

Simplification and burden reduction of the reporting systems in the EU and the EEA
– the role of ARMs in a future reporting architecture

The ARM Association, TARMA, welcomes ESMA's work on the simplification of financial transaction reporting and supports the objective of reducing unnecessary burden for market participants and competent authorities while preserving the quality and usefulness of supervisory data.

Article 26 MiFIR transaction reporting data has become one of the most important supervisory datasets available to EU and EEA authorities. This robust and scalable dataset is already being used beyond its original market abuse purpose and supports a wider range of supervisory, market monitoring and policy activities. ARMs are a key part of the infrastructure for this dataset, and any future report-once model should build on that foundation.

ARMs provide regulated, resilient and operationally proven services for data collection, validation, exception management and submission. They also provide firms and competent authorities with standardised connectivity, feedback and operational support. Simplification which leverages these established practices will therefore preserve the quality, usability and reliability of this data while reducing unnecessary duplication.

TARMA therefore recommends that ESMA and the co-legislators build on existing MiFIR and ARM infrastructure where appropriate as they develop the future reporting architecture.

Executive Summary

TARMA recommends that ESMA and the co-legislators:

1. Build from data that authorities already use and value.

Article 26 MiFIR data is already a multi-use supervisory dataset and a strong foundation for future simplification.

2. Use ARM infrastructure that is already regulated and operationally proven.

ARMs already provide resilient, regulated infrastructure for data collection, validation, exception management and submission. The future framework should use this capability where it can reduce risk, cost and duplication.

3. Preserve the benefits of a competitive authorised market.

ARMs can provide firms and NCAs with many of the benefits of consolidation, whilst also operating as a competitive authorised market and preserving choice for reporting firms.

4. Make the transition to report-once easier for firms.

A report-once model will only succeed if firms can get there in practice. Existing ARM infrastructure can help reduce implementation risk by reusing established systems, connectivity, controls and reporting expertise.

1. Build from data that authorities already use and value

As recognised by ESMA, transaction reporting under Article 26 MiFIR has evolved beyond its original purpose of market abuse detection and is now widely used by competent authorities for risk monitoring, market structure analysis and regulatory policy development.

Its growing importance is also evidenced by the progressive replacement of other reporting systems, including the use of transaction reporting data to support transparency and volume cap calculations.

This evolution demonstrates both the breadth of use cases and the inherent scalability of transaction reporting. It also reinforces the importance of maintaining high data quality standards, as the same dataset is increasingly reused for multiple supervisory purposes.

ESMA has consistently emphasised that the effectiveness of supervision is directly dependent on the accuracy, completeness and consistency of this reported data. Any future simplification should therefore preserve the quality, usability and reliability of Article 26 MiFIR data while reducing unnecessary duplication. ARMs play a critical role in this outcome.

2. Use infrastructure that is already regulated and operationally proven

ESMA has identified the potential to streamline reporting channels and has noted that MiFIR channels could be the basis for the data submission under all models. TARMA supports further consideration of this approach.

ARMs already operate as a centralised data collection and validation layer for all MiFIR instruments. They have established connectivity and operational relationships with both reporting firms and competent authorities. This positions them as a natural candidate to evolve into a broader aggregation and normalisation layer capable of supporting cross-regime reporting.

This capability is relevant to any future reporting architecture. If data continues to be submitted to NCAs, ARMs can support more consistent reporting flows, validation and feedback. If data is submitted to a central collection, processing and storage point, ARMs can support aggregation, validation and normalisation before submission.

This would allow common implementations to be performed by ARMs, rather than by each individual reporting firm. The future model should therefore build on existing MiFIR and ARM channels where they can reduce cost, avoid duplication and support operational delivery.

3. Preserve consistent reporting in a competitive authorised market

A future reporting framework should seek to deliver the practical benefits of standardisation whilst promoting market choice. ARMs are well placed to support that balance.

For firms, ARMs provide standardised routes for connectivity, validation, feedback, exception handling and operational support. This reduces the need for each reporting firm to maintain bespoke reporting processes and direct operational arrangements across multiple authorities.

For NCAs, ARMs provide a regulated point in the reporting chain that can support data quality and operational consistency before reports are submitted. This can help authorities focus resources on supervision and market monitoring rather than avoidable remediation of reporting deficiencies.

At the same time, ARMs operate as a competitive authorised market. Firms can benefit from economies of scale across the EU market, standardisation and regulatory oversight whilst preserving competition and choice for reporting firms.

Given that a half of transaction reports are already submitted via ARMs, their broader use would represent a proportionate step that builds on existing market practices rather than introducing entirely new structures.

4. Make the transition to report once easier for firms

In addition to submission of transaction reports, the extensive operational support including onboarding, validation, exception management and ongoing guidance provided by ARMs represents a significant operational capability that underpins the effectiveness of the current reporting framework.

As an independent quality control layer between reporting firms and competent authorities, ARMs also help to reduce supervisory burden, enhance the usability of reported data, and enable regulators to allocate resources more effectively towards market monitoring.

Should reporting be shifted directly to authorities without such an intermediary layer, these operational responsibilities would need to be absorbed elsewhere within the system, potentially increasing the resource burden on competent authorities or requiring the creation of alternative infrastructure.

These functions will remain necessary in any future report-once model – if a single submission is expected to support multiple supervisory purposes, data quality becomes even more important and the consequences of incorrect data increase.

ARMs operate to high standards within a robust regulatory framework. Regulated under MiFIR and DORA, ARMs are subject to comprehensive organisational and operational requirements including operational resilience, data processing, cyber security, record keeping and supervisory reporting. ARMs enable competent authorities to audit and access data efficiently.

Existing ARM infrastructure can also reduce transition risk. ARM infrastructure would be a cost-efficient and scalable pathway to implementing a unified reporting model, whereby ARMs could likely implement changes centrally instead of per reporting firm. This would reduce duplication of effort and enable a more rapid transition towards the target architecture envisaged by ESMA.

Furthermore, ARMs contribute to the supervisory framework through the payment of regulatory fees, which support ESMA's oversight activities. A shift towards more direct reporting models may necessitate alternative cost recovery mechanisms, introducing cost and complexity for both competent authorities and reporting entities.

The future architecture should therefore assess how ARMs can act as an implementation bridge between the current MiFIR framework and a more integrated reporting model across regimes.

Conclusion

ESMA's simplification agenda presents a unique opportunity to eliminate duplicative reporting requirements and create a more efficient, coherent supervisory reporting framework across the EU and EEA. To achieve this, the future architecture should build on proven elements of the existing framework rather than introduce unnecessary new layers of infrastructure.

Article 26 of MiFIR transaction reporting already provides regulators with a scalable, high-quality and widely utilised supervisory dataset. ARMs are an established part of that ecosystem, operating within a robust regulatory framework and delivering resilient, industrialised reporting services to thousands of market participants. The ARM model has successfully combined economies of scale with competition, innovation and user choice, ensuring both efficiency and market discipline.

TARMA therefore strongly recommends that ESMA and the co-legislators leverage the existing MiFIR reporting framework and ARM infrastructure as the foundation of the future EU reporting architecture. Building on established channels will reduce implementation risk, minimise industry cost and accelerate the delivery of reporting simplification objectives.

ARMs should be formally recognised as a strategic component of the future EU supervisory reporting ecosystem, rather than simply a transmission mechanism. They play a critical role in safeguarding data quality, supporting regulatory consistency, maintaining market choice and facilitating the transition towards a "report-once" model for firms and competent authorities. Harnessing this existing capability will allow the EU to achieve its simplification goals more effectively while preserving the strengths of the current regime.