0,78%	0,95%	0,00%	0,00%	0,44%

Data management restructuring	32,05%	48,23%	19,05%	14,29%	37,92%
Governance	5,36%	4,20%	3,81%	5,71%	3,72%
Other	23,56%	11,39%	28,57%	42,86%	18,71%
Project management	7,06%	4,74%	7,62%	5,71%	5,48%
Regulator interaction	2,51%	0,76%	4,76%	2,86%	2,00%
Reporting operations	4,55%	2,84%	4,76%	5,71%	3,61%
Requirements definition	14,35%	11,65%	19,05%	14,29%	14,30%
TR/NCA onboarding and testing	6,28%	3,42%	7,62%	8,57%	5,99%
Vendor selection and onboarding	0,34%	0,41%	0,00%	0,00%	0,27%

Table 172. MK Infrastructure single cost % for reporting regimes

MK Infrastructure TR	Cost % for MIFIR/EMIR/SFTR reporting collectively	Cost % for MiFIR (If applicable and available)	Cost % for EMIR (If applicable and available)2	Cost % for SFTR (If applicable and available)	Cost % for BaU 2a
Run costs	100,00%	100,00%	100,00%	100,00%	<i>No data</i>
Back reporting	0,00%	0,00%	0,00%	0,00%	<i>No data</i>
Compliance function activities	0,00%	0,00%	0,00%	0,00%	<i>No data</i>
Correction management	0,00%	0,00%	0,00%	0,00%	<i>No data</i>
Direct supervisory costs	6,33%	7,95%	6,83%	4,18%	<i>No data</i>
External service providers - direct costs	47,11%	48,76%	41,75%	55,23%	<i>No data</i>
External service providers - indirect costs	0,00%	0,00%	0,00%	0,00%	<i>No data</i>
Fees to trade repositories	0,00%	0,00%	0,00%	0,00%	<i>No data</i>
Other	5,43%	6,71%	4,76%	5,58%	<i>No data</i>
Overhead	23,83%	20,49%	27,62%	19,80%	<i>No data</i>
Reporting operations	17,30%	16,08%	19,05%	15,20%	<i>No data</i>
Requirements definition	0,00%	0,00%	0,00%	0,00%	<i>No data</i>
Risk management activities	0,00%	0,00%	0,00%	0,00%	<i>No data</i>

Cost of Change Management	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>
Back reporting	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>
Data aggregation	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>
Data management restructuring	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>
Governance	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>
Other	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>
Project management	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>
Regulator interaction	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>
Reporting operations	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>
Requirements definition	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>
TR/NCA onboarding and testing	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>
Vendor selection and onboarding	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>

Table 18. MK Infrastructure TR single cost % for reporting regimes

Annex 3 – Implementation cost breakdown per cost line, per category, per option

NFC	Cost % of Transition/implementation option 1a1	Cost % of Transition/implementation option 1a2	Cost % of Transition/implementation option 1a3	Cost % of Transition/implementation option 2a (from as-is state)
Implementation costs	100,00%	100,00%	100,00%	100,00%
Back reporting	0,00%	0,00%	0,00%	0,00%
Data aggregation	0,00%	0,00%	0,00%	0,00%
Datamanagement restructuring	13,48%	13,11%	13,48%	39,02%
Governance	0,00%	0,00%	0,00%	0,00%
Other	7,87%	10,38%	7,87%	2,17%
Project management	71,91%	69,95%	71,91%	58,81%
Regulator interaction	0,00%	0,00%	0,00%	0,00%
Reporting operations	0,00%	0,00%	0,00%	0,00%
Requirements definition	6,74%	6,56%	6,74%	0,00%
TR/NCA onboarding and testing	0,00%	0,00%	0,00%	0,00%
Vendor selection and onboarding	0,00%	0,00%	0,00%	0,00%

Table 19. NFC single cost % of Transition/Implementation options

Buy-side	Cost % of Transition/implementation option 1a1	Cost % of Transition/implementation option 1a2	Cost % of Transition/implementation option 1a3	Cost % of Transition/implementation option 2a (from as-is state)
Implementation costs	100,00%	<i>No data</i>	<i>No data</i>	100,00%
Back reporting	4,00%	<i>No data</i>	<i>No data</i>	1,67%
Data aggregation	5,50%	<i>No data</i>	<i>No data</i>	1,67%
Data management	10,00%	<i>No data</i>	<i>No data</i>	25,00%

restructuring				
Governance	2,60%	No data	No data	1,67%
Other	5,00%	No data	No data	0,00%
Project management	4,50%	No data	No data	33,33%
Regulator interaction	2,40%	No data	No data	4,17%
Reporting operations	11,00%	No data	No data	8,33%
Requirements definition	21,00%	No data	No data	16,67%
TR/NCA onboarding and testing	15,00%	No data	No data	4,17%
Vendor selection and onboarding	19,00%	No data	No data	3,33%

Table 25. Buy-side single cost % of Transition/Implementation options

Sell-side	Cost % of Transition/implementation option 1a1	Cost % of Transition/implementation option 1a2	Cost % of Transition/implementation option 1a3	Cost % of Transition/implementation option 2a (from as-is state)
Implementation costs	100,00%	100,00%	100,00%	100,00%
Back reporting	3,50%	0,78%	0,54%	1,44%
Data aggregation	6,52%	4,28%	3,81%	7,91%
Data management restructuring	20,05%	9,33%	11,42%	27,20%
Governance	3,25%	7,93%	5,55%	2,64%
Other	0,00%	0,00%	0,00%	0,00%
Project management	21,33%	28,47%	27,03%	23,33%
Regulator interaction	1,30%	1,63%	1,14%	1,44%
Reporting operations	7,00%	8,55%	6,52%	4,19%
Requirements definition	22,72%	24,26%	28,76%	17,23%
TR/NCA onboarding and testing	14,32%	14,00%	14,68%	10,79%

Vendor selection and onboarding	0,00%	0,78%	0,54%	3,83%
---------------------------------	-------	-------	-------	-------

Table 20. Sell-side single cost % of Transition/Implementation options

MK Infrastructure	Cost % of Transition/implementation option 1a1	Cost % of Transition/implementation option 1a2	Cost % of Transition/implementation option 1a3	Cost % of Transition/implementation option 2a (from as-is state)
Implementation costs	100,00%	100,00%	100,00%	100,00%
Back reporting	7,84%	0,00%	0,00%	7,36%
Data aggregation	4,46%	0,00%	0,00%	4,02%
Data management restructuring	35,31%	10,89%	19,32%	29,19%
Governance	12,26%	11,50%	8,25%	5,84%
Other	7,19%	10,89%	12,88%	11,97%
Project management	8,79%	20,03%	7,16%	10,91%
Regulator interaction	0,96%	10,89%	14,69%	0,88%
Reporting operations	4,56%	23,08%	17,78%	8,65%
Requirements definition	7,22%	12,72%	13,60%	11,83%
TR/NCA onboarding and testing	10,95%	0,00%	6,31%	9,15%
Vendor selection and onboarding	0,45%	0,00%	0,00%	0,21%

Table 21. MK Infrastructure single cost % of Transition/Implementation options

MK Infrastructure TR	Cost % of Transition/implementation option 1a1	Cost % of Transition/implementation option 1a2	Cost % of Transition/implementation option 1a3	Cost % of Transition/implementation option 2a (from as-is state)
Implementation costs	No data	No data	No data	No data
Back reporting	No data	No data	No data	No data

Data aggregation	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>
Datamanagement restructuring	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>
Governance	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>
Other	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>
Project management	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>
Regulator interaction	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>
Reporting operations	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>
Requirements definition	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>
TR/NCA onboarding and testing	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>
Vendor selection and onboarding	<i>No data</i>	<i>No data</i>	<i>No data</i>	<i>No data</i>

Table 22. MK Infrastructure TR single cost % of Transition/Implementation options

